

CFL/SEC/SE/PS/2020-21/AGM/02

July 13, 2020

The Manager (Listing) BSE Limited Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai-400 001 Scrip Code: 508814	The Manager (Listing) National Stock Exchange of India Ltd. Exchange Plaza, C-1, G Block, Bandra Kurla Complex Mumbai-400 051 Security ID: "COSMOFILMS"
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**Sub: Submission of Annual Report**

Dear Sir,

Please find enclosed herewith Annual Report for the Financial Year 2019-20 as required under Regulation 34 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

You are requested to take the same on your records.

Thanking You

Yours faithfully  
For **Cosmo Films Limited**



Jyoti Dixit  
Company Secretary & Compliance Officer

Encl: Annual Report

# **ANNUAL REPORT**

FY 2019-2020



**ALONE WE CAN DO LITTLE,  
BUT TOGETHER WE CAN DO MUCH MORE!**

# WHAT WE HOPE TO ACHIEVE

## *Vision 2020...*

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

## *Mission...*

### **For Customers:**

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

### **For Employees:**

*To nurture a working environment that fosters personal and professional growth.*

### **For Shareholders:**

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

### **For Vendors:**

*To create symbiotic relationships that drives mutual growth.*

### **For Community:**

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

# WHAT DRIVES US CORE VALUES OF COSMO

## *Customer Orientation*

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

## *People*

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

## *Innovation*

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

## *Fair Business Practices*

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

## CORPORATE INFORMATION

### BOARD OF DIRECTORS

**Mr. Ashok Jaipuria**  
Chairman & Managing Director

**Mr. Anil Kumar Jain**  
Director of Corporate Affairs

**Mr. H.K. Agrawal**  
Independent Director

**Mr. Rajeev Gupta**  
Non-Independent Director

**Mrs. Alpana Parida**  
Independent Director

**Mr. Pratip Chaudhuri**  
Non-Independent Director

**Mr. H.N Sinor**  
Independent Director

**Dr. Vivek Nangia\***  
Independent Director

**Mr. Anil Wadhwa**  
Independent Director

### CHIEF EXECUTIVE OFFICER

Mr. Pankaj Poddar

### CHIEF FINANCIAL OFFICER

Mr. Neeraj Jain

### SENIOR VICE PRESIDENT- HEAD- OPERATIONS (INDIA FILMS BUSINESS)

Mr. Sanjay Chincholikar

### COMPANY SECRETARY & COMPLIANCE OFFICER

Ms. Jyoti Dixit

### AUDITORS

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

### BANKERS

Development Bank of Singapore (DBS Limited)

Export Import Bank of India

ICICI Bank Limited

IDBI Bank Limited

Landesbank Baden – Wurttemberg

State Bank of India

Union Bank of India

Yes Bank Limited

IndusInd Bank Limited

HDFC Bank Limited

SVC Bank

Bajaj Finance Ltd.

IDFC Bank Ltd

Cooperative Rabo Bank

### TRANSFER AGENTS

M/s. Alankit Assignments Ltd.

4E/2, Alankit House,

Jhandewalan Extension,

New Delhi – 110055

• Ceased as Director w.e.f 25<sup>th</sup> June, 2020



## DIRECTORS' PROFILE



**Mr. Ashok Jaipuria**  
*Chairman & Managing Director*

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



**Mr. Anil Kumar Jain**  
*Director of Corporate Affairs*

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



**Mr. H. K. Agrawal**  
*Independent Director*

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



**Mr. Rajeev Gupta**  
*Non-Independent Director*

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



**Mrs. Alpana Parida**  
*Independent Director*

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



**Mr. Pratip Chaudhuri**  
*Non-Independent Director*

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



**Mr. H. N. Sinor**  
*Independent Director*

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



**Dr. Vivek Nangia\***  
*Independent Director*

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



**Mr. Anil Wadhwa**  
*Independent Director*

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

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• Ceased as Director w.e.f 25<sup>th</sup> June, 2020

## CHAIRMAN'S MESSAGE



The Indian Economy remained as one of the fastest growing economy in the world despite some slowdown registered during the year 2019-20. Covid-19 pandemic has added turmoil with increased vulnerabilities and associated lockdown in various parts of the world with escalated trade wars, fluctuation in oil prices etc. The government had taken a slew of measures to revamp the economy.

### **Our Industry**

The packaging industry is experiencing growth globally as a result of higher focus and preference of consumers towards hygiene and packaged products which are further expected to increase post Covid-19 pandemic. As per the industry reports, the India Packaging Market was valued at USD 50.5 billion in 2019 and it is expected to reach USD 204.81 billion by 2025, registering a CAGR of 26.7%. It has emerged as an important sector driving technology and innovation growth in the country and adding value to the various manufacturing sectors including FMCG, pharma, textile and agriculture. The global packaging industry will very soon witness a major shift towards sustainability, smart and intelligent packaging - which can sense changes in its external environment and transmit the signals informing about the change. Your company is taking a lead on these new initiatives.

### **Our Results**

During the financial year 2020, the Company registered sales of Rs. 2,204 crores with double digit volume growth of speciality sales. Consolidated EBIDTA for the year increased by 55% to Rs. 281 crores against Rs. 181 crores in financial year 2019 primarily due to higher speciality sales by 11%, better BOPP films margins due to balanced demand and supply scenario, operational efficiency and better performance by subsidiaries. Your company has registered 86% growth in EPS during the year. Your company's net debt has reduced to Rs. 584 crores with 2.1 times net debt/EBITDA ratio.

### **The Pandemic**

Adversity, they say, is the true test of character. We are entering the new fiscal year at a time when all major economies have been brought to a standstill. The impact has been very fast and widespread and the next few months will be very difficult for everyone. In view of this Pandemic and the negative impact on Industries, people, employment, the country is yet to recover. This was most unforeseen and has affected the world unprecedentedly. In the post-pandemic world, new norms will emerge, technology will play a major role and the game will change. Your company is well poised in partnering customers and participating in their growth and our transformation journey.

### **The Future**

Your Company is working on margin expansion projects with low capex and high payback potential which would yield result in coming years. Backward integration with production of masterbatches from financial year 2021. This direction will also facilitate new business opportunities for the company in related areas. We are also exploring new areas of growth unrelated to the packaging field with high potential and great growth prospects.

There is clearly growing focus on sustainability. Brands are focusing on recyclable packaging solutions for the products. Today, we are partnering with some of the best global brands to offer structure rationalization and solutions. Your Company has been working closely with several FMCG brands and helping them develop easy-to-recycle packaging laminates for their products without compromising on the different functionalities. Cosmo has helped brands to develop packaging for several products by making its construction mono-material/homogeneous in nature. This enables single step recycling and is cost effective. Your company's product, Synthetic Paper, is a replacement of paper in applications requiring non-tearability and longevity. It has far reaching impact in solving the twin challenges of tree cutting and the extensive use of water during the manufacturing process.

Cosmo has been investing in all its pillars of people, processes and equipment. Your company has strong and experienced management team which is being further strengthened. Your company is hiring best of best talent in R&D. The new state of art R&D facility is developed at Aurangabad plant which is equipped with the latest and the most sophisticated instruments for analysis and application of products. Cosmo's R&D facility also consists of an application and printing lab for in-house testing and evaluation of new products before sampling. Your Company has also invested in a pilot film manufacturing line from research perspective and in a pilot master batch line so that we can learn more about it.

### **Repaying Debt to Society**

At the core of our organizational culture are Respect, Concern and Value for every human being. Inclusion and respect for diversity is the key core of our operation. In every sense, our indomitable direction to achieve our vision is guided with the ethics that determines how we treat our in-house human assets, partners, stakeholders, consumers and community at large. Financial year 2019-20 was the most eventful year as Foundation stepped into a decade plus one journey. The year we have been running all our programs at grassroots level which includes educational and environmental initiatives. During the year we have touched lives of around 10,000 students and 31,000 community members, making it to a total of 31200 students and 68000 community members in and around our manufacturing units of Waluj, Aurangabad District, Maharashtra & Karjan, Vadodara District, Gujarat. Our footprint is in 42 Government Schools located across 29 villages and extended outreach to 111 villages. We could set up four new computer labs with net connectivity in rural Govt. schools in Maharashtra and upgraded 12 computer labs in Gujarat. Our computer literacy program functioned with 21 Computer labs maintained by Cosmo. English, Maths, Native language and life skill education to primary schools students added a value to mainstream education. Massive behavioral change trainings to rural students on hygiene and cleanliness, construction of 100 sanitation blocks with hand wash facilities in schools, installations of 400 waste bins across schools and Panchayats, planted around 6000 saplings, rewards and recognition to students are implemented. All our initiatives are centered around in collaboration with Govt schools, Panchayats and with active participation of community. All these endeavors are propelled and guided by Vibrant board of Cosmo Foundation and CSR Committee of Cosmo Films.

I would like to reinforce that your company is committed to the highest standards of corporate governance, operational excellence and financial discipline for long term shareholder value creation. I look forward to the many milestones that Cosmo Films aims to conquer in pursuit of its corporate mission. I would like to thank our stakeholders for reposing their confidence and faith in the company.

**Ashok Jaipuria**  
Chairman and Managing Director



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## CORPORATE INFORMATION

### **REGISTERED OFFICE**

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New Delhi - 110025  
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Fax: +91 11 49 49 49 50  
Website: [www.cosmofilms.com](http://www.cosmofilms.com)

### **KOREA**

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

### **PLANTS**

#### **MAHARASHTRA**

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

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

AL-24/1, MIDC-SEZ  
Shendra Industrial Area  
Aurangabad 431 201  
Tel: +91 240 2622205, 2622301

#### **GUJARAT**

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

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

## SUBSIDIARIES

### ASIA PACIFIC

#### Singapore

Cosmo Films Singapore Pte. Ltd  
10, Jalan Besar #10-12,  
Sim Lim Tower, Singapore 208787  
Tel: 65-6293 8089

#### Korea

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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-Danchisoko  
6-2-11, Iriya Adachi, Ku,  
Tokyo, 121-0836, Japan  
Tel: +81-3-5837-1805  
Fax: +81-3-5837-1807

#### Thailand

CF Investment Holding Private (Thailand)  
Company Limited  
100/208 Moo 3, Kamala  
Sub District, Kathu District,  
Phuket, Thailand

#### India

Cosmo Speciality Chemicals Pvt. Ltd.  
1008, DLF Tower A, Jasola District Centre  
New Delhi - 110025  
Tel: +91 11 49 49 49 49  
Fax: +91 11 49 49 49 50

### EUROPE

#### Netherlands

CF (Netherlands) Holdings Limited B.V.  
Regd. Office.- Strawinskylaan 937,1077  
XX Amsterdam, Netherlands  
Tel: +31 20 312 12 12  
Fax: +31 20 312 12 10.

#### USA

Cosmo Films Inc.  
775 Belden, Suite D  
Addison Illinois 60101  
Tel: +1 302 238 7780  
Fax: +1 302 295 9945

#### POLAND

Cosmo Films Poland SP. Z.O.O.  
Aleja Wilanowska 277, 02-730,  
Warsaw, Poland

## SALES OFFICE

### INDIA

#### Hyderabad

1405-B, 14<sup>th</sup> Floor, Babu Khan Estate,  
Basheerbagh, Hyderabad - 500001 India  
Phone: +91 40 23297620 / +91 40 23297621

#### Mumbai

303, 3<sup>rd</sup> Floor, Gokul Arcade, A Wing,  
Nr. Garware House, Subhash Road,  
Vile Parle(E), Mumbai - 400 057 India  
Phone: +91 22 28261195 / +91 22 28261197 /  
+91 22 28266395

#### Chennai

Flat No.102, Block - A First Floor  
Door No.127, Panjali Amman Koil St.,  
Arumbakkam  
Chennai - 600 106 India  
Phone: +91 44 23637165

#### Kolkata

Flat No.-4, 1st Floor, Gitanjali Apartment,  
BT Road, Dunlop-700 035, Kolkata

#### Bangalore

28, 5th A Cross, Sharadhamba Nagar,  
Jalahalli, Bangalore-560 013

#### Aurangabad

B-14/8-9, MIDC Industrial Area, Waluj,  
Aurangabad - 431 136 India  
Phone: +91 240 6660000

#### Vadodara

Vemardi Road, Village Navi Jithardi,  
Near Inox, Off N.H. No 8,  
Taluka: Karjan, District:  
Vadodara - 391240 India  
Phone: +91 2666 232960 / +91 2666 320707

#### New Delhi

1008,DLF Tower -A, Jasola District Centre,  
New Delhi - 110 025 India  
Phone: + 91-11-49 49 49 49

### USA

#### Illinois

Cosmo Films, Inc.  
775 West Belden Avenue, Suite D  
Addison - IL 60101  
Phone: +1 800 422 7655

## MANUFACTURING PLANT



**Shendra, Aurangabad, India**



**Waluj, Aurangabad, India**



**Karjan, Vadodra, India**



**Asan, Korea**



# PRODUCT PORTFOLIO

## Packaging Films



### Printing and Pouching Films

- ✓ Transparent
- ✓ Matte
- ✓ White
- ✓ Pearlsided
- ✓ Metalized
- ✓ CPP Films

### Barrier Films

- ✓ High Moisture Barrier Films
- ✓ Ultra High Barrier Films
- ✓ High Metal Bond & Barrier CPP Films

### Universal Lidding Films

### Overwrap Films

## Lamination Films

### Standard Lamination Films

- ✓ Thermal Lamination Films- BOPP
- ✓ Thermal Lamination Films- PET
- ✓ Wet Lamination Films- BOPP

### Premium Lamination Films

- ✓ Velvet Lamination Films
- ✓ Scuff Free Matte Lamination Films
- ✓ Digital Lamination Films
- ✓ Thermal Lamination Films- Linen



### Special Application Lamination Films

- ✓ Insulation Films
- ✓ Mapped and Matched Films

## PRODUCT PORTFOLIO

### Labeling Films

- ✓ White Opaque Cavitated Films
- ✓ Matte Coated Films
- ✓ Transparent/Clear Films
- ✓ Metalized Films
- ✓ Over Lamination Films
- ✓ Acrylic Coated Films



### Synthetic Paper

- ✓ Standard Synthetic Paper
- ✓ Top Coated Synthetic Paper
- ✓ Both Side Coated Synthetic Paper
- ✓ High Tear Resistance Synthetic Paper
- ✓ Laser Printable (Dry Toner) Both side Coated White Synthetic Paper



## NEW PRODUCT LAUNCHES

### Packaging

#### *High Barrier CPP Films*

Cosmo Films has introduced a Cast Polypropylene (CPP) film for packaging applications. The newly launched heat sealable CPP films offers high hot tack (>600gf/inch over a range of 100-140 degree celsius) and low seal initiation temperature; enabling packaging machines to run at higher speeds. As far as barrier is concerned, the films offer good moisture, oxygen, light and aroma barrier properties. The films offer an OTR and MVTR of  $<30\text{ cc/m}^2/\text{day}$  and  $<0.3\text{g/m}^2/\text{day}$  respectively. The high barrier metalized films also offer high metal bond. The films have been tested well for biscuits, cookies & crackers, snack food applications, chocolates, and ice-creams. Available in a range of 20 to 30 microns, films are well suited for both adhesive as well as extrusion lamination.

### Synthetic Paper

#### *Digitally Printable Synthetic Paper*

The product can print with both powder toner based laser printers as well as liquid toner based printers. Laser printing is a newly introduced feature for the digital product and has been added keeping the huge potential of photo-album & coffee table book printing segment in mind. It is printable with almost any production printer-HP Indigo, Xerox, Konica Minolta, Ricoh, Canon to name a few. Apart from laser printing, the product can undergo any printing process be it conventional & UV offset printing/UV & water based flexographic printing/thermal transfer printing/screen & letterpress printing/ UV inkjet printing or HP indigo & HP Latex printing.

#### *High Tear Resistance Synthetic Paper*

The product has been engineered to be non-tearable, displaying excellent tear resistance and has been designed specifically for tag applications. It is printable on both sides by UV offset, water & UV Flexo, and thermal transfer printing processes. Some of the typical tag applications include garment hang tags, horticulture identification tags, tree tags, cattle identification tags and airport transfer tags.

## AWARDS & RECOGNITION

### Corporate Awards

- Cosmo Films bagged two **Brand Excellence Awards** for **Effective Use of Marketing Communication & for Engineering, Research and Development Sector** at the **World Marketing Congress** in Mumbai in November 2019; presented by **ABP News**.
- Cosmo Films has bagged the **Worldstar Packaging Award 2020** in the **Beverages category** for our **Sterilisable Conduction Sealing Film**.
- Cosmo Films won the **National Level Scale Award (Exemplary Position)** for **Supply Chain and Logistics Excellence** under **Chemicals Category** at the **CII Conference** in Bangalore in December 2019.
- Cosmo Films' Waluj plant bagged the **second position** in the **CII National Excellence Award 2019 for 5S** in October 2019.
- Cosmo Films' CEO, Mr. Pankaj Poddar was honoured with the **"CEO With HR Orientation"** by **Zee Business** and **World HRD Congress** in September 2019.
- Cosmo Films Aurangabad received the **Best Employer Award** at the **14th Aurangabad Employer Branding Awards** in August 2019.
- Cosmo Films received the **Aurangabad Manufacturing Leadership Award** by the **World Quality Congress** in September 2019.

### Product Award

- Cosmo Films won the **IFCA Star Awards** for **Inherently Printable Label Films and Laser Printable CSP Films** in the categories of **R&D Achievement and Innovations/Creativity** respectively in February 2020





# MEDIA COVERAGE

COMPANY OF THE MONTH

## NEERAJ JAIN

LEVERAGING EXPERIENCE & EXPERTISE TO OFFER THE BEST IN FINANCE MANAGEMENT



**Neeraj Jain, CEO**  
Having worked at the top of the world's leading companies, Neeraj Jain is a seasoned professional with over 20 years of experience in the financial services industry. He is currently the CEO of Cosmo Films, a leading manufacturer of flexible packaging solutions. Neeraj is a member of the Board of Directors of the Indian Institute of Management, Ahmedabad, and is also a member of the Council of Economic Advisors, Government of India. He is a frequent speaker at industry conferences and has been featured in several national and international media outlets.

According to Neeraj Jain, CEO of Cosmo Films, the company's success is a result of its strong financial performance, which has been recognized by the industry and the media. He highlights the company's focus on innovation and sustainable growth, which has enabled it to maintain a strong market position. Neeraj also mentions the company's commitment to social responsibility and its efforts to create a positive impact on society.

**Managing risks and developing alternatives are critical for any business. It does not mean facing a business recklessly but rather taking calculated risks and managing risks to acceptable levels.**

Neeraj Jain, CEO of Cosmo Films, emphasizes the importance of risk management in business. He states that companies should not avoid risks but rather manage them effectively. He suggests that businesses should identify potential risks, assess their impact, and develop alternative strategies to mitigate them. Neeraj also highlights the importance of maintaining a strong financial position to ensure the company can withstand any challenges.

Neeraj Jain, CEO of Cosmo Films, is a seasoned professional with over 20 years of experience in the financial services industry. He is currently the CEO of Cosmo Films, a leading manufacturer of flexible packaging solutions. Neeraj is a member of the Board of Directors of the Indian Institute of Management, Ahmedabad, and is also a member of the Council of Economic Advisors, Government of India. He is a frequent speaker at industry conferences and has been featured in several national and international media outlets.



## Education as a Tool to Raise a Generation of Confident, High Achievers - Cosmo Foundation

Cosmo Films is a leading producer of BOPP and PET flexible films with business across the globe. At Cosmo Films, business and social responsibilities go hand in hand. It starts with our business practices by ensuring innovation, flexibility and the highest standard of integrity, transparency and accountability. We have set up an optimum level of global ethics and values from ethical business practices to the development of our



**Pankaj Poddar, CEO**

## Pankaj Poddar: Making flexible packaging more sustainable

Businesses have sustainability by changing the way in which flexible packaging is designed today

Pankaj Poddar, CEO of Cosmo Films, discusses the company's commitment to sustainable packaging. He highlights the importance of using eco-friendly materials and reducing waste in the production process. Pankaj also mentions the company's efforts to improve energy efficiency and reduce its carbon footprint. He emphasizes that sustainable packaging is not just a business opportunity but a responsibility towards the environment and society.

**Q: On the sustainability front, we have added a new R&D line. We are also modifying our existing line to produce new film structures which are more sustainable.**

**NP: What is your R&D strength?**  
PP: As a leader in BOPP, we have a wide spread across the low cost and mid-cost segments. We have built a strong R&D center in Pune, India, which is focused on developing innovative and sustainable packaging solutions. We have a strong focus on developing new film structures and improving the performance of existing ones. We have a strong focus on developing new film structures and improving the performance of existing ones.

### POODAR'S FAVOURITE PACKAGING DESIGN

As FMCG brands approached Cosmo Films to provide a recyclable packaging solution for one of its products which used traditional non-recyclable film structures for easy opening consisting of BOPP layer and hot melt adhesive (HMA).

Cosmo developed a new structure, which not only met the above requirements but also reduced, reducing the use of laminate cost.

The key important improvements achieved with the new structure:

1. Improved sustainability by using mono-material structure (single layer BOPP).
2. 20% reduction in material consumption.
3. Reduced carbon footprint.
4. Improved shelf life by using mono-material structure.
5. BOPP provides high tear resistance for fast opening and low cost.
6. Easy to use with simple opening mechanism.
7. BOPP also provides high strength and tear resistance.
8. New structure is compatible with existing machinery.
9. Ready to develop this structure for other BOPP products.
10. The new line is up and running, and the process is being scaled up.



## Cosmo Films to expand low-cost home compostable films in India

Plastic films being in the industry for long and has been adding more functionality to its applications like barriers, anti-tug, packaging and others. With an aim to expand further through its products, Cosmo Films is planning to bring greater solutions. This article points into new eco-friendly and functional products offered in the Indian BOPP market.

Cosmo Films is planning to expand its low-cost home compostable films in India. The company is focusing on developing new film structures that are both eco-friendly and functional. Pankaj Poddar, CEO of Cosmo Films, highlights the importance of sustainable packaging in the Indian market and the company's commitment to providing high-quality, eco-friendly solutions.

**Q: What is the technology to invest in, in the future. What is your vision on BOPP and do you see it being one?**

PP: Personally, I feel that the future of BOPP is very bright. It is a versatile material that can be used in a wide range of applications. I see BOPP continuing to grow and evolve, with new film structures and applications being developed. I believe BOPP will continue to be a key player in the flexible packaging market.

**Q: Where is the F&B and FMCG companies headed?**  
PP: There are several trends. Some brands are focusing on sustainability and eco-friendly packaging. Others are focusing on convenience and easy-to-use packaging. There is also a growing focus on personalized packaging and digital printing. The F&B and FMCG sectors are evolving rapidly, and companies need to stay ahead of the curve.

### TWO LAUNCHES BY COSMO

**Heat Resistant BOPP Films:** A new design of mono-material structure PET has been developed with BOPP in the outer printing layer. The challenge is to maintain the film at high heating temperatures, which they overcome by introducing BOPP-based heat-resistant films. These new films are well suited for applications as well as extrusion bottles.

**High Seal Strength CPP Films:** In order to achieve recyclable structures for packages which require high seal strength, Cosmo Films recently designed CPP films with seal strength can go up to 2.5 kg/cm. The film also exhibits high barrier properties and can be used for two-ply structures with printable BOPP film as the other layer. The film also exhibits high mechanical

## Engineered to enhance

Engineered to enhance... This article discusses the advanced engineering and technology used in Cosmo Films' packaging solutions. It highlights the company's focus on innovation and its commitment to providing high-quality, reliable products. The article mentions the use of advanced machinery and processes to ensure the highest standards of quality and performance.

## Working towards an eco-friendly and greener future

Working towards an eco-friendly and greener future... This article focuses on Cosmo Films' commitment to sustainability and its efforts to reduce its environmental impact. It discusses the company's initiatives to use renewable energy, reduce waste, and improve its overall carbon footprint. Pankaj Poddar, CEO of Cosmo Films, shares the company's vision for a greener future and the steps being taken to achieve it.



## DIRECTOR'S REPORT

Your Directors are pleased to present their 43<sup>rd</sup> Annual Report together with the Audited Statement of Accounts of the Company for the year ended March 31, 2020.

### 1. Summary Financial Results

The Financial Results of the Company for the year ended March 31, 2020, were as follows:

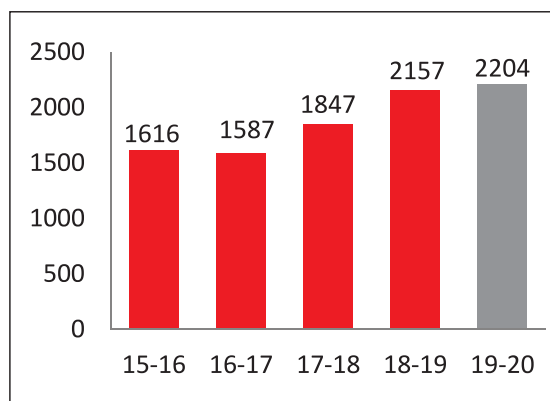
(₹ in Cr)

Particulars	Standalone		Consolidated	
	Year Ended 31st March 2020	Year Ended 31st March 2019	Year Ended 31st March 2020	Year Ended 31st March 2019
<b>Net Sales</b>	<b>2,032.12</b>	<b>2050.39</b>	<b>2,203.53</b>	<b>2156.52</b>
Other Income	19.90	11.56	19.46	20.15
<b>Profit before Interest, Depreciation and Tax</b>	<b>262.41</b>	<b>169.19</b>	<b>280.46</b>	<b>181.37</b>
Finance Cost	49.39	51.67	52.57	55.97
Depreciation	49.57	48.03	65.05	53.76
<b>Profit before Tax</b>	<b>163.46</b>	<b>69.49</b>	<b>162.84</b>	<b>71.64</b>
<b>Provision for Taxation</b>				
- Current Tax	28.63	12.11	29.01	12.09
- Deferred Tax	20.79	(1.00)	20.38	(1.56)
<b>Profit After Tax</b>	<b>114.04</b>	<b>58.38</b>	<b>113.44</b>	<b>61.10</b>
Minority Interest	-	-	-	-
<b>Appropriations:</b>				
Dividend-Equity Shares	40.24	11.50	40.24	11.50
Dividend Tax	8.39	2.40	8.39	2.40

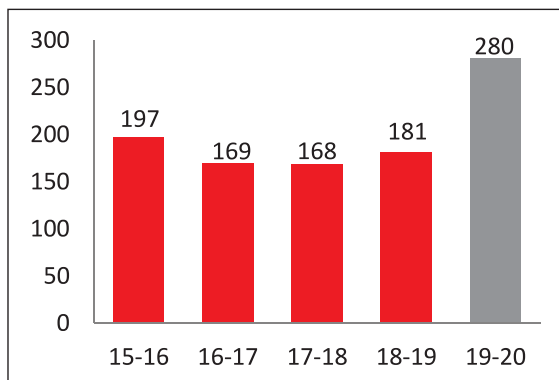
### 2. Overview of Performance

During the financial year 2020, the Company registered sales of ₹ 2,204 crores with double digit volume growth of speciality sales. Consolidated EBIDTA for the year increased by 55% to ₹ 281 crores against ₹ 181 crores in financial year 2019 primarily due to higher specialty sales by 11%, better BOPP films margins due to balanced demand and supply scenario, operational efficiency and better performance by subsidiaries. Your Company has registered 86% growth in EPS during the year, although PAT was impacted due to higher deferred tax provisioning on temporary timing difference related to SEZ unit. Company's net debt has reduced to ₹ 584 crores with 2.1 times net debt/EBITDA ratio.

**Consolidated  
Net Sales (INR Crs.)**



**Consolidated  
EBIDTA (INR Crs.)**



Company launched several new products during the financial year including High Barrier CPP Film, Digitally Printable Synthetic Paper and High Tear Resistance Synthetic Paper.

Company's focus shall continue to be on improving specialty films, R&D efforts particularly on sustainability which would yield results in coming years. These actions would continue to de-commoditize business model and would contribute in long term sustainable growth.

Company is working on margin expansion projects with low capex and high payback potential which would yield result in coming quarters. This will also open new related business line for the company.

### 3. Exports

The Company continues to strengthen its exports through brand visibility initiatives taken during the year. Exports during the year decreased to ₹ 853 Crores from ₹ 921 Crores in financial year 2019.

### 4. Share Capital

During the year under review, there was no change in the Company's issued, subscribed and paid-up equity share capital. On March 31, 2020, it stood at ₹ 19.44 Cr divided into 1,94,40,076 equity shares of ₹ 10/- each.

### 5. Reserve

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

### 6. Dividend

During the year, the Board of Directors declared an

Interim Dividend of ₹ 15/- per Equity share of ₹10/- each (150%) on February 13, 2020 which has been paid.

The Interim Dividend so declared is the Dividend on the Equity Shares of the Company for the Financial Year ended March 31, 2020.

## 7. Details of Subsidiaries

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

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

In terms of provisions of Section 136 of the Companies Act, 2013, the Company shall place separate audited accounts of the Subsidiary Companies on its website at [www.cosmosofilms.com](http://www.cosmosofilms.com).

The subsidiaries of Cosmo Films Limited as on March 31, 2020 are listed hereunder:

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

\*Incorporated as wholly-owned subsidiary on March 2<sup>nd</sup>, 2020.

Operational Performance of Subsidiaries has improved during financial year 2020 which is getting reflected in consolidated EBIDTA. Subsidiary's EBIDTA stood at ₹ 18.05 Crores against EBIDTA at ₹ 12.18 Crores last year. PBT and PAT were impacted due to provisioning towards one-time impairment in market value of an asset in an overseas subsidiary. The company do not foresee further impairment from subsidiaries.

The Company's subsidiary project for master

batches (as essential ingredient for flexible packaging film) is progressing as scheduled and is soon expected to commence operations. Growth in operational subsidiaries shall be key focus area for the Company in financial year 2021.

## 8. Research and Development (R&D)

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

### • Expenditure on Research & Development

(₹ in Cr)

Particulars	31st March, 2020	31st March, 2019
A. Capital	1.90	0.42
B. Recurring	5.63	6.91
<b>Total</b>	<b>7.53</b>	<b>7.33</b>

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

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

## 9. Capital Expenditure

Your Company has four state of the art manufacturing facilities spread across India (3) and Korea (1), with a total installed capacity of 196,000 MT per annum of BOPP films, 40,000 MT per annum of Thermal Lamination Films, 22,000 MT per annum of Metalized Films, 20,000 MT per annum of Coated Films and 10,000 MT per annum of CPP Films. During the year under review, your Company incurred capital expenditure of ₹ 47.40 Cr as compared to ₹ 88.16 Cr for financial year 2019.

## 10. Corporate Governance

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

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

## 11. Internal Financial Control and its Adequacy

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

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

## 12. Risk Management

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

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

### 13. Vigil Mechanism / Whistle Blower Policy

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

### 14. Diversity of the Board

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

### 15. Directors

#### (a) Reappointment of Chairman

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

The tenure of Mr. Ashok Jaipuria, Managing Director of the Company expired on April 1, 2019. The Board of Directors in its meeting held on February 13, 2019, on the recommendation of the HR, Nomination & Remuneration Committee reappointed him for a further period of five years w.e.f. April 2, 2019 and same has been approved at the Annual General Meeting of the Company held on July 25, 2019.

#### (b) Appointment and Reappointment- Other Directors

Mr. Rajeev Gupta, Non-Independent Non-Executive Director retires by rotation and being eligible offer himself for reappointment at the ensuing Annual General Meeting.

The Board of Directors in its meeting held on May 15, 2019, on the recommendation of the HR, Nomination & Remuneration Committee approved the change in classification of Mr. Rajeev Gupta and Mr. Pratip Chaudhuri to Non-

Independent Non Executive Director w.e.f May 15, 2019 and same has been approved at the Annual General Meeting of the Company held on July 25, 2019.

The tenure of Mr. Anil Kumar Jain, Whole Time of the Company expired on September 30, 2019. The Board of Directors in its meeting held on May 15, 2019, on the recommendation of the HR, Nomination & Remuneration Committee reappointed him for a further period of five years w.e.f. October 01, 2019 and same has been approved at the Annual General Meeting of the Company held on July 25, 2019.

The Board of Directors in its meeting held on May 15, 2019, on the recommendation of the HR, Nomination & Remuneration Committee reappointed Mr. H.K. Agrawal and Mr. H. N. Sinor as Independent Director for second term commencing from July 25, 2019 and May 22, 2020 respectively and same has been approved at the Annual General Meeting of the Company held on July 25, 2019.

Ms. Alpana Parida was acting as Non Independent Non Executive Director of the Company. The Board of Directors in its meeting held on May 15, 2019, on the recommendation of the HR, Nomination & Remuneration Committee, approved the change in classification of Ms. Alpana Parida to Independent Director w.e.f May 15, 2019 and same has been approved at the Annual General Meeting of the Company held on July 25, 2019.

#### (c) Cessation of Director

Mr. Ashish Guha had expressed his non-availability for second term of appointment. He ceases to be Director of the Company w.e.f July 25, 2019.

#### (d) Status of Other Directors

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

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

#### (e) Independent Directors Declaration

The Company has received necessary declaration from each Independent Director

under section 149(7) of the Companies Act, 2013 that they meet the criteria of independence laid down in section 149(6) of the Companies Act, 2013 and Regulation 16 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

#### **16. Statement of Board of Directors**

The Board of Directors of the Company are of the opinion that all the Independent Directors of the Company re-appointed during the year possesses integrity, relevant expertise and experience required to best serve the interest of the Company. The Independent Directors have confirmed compliance of relevant provisions of Rule 6 of the Companies (Appointments and Qualifications of Directors) Rules, 2014.

#### **17. Key Managerial Personnel**

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

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

#### **18. Familiarization Programme for the Independent Directors**

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

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

The induction programme includes:

- 1) For each Director, a one to one discussion with

the Chairman and Managing Director to familiarise the former with the Company's operations.

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

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

#### **19. Remuneration Policy**

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

Members can download the complete remuneration policy on the Company's website [www.cosmofilms.com](http://www.cosmofilms.com).

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

#### **20. Performance Evaluation of the Board, Committees and Individual Directors**

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



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

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

## **21. Board and Committee Meetings**

During Financial Year 2020, Five (5) meetings of the Board of Directors and Four (4) Audit Committee meetings were held. The intervening gap between the meetings was within the period prescribed under the Companies Act, 2013.

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

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

## **22. Auditors**

### **(a) Statutory Auditors**

Pursuant to Section 139 (2) of the Companies Act, 2013 read with Rule 6 of the Companies (Audit and Auditors) Rules, 2014 made thereunder, it is mandatory for the Company to rotate its current statutory auditors, M/s. Walker Chandiook & Co. LLP Chartered Accountants, on the completion of the maximum period as prescribed under the act.

Accordingly, based on the recommendations of the Audit Committee, the Board of Directors of the Company, at its meeting held on June 4,

2020, have recommended the appointment of M/s. S.N. Dhawan & Co. LLP, Chartered Accountants (ICAI Firm Registration No. 000050N/N500045) as the statutory auditors of the Company, who will hold office for a period of five consecutive years from the conclusion of the 43<sup>rd</sup> Annual General Meeting of the Company scheduled to be held in the year 2020 till the conclusion of the 48<sup>rd</sup> Annual General Meeting to be held in the year 2025, subject to the approval of the shareholders of the Company. Accordingly, requisite resolution forms part of the notice convening the AGM.

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

### **(b) Cost Auditors**

M/s. Jayant B. Galande, Cost Accountants were appointed as Cost Auditors of the Company for the Financial Year 2021. In accordance with the provisions of Section 148 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, since the remuneration payable to the Cost Auditors is required to be ratified by the shareholders, the Board recommends the same for approval by shareholders at the ensuing AGM.

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

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

### **(c) Secretarial Auditors**

The Company had appointed M/s. BLAK & Co., Company Secretaries, New Delhi, to conduct its Secretarial Audit for the Financial Year 2020. The Secretarial Audit report is annexed

herewith as **Annexure - B** to this report. There are no qualifications, reservations or adverse remarks made by Secretarial Auditor in his report. During the year, the Auditor had not reported any matter under Section 143 (12) of the Act, therefore no detail is required to be disclosed under Section 134(3)(ca) of the Act.

### **23. Related Party Transaction**

With reference to Section 134(3)(h) of the Companies Act, 2013, all contracts and arrangements with related parties under Section 188(1) of the Act, entered into by the Company during the Financial Year, were in the ordinary course of business and on an arm's length basis. The details of the related party transactions as required under Accounting Standard are set out in Note 44 to the standalone financial statements forming part of this Annual Report.

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

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

### **24. Management's Discussion and Analysis Report**

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

### **25. Business Responsibility Report**

Pursuant to regulations 34 of the Listing Regulations, Business Responsibility Report for the year is presented in a separate section forming part of the Annual Report.

### **26. Deposits**

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

### **27. Energy Conservation, Technology Absorption and Foreign Exchange Earnings & Outgo**

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

### **28. Particulars of Loans, Guarantees or Investments**

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

### **29. Significant and Material Orders Passed by the Regulators or Courts**

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

### **30. Change in Nature of Business, if any**

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

### **31. Material Changes and Commitments, if any, Affecting Financial Position of The Company**

There were no other material changes / commitments affecting the financial position of the Company or that may require disclosure, between March 31, 2020 and the date of Board's Report.

### **32. Listing with Stock Exchanges**

The Company confirms that it has paid the Annual Listing Fees for the year Financial Year 2020 to the NSE and the BSE where the Company's equity shares are listed.

### **33. Extract of the Annual Return**

Pursuant to the provisions of section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014, an extract of annual return in form MGT

9 is enclosed as **Annexure - D** to this annual report and also available on the website of the Company at [www.cosmofilms.com](http://www.cosmofilms.com).

#### **34. Investor Education and Protection Fund (IEPF)**

Details of unclaimed Dividend and Shares transferred to IEPF during 2019-20 are given in Corporate Governance Report.

#### **35. Corporate Social Responsibility**

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

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

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

#### **36. Promotion of Women's Well Being at Work Place**

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

#### **37. Particulars of Employees And Related Disclosures**

The information required pursuant to Section 197(12) of the Companies Act, 2013 read with Rule

5(1) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is also enclosed as **Annexure - F** to this Report.

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

#### **38. Employee Stock Options**

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

The details of the Employee Stock Options Plan form part of the Notes to accounts of the Financial Statements in this Annual Report and also available on our website [www.cosmofilms.com](http://www.cosmofilms.com)

#### **39. Director's Responsibility Statement**

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

- I. In preparation of the annual accounts, applicable accounting standards have been followed along with proper explanation relating to material departures.
- II. Accounting policies selected were applied consistently. Reasonable and prudent judgments and estimates are made so as to give a true and fair view of the state of affairs of the Company as of 31st March, 2020 and of the profits of the Company for the year ended on that date.

- III. Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- IV. The annual accounts of the Company have been prepared on a going concern basis.
- V. Proper Internal Financial Controls were in place and that the Financial Controls were adequate and were operating effectively.
- VI. Systems to ensure compliance with the provisions of all applicable laws were in place and were adequate and operating effectively.

#### 40. Awards & Recognition

During the Year, Company has bagged

- CII National Excellence Award 2019 for 5S Implementation at its Waluj plant Best Employer Award at the 14th Employer Branding Award organized in Aurangabad.
- The Worldstar Packaging Award 2020 in the Beverages category for our Sterilisable Conduction Sealing Film.
- The **National Level Scale Award (Exemplary Position) for Supply Chain and Logistics Excellence** under Chemicals Category at the CII Conference in Bangalore in December 2019.
- Two **Brand Excellence Awards for Effective Use of Marketing Communication & for Engineering, Research and Development Sector** at the **World Marketing Congress** in Mumbai in November 2019; presented by **ABP News**.
- Cosmo Films' Waluj plant bagged the **second position** in the **CII National Excellence Award 2019 for 5S** in October 2019.
- Cosmo Films' CEO, Mr. Pankaj Poddar was honoured with the "**CEO with HR Orientation**" by Zee Business and World HRD Congress in September 2019.

- Cosmo Films Aurangabad received the **Best Employer Award** at the **14th Aurangabad Employer Branding Awards** in August 2019.
- Cosmo Films received the **Aurangabad Manufacturing Leadership Award** by the **World Quality Congress** in September 2019.

#### Product Awards

- IFCA Star Awards for **Inherently Printable Label Films and Laser Printable CSP Films** in the categories of **R&D Achievement and Innovations/Creativity** respectively in February 2020.

#### 41. Secretarial Standards

During the year 2020, the Company has complied with applicable Secretarial Standards issued by the Institute of the Company Secretaries of India.

#### 42. Acknowledgement

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

For and on behalf of the Board of Directors

**Ashok Jaipuria**  
Chairman

**Date : June 4, 2020**  
**Place: New Delhi**

**Changes after Approval of Directors Report by Board on June 04, 2020 and upto July 10, 2020**

Mr. Rajeev Gupta (DIN:00241501) has informed that he will not seek reappointment after his retirement by rotation as Director of the Company on the conclusion of the forthcoming Annual General Meeting.

For and on behalf of the Board

New Delhi  
**10<sup>th</sup> July, 2020**

Ashok Jaipuria  
**Chairman**



## Annexure A

### CERTIFICATE ON CORPORATE GOVERNANCE

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

1. We have examined the compliance of conditions of Corporate Governance by COSMO Films Limited (the Company) for the year ended on March 31, 2020, as stipulated in Regulation 17 to 27 and clause (b) to (i) of Regulation 46(2) and para C, D and E of schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended ("SEBI Listing Regulation")

#### **MANAGEMENT'S RESPONSIBILITY**

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

#### **OUR RESPONSIBILITY**

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

#### **OPINION**

5. Based on our examination of the relevant records and according to the information and explanations provided to us and the representations provided by the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C and D of Schedule V of the Listing Regulations during the year ended 31st March, 2020.
6. We further state that such compliance is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **BLAK & Co.**  
Company Secretaries

**(Archana Bansal)**

Mg. Partner

M.No. - A17865

CoP No.- 11714

UDIN-A017865B000326173

Place: New Delhi

Date:04/06/2020

**Annexure B**

**SECRETARIAL AUDIT REPORT**

FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> MARCH, 2020

*[Pursuant to section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]*

To,  
The Members,

**COSMO FILMS LTD**  
1008, DLF TOWER-A  
Jasola District Center,  
New Delhi-110025

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

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, We hereby report that in our opinion, the company has, during the audit period covering the financial year ended on 31<sup>st</sup> March, 2020, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31<sup>st</sup> March, 2020 according to the provisions of applicable following laws:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
  - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; (Not applicable to the Company during the Audit Period)
  - d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
  - e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; (Not applicable to the Company during the Audit Period)
  - f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client; (Not applicable to the Company during the Audit Period)
  - g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; (Not applicable to the Company during the Audit Period) and

- 
- h)** The Securities and Exchange Board of India (Buyback of Securities) Regulations; (Not applicable to the Company during the Audit Period)
- (vi) The other laws as may be applicable specifically in case of the Company on the basis of documents/information produced before us:
- a) Goods & Service Tax Act, 2017
  - b) Custom Act, 1962
  - c) Income Tax Act, 1961 and Indirect Tax Laws
  - d) Indian Contract Act, 1872
  - e) Indian Stamp Act, 1999
  - f) Limitation Act, 1963
  - g) Negotiable Instrument Act, 1981
  - h) Registration Act, 1908
  - i) Sale of Goods Act, 1930
  - j) Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013
  - k) Transfer of Property Act, 1882
  - l) Weekly Holidays Act, 1942
  - m) Legal Metrology Act, 2009,
  - n) **Following Labour laws as applicable to the Company;**
    - i. The Factories Act, 1948 and rules made thereunder,
    - ii. Payment of wages Act, 1936 and rules made thereunder,
    - iii. Minimum wages Act, 1948 and rules made thereunder,
    - iv. Employees State Insurance Act, 1948 and rules made thereunder,
    - v. Employee Compensation Act, 1923,
    - vi. Equal Remuneration Act, 1976,
    - vii. Contract Labour (Abolition & Regulation) Act, 1970,
    - viii. Payment of Bonus Act, 1965 and rules made thereunder,
    - ix. Payment of Gratuity Act, 1972 and rules made thereunder,
    - x. The Apprentices Act, 1961,
    - xi. Industrial Disputes Act, 1947 and rules made thereunder,
    - xii. Fatal Accident Act, 1955,
    - xiii. The Equal remuneration Act, 1976 and rules made thereunder,
    - xiv. The Employee Compensation Act, 1923 and rules made thereunder,
    - xv. Maternity Benefit Act, 1961 and rules made thereunder,
    - xvi. The Bombay Shop & Establishment Act, 1948,
    - xvii. The Air (Prevention and Control of Pollution) Act, 1981 and rules made thereunder,
    - xviii. The Water (Prevention and Control of Pollution) Act, 1974 and rules made thereunder,
    - xix. Hazardous Waste (Management and Handling) Rules, 1989 and Amendment Rules, 2003,
    - xx. Environment Protection Act, 1986,
    - xxi. Industrial Employment (Standing Orders) 1946,

- xxii. Trade Union Act, 1946,
- xxiii. Employees Provident Fund Act 1952 and EPS 1995,
- xxiv. All other labour laws applicable to the industries.

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

- i. Secretarial Standards issued by The Institute of Company Secretaries of India.
- ii. The Listing Agreement entered into by the Company with Bombay Stock Exchange (BSE) and National Stock Exchange (NSE) read with Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

We further report that

1. The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.
2. Adequate notice is given to all directors for the Board Meetings. Agenda and detailed notes on agenda were sent in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.
3. As per the minutes of the meetings duly recorded and signed by the Chairman, the decisions of the Board were unanimously recorded.

Based upon compliance mechanism established by the Company and on the basis of compliance certificate issued by the management of the Company and taken on record by the Board of directors of the Company we further report that;

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

We further report that during the audit period no specific events / actions having a major bearing on the company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc.

**for BLAK & CO.**  
Company Secretaries

**(Archana Bansal)**

Mg. Partner

M.No.: A17865

COP No.- 11714

Place: New Delhi

Date: 04/06/2020

**Note:** This report is to be read with our **ANNEXURE 'I'** of even date which are annexed and forms an integral part of this report.

**ANNEXURE 'I'**

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
4. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

**for BLAK & CO.**  
Company Secretaries

**(Archana Bansal)**  
Mg. Partner  
M.No.: A17865  
COP No.- 11714

Place: New Delhi  
Date: 04/06/2020



**Annexure - C**

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

**A. CONSERVATION OF ENERGY**

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

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

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

- i) Utilization of CT water for Lines, Chill Roll water Bath instead of Chilled Water. The theme behind this project is to utilize CT water in place of Chilled water to reduce chilling load on Chillers resulting saving in Energy.
- ii) Installation of Inverters for Blowers. The theme behind this project is to run blowers at variable speed instead of fixed speed as per process requirement resulting to achieve Energy saving.
- iii) System Automation to Stop the Raw material conveying blower when there is no Material in reception hopper.
- iv) Process Film Drying Film Nozzle Opening increased to reduce the Load on the Blower without affecting Process.
- v) Energy Saving from Chiller Cooling Tower Pump by reducing Flow.
- vi) Use of Celdek pads in air washers.
- vii) Improving the Equipment Efficiency.
- viii) Optimum loading of Power & Distribution Transformer to reduce the Load losses.
- ix) Energy Saving in Air Compressor by optimizing operational parameters.
- x) Energy Efficient heating system for EREMA recycling plant.
- xi) Efficient TDO lubrication system to achieve oil saving.
- xii) Energy Efficient heating system for NGR recycling plant.
- xiii) TDO chain lubrication oil consumption reduction by parameter optimization.
- xiv) Conversion of Electrical heating to Oil Heating.
- xv) Installation of LED Lighting (Indoor & Outdoor).
- xvi) SEZ - Optimization of FO Consumption.
- xvii) Use of day light for illumination.

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

- i) Converted electrical heating into oil heating.
- ii) Converted gas based heating to FO/Coal based heating.
- iii) Installation & commissioning of SOLAR plants. The theme behind this project is to utilize Solar Energy for power generation thus reduction in unit cost & support to green environment
- iv) Installation of wind mill plants. The theme behind this project is to utilize wind Energy for power generation thus reduction in unit cost & support to green environment

**(iii) Capital investment on energy conservation equipments during the year: ₹ 5.98 crores**

## B. TECHNOLOGY ABSORPTION

- (i) Efforts made towards technology absorption :  
The Company's technology is developed in house, which has helped in improving efficiency and developing new products.
- (ii) The benefits derived are like product improvement, cost reduction, product development, import substitution and Growth in business.
- (iii) In case of imported technology (Imported during the last 3 years reckoned from the beginning of the financial year)
- (a) Details of Technology Imported
  - (b) Year of Import
  - (c) Whether the technology been fully absorbed
  - (d) If not fully absorbed, areas where this has not taken place, and reasons thereof

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

- (iv) Expenditure incurred on Research and Development

₹ Crores.(approx)

(a) Capital	1.90
(b) Recurring	5.63
(c) Total	7.53
(d) Total R & D expenditure as percentage of net sales	0.34

## C. FOREIGN EXCHANGE EARNINGS AND OUTGO

The Company's foreign exchange earnings were ₹ 823 Crores (Previous Year ₹ 968 Crores). The total foreign exchange utilized during the year amounted to ₹ 333 Crores (Previous Year ₹ 437 Crores). Details of foreign Exchange earned and utilized during the year are given in Notes to Accounts.

**Annexure - D**

**FORM NO. MGT.9**

**EXTRACT OF ANNUAL RETURN**

as on the financial year ended on 31<sup>st</sup> March, 2020

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

**I. REGISTRATION AND OTHER DETAILS:**

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

**II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY**

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

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

**III. PARTICULARS OF SUBSIDIARY COMPANIES –**

S. NO	NAME AND ADDRESS OF THE COMPANY	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1.	Cosmo Films Singapore Pte Ltd 10, Jalan Besar # 10-12, Sim Lim Tower, Singapore 208787 Tel: 65-6293 8089	200910018H	Subsidiary Company	100%	2(87)
2.	Cosmo Films Korea Limited 811, Sineon-Ri, Dogo-Myeon, Asan-Si, Choongnam, 336-914 South Korea	164811- 0056354	Subsidiary Company	100%	2(87)
3.	Cosmo Films Japan, GK Yamatane –Nai, Tokyo-Danchisoko, 6-2-11, Iriya Adachi,-Ku, Tokyo, 121-0836, Japan	0100-03-015252	Subsidiary Company	100%	2(87)
4.	CF (Netherlands) Holdings Limited B.V.Regd. Office: Kabelweg 37,1014 BA, Amsterdam, Netherlands	34341583	Subsidiary Company	100%	2(87)
5.	Cosmo Films Inc. 560, Maryland, Parkway, Hagerstown Maryland, USA 21740	26-1520669	Subsidiary Company	100%	2(87)

S. NO	NAME AND ADDRESS OF THE COMPANY	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
6.	CF Investment Holding Private (Thailand) Company Limited 100/208 Moo 3, Kamala Sub District, Kathu District, Phuket, Thailand	0835556006647	Subsidiary Company	100%	2(87)
7.	Cosmo Films Poland SP. Z.O.O Aleja Wilanowska 277, 02-73, Warsaw, Poland	0000718989	Subsidiary Company	100%	2(87)
8.	Cosmo Speciality Chemicals Private Limited*	U24100DL202 OPTC362507	Subsidiary Company	100%	2(87)

**\*Incorporated as wholly-owned subsidiary on March 2, 2020**

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

##### i) Category-wise Share Holding

Category of Shareholder	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change During the Year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
<b>1) Indian</b>									
Individuals/ Hindu Undivided Family	1118248	NIL	1118248	5.75	864881	NIL	864881	4.45	(1.30)
Central Government/ State Government(s)	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	0.00
Bodies Corporate	5682	NIL	5682	0.03	5682	NIL	5682	0.03	0.00
Financial Institutions/ Banks	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	0.00
Any Others									
1. Mr. Ashok Jaipuria- Registered Owner Gayatri & Annapurna- Beneficial Owner	7508216	NIL	7508216	38.62	7508216	NIL	7508216	38.62	0.00
2. Fawkes Management Pvt Ltd – Registered Owner Ashok Jaipuria Private Trust- Beneficial Owner	100	NIL	100	0.00	100	NIL	100	0.00	0.00
3. Fawkes Management Pvt Ltd – Registered Owner Ashok Jaipuria Family Trust- Beneficial Owner	NIL	NIL	NIL	NIL	203367	NIL	203367	1.05	1.05
<b>Sub Total(A)(1)</b>	<b>8632246</b>	<b>NIL</b>	<b>8632246</b>	<b>44.40</b>	<b>8582246</b>	<b>NIL</b>	<b>8582246</b>	<b>44.15</b>	<b>(0.25)</b>
<b>2) Foreign</b>									
Individuals (Non-Residents Individuals/ Foreign Individuals)	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	0.00
Bodies Corporate	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	0.00
Institutions	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	0.00
Qualified Foreign Investor	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	0.00
Any Others(Specify)	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	0.00
<b>Sub Total(A)(2)</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>0.00</b>
<b>Total Shareholding of Promoter and Promoter Group (A)= (A)(1)+(A)(2)</b>	<b>8632246</b>	<b>NIL</b>	<b>8632246</b>	<b>44.40</b>	<b>8582246</b>	<b>NIL</b>	<b>8582246</b>	<b>44.15</b>	<b>(0.25)</b>
<b>B. Public shareholding</b>									
<b>1) Institutions</b>									
Mutual Funds/ UTI	1455	525	1980	0.01	136764	325	137089	0.71	<b>0.70</b>
Financial Institutions/Banks	10097	4100	14197	0.07	71612	4100	75712	0.39	<b>0.32</b>

Category of Shareholder	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change During the Year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
Central Government/ State Government(s)	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	0.00
Venture Capital Funds	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	0.00
Insurance Companies	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	0.00
Foreign Institutional Investors/ Foreign Portfolio investors	394529	2150	396679	2.04	384428	940	385368	1.98	(0.06)
Foreign Venture Capital Investors	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	0.00
Qualified Foreign Investor	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	0.00
Any Other (Bank Foreign)	NIL	140	140	0.00	NIL	NIL	NIL	NIL	0.00
Alternate Investment Funds	141952	NIL	141952	0.73	185062	NIL	185062	0.95	0.22
<b>Sub-Total (B)(1)</b>	<b>548033</b>	<b>6915</b>	<b>554948</b>	<b>2.85</b>	<b>777866</b>	<b>5365</b>	<b>783231</b>	<b>4.03</b>	<b>1.18</b>
<b>2) Non-institutions</b>									
Bodies Corporate	965324	11395	976719	5.02	966648	9945	976593	5.02	0.00
<b>Individuals</b>									
i. Individual shareholders holding nominal share capital up to ₹ 1 lakh	5453813	372593	5826406	29.97	5075462	327686	5403148	27.79	(2.18)
ii. Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	2284040	NIL	2284040	11.75	2460983	NIL	2460983	12.66	0.91
Qualified Foreign Investor	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	0.00
Any Other (NBFCs / Foreign National)	79758	NIL	79758	0.41	145	NIL	145	0.00	(0.41)
IEPF	133781	NIL	133781	0.69	158529	NIL	158529	0.82	0.13
Clearing Member	26734	NIL	26734	0.14	96499	NIL	96499	0.50	0.36
Resident HUF	324577	NIL	324577	1.67	363310	NIL	363310	1.87	0.20
Non Resident Indian	295486	21760	317246	1.63	269648	21520	291168	1.50	(0.13)
Trust	7225	NIL	7225	0.04	12828	NIL	12828	0.06	0.02
<b>Sub-Total (B)(2)</b>	<b>9570738</b>	<b>405748</b>	<b>9976486</b>	<b>51.32</b>	<b>9404052</b>	<b>359151</b>	<b>9763203</b>	<b>50.22</b>	<b>(1.10)</b>
<b>Total Public Shareholding (B)= (B)(1)+(B)(2)</b>	<b>10118771</b>	<b>412663</b>	<b>10531434</b>	<b>54.17</b>	<b>10181918</b>	<b>364516</b>	<b>10546434</b>	<b>54.25</b>	<b>0.08</b>
<b>TOTAL (A)+(B)</b>	<b>18751017</b>	<b>412663</b>	<b>19163680</b>	<b>98.57</b>	<b>18764164</b>	<b>364516</b>	<b>19128680</b>	<b>98.40</b>	<b>(0.17)</b>
<b>C- 1 Shares held by Custodians and against which Depository Receipts have been issued</b>									
Promoter and Promoter Group	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	0.00
Public	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	0.00
<b>Sub-Total (C)(1)</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>0.00</b>
<b>C-2 Employee Benefit Trust under SEBI (Share based Employee Benefit) Regulations, 2014)</b>	276396	NIL	276396	1.42	311396	NIL	311396	1.60	0.18
<b>Sub-Total (C)(2)</b>	<b>276396</b>	<b>NIL</b>	<b>276396</b>	<b>1.42</b>	<b>311396</b>	<b>NIL</b>	<b>311396</b>	<b>1.60</b>	<b>0.18</b>
<b>TOTAL(C) = (C)(1)+(C)(2)</b>	<b>276396</b>	<b>NIL</b>	<b>276396</b>	<b>1.42</b>	<b>311396</b>	<b>NIL</b>	<b>311396</b>	<b>1.60</b>	<b>0.18</b>
<b>GRAND TOTAL (A)+(B)+(C)</b>	<b>19027413</b>	<b>412663</b>	<b>19440076</b>	<b>100</b>	<b>19075560</b>	<b>364516</b>	<b>19440076</b>	<b>100</b>	<b>0.00</b>

**(ii) Shareholding of Promoters**

Sl. No.	Shareholder's Name	Shareholding at the beginning of the Year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total shares of the Company	% of Shares Pledged/encumbered to total Shares	No. of Shares	% of total shares of the Company	% of Shares Pledged/encumbered to total Shares	
1	Aanchal Jaipuria Bhandari	91720	0.47	NIL	91720	0.47	NIL	0.00
2	Abha Jaipuria	24200	0.12	NIL	24200	0.12	NIL	0.00
3	Ambrish Jaipuria	402800	2.07	NIL	352800	1.81	NIL	(0.26)
4	Ashok Jaipuria	598528	3.08	NIL	395161	2.03	NIL	(1.05)
5	Yamini Kumar	1000	0.01	NIL	1000	0.01	NIL	0.00
6	Andheri Properties & Finance Ltd.	622	0.00	NIL	622	0.00	NIL	0.00
7	Hanuman Textile Manufacturing & Investment Company Ltd.	1280	0.01	NIL	1280	0.01	NIL	0.00
8	Pravasi Enterprises Ltd.	1100	0.01	NIL	1100	0.01	NIL	0.00
9	Sunrise Manufacturing Company Ltd.	2680	0.01	NIL	2680	0.01	NIL	0.00
10	Ashok Jaipuria - Registered Owner C/o Gayatri & Annapurna - Beneficial Owner	7508216	38.62	NIL	7508216	38.62	NIL	0.00
11	Fawkes Management Pvt Ltd - Registered Owner C/o Ashok Jaipuria Private Trust - Beneficial Owner	100	0.00	NIL	100	0.00	NIL	0.00
12	Fawkes Management Pvt Ltd. - Registered Owner C/o Ashok Jaipuria Family Trust - Beneficial Owner	0	0.00	NIL	203367	1.05	NIL	1.05

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

Sl. No.	Name of Share holder	Shareholding at the beginning of the year		Date	Increase/(decrease)	Reason	Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company				No. of shares	% of total shares of the Company
1	Ashok Jaipuria	598528	3.08	01/04/2019 28/06/2019 31/03/2020	(203367)	Sale	598528 395161 395161	3.08 2.03 2.03
2	Ambrish Jaipuria	402800	2.07	01/04/2019 23/08/2019 30/08/2019 31/03/2020	(21930) (28070)	Sale Sale	402800 380870 352800 352800	2.07 1.96 1.81 1.81
3	Fawkes Management Pvt Ltd. - Registered Owner C/o Ashok Jaipuria Family Trust - Beneficial Owner	0	0.00	01/04/2019 28/06/2019 31/03/2020	203367	Purchase	0 203367 203367	0.00 1.05 1.05



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

Sl. No.	Name of Share holder*	Shareholding at the beginning of the year		Cumulative Shareholding at the end of the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1.	ANIL KUMAR GOEL	604000	3.10	594622	3.06
2.	AEQUITAS EQUITY SCHEME I	161961	0.73	185062	0.95
3.	LUCKY HOLDINGS PRIVATE LIMITED	0	0.00	176444	0.91
4.	INVESTOR EDUCATION AND PROTECTION FUND AUTHORITY (IEPFA)	133781	0.69	158529	0.82
5.	PRINCIPAL SMALL CAP FUND	0	0.00	135309	0.70
6.	GOVERNMENT OF THE PROVINCE OF ALBERTA MANAGED BY COMGEST S.A	110900	0.57	110900	0.57
7.	VIKASH MEHRA	12532	0.00	82867	0.38
8.	AEQUITAS INVESTMENT CONSULTANCY PRIVATE LIMITED	50585	0.26	70585	0.36
9.	ICICI BANK LIMITED	12192	0.02	67647	0.35
10.	LSV GLOBAL CONCENTRATED VALUE FUND, LP	67129	0.35	67129	0.35

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

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

Sl. No.	Shareholding of each of the Directors and each Key Managerial Personnel	Shareholding at the beginning of the year		Date	Increase/ (decrease)	Reason	Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company				No. of shares	% of total shares of the Company
<b>1</b>	<b>Mr. Ashok Jaipuria</b>							
	At the beginning of the year	598528	3.08	-	-	-	598528	3.08
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g.allotment / transfer / bonus/ sweat equity etc):	-	-	28/06/2019	(203367)	Sale	395161	2.03
	At the End of the year	395161	2.03				395161	2.03
<b>2</b>	<b>Mr. Anil Kumar Jain</b>							
	At the beginning of the year	10000	0.05	-	-	-	10000	0.05
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g.allotment / transfer / bonus/ sweat equity etc):	-	-	-	-	-	-	-
	At the End of the year	10000	0.05				10000	0.05

Sl. No.	Shareholding of each of the Directors and each Key Managerial Personnel	Shareholding at the beginning of the year		Date	Increase/ (decrease)	Reason	Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company				No. of shares	% of total shares of the Company
<b>3</b>	<b>Mr. H. K. Agrawal</b>							
	At the beginning of the year	1000	0.00	-	-	-	1000	0.00
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g.allotment / transfer / bonus/ sweat equity etc):	-	-	-	-	-	-	-
	At the End of the year	1000	0.00				1000	0.00
<b>4</b>	<b>Mr. Rajeev Gupta</b>							
	At the beginning of the year	10100	0.05	-	-	-	10100	0.05
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g.allotment / transfer / bonus/ sweat equity etc):	-	-	-	-	-	-	-
	At the End of the year	10100	0.05				10100	0.05
<b>5</b>	<b>Mr. H. N Sinor</b>							
	At the beginning of the year	0	0.00	-	-	-	0	0.00
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g.allotment / transfer / bonus/ sweat equity etc):	-	-	-	-	-	-	-
	At the End of the year	0	0.00	-	-	-	0	0.00
<b>6</b>	<b>Ms. Alpana Parida</b>							
	At the beginning of the year	0	0.00	-	-	-	0	0.00
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g.allotment / transfer / bonus/ sweat equity etc):	-	-	-	-	-	-	-
	At the End of the year	0	0.00	-	-	-	0	0.00
<b>7</b>	<b>Mr. Pratip Chaudhuri</b>							
	At the beginning of the year	0	0.00	-	-	-	0	0.00
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g.allotment / transfer / bonus/ sweat equity etc):	-	-	-	-	-	-	-
	At the End of the year	0	0.00	-	-	-	0	0.00

Sl. No.	Shareholding of each of the Directors and each Key Managerial Personnel	Shareholding at the beginning of the year		Date	Increase/ (decrease)	Reason	Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company				No. of shares	% of total shares of the Company
<b>8</b>	<b>Dr. Vivek Nangia</b>							
	At the beginning of the year	0	0.00	-	-	-	0	0.00
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g.allotment / transfer / bonus/ sweat equity etc):	-	-	-	-	-	-	-
	At the End of the year	0	0.00	-	-	-	0	0.00
<b>9</b>	<b>Mr. Anil Wadhwa</b>							
	At the beginning of the year	0	0.00	-	-	-	0	0.00
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g.allotment / transfer / bonus/ sweat equity etc):	-	-	-	-	-	-	-
	At the End of the year	0	0.00	-	-	-	0	0.00
<b>10</b>	<b>Mr. Pankaj Poddar</b>							
	At the beginning of the year	4749	0.02	-	-	-	4749	0.02
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g.allotment / transfer / bonus/ sweat equity etc):	-	-	-	-	-	-	-
	At the End of the year	4749	0.02	-	-	-	4749	0.02
<b>11</b>	<b>Mr. Neeraj Jain</b>							
	At the beginning of the year	1	0.00	-	-	-	1	0.00
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g.allotment / transfer / bonus/ sweat equity etc):	-	-	-	-	-	-	-
	At the End of the year	1	0.00	-	-	-	1	0.00
<b>12</b>	<b>Ms. Jyoti Dixit</b>							
	At the beginning of the year	1	0.00	-	-	-	1	0.00
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g.allotment / transfer / bonus/ sweat equity etc):	-	-	-	-	-	-	-
	At the End of the year	1	0.00	-	-	-	1	0.00

## V. INDEBTEDNESS

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

(₹ in Cr.)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the Financial Year</b>				
i) Principal Amount	539.66	-	-	539.66
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	1.33	-	-	1.33
<b>Total (i+ii+iii)</b>	<b>540.99</b>	<b>-</b>	<b>-</b>	<b>540.99</b>
<b>Change in Indebtedness during the Financial Year</b>				
• Addition	56.38	-	-	56.38
• Reduction	(113.21)	-	-	(113.21)
<b>Net Change</b>	<b>(56.83)</b>	<b>-</b>	<b>-</b>	<b>(56.83)</b>
<b>Indebtedness at the end of the Financial Year</b>				
i) Principal Amount	482.94	-	-	482.94
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	1.22	-	-	1.22
<b>Total (i+ii+iii)</b>	<b>484.16</b>	<b>-</b>	<b>-</b>	<b>484.16</b>

## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

(₹ in Cr.)

Sl. No.	Particulars of Remuneration	Name of MD/WTD/ Manager		Total Amount
		CMD	WTD	
		Mr. Ashok Jaipuria	Mr. Anil Kumar Jain	
1.	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	2.94	1.84	4.78
	(b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961	0.99	0.01	1.00
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-
2.	Stock Option	-	-	-
3.	Sweat Equity	-	-	-
4.	Commission			
	- as % of profit	7.81	-	7.81
	- others, specify	-	-	-
5.	Others, please specify	0.80	0.12	0.92
	<b>Total (A)*</b>	<b>12.54</b>	<b>1.97</b>	<b>14.51</b>
	<b>Ceiling as per the Act</b>	₹ 14.51 Cr. as approved by the Board of Directors in terms of enabling authorisation of the shareholders under Section 198 of the Companies Act, 2013		

**B. Remuneration to other directors:**
**(1) Independent Directors**

(₹ in Lakhs)

Name of Director	Fee for attending Board/Committee meetings	Commission	Others	Total
Mr. H.K. Agrawal	2.75	17.96	-	20.71
Ms. Alpana Parida	4.50	17.96	-	22.46
Mr. Ashish Guha	0.75	-	-	0.75
Mr. H.N Sinor	3.75	17.96	-	21.71
Dr. Vivek Nangia	2.50	17.96	-	20.46
Mr. Anil Wadhwa	4.00	17.96	-	21.96
<b>Total (1)</b>	<b>18.25</b>	<b>89.79</b>	-	<b>108.04</b>

**(2) Non Executive Directors**

Mr. Pratip Chaudhuri	2.75	17.96	-	20.71
Mr. Rajeev Gupta	0.50	17.96	-	18.46
<b>Total (2)</b>	<b>3.25</b>	<b>35.91</b>	-	<b>39.16</b>
<b>Total (B)= (1) + (2)</b>	<b>21.50</b>	<b>125.70</b>	-	<b>147.20</b>
<b>Ceiling as per the Act</b>	₹ 179.56 Lakhs (being 1% of the Net Profits of the Company Calculated as per Section 198 of the Companies Act, 2013)			

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

(₹ in Cr.)

Sl. No.	Particulars of Remuneration	Key Managerial Personnel		
		CEO	CFO	CS
1.	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	4.39	1.24	0.22
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	0.53	0.01	-
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-
2.	Stock Option	-	-	-
3.	Sweat Equity	-	-	-
4.	Commission			
	- as % of profit	-	-	-
	- others, specify	-	-	-
5.	Others, please specify	0.24	0.08	0.01
	<b>Total*</b>	<b>5.16</b>	<b>1.33</b>	<b>0.23</b>

\*Figures have been rounded off.

\*These figures do not include Retiral Benefits, ESOP and reimbursements

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

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

### Annexure - E

#### Annual Report on Corporate Social Responsibility (CSR) Activities

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

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

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

Weblink for CSR Policy:

[http://www.cosmofilms.com/uploads/policy/CSR\\_Policy.pdf](http://www.cosmofilms.com/uploads/policy/CSR_Policy.pdf)

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

Dr. Vivek Nangia	Chairman
Mr. Ashok Jaipuria	Member
Ms. Alpana Parida	Member
Mr. Anil Kumar Jain	Member

**3. Average net profit of the company for last three Financial Years: INR 87.76 Cr.**

**4. Prescribed CSR Expenditure (two per cent of the amount as in item 3 above): INR 1.76 Cr.**

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

(a) Total amount spent for the financial year: INR 2.38 Cr.

(b) Amount unspent, if any : INR 0.93 Cr

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

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
S. No	CSR project or activity identified	Sector in which the Project is covered	Projects or programs(1) Local area or other(2) Specify the State and district where projects or programs was undertaken	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs Sub – heads:(1) Direct expenditure on projects or programs (2) Overheads	Cumulative expenditure upto to the reporting period	Amount spent : Direct or through implementing agency*
1.	Amount transferred to implementing agency for promoting Education through basic Computer Literacy, Cosmo Gyan Vihar Kendra (a program to improve reading, writing arithmetic skills among Primary School Students) and basic English Learning, Cosmo Computer Award Celebration of Festivals and National Days. Environment Plantation drive, Creation of green space Health and Hygiene Construction of toilets Wastebins to schools/ Panchayats Awareness programs on health and hygiene Philanthropic Endeavors Community initiative of providing meals, woollens etc to the poor & blood donation camps etc.	Education, Environment, Health & Hygiene	Karjan district, Gujarat Gangapur, Aurangabad district, Maharashtra	2.38	2.38	2.38	Through Implementing Agency
	<b>TOTAL</b>			2.38	2.38	2.38	

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

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

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

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

sd/-  
(Chairman & Managing Director)

sd/-  
Chairman  
(CSR Committee)



**Annexure - F**

**(THIS REPORT FORMS PART OF DIRECTORS' REPORT)**

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

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

Name of the Director	Ratio
1. Mr. Ashok Jaipuria	<b>168.40</b>
2. Mr. Anil Kumar Jain	<b>28.80</b>

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

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

Name	Designation	% increase
Mr. Ashok Jaipuria	Chairman & Managing Director	170%
Mr. Anil Kumar Jain	Whole Time Director	24%
Mr. Pankaj Poddar	Chief Executive Officer	66%
Mr. Neeraj Jain	Chief Financial Officer	36%
Ms. Jyoti Dixit	Company Secretary	45%

3. **Percentage increase in the median remuneration of all employees in the Financial Year 2019-20: 6.5%**
4. **Number of Permanent employees on the rolls of Company as on 31<sup>st</sup> March, 2020: 911**
5. **Average percentage increase made in salary of employees other than the Managerial Personnel in the last Financial Year and its comparison with the percentage increase in the Managerial Remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the Managerial Remuneration:**

Average increase in remuneration for Employees other than Managerial Personnel and for Managerial Personnel is 7% and 140% respectively. The increase in remuneration of managerial personnel is due to increase in profit linked variable component.

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

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

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

**General Note:**

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

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **1. Macroeconomic Overview**

The world is gradually emerging from the unprecedented challenge posed by the COVID-19 pandemic. The interdependence and interconnectedness of nations that has helped raise the global economy to its present heights is now also being viewed as a factor that exacerbates such a calamity, and increases geopolitical friction.

In an era when the global economy was hoping to come out of a slowdown induced by trade disputes and weak investments, the COVID-19 pandemic has come as a jolt. While sustained and co-ordinated efforts to contain the contagion are starting to bear fruit, there is a call globally to counter their heavy socio-economic impact, and rebuild economies that have been battered by lockdowns by becoming more self-reliant.

The outbreak of pandemic Covid-19 all over the world has disturbed the political, social, economic, religious and financial structures of the whole world. World's topmost economies such as the US, China, UK, Germany, France, Italy, Japan and many others are going through a difficult time. Besides, Stock Markets around the world have been pounded and oil prices have fallen off a cliff. Also, many experts on economic and financial matters have warned about the worsening condition of global economic and financial structure. According to the International Monetary Fund (IMF), the global economy is expected to shrink by over 3 per cent in 2020 – the steepest slowdown since the Great Depression of the 1930s. An analysis by IMF reveals that the manufacturing output in many countries has gone down, which reflects a fall in external demand and growing expectations of a fall in domestic demand.

The economic impact of the 2020 coronavirus pandemic in India has been largely disruptive. India's growth in the fourth quarter of the fiscal year 2020 went down to 3.1% according to the Ministry of Statistics. The World Bank as per its Global Economic Prospects report expects India's gross domestic product (GDP) to contract by 3.2% in 2020-21. There will be a moderate recovery to 3.1% growth in 2021-22.

The IMF projects that if COVID-19 is brought under control by the second half of 2020, global economic growth could jump to 5.8% in 2021, as movement restrictions ease and economic normalisation starts to take place with the help of strong policy support.

### **2. Industry Scenario**

The packaging industry is experiencing growth globally as a result of higher focus and preference of consumers towards hygiene and packaged products which are further expected to increase post Covid-19 pandemic. Packaging sales in the emerging markets are expected to continue to show strong momentum as both increased consumption and demand for consumer goods drives the need for more sophisticated packaging.

The global packaging industry will very soon witness a major shift towards smart and intelligent packaging – packaging that can sense changes in its external environment and transmit the signals informing about the change. With trends such as this influencing the market, packaging manufacturers will be poised to make changes that will have a significant impact on their overall business value.

In recent years, India has seen sustainable packaging growth due to the increase of packaged food consumption and awareness, and demand for quality products. Consumer awareness surrounding packaged food, specifically packaged food deliveries, has heightened. The boom in e-commerce and organized retail is expected to enhance the growth of plastic packaging and per-capita consumption in the near future. The rising purchasing power, due to the growth in per-capita income of the Indian middle-class, is fueling the Indian packaging market in adopting better packaging methods, materials, and machinery, to ensure quality factors for Indian businesses. The packaging industry plays a crucial role, adding value to various manufacturing sectors including agriculture, Pharma, retail, FMCG, to name a few. The growth in lifestyle and consumption patterns has increased the demand for the packaged products resulting in growth of packaging industry.

Flexible packaging is a packaging format that is widely used across the globe. Flexible packaging is the most economical method to package, preserve and distribute food, beverages, consumables, pharmaceuticals and other products that need extended shelf life. It can be designed with barrier properties tailored to fit the products being packaged keeping in mind the end-use, whereas other packaging formats generally provide a one-size-fits-all approach. Flexible packaging can now be made in a wide variety of innovative shapes, sizes and appearances, and can include components such

as handles and opening and reclosing features such as zips and spouts to name a few.

Manufacturers perceive BOPP films as an ideal printing surface that can also be made into stickers and labels. Furthermore, it is said that boom in e-commerce and organised retail will enhance the growth of plastic packaging and per-capita consumption in the years to come.

### 3. About Us

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

Company has four state of the art manufacturing facilities spread across India (3), and Korea (1), with a total installed capacity of 196,000 MT per annum of BOPP films, 40,000 MT per annum of Thermal Lamination Films, 22,000 MT per annum of Metalized Films, 20,000 MT per annum of Coated Films and 10000 MT per annum of CPP Films.

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

Packaging Films	<ol style="list-style-type: none"> <li>1. Print &amp; Pouching Films</li> <li>2. Barrier Films</li> <li>3. Overwrap Films</li> <li>4. Lidding Films</li> </ol>
Lamination Films	<ol style="list-style-type: none"> <li>1. Standard Range (Thermal Lamination &amp; Wet Lamination)</li> <li>2. Special Application Lamination Films</li> <li>3. Premium Lamination Films</li> </ol>
Label Films	<ol style="list-style-type: none"> <li>1. Pressure Sensitive Label Stock Films</li> <li>2. Direct Thermal Printable Films</li> <li>3. In-mould Films</li> <li>4. Wrap around Label Films</li> </ol>
Industrial Films	<ol style="list-style-type: none"> <li>1. Synthetic paper</li> <li>2. Tape &amp; Textile Films</li> </ol>

The Company's continuous efforts towards research and development helps in improving its product portfolio. The new state of art R&D facility is developed at Aurangabad plant which is equipped with the latest and the most sophisticated instruments for analysis and application of products. Cosmo's R&D facility also consists of an application and printing lab for in-house testing and evaluation of new products before sampling.

Company keeps a watchful eye over its quality. Cosmo keeps monitoring its quality standards time to time with the help of parameters such as number of complaints/100MT of sale, complaints per million opportunity, complaints sigma level, defective material kgs/MT of sale and sales quality return as percentage of sales.

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

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

#### 4. Operational and Financial Performance

During the financial year 2020, the Company registered sales of ₹ 2,204 crores with double digit volume growth of speciality sales. Consolidated EBIDTA for the year increased by 55% to ₹ 281 crores against ₹ 181 crores in financial year 2019 primarily due to higher specialty sales by 11%, better BOPP films margins due to balanced demand and supply scenario, operational efficiency and better performance by subsidiaries. Your Company has registered 86% growth in EPS during the year, although PAT was impacted due to higher deferred tax provisioning on temporary timing difference related to SEZ unit. Company's net debt has reduced to ₹ 584 crores with 2.1 times net debt/EBITDA ratio.

Operational Performance of Subsidiaries has improved during financial year 2020 which is getting reflected in consolidated EBIDTA. Subsidiary's EBIDTA stood at ₹ 18.05 Crores against EBIDTA at ₹ 12.18 Crores last year. PBT and PAT were impacted due to provisioning towards one-time impairment in market value of an asset in an overseas subsidiary. The company do not foresee further impairment from subsidiaries

The Company's subsidiary project for master batches (as essential ingredient for flexible packaging film) is progressing as scheduled and is soon expected to commence operations in FY21.

Company's focus shall continue to be on improving specialty films, R&D efforts particularly on sustainability which would yield results in coming years. These actions would continue to de-commoditize business model and would contribute in long term sustainable growth.

Company is working on margin expansion projects with low capex and high payback potential which would yield result in coming quarters. This will also open new related business line for the company.

#### 5. Liquidity

During the year ended March 31, 2020, the consolidated Net Debt reduced to 584 crores from ₹ 643 crores last year mainly due to internal cash generation and better working capital management. The Company has been carrying close to ₹ 206 crores of cash and cash equivalents including liquid investments at March 2020. The Net Debt to Equity ratio is at 0.8 times at consolidated level.

#### 6. Human Resource and Industrial Relations

Cosmo believe that the employees are the cornerstone of an organization and it has continued to invest significantly in developing talent across levels, leveraging processes such as integrated talent management to accelerate development and ensure robust succession pipelines for all critical roles. This resulted in robust and differentiated

development for employees at all levels, thereby building capability to facilitate career progression and deliver enhanced performance.

Cosmo strive to encourage diversity in workforce and believe in building the career of its employees through focussed interventions. It encompasses all aspects of people management, communication and is pivotal in building a positive culture. Learning opportunities contribute to better employee engagement, increased productivity, reduced employee turnover and add to a more positive culture

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

In our commitment towards building an eco-friendly & efficient workplace, we have digitalized our various HR processes through e-recruitment, e-appointment letter, e-boarding, e-separation and moved towards a paperless working. This has enhanced process efficiencies with secured and faster transfer of information.

Cosmo aims to maintain cordial relationship between the management and the employees by resolving the disputes and setting up a mechanism to address the grievances of both the parties. The Company emphasizes on building employee's confidence and boosting their morale to perform better than before. Despite severe competition, the enthusiasm and unstinting efforts of the employees have enabled Company to remain at the forefront of the Industry Cosmo ensures that the employee benefits from Industrial Relations and aim to secure interest of employees by motivating the employees to give their best and gaining their trust and commitment, improving the overall efficiency and ensuring effective communication among the employees.

In Financial Year 2020, industrial relations across the Company were cordial with no labor unrests or strikes during the year.

## **7. Internal Control Systems**

The Company has an Internal Audit System commensurate with its size and nature of business operations. The Internal Auditors covers all the key areas of the Company's business and reports to the Audit Committee of the Board. Cosmo has also

implemented adequate internal controls towards achieving efficiency of operations, management of resources, accuracy and promptness of financial reporting and compliance with the applicable laws, rules and regulations. Further, enterprise wide adherence to corporate governance best practices is achieved through a combination of internal audits, management reviews and audit committee. The Company is thus able to secure and validate its business transactions on an ongoing basis and thereby maintain the accuracy of its financial records and the safety of its property.

## **8. Opportunities and Risks**

### **Opportunities**

(1) **Innovative Packages-** Recent developments in the packaging industry have created a high demand for packaging materials such as foils, pouches, and cling wraps. However, striking the right balance between the functionality of the package and elegance is a major challenge for players in the consumer packaging sector. Packing industry firms are now focusing on developing innovative packages that are aimed at attracting customers to drive sales.

(2) **E-commerce everywhere.** The rise in e-commerce could place an intense focus on increased packaging requirements, including for new products, along with last-mile-delivery innovations.

As consumers increasingly prefer e-commerce is given its efficiencies and the ease of comparison shopping, it has created many opportunities for flexible packaging. Flexible packaging is a lightweight alternative that can be used to eradicate handling and shipping costs, making it a perfect solution for e-commerce companies.

(3) **Digitalization and Internet of Things (IoT).** Digital efforts are being used both to drive down costs and, increasingly, to gain a competitive edge with consumers—for example, by generating greater customer value and service by integrating technology in packaging. With IoT (Internet of things) already ruling the roost, packaging as an enabler will be far more intuitive and help providing instantaneous information to the consumers about the packed products.

(4) **Sustainability.** Requirements for sustainability



are rising at every step of the value chain with rising activist scrutiny. Notably, while the use of plastic has soared, the ecological burden is provoking heavier restrictions as demand rises for more sustainable solutions across the board.

## Risks

- (1) **Environmental Consciousness-** With environmental awareness rising globally, there is a strong momentum towards sustainable solutions. Stakeholders across the value chain are voicing their concerns regarding the use of plastic packaging and organizations are realigning themselves in this direction. Cosmo Films is taking lead in development of sustainable films. Company has been working closely with several FMCG brands and helping them develop easy-to-recycle packaging laminates for their products without compromising on the different functionalities.
- (2) **Gap between Market Demand and Supply:** The capacity addition in the industry if comes within short time gap may impact the margins temporarily. However, the Company has taken several steps to increase resistance to industry demand and supply gap if any including shifting of product mix to speciality products.
- (3) **Economic slowdown:** Slowdown in the Indian economy due to current global developments could adversely impact growth in the short-term although impact in not expected to be significant on flexible packaging industry being part of essential commodity.

## 9. Future Outlook & Strategy

The Company plans to change the packaging landscape by creating sustainable and intelligent packaging solutions. Company has been working closely with several FMCG brands and helping them develop easy-to recycle packaging laminates for their products without compromising on the different functionalities. Company is also emphasizing a lot on R&D and is committed to investing more to offer sustainable solutions for a better tomorrow. Further Capacity expansion is planned mainly in Value Add segment, margin expansion and sustainability for next two years.

The vision of Cosmo Films is to be the most preferred global brand offering value added BOPP films for packaging, labels, lamination and industrial

applications.” Its mission is:

- a) For Customers: To deliver the finest product and service experience, backed by innovation, people and processes.
- b) For Employees: To nurture a working environment that fosters personal and professional growth.
- c) For Shareholders: To generate sustainable long term returns on investment with focus on transparency and accountability.
- d) For Vendors: To create symbiotic relationships that drives mutual growth.
- e) For Community: Contribute to community growth through education, skills development and sustainable green practices.

## 10. Significant Change of Key Financial Ratios

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

## 11. Change in Return on Net Worth

The return on Net worth for the financial year 2020 stood at 15.3% as compared to last year at 8.4% on account of increase in net worth during the year.

## 12. Cautionary Statement

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

## REPORT ON CORPORATE GOVERNANCE

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

### COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

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

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

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

The Company is managed and controlled through a professional body of Board of Directors, which comprise of an optimum combination of Executive and Non-Executive Independent Directors headed by the Chairman. The strength of Board of Directors is Nine (9), out of which two (2) are Executive Directors, Two (2) are Non-Independent Non-Executive Director and Five (5) are Independent Non-Executive Directors. Therefore, more than half of the Board comprises of Independent Directors. The Company's Board consists of eminent persons with considerable professional expertise and experience. The independent directors do not have any pecuniary relationship or transactions with the company, promoters, and management, which may affect independence or judgement of the Directors in any manner.

- i. The composition of the Board of Directors of the Company is in conformity with the provisions of Regulation 17 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The structure of the Board and record of other Directorships, Committee memberships & Chairmanships and shareholding in the Company as on March 31, 2020 is as under:

Name of the Director	DIN	Category	Designation	No. of other Directorships Held	Total No. of Chairmanships/ Memberships of Board Level Committees			Shareholding (as on 31 <sup>st</sup> March 2020)
					Chairmanship	Membership	Total	
Mr. Ashok Jaipuria	00214707	Promoter Director	Chairman & Managing Director	3	Nil	2	2	395161
Mr. A. K. Jain	00027911	Executive Director	Whole Time Director	1	Nil	1	1	10000
Ms. Alpana Parida	06796621	Independent Non-Executive Director	Director	5	Nil	5	5	Nil
Mr. Rajeev Gupta	00241501	Non-Independent Non- Executive Director	Director	5	Nil	4	4	10100
Mr. H. K. Agrawal	00260592	Independent Non-Executive Director	Director	Nil	Nil	Nil	Nil	1000
Mr. H. N. Sinor	00074905	Independent Non-Executive Director	Director	1	Nil	1	1	Nil
Mr. Pratip Chaudhuri	00915201	Non-Independent Non- Executive Director	Director	9	3	Nil	3	Nil
Dr. Vivek Nangia	07646933	Independent Non-Executive Director	Director	Nil	Nil	Nil	Nil	Nil
Mr. Anil Wadhwa	08074310	Independent Non-Executive Director	Director	1	Nil	Nil	Nil	Nil

#### Notes:

- I. The Directorships held by Directors as mentioned above, do not include Alternative Directorship, Directorships in Foreign Companies, Companies registered under Section 8 of Companies Act, 2013 and Private Limited Companies.
- II. Membership(s) / Chairmanship(s) of only the Audit Committee and Stakeholders Relationship Committee of all Public Limited Companies have been considered.
- III. None of the Directors is a member of more than 10 Board-level committees of public Companies in which they are Directors, nor is chairman of more than 5 such committees.
- IV. None of the Independent Directors of the Company serves as an Independent Director in more than seven Listed Companies and where any Independent Director is serving as whole-time director in any listed company, such director is not serving as Independent Director in more than three listed companies.
- V. None of the Directors had any relationships inter-se.

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

Name of the Director	DIN	Name of listed entities in which the concerned Director is a Director	Category of Directorship
Mr. Ashok Jaipuria	00214707	HSIL Limited	Independent Non- Executive Director
		Somany Home Innovation Limited	Independent Non- Executive Director
Mr. A. K. Jain	00027911	-	-
Ms. Alpana Parida	06796621	GRP Limited	Independent Non- Executive Director
		Prime Securities Limited	Independent Non- Executive Director
		S H Kelkar and Company Limited	Independent Non- Executive Director
Mr. Rajeev Gupta	00241501	United Spirits Limited	Independent Non- Executive Director
		Vardhman Special Steels Limited	Independent Non- Executive Director
		Rane Holdings Limited	Independent Non- Executive Director
		EIH Limited	Independent Non- Executive Director
		T.V. Today Network Limited	Independent Non- Executive Director
Mr. H. K. Agrawal	00260592	-	-
Mr. H. N. Sinor	00074905	Themis Medicare Limited	Independent Non- Executive Director
Mr. Pratip Chaudhuri	00915201	CESC Limited	Independent Non- Executive Director
		Visa Steel Limited	Independent Non- Executive Director
		Firstsource Solutions Limited	Independent Non- Executive Director
		Quess Corp Limited	Independent Non- Executive Director
		Muthoot Finance Limited	Independent Non- Executive Director
		Spencer's Retail Limited	Independent Non- Executive Director
Dr. Vivek Nangia	07646933	-	-
Mr. Anil Wadhwa	08074310	HSIL Limited	Independent Non- Executive Director

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

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

- i) Knowledge on Company's businesses (Packaging and Lamination Films) policies and culture (including the Mission, Vision and Values) major risks / threats and potential opportunities and knowledge of the industry in which the Company operates.
- ii) Behavioral skills - attributes and competencies to use their knowledge and skills to contribute effectively to the growth of the Company.
- iii) Business Strategy, Sales & Marketing, Corporate Governance, Forex Management, Administration, Decision Making.
- iv) Management and Financial skills.

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

**B. BOARD MEETINGS:**
**1. Scheduling and selection of agenda items for Board Meetings**

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

**2. Number of Board Meetings**

The Cosmo Films Board met Five times on 15<sup>th</sup> May, 2019, 05<sup>th</sup> August, 2019, 13<sup>th</sup> November, 2019, 22<sup>nd</sup> January, 2020 & 13<sup>th</sup> February, 2020 during the Financial Year ended 31<sup>st</sup> March, 2020. The maximum time gap between any two meetings was not more than one hundred twenty days.

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

Name of the Director	Number of Board Meetings held during tenure of Directors and attended by them		Attendance at last AGM held on July 25, 2019
	Held	Attended	
Mr. Ashok Jaipuria	5	4	Yes
Mr. A.K. Jain	5	5	Yes
Ms Alpana Parida	5	5	No
Mr. Ashish Guha*	1	1	No
Mr. H.N. Sinor	5	5	No
Mr. H. K. Agrawal	5	3	No
Mr. Rajeev Gupta	5	1	No
Mr. Pratip Chaudhuri	5	3	Yes
Dr. Vivek Nangia	5	3	No
Mr. Anil Wadhwa	5	5	Yes

\* Mr. Ashish Guha ceased to be Director of the Company w.e.f. 25.07.2019.

#### 4. Availability of information to the Board

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

### C. FAMILIARISATION PROGRAMME FOR DIRECTORS

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

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

The induction programme includes:

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

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

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

### D. BOARD LEVEL COMMITTEES

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

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

#### 1. AUDIT COMMITTEE

##### • Terms of reference

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

##### • Composition of Audit Committee

The Audit Committee, as on March 31, 2020 consisted of the five Directors who are eminent professionals and possess sound knowledge in finance:

**Chairman** : Mr. H.K. Agrawal\*  
**Members** : Mr. Anil Wadhwa\*\*  
 Ms. Alpana Parida\*\*  
 Mr. H.N. Sinor\*\*  
 Mr. Pratip Chaudhuri#  
 Mr. Rajeev Gupta\*\*\*  
 Mr. Ashish Guha\*\*\*

- Meetings and attendance during the year**

The Audit Committee met Four times during the financial year from April 1, 2019 to March 31, 2020:

1. May 15, 2019	2. August 5, 2019
3. November 13, 2019	4. February 13, 2020

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	3
Mr. Anil Wadhwa**	3	3
Ms. Alpana Parida**	3	3
Mr. H.N. Sinor**	3	3
Mr. Pratip Chaudhuri#	4	3
Mr. Ashish Guha***	1	1
Mr. Rajeev Gupta***	1	Nil

\* **Mr. H.K. Agrawal Appointed as Chairman of the committee w.e.f. 15.05.2019**

\*\* **Mr. Anil Wadhwa, Ms. Alpana Parida & Mr. H.N. Sinor appointed as member of the committee w.e.f. 15.05.2019**

\*\*\* **Mr. Ashish Guha & Mr. Rajeev Gupta ceased to be member of the Committee w.e.f. 15.05.2019**

# **Mr. Pratip Chaudhuri ceased to be Chairman of the Committee w.e.f. 15.05.2019**

## 2. STAKE HOLDERS RELATIONSHIP COMMITTEE

- Terms of reference**

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

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

- Composition of Stake Holders Relationship Committee**

The Stake Holders Relationship Committee is

headed by an Independent Director and presently consisted of the following members as on March 31, 2020:

**Chairman** : **Ms. Alpana Parida\***  
**Members** : Mr. Anil Wadhwa\*\*  
 Mr. H.K. Agrawal\*\*  
 Dr. Vivek Nangia  
 Mr. Rajeev Gupta\*\*\*  
 Mr. Anil Kumar Jain\*\*\*

- Meetings and attendance during the year**

The Stakeholders Relationship Committee met four times during the financial year from April 1, 2019 to March 31, 2020:

1. May 15, 2019	2. August 5, 2019
3. November 13, 2019	4. February 13, 2020

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

Names of the Stakeholders Relationship Committee Members	Number of Meetings	
	Held during the tenure of Directors	Attended
Ms. Alpana Parida*	4	4
Mr. Anil Wadhwa**	1	1
Mr. H.K. Agrawal**	1	1
Dr. Vivek Nangia	4	3
Mr. Rajeev Gupta***	3	Nil
Mr. Anil Kumar Jain***	3	3

\* **Ms. Alpana Parida appointed as Chairman of the committee w.e.f. 15.05.2019**

\*\* **Mr. Mr. H.K. Agrawal & Mr. Anil Wadhwa ceased to be member of the Committee w.e.f. 15.05.2019**

\*\*\* **Mr. Rajeev Gupta & Mr. Anil Kumar Jain appointed as Member of the Committee w.e.f. 15.05.2019**

- Compliance Officer**

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

- Shareholders' Complaints etc. received during the FY- 2019-2020**

During the year from April 1, 2019 to March 31, 2020 the Company received 4 complaints from various Investors / Shareholders. The same were attended to the satisfaction of the Investors. At the end of March 31, 2020, one complaint was pending for redressal. However no complaint was pending upto the date of this report.

### 3. HR, NOMINATION AND REMUNERATION COMMITTEE

- Terms of reference**

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

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

- Composition of Remuneration Committee**

In compliance with Section 178(1) of the Companies Act, 2013 and Regulation 19 SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has a HR, Nomination and Remuneration Committee which is headed by an Independent Director and consists of the following members as on March 31, 2020:

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

- Meetings and attendance during the year**

The HR, Nomination & Remuneration Committee met two times during the financial year from April 1, 2019 to March 31, 2020:

1. May 15, 2019	2. July 26, 2019
-----------------	------------------

Names of the HR, Nomination and Remuneration Committee Members	Number of Meetings	
	Held during the tenure of Directors	Attended
Mr. H.N. Sinor	2	2
Mr. H. K. Agrawal	2	1

Names of the HR, Nomination and Remuneration Committee Members	Number of Meetings	
	Held during the tenure of Directors	Attended
Mr. Ashok Jaipuria	2	2
Mr. Pratip Chaudhuri	2	2
Mr. Anil Wadhwa	2	2

- Compliance Officer**

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

- Remuneration Policy**

#### A. Remuneration to Non-Executive Directors

The Non-Executive Directors are paid remuneration by way of Commission and Sitting Fees. The Non-Executive Directors are paid sitting fees for each meeting of the Board or Committee of Directors attended by them. The total amount of sitting fees paid during the Financial Year 2019-2020 was 21.50 Lakhs. The Non- Executive Independent Directors do not have any material pecuniary relationship or transactions with the Company.

#### B. Remuneration to Executive Directors

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

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

- Remuneration Paid to Directors**

Following tables gives the details of remuneration paid to directors, during the year from April 01, 2019 to March 31, 2020:



• **Remuneration to Non- Executive Directors**

S. No.	Name of Director	Sitting Fees (₹)	Commission (₹)
1	Mr. H.K. Agrawal	2,75,000	17,95,700
2	Mr. Rajeev Gupta	50,000	17,95,700
3	Mr. Ashish Guha	75,000	-
4	Mr. Pratip Chaudhuri	2,75,000	17,95,700
5	Mr. H.N Sinor	3,75,000	17,95,700
6	Ms. Alpana Parida	4,50,000	17,95,700
7	Dr. Vivek Nangia	2,50,000	17,95,700
8.	Mr. Anil Wadhwa	4,00,000	17,95,700

• **Remuneration to Executive Directors\***

Sl. No.	Particulars	Designation	Salary (₹)	Commission (₹)	Contribution to provident & Superannuation Funds (₹)	Total Amount (₹)
1	Mr. Ashok Jaipuria	Chairman & Managing Director	2,94,00,000	7,81,45,507	79,38,000	11,54,83,507
2.	Mr. A. K. Jain	Whole time Director	1,83,89,908	-	12,40,914	1,96,30,822

\*This does not include value of perquisites.

**4. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE**

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

• **Terms of reference**

The terms of reference of the CSR Committee are:

- Formulate and recommend to the Board, a CSR Policy indicating the activity or activities to be undertaken by the Company as specified in Schedule VII to the Act.
- Recommend the amount to be spent on CSR activities.
- Monitor, implementation and adherence to the CSR Policy of the Company from time to time.
- Such other activities as the Board of Directors determine as they may deem fit in line with CSR Policy.

The Board has adopted the CSR Policy as formulated and recommended by the Committee. The CSR Policy is available on the website of the Company at [www.cosmofilms.com](http://www.cosmofilms.com).

• **Composition of CSR Committee**

In compliance with Section 135 of the Companies Act, 2013, the Company has a Corporate Social

Responsibility (CSR) Committee consists of the following members as on March 31, 2020:

**Chairman** : Dr. Vivek Nangia\*  
**Members** : Mr. Ashok Jaipuria\*  
 Ms. Alpana Parida  
 Mr. Anil Kumar Jain\*\*

• **Meetings and attendance during the year**

The Corporate Social Responsibility Committee met once on 16<sup>th</sup> March, 2020 during the Financial Year from April 1, 2019 to March 31, 2020.

Names of the Corporate Social Responsibility Members	Number of Meetings	
	Held during the tenure of Directors	Attended
Dr. Vivek Nangia*	1	1
Ms. Alpana Parida	1	1
Mr. Ashok Jaipuria*	1	1
Mr. Anil Kumar Jain**	1	1

\* *Dr. Vivek Nangia appointed as Chairman and Mr. Ashok Jaipuria ceased to be Chairman of the Committee w.e.f. 15.05.2019*

\*\* *Mr. Anil Kumar Jain appointed as member of the Committee w.e.f 15.05.2019*

**E. INDEPENDENT DIRECTORS:**

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

**a) Training of Independent Directors**

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

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

**b) Performance Evaluation of Non-Executive and Independent Directors**

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

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

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

**c) Separate Meeting of the Independent Directors**

The Independent Directors held a Meeting on 13<sup>th</sup> February, 2020 without the attendance of Non-Independent Directors and members of Management. All the Independent Directors were present at the meeting except Dr. Vivek Nangia. The following issues were discussed in detail:

- I) Reviewed the performance of Executive Directors, non-independent directors and the Board as a whole;
- II) Reviewed the performance of the Chairperson of the Company, taking into account the views of Executive Directors and Non-Executive Directors;
- III) Reviewed the quality, quantity and timeliness of flow of information between the Company Management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

**F. GENERAL BODY MEETINGS**

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

Year	Place	Date	Time	Special Resolution Passed
2016-17	Indian Corporate centre (ICC), J2B1 Extension, Mohan Cooperative, Mathura Road, New Delhi-110044	04/08/2017	11:30 A.M	Special Resolutions were Passed
2017-18	Indian Corporate centre (ICC), J2B1 Extension, Mohan Cooperative, Mathura Road, New Delhi-110044	03/08/2018	11:30 A.M.	Special Resolutions were Passed
2018-19	Lakshmiptat Singhania Auditorium, PHD Chamber of Commerce and Industry, PHD House, 4/2 Siri Institutional Area, August Kranti Marg, New Delhi 110016	25/07/2019	11:30 A.M.	Special Resolutions were Passed

**II. Postal Ballot**

During the financial year ended March 31, 2020, no resolution was passed through postal ballot.

**G. AFFIRMATIONS AND DISCLOSURES:**

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

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

**1. Related Party Transactions:** All transactions entered into with Related Parties as defined under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 during the financial year were in the ordinary course of business and on an arm's length pricing basis and do not attract the provisions of Section 188 of the Companies Act, 2013.

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

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

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

[https://www.cosmofilms.com/uploads/policy/Policy\\_on\\_Related\\_Party\\_Transactions.pdf](https://www.cosmofilms.com/uploads/policy/Policy_on_Related_Party_Transactions.pdf)

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

3. **Code of Conduct:** The Company has adopted a Code of Conduct for the members of the Board of Directors and the senior management of the Company. The Code of Conduct is displayed on the website of the Company. All the directors and the senior management personnel have affirmed compliance with the code for the Financial Year ended 31<sup>st</sup> March 2020. A declaration to this effect, signed by the Chief executive officer is annexed to this report.
4. **Whistleblower Policy:** The Company has a vigil mechanism/whistle blower policy. No personnel of the Company has been denied access to the Audit committee and whistle blower mechanism enabling stakeholders, including individual employees and their representative bodies, to freely communicate their concerns about illegal or unethical practices.
5. **Policy on Material Subsidiaries:** The Company has framed a Policy for determining Material Subsidiaries and the same is available on the website of the Company [www.cosmofilms.com](http://www.cosmofilms.com). Weblink of the same is given below:  
[http://www.cosmofilms.com/uploads/policy/Policy\\_For\\_Determining\\_Material\\_Subsiaries.pdf](http://www.cosmofilms.com/uploads/policy/Policy_For_Determining_Material_Subsiaries.pdf)
6. During the Financial Year ended 31<sup>st</sup> March, 2020 the Company did not engage in commodity hedging activities.
7. During the Financial Year ended 31<sup>st</sup> March, 2020, the Company did not raised any funds through preferential allotment or qualified institutions placement as specified under Regulation 32(7A).
8. During the Financial Year ended 31<sup>st</sup> March, 2020 no Independent Director resigned before the expiry of his tenure.
9. During the Financial Year ended 31<sup>st</sup> March, 2020 the Company has not issued any debt instruments or fixed deposit programme involving mobilization of funds, whether in India or abroad.
10. A certificate from a Company Secretary in practice confirming that none of the Directors on the Board of the company have been debarred or disqualified from being appointed or continuing as Directors of companies by the Board/Ministry of Corporate Affairs or any such statutory authority, is annexed to this report.
11. There have been no instances of non-acceptance of any recommendations of the any Committee by the Board during the Financial Year under review.
12. Total fees of ₹ 84 Lakh for financial year 2019-2020, for all services, was paid by the Company and its subsidiaries, on a consolidated basis, to the statutory auditor and all entities in the network firm/network entity of which the statutory auditor is a part.
13. During the year from April 1, 2019 to March 31, 2020 the Company has not received any complaint under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. At the end of March 31, 2020, no complaint was pending for redressal.
14. The necessary certificate under Part B of Schedule II of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, is annexed to this report.
15. The Company Secretary has a key role to play in ensuring the Board procedures and statutory compliances are properly followed. A certificate from the Company Secretary indicating the compliance of Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 has been annexed to this report.
16. **Management Discussion and Analysis Report** - The Management Discussion and Analysis has been discussed in detail separately in this Annual Report.
17. **Compliance Certificate from Practicing Company Secretary:** Certificate from Practicing Company Secretary confirming compliance with conditions of Corporate Governance as stipulated in Regulations Part C of Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, is annexed to this report.
18. Other disclosures as required under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 has been given at relevant places in the Annual Report.
19. Non-mandatory requirements—Adoption of non-mandatory requirements of the Listing Regulations is being reviewed by the Board from time to time.
20. **The Company has fully complied with the applicable requirements specified in Reg. 17 to 27 and clause (b) to (i) of sub-regulation (2) of regulation 46.**
21. **There has been no instance of non-compliance of any requirement of Corporate Governance Report.**

## H. MEANS OF COMMUNICATION / INVESTORS' COMMUNICATION

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

## I. INFORMATION TO SHAREHOLDERS

### 1. REGISTERED AND CORPORATE OFFICE

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

### 2. ANNUAL GENERAL MEETING

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

### 3. FINANCIAL CALENDAR

Financial Year is April 1, 2019 to March 31, 2020 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, 2020.	August, 2020
Financial results for the 2 <sup>nd</sup> quarter and half year ending September 30, 2020	November, 2020
Financial results for the 3 <sup>rd</sup> quarter and nine months ending December 31, 2020	February, 2021
Financial results for the last quarter and financial year ending March 31, 2021	May, 2021

### 4. WEBSITE

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

## 5. DIVIDEND

The Board has declared Interim Dividend of ₹ 15/- per Equity Share for the Financial Year 2019-2020 on February, 13, 2020 which has been paid to the shareholders.

### • UNPAID/UNCLAIMED DIVIDENDS

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

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

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

In terms of the provisions of Investor Education and Protection Fund (Accounting, Audit, Transfer and Refund) Rules, 2016, ₹ 15,13,440 of unpaid / unclaimed dividends (unpaid since FY 2011-12) and 25,213 shares were transferred during the financial year 2019-20 to the Investor Education and Protection Fund.

## 6. LISTING ON STOCK EXCHANGES

The names of the stock exchanges at which Company's shares are listed as on 31<sup>st</sup> March, 2020 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 2019–20 has been paid to each of the above mentioned stock exchanges. There are no arrears of listing fees

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

Particulars	March 31, 2020		March 31, 2019	
	No. of Shares	% (Holding)	No. of Shares	% (Holding)
Promoters	8582246	44.15	8632246	44.40
Institutional Investors	783231	4.03	554948	2.86
Bodies Corporate	976593	5.02	949985	4.89
Others	9098006	46.80	9302897	47.85
<b>Total</b>	<b>19440076</b>	<b>100</b>	<b>19440076</b>	<b>100</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, 2020				March 31, 2019			
	No. of	% of	No. of	% of share	No. of	% of	No. of	% of share
	Shareholders		shares	Capital	Shareholders		shares	Capital
1-500	21643	89.89	2564327	13.19	23874	90.13	2872894	14.78
501-1000	1286	5.34	986963	5.08	1430	5.40	1096151	5.64
1001-2000	573	2.38	850711	4.38	626	2.36	922597	4.75
2001-3000	183	0.76	472923	2.43	185	0.70	480368	2.47
3001-4000	83	0.34	298910	1.54	82	0.31	297719	1.53
4001-5000	68	0.29	313093	1.61	66	0.25	307697	1.58
5001-10000	114	0.47	812865	4.18	116	0.44	841088	4.33
10001 and above	128	0.53	13140284	67.59	109	0.41	12621562	64.92
<b>Total</b>	<b>24078</b>	<b>100.000</b>	<b>19440076</b>	<b>100.000</b>	<b>26488</b>	<b>100.00</b>	<b>19440076</b>	<b>100.00</b>

with any of the said stock exchanges till date.

#### 9. DISTRIBUTION OF SHAREHOLDING AS ON MARCH 31, 2020

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

## 10. MARKET PRICE DATA

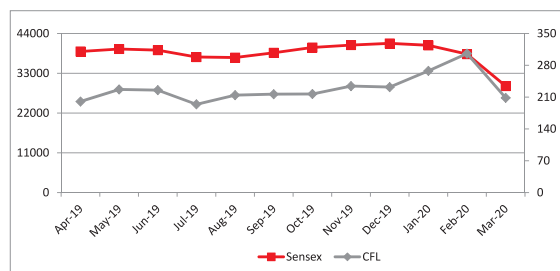
Monthly high and low prices of equity shares of the company traded at The Bombay Stock Exchange Limited and National Stock Exchange of India Limited are given below:

MONTH	BSE		NSE	
	HIGH (₹)	LOW (₹)	HIGH (₹)	LOW (₹)
Apr-19	227.00	190.30	228.00	190.00
May-19	241.00	187.05	241.80	185.00
Jun-19	247.95	217.00	247.90	217.00
Jul-19	233.75	190.00	233.85	194.00
Aug-19	230.00	186.30	230.30	185.10
Sep-19	227.35	206.00	226.60	206.50
Oct-19	222.80	191.00	222.00	195.95
Nov-19	255.70	213.15	265.60	215.00
Dec-19	244.00	223.15	239.50	223.00
Jan-2020	316.30	233.90	316.80	229.00
Feb-2020	357.00	258.20	356.20	256.65
Mar-2020	322.50	187.20	323.00	185.60

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

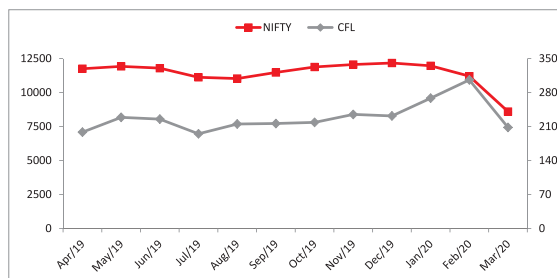
### a. COMPANY'S SHARE PRICE MOVEMENT VIS A VIS BSE SENSEX

#### 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 dematerialised 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, 2020, 98.12% (i.e. 1,90,75,560 Equity Shares) of the total Equity Share Capital (i.e. 1,94,40,076 equity shares) were held in demat form.

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

There were no outstanding GDRs/ ADRs/ Warrants or any convertible instruments as at March 31, 2020.

## 14. REGISTRAR AND SHARE TRANSFER AGENTS AND SHARE TRANSFER SYSTEM

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

### M/s Alankit Assignments limited

3E/7, Alankit Heights,  
Jhandewalan Extension  
New Delhi 110 055

Ph: +91 11 42541234

Fax: +91 11 011-42541967

Contact Person: Mr. Vijay Pratap Singh



**15. PLANT LOCATIONS**

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

**16. ADDRESS FOR CORRESPONDENCE:**

i. **Investors' Correspondence** may be addressed to the following:

Ms. Jyoti Dixit  
Company Secretary  
Cosmo Films Limited  
1008, DLF Tower-A,  
Jasola District Centre, Jasola  
New Delhi 110 025  
E-mail: investor.relations@cosmofilms.com  
Ph: +91-11-49494949  
Fax: +91-11-49494950

**OR**

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

ii. **Queries relating to the Financial Statements** of the Company may be addressed to following:

Mr. Neeraj Jain  
Chief Financial Officer  
Cosmo Films Limited  
1008, DLF Tower-A,  
Jasola District Centre, Jasola  
New Delhi 110 025  
E-mail: neeraj.jain@cosmofilms.com

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**ANNUAL DECLARATION OF COMPLIANCE OF CODE OF CONDUCT BY CEO**

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

1. The Code of Conduct has been laid down for all the Board members and Senior Management and other employees of the Company.
2. The Code of conduct has been posted on website of the Company.
3. The Board members and Senior Management personnel have affirmed compliance with the code of conduct for the year 2019-20.

4<sup>th</sup> June, 2020  
New Delhi

**Pankaj Poddar**  
Chief Executive Officer

**CERTIFICATE IN PURSUANT TO REGULATION 17(8) OF THE  
SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015  
FOR THE YEAR ENDED 31ST MARCH, 2020**

**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 2019-20 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 2019-20 which are fraudulent, illegal or violative of the Company's code of conduct.
- (c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- (d) We have indicated to the auditors and the Audit Committee:
  - (i) Significant changes in internal control over financial reporting during the year;
  - (ii) Significant changes in accounting policies during the year and the same has been disclosed in the notes to the financial statements; and
  - (iii) Instances of significant fraud, if any, of which we have become aware and the involvement therein of the management or an employee having a significant role in the company's internal control system over financial reporting.

Neeraj Jain  
**Chief Financial Officer**

Pankaj Poddar  
**Chief Executive Officer**

4<sup>th</sup> June, 2020  
New Delhi

**CERTIFICATE FROM THE COMPANY SECRETARY**

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

- (i) Maintained all the statutory registers required under the Companies Act, 2013 (“the Act”) and the Rules made there under.
- (ii) Filed all the forms and returns and furnished all the necessary particulars to the Registrar of Companies and/or Authorities as required by the Companies Act, 2013.
- (iii) Issued all notices required to be given for convening of Board Meeting and General Meeting, within the time limit prescribed by law.
- (iv) Conducted the Board Meetings and Annual General Meeting as per the Act.
- (v) Complied with all the requirements relating to the minutes of the proceedings of the meetings of the Directors and the Shareholders.
- (vi) Made due disclosure required under the Act including those required in pursuance of the disclosure made by the Directors.
- (vii) Obtained all necessary approvals of Directors, Shareholders and Central Government as per the requirements.
- (viii) Paid dividend amounts to the Shareholders and unpaid dividend amounts, if applicable, have been transferred to the Investor Education and Protection Fund within the limit prescribed.
- (ix) Complied with all the requirements of SEBI Listing Regulations, 2015.
- (x) The company has also complied with other statutory requirements under the Companies Act, 2013 and other related statutes in force.

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

4<sup>th</sup> June, 2020  
New Delhi

Jyoti Dixit  
**Company Secretary**

**CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS**

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

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

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

In our opinion and to the best of our information and according to the verifications including Directors Identification Number (DIN) status at the portal ([www.mca.gov.in](http://www.mca.gov.in)) as considered necessary and explanations furnished to us by the Company & its officers, We hereby certify that none of the Directors on the Board of the Company as stated below for the Financial year ended on 31st March, 2020 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such other Statutory Authority.

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

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

for **BLAK & Co.**  
Company secretaries

**(Archana Bansal)**  
(Mg. Partner)  
M.NO.- A17865  
COP -11714

UDIN-A017865B000324688

Place: New Delhi  
Date: 04/06/2020

## BUSINESS RESPONSIBILITY REPORT

### SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

1	Corporate Identity Number (CIN)	L92114DL1976PLC008355
2	Name of the company	Cosmo Films Limited
3	Registered Address	1008, DLF Tower-A, Jasola District Centre, New Delhi 110025
4	Website	<a href="https://www.cosmofilms.com">https://www.cosmofilms.com</a>
5	E-mail Id	investor.relations@cosmofilms.com
6	Financial Year Reported	2019-2020
7	Sectors that the company engaged in	BOPP Films
8	List three key products/ services that the company manufactures/ provides (as in balance sheet)	Packaging Films Lamination Films Label Films Industrial Films
9	Total number of locations where business activity is undertaken by the company	
	(a) Number of International Locations (Provide details of major 5)	The Company has business activities in 9 international locations. The major one are USA, South Korea, Japan, Canada and Germany.
	(b) Number of National Locations	The Company has manufacturing plants at 3 locations namely Maharashtra (Waluj and Shendra) and Gujarat (Karjan). The Company has 8 sales offices located across the country.
10	Markets served by the company - Local/ State/ National/ International	The Company serves both national and international markets (80+ countries)

### SECTION B: FINANCIAL DETAILS OF THE COMPANY

1	Paid up Capital	₹ 19.44 Crores
2	Total Turnover	₹ 2032.12 Crores
3	Total Profit After Tax	₹ 114.04 Crores
4	Total spending on Corporate Social Responsibility as percentage of profit after tax	2.1 % of PAT for FY 2019-2020
5	List of activities in which expenditure in 4 above has been incurred	Computer Literacy GyanVihar Kendra Basis English Learning Life Skill Education Green and Clean initiatives

## SECTION C: OTHER INFORMATION

1	Does the Company have any subsidiary company/ companies?	Yes. The Company has 8 subsidiaries.
2	Do the subsidiary company/ companies participate in the BR initiatives of the parent company? If yes, then indicate the number of such subsidiary companies	Yes, all the subsidiary companies participate in BR initiatives as applicable to them.
3	Do any other entity/ entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/ entities? (Less than 30%, 30-60%, More than 60%)	Yes, most of the entities that the Company does business with, participate in BR initiatives as applicable to their business with the Company.

## SECTION D: BR INFORMATION

### 1. Details of Director/s responsible for BR

#### a) Details of the director responsible for implementation of BR policies

1	DIN Number	00027911
2	Name	Anil Kumar Jain
3	Designation	Director Corporate Affairs

#### b) Details of BR Head

1	DIN Number	00027911
2	Name	Anil Kumar Jain
3	Designation	Director Corporate Affairs
4	Contact Number	011 43444106
5	Email	anil.jain@cosmofilms.com

### 2. Principle-wise (as per NVGs) BR Policy/Policies

Principles	Description	Company's Policy
P1	Businesses should conduct and govern themselves with Ethics, Transparency and Accountability	Code of Conduct, Whistle Blower Policy
P2	Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle.	Sustainability Policy, Quality Policy
P3	Business should promote the wellbeing of all employees.	HR Policy, POSH Policy
P4	Business should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.	CSR Policy
P5	Businesses should respect and promote human rights.	Code of Conduct, HR Policy
P6	Business should respect, protect and make efforts to restore environment.	Sustainability Policy, Environmental Policy
P7	Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner.	Code of Conduct



Principles	Description	Company's Policy
P8	Businesses should support inclusive growth and equitable development.	CSR Policy
P9	Business should engage with and provide value to their customers and consumers in a responsible manner.	Quality Policy

## 2 (a) Details of Compliance (Reply in Y/N)

No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1	Do you have a policy/policies for...	Y	Y	Y	Y	Y	Y	Y	Y	Y
2	Has the policy being formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
3	Does the policy conform to any national/ international standards? If yes, specify? (50 words)	The policies are aligned to International Standard like ISO 14001 and conform to the provisions of Companies Act, 2013 and SEBI (LODR) Regulations, 2015 wherever applicable.								
4	Has the policy being approved by the Board? If yes, has it been signed by MD/Owner/CEO/ appropriate Board Director?	Y	-	-	Y	Y	-	Y	Y	-
5	Does the Company have a specified committee of the Board /Director/ Official to oversee the implementation of the policy?	Y	Y	Y	Y	Y	Y	Y	Y	Y
6	Indicate the link for the policy to be viewed on line.	Code of Conduct, Whistle Blower Policy Sustainability Policy and CSR policy are published on the Company's website. <a href="https://www.cosmofilms.com/code-of-conduct">https://www.cosmofilms.com/code-of-conduct</a> ; <a href="https://www.cosmofilms.com/policies">https://www.cosmofilms.com/policies</a> <a href="https://www.cosmofilms.com/sustainability">https://www.cosmofilms.com/sustainability</a> Other policies are published on intranet or displayed internally.								
7	Has the policy been formally communicated to all the relevant internal and external stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
8	Does the Company have in-house structure to implement the policy/ policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y
9	Does the Company have a grievance redressal mechanism related to the policy/ policies to address stakeholders' grievances related to the policy/ policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y
10	Has the Company carried out independent audit/ evaluation of the working of this policy by an internal or external agency?	Will be reviewed.								

2 (b) If answer to the questions at serial number 1 against any principle is 'No', please explain why: (Tick upto 2 options)

Not Applicable

No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1	The company has not understood the Principles									
2	The company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles									
3	The company does not have financial or manpower resources available for the task									
4	It is planned to be done within next 6 months									
5	It is planned to be done within the next 1 year									
6	Any other reason (please specify)									

3. Governance related to BR

(a) Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company within 3 months, 3-6 months, Annually, More than 1 year.

BR performance is reviewed by Director responsible for BR/BR Head annually and as and when required. In addition, CSR committee of the Board reviews the implementation of CSR initiatives at least once a year.

(b) Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?

Financial year 2019-2020 is the first year for which the provisions of Business Responsibility Reporting have become applicable to the Company. This Business Responsibility Report will form part of Annual Report FY 2019-2020 to be published on the Company website. <https://www.cosmofilms.com/annual-reports>

**SECTION E: PRINCIPLE-WISE PERFORMANCE**

**Principle 1: Businesses should conduct and govern themselves with Ethics, Transparency and Accountability**

1. Does the policy relating to ethics, bribery and corruption cover only the Company? Yes/No. Does it extend to the Group/Joint Ventures/Suppliers/Contractors/NGOs/Others?

The Company has laid down the following policies to ensure ethical conduct at all levels:

- Code of Conduct (CoC): CoC applies to all members of the Board and senior management of the Company including the subsidiaries and is affirmed on an annual basis. The CoC requires all CoC addressees to act in accordance with highest standard of honesty, integrity and fairness and expect the same in their relationships with others while maintaining a work and business climate fostering such standards.
- Whistle Blower Policy: The policy provides a platform for the employees and business associates of the Company for reporting any suspected violation of CoC and/or suspected improper activities. The policy has provisions to ensure protection of the whistleblower.

2. How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof in about 50 words or so.

During the year, the Company did not receive any complaint under the Whistle Blower Policy.

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**Principle 2: Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle.**

**1. List upto 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities.**

The Company is a focused polypropylene player offering products which can be used individually for single layer/duplex structures or in combination to form mono-material laminate provide better yield, less consumption of plastics, overall lower costs and are easily recycled. The Company has designed many BOPP films providing substitute for non-recyclable films/structures and also aluminum foils. Today, the Company is partnering with leading global brands to offer structure rationalization and recyclability solutions.

**2. For each such product, provide the following details in respect of resource use (energy, water, material etc.) per unit of product (optional)**

**a) Reduction during sourcing/production/distribution achieved since the previous year throughout the value chain?**

Apart from providing films designed for recyclability, the Company follows a multi-pronged strategy to enable sustainable growth. This includes following Green Manufacturing practices, best Energy Management practices and well defined Environment Health and Safety systems.

**b) Reduction during usage by consumers (energy, water) has been achieved since the previous years?**

Structure rationalization, innovations in product portfolio and down gauging have helped customers in achieving lower plastic consumption, better recyclability and overall lower costs of laminates while maintaining the aesthetics and performance of the pack as well as the quality of the product inside the pack.

**3. Does the Company have procedures in place for sustainable sourcing (including transportation)?**

**If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof in about 50 words or so.**

The Company has procedures in place to support its suppliers towards green manufacturing practices. About 50% of wooden pallets and plastic cups used for packaging the Company's products are made from used wood/recycled plastic.

**4. Has the Company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work?**

**If yes, what steps have been taken to improve their capacity and capability of local and small vendors?**

Most of packaging materials, engineering stores and spares and services like security, canteen, employee transportation, housekeeping, repairs & maintenance, material movement etc. are sourced from local vendors/contractors. Temporary and contractual hires are come from neighboring areas and are given training by the Company in various fields to improve their capabilities.

**5. Does the Company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%). Also provide details thereof, in about 50 words or so.**

About 95% of the waste, rejects and returns are recycled and bulk of it is consumed captively as input for production.

**Principle 3: Business should promote the wellbeing of all employees.**

**1. Please indicate the Total number of employees.**

911

**2. Please indicate the total number of employees hired on temporary/contractual/casual basis.**

791

**3. Please indicate the number of permanent women employees.**

38

**4. Please indicate the number of permanent employees with disabilities.**

2

**5. Do you have an employee association that is recognized by the management?**

Yes

**6. What percentage of your permanent employees is members of this recognized employee association?**

12%

**7. Please indicate the number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.**

S. No.	Category	No. of complaints filed during the Financial Year	No. of complaints pending at the end of the Financial Year
1.	Child labour/forced labour/involuntary labour	0	0
2.	Sexual harassment	0	0
3.	Discriminatory employment	0	0

**8. What percentage of your under mentioned employees were given safety & skill up-gradation training in the last year?**

The Company is committed to provide training to its employees under various training programs. During the year, the following percentages of employees were imparted training under safety, skill up gradation and other training programs:

a.	Permanent Employees	100%
b.	Permanent Women Employees	100%
c.	Casual/Temporary/Contractual Employees	100%
d.	Employees with Disabilities	100%

**Principle 4: Business should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.**

**1. Has the Company mapped its internal and external stakeholders?**

The Company recognizes employees, customers, vendors, investors, shareholders, local/state/central governments, regulatory agencies and the local community as its principal stakeholders.

**2. Out of the above, has the Company identified the disadvantaged, vulnerable and marginalized stakeholders?**

The Company has identified school going children, village youths and families belonging to low socio economic strata from the villages in the neighborhood of the Company's plants as disadvantaged, vulnerable and marginalized stakeholders.

**3. Are there any special initiatives taken by the Company to engage with the disadvantaged, vulnerable and marginalized stakeholders? If so provide details thereof, in about 50 words or so.**

The Company has taken and continues to take several initiatives like imparting basic education, computer literacy and use of digital technology, English language teaching, career guidance & planning, provision of girls

toilets in schools, provision of waste bins etc. for all round development of the identified disadvantaged, vulnerable and marginalized stakeholders. During the year, the Company started imparting basic education in Urdu medium in two schools in Gangapur Block, District Aurangabad (Maharashtra).

**Principle 5: Businesses should respect and promote human rights.**

**1. Does the policy of the Company on human rights cover only the Company or extend to the Group/Joint Ventures/Suppliers/Contractors/NGOs/Others?**

The Company is committed to protecting human rights in line with the globally recognized principles. The Company strictly prohibits engagement of child or forced or involuntary labor in all its operations and through the entire value chain.

**2. How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?**

During the year, the Company did not receive any complaints concerning human rights.

**Principle 6: Business should respect, protect and make efforts to restore environment.**

**1. Does the policy relates to Principle 6 cover only the Company or extends to the Group/Joint Ventures/Suppliers/Contractors/NGOs/others?**

The Company has a well-defined Environmental Policy which applies to all its plants/other locations, employees and contract workmen.

**2. Does the Company have strategies/ initiatives to address global environmental issues such as climate change, global warming, etc.? Y/N. If yes, please give hyperlink for webpages etc.**

The sustainability statement published on the Company's website describes the Company's strategies/ initiatives towards environment conservation. <https://www.cosmofilms.com/sustainability>

**3. Does the Company identify and assess potential environment risks? Y/N**

The Company is certified for ISO 14001 whereby the environmental risks and control measures are periodically reviewed by independent auditors.

**4. Does the Company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if yes, whether any environmental compliance report is filed?**

No

**5. Has the Company undertaken any other initiatives on clean technology, energy efficiency, renewable energy etc.?**

The company has taken several measures on clean technology, energy efficiency and renewable energy including the following:

- Installing rooftop and on the ground Solar Power Plants. During the year, 45 lacs units were generated from solar power plants.
- Entering into long term Wind Power Purchase Agreement. During the year, 43 lacs units were purchased under this agreement.
- Replacing HPMV lamps with environmentally friendly and energy efficient light source like LED
- Maximizing use of natural light through the design of the plant buildings

**6. Are the Emissions/Waste generated by the Company within the permissible limits given by CPCBI/SPCB for the financial year being reported?**

Yes

**7. Number of show cause/legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as at end of Financial Year.**

None except a letter from SPCB for Plastic Waste Management which has been suitably responded by the Company.

**Principle 7: Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner.**

**1. Is your Company a member of any trade and chamber or association? If yes, name only those major ones that your business deals with.**

The Company is a member of the following major industry associations:

- Confederation of Indian Industry (CII)
- Federation of Indian Chambers of Commerce & Industry (FICCI)
- Organization of Plastics Processors of India (OPPI)
- Label Manufacturers Association of India (LMAI)

**2. Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/No. If yes, specify the broad areas (drop box Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water Food Security, Sustainable Business Principles, Others)**

The Company does participate in policy making affecting BOPP industry while maintaining highest standard of business conduct and transparency.

**Principle 8: Businesses should support inclusive growth and equitable development.**

**1. Does the Company have specified programs/initiatives/projects in pursuit of the policy related to Principle 8? If yes, details thereof**

The Company has under its CSR initiative taken several measures for all round development of the local community particularly those belonging to low socio economic strata. All the CSR initiatives are developed and implemented in participation of the local community to optimize the benefits where these are needed most. Details of the specified programs are available on the Company's website. <https://www.cosmofilms.com/cosmo-foundation-initiatives>

**2. Are the programs/projects undertaken through in-house team/own foundation/external NGO/government structures/any other organization?**

Most of the programs are executed through own foundation namely Cosmo Foundation set up in 2008. Participation of external organizations is sought and taken on need basis.

**3. Have you done any impact assessment of your initiatives?**

Cosmo Foundation publishes a quarterly newsletter and an Annual Report of its activities, the effectiveness of the programs, feedback from past and present beneficiaries etc. The newsletters and Annual Reports are available at the Company's website. <https://www.cosmofilms.com/publications>

**4. What is your Company's direct contribution to community development projects? Amount in INR and the details of the projects undertaken.**

During the year, the Company has spent ₹ 2.38 Crores on CSR activities. Details are given in Annexure E of the Directors Report and also CSR Section of the Annual Report.



**5. Have you taken steps to ensure that the community development initiative is successfully adopted by the community? Please explain in 50 words, or so.**

Local community participation is fundamental to Cosmo Foundation programs. Almost all of Cosmo Foundation functionaries whether be computer teacher, Bal Mitras (teachers engaged in imparting basic education) or the program coordinators come from local villages. Many of them have been the past beneficiaries of Cosmo Foundation programs.

**Principle 9: Business should engage with and provide value to their customers and consumers in a responsible manner.**

**1. What percentage of customer complaints/consumer cases are pending as on the end of financial year.**

About 5% of customers' complaints were under analysis/resolution as on 31st March, 2020. Since the Company's sales are to industrial users, consumer cases are not applicable.

**2. Does the Company display product information on the product label, over and above what is mandated as per local laws? Yes/No/NA/Remarks (additional information)**

The Company complies with disclosure requirements as per local laws. In addition, some other details are also displayed as per customers' requests and/or facilitate handling/transportation.

**3. Is there any case filed by any stakeholder against the Company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behavior during the last five years and pending as on end of financial year? If so, provide details thereof, in about 50 words or so.**

No

**4. Did your Company carry out any consumer survey/ consumer satisfaction trends?**

This does not apply to the Company since its sales are to industrial users. Feedback from industrial users is ongoing activity and is monitored regularly.

**Cosmo Foundation**  
**A community outreach initiative of**  
**Cosmo Films Limited**

2019-20 was the most eventful year as Foundation stepped into a decade plus one journey.

The year was fully packed in running all its programs at grassroot level which includes educational and environmental initiatives. During the year we have touched lives of 9600 students and 31000 community members in & around Waluj and Karjan manufacturing units of Cosmo Films in Aurangabad District of Maharashtra and Vadodara District of Gujarat respectively. Our footprint is in 42 Government Schools located in 29 villages and extended outreach to 111 villages.

Cosmo Educational Programs are managed under close guidance and inputs from the Board of Trustees- Cosmo Foundation and CSR Committee of Cosmo Films. The program execution is taken care of by team of professionals and community based youth trained and placed as teachers (Balmitras). This year, a proud moment for Cosmo was one of the community based Cosmo Computer teacher - Mahesh Borude from Village Turkabad - Kharadi, Aurangabad contested on hot seat of KBC with Shri Amitabh Bachhanji. This has been an inspiration for many rural children and youth.

**Major breakthroughs this year were :-**

We continued with Basic Computer Literacy, Basic

English Communication and Basic reading, writing, arithmetic and life skill programs.

We could set up four new computer labs with net connectivity in rural Govt. schools in Maharashtra and upgraded 12 computer labs in Gujarat.

Extended computer programs in five Govt schools and Basic Literacy Program in four Govt schools and included 2000 more students in Cosmo Programs.

Digitalization of Basic English Learning program undertaken with innovative methods and engagement of Senior faculty. Four modules from beginners to advance level developed with pre-recorded video teaching sessions, exercises, answer key with users guide. Exhaustive curriculum with 90 topics covered focusing on the ability and needs of rural children and youth with localized approach.

Cosmo Computer Award Function was organized in Karjan. Five best performer students in Computer Education were rewarded with laptop and trophy by chief Guest Kiran Zaveri(IAS),DDO, Vadodara. Consolation prizes were given to 16 students.

Education Counseling sessions were organized with 1000 students of class 9<sup>th</sup> to 12<sup>th</sup> covering aspiration building, time management, study skills and options for higher education.



Published “English Conversation Book”- and “Correct method to use Toilet” to facilitate English communication and cleanliness drive respectively.

Organized Basic Computer and English learning courses in summer holidays, summer camps for young children with Fun and learn activities. 1500 students participated.

Constructed sanitation blocks with hand wash facility for girls and boys in four rural Govt schools in Maharashtra. 3000 students benefitted through this initiative.

Set up sanitary pad bank for girls in nine schools in Gujarat benefitting 750 girls and women teachers.

Aggressive behavioral change campaign initiated across 12 Govt Primary schools in Karjan. The focus was to maintain cleanliness during mid day meal, hand wash before and after meals, Use of footwear and handkerchiefs regularly.

Installed 250 waste bins across 19 Govt schools and 14 grampanchayats across Gujarat and Maharashtra.

Partnered with Karjan Municipality for “Swachh Karjan Campaign”, provided wastebins, plants for beautification of town. We felicitated sanitation workers, puppet show and wall paintings with students and citizens were organized.

“NO to single use plastic campaign” was organized with engagement of local schools and villagers. Awareness for appropriate disposal and plastic waste collection was the central theme. Across 3 villages 150 kg. plastic waste was sent for recycling.

Planted 825 saplings in schools and public gardens to promote green spaces.

Large number of philanthropic programs organized viz. blood donation camp across four sites of Cosmo Films, Festival lunch (Bhandaro) for elderly - abandoned inmates and orphan children, distributed wollens to 225 students and 100 senior citizens.

Oral health and hygiene awareness along with dental check up was organized in Karjan with the support of Department of Dentistry, K.M. Shah Medical College, Vadodara. 500 students and community members were benefitted.

Celebrated festivals like Ganesh Chaturthi, Diwali, Id, Christmas, Holi as well as National days- world environment day, world Toilet day, Computer Literacy Day, Children’s Day, Women’s Day, celebrated Teacher’s Day in partnership with institutions UNICEF, Rama Krishna Mission, CII and others.

“Diya the wonder Girl”- a film on girls empowerment was screened with 600 students and mothers in multiplex cinema hall in Vadodara, Gujarat.

With the help of Young Indians, CII organized awareness programs with mothers on Nutrition, Reproductive health, Safe - Unsafe touch. Night meetings named as “Sneh Sandhya Milan” organized with villagers to get their engagement into educational processes.

In the last week of March 2020, due to Covid19 lockdown was announced by Government of India for which Cosmo Foundation started food, grocery kit, hygiene kit distribution to needy along with awareness drive on hand wash, home stay, social distancing, use of Mask and Aarogy Setu App with community members.



## INDEPENDENT AUDITOR'S REPORT

To the Members of Cosmo Films Limited

### Report on the Audit of the Standalone Financial Statements

#### Opinion

1. We have audited the accompanying standalone financial statements of Cosmo Films Limited 'the Company', which comprise the Balance Sheet as at 31 March 2020, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.
2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ('Act') in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including Indian Accounting Standards ('Ind AS') specified under section 133 of the Act, of the state of affairs of the Company as at 31 March 2020, and its profit (including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

#### Basis for Opinion

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

#### Key Audit Matters

4. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters.
5. We have determined the matters described below to be the key audit matters to be communicated in our report:

Key audit matter	How our audit addressed the key audit matter
<p><b>Physical verification of inventory</b></p> <p>As at 31 March 2020, the Company held inventories of ₹ 170.60 crores as disclosed in Note 9 to the standalone financial statements. Inventories mainly consist of raw materials, finished goods, stores and spares. As per the Company's inventory verification plan, management performs physical verification of inventory at all locations, under the supervision of finance team, at each quarter end and on a sample basis at each month end.</p> <p>Due to outbreak of the COVID-19 pandemic, there has been a lockdown enforced in various inventory locations at year end and several restrictions were imposed by the respective state governments across India on travel and movement considering public health and safety measures which resulted in no physical verification of inventories being conducted by management as at year end, and the management has relied on its last</p>	<p>Our audit of existence of inventory included, but was not limited to, the following procedures:</p> <ul style="list-style-type: none"> <li>• Obtained an understanding of the management's process for inventory counts and evaluated the design and tested the operating effectiveness of key controls with respect to inventory process.</li> <li>• Inspected the instructions given by supervisory teams to the management count teams.</li> <li>• Enquired and reviewed documents to identify any changes in process of inventory counts from previously held counts observed by us.</li> <li>• Reviewed the management's process for ensuring that the movement of inventory during physical verification is appropriately considered in stock records</li> </ul>

<p>verification conducted on 31 December 2019 and rolled it forward to 31 March 2020.</p> <p>Considering the above, we have reassessed our audit approach with respect to assessing the existence and condition of physical inventory as at year end and adopted alternate audit procedures as further described in our audit procedures.</p> <p>As a result of the above-mentioned alternative procedures being performed and due to the size of the inventories as at year end, we determined the existence of inventory to be a key audit matter for the current period's audit.</p>	<ul style="list-style-type: none"> <li>• Obtained management's inventory count records (count sheets) and reconciliation with the Company's perpetual inventory records.</li> <li>• Verified that the differences noted in management's physical verification of inventory from book records were adequately adjusted in books of account.</li> <li>• Tested roll-forward of management's inventory count performed at locations on 31 December 2019 to 31 March 2020, by testing the controls around movement of inventory, and testing the transactions of receipt and issue of inventory on a sample basis.</li> <li>• Observed live video feeds of physical inventory verification subsequent to year-end and gathered video evidence of warehouses and recounted a sample of inventory items at each location along with roll-back procedures to confirm existence of inventory at year end.</li> </ul>
<p><b>Derivative financial instruments</b></p> <p>The Company has entered into various derivative contracts including foreign exchange forward contracts, currency options, cross currency swaps and interest rate swaps which are used to manage and hedge foreign currency exchange risks and interest rate risks.</p> <p>The Company has reported net derivative financial assets at fair value of ₹ 23.04 crores and net derivative financial liabilities at fair value of ₹ 6.38 crores as of 31 March 2020.</p> <p>The Company's accounting policy on derivatives is disclosed in note 1 (iii) k (iii) and related disclosures are included in note 46. The Company's significant judgements in applying accounting policy are disclosed in note 1 (iv).</p> <p>The fair value of the derivative financial instruments is based on year-end quotes received from counterparty banks which are validated using valuation models that primarily use observable inputs. In respect of designated hedging relationships, the Company measures the effectiveness thereof using valuation models, such as hypothetical derivative method.</p> <p>Testing the fair valuation of derivative instruments and effectiveness of hedging relationships, where applicable, are complex exercises and hence required substantial involvement of senior personnel on the audit engagement including individuals with expertise in valuation.</p> <p>Accordingly, valuation of the derivative financial instruments and hedge accounting is determined to be a key audit matter.</p>	<p>We assessed the design and implementation and tested the operating effectiveness of the key controls over management's processes for valuation of derivative financial instruments.</p> <p>Our audit procedures included, but were not limited to, the following substantive procedures:</p> <p>Obtained independent direct confirmations from banks to confirm the outstanding financial instruments in order to verify existence and rights.</p> <ul style="list-style-type: none"> <li>• Compared input data used in the Company's valuation models to independent sources and externally available market data.</li> <li>• Involved an auditor's expert to assess the hedge effectiveness of derivative contracts.</li> <li>• Inspected the underlying agreements and deal confirmations for the derivatives.</li> <li>• Assessed whether the accounting policy is consistent with the requirements of Ind AS 109-Financial Instruments.</li> <li>• Evaluated the appropriateness of disclosures in relation to financial risk management, derivative financial instruments and hedge accounting.</li> </ul> <p>We have also obtained written representations from management and those charged with governance on whether the significant assumptions used in valuation of derivatives are considered reasonable.</p>



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

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

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

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

8. In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.
9. Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

**Auditor's Responsibilities for the Audit of the Standalone Financial Statements**

10. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
11. As part of an audit in accordance with Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
  - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to



financial statements in place and the operating effectiveness of such controls;

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
  - Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern; and
  - Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
12. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
13. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
14. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated

in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### **Report on Other Legal and Regulatory Requirements**

15. As required by section 197(16) of the Act, based on our audit, we report that the Company has paid remuneration to its directors during the year in accordance with the provisions of and limits laid down under section 197 read with Schedule V to the Act.
16. As required by the Companies (Auditor's Report) Order, 2016 ('the Order') issued by the Central Government of India in terms of section 143(11) of the Act, we give in the Annexure A, a statement on the matters specified in paragraphs 3 and 4 of the Order.
17. Further to our comments in Annexure A, as required by section 143(3) of the Act, based on our audit, we report, to the extent applicable, that:
- a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the accompanying standalone financial statements;
  - b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - c) the standalone financial statements dealt with by this report are in agreement with the books of account;
  - d) in our opinion, the aforesaid standalone financial statements comply with Ind AS specified under section 133 of the Act;
  - e) on the basis of the written representations received from the directors and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2020 from being appointed as a director in terms of section 164(2) of the Act;
  - f) we have also audited the internal financial controls with reference to financial statements of the Company as on 31 March 2020 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date and our report dated 4 June 2020 as per Annexure B expressed an unmodified opinion; and

- g) with respect to the other matters to be included in the Auditor's Report in accordance with rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us:
- i. the Company, as detailed in note 39 to the standalone financial statements, has disclosed the impact of pending litigations on its financial position as at 31 March 2020;
  - ii. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses as at 31 March 2020;
  - iii. there has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company during the year ended 31 March 2020; and
  - iv. the disclosure requirements relating to holdings as well as dealings in specified bank notes were applicable for the period from 8 November 2016 to 30 December 2016, which are not relevant to these standalone financial statements. Hence, reporting under this clause is not applicable.

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

**Siddharth Talwar**  
Partner  
Membership No.: 512752  
UDIN: 20512752AAAACC7323

**Place:** Faridabad  
**Date:** 4 June 2020

**Annexure A to the Independent Auditor's Report of even date to the members of Cosmo Films Limited, on the standalone financial statements for the year ended 31 March 2020**

**Annexure A**

Based on the audit procedures performed for the purpose of reporting a true and fair view on the financial statements of the Company and taking into consideration

the information and explanations given to us and the books of account and other records examined by us in the normal course of audit, and to the best of our knowledge and belief, we report that:

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment and capital work-in-progress.
- (b) Property, plant and equipment have not been physically verified by the management during the year, however, there is a regular program of verification once in three years, which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets.
- (c) The title deeds of all the immovable properties (which are included under the head 'Property, plant and equipment') are held in the name of the Company.
- (ii) In our opinion, the management has conducted physical verification of inventory at reasonable intervals during the year, except for goods-in-transit. No material discrepancies were noticed on the aforesaid verification.
- (iii) The Company has not granted any loan, secured or unsecured to companies, firms, Limited Liability Partnerships (LLPs) or other parties covered in the register maintained under Section 189 of the Act. Accordingly, the provisions of clauses 3(iii)(a), 3(iii)(b) and 3(iii)(c) of the Order are not applicable.
- (iv) In our opinion, the Company has complied with the provisions of Section 186 in respect of investments. Further, in our opinion, the Company has not entered into any transaction covered under Section 185 and Section 186 of the Act in respect of loans, guarantees and security.
- (v) In our opinion, the Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.
- (vi) We have broadly reviewed the books of account maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost records under sub-section (1) of Section 148 of the Act in respect of Company's products and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the cost records with a

view to determine whether they are accurate or complete.

- (vii) (a) Undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess, goods and service tax and other material statutory dues, as applicable, have generally been regularly deposited to the appropriate authorities.

Further, no undisputed amounts payable in respect thereof were outstanding at the year-end for a period of more than six months from the date they became payable.

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

#### Statement of Disputed Dues

Name of the statute	Nature of dues	Amount (₹ in crores)	Amount paid under Protest (₹ in crores)	Period to which the amount relates (FY)	Forum where dispute is pending
<b>Central Excise Act, 1944</b>	Excise Duty	0.05	-	2005-06 to 2009-10	Commissioner Appeals
	Excise Duty	16.79	1.95	1994-95, 2003-04 to 2015-16	Appellate Tribunal
	Service Tax	0.17	-	2012-13 to 2015-16	Appellate Tribunal
	Service Tax	2.42	-	2009-10 to 2014-15, 2017-2018	Commissioner Appeals
<b>Income-tax Act, 1961</b>	Income tax	1.07	1.07	1997-98	High Court
	Income tax	4.83	4.83	2002-03	Hon'ble Supreme Court of India
	Income tax	2.98	2.98	2008-09	Income Tax Appellate Tribunal
	Income tax	5.57	2.85	2009-10	Income Tax Appellate Tribunal
	Income tax	1.22	0.60	2010-11	Income Tax Appellate Tribunal
	Income tax	1.00	1.00	2011-12	Income Tax Appellate Tribunal
	Income tax	3.47	1.02	2012-13	Income Tax Appellate Tribunal

- (viii) The Company has not defaulted in repayment of loans or borrowings to any bank or financial institution during the year. The Company did not have any outstanding debentures or dues to government during the year.
- (ix) The Company did not raise moneys by way of initial public offer or further public offer (including debt instruments). In our opinion, the term loans were applied for the purposes for which the loans were obtained, though idle funds which were not required for immediate utilisation have been invested in liquid investments, payable on demand.
- (x) No fraud by the Company or on the Company by its officers or employees has been noticed or reported during the period covered by our audit.
- (xi) Managerial remuneration has been paid and

provided by the Company in accordance with the requisite approvals mandated by the provisions of Section 197 of the Act read with Schedule V to the Act.

- (xii) In our opinion, the Company is not a Nidhi Company. Accordingly, provisions of clause 3(xii) of the Order are not applicable.
- (xiii) In our opinion all transactions with the related parties are in compliance with Sections 177 and 188 of Act, where applicable, and the requisite details have been disclosed in the financial statements etc., as required by the applicable Ind AS.
- (xiv) During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures.

- (xv) In our opinion, the Company has not entered into any non-cash transactions with the directors or persons connected with them covered under Section 192 of the Act.
- (xvi) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

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

**Siddharth Talwar**  
Partner  
Membership No.: 512752  
UDIN: 20512752AAAACC7323

**Place:** Faridabad  
**Date:** 4 June 2020

### **Annexure B to the Independent Auditor's Report of even date to the members of Cosmo Films Limited on the standalone financial statements for the year ended 31 March 2020**

#### **Annexure B**

#### **Independent Auditor's Report on the internal financial controls with reference to the standalone financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act')**

1. In conjunction with our audit of the standalone financial statements of Cosmo Films Limited ('the Company') as at and for the year ended 31 March 2020, we have audited the internal financial controls with reference to financial statements of the Company as at that date.

#### **Responsibilities of Management and Those Charged with Governance for Internal Financial Controls**

2. The Company's Board of Directors is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance note on Audit of Internal Financial Controls over Financial Reporting ('the Guidance Note') issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial

controls that were operating effectively for ensuring the orderly and efficient conduct of the Company's business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

#### **Auditor's Responsibility for the Audit of the Internal Financial Controls with Reference to Financial Statements**

3. Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the ICAI prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements, and the Guidance Note issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements were established and maintained and if such controls operated effectively in all material respects.
4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements includes obtaining an understanding of such internal financial controls, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to financial statements.

#### **Meaning of Internal Financial Controls with Reference to Financial Statements**

6. A company's internal financial controls with reference to financial statements is a process

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

#### **Inherent Limitations of Internal Financial Controls with Reference to Financial Statements**

7. Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and

not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial controls with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

#### **Opinion**

8. In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such controls were operating effectively as at 31 March 2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance note issued by the ICAI.

**For Walker Chandiok & Co LLP**

Chartered Accountants

Firm's Registration No.: 001076N/N500013

**Siddharth Talwar**

Partner

Membership No. 512752

UDIN: 20512752AAAACC7323

**Place:** Faridabad

**Date:** 4 June 2020

**STANDALONE BALANCE SHEET as at 31 March 2020**

(All amounts in ₹ crores, unless otherwise stated)

Particulars	Note No.	As at 31 March 2020	As at 31 March 2019
<b>ASSETS</b>			
<b>Non-current assets</b>			
a) Property, plant and equipment	2	973.49	943.61
b) Capital work-in-progress	3	15.96	39.96
c) Intangible assets	4	2.72	3.10
d) Financial assets			
(i) Investments	5	115.40	115.39
(ii) Loans	6	9.69	10.71
(iii) Other financial assets	7	1.80	8.28
e) Income tax assets (net)		14.51	12.20
f) Other non-current assets	8	52.14	46.97
		<b>1,185.71</b>	<b>1,180.22</b>
<b>Current assets</b>			
a) Inventories	9	170.60	171.78
b) Financial assets			
(i) Investments	10	145.51	77.23
(ii) Trade receivables	11	168.39	206.05
(iii) Cash and cash equivalents	12	4.24	43.39
(iv) Bank balances other than (iii) above	13	33.88	28.68
(v) Loans	14	1.77	0.79
(vi) Other financial assets	15	47.37	47.71
c) Other current assets	16	53.20	36.96
		<b>624.96</b>	<b>612.59</b>
<b>Non-current assets classified as held for sale</b>	2	5.53	-
		<b>630.49</b>	<b>612.59</b>
<b>TOTAL ASSETS</b>		<b>1,816.20</b>	<b>1,792.81</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
a) Equity share capital	17	19.44	19.44
b) Other equity	18	725.99	675.85
		<b>745.43</b>	<b>695.29</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
a) Financial liabilities			
(i) Borrowings	19	355.30	431.94
(ii) Other financial liabilities	20	0.57	-
b) Provisions	21	6.75	-
c) Deferred tax liabilities (net)	22	61.35	46.88
d) Other non-current liabilities	23	50.07	52.96
		<b>474.04</b>	<b>531.78</b>
<b>Current liabilities</b>			
a) Financial liabilities			
(i) Borrowings	24	237.94	202.18
(ii) Trade payables			
(a) Total outstanding dues of micro and small enterprises	25	0.80	0.13
(b) Total outstanding dues of creditors other than micro and small enterprises	25	143.98	190.08
(iii) Other financial liabilities	26	191.70	156.59
b) Provisions	27	3.19	0.26
c) Other current liabilities	28	19.12	15.12
d) Current tax liabilities (net)	29	-	1.38
		<b>596.73</b>	<b>565.74</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>1,816.20</b>	<b>1,792.81</b>
<b>Summary of significant accounting policies</b>	1		

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

 For **Walker Chandio & Co LLP**

Chartered Accountants

Firm's registration number 001076N/N500013

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

**Siddharth Talwar**

Partner

Membership no. 512752

**Hoshang Noshirwan Sinor**

Director

DIN: 00074905

Place: Mumbai

**Ashok Jaipuria**

Chairman &amp; Managing Director

DIN: 00214707

Place: New Delhi

**Pankaj Poddar**

Chief Executive Officer

Membership No.: 096861

Place: New Delhi

**Neeraj Jain**

Chief Financial Officer

Membership No.: 097576

Place: Noida

**Jyoti Dixit**

Company Secretary

Membership No.: F6229

Place: New Delhi

**Place** : Faridabad

**Date** : 04 June 2020

**STANDALONE STATEMENT OF PROFIT & LOSS for the year ended 31 March, 2020**

(All amounts in ₹ crores, unless otherwise stated)

Particulars	Note No.	Year ended 31 March 2020	Year ended 31 March 2019
<b>Income</b>			
Revenue from operations	30	2,032.12	2,050.39
Other income	31	19.91	11.56
<b>Total income</b>		<b>2,052.03</b>	<b>2,061.95</b>
<b>Expenses</b>			
Cost of materials consumed		1,394.87	1,529.82
Purchase of traded goods		1.98	-
Change in inventory of finished goods		(8.95)	15.55
Employee benefits expense	32	125.12	91.82
Finance costs	34	49.39	51.67
Depreciation and amortisation expenses	35	49.57	48.03
Allowance for expected credit losses		-	0.34
Other expenses	36	276.59	255.23
<b>Total expenses</b>		<b>1,888.57</b>	<b>1,992.46</b>
<b>Profit before tax</b>		<b>163.46</b>	<b>69.49</b>
<b>Tax expense</b>			
- Current tax	37	28.63	12.11
- Deferred tax expense/(credit)		20.79	(1.00)
<b>Total tax expense</b>		<b>49.42</b>	<b>11.11</b>
<b>Net profit for the year</b>		<b>114.04</b>	<b>58.38</b>
<b>Other comprehensive income</b>			
1) Items that will not be reclassified to profit or loss			
- Remeasurements of defined benefit plans		(0.68)	(0.03)
- Tax on above items		0.24	0.01
2) Items that will be reclassified to profit or loss			
- Effective portion of (loss)/gain on hedging instruments in a cash flow hedge		(12.14)	18.05
- Net changes in fair value of debt instruments carried at fair value through other comprehensive income		(5.29)	-
- Tax on above items		6.09	(6.30)
<b>Total other comprehensive income</b>		<b>(11.78)</b>	<b>11.73</b>
<b>Total comprehensive income</b>		<b>102.26</b>	<b>70.11</b>
<b>Earning per equity share</b>	38		
- Basic		59.51	30.46
- Diluted		59.51	30.46
<b>Summary of significant accounting policies</b>	1		
The accompanying summary of significant accounting policies and other explanatory information are an integral part of the standalone financial statements.			

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

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

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

**Siddharth Talwar**  
 Partner  
 Membership no. 512752

**Hoshang Noshirwan Sinor**  
 Director  
 DIN: 00074905  
 Place: Mumbai

**Ashok Jaipuria**  
 Chairman & Managing Director  
 DIN: 00214707  
 Place: New Delhi

**Place** : Faridabad  
**Date** : 04 June 2020

**Pankaj Poddar**  
 Chief Executive Officer  
 Membership No.: 096861  
 Place: New Delhi

**Neeraj Jain**  
 Chief Financial Officer  
 Membership No.: 097576  
 Place: Noida

**Jyoti Dixit**  
 Company Secretary  
 Membership No.: F6229  
 Place: New Delhi



**STANDALONE STATEMENT OF CHANGES IN EQUITY for the year ended 31 March 2020**
*(All amounts in ₹ crores, unless otherwise stated)*
**A. Equity share capital \***

<b>Opening balance as at 1 April 2018</b>	<b>19.44</b>
Changes during the year	-
<b>Closing balance as at 31 March 2019</b>	<b>19.44</b>
Changes during the year	-
<b>Closing balance as at 31 March 2020</b>	<b>19.44</b>

**B. Other equity \*\***

	Reserves and surplus					Treasury shares	Effective portion of cash flow hedges	Debt instruments through other comprehensive income	Total
	Retained earnings	Securities premium	Shares options outstanding account	Capital reserve	General reserve				
<b>Balance as at 1 April 2018</b>	303.38	31.26	3.23	3.32	290.08	(8.46)	(5.17)	-	617.64
Profit for the year	58.38	-	-	-	-	-	-	-	58.38
Other comprehensive income for the year	(0.02)	-	-	-	-	-	11.75	-	11.73
<b>Total comprehensive income for the year</b>	<b>58.36</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>11.75</b>	<b>-</b>	<b>70.11</b>
<b>Transactions with owners</b>									
Equity dividend	(11.50)	-	-	-	-	-	-	-	(11.50)
Tax on equity dividend	(2.40)	-	-	-	-	-	-	-	(2.40)
Employee share-based compensation	-	-	2.00	-	-	-	-	-	2.00
<b>Balance as at 31 March 2019</b>	<b>347.84</b>	<b>31.26</b>	<b>5.23</b>	<b>3.32</b>	<b>290.08</b>	<b>(8.46)</b>	<b>6.58</b>	<b>-</b>	<b>675.85</b>
<b>Balance as at 1 April 2019</b>	<b>347.84</b>	<b>31.26</b>	<b>5.23</b>	<b>3.32</b>	<b>290.08</b>	<b>(8.46)</b>	<b>6.58</b>	<b>-</b>	<b>675.85</b>
Profit for the year	114.04	-	-	-	-	-	-	-	114.04
Other comprehensive income for the year	(0.44)	-	-	-	-	-	(7.90)	(3.44)	(11.78)
<b>Total comprehensive income for the year</b>	<b>113.60</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(7.90)</b>	<b>(3.44)</b>	<b>102.26</b>
<b>Transactions with owners</b>									
Equity dividend	(40.23)	-	-	-	-	-	-	-	(40.23)
Tax on equity dividend	(8.40)	-	-	-	-	-	-	-	(8.40)
Employee share-based compensation	-	-	1.03	-	-	-	-	-	1.03
Acquisition of treasury shares	-	-	-	-	-	(4.52)	-	-	(4.52)
<b>Balance as at 31 March 2020</b>	<b>412.81</b>	<b>31.26</b>	<b>6.26</b>	<b>3.32</b>	<b>290.08</b>	<b>(12.98)</b>	<b>(1.32)</b>	<b>(3.44)</b>	<b>725.99</b>

\* Refer note 17 for details

\*\* Refer note 18 for details

**Summary of significant accounting policies**

1

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

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

For **Walker Chandio & Co LLP**

Chartered Accountants

Firm's registration number 001076N/N500013

**Siddharth Talwar**

Partner

Membership no. 512752

**Hoshang Noshirwan Sinor**

Director

DIN: 00074905

Place: Mumbai

**Ashok Jaipuria**

Chairman & Managing Director

DIN: 00214707

Place: New Delhi

**Pankaj Poddar**

Chief Executive Officer

Membership No.: 096861

Place: New Delhi

**Neeraj Jain**

Chief Financial Officer

Membership No.: 097576

Place: Noida

**Jyoti Dixit**

Company Secretary

Membership No.: F6229

Place: New Delhi

**Place** : Faridabad

**Date** : 04 June 2020

**CASH FLOW STATEMENT for the year ended 31 March 2020**

(All amounts in ₹ crores, unless otherwise stated)

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
<b>A. Cash flow from operating activities</b>		
<b>Profit before tax</b>	<b>163.46</b>	<b>69.49</b>
<b>Adjustment for</b>		
Depreciation and amortisation expenses	49.57	48.03
Finance cost	49.39	51.67
Gain on investments carried at fair value through profit and loss	(1.51)	(2.54)
(Decrease)/ increase in allowance for expected credit losses	(0.29)	0.34
Interest income	(12.54)	(1.84)
Grant income on export promotion capital goods	(2.89)	(2.89)
Liabilities no longer required written back	(0.11)	(0.70)
Employee share-based compensation	1.03	2.00
Unrealised (gain)/loss on exchange fluctuation	(4.18)	1.20
Unrealised sales tax incentives	(17.15)	(17.15)
<b>Operating profit before working capital changes</b>	<b>224.78</b>	<b>147.62</b>
<b>Movement in working capital</b>		
Inventories	1.18	12.68
Trade receivable	43.81	0.80
Loans	0.34	(0.45)
Other financial assets	13.54	(2.98)
Other assets	(4.14)	7.54
Trade payables	(47.12)	8.51
Other financial liabilities	16.48	5.86
Other liabilities and provisions	9.15	0.93
<b>Cash flow from operating activities post working capital changes</b>	<b>258.02</b>	<b>180.51</b>
Income tax paid (net)	(32.31)	(14.31)
<b>Net cash flow from operating activities (A)</b>	<b>225.71</b>	<b>166.20</b>
<b>B. Cash flow from investing activities</b>		
Purchase of property, plant and equipment and intangible assets (including capital advances)	(47.40)	(88.16)
Sale of property, plant and equipment and intangible assets	0.09	1.55
Purchase of investments and liquid mutual funds (net)	(67.48)	(16.87)
Interest received	6.56	2.08
Investments in / (redemption of) fixed deposits (net)	1.38	(24.39)
Advance received against non-current assets held for sale	3.85	-
<b>Net cash used in investing activities (B)</b>	<b>(103.00)</b>	<b>(125.79)</b>
<b>C. Cash flow from financing activities</b>		
Proceeds from long term borrowings	18.31	148.17
Repayment of long term borrowings	(113.10)	(97.68)
Proceeds from /(repayment of) short term borrowings (net)	35.76	(7.49)
Acquisition of treasury shares	(4.52)	-
Interest paid	(49.68)	(52.10)
Dividend and tax thereon paid	(48.63)	(13.90)
<b>Net cash used in financing activities (C)</b>	<b>(161.86)</b>	<b>(23.00)</b>
(Decrease)/increase in cash and cash equivalents (A+B+C)	(39.15)	17.41
Cash and cash equivalents at the beginning of the year (refer note 12)	43.39	25.98
<b>Cash and cash equivalents at the end of the year (refer note 12)</b>	<b>4.24</b>	<b>43.39</b>

**Statement of significant accounting policies**

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

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

 For **Walker Chandiook & Co LLP**

Chartered Accountants

Firm's registration number 001076N/N500013

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

**Siddharth Talwar**

Partner

Membership no. 512752

**Hoshang Noshirwan Sinor**

Director

DIN: 00074905

Place: Mumbai

**Ashok Jaipuria**

Chairman &amp; Managing Director

DIN: 00214707

Place: New Delhi

**Place** : Faridabad

**Date** : 04 June 2020

**Pankaj Poddar**  
 Chief Executive Officer  
 Membership No.: 096861  
 Place: New Delhi

**Neeraj Jain**  
 Chief Financial Officer  
 Membership No.: 097576  
 Place: Noida

**Jyoti Dixit**  
 Company Secretary  
 Membership No.: F6229  
 Place: New Delhi

## **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION for the year ended 31 March 2020**

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

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

#### **i) Corporate Information**

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

#### **ii) Basis of Preparation**

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) as notified by Ministry of Corporate Affairs pursuant to section 133 of the Companies Act, 2013 read with Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time.

These financial statements are separate financial statements of the Company. The Company has also prepared consolidated financial statements for the year ended 31 March 2020 in accordance with Ind AS 110 and the same were also approved for issue by the Board of Directors, along with these financial statements on 4 June 2020.

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

- Certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments);
- Defined benefit plans – plan assets measured at fair value.

#### **iii) Significant Accounting Policies**

##### **a) Current versus non-current classification**

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification.

An asset is treated as current when it is:

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

All other assets are classified as non-current.

A liability is current when:

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

The Company classifies all other liabilities as non-current.

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

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

## b) Property, Plant and Equipment

### *Recognition and initial measurement*

Property, plant and equipment are stated at their cost of acquisition. The cost comprises the purchase price, borrowing cost (if capitalisation criteria are met) and any attributable costs of bringing the asset to its working condition for its intended use. Any trade discount and rebates are deducted in arriving at the purchase price. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits attributable to such subsequent cost associated with the item will flow to the Company. All other repair and maintenance costs are recognised in statement of profit or loss as incurred.

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

### *Subsequent measurement (depreciation and useful lives)*

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

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

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

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

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

### *De-recognition*

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

**c) Intangible Assets**

*Recognition and initial measurement*

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

*Subsequent measurement (depreciation and useful lives)*

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

Residual values and useful lives are reviewed at each reporting date. The following useful lives are applied:

<b>Intangible Assets</b>	<b>Useful life (in years)</b>
Software	Amortised over a period of 6 years

*De-recognition*

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

**d) Impairment of non-financial assets**

For impairment assessment purposes, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level.

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

To determine value-in-use, management estimates expected future cash flows from each cash-generating unit and determines a suitable discount rate in order to calculate the present value of those cash flows. The data used for impairment testing procedures are directly linked to the Company's latest approved budget, adjusted as necessary to exclude the effects of future re-organisations and asset enhancements. Discount factors are determined individually for each cash-generating unit and reflect current market assessment of the time value of money and asset-specific risk factors.

**e) Borrowing Costs**

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest calculated using the effective interest method that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

**f) Inventory**

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

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

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

**g) Foreign currency translation***Functional and presentation currency*

The financial statements are presented in Indian Rupees (INR or ₹ ) and are rounded to two decimal places of crores, which is also the Company's functional currency.

*Transactions and balances*

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

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

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

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.

*Exchange differences*

As per the generally accepted accounting principles followed by the Company till 31 March 2017, exchange differences arising on translation/ settlement of long term foreign currency monetary items pertaining to the acquisition of a depreciable asset were adjusted to the cost of the asset. Exchange differences arising on other long-term foreign currency monetary items existing as on 31 March 2017 are accumulated in the "Foreign Currency Monetary Item Translation Difference Account" and amortised over the remaining life of the concerned monetary item. The Company has elected to continue with the said policy on exchange differences arising on long term foreign currency monetary items existing on 31 March 2017, as allowed under Ind AS 101.

For this purpose, the Company treats a foreign monetary item as "long-term foreign currency monetary item", if it has a term of 12 months or more at the date of its origination.

**h) Leases****Transition**

Effective 1 April 2019, the Company adopted Ind AS 116 "Leases" and applied the standard to all lease contracts existing on 1 April 2019 using the modified retrospective method and elected to measure the right-of-use assets at an amount equal to the lease liability adjusted for any prepaid or accrued lease payments that existed at the date of transition. Comparatives as at and for the year ended 31 March 2019 have not been retrospectively adjusted and therefore will continue to be reported under the accounting policies included as part of our Annual Report for year ended 31 March 2019.

Refer note 43 for details.

### **The Company as a lessee**

The Company's leased asset classes primarily consist of leases for land and buildings. The Company assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether: (i) the contract involves the use of an identified asset (ii) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and (iii) the Company has the right to direct the use of the asset.

At the date of commencement of the lease, the Company recognises a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

Certain lease arrangements includes the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised.

The right-of-use assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset.

The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates in the country of domicile of these leases. Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed payments) and variable payments based on an index or rate. Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. Lease liabilities are remeasured with a corresponding adjustment to the related right of use asset if the Company changes its assessment if whether it will exercise an extension or a termination option.

### **The Company as a lessor**

Leases for which the Company is a lessor is are classified as a finance or operating lease. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

When the Company is an intermediate lessor, it accounts for its interests in the head lease and the sublease separately. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease.

For operating leases, rental income is recognized on a straight-line basis over the term of the relevant lease.

#### **i) Fair value measurement**

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

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

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



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

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

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

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

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

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

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

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

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

#### **j) Revenue recognition - Sale of products and services**

Sales (including scrap sales) are recognised when control of products is transferred to the buyer as per the terms of the contract and are accounted for net of returns and rebates. Control of goods refers to the ability to direct the use of and obtain substantially all of the remaining benefits from goods. Sales, as disclosed, are exclusive of goods and services tax.

Income in respect of service contracts, which are generally in the nature of providing job work services, are recognised in statement of profit and loss on completion of performance obligation.

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

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

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

The Company recognises contract liabilities for consideration received in respect of unsatisfied performance obligations and reports these amounts as other liabilities in the balance sheet. Similarly, if the Company satisfies a performance obligation before it receives the consideration, the Company recognises either a contract asset or a receivable in its balance sheet, depending on whether something other than the passage of time is required before the consideration is due.

**k) Financial instruments**

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

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

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

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

**Financial assets**

*Classification and subsequent measurement*

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

- i. Financial assets at amortised cost** – a financial instrument is measured at amortised cost if both the following conditions are met:
- The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
  - Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest method. Effective interest rate (EIR) is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial assets. The future cash flows include all other transaction costs paid or received, premiums or discounts if any, etc.

- ii. Investments in equity instruments of subsidiaries** - Investments in equity instruments of subsidiaries existing as at 1 April 2016, the date of transition to Ind AS, are accounted for at fair value at such date, as per the exemptions available in Ind AS 101. Other investments in equity instruments of subsidiaries are accounted for at their cost.

**iii. Financial assets at fair value**

- **Investments in equity instruments other than above** – All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading are generally classified as at fair value through profit and loss (FVTPL). For all other equity instruments, the Company decides to classify the same either as at fair value through other comprehensive income (FVOCI) or fair value through profit and loss (FVTPL). The Company

makes such election on an instrument by instrument basis. The classification is made on initial recognition and is irrevocable.

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

Equity instruments included within the FVTPL category are measured at fair value with all changes recognised in profit or loss.

- **Mutual funds** – All mutual funds in scope of Ind-AS 109 are measured at fair value through profit and loss (FVTPL).
- **Bonds** – All bonds are in scope of Ind-AS 109 and measured at fair value. Bonds which are held for the purpose of both collecting contractual cash flows and selling financial assets are classified as at fair value through other comprehensive income (FVOCI). Bonds which are held for the purpose of trading are classified as at fair value through profit and loss (FVTPL).
- **Derivative assets** - All derivative assets are measured at fair value through profit and loss (FVTPL).

#### *De-recognition of financial assets*

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

#### *Reclassification of financial assets*

The Company determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The Company's senior management determines change in the business model as a result of external or internal changes which are significant to the Company's operations. Such changes are evident to external parties. A change in the business model occurs when the Company either begins or ceases to perform an activity that is significant to its operations. If the Company reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The Company does not restate any previously recognised gains, losses (including impairment gains or losses) or interest.

### **Financial liabilities**

#### *Subsequent measurement*

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

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

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

#### *De-recognition of financial liabilities*

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on

substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

#### **Offsetting of financial instruments**

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

#### **l) Hedge accounting**

The Company enters into certain derivative financial instruments to manage its exposure to risk arising from changes in interest rate and foreign exchange rates which are designated as cash flow hedges. Further, the Company has designated certain non-derivative financial instruments in cash flow hedging relationship to manage its exposure to risk arising from changes in foreign exchange rates.

At the inception of a hedge relationship, the Company documents the hedge relationship to which the Company wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's cash flows attributable to the hedged risk.

To qualify for hedge accounting, the hedging relationship must meet all of the following requirements:

- there is an economic relationship between the hedged item and the hedging instrument
- the effect of credit risk does not dominate the value changes that result from that economic relationship
- the hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the entity actually hedges and the quantity of the hedging instrument that the entity actually uses to hedge that quantity of hedged item.

For the period under audit, the Company has designated certain forward currency contracts, cross currency swaps and foreign currency risk component of borrowings in foreign currencies as hedging instruments in cash flow hedge relationships. The forward currency contracts and cross currency swaps have been entered into to mitigate foreign currency exchange risk arising from financial liabilities denominated in foreign currencies. Further, foreign currency risk component of borrowings in foreign currencies are designated to hedge the foreign currency risk in certain highly probable sales transactions denominated in foreign currency.

Cash flow hedge reserve is adjusted to the lower of the following (in absolute amounts):

- (i) the cumulative gain or loss on the hedging instrument from inception of the hedge; and
- (ii) the cumulative change in fair value (present value) of the hedged item (ie the present value of the cumulative change in the hedged expected future cash flows) from inception of the hedge.

All derivative financial instruments used for hedge accounting are recognised initially at fair value and reported subsequently at fair value in the balance sheet. The portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised in other comprehensive income. Any ineffectiveness in the hedge relationship is recognised immediately in profit or loss.

At the time the hedged item affects profit or loss, any gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss and presented as a reclassification adjustment within other comprehensive income. However, if a non-financial asset or liability is recognised as a result of the hedged transaction, the gains and losses previously recognised in other

comprehensive income are included in the initial measurement of the hedged item.

If a forecast transaction is no longer expected to occur, any related gain or loss recognised in other comprehensive income is transferred immediately to profit or loss. If the hedging relationship ceases to meet the effectiveness conditions, hedge accounting is discontinued and the related gain or loss is held in the cash flow hedge reserve until the forecast transaction occurs.

**m) Impairment of financial assets**

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

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

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

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

*Trade receivables*

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

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

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

*Other financial assets*

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

**n) Post-employment and other employee benefits**

**Defined Contribution plan**

Provident Fund

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

Superannuation fund

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

**Defined benefit plans**

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

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

**Other Employee Benefits**

Compensated absences

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

**Other short term benefits**

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

**o) Provisions, contingent assets and contingent liabilities**

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

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

Contingent liability is disclosed for:

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

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

**p) Earnings per share**

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

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

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

**q) Taxes**

**Current income tax**

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

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

**Deferred tax**

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

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

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

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

**r) Government grants and subsidies**

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



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

**s) Non-current assets held for sale**

An entity shall classify a non-current asset as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset is available for immediate sale in its present condition subject only to terms that are usual and customary for sale of such asset and its sale is highly probable. Management must be committed to sale which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets classified as held for sale are presented separately and measured at the lower of their carrying amounts immediately prior to their classification as held for sale and their fair value less costs to sell. However, some held for sale assets such as financial assets, assets arising from employee benefits and deferred tax assets, continue to be measured in accordance with the Company's relevant accounting policy for those assets. Once classified as held for sale, the assets are not subject to depreciation or amortisation.

**t) Treasury shares**

Treasury shares are presented as a deduction from equity. The original cost of treasury shares and the proceeds of any subsequent sale are presented as movements in equity.

**u) Segment reporting**

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

**Identification of segments:**

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

**Allocation of common costs:**

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

**Unallocated items:**

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

**Segment accounting policies**

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

**v) Cash and cash equivalents**

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

**w) Employee Share based payment**

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

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

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

**Allowance for Expected credit losses** – The allowance for doubtful debts reflects management's estimate of losses inherent in its credit portfolio. This allowance is based on Company's estimate of the losses to be incurred, which derives from past experience with similar receivables, current and historical past due amounts, write-offs and collections, the careful monitoring of portfolio credit quality and current and projected economic and market conditions. The Company has also taken into account estimates of possible effect from the pandemic relating to COVID-19. Should the present economic and financial situation persist or even worsen, there could be a further deterioration in the financial situation of the Company's debtors compared to that already taken into consideration in calculating the allowances recognised in the financial statements.

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

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

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

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

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

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

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

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

**(v) Standards issued but not yet effective**

Ministry of Corporate Affairs (“MCA”) notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable from 1 April 2020.

**NOTES OF THE FINANCIAL STATEMENTS for the year ended 31 March, 2020**

(All amounts in ₹ crores, unless otherwise stated)

**2 PROPERTY, PLANT AND EQUIPMENT**

Description	Own assets						Right of use assets	Total
	Freehold land	Buildings	Plant and equipment	Furniture and fixtures	Vehicles	Office equipments	Land	
<b>Gross carrying amount</b>								
As at 1 April 2018	16.88	179.51	1,095.84	10.38	11.16	20.05	67.06	1,400.88
Additions	-	2.32	17.77	0.03	0.62	1.18	39.46	61.38
Disposals	-	(0.14)	(8.18)	(0.09)	(0.33)	(0.14)	-	(8.88)
Foreign exchange fluctuation	-	-	(0.52)	-	-	-	-	(0.52)
<b>As at 31 March 2019</b>	<b>16.88</b>	<b>181.69</b>	<b>1,104.91</b>	<b>10.32</b>	<b>11.45</b>	<b>21.09</b>	<b>106.52</b>	<b>1,452.86</b>
Additions	-	5.60	63.48	0.01	1.53	0.93	-	71.55
Disposals	-	-	(0.49)	-	(0.21)	-	-	(0.70)
Transferred to assets classified as held for sale	-	-	-	-	-	-	(5.66)	(5.66)
Foreign exchange fluctuation	-	-	13.11	-	-	-	-	13.11
<b>As at 31 March 2020</b>	<b>16.88</b>	<b>187.29</b>	<b>1,181.01</b>	<b>10.33</b>	<b>12.77</b>	<b>22.02</b>	<b>100.86</b>	<b>1,531.16</b>
<b>Accumulated depreciation</b>								
As at 1 April 2018	-	36.60	403.27	5.97	4.32	16.50	2.34	469.00
Charge for the year	-	5.14	37.66	0.86	1.13	1.36	1.43	47.58
Disposals	-	(0.02)	(6.93)	(0.09)	(0.15)	(0.14)	-	(7.33)
<b>As at 31 March 2019</b>	<b>-</b>	<b>41.72</b>	<b>434.00</b>	<b>6.74</b>	<b>5.30</b>	<b>17.72</b>	<b>3.77</b>	<b>509.25</b>
Charge for the year	-	5.17	39.18	0.86	1.17	1.23	1.55	49.16
Disposals	-	-	(0.48)	-	(0.13)	-	-	(0.61)
Transferred to assets classified as held for sale	-	-	-	-	-	-	(0.13)	(0.13)
<b>As at 31 March 2020</b>	<b>-</b>	<b>46.89</b>	<b>472.70</b>	<b>7.60</b>	<b>6.34</b>	<b>18.95</b>	<b>5.19</b>	<b>557.67</b>
<b>Net carrying amount as at 31 March 2019</b>	<b>16.88</b>	<b>139.97</b>	<b>670.91</b>	<b>3.58</b>	<b>6.15</b>	<b>3.37</b>	<b>102.75</b>	<b>943.61</b>
<b>Net carrying amount as at 31 March 2020</b>	<b>16.88</b>	<b>140.40</b>	<b>708.31</b>	<b>2.73</b>	<b>6.43</b>	<b>3.07</b>	<b>95.67</b>	<b>973.49</b>

**Note:**

- Additions include ₹ 1.90 crores (31 March 2019: ₹ 0.42 crores) towards assets located at research and development facilities.
- Contractual obligation**  
Refer note 39 (B) for disclosure of contractual commitments for the acquisition of property, plant and equipment.
- Property, plant and equipment pledged as security**  
Refer note 19 and 24 for information on property, plant and equipment pledged as security by the Company.
- During the current year, Company executed an agreement for transfer of 5.145 acres of land ('classified under right of use asset') at B-14/10 MIDC Area, Waluj, Aurangabad, Maharashtra for a consideration of ₹ 15.43 crores. The said transfer is subject to necessary approval from MIDC and execution of assignment deed which is expected to be completed within 12 months. The aforementioned land has been classified as asset held for sale. Further, pursuant to this transaction, Company has received an advance amounting to ₹ 3.85 crores. The fair value of the land was determined using the agreed sale consideration which is a Level 2 measurement as per the fair value hierarchy

**Assets classified under assets held for sale includes:**

Particulars	Amount
Leasehold land	5.66
Less: Accumulated depreciation	(0.13)
	<b>5.53</b>

- Depreciation for the year has been included in "depreciation and amortisation expense" line item in statement of profit and loss.

**NOTES OF THE FINANCIAL STATEMENTS for the year ended 31 March, 2020**

(All amounts in ₹ crores, unless otherwise stated)

**3 CAPITAL WORK-IN-PROGRESS**

Description	Amount
<b>As at 1 April 2018</b>	<b>12.39</b>
Add: Addition during the year	49.49
Less: Capitalisation during the year	(21.92)
<b>As at 31 March 2019</b>	<b>39.96</b>
Add: Addition during the year	47.55
Less: Capitalisation during the year	(71.55)
<b>As at 31 March 2020</b>	<b>15.96</b>

**Note:**

a) including assets in transit ₹ Nil crores (31 March 2019: ₹ 22.99 crores)

**4 INTANGIBLE ASSETS**

Description	Software	Total
<b>Gross carrying amount</b>		
<b>As at 1 April 2018</b>	10.15	10.15
Additions	0.46	0.46
<b>As at 31 March 2019</b>	<b>10.61</b>	<b>10.61</b>
Additions	0.03	0.03
<b>As at 31 March 2020</b>	<b>10.64</b>	<b>10.64</b>
<b>Accumulated amortisation</b>		
<b>As at 1 April 2018</b>	7.06	7.06
Charge for the year	0.45	0.45
<b>As at 31 March 2019</b>	<b>7.51</b>	<b>7.51</b>
Charge for the year	0.41	0.41
<b>As at 31 March 2020</b>	<b>7.92</b>	<b>7.92</b>
<b>Net carrying amount as at 31 March 2019</b>	<b>3.10</b>	<b>3.10</b>
<b>Net carrying amount as at 31 March 2020</b>	<b>2.72</b>	<b>2.72</b>

**5 NON-CURRENT INVESTMENTS**

Particulars	As at 31 March 2020	As at 31 March 2019
<b>Carried at cost</b>		
<b>Investments in equity instruments</b>		
<b>Investment in subsidiaries (unquoted):</b>		
2,836,415 (31 March 2019: 2,836,415) equity shares of EUR 10 each fully paid up in CF (Netherlands) Holdings Limited BV	115.34	115.34
10,000 (31 March 2019: Nil) equity shares of ₹ 10 each fully paid up in Cosmo Speciality Chemicals Private Limited (w.e.f. 2 March 2020)	0.01	-
<b>Carried at fair value through profit and loss</b>		
<b>Investment in equity instruments</b>		
<b>Other (unquoted):</b>		
2,615,000 (31 March 2019: 2,615,000) equity shares of ₹ 0.19 each fully paid up in OPGS Power Gujarat Private Limited.	0.05	0.05
	<b>115.40</b>	<b>115.39</b>
<b>Aggregate amount of unquoted investments</b>	<b>115.40</b>	<b>115.39</b>

**NOTES OF THE FINANCIAL STATEMENTS for the year ended 31 March, 2020**
*(All amounts in ₹ crores, unless otherwise stated)*
**6 NON-CURRENT LOANS**

Particulars	As at 31 March 2020	As at 31 March 2019
Loans considered good - secured*		
- Loans to employees	7.17	8.27
Loans considered good - unsecured		
- Loans to employees	0.72	0.77
- Security deposits	1.80	1.67
	<u>9.69</u>	<u>10.71</u>

\*Loans to employees as mentioned above are secured by equitable mortgage, being first charge on property. There were no significant changes in the quality of the collateral  
The carrying amounts of these financial instruments are reasonable approximation of their fair values.

**7 OTHER NON-CURRENT FINANCIAL ASSETS**

Particulars	As at 31 March 2020	As at 31 March 2019
Deposits with bank (with remaining maturity more than 12 months)	-	5.18
Derivative assets	1.80	3.10
	<u>1.80</u>	<u>8.28</u>

**Note:**

The carrying amounts of these financial instruments are reasonable approximation of their fair values.

**8 OTHER NON-CURRENT ASSETS**

Particulars	As at 31 March 2020	As at 31 March 2019
Capital advances	28.15	28.33
Prepaid expenses	2.87	1.75
Recoverable from sales tax department	21.12	16.89
	<u>52.14</u>	<u>46.97</u>

**9 INVENTORIES**

Particulars	As at 31 March 2020	As at 31 March 2019
Raw materials (refer note a below)	83.53	94.48
Finished goods (refer note b below)	64.52	55.57
Stores and spares	22.55	21.73
	<u>170.60</u>	<u>171.78</u>

**Note:**

- including goods in transit ₹ 13.99 crores ( 31 March 2019: ₹ 14.52 crores )
- including goods in transit ₹ Nil ( 31 March 2019: ₹ 14.26 crores )

**NOTES OF THE FINANCIAL STATEMENTS for the year ended 31 March, 2020**

(All amounts in ₹ crores, unless otherwise stated)

**10 CURRENT INVESTMENTS**

Particulars	As at 31 March 2020	As at 31 March 2019
<b>Investments carried at fair value through profit and loss</b>		
Investments in mutual funds (quoted) (refer note a below)	7.03	56.12
Investments in perpetual bonds (quoted) (refer note a below)	-	21.11
<b>Investment carried at fair value through other comprehensive income</b>		
Investments in perpetual bonds (quoted) (refer note a below)	138.48	-
	<u>145.51</u>	<u>77.23</u>
<b>a) Details of investments are as follows:</b>		
<b>Investments carried at fair value through profit and loss</b>		
<b>Investments in mutual funds (quoted)</b>		
ICICI Prudential Ultra Short Term Fund Direct Plan Growth**	5.44	5.01
TFG1Z Tata Ultra Short Term Fund Direct Plan- Growth	0.09	5.32
Franklin India Ultra Short Plan	-	20.23
Reliance Ultra Short Duration Direct-G	-	20.23
Birla Sunlife Floating Rate Fund Long Term Plan-Growth-Direct-Plan	-	5.33
Axis Bluechip Fund-Direct Plan Growth	1.50	-
	<u>7.03</u>	<u>56.12</u>
<b>Investments in perpetual bonds (quoted)</b>		
State Bank of India Series 1 NCD Perpetual Bond *	-	10.32
HDFC Bank Limited SR-1 Perpetual Bond *	-	10.79
	<u>-</u>	<u>21.11</u>
<b>Investments carried at fair value through other comprehensive income</b>		
<b>Investments in perpetual bonds (quoted)</b>		
State Bank of India Series 1 NCD Perpetual Bond	20.34	-
HDFC Bank Limited SR-1 Perpetual Bond	21.40	-
ICICI Bank Limited SR-DDE18AT BD Perpetual Bond	34.61	-
State Bank of India Series 1 BD Perpetual Bond	20.70	-
State Bank of India Series II BD Perpetual Bond	20.74	-
Bank of Baroda Series IX Basel III Additional Tier-I NC Prepetual Bond	10.03	-
ICICI Bank Limited SR-DMR18AT BD Perpetual Bond	10.66	-
	<u>138.48</u>	<u>-</u>

\* During the year, investments in above debt securities (perpetual bonds) has been reclassified from fair value through profit and loss (FVTPL) to fair value through other comprehensive income (FVOCI) due to a change in the business model from previously held for trading to a business model whose objective is achieved by both collecting contractual cash flows and selling those debt securities. The date of such reclassification is 1 January 2020.

**Particulars**

Debt securities reclassified from FVTPL to FVOCI on the date of reclassification (₹ in crores)	127.97
Interest income recognised on debt securities till the date of reclassification (₹ in crores)	4.08
Effective interest rate on debt securities as at the date of reclassification (% ranging from)	8.21%-8.55%

\*\* Investments in mutual funds amounting to ₹ 5.44 crores (31 March 2019: ₹ nil) is pledged as margin money for foreign currency hedges.



**NOTES OF THE FINANCIAL STATEMENTS for the year ended 31 March, 2020**
*(All amounts in ₹ crores, unless otherwise stated)*
**11 TRADE RECEIVABLES**

Particulars	As at 31 March 2020	As at 31 March 2019
Trade receivables considered good- unsecured	168.39	206.05
Trade receivables- credit impaired	2.47	3.26
	<u>170.86</u>	<u>209.31</u>
Less: allowance for expected credit losses	<u>(2.47)</u>	<u>(3.26)</u>
	<u><u>168.39</u></u>	<u><u>206.05</u></u>

**Note:**

- a) The carrying amounts of these financial instruments are reasonable approximation of their fair values.  
b) Refer note 19 and 24 for trade receivables pledged as security for liabilities.

**12 CASH AND CASH EQUIVALENTS**

Particulars	As at 31 March 2020	As at 31 March 2019
Balances with banks		
- in current accounts	4.08	23.37
- in deposit account with original maturity upto 3 months	-	20.01
Cash on hand	0.16	0.01
	<u>4.24</u>	<u>43.39</u>

The carrying amounts of these financial instruments are reasonable approximation of their fair values.

**13 OTHER BANK BALANCES**

Particulars	As at 31 March 2020	As at 31 March 2019
Earmarked balances with banks in current accounts		
- Unclaimed dividend account	1.40	1.08
Pledged deposits (refer note a and b below)	32.48	10.44
Deposits with bank (with original maturity more than 3 months but remaining maturity less than 12 months)	-	17.16
	<u>33.88</u>	<u>28.68</u>

**Note:**

- a) Pledged deposits include deposits amounting to ₹ 4.67 crores (31 March 2019: ₹ 5.08 crores) pledged as margin money for issue of letter of credit and bank guarantees.  
b) Deposit amounting to ₹ 27.81 crores (31 March 2019: ₹ 5.36 crores) are pledged against overdraft facility.  
The carrying amounts of these financial instruments are reasonable approximation of their fair values.

**NOTES OF THE FINANCIAL STATEMENTS for the year ended 31 March, 2020**

(All amounts in ₹ crores, unless otherwise stated)

**14 CURRENT LOANS**

Particulars	As at 31 March 2020	As at 31 March 2019
Loans considered good- secured*	0.96	-
Loans considered good- unsecured		
- Loans to employees	0.53	0.51
- Security deposit	0.28	0.28
	<u>1.77</u>	<u>0.79</u>

\*Loans to employees as mentioned above are secured by equitable mortgage, being first charge on property. There were no significant changes in the quality of the collateral. The carrying amounts of these financial instruments are reasonable approximation of their fair values.

**15 OTHER CURRENT FINANCIAL ASSETS**

Particulars	As at 31 March 2020	As at 31 March 2019
Discount recoverable	6.07	0.62
Export benefits recoverable	16.98	30.92
Derivative assets	21.24	8.04
Others	3.08	8.13
	<u>47.37</u>	<u>47.71</u>

The carrying amounts of these financial instruments are reasonable approximation of their fair values.

**16 OTHER CURRENT ASSETS**

Particulars	As at 31 March 2020	As at 31 March 2019
Advance to suppliers	11.01	4.88
Balances with statutory authorities	33.27	25.82
Prepaid expenses	6.64	3.76
Others	2.28	2.50
	<u>53.20</u>	<u>36.96</u>

**17 EQUITY SHARE CAPITAL**

Particulars	As at 31 March 2020	As at 31 March 2019
<b>Authorised</b>		
25,000,000 equity shares of ₹ 10 each (31 March 2019 : 25,000,000 equity shares of ₹ 10 each)	25.00	25.00
<b>Issued, subscribed and fully paid up</b>		
19,440,076 equity shares of ₹ 10 each (31 March 2019 : 19,440,076 equity shares of ₹ 10 each)	19.44	19.44
	<u>19.44</u>	<u>19.44</u>

**NOTES OF THE FINANCIAL STATEMENTS for the year ended 31 March, 2020**

(All amounts in ₹ crores, unless otherwise stated)

	As at 31 March 2020		As at 31 March 2019	
	No of shares	Amount	No of shares	Amount
<b>Reconciliation of number of shares</b>				
Equity shares at the beginning of the year	19,440,076	19.44	19,440,076	19.44
Changes during the year	-	-	-	-
Equity shares at the end of the year	<u>19,440,076</u>	<u>19.44</u>	<u>19,440,076</u>	<u>19.44</u>

**Notes:**

- (i) Of the above 242,051 shares have been allotted to erstwhile shareholders of Gujarat Propack Limited on amalgamation in the financial year 2002-03. No shares has been issued for consideration other than cash in the current reporting year and in last five years immediately preceding the current reporting year.
- (ii) Of the above 8,486,705 shares have been allotted as fully paid bonus shares by capitalisation of capital reserves and share premium account in the financial year 2002-03. No shares have been issued as bonus shares in the current reporting year and in last five years immediately preceding the current reporting year.
- (iii) There has not been any buy-back of shares in the current reporting year and in last five years immediately preceding the current reporting year.
- (iv) Final dividend recommended by the board is ₹ Nil per equity share (31 March 2019: ₹ 6) Further during current year, Board of Directors declared an interim dividend of ₹15 per equity share(31 March 2019: ₹ Nil) During the year ended 31 March 2020, the amount of per share dividend recognised as distributions to equity shareholders was ₹ 21 per share (31 March 2019: ₹ 6 per share).

**(v) Terms and rights attached to equity shares:**

The Company has only one class of equity shares having the par value of ₹ 10 per share. Each holder of equity share is entitled to one vote per share. The Company declares and pays dividend in Indian Rupees. The dividend proposed by Board of Directors is subject to approval of shareholders in Annual General Meeting except in case of interim dividend.

In the event of liquidation of the Company, the holder of equity shares will be entitled to receive remaining assets of the Company, after payment of all liabilities. The distribution will be in proportion to the number of equity shares held by the shareholders.

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

	As at 31 March 2020		As at 31 March 2019	
	No of shares	% holding	No of shares	% holding
Mr. Ashok Jaipuria*	7,903,377	40.66%	8,106,744	41.70%

\* it includes 7,508,216 shares (31 March 2019: 7,508,216) registered under name of Mr. Ashok Jaipuria where beneficial owner is Gayatri and Annapurna (partnership firm)

**(vii) Shares reserved for issue under options**

Particulars	As at	As at
	31 March 2020	31 March 2019
	No. of shares	No. of shares
Under the Cosmo Films Employees Stock Option Plan 2015 (CF ESOP 2015), equity share of ₹ 10 each, at an exercise price as decided by management on case to case basis	491,982	276,396

These shares are held as treasury shares under other equity (refer note 18)  
 For terms and details refer note 41

**NOTES OF THE FINANCIAL STATEMENTS for the year ended 31 March, 2020**

(All amounts in ₹ crores, unless otherwise stated)

**18 OTHER EQUITY**

Particulars	As at 31 March 2020	As at 31 March 2019
<b>Retained earnings</b>		
Opening balance	347.84	303.38
Add: net profit for the year	114.04	58.38
Less: remeasurements of defined benefit plans	(0.44)	(0.02)
Less: equity dividend paid	(40.23)	(11.50)
Less: tax on equity dividend	(8.40)	(2.40)
<b>Closing balance</b>	<b><u>412.81</u></b>	<b><u>347.84</u></b>
<b>General reserve</b>		
Opening balance	290.08	290.08
Add: transfer during the year	-	-
<b>Closing balance</b>	<b><u>290.08</u></b>	<b><u>290.08</u></b>
<b>Capital reserve</b>		
Opening balance	3.32	3.32
Add: changes during the year	-	-
<b>Closing balance</b>	<b><u>3.32</u></b>	<b><u>3.32</u></b>
<b>Securities premium account</b>		
Opening balance	31.26	31.26
Add: changes during the year	-	-
<b>Closing balance</b>	<b><u>31.26</u></b>	<b><u>31.26</u></b>
<b>Treasury shares</b>		
Opening balance	(8.46)	(8.46)
Add: acquisition during the year	(4.52)	-
<b>Closing balance</b>	<b><u>(12.98)</u></b>	<b><u>(8.46)</u></b>
<b>Share options outstanding account</b>		
Opening balance	5.23	3.23
Add: employee share-based compensation	1.03	2.00
<b>Closing balance</b>	<b><u>6.26</u></b>	<b><u>5.23</u></b>
<b>Effective portion of cash flow hedges</b>		
Opening balance	6.58	(5.17)
Add: changes in value of hedging instruments recognised in other comprehensive income	4.85	20.58
Less: reclassified from other comprehensive income to profit or loss	(16.99)	(2.53)
Add: deferred tax relating to above (net) exchange difference	4.24	(6.30)
<b>Closing balance</b>	<b><u>(1.32)</u></b>	<b><u>6.58</u></b>
<b>Debt instruments through other comprehensive income</b>		
Opening balance	-	-
Add: changes in fair value of debt instruments carried at fair value through other comprehensive income	(3.44)	-
<b>Closing balance</b>	<b><u>(3.44)</u></b>	<b><u>-</u></b>
<b>Total other equity</b>	<b><u>726.00</u></b>	<b><u>675.85</u></b>

**NOTES OF THE FINANCIAL STATEMENTS for the year ended 31 March, 2020**

(All amounts in ₹ crores, unless otherwise stated)

**Nature and purpose of reserves****(i) Capital reserve**

Capital reserve was created under financial statements prepared in accordance with accounting standards notified under the section 133 of the Companies Act, 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 ('previous GAAP') out of the profit earned from a specific transaction of capital nature.

**(ii) Securities premium account**

Securities premium account represents premium received on issue of shares. The account is utilised in accordance with the provisions of the Companies Act, 2013.

**(iii) General reserve**

The Company has transferred a portion of the net profit before declaring dividend to general reserve pursuant to the earlier provision of Companies Act, 1956. Mandatory transfer to general reserve is not required under the Companies Act, 2013.

**(iv) Share options outstanding account**

The reserve is used to recognize the grant date fair value of the options issued to employees under Company's employee stock option plan.

**(v) Treasury shares**

This represents Company's own equity shares held by the Cosmo ESOP Trust which is created under the Employee Stock Option Plan, 2015.

**(vi) Effective portion of cash flow hedges**

The cash flow hedging reserve represents the cumulative effective portion of gains or losses arising on changes in fair value of designated portion of hedging instruments entered into for cash flow hedges. Such gains or losses will be reclassified to statement of profit and loss in the period in which the hedged transaction occurs.

**(vii) Debt instruments through other comprehensive income**

The Company has classified investments in perpetual bonds as at fair value through other comprehensive income (FVOCI) since:

- (a) perpetual bonds are held within a business model whose objective is achieved by both collecting contractual cash flows and selling those bonds; and
- (b) the contractual terms of perpetual bonds give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

This reserve represents changes in fair value of perpetual bonds from the date of such classification to the reporting date. When the perpetual bonds are derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment.

**NOTES OF THE FINANCIAL STATEMENTS for the year ended 31 March, 2020**

(All amounts in ₹ crores, unless otherwise stated)

**19 NON-CURRENT BORROWINGS (SECURED)**

Particulars	As at 31 March 2020	As at 31 March 2019
Foreign currency loans (refer note A below)*		
- from banks	285.08	313.99
- from others	80.72	86.01
Rupee term loans (refer note B below)		
- from banks	87.24	102.63
- from others	26.67	34.68
Vehicle loans (refer note C below)	3.23	2.35
	<b>482.94</b>	<b>539.66</b>
Less:- Current maturities disclosed under other financial liabilities (refer note 26)	127.64	107.72
	<b>355.30</b>	<b>431.94</b>

\*include hedged foreign currency borrowings of ₹ 221.37 crores ( 31 March 2019: ₹ 292.39 crores)

**Notes:**

	As at 31 March 2020	As at 31 March 2019
<b>(A) Foreign currency loans comprises of :</b>		
(i) Loan of EUR 10,367,450 taken from Landesbank Baden Wurttemberg Bank (LBBW) during the financial year 2012-13, 2013-14 and 2014-15 and carries interest based upon Euribor plus 105 bps per annum. The loan is repayable in 17 equal semi-annual instalments of EUR 609,850 each after six month from the signing of final acceptance certificate for start of commercial production. <b>Security</b> The above loan is secured against hypothecation of machinery financed out of the loan amount at the Company's plant at Shendra, Aurangabad.	30.40	37.93
(ii) Loan of USD 3,581,148 (₹ 25 crores) taken from ICICI Bank Limited (ICICI) during the financial year 2019-20 and carries interest rate based upon 3 month USD libor plus 3.31% per annum. The loan is repayable in 12 quarterly instalments starting at the end of first fiscal quarter from the first drawdown date. <b>Security</b> The above loan is secured against (i) First pari passu charge over the movable and immovable fixed assets of the company both present and future, other than assets specifically carved out. (ii) Second pari passu charge on current assets of the Company both present and future.	22.95	-

**NOTES OF THE FINANCIAL STATEMENTS for the year ended 31 March, 2020**
*(All amounts in ₹ crores, unless otherwise stated)*

<p><b>(iii)</b> Loan of USD 9,729,936 taken from Export-Import Bank (EXIM) of India during the financial year 2015-16 , 2016-17 and 2017-18 and carries interest rate based upon Libor plus 275 bps per annum. The loan is repayable in 24 equal quarterly instalments commencing after a moratorium of 18 months from scheduled commercial operation date or actual commercial operation date whichever is earlier.</p> <p><b>Security</b> The above loan is secured against (i) first pari passu charge over the movable and immovable fixed assets of the company both present and future, other than assets specifically carved out. (ii) second pari passu charge on current assets of the company both present and future.</p>	51.97	58.91
<p><b>(iv)</b> Loan of EUR 14,614,201 taken from Landesbank Baden Wurtemberg Bank (LBBW) during the financial year 2015-16, 2016-17 and 2017-18 and carries interest rate based upon Euribor plus 60 bps per annum. The loan is repayable in 20 equal semi-annual instalments from the date of 28 February 2018.</p> <p><b>Security</b> The above loan is secured against hypothecation of machinery financed out of the loan amount at the Company's plant at Karjan, Aurangabad.</p>	91.08	96.57
<p><b>(v)</b> Loan of ₹ 60 crores taken from State Bank of India and carries interest rate base rate plus 230 bps. During the financial year 2018-19 and 2019-20 this loan has been converted into hedged Foreign currency non -resident ("FCNR") loan. The tenure of facilities remain in-line with the original sanction.</p> <p><b>Security</b> The above loan is secured against (i) first pari passu charge over the movable and immovable fixed assets of the Company both present and future, other than assets specifically carved out. (ii) second pari passu charge on current assets of the Company both present and future.</p>	13.54	22.92
<p><b>(vi)</b> Loan of EUR 4,586,555 (₹ 35 crores) taken from Yes Bank Limited during the financial year 2017-18 and carries interest rate based on 6 months Euribor plus 280 bps per annum. The loan is repayable in 10 equal half yearly instalments starting from December 2017.</p> <p><b>Security</b> The above loan is secured against (i) first paripassu charge over movable and immovable fixed assets of the Company both present and future other than assets specifically carved out. (ii) second pari-passu charge on current assets of the Company both present and future.</p>	19.05	24.96
<p><b>(vii)</b> Loan of EUR 4,700,510 (₹ 35 crores) taken from Infrastructure Development Finance Company (IDFC) during the financial year</p>	29.29	36.54



**NOTES OF THE FINANCIAL STATEMENTS for the year ended 31 March, 2020**

(All amounts in ₹ crores, unless otherwise stated)

<p>2017-18 and carries interest rate Euribor plus 245 bps. The loan is repayable in 8 equal semi annual instalments after moratorium of 18 months from the date of disbursement.</p> <p><b>Security</b> The above loan is secured against (i) first paripassu charge over movable and immovable fixed assets of the Company both present and future other than assets specifically carved out. (ii) second pari-passu charge on current assets of the Company both present and future.</p>		
<p><b>viii)</b> Loan of USD 5,200,594 (₹ 35 crores) taken from IndusInd Bank during the financial year 2016-17 and carries interest rate based upon Mibor plus 465 bps per annum. The loan is repayable in 17 equal quarterly instalments after moratorium of 12 months from the first date of disbursement.</p> <p><b>Security</b> The above loan is secured against (i) first pari-passu charge over movable and immovable fixed assets of the Company both present and future, other than assets specifically carved out. (ii) second pari-passu charge on current assets of the Company both present and future.</p>	13.84	21.16
<p><b>(ix)</b> Loan of ₹ 27.76 crores taken from IDBI Bank Limited (IDBI) during the financial year 2014-15 and 2015-16 and carries interest based upon base rate plus 2.5% per annum. The loan is repayable in 10 structured half yearly instalments starting from 31 March 2018. During the financial year 2018-19 and 2019-20, this loan has been converted into fully hedged FCNR loan. The tenure of facilities remain in-line with the original sanction.</p> <p><b>Security</b> The above loan is secured against (i) Demand Promissory Note (ii) First pari passu charge over the movable and immovable fixed assets of the Company both present and future, other than assets specifically carved out. (iii) Second pari passu charge on current assets of the Company both present and future.</p>	14.65	19.23
<p><b>(x)</b> Loan of EUR 4,752,270 (₹ 40 crores) taken from Yes Bank Limited during the financial year 2018-19 and carries interest rate based on 6 months Euribor plus 310 bps per annum. The loan is repayable in 9 equal half yearly instalments after moratorium of 6 months from the first date of disbursement.</p> <p><b>Security</b> The above loan is secured against (i) first paripassu charge by way of hypothecation on movable and by way of equitable mortgage over all immovable fixed assets (both present and future) except those are exclusively charged to other lenders (ii) second pari-passu charge by way of hypothecation on current assets of the borrower (both present and future).</p>	30.71	36.94

**NOTES OF THE FINANCIAL STATEMENTS for the year ended 31 March, 2020**
*(All amounts in ₹ crores, unless otherwise stated)*

<p><b>(xi)</b> Loan of USD 6,768,043 (₹ 50 crores) taken from ICICI Bank Limited (ICICI) during the financial year 2018-19 and carries interest rate based upon Euribor plus 4.113% per annum. The loan is repayable in 18 quarterly instalments starting from 31 Decmber 2018.</p> <p><b>Security</b> The above loan is secured against (i) First pari passu charge over the movable and immovable fixed assets of the Company both present and future, other than assets specifically carved out. (ii) Second pari passu charge on current assets of the Company both present and future.</p>	48.93	45.84
<b>B Rupee term loans comprises of :</b>		
<p><b>(i)</b> Loan of ₹ 60 crores taken from State Bank of India during the financial year 2013-14 and carries interest rate based upon base rate plus 2.3% per annum. The loan is repayable after a moratorium of 24 month from the date of disbursement in 24 equal quarterly instalments of ₹ 2.5 crores each. This loan has been converted into hedged FCNR loan. (refer note A (v)). This represents the balance amount remaining after conversion.</p>	-	0.07
<p><b>(ii)</b> Loan of ₹ 60 crores taken from Shyam Rao Vithal Co-operative Bank Limited during the financial year 2016-17 and 2017-18 and carries interest rate based upon State Bank of India's 6 month MCLR plus 165 bps per annum to be reset on quarterly basis. The loan is repayable in 21 equal after moratorium of 12 months from the date of disbursement.</p> <p><b>Security</b> The above loan is secured against (i) First paripassu charge over movable and immovable fixed assets of the Company both present and future, other than assets specifically carved out. (ii) Second pari-passu charge on current assets of the Company both present and future.</p>	32.76	44.68
<p><b>(iii)</b> Loan of ₹ 40 crores taken from Bajaj Finance Limited during the financial year 2017-18 and carries interest rate linked to SBI's one year MCLR to be reset quarterly. The loan is repayable in 60 equal monthly instalments after moratorium of 12 months from the date of disbursement.</p> <p><b>Security</b> The above loan is secured against (i) first paripassu charge over movable and immovable fixed assets of the Company both present and future, other than assets specifically carved out. (ii) second pari-passu charge on current assets of the Company both present and future.</p>	26.67	34.68
<p><b>(iv)</b> Loan of ₹ 60 crores taken from IndusInd Bank during the financial year 2018-19 and carries interest rate based upon Mibor plus 250 bps, monthly. The loan is repayable in 22 equal quarterly instalments after moratorium of 6 months from the first date of disbursement.</p>	54.55	57.94

**NOTES OF THE FINANCIAL STATEMENTS for the year ended 31 March, 2020**

(All amounts in ₹ crores, unless otherwise stated)

<b>Security</b>	The above loan is secured against (i) first pari-passu charge over movable and immovable fixed assets of the Company both present and future, other than assets specifically carved out. (ii) second pari-passu charge on current assets of the Company both present and future.		
<b>C</b>	<b>Vehicle loans taken from Union Bank of India carries interest @ 8% - 9% per annum. This loan is repayable in 3 years</b>		
	<b>Security</b>		
	Vehicle loans from Union Bank of India are secured against hypothecation of respective vehicles.	3.23	2.35
	Less: Adjustment for processing fees on long term loans recognised using effective interest rate	(0.68)	(1.06)
		<u>482.94</u>	<u>539.66</u>

**Note:**

Current maturities of long term borrowings are disclosed under note 26- other current financial liabilities.

Refer note 45 and 46 for disclosure of fair values in respect financial liabilities measured at amortised cost and analysis of maturity profile.

Refer note 49 for reconciliation of liabilities arising from financing activities

**20 OTHER NON-CURRENT FINANCIAL LIABILITIES**

Particulars	As at 31 March 2020	As at 31 March 2019
Derivative liabilities	0.57	-
	<u>0.57</u>	<u>-</u>

**21 PROVISIONS**

Particulars	As at 31 March 2020	As at 31 March 2019
Provision for gratuity (refer note 42)	6.75	-
	<u>6.75</u>	<u>-</u>

**NOTES OF THE FINANCIAL STATEMENTS for the year ended 31 March, 2020**
*(All amounts in ₹ crores, unless otherwise stated)*
**22 DEFERRED TAX LIABILITIES (NET)#**

Particulars	As at 31 March 2020	As at 31 March 2019
<b>Deferred tax asset arising on account of:</b>		
Cash flow hedge reserve	0.64	-
Expenses deductible in future years under Income tax Act, 1961	4.74	-
Unabsorbed business losses	-	3.94
Minimum alternative tax credit entitlement	89.06	95.94
	<u>94.44</u>	<u>99.88</u>
<b>Deferred tax liability arising on account of:</b>		
Property, plant and equipment and other intangible assets -depreciation and amortisation	155.79	142.59
Income taxable in future years under Income tax Act, 1961	-	0.56
Cash flow hedge reserve	-	3.61
	<u>155.79</u>	<u>146.76</u>
	<u>61.35</u>	<u>46.88</u>

# Refer note 37 for movement in deferred tax balances.

**23 OTHER NON-CURRENT LIABILITIES**

Particulars	As at 31 March 2020	As at 31 March 2019
Deferred income on export promotion capital goods scheme	50.07	52.96
	<u>50.07</u>	<u>52.96</u>

**24 CURRENT BORROWINGS (SECURED)**

Particulars	As at 31 March 2020	As at 31 March 2019
<b>Loans repayable on demand</b>		
from banks	30.68	-
<b>Other loans</b>		
Cash credit and other working capital facilities	207.26	200.86
Amount payable recognised on account of factoring with recourse for receivables	-	1.32
	<u>237.94</u>	<u>202.18</u>

**Notes:**

- (a) Cash credits and other working capital facilities are secured by hypothecation of inventories, trade receivable and second charge on fixed assets secured to financial institutions except assets exclusively carved out.

**NOTES OF THE FINANCIAL STATEMENTS for the year ended 31 March, 2020**

(All amounts in ₹ crores, unless otherwise stated)

**25 TRADE PAYABLES**

Particulars	As at 31 March 2020	As at 31 March 2019
Trade payables		
- total outstanding dues of micro and small enterprises	0.80	0.13
- total outstanding dues of creditors other than micro and small enterprises	95.10	106.42
Acceptances	48.88	83.66
<b>Total</b>	<b>144.78</b>	<b>190.21</b>

The above disclosure has been determined to the extent such parties have been identified on the basis of information available with the Company.

Particulars	31 March 2020	31 March 2019
i the principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year;	0.80	0.13
ii the amount of interest paid by the buyer in terms of section 16, along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year;	-	-
iii the amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under this Act;	-	-
iv the amount of interest accrued and remaining unpaid at the end of each accounting year; and	-	-
v the amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under section 23.	-	-

The carrying amounts of these financial instruments are reasonable approximation of their fair values.

**26 OTHER CURRENT FINANCIAL LIABILITIES**

Particulars	As at 31 March 2020	As at 31 March 2019
Current maturities of long-term borrowings (refer note 19)	127.64	107.72
Interest accrued but not due on borrowings	1.22	1.33
Security deposits	0.89	1.14
Unpaid dividend	1.40	1.08
Other accrued liabilities	36.78	30.93
Employee related liabilities	17.96	7.24
Derivative liabilities	5.81	7.15
	<b>191.70</b>	<b>156.59</b>

The carrying amounts of these financial instruments are reasonable approximation of their fair values.

**NOTES OF THE FINANCIAL STATEMENTS for the year ended 31 March, 2020**
*(All amounts in ₹ crores, unless otherwise stated)*
**27 PROVISIONS**

Particulars	As at 31 March 2020	As at 31 March 2019
Provision for gratuity (refer note 42)	2.34	0.06
Provision for compensated absences	0.85	0.20
	<u>3.19</u>	<u>0.26</u>

**28 OTHER CURRENT LIABILITIES**

Particulars	As at 31 March 2020	As at 31 March 2019
Statutory dues	2.30	3.29
Advance received from customers	13.93	8.94
Deferred income on export promotion capital goods scheme	2.89	2.89
	<u>19.12</u>	<u>15.12</u>

**29 CURRENT TAX LIABILITIES (NET)**

Particulars	As at 31 March 2020	As at 31 March 2019
Provision for tax (net of advance tax)	-	1.38
	<u>-</u>	<u>1.38</u>

**30 REVENUE FROM OPERATIONS**

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
<b>Operating revenue (refer note a below)</b>		
Sale of products-domestic	1,114.58	1,056.13
Sale of products-export	853.25	920.67
	<u>1,967.83</u>	<u>1,976.80</u>
<b>Other operating revenue</b>		
Export benefit income	35.16	43.38
Sales tax incentive	17.15	17.15
Job work charges	4.14	3.82
Scrap sales	5.19	6.21
Others	2.65	3.03
<b>Revenue from operations</b>	<u>2,032.12</u>	<u>2,050.39</u>

**NOTES OF THE FINANCIAL STATEMENTS for the year ended 31 March, 2020**

(All amounts in ₹ crores, unless otherwise stated)

**Note:**

- a) Company applies Indian Accounting Standard 115 'Revenue from Contracts with Customers' ("Ind AS 115"). Under Ind AS 115, revenue is recognised through a 5-step approach:
- (i) Identify the contracts with customer;
  - (ii) Identify separate performance obligations in the contract;
  - (iii) Determine the transaction price;
  - (iv) Allocate the transaction price to the performance obligations; and
  - (v) Recognise revenue when a performance obligation is satisfied.

**(i) Disaggregation of revenue**

The Company has performed a disaggregated analysis of revenues considering the nature, amount, timing and uncertainty of revenues. This includes disclosure of revenues by geography and timing of recognition.

**Year ended 31 March 2020**

Revenue from operations	Goods	Other operating revenue*	Total
<b>Revenue by geography</b>			
Domestic	1,114.58	11.98	1,126.56
Export	853.25	-	853.25
<b>Total</b>	<b><u>1,967.83</u></b>	<b><u>11.98</u></b>	<b><u>1,979.81</u></b>
<b>Revenue by time</b>			
Revenue recognised at point in time			1,979.81
Revenue recognised over time			-
<b>Total</b>			<b><u>1,979.81</u></b>

\* excludes export benefit income of ₹ 35.16 crores and sales tax incentive of ₹ 17.15 crores

**Year ended 31 March 2019**

Revenue from operations	Goods	Other operating revenue	Total
<b>Revenue by geography</b>			
Domestic	1,056.13	13.06	1,069.19
Export	920.67	-	920.67
<b>Total</b>	<b><u>1,976.80</u></b>	<b><u>13.06</u></b>	<b><u>1,989.86</u></b>
<b>Revenue by time</b>			
Revenue recognised at point in time			1,989.86
Revenue recognised over time			-
<b>Total</b>			<b><u>1,989.86</u></b>

\* excludes export benefit income of ₹ 43.38 crores and sales tax incentive of ₹ 17.15 crores

**(ii) Revenue recognised in relation to contract liabilities**

Ind AS 115 also requires disclosure of 'revenue recognised in the reporting period that was included in the contract liability balance at the beginning of the period' and 'revenue recognised in the reporting period from performance obligations satisfied (or partially satisfied) in previous periods. Same has been disclosed as below:



**NOTES OF THE FINANCIAL STATEMENTS for the year ended 31 March, 2020**
*(All amounts in ₹ crores, unless otherwise stated)*

Description	Year ended 31 March 2020	Year ended 31 March 2019
Revenue recognised in the reporting period that was included in the contract liability balance at the beginning of the period	8.16	9.15
Revenue recognised in the reporting period from performance obligations satisfied (or partially satisfied) in previous periods	-	-

**(iii) Assets and liabilities related to contracts with customers**

Description	As at 31 March 2020	As at 31 March 2019
<b>Contract liabilities related to sale of goods</b>		
Advance from customers	13.93	8.94

**(iv) Reconciliation of revenue recognised in statement of profit and loss with contract price**

Description	Year ended 31 March 2020	Year ended 31 March 2019
Contract price	2,061.71	2,055.70
Less: Discount, rebates, credits etc.	81.90	65.84
<b>Revenue from operations as per statement of profit and loss</b>	<b><u>1,979.81</u></b>	<b><u>1,989.86</u></b>

**b) Details of products sold**

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
Manufactured goods		
- Packaging films	1,967.83	1,976.80
<b>Total</b>	<b><u>1,967.83</u></b>	<b><u>1,976.80</u></b>

**31 OTHER INCOME**

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
Interest income from		
- Fixed deposits with banks	4.66	1.55
- Other financial assests carried at amortised cost	1.57	1.68
- Investment in perpetual bonds carried at fair value through other comprehensive income.	3.05	-
- Investment in perpetual bonds carried at fair value through profit and loss	4.08	0.21
Gain on investments carried at fair value through profit and loss	1.51	2.33
Reversal of allowance for expected credit losses	0.29	-
Insurance and other claims	1.75	2.20
Grant income on export promotion capital goods scheme	2.89	2.89
Liabilities no longer required written back	0.11	0.70
	<b><u>19.91</u></b>	<b><u>11.56</u></b>

**NOTES OF THE FINANCIAL STATEMENTS for the year ended 31 March, 2020**
*(All amounts in ₹ crores, unless otherwise stated)*
**32 CHANGE IN INVENTORY**

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
<b>Opening stock</b>		
Finished goods	55.57	71.12
<b>Closing stock</b>		
Finished goods	64.52	55.57
	<u>(8.95)</u>	<u>15.55</u>
<b>Note:</b>		
Finished goods		
- Packaging films	64.52	55.57
<b>Total</b>	<u>64.52</u>	<u>55.57</u>

**33 EMPLOYEE BENEFIT EXPENSE**

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
Salaries, wages, allowances and bonus	115.89	82.70
Employee share-based compensation	1.03	2.00
Contribution to provident and other funds (refer note 42)	4.92	4.12
Staff welfare expenses	3.28	3.00
	<u>125.12</u>	<u>91.82</u>

**34 FINANCE COSTS**

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
Interest on		
Term loans	18.90	23.57
Cash credit and short term loans	12.53	15.24
Others	1.37	0.02
Foreign exchange fluctuation to the extent regarded as an adjustment to borrowing costs	8.45	8.25
Other borrowings costs	8.14	4.59
	<u>49.39</u>	<u>51.67</u>

The finance cost shown above is net of borrowing costs capitalised during the year ended 31 March 2020 amounting to ₹ 0.64 crores at 5.48% (31 March 2019: ₹ 1.92 crores).

**35 DEPRECIATION AND AMORTISATION**

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
Depreciation on property, plant and equipment	49.16	47.58
Amortisation of intangible assets	0.41	0.45
	<u>49.57</u>	<u>48.03</u>

**NOTES OF THE FINANCIAL STATEMENTS for the year ended 31 March, 2020**
*(All amounts in ₹ crores, unless otherwise stated)*
**36 OTHER EXPENSES**

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
Rent	2.08	1.96
Rates and taxes	1.19	1.04
Stores, spare parts and packing materials consumed	70.19	68.92
Insurance	2.46	1.74
Repair and maintenance		
- Building	1.03	1.15
- Machinery	13.22	10.58
- Others	4.72	4.49
Power and fuel	126.79	121.68
Other manufacturing expenses	1.86	0.29
Printing and stationary	0.42	0.46
Training and recruitment expenses	0.78	0.53
Travelling and conveyance	6.12	7.59
Vehicle running and maintenance	6.27	5.87
Communication expenses	1.07	1.11
Legal and professional charges	8.25	7.25
Foreign exchange loss (net)	9.58	6.42
Corporate social responsibility (CSR) expenditure (refer note b below)	2.38	1.44
Freight and forwarding	2.18	1.59
Other selling expenses	4.04	6.06
Grant from government authorities written off	4.51	-
Payment to auditors (refer note a below)	0.63	0.61
Miscellaneous expenses	6.82	4.45
	<b>276.59</b>	<b>255.23</b>

**Note:** Other expenses includes research and development expenses (refer note 40)

**a) Payment to auditors (exclusive of goods and service tax)**

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
As auditor		
- Audit fee	0.56	0.54
- Tax audit fee	0.03	0.03
In other capacity		
- Certification and other matters	0.02	0.02
- Reimbursement of out of pocket expenses	0.02	0.02
<b>Total</b>	<b>0.63</b>	<b>0.61</b>

**b) Details of corporate social responsibility expenditure**

(a) Amount required to be spent by the Company	1.76	2.18
(b) Amount spent during the year		
(i) Construction or acquisition of any asset	-	-
(ii) On purposes other than (i) above	2.38	1.44

**NOTES OF THE FINANCIAL STATEMENTS for the year ended 31 March, 2020**

(All amounts in ₹ crores, unless otherwise stated)

**37 INCOME TAX**

Particulars	As at 31 March 2020	As at 31 March 2019
<b>The income tax expense consists of the following :</b>		
Current tax expense	28.63	12.11
Deferred tax expense/(credit)	20.79	(1.00)
<b>Total income tax</b>	<b>49.42</b>	<b>11.11</b>
<b>The reconciliation of the estimated tax expense at statutory income tax rate to income tax expense reported in the statement of profit and loss is as follows:</b>		
Profit before income taxes	163.46	69.49
At India's statutory income tax rate of 34.94 % (31 March 2019: 34.94%,)	57.12	24.28
<b>Adjustments in respect of current income tax</b>		
Income exempted from income taxes	(7.96)	(5.76)
Additional allowance on revenue and capital expenses	(1.92)	(1.37)
Taxes earlier years	(0.23)	(2.36)
Other adjustments	2.41	(3.68)
<b>Total income tax expense</b>	<b>49.42</b>	<b>11.11</b>

**Movement of net deferred tax assets and liabilities for the year ended 31 March 2020 is as follows:**

	Opening balance	Deferred tax credit/ charge in profit and loss	Deferred tax credit/ charge in other comprehensive income	Closing balance
<b>Deferred tax liabilities (net)</b>				
<b>Deferred tax asset arising on account of:</b>				
Cash flow hedge reserve	-	-	0.64	0.64
Expenses deductible in future years under Income tax Act, 1961	-	2.67	2.08	4.74
Unabsorbed business losses	3.94	(3.94)	-	-
Minimum alternative tax credit entitlement	95.94	(6.88)	-	89.06
	<b>99.88</b>	<b>(8.15)</b>	<b>2.72</b>	<b>94.44</b>
<b>Deferred tax liability arising on account of:</b>				
Cash flow hedge reserve	3.61	-	(3.61)	-
Property, plant and equipment and other intangible assets -depreciation and amortisation	142.59	13.20	-	155.79
Income taxable in future years under Income tax act, 1961	0.56	(0.56)	-	-
	<b>146.76</b>	<b>12.64</b>	<b>(3.61)</b>	<b>155.79</b>
	<b>46.88</b>	<b>20.79</b>	<b>(6.33)</b>	<b>61.35</b>

**NOTES OF THE FINANCIAL STATEMENTS for the year ended 31 March, 2020**

(All amounts in ₹ crores, unless otherwise stated)

**Movement of net deferred tax assets and liabilities for the year ended 31 March 2019 is as follows:**

	Opening balance	Deferred tax credit/ charge in profit and loss	Deferred tax credit/ charge in other comprehensive income	Closing balance
<b>Deferred tax liabilities (net)</b>				
<b>Deferred tax asset arising on account of:</b>				
Cash flow hedge reserve	2.69	-	(2.69)	-
Unabsorbed business losses	11.47	(7.53)	-	3.94
Minimum alternative tax credit entitlement	81.21	14.73	-	95.94
	<u>95.37</u>	<u>7.20</u>	<u>(2.69)</u>	<u>99.88</u>
<b>Deferred tax liability arising on account of:</b>				
Cash flow hedge reserve	-	-	3.61	3.61
Property, plant and equipment and other intangible assets -depreciation and amortisation	135.77	6.82	-	142.59
Income taxable in future years under Income tax act, 1961	1.18	(0.62)	-	0.56
	<u>136.95</u>	<u>6.20</u>	<u>3.61</u>	<u>146.76</u>
	<u>41.58</u>	<u>(1.00)</u>	<u>6.30</u>	<u>46.88</u>

**38 EARNINGS PER SHARE**

Particulars	As at 31 March 2020	As at 31 March 2019
Profit attributable to shareholders	114.04	58.38
Weighted average number of equity shares	1.92	1.92
Nominal value per share	10.00	10.00
<b>Earnings per equity share</b>		
Basic	59.51	30.46
Diluted	59.51	30.46

**39 CONTINGENCIES AND COMMITMENTS**

Particulars	As at 31 March 2020	As at 31 March 2019
<b>(A) Contingent liabilities</b>		
I Claims against the Company not acknowledged as debt	0.16	0.22
II Disputed demand for Income tax (refer note (a) below)	9.81	9.81
III Pending duty obligation under Export Promotion Capital Goods licenses	1.54	11.92
IV Disputed demand for Excise duty and Service tax	20.18	18.97
V Disputed demands for labour/employee dispute	9.96	8.55

**NOTES OF THE FINANCIAL STATEMENTS for the year ended 31 March, 2020**
*(All amounts in ₹ crores, unless otherwise stated)*
**Notes:**

- a) Disputed demand for income tax includes a dispute of ₹ 4.83 crores (31 March 2019: ₹ 4.83) between the Company and income tax department over computation of deduction under section 80HHC of the Income Tax Act, 1961. The Company has filed a special leave petition against the order of Hon'ble Delhi High Court which has been accepted by Supreme Court and is pending. Based on the legal opinion taken from an independent expert, the management is of the view that it is more likely than not that matter will be decided in favour of the Company.

**(B) Commitments**

	As at 31 March 2020	As at 31 March 2019
<b>a) Capital commitments</b>		
<b>Particulars</b>		
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	132.98	118.35
<b>b) Others</b>		
Letter of credit opened for which the material has not been shipped as on the date of the balance sheet.	35.12	17.92

**(C) Disclosure as per Section 186(4) of the Companies Act, 2013 :**

Particulars	31 March 2020		31 March 2019	
	Amount outstanding	Maximum amount outstanding during the year	Amount outstanding	Maximum amount outstanding during the year
Corporate guarantee given for subsidiary Company				
- Cosmo Films Inc.	45.99	49.81	48.43	58.38
<b>Total</b>	<b>45.99</b>	<b>49.81</b>	<b>48.43</b>	<b>58.38</b>

Corporate guarantee is given for working capital facility obtained by the subsidiary

**40 RESEARCH AND DEVELOPMENT EXPENDITURE**

Research and development expenditures incurred by the Company during the financial year are mentioned below:

Particulars	For the year ended	
	31 March 2020	31 March 2019
Material and consumables	1.70	3.92
Employee benefits expense	2.80	2.02
Depreciation expenses	0.35	0.31
Other expenses	0.78	0.66
	<b>5.63</b>	<b>6.91</b>

**NOTES OF THE FINANCIAL STATEMENTS for the year ended 31 March, 2020**
*(All amounts in ₹ crores, unless otherwise stated)*

<b>Assets purchased/capitalised for research and development centres</b>	
<b>Description</b>	<b>R &amp; D Centre</b>
<b>Gross carrying amount</b>	
<b>As at 31 March 2018</b>	<b>7.13</b>
Additions	0.42
<b>As at 31 March 2019</b>	<b>7.55</b>
Additions	1.90
<b>As at 31 March 2020</b>	<b>9.45</b>
<b>Accumulated depreciation</b>	
<b>As at 31 March 2018</b>	<b>2.14</b>
Depreciation for the year	0.31
<b>As at 31 March 2019</b>	<b>2.45</b>
Depreciation for the year	0.35
<b>As at 31 March 2020</b>	<b>2.80</b>
<b>Net carrying amount as at 31 March 2019</b>	<b>5.10</b>
<b>Net carrying amount as at 31 March 2020</b>	<b>6.65</b>

**Amount eligible for weighted deduction under Section 35(2AB) of the Income Tax Act, 1961**

<b>Particulars</b>	<b>31 March 2020</b>	<b>31 March 2019</b>
Research and development capital expenditure (gross)	1.90	0.42
Research and development revenue expenditure	5.28	6.60
<b>Total Expenditure</b>	<b>7.18</b>	<b>7.02</b>
Less: Realisation on sale of research and development assets	-	-
<b>Net research and development expenditure</b>	<b>7.18</b>	<b>7.02</b>
<b>Sales for the year</b>	<b>1,967.83</b>	<b>1,976.80</b>
Total research and development expenditure / sales	0.36%	0.36%
Total eligible research and development expenditure / sales	0.36%	0.36%

**41 EMPLOYEE STOCK OPTION PLAN**

Pursuant to the approval of the shareholders, the Company has introduced Cosmo Films Employees Stock Option Plan 2015 (CF ESOP 2015) to provide share based incentive to the eligible employees of the Company and its subsidiaries. The plan is implemented via trust route which will acquire the equity shares of the Company by secondary market acquisition, however, in case of any shortfall the Company will issue new shares as required. When exercisable, each option is convertible into one equity share.



**NOTES OF THE FINANCIAL STATEMENTS for the year ended 31 March, 2020**

(All amounts in ₹ crores, unless otherwise stated)

A) Details of options granted under the CF ESOP 2015 are as below:

Scheme	Date of grant	Number of options granted	Vesting condition	Exercise Period	Exercise price per share
CF Employees Stock Option Scheme 2015:					
Option I	13-Jan-16	193,000	On completion of 3 years of service from the date of grant	10 years from the date of vesting	₹ 300.05
Option II	13-Jul-16	250,000	On completion of 3 years of service from the date of grant	10 years from the date of vesting	₹ 351.40
Option III	7-Jul-17	200,000	On completion of 3 years of service from the date of grant	10 years from the date of vesting	₹ 433.20
Option IV	2-Jun-18	225,000	On completion of 3 years of service from the date of grant	10 years from the date of vesting	₹ 237.70

B) Movement of options granted

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
<b>Options outstanding at the beginning of the year</b>	<b>765,600</b>	<b>606,700</b>
Options granted during the year	-	225,000
Options cancelled during the year	(26,400)	(66,100)
<b>Options outstanding at the end of the year</b>	<b>739,200</b>	<b>765,600</b>

The weighted average remaining contractual life outstanding as of 31 March 2020 was 9.96 years (31 March 2019: 10.96 years). Weighted average exercise price of options outstanding as at 31 March 2020 is ₹ 327.86 (31 March 2019: ₹ 328.06)

C) The fair value of options used to compute per share net income and earning per equity share has been done on the date of grant using Black-Scholes Model.

The key assumption in Black-Scholes Model for calculating fair value on grant are as under:

	Option-I	Option-II	Option-III	Option-IV
Grant Date	13-Jan-16	13-Jul-16	7-Jul-17	2-Jun-18
Market Price (₹)	300.05	351.40	433.20	237.70
Exercise Price (₹)	300.05	351.40	433.20	237.70
Expected Volatility (%) \$	57.70	39.55	27.70	31.91
Expected forfeiture on each vesting date (%)	Nil	Nil	Nil	Nil
Expected life (years)*	3	3	3	3
Dividend yield (%)	1.17	2.85	2.31	2.52
Risk free interest rate (%)	7.59	7.50	6.54	7.83
Fair value on grant date (₹)	128.25	103.45	98.60	62.46

\$ The expected volatility was determined based on historical volatility data.

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

**NOTES OF THE FINANCIAL STATEMENTS for the year ended 31 March, 2020**

(All amounts in ₹ crores, unless otherwise stated)

**42 EMPLOYEE BENEFIT OBLIGATIONS**
**1) Gratuity**

The Company makes contribution towards gratuity to a defined retirement benefits plan for qualifying employees. The Company has taken policy with Life Insurance Corporation of India to provide for payment of retirement benefits to vested employees. The present value of obligation is determined based on actuarial valuation. The expected contribution to the plan for next annual reporting period amounts to ₹ 2.33 crores. (31 March 2019: ₹ 0.89 crores)

The weighted average duration of the defined benefit obligation as at 31 March 2020 is 5 years (31 March 2019: 7 years)

The amounts recognised in the balance sheet and the movements in the net defined benefit obligation over the year are as follows:

**a. Reconciliation of present value of defined benefit obligation and the fair value of plan assets**

	As at 31 March 2020	As at 31 March 2019
Present value of obligation as at the end of the year	22.75	13.33
Fair value of plan assets as at the end of the year	(13.66)	(13.27)
<b>Net liability recognized in balance sheet</b>	<b>9.09</b>	<b>0.06</b>

**b. Changes in defined benefit obligation**

	Year ended 31 March 2020	Year ended 31 March 2019
Present value of obligation as at the start of the year	13.33	12.68
Interest cost	1.02	1.00
Current service cost	0.83	0.76
Past service cost	7.58	-
Benefits paid	(0.64)	(1.14)
Actuarial loss on obligations	0.63	0.03
<b>Present value of obligation as at the end of the year</b>	<b>22.75</b>	<b>13.33</b>

**c. Table showing changes in the fair value of plan assets**

	Year ended 31 March 2020	Year ended 31 March 2019
Fair value of plan assets at beginning of year	13.27	13.31
Interest income on plan assets	1.02	1.05
Return on plan assets excluding interest income	(0.05)	-
Contributions	0.06	0.05
Benefits paid	(0.64)	(1.14)
<b>Fair value of plan assets at the end of year</b>	<b>13.66</b>	<b>13.27</b>

**NOTES OF THE FINANCIAL STATEMENTS for the year ended 31 March, 2020**
*(All amounts in ₹ crores, unless otherwise stated)*
**d. Amount recognized in the statement of profit and loss**

	Year ended 31 March 2020	Year ended 31 March 2019
Current service cost	0.83	0.76
Past service cost	7.58	-
Interest cost	1.02	1.00
Expected return on plan assets	(1.02)	(1.05)
<b>Amount recognised in the statement of profit and loss</b>	<b>8.41</b>	<b>0.71</b>

**e. Other comprehensive income**

	Year ended 31 March 2020	Year ended 31 March 2019
Actuarial loss on arising from change in demographic assumption	-	-
Actuarial loss on arising from change in financial assumption	0.69	0.13
Actuarial gain on arising from experience adjustment	(0.06)	(0.10)
Return on plan assets excluding interest income	0.05	-
<b>Unrecognised actuarial loss at the end of the year</b>	<b>0.68</b>	<b>0.03</b>

**f. Actuarial assumptions**

	As at 31 March 2020	As at 31 March 2019
Discount rate	6.83%	7.69%
Future salary increase	7.00%	7.00%

**g. Demographic Assumption**

	As at 31 March 2020	As at 31 March 2019
Retirement Age (Years)	58	58
Mortality rates inclusive of provision for disability	Indian Assured Lives Mortality(2006-08)	

**h. Sensitivity analysis for gratuity liability**

	As at 31 March 2020	As at 31 March 2019
<b>Impact of the change in discount rate</b>		
Present value of obligation at the end of the year	22.75	13.33
a) Impact due to increase of 0.50%	(0.41)	(0.34)
b) Impact due to decrease of 0.50%	0.44	0.36
<b>Impact of the change in salary increase</b>		
Present value of obligation at the end of the year	22.75	13.33
a) Impact due to increase of 0.50%	0.43	0.34
b) Impact due to decrease of 0.50%	(0.41)	(0.32)

**NOTES OF THE FINANCIAL STATEMENTS for the year ended 31 March, 2020**
*(All amounts in ₹ crores, unless otherwise stated)*
**j. Maturity Profile of Defined Benefit Obligation**

	As at 31 March 2020	As at 31 March 2019
April 2019 to March 2020	-	1.53
April 2020 to March 2021	9.46	1.63
April 2021 to March 2022	1.44	1.71
April 2022 to March 2023	1.91	1.68
April 2023 to March 2024	2.72	2.17
April 2024 onwards	16.99	14.10

**k. Investment Details**

	As at 31 March 2020		As at 31 March 2019	
	(₹ in crore)	% invested	(₹ in crore)	% invested
Insurance funds	13.66	100	13.27	100

**2) Defined Contribution Plans**

The Company also has certain defined contribution plans. Contributions are made to provident fund in India for employees at the rate 12% of basic salary as per regulations. The contributions are made to registered provident fund administered by the government. The obligations of the Company is limited to the amount contributed and it has no further contractual nor any constructive obligation.

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
Employer's contribution to Provident Fund	3.58	2.93
Employer's contribution to Superannuation Fund	1.17	1.03
Employer's contribution to labour welfare fund and employee state insurance	0.17	0.16

**43 LEASES**

The Company has leases for office building, warehouses and related facilities for which the Company has adopted IndAS 116 "Leases" effective 1 April 2019, as notified by the Ministry of Corporate Affairs (MCA) in the Companies (Indian Accounting Standards) Amendment Rules, 2019 using modified retrospective method. On adoption of this standard, based on the exception of short term leases or lease of low value underlying assets, none of the lease has been identified for which right-of-use asset and a lease liability is required to be created.

**A Lease payments not included in measurement of lease liability**

The expense relating to payments not included in the measurement of the lease liability is as follows:

Particulars	Year ended 31 March 2020
Short-term leases	2.06
Leases of low value assets	0.02
<b>Total</b>	<b>2.08</b>

**B** Total cash outflow for leases for the year ended 31 March 2020 was ₹ 2.08 crores.

**NOTES OF THE FINANCIAL STATEMENTS for the year ended 31 March, 2020**

(All amounts in ₹ crores, unless otherwise stated)

**C Impact on transition**

1. On transition, the adoption of new standard resulted in recognition of lease liability of ₹ Nil and right of use asset of ₹ 67.06 crore.
2. Instead of performing an impairment review on the right-of-use assets at the date of initial application, the Company has relied on its historic assessment as to whether leases were onerous immediately before the date of initial application of Ind AS 116.
3. On transition, for leases previously accounted for as operating leases with a remaining lease term of less than 12 months and for leases of low-value assets the Group has applied the optional exemptions to not recognise right-of-use assets but to account for the lease expense on a straightline basis over the remaining lease term.
4. The Company has benefited from the use of hindsight for determining the lease term when considering options to extend and terminate leases.
5. Further, there were no operating lease commitments at 31 March 2019 as disclosed in the financial statements for the year ended 31 March 2019.

**44 RELATED PARTY DISCLOSURES**

In accordance with the required Indian Accounting Standard (IndAS-24) on related party disclosures where control exist and where transactions have taken place and description of the relationship as identified by management are as follows:

**i) List of related parties and relationships:****A. Subsidiary company**

- a) CF (Netherlands) Holdings Limited BV., Netherlands
- b) Cosmo Speciality Chemicals Private Limited (incorporated on 02 March 2020)

**B. Step-down subsidiary companies**

- a) Cosmo Films Inc., USA
- b) Cosmo Films Japan (GK), Japan
- c) Cosmo Films Korea Limited, Korea
- d) CF Investment Holding Private (Thailand) Company Limited, Thailand
- e) Cosmo Films (Singapore) Pte. Limited, Singapore
- f) Cosmo Films Poland Sp Z.O.O, Poland

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

- a) Sunrise Manufacturing Company Limited
- b) Prime Securities Limited
- c) Cosmo Foundation
- d) Gayatri & Annapurana (Partnership firm)

**D. Key management personnel**

- a) Mr. Ashok Jaipuria, Chairman and Managing Director of Company
- b) Mr. Anil Kumar Jain, Director of corporate affairs
- c) Mr. H. K. Agrawaal, Independent Director
- d) Mr. Rajeev Gupta, Non-Independent Director
- e) Mrs Alpana Parida, Independent Director
- f) Mr. Ashish Kumar Guha, Independent Director (resigned w.e.f 25 July 2019)
- g) Mr. Pratip Chaudhuri, Non-Independent Director
- h) Mr. H. N. Sinor, Independent Director
- i) Mr. Vivek Nangia, Independent Director

**NOTES OF THE FINANCIAL STATEMENTS for the year ended 31 March, 2020**
*(All amounts in ₹ crores, unless otherwise stated)*

- j) Mr. Anil Wadhwa, Independent Director
- k) Mr. Pankaj Poddar, Chief Executive Officer
- l) Mr. Neeraj Jain, Chief Financial Officer
- m) Mrs. Jyoti Dixit, Company Secretary

Particulars	Subsidiaries and step-down subsidiary companies		Key management personnel and their Relatives		Enterprises owned or significantly influenced by key management personnel or their relatives		Total	
	31 March 2020	31 March 2019	31 March 2020	31 March 2019	31 March 2020	31 March 2019	31 March 2020	31 March 2019
<b>Transactions during the year</b>								
<b>1 Investment made</b>								
Cosmo Speciality Chemicals Private Limited	0.01	-	-	-	-	-	0.01	-
<b>2 Purchase of goods</b>								
Cosmo Films Inc. USA	-	1.87	-	-	-	-	-	1.87
<b>3 Sales</b>								
Cosmo Films Inc. USA	149.78	146.29	-	-	-	-	149.78	146.29
Cosmo Films Korea Limited, Korea	36.11	42.28	-	-	-	-	36.11	42.28
Cosmo Films Japan (GK)	2.62	4.23	-	-	-	-	2.62	4.23
CF (Netherlands) Holdings Limited BV., Netherlands	26.05	15.87	-	-	-	-	26.05	15.87
<b>4 Sales Return</b>								
Cosmo Films Korea Limited, Korea	0.14	1.17	-	-	-	-	0.14	1.17
Cosmo Films Inc. USA	8.64	0.01	-	-	-	-	8.64	0.01
CF (Netherlands) Holdings Limited BV.,Netherlands	0.65	-	-	-	-	-	0.65	-
<b>5 Purchase of fixed assets</b>								
Cosmo Films Inc., USA	0.20	22.99	-	-	-	-	0.20	22.99
<b>6 Other operating revenues</b>								
Cosmo Films Inc., USA	0.66	0.82	-	-	-	-	0.66	0.82
Cosmo Films Korea Limited, Korea	0.29	0.31	-	-	-	-	0.29	0.31
Cosmo Films Japan (GK)	0.20	0.19	-	-	-	-	0.20	0.19
<b>7 Reimbursement of Expenses paid (net)</b>								
Cosmo Films Inc., USA	0.04	0.03	-	-	-	-	0.04	0.03
<b>8 Expenses incurred</b>								
Cosmo Films Japan (GK)	2.20	2.02	-	-	-	-	2.20	2.02
Cosmo Films Korea Limited, Korea	-	0.46	-	-	-	-	-	0.46
CF (Netherlands) Holdings Limited BV., Netherlands	1.02	1.08	-	-	-	-	1.02	1.08

**NOTES OF THE FINANCIAL STATEMENTS for the year ended 31 March, 2020**
*(All amounts in ₹ crores, unless otherwise stated)*

Particulars	Subsidiaries and step-down subsidiary companies		Key management personnel and their Relatives		Enterprises owned or significantly influenced by key management personnel or their relatives		Total	
	31 March 2020	31 March 2019	31 March 2020	31 March 2019	31 March 2020	31 March 2019	31 March 2020	31 March 2019
9 <b>Rent received</b>								
Sunrise Manufacturing Company Limited	-	-	-	-	0.02	0.02	0.02	0.02
10 <b>Retainership fees paid</b>								
Prime Securities Limited	-	-	-	-	-	0.14	-	0.14
11 <b>Corporate guarantee</b>								
Cosmo Films Inc., USA	75.41	69.19	-	-	-	-	75.41	69.19
12 <b>Commission received on corporate guarantee</b>								
Cosmo Films Inc., USA	0.71	0.69	-	-	-	-	0.71	0.69
13 <b>Short term employee benefits</b>	-	-	18.64	8.72	-	-	18.64	8.72
14 <b>Post employment benefits*</b>	-	-	0.54	0.33	-	-	0.54	0.33
15 <b>Share based payments</b>			0.35	0.84			0.35	0.84
16 <b>Sitting fee/commission paid</b>								
Mr. H. K. Agrawaal	-	-	0.21	0.08	-	-	0.21	0.08
Mr. Rajeev Gupta	-	-	0.18	0.06	-	-	0.18	0.06
Mrs. Alpana Parida	-	-	0.22	0.07	-	-	0.22	0.07
Mr. Ashish Kumar Guha	-	-	0.01	0.07	-	-	0.01	0.07
Mr. Pratip Chaudhuri	-	-	0.21	0.09	-	-	0.21	0.09
Mr. H. N. Sinor	-	-	0.22	0.07	-	-	0.22	0.07
Mr. Vivek Nangia	-	-	0.20	0.07	-	-	0.20	0.07
Mr. Anil Wadhwa	-	-	0.22	0.08	-	-	0.22	0.08
17 <b>Loan given</b>								
Mr. Pankaj Poddar	-	-	0.25	0.15	-	-	0.25	0.15
18 <b>Interest income on loan given</b>								
Mr. Pankaj Poddar	-	-	0.30	0.29	-	-	0.30	0.29
19 <b>Corporate social responsibility expenditure</b>								
Contribution to Cosmo Foundation	-	-	-	-	2.38	1.44	2.38	1.44

\* Does not include the provision made for gratuity and leave benefits, as they are determined on an actuarial basis for all the employees together.



**NOTES OF THE FINANCIAL STATEMENTS for the year ended 31 March, 2020**

(All amounts in ₹ crores, unless otherwise stated)

Particulars	Subsidiaries and step-down subsidiary companies		Enterprises owned or significantly influenced by key management personnel or their relatives		Key management personnel and their Relatives		Total	
	As at 31 March 2020	As at 31 March 2019	As at 31 March 2020	As at 31 March 2019	As at 31 March 2020	As at 31 March 2019	As at 31 March 2020	As at 31 March 2019
<b>Outstanding balances</b>								
<b>1 Trade receivables</b>								
Cosmo Films Inc., USA	-	23.27	-	-	-	-	-	23.27
Cosmo Films Korea Limited, Korea	21.86	22.52	-	-	-	-	21.86	22.52
Cosmo Films Japan (GK)	-	0.95	-	-	-	-	-	0.95
CF (Netherlands) Holdings Limited BV., Netherlands	13.20	6.38	-	-	-	-	13.20	6.38
<b>2 Trade payables</b>								
Cosmo Films Inc., USA	6.45	-	-	-	-	-	6.45	-
Cosmo Films Japan (GK)	0.70	-	-	-	-	-	0.70	-
<b>3 Advance received against sale of goods</b>								
Cosmo Films Inc., USA	1.57	-	-	-	-	-	1.57	-
<b>4 Corporate guarantee</b>								
Cosmo Films Inc., USA	45.99	48.43	-	-	-	-	45.99	48.43
<b>5 Remuneration payable</b>					9.07	1.49	9.07	1.49
<b>6 Loan outstanding</b>								
Mr. Pankaj Poddar	-	-	-	-	9.65	9.40	9.65	9.40

**45 FAIR VALUE MEASUREMENTS**
**A) Financial assets and liabilities**

The accounting classification of each category of financial instruments, and their carrying amounts, are set out below:

As at 31 March 2020	Fair value through profit and loss	Fair value through other comprehensive income	Amortised cost
<b>Financial assets</b>			
(i) Investments	7.08	138.48	-
(ii) Trade receivables	-	-	168.39
(iii) Cash and cash equivalents	-	-	4.24
(iv) Other bank balances	-	-	33.88
(v) Loans	-	-	11.46
(vi) Derivative assets			
derivatives designated for hedge accounting	9.24	-	-
other derivatives	13.80	-	-
(vii) Others financial assets	-	-	26.13
<b>Total</b>	<b>30.12</b>	<b>138.48</b>	<b>244.10</b>

**NOTES OF THE FINANCIAL STATEMENTS for the year ended 31 March, 2020**

(All amounts in ₹ crores, unless otherwise stated)

As at 31 March 2020	Fair value through profit and loss	Fair value through other comprehensive income	Amortised cost
<b>Financial liabilities</b>			
(i) Borrowings	-	-	722.10
(ii) Trade payables	-	-	144.78
(iii) Derivative liabilities			
derivatives designated for hedge accounting	1.26	-	-
other derivatives	5.12	-	-
(iv) Other financial liabilities	-	-	57.03
<b>Total</b>	<b>6.38</b>	<b>-</b>	<b>923.91</b>
<b>As at 31 March 2019</b>			
	Fair value through profit and loss	Fair value through other comprehensive income	Amortised cost
<b>Financial assets</b>			
(i) Investments	77.28	-	-
(ii) Trade receivables	-	-	206.05
(iii) Cash and cash equivalents	-	-	43.39
(iv) Other bank balances	-	-	28.68
(v) Loans	-	-	11.50
(ii) Derivative assets			
for hedges designated as effective hedges	6.96	-	-
for hedges designated as ineffective hedges	4.18	-	-
(vii) Others financial assets	-	-	44.85
<b>Total</b>	<b>88.42</b>	<b>-</b>	<b>334.47</b>
<b>Financial liabilities</b>			
(i) Borrowings	-	-	743.17
(ii) Trade payables	-	-	190.21
(i) Derivative liabilities			
for hedges designated as effective hedges	0.24	-	-
for hedges designated as ineffective hedges	6.91	-	-
(iv) Other financial liabilities	-	-	40.39
<b>Total</b>	<b>7.15</b>	<b>-</b>	<b>973.77</b>

Investment in subsidiaries are measured at cost as per Ind AS 27, 'Separate financial statements' and hence, not presented here.

**NOTES OF THE FINANCIAL STATEMENTS for the year ended 31 March, 2020**

(All amounts in ₹ crores, unless otherwise stated)

**B) Fair value hierarchy**
**The different levels of fair value have been defined below:**

Level 1: Quoted prices for identical instruments in an active market;

Level 2: Directly (i.e. as prices) or indirectly (i.e. derived from prices) observable market inputs, other than Level 1 inputs; and

Level 3: Inputs which are not based on observable market data (unobservable inputs). Fair values are determined in whole or in part using a net asset value or valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.

**B) (i) Financial assets and liabilities measured at fair value - recurring fair value measurements**

As at 31 March 2020	Note	Level 1	Level 2	Level 3
<b>Financial assets</b>				
(i) Investments	5 and 10	145.51	-	0.05
(ii) Derivative assets	7 and 15	-	23.04	-
<b>Total financial assets</b>		<b>145.51</b>	<b>23.04</b>	<b>0.05</b>
<b>Financial liabilities</b>				
(i) Derivative liabilities	20 and 26	-	6.38	-
(ii) Other financial liabilities	26	-	3.85	-
<b>Total financial liabilities</b>		<b>-</b>	<b>10.23</b>	<b>-</b>
<b>As at 31 March 2019</b>				
<b>Financial assets</b>				
(i) Investments	5 and 10	77.23	-	0.05
(ii) Derivative assets	7 and 15	-	11.14	-
<b>Total financial assets</b>		<b>77.23</b>	<b>11.14</b>	<b>0.05</b>
<b>Financial liabilities</b>				
(i) Derivative liabilities	20 and 26	-	7.15	-
<b>Total financial liabilities</b>		<b>-</b>	<b>7.15</b>	<b>-</b>

**Valuation process and technique used to determine fair values**

- (i) The fair value of investments in mutual fund units is based on the net asset value (NAV) as stated by the issuers of these mutual fund units in the published statements as at the balance sheet date. NAV represents the price at which the issuer will issue further units of mutual fund and the price at which issuers will redeem such units from the investors. The fair value of investments in bonds is based on last traded price on stock exchange as at reporting date.
- (ii) Fair value for derivatives contracts is determined using observable forward and option exchange rates and yield curves as at the balance sheet date.
- (iii) In order to arrive at the fair value of unquoted investments, the Company obtains independent valuations. The techniques used by the valuer are as follows:
  - a) Asset approach - Net assets value method
  - b) Income approach - Discounted cash flows ("DCF") method
  - c) Market approach - Enterprise value/Sales multiple method

## NOTES OF THE FINANCIAL STATEMENTS for the year ended 31 March, 2020

(All amounts in ₹ crores, unless otherwise stated)

### B) (ii) Fair value of financial assets and liabilities measured at amortised cost

The fair values of loans are not materially different from the amortised cost thereof. Further, the management assessed that fair values of trade receivables, cash and cash equivalents, other bank balances, other current financial assets (excluding derivative assets), current borrowings, trade payables and other current financial liabilities (excluding derivative liabilities) approximate their respective carrying amounts largely due to the short-term maturities of these instruments. The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

All the long term borrowing facilities availed by the Company are variable rate facilities which are subject to changes in underlying interest rate indices. Further, the credit spread on these facilities are subject to change with changes in Company's creditworthiness. The management believes that the current rate of interest on these loans are in close approximation from market rates applicable to the Company. Therefore, the management estimates that the fair value of these borrowings are approximate to their respective carrying values.

The fair value measurements disclosed in respect of financial assets and liabilities measured at amortised cost fall within Level 3 of fair value hierarchy.

## 46 RISK MANAGEMENT

The Company's activities expose it to market risk, liquidity risk and credit risk. The management has the overall responsibility for the establishment and oversight of the Company's risk management framework. This note explains the sources of risk which the entity is exposed to and how the entity manages the risk and the related impact in the financial statements.

Risk	Exposure arising from	Measurement	Management
Credit risk	Cash and cash equivalents, other bank balances, loans, trade receivables, other financial assets and investments	Ageing analysis Credit ratings	Diversification of bank deposits, collateral credit limits and letter of credit Investment guidelines for debt investments
Liquidity risk	Borrowings and other liabilities	Rolling cash flow forecasts	Availability of committed credit lines and borrowing facilities
Market risk - foreign exchange	Recognised financial assets and liabilities not denominated in Indian rupee (INR)	Cash flow forecasting	Foreign currency forwards Foreign currency options Cross currency swaps
Market risk - interest rate	Long-term borrowings at variable rates	Sensitivity analysis	Interest rate swaps
Market risk - security price	Investments in mutual funds and debt securities	Sensitivity analysis	Diversification of portfolio, with focus on strategic investments

### A. Credit risk

Credit risk is the risk that a counterparty fails to discharge its obligation to the Company. The Company's exposure to credit risk is influenced mainly by cash and cash equivalents, trade receivables, investments, derivative assets and financial assets measured at amortised cost. The Company continuously monitors defaults of customers and other counterparties and incorporates this information into its credit risk controls.

#### Credit risk management

##### Credit risk rating

The Company assesses and manages credit risk of financial assets based on following categories arrived on the basis of assumptions, inputs and factors specific to the class of financial assets.

A: Low credit risk on financial reporting date

B: Moderate credit risk

C: High credit risk

**NOTES OF THE FINANCIAL STATEMENTS for the year ended 31 March, 2020**

(All amounts in ₹ crores, unless otherwise stated)

The Company provides for expected credit loss based on the following:

Basis of categorisation	Asset class exposed to credit risk	Provision for expected credit loss
Low credit risk	Cash and cash equivalents, other bank balances, loans, trade receivables, other financial assets and investments	12 month expected credit loss
Moderate credit risk	Other financial assets	12 month expected credit loss unless credit risk has increased significantly since initial recognition, in which case allowance is measured at lifetime expected credit loss.
High credit risk	Other financial assets	Life time expected credit loss or fully provided for

As the Company's trade receivables do not contain a significant financing component, it measures the loss allowance in respect thereof at an amount equal to lifetime expected credit losses

Based on business environment in which the Company operates, a default on a financial asset is considered when the counter party fails to make payments within the agreed time period as per contract. Loss rates reflecting defaults are based on actual credit loss experience and considering differences between current and historical economic conditions.

Assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Company or debtor declaring bankruptcy or a litigation decided against the Company. The Company continues to engage with parties whose balances are written off and attempts to enforce repayment. Recoveries made are recognised in statement of profit and loss.

**Credit risk exposure**

Credit rating	Particulars	As at	As at
		31 March 2020	31 March 2019
A: Low credit risk	Cash and cash equivalents	4.24	43.39
	Other bank balances	33.88	28.68
	Loans	11.46	11.50
	Other financial assets	49.17	55.98
	Investments*	145.56	77.23
B: Medium credit risk	-	-	-
C: High credit risk	-	-	-

\*Investment in subsidiaries are measured at cost as per Ind AS 27, 'Separate financial statements' and hence, not presented here.

**Cash and cash equivalents and bank deposits**

Credit risk related to cash and cash equivalents and bank deposits is managed by only accepting highly rated banks and diversifying bank deposits and accounts in different banks across the country.

**Trade receivables**

Credit risk related to trade receivables are mitigated by taking bank guarantees/letter of credit, from customers where credit risk is high. The Company closely monitors the credit-worthiness of the debtors through internal systems that are configured to define credit limits of customers, thereby, limiting the credit risk to pre-calculated amounts. The Company assesses increase in credit risk on an ongoing basis for amounts receivable that become past due and default is considered to have occurred when amounts receivable become one year past

**NOTES OF THE FINANCIAL STATEMENTS for the year ended 31 March, 2020**

(All amounts in ₹ crores, unless otherwise stated)

due. Company obtains the credit insurance for export debtors from Export Credit Guarantee Corporation (ECGC) of India and for domestic debtors from insurance company.

**Investments**

The Company invests only in quoted debt securities and mutual funds with very low credit risk. The Company's debt instruments comprised solely of quoted bonds that are graded in the top investment category by the good credit rating agency and, therefore, are considered to be low credit risk investments.

**Derivative instruments**

Credit risk related to derivative instruments is managed by the Company by doing transactions with highly rated banks. Further, management has established limits for use of derivative instruments to minimise the concentration of risks and therefore mitigate financial loss through counterparties potential failure to make payments.

**Other financial assets measured at amortised cost**

Other financial assets measured at amortised cost includes loans and advances to employees, security deposits and others. Credit risk related to these other financial assets is managed by monitoring the recoverability of such amounts continuously.

**Provision for expected credit losses**
**a) Expected credit losses for financial assets other than trade receivables**

Company provides for expected credit losses on loans and advances other than trade receivables by assessing individual financial instruments for expectation of any credit losses. Since, the Company deals with only high-rated banks and financial institutions, credit risk in respect of cash and cash equivalents, other bank balances, derivative instruments and bank deposits is evaluated as very low. In respect of loans, comprising of security deposits, credit risk is considered low because the Company is in possession of the underlying asset. In respect of other financial assets, credit risk is evaluated based on Company's knowledge of the credit worthiness of those parties.

The Company does not have any expected loss based impairment recognised on such assets considering their low credit risk nature.

**b) Expected credit loss for trade receivables under simplified approach**

The Company recognizes lifetime expected credit losses on trade receivables using a simplified approach, wherein Company has defined percentage of provision by analyzing historical trend of default and such provision percentage determined have been considered to recognize life time expected credit losses on trade receivables (other than those where default criteria are met in which case the full expected loss against the amount recoverable is provided for). Customer discounts amounting to ₹ 12.12 crores (31 March 2019 : 8.15 crores) were not considered for the purpose of computation of expected credit losses under simplified approach. Based on such simplified approach, an allowance of ₹ 2.47 crores and ₹ 3.26 crores as at 31 March 2020 and 31 March 2019 has been recognised.

<b>Age of receivables</b>	<b>As at 31 March 2020</b>	<b>As at 31 March 2019</b>
Not Due	131.08	165.41
0-180 days past due	46.95	48.64
181-360 days past due	1.43	0.82
More than 360 days past due	3.52	2.59
<b>Total</b>	<b>182.98</b>	<b>217.46</b>

**NOTES OF THE FINANCIAL STATEMENTS for the year ended 31 March, 2020**
*(All amounts in ₹ crores, unless otherwise stated)*
**Reconciliation of loss provision – lifetime expected credit losses**

Reconciliation of loss allowance	Amount
<b>Loss allowance as on 1 April 2018</b>	<b>2.92</b>
Expected loss recognised during the year	0.34
Amounts written off	-
<b>Loss allowance on 31 March 2019</b>	<b>3.26</b>
Reversal of allowance for expected credit losses	(0.29)
Amounts written off	(0.50)
<b>Loss allowance on 31 March 2020</b>	<b>2.47</b>

**Liquidity Risk**

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due.

Management monitors rolling forecasts of the liquidity position and cash and cash equivalents on the basis of expected cash flows. The Company takes into account the liquidity of the market in which the entity operates.

**Financing arrangements**

The Company has access to the following undrawn borrowing facilities at the end of reporting period:

Floating rate	As at 31 March 2020	As at 31 March 2019
Expiring within one year (cash credit, loans and other facilities)	455.08	531.62
Expiring beyond one year (bank loans - floating rate)	-	25.00

**Contractual maturities of financial liabilities**

The tables below analyse the financial liabilities into relevant maturity grouping based on their undiscounted contractual maturities (including interest).

31 March 2020	Less than and equal to 1 year	1 - 2 years	2 - 5 years	More than 5 years	Total
(i) Borrowings	382.20	133.68	210.65	30.59	757.12
(ii) Trade payables	144.78	-	-	-	144.78
(iii) Other financial liabilities	57.03	-	-	-	57.03
(iv) Derivative liabilities	5.81	0.57	-	-	6.38
<b>Total</b>	<b>589.82</b>	<b>134.25</b>	<b>210.65</b>	<b>30.59</b>	<b>965.31</b>



**NOTES OF THE FINANCIAL STATEMENTS for the year ended 31 March, 2020**

(All amounts in ₹ crores, unless otherwise stated)

31 March 2019	Less than and equal to 1 year	1 - 2 years	2 - 5 years	More than 5 years	Total
(i) Borrowings	332.77	128.75	310.17	22.93	794.62
(ii) Trade payables	190.21	-	-	-	190.21
(iii) Other financial liabilities	40.39	-	-	-	40.39
(iv) Derivative liabilities	7.15	-	-	-	7.15
<b>Total</b>	<b>570.52</b>	<b>128.75</b>	<b>310.17</b>	<b>22.93</b>	<b>1,032.37</b>

**Market Risk**
**Interest Rate risk**

The Company's policy is to minimise interest rate cash flow risk exposures on long-term financing. The Company is exposed to changes in market interest rates through bank borrowings at variable interest rates.

Company's exposure to interest rate risk on borrowings is as follows:

Particulars	As at 31 March 2020	As at 31 March 2019
Variable rate	722.10	741.84
Fixed rate	-	-
<b>Total</b>	<b>722.10</b>	<b>741.84</b>

The following table illustrates the sensitivity of profit after tax and equity to a possible change in interest rates of +/- 1% in current year (31 March 2019: +/- 1%). These changes are considered to be reasonably possible based on observation of current market conditions. The calculations are based on a change in the average market interest rate for each period, and the financial instruments held at each reporting date that are sensitive to changes in interest rates. All other variables are held constant.

	Profit for the year+1%	Profit for the year-1%
<b>As at 31 March 2020</b>	(4.70)	4.70
<b>As at 31 March 2019</b>	(4.83)	4.83

**Foreign currency risk**

The Company is exposed to foreign exchange risk arising from foreign currency transactions, primarily with respect to the US Dollar, GBP, Euro and JPY. Fluctuations in foreign currency exchange rates may have an impact on profit or loss and the statement of change in equity, where any transaction references more than one currency or where assets/liabilities are denominated in a currency other than the functional currency of the Company.

Exposures on foreign currency loans are managed through a hedging policy, which is reviewed periodically to ensure that the results from fluctuating currency exchange rates are appropriately managed. The Company's policy is to hedge material foreign exchange risk associated with borrowings, highly probable forecast sales and purchases transactions denominated in foreign currencies. The Company strives to achieve asset liability offset of foreign currency exposures and only the net position is hedged.

The Company uses forward exchange contracts, currency swaps, other derivatives and non-derivative instruments to hedge the effects of movements in exchange rates on foreign currency denominated assets, liabilities and highly probable forecast transactions. The sources of foreign exchange risk are outstanding

**NOTES OF THE FINANCIAL STATEMENTS for the year ended 31 March, 2020**

(All amounts in ₹ crores, unless otherwise stated)

amounts payable for imported raw materials, capital goods and other supplies and as well as financing transactions and loans denominated in foreign currencies. The Company is also exposed to foreign exchange risk on its highly probable forecasted sales and purchases. The policy of the Company is to determine on a regular basis what portion of the foreign exchange risk on financing transactions and loans are to be hedged through forward exchange contracts and other instruments. Short-term net exposures are hedged progressively based on their maturity. The hedge mechanisms are reviewed periodically to ensure that the risk from fluctuating currency exchange rates is appropriately managed. The following analysis is based on the gross exposure as at the reporting date which could affect the profit or loss or other comprehensive income. Instruments designated in hedging relationship and hedge accounting disclosures are **included** in section "Derivative financial instruments and hedge accounting".

Forex exposure	As at 31 March 2020		As at 31 March 2019	
	Foreign Currency	INR (in crores)	Foreign Currency	INR (in crores)
<b>Financial assets</b>				
USD	10,119,823	76.31	16,747,764	115.85
GBP	1,446,719	13.47	547,589	4.95
EURO	3,985,289	33.11	3,792,276	29.47
JPY	4,437,238	0.31	-	-
<b>Forward contracts for forecasted transactions</b>				
USD/JPY	-	-	-	1.31
<b>Financial liabilities</b>				
USD	49,527,729	373.47	43,698,422	302.27
EUR	26,724,263	222.05	49,280,198	382.92
JPY	327,140	0.02	327,140	0.02
GBP	12,123	0.11	14,625	0.13
<b>Derivative contracts</b>				
USD	(39,089,771)	(294.78)	(17,375,806)	(120.19)
EUR	(12,928,619)	(107.42)	(28,045,032)	(217.92)
<b>Forward contracts for forecasted transactions</b>				
EUR/USD	7,188,550	(4.35)	15,316,250	(8.82)
USD/INR	6,674,251	(50.33)	5,167,772	(25.76)
EUR/INR	2,000,000	(16.62)	-	-

The following significant exchange rates have been applied:

Particulars	Year end spot rate	
	As at 31 March 2020	As at 31 March 2019
USD	75.41	69.17
GBP	93.12	90.48
JPY	0.70	0.63
EURO	83.09	77.70

**NOTES OF THE FINANCIAL STATEMENTS for the year ended 31 March, 2020**

(All amounts in ₹ crores, unless otherwise stated)

**Sensitivity Analysis**

The sensitivity of profit or loss to changes in the exchange rates arises mainly from foreign currency denominated financial instruments and the impact on other components of equity arises from foreign forward exchange contracts and non-derivative financial instruments designated as cash flow hedges.

	Impact on profit after tax		Impact on other components of equity	
	31 March 2020	31 March 2019	31 March 2020	31 March 2019
<b>USD sensitivity</b>				
INR/USD increase by 5.45% (31 March 2019- 6.82%)	(10.54)	(8.27)	(1.78)	(1.14)
INR/USD decrease by 5.45% (31 March 2019- 6.82%)	10.54	8.27	1.78	1.14
<b>GBP sensitivity</b>				
INR/GBP increase by 10.26% (31 March 2019- 8.82%)	0.89	0.28	-	-
INR/GBP decrease by 10.26% (31 March 2019- 8.82%)	(0.89)	(0.28)	-	-
<b>EUR sensitivity</b>				
INR/EUR increase by 7.57% (31 March 2019- 7.26%)	(9.30)	(16.69)	(1.03)	(0.42)
INR/EUR decrease by 7.57% (31 March 2019- 7.26%)	9.30	16.69	1.03	0.42
<b>JPY sensitivity</b>				
INR/JPY increase by 10.65% (31 March 2019- 9.53%)	0.02	0.02	-	-
INR/JPY decrease by 10.65% (31 March 2019- 9.53%)	(0.02)	(0.02)	-	-

**Derivative financial instruments and hedge accounting**

The fair value of the Company's open derivative positions recorded within financial instruments (derivative) is as follows:

	As at 31 March 2020		As at 31 March 2019	
	Liability	Assets	Liability	Assets
Cash flow hedges				
- Forward foreign currency contracts	0.68	9.66	0.25	9.25
- Options	-	10.15	6.76	1.01
- Interest rate swaps	0.18	-	0.14	-
- Currency swaps	5.52	3.23	-	0.88
<b>Total</b>	<b>6.38</b>	<b>23.04</b>	<b>7.15</b>	<b>11.14</b>

\*Refer statement of profit and loss and statements of change in equity for the change in the fair value of cash flow hedges.

The Company uses foreign currency forward contracts, foreign currency options contracts and non-derivative financial instruments (i.e. foreign currency borrowings) to mitigate exchange rate exposure arising from forecast sales and purchase in USD, EUR and GBP. Also, the Company uses foreign currency options contracts, cross currency swap contracts and interest rate swap contracts to mitigate exchange rate exposure and interest rate exposure arising from foreign currency borrowings.

Hedge ineffectiveness is determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessments to ensure that an economic relationship exists between the hedged item and hedging instrument.

**NOTES OF THE FINANCIAL STATEMENTS for the year ended 31 March, 2020**

(All amounts in ₹ crores, unless otherwise stated)

The critical terms of the foreign currency forwards and cross currency swaps entered into exactly match the terms of the hedged item. As such the economic relationship and hedge effectiveness are based on the qualitative factors and the use of a hypothetical derivative where appropriate.

In hedges of foreign currency borrowings and forecast transaction, ineffectiveness mainly arises because of change in timing of hedged item from that of the hedging instrument and cost of hedging. The ineffectiveness in the hedges have been disclosed.

All derivative financial instruments used for hedge accounting are recognised initially at fair value and reported subsequently at fair value in the balance sheet.

To the extent that the hedge is effective, changes in the fair value of derivatives designated as hedging instruments in cash flow hedges are recognised in other comprehensive income and included within the cash flow hedge reserve in equity. Any ineffectiveness in the hedge relationship is recognised immediately in profit or loss. At the time the hedged item affects profit or loss, any gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss and presented as a reclassification adjustment within other comprehensive income.

If a forecast transaction is no longer expected to occur, any related gain or loss recognised in other comprehensive income is transferred immediately to profit or loss. If the hedging relationship ceases to meet the effectiveness conditions, hedge accounting is discontinued, and the related gain or loss is held in the equity reserve until the forecast transaction occurs.

Other derivatives, which have not been designated in hedging relationship, are considered by management to be part of economic hedge arrangements but have not been formally designated since the relationship between hedged item and hedging instrument is considered to be ineffective.

**Impact of hedging activities**
**Disclosure of effects of hedge accounting on financial position**

Type of hedge and risks	Nominal value	Carrying amount of hedging instrument		Maturity date	Hedge ratio	Average strike price	Changes in fair value of the hedging instrument	'Change in the value of hedged item used as the basis for recognising hedge effectiveness
		Assets	Liabilities					
<b>As at 31 March 2020</b>								
<b>Derivative instruments</b>								
(i) Foreign exchange forward contracts	USD 17,845,311.15	1.22	0.60	April 2020 - June 2022	1:1	USD/INR 75.31	0.62	(0.62)
	EUR 2,732,630	0.18	0.08	April 2020 - June 2022	1:1	EUR /INR 90.64	0.09	(0.09)
	EUR 8,000,000	6.34	-	December 20- February 2021	1:1	EUR/USD - 1.20	6.34	(6.34)
	GBP 500,000	0.14	-	September 2020	-	-	0.14	(0.14)
(ii) Cross currency swap contracts	USD 1,835,503	1.36	-	April 2020- August 2021	1:1	USD/ INR 67.30	1.36	(1.36)
	USD 3,043,976	-	(0.57)	April 2020- May 2022	1:1	USD/JPY 111.27	(0.57)	0.57
<b>Non-derivative instruments</b>								
(i) Foreign currency borrowings*	EUR 5,818,660	-	48.35	April 2020- July 2023	1:1	EUR/INR -79.85	0.04	(0.04)

**NOTES OF THE FINANCIAL STATEMENTS for the year ended 31 March, 2020**

(All amounts in ₹ crores, unless otherwise stated)

Type of hedge and risks	Nominal value	Carrying amount of hedging instrument		Maturity date	Hedge ratio	Average strike price	Changes in fair value of the hedging instrument	'Change in the value of hedged item used as the basis for recognising hedge effectiveness
		Assets	Liabilities					
<b>As at 31 March 2019</b>								
<b>Cash flow hedge</b>								
Foreign currency and interest rate risk								
<b>Derivative instruments</b>								
(i) Foreign exchange forward contracts	USD 10,581,439	0.65	0.21	April 2019-January 2021	1:1	USD/INR- 69.96 USD/JPY- 103.02	0.44	(0.44)
	EUR 12,500,000	5.36	-	April 2019-February 2021	1:1	EUR/USD- 1.23	5.36	(5.36)
(ii) Cross currency swap contracts	USD 3,059,173	0.15	-	April 2019-August 2021	1:1	USD/INR- 67.30	0.15	(0.15)
<b>Non-derivative instruments</b>								
	USD 6,075,469	-	42.02	May 2019-August 2019	1:1	USD/INR- 69.25	0.04	(0.04)
(i) Foreign currency borrowings*	EUR 7,911,099	-	61.47	July 2019-July 2023	1:1	EUR/INR- 79.87	1.70	(1.70)

\* represents outstanding balance of loans designated under natural hedge

**(b) Disclosure of effects of hedge accounting on financial performance**
**For the year ended 31 March 2020**

Type of hedge and risks	Change in the value of hedging instrument in other comprehensive income	Hedge ineffectiveness recognised in profit or loss	Amount reclassified from cash flow hedging reserve to profit or loss	Line item affected in statement of profit and loss because of reclassification and hedge ineffectiveness
Cash flow hedge				
Foreign currency and interest rate risk				
(i) Foreign exchange forward contracts	8.30	-	(14.56)	Revenue, Cost of material consumed, finance cost and other expenses/income
(ii) Cross currency swap contracts	0.63	-	(2.90)	Finance cost and other expenses/income
(iii) Foreign currency borrowings	(4.09)	-	0.48	Revenue and other expenses/income

**NOTES OF THE FINANCIAL STATEMENTS for the year ended 31 March, 2020**

(All amounts in ₹ crores, unless otherwise stated)

**For the year ended 31 March 2019**

Type of hedge and risks	Change in the value of hedging instrument in other comprehensive income	Hedge ineffectiveness recognised in profit or loss	Amount reclassified from cash flow hedging reserve to profit or loss	Line item affected in statement of profit and loss because of reclassification and hedge ineffectiveness
Cash flow hedge				
Foreign currency and interest rate risk				
(i) Foreign exchange forward contracts	17.31	-	(3.35)	Cost of material consumed, finance cost and other expenses/income
(ii) Cross currency swap contracts	0.66	-	0.26	Finance cost and other expenses/income
(iii) Foreign currency borrowings	2.03	-	(0.29)	Finance cost and other expenses/income
(iv) Foreign exchange option contracts	0.58	-	0.85	Finance cost and other expenses/income

**(iv) Price risk**
**Exposure**

The Company's exposure to price risk arises from investments held and classified in the balance sheet either as fair value through other comprehensive income or at fair value through profit or loss. To manage the price risk arising from investments, the Company diversifies its portfolio of assets.

**Sensitivity**

The table below summarises the impact of increases/decreases of the price on the Company's equity and profit for the period :

Particulars	Impact on profit after tax		Impact on other components of equity	
	As at 31 March 2020	As at 31 March 2019	As at 31 March 2020	As at 31 March 2019
Investments*				
Net asset value - increase by 1%	0.05	0.50	0.90	-
Net asset value - decrease by 1%	(0.05)	(0.50)	(0.90)	-

\*Investment in subsidiaries are measured at cost as per Ind AS 27, 'Separate financial statements' and hence, not presented here.

**47 CAPITAL MANAGEMENT**

The Company's capital management objectives are to ensure the Company's ability to continue as a going concern as well as to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

The Company monitors capital on the basis of the carrying amount of equity plus its subordinated loan, less cash and cash equivalents as presented on the face of the statement of financial position and cash flow hedges recognised in other comprehensive income.

The Company manages its capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares. The amounts managed as capital by the Company are summarised as follows:

**NOTES OF THE FINANCIAL STATEMENTS for the year ended 31 March, 2020**

(All amounts in ₹ crores, unless otherwise stated)

The Company monitors capital on the basis of its gearing ratio, debt equity ratio and ratio of net debts to its earnings before interest, tax, depreciation and amortisation (EBITDA)

**Debt equity ratio**

Particulars	As at 31 March 2020	As at 31 March 2019
Total borrowings (including current maturities of long term debt)	720.88	741.84
Less: Investments	(145.51)	(77.23)
Less: Cash and cash equivalents	(4.24)	(43.39)
Less: Pledged deposits	(32.48)	(10.44)
Less: Deposits with bank	-	(17.16)
<b>Net debt</b>	<b>538.64</b>	<b>593.62</b>
Total equity	745.43	695.29
<b>Net debt to equity ratio</b>	<b>72.26%</b>	<b>85.38%</b>

**Ratio of net debt to EBITDA**

Particulars	As at 31 March 2020	As at 31 March 2019
Profit before exceptional items and tax*	163.46	69.49
Add: Depreciation and amortisation expenses	49.57	48.03
Add: Finance cost	49.39	51.67
<b>EBIDTA</b>	<b>262.42</b>	<b>169.19</b>
Net debt	538.64	593.62
<b>Ratio of net debt to EBITDA</b>	<b>2.05</b>	<b>3.51</b>

\*Includes other income

**Gearing Ratio**

Particulars	As at 31 March 2020	As at 31 March 2019
Net debt	538.64	593.62
Total equity	745.43	695.29
<b>Equity and net debt</b>	<b>1,284.06</b>	<b>1,288.91</b>
<b>Gearing Ratio</b>	<b>41.95%</b>	<b>46.06%</b>

**Dividend paid**

Equity shares	As at 31 March 2020	As at 31 March 2019
Final dividend for the year ended 31 March 2019 of ₹ 6 per share (including dividend distribution tax)	14.06	-
Interim dividend for the year ended 31 March 2020 of ₹ 15 per share (31 March 2019: ₹ Nil per share) (including dividend distribution tax)	35.15	-
Final dividend for the year ended 31 March 2018 of ₹ 6 per share (including dividend distribution tax)	-	14.06



**NOTES OF THE FINANCIAL STATEMENTS for the year ended 31 March, 2020**

(All amounts in ₹ crores, unless otherwise stated)

**Dividends not recognised at the end of the reporting period**

In addition to the above dividends, since year end the directors have recommended the payment of a final dividend of ₹ Nil (31 March 2019: ₹ 6) per fully paid equity share.

**48 Segment reporting**

In accordance with Ind AS 108, the Board of Directors being the Chief operating decision maker of the Company have determined its only one business segment of packaging films. Further, in terms of Paragraph 4 and 31 of Ind AS 108 'Operating Segments', entity wide disclosures have been presented below:

a) Revenue as per geographical markets:

Segment	Domestic		Overseas	
	For the year ended		For the year ended	
	As at 31 March 2020	As at 31 March 2019	As at 31 March 2020	As at 31 March 2019
Packaging films	1,114.58	1,056.13	853.25	920.67
<b>Total</b>	<b>1,114.58</b>	<b>1,056.13</b>	<b>853.25</b>	<b>920.67</b>

b) There are no customer who has contributed of 10% or more in the revenue.

**49 RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES**

The changes in the Company's liabilities arising from financing activities can be classified as follows:

Particulars	Long-term borrowings	Short-term borrowings	Total
<b>Opening balance as at 1 April 2019</b>	<b>539.66</b>	<b>202.18</b>	<b>741.84</b>
Cash flow:			
- Proceeds	18.31	35.76	<b>54.07</b>
- Repayment	(113.10)	-	<b>(113.10)</b>
<b>Non cash</b>			
- Finance cost adjustment for effective interest rate	0.38	-	<b>0.38</b>
- Foreign exchange difference	37.69	-	<b>37.69</b>
<b>Closing balance as at 31 March 2020</b>	<b>482.94</b>	<b>237.94</b>	<b>720.88</b>

**NOTES OF THE FINANCIAL STATEMENTS for the year ended 31 March, 2020**

(All amounts in ₹ crores, unless otherwise stated)

Particulars	Long-term borrowings	Short-term borrowings	Total
<b>Opening balance as at 1 April 2018</b>	<b>501.01</b>	<b>209.67</b>	<b>710.68</b>
<b>Cash flow:</b>			
- Proceeds	148.17	-	<b>148.17</b>
- Repayment	(97.68)	(7.49)	<b>(105.17)</b>
<b>Non cash</b>			
- Finance cost adjustment for effective interest rate	0.33	-	<b>0.33</b>
- Foreign exchange difference	(12.17)	-	<b>(12.17)</b>
<b>Closing balance as at 31 March 2019</b>	<b>539.66</b>	<b>202.18</b>	<b>741.84</b>

- 50** Per transfer pricing legislation under sections 92-92F of the Income tax Act, 1961, the Company is required to use certain specific methods in computing arm's length prices of international transactions with associated enterprises and maintain adequate documentation in this respect. Since law requires existence of such information and documentation to be contemporaneous in nature, the Company has appointed independent consultants for conducting a Transfer Pricing Study (the 'Study') to determine whether the transactions with associate enterprises undertaken during the financial year are on an "arms length basis". Management is of the opinion that the Company's international transactions are at arm's length and that the results of the on-going study will not have any impact on the financial statements and the independent consultants appointed have also preliminarily confirmed that they do not expect any transfer pricing adjustments.
- 51** The outbreak of Coronavirus (COVID- 19) pandemic globally and in India is causing significant disturbance and slowdown in economic activity. This Company is engaged in the business of flexible packaging films which is a part of essential commodities, and therefore the pandemic has so far had negligible impact on the business operations of the Company. The management has exercised due care, in concluding significant accounting judgements and estimates, inter alia, recoverability of receivables, impairment assessment of financial and non-financial assests, realisability of inventory and accordingly noted no significant impact on its financials statements. Further, management believes that the Company will be able to discharge the liabilities as and when falling due. The Company will continue to monitor current and future conditions and impact thereof on Company's operations.

 For **Walker Chandiook & Co LLP**

Chartered Accountants

Firm's registration number 001076N/N500013

**For and on behalf of Board of Directors of Cosmo Films Limited**
**Siddharth Talwar**

Partner

Membership no. 512752

**Hoshang Noshirwan Sinor**

Director

DIN: 00074905

Place: Mumbai

**Ashok Jaipuria**

Chairman &amp; Managing Director

DIN: 00214707

Place: New Delhi

**Pankaj Poddar**

Chief Executive Officer

Membership No.: 096861

Place: New Delhi

**Neeraj Jain**

Chief Financial Officer

Membership No.: 097576

Place: Noida

**Jyoti Dixit**

Company Secretary

Membership No.: F6229

Place: New Delhi

**Place** : Faridabad

**Date** : 04 June 2020

## INDEPENDENT AUDITOR'S REPORT

To the Members of Cosmo Films Limited

### Report on the Audit of the Consolidated Financial Statements

#### Opinion

1. We have audited the accompanying consolidated financial statements of Cosmo Films Limited ('the Holding Company') and its subsidiaries (the Holding Company and its subsidiaries together referred to as 'the Group'), as listed in Annexure 1, which comprise the Consolidated Balance Sheet as at 31 March 2020, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.
2. In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors on separate financial statements and on the other financial information of the subsidiaries, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ('Act') in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including Indian Accounting Standards ('Ind AS') specified under section 133 of the Act, of the consolidated state of affairs of the Group, as at 31 March 2020, and their consolidated profit (including other comprehensive income), consolidated cash flows and the consolidated changes in equity for the year ended on that date.

#### Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Our responsibilities under those standards are further described in *the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ('ICAI') together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in paragraph 15 of the Other Matters section below, is sufficient and appropriate to provide a basis for our opinion.

#### Key Audit Matters

4. Key audit matters are those matters that, in our professional judgment and based on the consideration of the reports of the other auditors on separate financial statements and on the other financial information of the subsidiaries, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.
5. We have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matter	How our audit addressed the key audit matter
<p><b>Physical verification of inventory</b></p> <p>As at 31 March 2020, the Holding Company held inventories of ₹ 170.60 crores as disclosed in note 10 to the consolidated financial statements. Inventories mainly consist of raw materials, finished goods, stores and spares. As per the Holding Company's inventory verification plan, management performs physical verification of inventory at all locations, under the supervision of finance team, at each quarter end and on a sample basis at each month end.</p> <p>Due to outbreak of the COVID-19 pandemic, there has been a lockdown enforced in various inventory locations at year end and several restrictions were imposed by</p>	<p>Our audit of existence of inventory included, but was not limited to, the following procedures:</p> <ul style="list-style-type: none"> <li>• Obtained an understanding of the Holding Company management's process for inventory counts and evaluated the design and tested the operating effectiveness of key controls with respect to inventory process.</li> <li>• Inspected the instructions given by supervisory teams to the management count teams.</li> <li>• Enquired and reviewed documents to identify any changes in process of inventory counts from previously held counts observed by us.</li> </ul>

<p>the respective state governments across India on travel and movement considering public health and safety measures which resulted in no physical verification of inventories being conducted by management of Holding Company as at year end, and the management has relied on its last verification conducted on 31 December 2019 and rolled it forward to 31 March 2020.</p> <p>Considering the above, we have reassessed our audit approach with respect to assessing the existence and condition of physical inventory of Holding Company as at year end and adopted alternate audit procedures as further described in our audit procedures.</p> <p>As a result of the above-mentioned alternative procedures being performed and due to the size of the inventories of Holding Company as at year end, we determined the existence of inventory to be a key audit matter for the current period's audit.</p>	<ul style="list-style-type: none"> <li>Reviewed the management's process for ensuring that the movement of inventory during physical verification is appropriately considered in stock records.</li> <li>Obtained management's inventory count records (count sheets) and reconciliation with the Holding Company's perpetual inventory records.</li> <li>Verified that the differences noted in management's physical verification of inventory from book records were adequately adjusted in books of account.</li> <li>Tested roll-forward of management's inventory count performed at locations on 31 December 2019 to 31 March 2020, by testing the controls around movement of inventory, and testing the transactions of receipt and issue of inventory on a sample basis.</li> <li>Observed live video feeds of physical inventory verification subsequent to year-end and gathered video evidence of warehouses and recounted a sample of inventory items at each location along with roll-back procedures to confirm existence of inventory at year end.</li> </ul>
<p><b>Derivative financial instruments</b></p> <p>The Group has entered into various derivative contracts including foreign exchange forward contracts, currency options, cross currency swaps and interest rate swaps which are used to manage and hedge foreign currency exchange risks and interest rate risks.</p> <p>The Group has reported net derivative financial assets at fair value of ₹ 23.04 crores and net derivative financial liabilities at fair value of ₹6.38 crores as of 31 March 2020</p> <p>The Group's accounting policy on derivatives is disclosed in note 1 (iv) I (iii) and related disclosures are included in note 48. The Group's significant judgements in applying accounting policy are disclosed in note 1 (v).</p> <p>The fair value of the derivative financial instruments is based on year-end quotes received from counterparty banks which are validated using valuation models that primarily use observable inputs. In respect of designated hedging relationships, the Group measures the effectiveness thereof using valuation models, such as hypothetical derivative method.</p> <p>Testing the fair valuation of derivative instruments and effectiveness of hedging relationships, where applicable, are complex exercises and hence required substantial involvement of senior personnel on the audit engagement including individuals with expertise in valuation.</p> <p>Accordingly, valuation of the derivative financial instruments and hedge accounting is determined to be a key audit matter.</p>	<p>We assessed the design and implementation and tested the operating effectiveness of the key controls over management's processes for valuation of derivative financial instruments.</p> <p>Our audit procedures included, but were not limited to, the following substantive procedures:</p> <ul style="list-style-type: none"> <li>Obtained independent direct confirmations from banks to confirm the outstanding financial instruments in order to verify existence and rights. Compared input data used in the Group's valuation models to independent sources and externally available market data.</li> <li>Involved an auditor's expert to assess the hedge effectiveness of derivative contracts.</li> <li>Inspected the underlying agreements and deal confirmations for the derivatives.</li> <li>Assessed whether the accounting policy is consistent with the requirements of Ind AS 109-Financial Instruments.</li> <li>Evaluated the appropriateness of disclosures in relation to financial risk management, derivative financial instruments and hedge accounting.</li> </ul> <p>We have also obtained written representations from management and those charged with governance on whether the significant assumptions used in valuation of derivatives are considered reasonable.</p>

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

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

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### **Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements**

7. The accompanying consolidated financial statements have been approved by the Holding Company's Board of Directors. The Holding Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these consolidated financial statements that give a true and fair view of the consolidated state of affairs (consolidated financial position), consolidated profit or loss (consolidated financial performance including other comprehensive income), consolidated changes in equity and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Ind AS specified under section 133 of the Act. The Holding Company's Board of Directors is also responsible for ensuring accuracy of records including financial information considered necessary for the preparation of consolidated Ind AS financial statements. Further, in terms of the provisions of the Act, the respective Board of Directors /management of the companies included in the Group, covered under the Act are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets and for preventing and

detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error. These financial statements have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

8. In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the companies included in the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intend to liquidate the companies included in the Group or to cease operations, or has no realistic alternative but to do so.
9. Those Board of Directors are also responsible for overseeing the financial reporting process of the companies included in the Group.

### **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

10. Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.
11. As part of an audit in accordance with Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
  - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Holding Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls;
  - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
  - Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern;
  - Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation; and
  - Obtain sufficient appropriate audit evidence regarding the financial information of the entities within the Group, to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit of financial statements of such entities included in the financial statements, of which we are the independent auditors. For the other entities included in the financial statements, which have been audited by the other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.
12. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
  13. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
  14. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### **Other Matter**

15. We did not audit the financial statements of six subsidiaries, whose financial statements reflect total assets of ₹ 353.53 crores and net assets of ₹ 210.46 crores as at 31 March 2020, total revenues of ₹ 432.98 crores and net cash inflows amounting to ₹ 8.14 crores for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the management and our opinion on the consolidated financial statements, in so far as it



relates to the amounts and disclosures included in respect of these subsidiaries, and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries, is based solely on the reports of the other auditors.

Further, of these subsidiaries, three subsidiaries are located outside India and their financial statements and other financial information have been prepared in accordance with accounting principles generally accepted in their respective countries and have been audited by other auditors under generally accepted auditing standards applicable in their respective countries. The Holding Company's management has converted the financial statements of such subsidiaries located outside India from accounting principles generally accepted in their respective countries to accounting principles generally accepted in India. We have audited these conversion adjustments made by the Holding Company's management. Our opinion on the consolidated financial statements, in so far as it relates to the balances and affairs of such subsidiaries located outside India, is based on the report of other auditors and the conversion adjustments prepared by the management of the Holding Company and audited by us.

Our opinion above on the consolidated financial statements, and our report on other legal and regulatory requirements below, are not modified in respect of the above matters with respect to our reliance on the work done by and the reports of the other auditors.

16. We did not audit the financial information of two subsidiaries, whose financial information reflects total assets of ₹ 0.26 crores and net assets of ₹ 0.25 crores as at 31 March 2020, total revenues of ₹ Nil and net cash inflows amounting to ₹ 0.23 crores for the year ended on that date, as considered in the consolidated financial statements. These financial information are unaudited and have been furnished to us by the management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of the aforesaid subsidiaries, and our report in terms of sub-section (3) of Section 143 of the Act in so far as it relates to the aforesaid subsidiaries, are based solely on such unaudited financial information. In our opinion and according to the information and explanations given to us by the management, these financial information are not material to the Group.

Our opinion above on the consolidated financial statements, and our report on other legal and regulatory requirements below, are not modified in respect of the above matter with respect to our reliance on the financial information certified by the management.

#### **Report on Other Legal and Regulatory Requirements**

17. As required by section 197(16) of the Act, based on our audit, we report that the Holding Company paid remuneration to its directors during the year in accordance with the provisions of and limits laid down under section 197 read with Schedule V to the Act. Further, as stated in paragraph 16, financial information of one subsidiary company covered under the Act is unaudited and has been furnished to us by the management, and as certified by the management, such company has not paid or provided for any managerial remuneration during the year.
18. As required by Section 143 (3) of the Act, based on our audit and on the consideration of the reports of the other auditors on separate financial statements and other financial information of the subsidiaries, we report, to the extent applicable, that:
- a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the aforesaid consolidated financial statements;
  - b) in our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors;
  - c) the consolidated financial statements dealt with by this report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements;
  - d) in our opinion, the aforesaid consolidated financial statements comply with Ind AS specified under section 133 of the Act;
  - e) on the basis of the written representations received from the directors of the Holding Company and taken on record by the Board of Directors of the Holding Company and on the basis of the written representations received from the directors of one subsidiary company

- covered under the Act, none of the directors of the Holding Company and such subsidiary company covered under the Act, are disqualified as on 31 March 2020 from being appointed as a director in terms of Section 164(2) of the Act;
- f) with respect to the adequacy of the internal financial controls with reference to financial statements of the Holding Company and its subsidiary company covered under the Act, and the operating effectiveness of such controls, refer to our separate report in Annexure A; and
- g) with respect to the other matters to be included in the Auditor's Report in accordance with rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditors on separate financial statements as also the other financial information of the subsidiaries:
- i. the consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group, as detailed in Note 40 to the consolidated financial statements;
  - ii. the Holding Company and subsidiary companies did not have any long-term
- contracts including derivative contracts for which there were any material foreseeable losses as at 31 March 2020;
- iii. there has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company and its subsidiary company covered under the Act, during the year ended 31 March 2020; and
  - iv. the disclosure requirements relating to holdings as well as dealings in specified bank notes were applicable for the period from 8 November 2016 to 30 December 2016, which are not relevant to these consolidated financial statements. Hence, reporting under this clause is not applicable.

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

**Siddharth Talwar**  
Partner  
Membership No.: 512752  
UDIN: 20512752AAAACD9347

**Place:** Faridabad  
**Date:** 4 June 2020



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**Annexure 1****List of entities included in the Consolidated Financial Statements**

- a. Cosmo Films Singapore Pte Ltd.
- b. Cosmo Films Korea Limited
- c. Cosmo Films Japan, GK
- d. Cosmo Films Inc.
- e. CF (Netherlands) Holdings Ltd B.V.
- f. CF Investment Holding Private (Thailand) Company Limited
- g. Cosmo Films Poland Sp z.o.o.
- h. Cosmo Speciality Chemicals Private Limited (with effect from 02 March 2020)

## **Annexure A to the Independent Auditor's Report of even date to the members of Cosmo Films Limited on the consolidated financial statements for the year ended 31 March 2020**

### **Annexure A**

#### **Independent Auditor's Report on the internal financial controls with reference to financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act')**

1. In conjunction with our audit of the consolidated financial statements of Cosmo Films Limited ('the Holding Company') and its subsidiaries (the Holding Company and its subsidiaries together referred to as 'the Group'), as at and for the year ended 31 March 2020, we have audited the internal financial controls with reference to financial statements of the Holding Company and its subsidiary company, which is a company covered under the Act, as at that date.

#### **Responsibilities of Management and Those Charged with Governance for Internal Financial Controls**

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

#### **Auditor's Responsibility for the Audit of the Internal Financial Controls with Reference to Financial Statements**

3. Our responsibility is to express an opinion on the internal financial controls with reference to financial statements of the Holding Company and its

subsidiary company, as aforesaid, based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the ICAI prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements, and the Guidance Note issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements were established and maintained and if such controls operated effectively in all material respects.

4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements includes obtaining an understanding of such internal financial controls, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls with reference to financial statements of the Holding Company and its subsidiary company, as aforesaid.

#### **Meaning of Internal Financial Controls with Reference to Financial Statements**

6. A company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to financial statements include those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance

with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

#### **Inherent Limitations of Internal Financial Controls with Reference to Financial Statements**

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

#### **Opinion**

8. In our opinion, the Holding Company and its subsidiary company, which is a company covered under the Act, have in all material respects, adequate internal financial controls with reference to financial statements and such controls were operating effectively as at 31 March 2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance note issued by the ICAI.

#### **Other Matter**

9. We did not audit the internal financial controls with reference to financial statements insofar as it relates

to one subsidiary company, which is a company covered under the Act, whose financial information reflects total assets of ₹ 0.01 crore and net assets of ₹ 0.01 crore as at 31 March 2020, total revenues of ₹ Nil and net cash inflows amounting to ₹ 0.01 crore for the year ended on that date, as considered in the consolidated financial statements. The internal financial controls with reference to financial statements of this subsidiary company, which is a company covered under the Act, are unaudited and our opinion under Section 143(3)(i) of the Act insofar as it relates to the aforesaid subsidiary company, which is a company covered under the Act, is solely based on the corresponding internal financial controls with reference to financial statements report certified by the management of such company. In our opinion and according to the information and explanations given to us by the management, these financial information are not material to the Group. Our report on adequacy and operating effectiveness of the internal financial controls with reference to financial statements of the Group does not include the internal financial controls with reference to financial statements assessment in respect of the aforesaid company. Our opinion is not modified in respect of the above matter with respect to our reliance on the internal financial controls with reference to financial statements report certified by the management.

For **Walker Chandiok & Co LLP**

Chartered Accountants

Firm's Registration No.: 001076N/N500013

**Siddharth Talwar**

Partner

Membership No. 512752

UDIN: 20512752AAAACD9347

**Place:** Faridabad

**Date:** 4 June 2020

**CONSOLIDATED BALANCE SHEET as at 31 March 2020**

(All amounts in ₹ crores, unless otherwise stated)

Particulars	Note No.	As at 31 March 2020	As at 31 March 2019
<b>ASSETS</b>			
<b>Non-current assets</b>			
a) Property, plant and equipment	2	1,001.17	980.65
b) Capital work-in-progress	3	15.96	32.33
c) Investment property	4	18.85	29.46
d) Intangible assets	5	2.72	3.10
e) Financial assets			
(i) Investments	6	0.20	0.17
(ii) Loans	7	9.69	10.71
(iii) Other financial assets	8	1.80	8.28
f) Deferred tax assets (net)	23	4.97	4.68
g) Income tax assets (net)		14.34	12.46
h) Other non-current assets	9	53.76	48.99
		<b>1,123.46</b>	<b>1,130.83</b>
<b>Current assets</b>			
a) Inventories	10	275.34	277.77
b) Financial assets			
(i) Investments	11	145.51	77.23
(ii) Trade receivables	12	193.14	209.14
(iii) Cash and cash equivalents	13	26.48	57.25
(iv) Bank balances other than (iii) above	14	33.88	28.68
(v) Loans	15	2.97	2.22
(vi) Other financial assets	16	47.37	47.71
c) Other current assets	17	56.54	42.41
		<b>781.22</b>	<b>742.41</b>
<b>Non-current assets classified as held for sale</b>	2	5.53	-
<b>TOTAL ASSETS</b>		<b>1,910.21</b>	<b>1,873.24</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
a) Equity share capital	18	19.44	19.44
b) Other equity	19	721.48	660.80
		<b>740.92</b>	<b>680.24</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
a) Financial liabilities			
(i) Borrowings	20	355.30	431.94
(ii) Other financial liabilities	21	0.57	-
b) Provisions	22	11.88	4.18
c) Deferred tax liabilities (net)	23	61.35	46.88
d) Other non-current liabilities	24	50.08	52.96
		<b>479.18</b>	<b>535.96</b>
<b>Current liabilities</b>			
a) Financial liabilities			
(i) Borrowings	25	306.51	271.62
(ii) Trade payables			
(a) Total outstanding dues of micro and small enterprises	26	0.80	0.13
(b) Total outstanding dues of creditors other than micro and small enterprises	26	156.31	202.05
(iii) Other financial liabilities	27	198.50	162.52
b) Provisions	28	3.19	0.26
c) Other current liabilities	29	24.80	19.08
d) Current tax liabilities (net)	30	-	1.38
		<b>690.11</b>	<b>657.04</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>1,910.21</b>	<b>1,873.24</b>

**Summary of significant accounting policies**

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

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

 For **Walker Chandio & Co LLP**

Chartered Accountants

Firm's registration number 001076N/N500013

 For and on behalf of **Board of Directors of Cosmo Films Limited**
**Siddharth Talwar**

Partner

Membership no. 512752

**Hoshang Noshirwan Sinor**

Director

DIN: 00074905

Place: Mumbai

**Ashok Jaipuria**

Chairman &amp; Managing Director

DIN: 00214707

Place: New Delhi

**Place** : Faridabad

**Date** : 04 June 2020

**Pankaj Poddar**  
 Chief Executive Officer  
 Membership No.: 096861  
 Place: New Delhi

**Neeraj Jain**  
 Chief Financial Officer  
 Membership No.: 097576  
 Place: Noida

**Jyoti Dixit**  
 Company Secretary  
 Membership No.: F6229  
 Place: New Delhi

**CONSOLIDATED STATEMENT OF PROFIT AND LOSS** for the year ended 31 March 2020

(All amounts in ₹ crores, unless otherwise stated)

Particulars	Note No.	Year ended 31 March 2020	Year ended 31 March 2019
<b>Revenue</b>			
Revenue from operations	31	2,203.53	2,156.52
Other income	32	19.46	20.15
<b>Total income</b>		<b>2,222.99</b>	<b>2,176.67</b>
<b>Expenses</b>			
Cost of material consumed		1,484.50	1,562.95
Purchase of traded goods		3.56	0.92
Change in inventory of finished goods	33	(16.46)	12.99
Employee benefit expenses	34	162.57	131.40
Finance costs	35	52.57	55.97
Depreciation, amortisation and impairment expense	36	65.05	53.76
Allowance for expected credit losses		0.66	0.69
Other expenses	37	307.70	286.35
<b>Total expenses</b>		<b>2,060.15</b>	<b>2,105.03</b>
<b>Profit before tax</b>		<b>162.84</b>	<b>71.64</b>
<b>Tax expense</b>	38		
- Current tax		29.01	12.09
- Deferred tax expense/(credit)		20.39	(1.56)
<b>Total tax expense</b>		<b>49.40</b>	<b>10.53</b>
<b>Net profit for the year</b>		<b>113.44</b>	<b>61.11</b>
<b>Other comprehensive income</b>			
<b>1) Items that will not be reclassified to profit or loss</b>			
- Remeasurements of defined benefit plans		(0.68)	(0.03)
- Tax on above items		0.24	0.01
<b>2) Items that will be reclassified to profit or loss</b>			
- Effective portion of (loss)/gain on hedging instruments in a cash flow hedge		(11.75)	18.31
- Net changes in fair value of debt instruments carried at fair value through other comprehensive income		(5.29)	-
- Foreign currency translation reserve		10.84	(0.53)
- Tax on above items		5.96	(6.39)
<b>Total other comprehensive income</b>		<b>(0.68)</b>	<b>11.37</b>
<b>Total comprehensive income</b>		<b>112.76</b>	<b>72.48</b>
<b>Earnings per equity share</b>	39		
- Basic		59.19	31.89
- Diluted		59.19	31.89
<b>Summary of significant accounting policies</b>	1		

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

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

For **Walker Chandio & Co LLP**

Chartered Accountants

Firm's registration number 001076N/N500013

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

**Siddharth Talwar**

Partner

Membership no. 512752

**Hoshang Noshirwan Sinor**

Director

DIN: 00074905

Place: Mumbai

**Ashok Jaipuria**

Chairman & Managing Director

DIN: 00214707

Place: New Delhi

**Place** : Faridabad

**Date** : 04 June 2020

**Pankaj Poddar**  
 Chief Executive Officer  
 Membership No.: 096861  
 Place: New Delhi

**Neeraj Jain**  
 Chief Financial Officer  
 Membership No.: 097576  
 Place: Noida

**Jyoti Dixit**  
 Company Secretary  
 Membership No.: F6229  
 Place: New Delhi

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY for the year ended 31 March 2020**

(All amounts in ₹ crores, unless otherwise stated)

**A. Equity share capital\***

Opening Balance as at 1 April 2018	19.44
Changes during the year	-
Closing Balance as at 31 March 2019	19.44
Changes during the year	-
Closing Balance as at 31 March 2020	19.44

**B. Other Equity\*\***

Particulars	Reserves and Surplus						Other Components of Equity			Total	
	Retained earnings	Securities premium	Shares options outstanding account	Capital reserve	General reserve	Other reserve	Effective portion of cash flow hedges	Currency translation reserve	Debt instruments through other comprehensive income		Treasury shares
Balance as at 1 April 2018	292.05	31.26	3.23	4.10	278.11	1.22	(5.27)	3.98	-	(8.46)	600.22
Profit for the year	61.11	-	-	-	-	-	-	-	-	-	61.11
Other comprehensive (expense)/ income	(0.02)	-	-	-	-	-	11.92	(0.53)	-	-	11.37
<b>Total comprehensive income for the year</b>	<b>61.09</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>11.92</b>	<b>(0.53)</b>	<b>-</b>	<b>-</b>	<b>72.48</b>
Transactions with owners	(11.50)	-	-	-	-	-	-	-	-	-	(11.50)
Equity dividend	(2.40)	-	-	-	-	-	-	-	-	-	(2.40)
Tax on equity dividend	(2.40)	-	-	-	-	-	-	-	-	-	(2.40)
Employee share-based compensation	-	-	2.00	-	-	-	-	-	-	-	2.00
Employee share-based compensation Movement during the year	1.22	-	-	-	-	(1.22)	-	-	-	-	-
Balance as at 31 March 2019	340.46	31.26	5.23	4.10	278.11	-	6.65	3.45	-	(8.46)	660.80
Balance as at 31 March 2019	340.46	31.26	5.23	4.10	278.11	-	6.65	3.45	-	(8.46)	660.80
Profit for the year	113.44	-	-	-	-	-	-	-	-	-	113.44
Other comprehensive (expense)/income	(0.44)	-	-	-	-	-	(7.64)	10.84	(3.44)	-	(0.68)
<b>Total comprehensive income for the year</b>	<b>113.00</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(7.64)</b>	<b>10.84</b>	<b>(3.44)</b>	<b>-</b>	<b>112.76</b>
Transactions with owners	(40.24)	-	-	-	-	-	-	-	-	-	(40.24)
Equity dividend	(8.40)	-	-	-	-	-	-	-	-	-	(8.40)
Tax on equity dividend	(8.40)	-	-	-	-	-	-	-	-	-	(8.40)
Employee share-based compensation	-	-	1.03	-	-	-	-	-	-	-	1.03
Acquisition of treasury shares	-	-	-	-	-	-	-	-	-	-	-
Employee share-based compensation Movement during the year	0.05	-	-	-	-	-	-	-	-	(4.52)	(4.52)
Balance as at 31 March 2020	404.87	31.26	6.26	4.10	278.11	-	(0.99)	14.29	(3.44)	(12.98)	721.48

\* Refer note 18 for details

\*\* Refer note 19 for details

**Summary of significant accounting policies**

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

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

 For: **Walker Chandiook & Co LLP**

Chartered Accountants

Firm's registration number 001076N/NS00013

**Siddharth Talwar**

Partner

Membership no. 512752

**Hoshang Noshirwan Sinor**

Director

DIN: 00074905

Place: Mumbai

**Ashok Jaipuria**

Chairman &amp; Managing Director

DIN: 00214701

Place: New Delhi

**Pankaj Poddar**

Chief Executive Officer

Membership No.: 096861

Place: New Delhi

**Neeraj Jain**

Chief Financial Officer

Membership No.: 097576

Place: Noida

**Jyoti Dixit**

Company Secretary

Membership No.: F6229

Place: New Delhi

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

**CONSOLIDATED CASH FLOW STATEMENT for the year ended 31 March 2020**

(All amounts in ₹ crores, unless otherwise stated)

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
<b>A. Cash flow from operating activities</b>		
Profit before tax	162.84	71.64
<b>Adjustment for</b>		
Depreciation, amortisation and impairment expense	65.05	53.76
Finance cost	52.57	55.97
Gain on investments carried at fair value through profit and loss	(1.51)	(2.54)
Increase in allowance for expected credit losses	0.66	0.69
Interest income	(12.54)	(1.85)
Grant income on export promotion capital goods	(2.89)	(2.89)
Liabilities no longer required written back	(0.11)	(0.70)
Profit on sale of property, plant and equipment	(0.14)	(8.79)
Employee share-based compensation	1.03	2.00
Unrealised (gain)/ loss on exchange fluctuation	(4.18)	0.62
Unrealised sales tax incentives	(17.15)	(17.15)
<b>Operating profit before working capital changes</b>	<b>243.63</b>	<b>150.76</b>
<b>Movement in working capital</b>		
Inventories	2.52	4.08
Trade receivable	24.61	(18.06)
Loans	0.60	(1.02)
Other financial assets	14.59	(2.93)
Other assets	(1.60)	4.82
Trade payable	(43.10)	13.40
Other financial liabilities	18.59	3.34
Other liabilities	2.18	2.71
Provisions	10.91	0.75
<b>Cash flow from operating activities post working capital changes</b>	<b>272.93</b>	<b>157.85</b>
Income tax paid (net)	(32.53)	(14.96)
<b>Net cash flow from operating activities (A)</b>	<b>240.40</b>	<b>142.89</b>
<b>B. Cash flow from investing activities</b>		
Purchase of property, plant and equipment and intangible assets (including capital advances)	(49.97)	(90.68)
Sale of property, plant and equipment and intangible assets	(0.05)	34.43
Purchase of investments and liquid mutual funds (net)	(67.50)	(16.87)
Interest received	6.56	2.08
Investments in / (redemption of) fixed deposits (net)	1.38	(19.21)
Advance received against non-current assets classified as held for sale	3.85	-
<b>Net cash used in investing activities (B)</b>	<b>(105.73)</b>	<b>(90.25)</b>
<b>C. Cash flow from financing activities</b>		
Proceeds from long term borrowings	18.31	148.17
Repayment of long term borrowings	(113.10)	(97.68)
Proceeds from/ (repayment of) short term borrowings	34.89	(15.53)
Acquisition of treasury shares	(4.52)	-
Interest paid	(52.38)	(56.46)
Dividend and tax thereon paid	(48.64)	(13.90)
<b>Net cash used in financing activities (C)</b>	<b>(165.44)</b>	<b>(35.40)</b>
(Decrease)/increase in cash and cash equivalents (A+B+C)	(30.77)	17.24
Cash and cash equivalents at the beginning of the year (refer note 13)	57.25	40.01
<b>Cash and cash equivalents at the end of the year (refer note 13)</b>	<b>26.48</b>	<b>57.25</b>

**Summary of significant accounting policies**

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

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

For Walker Chandok &amp; Co LLP

Chartered Accountants

Firm's registration number 001076N/N500013

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

**Siddharth Talwar**

Partner

Membership no. 512752

**Hoshang Noshirwan Sinor**

Director

DIN: 00074905

Place: Mumbai

**Ashok Jaipuria**

Chairman &amp; Managing Director

DIN: 00214707

Place: New Delhi

**Pankaj Poddar**

Chief Executive Officer

Membership No.: 096861

Place: New Delhi

**Neeraj Jain**

Chief Financial Officer

Membership No.: 097576

Place: Noida

**Jyoti Dixit**

Company Secretary

Membership No.: F6229

Place: New Delhi

Place : Faridabad

Date : 04 June 2020



## **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March 2020**

(All amounts in ₹ crores, unless otherwise stated)

### **1. Statement on significant accounting policies**

#### **i) Corporate Information, basis of preparation and summary of significant accounting policies**

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

#### **ii) Basis of Preparation**

These consolidated financial statements ('financial statements') of the Group have been prepared in accordance with Indian Accounting Standards (Ind AS) as notified by Ministry of Corporate Affairs pursuant to section 133 of the Companies Act, 2013 read with Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time.

The consolidated financial statements for the year ended 31 March 2020 were authorized and approved by the Board of Directors on 04 June 2020.

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

- Certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments); and
- Defined benefit plans – plan assets measured at fair value.

#### **iii) Basis of consolidation**

##### ***Subsidiaries***

Subsidiaries are all entities (including structured entities) over which the Holding Company has control. The Holding Company controls an entity when the Holding Company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity. The Holding Company can have power over the investee even if it owns less than majority voting rights i.e. rights arising from other contractual arrangements. Subsidiaries are fully consolidated from the date on which control is transferred to the Holding Company. Statement of profit and loss (including other comprehensive income ('OCI')) of subsidiaries acquired or disposed of during the period are recognized from the effective date of acquisition, or up to the effective date of disposal, as applicable.

The consolidated financial statements are presented, to the extent possible, in the same format as that adopted by the parent Company for its separate financial statements.

Intercompany transactions, balances and unrealised gains on transactions between Company and its subsidiaries (jointly referred to as the 'Group' herein under) are eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Holding Company.

#### **iv) Significant Accounting Policies**

##### **a) Current versus non-current classification**

The Group presents assets and liabilities in the balance sheet based on current/ non-current

classification. An asset is treated as current when it is:

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

All other assets are classified as non-current.

A liability is current when:

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

The Group classifies all other liabilities as non-current.

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

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

## b) Property, plant and equipment

### *Recognition and initial measurement*

Property, plant and equipment are stated at their cost of acquisition. The cost comprises the purchase price, borrowing cost (if capitalisation criteria are met) and any attributable costs of bringing the asset to its working condition for its intended use. Any trade discount and rebates are deducted in arriving at the purchase price. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits attributable to such subsequent cost associated with the item will flow to the Group. All other repair and maintenance costs are recognised in statement of profit or loss as incurred.

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

### *Subsequent measurement (depreciation and useful lives)*

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

<b>Tangible Assets</b>	<b>Useful Life</b>
Building – Factory	30 Years
Building – other than factory	60 Years
Continuous process plant and machinery	25 Years
Other plant and equipment	15 years
Furniture and fittings	10 Years
Vehicles	8 Years
Office equipment	3-5 Years

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

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

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

*De-recognition*

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

**c) Investment property**

*Recognition and initial measurement*

Investment properties are measured initially at cost, including transaction costs and where applicable, borrowing costs. Following initial recognition, investment properties are stated at cost less accumulated depreciation and accumulated impairment loss, if any. The Group measures investment property using cost-based measurement, the fair value of investment property is disclosed in the notes. Fair values are determined based on an annual evaluation performed by an accredited external independent valuer.

*Subsequent measurement (depreciation and useful lives)*

Subsequent to initial recognition, an expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred.

Investment properties are depreciated over the useful economic life and assessed for impairment whenever there is an indication that the investment properties may be impaired.

*De-recognition*

Investment properties are de-recognised either when they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period of derecognition.

**d) Intangible assets**

*Recognition and initial measurement*

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

*Subsequent measurement (depreciation and useful lives)*

All intangible assets, including internally developed intangible assets, are accounted for using the cost model whereby capitalised costs are amortised on a straight-line basis over their estimated useful lives. The estimated useful life of an identifiable intangible asset is based on a number of factors including the effects of obsolescence, demand, competition, and other economic factors (such as the stability of the industry, and known technological advances), and the level of maintenance

expenditures required to obtain the expected future cash flows from the asset. Residual values and useful lives are reviewed at each reporting date. The following useful lives are applied:

**Intangible Assets**

Software

**Useful life (in years)**

Amortised over a period of 6 years

*De-recognition*

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

**e) Impairment of non-financial assets**

For impairment assessment purposes, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level

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

To determine value-in-use, management estimates expected future cash flows from each cash-generating unit and determines a suitable discount rate in order to calculate the present value of those cash flows. The data used for impairment testing procedures are directly linked to the Group's latest approved budget, adjusted as necessary to exclude the effects of future re-organisations and asset enhancements. Discount factors are determined individually for each cash-generating unit and reflect current market assessment of the time value of money and asset-specific risk factors.

**f) Borrowing Costs**

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest calculated using the effective interest method that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

**g) Inventory**

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

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

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

**h) Foreign currency translation**

*Functional and presentation currency*

The consolidated financial statements are presented in Indian Rupees (INR or ₹) and are rounded to two decimal places of crores, which is also the Holding Company's functional and presentation currency.

*Transactions and balances*

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

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

Exchange differences arising on settlement or translation of monetary items as at reporting date are recognised in statement of profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.

*Exchange differences*

As per the generally accepted accounting principles followed by the Group till 31 March 2017, exchange differences arising on translation/ settlement of long term foreign currency monetary items pertaining to the acquisition of a depreciable asset were adjusted to the cost of the asset. Exchange differences arising on other long-term foreign currency monetary items existing as on 31 March 2017 are accumulated in the "Foreign Currency Monetary Item Translation Difference Account" and amortised over the remaining life of the concerned monetary item. The Group has elected to continue with the said policy on exchange differences arising on long term foreign currency monetary items existing on 31 March 2017 as allowed under Ind AS 101.

For this purpose, the Group treats a foreign currency monetary item as "long-term foreign currency monetary item", if it has a term of 12 months or more at the date of its origination.

**Foreign operations**

In the Group's financial statements, all assets, liabilities and transactions of the Group entities with functional currency other than the Indian Rupee are translated into Indian Rupee upon consolidation. The functional currency of the entities in the Group has remained unchanged during the reporting period. On consolidation, assets and liabilities have been translated into Indian Rupee at the closing rate at the reporting date and the equity is translated at historical rate. Fair value adjustments arising on the acquisition of a foreign entity have been treated as assets and liabilities of the foreign entity and translated into Indian Rupee at the closing rate. Income and expenses have been translated into Indian Rupee at the average rate over the reporting period. Exchange differences are charged/ credited to other comprehensive income and recognized in the currency translation reserve in equity. On disposal of a foreign operation, the related cumulative translation differences recognized in equity are reclassified to the statement of profit or loss and are recognized as part of the gain or loss on disposal.

**i) Leases**

**Transition**

Effective 1 April 2019, the Group adopted Ind AS 116 "Leases" and applied the standard to all lease contracts existing on 1 April 2019 using the modified retrospective method and elected to measure the right-of-use assets at an amount equal to the lease liability adjusted for any prepaid or accrued lease payments that existed at the date of transition. Comparatives as at and for the year ended 31 March 2019 have not been retrospectively adjusted and therefore will continue to be reported under the accounting policies included as part of our Annual Report for year ended 31 March 2019.

Refer note 44 for details.

### **The Group as a lessee**

The Group's leased asset classes primarily consist of leases for land and buildings. The Group assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether: (i) the contract involves the use of an identified asset (ii) the Group has substantially all of the economic benefits from use of the asset through the period of the lease and (iii) the Group has the right to direct the use of the asset.

At the date of commencement of the lease, the Group recognises a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Group recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

Certain lease arrangements includes the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised.

The right-of-use assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset.

The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates in the country of domicile of these leases. Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed payments) and variable payments based on an index or rate. Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. Lease liabilities are remeasured with a corresponding adjustment to the related right of use asset if the Group changes its assessment if whether it will exercise an extension or a termination option.

### **The Group as a lessor**

Leases for which the Group is a lessor is are classified as a finance or operating lease. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sublease separately. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease.

For operating leases, rental income is recognized on a straight-line basis over the term of the relevant lease.

## **j) Fair Value Measurement**

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

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

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

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

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

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

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

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

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

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

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

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

**k) Revenue recognition – Sale of products and services**

Sales (including scrap sales) are recognised when control of products is transferred to the buyer as per the terms of the contract and are accounted for net of returns and rebates. Control of goods refers to the ability to direct the use of and obtain substantially all of the remaining benefits from goods. Sales, as disclosed, are exclusive of goods and services tax.

Income in respect of service contracts, which are generally in the nature of providing job work services, are recognised in statement of profit and loss on completion of performance obligation.

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

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

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



The Group recognises contract liabilities for consideration received in respect of unsatisfied performance obligations and reports these amounts as other liabilities in the balance sheet. Similarly, if the Group satisfies a performance obligation before it receives the consideration, the Group recognises either a contract asset or a receivable in its balance sheet, depending on whether something other than the passage of time is required before the consideration is due.

## l) Financial instruments

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

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

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

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

### Financial assets

#### Classification and subsequent measurement

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

- Financial assets at amortised cost** – a financial instrument is measured at amortised cost if both the following conditions are met:
  - The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
  - Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest method. Effective interest rate (EIR) is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial assets. The future cash flows include all other transaction costs paid or received, premiums or discounts if any, etc.

- Investments in equity instruments of subsidiaries** - Investments in equity instruments of subsidiaries existing as at 1 April 2016, the date of transition to Ind AS, are accounted for at fair value at such date, as per the exemptions available in Ind AS 101. Other investments in equity instruments of subsidiaries are accounted for at their cost.

- Financial assets at fair value**

- **Investments in equity instruments other than above** – All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading are generally classified as at fair value through profit or loss (FVTPL). For all other equity instruments, the Group decides to classify the same either as at fair value through other comprehensive income (FVOCI) or fair value through profit or loss (FVTPL). The Group

makes such election on an instrument by instrument basis. The classification is made on initial recognition and is irrevocable.

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

Equity instruments included within the FVTPL category are measured at fair value with all changes recognised in the profit or loss.

- **Mutual funds** – All mutual funds in scope of Ind-AS 109 are measured at fair value through profit or loss (FVTPL).
- **Bonds** - All bonds are in scope of Ind-AS 109 and measured at fair value. Bonds which are held for the purpose of both collecting contractual cash flows and selling financial assets are classified as at fair value through other comprehensive income (FVOCI). Bonds which are held for the purpose of trading are classified as at fair value through profit and loss (FVTPL).
- **Derivative assets** - All derivative assets are measured at fair value through profit and loss (FVTPL).

#### **De-recognition of financial assets**

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

##### *Reclassification of financial assets*

The Group determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The Group's senior management determines change in the business model as a result of external or internal changes which are significant to the Group's operations. Such changes are evident to external parties. A change in the business model occurs when the Group either begins or ceases to perform an activity that is significant to its operations. If the Group reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The Group does not restate any previously recognised gains, losses (including impairment gains or losses) or interest.

#### **Financial liabilities**

##### **Subsequent measurement**

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

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

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

##### **De-recognition of financial liabilities**

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an

exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit and loss.

### **Offsetting of financial instruments**

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

### **m) Hedge accounting**

The Group enters into certain derivative financial instruments to manage its exposure to risk arising from changes in interest rate and foreign exchange rates which are designated as cash flow hedges. Further, the Group has designated certain non-derivative financial instruments in cash flow hedging relationship to manage its exposure to risk arising from changes in foreign exchange rates.

At the inception of a hedge relationship, the Group documents the hedge relationship to which the Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's cash flows attributable to the hedged risk.

To qualify for hedge accounting, the hedging relationship must meet all of the following requirements:

- there is an economic relationship between the hedged item and the hedging instrument
- the effect of credit risk does not dominate the value changes that result from that economic relationship
- the hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the entity actually hedges and the quantity of the hedging instrument that the entity actually uses to hedge that quantity of hedged item.

For the period under audit, the Group has designated certain forward currency contracts, cross currency swaps and foreign currency risk component of borrowings in foreign currencies as hedging instruments in cash flow hedge relationships. The forward currency contracts and cross currency swaps have been entered into to mitigate foreign currency exchange risk arising from financial liabilities denominated in foreign currencies. Further, foreign currency risk component of borrowings in foreign currencies are designated to hedge the foreign currency risk in certain highly probable sales transactions denominated in foreign currency.

Cash flow hedge reserve is adjusted to the lower of the following (in absolute amounts):

- (i) the cumulative gain or loss on the hedging instrument from inception of the hedge; and
- (ii) the cumulative change in fair value (present value) of the hedged item (ie the present value of the cumulative change in the hedged expected future cash flows) from inception of the hedge.

All derivative financial instruments used for hedge accounting are recognised initially at fair value and reported subsequently at fair value in the balance sheet. The portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised in other comprehensive income. Any ineffectiveness in the hedge relationship is recognised immediately in profit or loss.

At the time the hedged item affects profit or loss, any gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss and presented as a reclassification adjustment within other comprehensive income. However, if a non-financial asset or liability is recognised as a result of the hedged transaction, the gains and losses previously recognised in other comprehensive income are included in the initial measurement of the hedged item.

If a forecast transaction is no longer expected to occur, any related gain or loss recognised in other

comprehensive income is transferred immediately to profit or loss. If the hedging relationship ceases to meet the effectiveness conditions, hedge accounting is discontinued and the related gain or loss is held in the cash flow hedge reserve until the forecast transaction occurs.

**n) Impairment of financial assets**

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

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

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

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

**Trade receivables**

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

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

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

**Other financial assets**

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

**o) Post-employment and other employee benefits**

**Defined Contribution plan**

Provident fund

The Group makes contribution to statutory provident fund in accordance with Employees' Provident

Fund and Miscellaneous Provisions Act, 1952. The plan is a defined contribution plan and contribution paid or payable is recognized as an expense in the period in which services are rendered by the employee.

#### Superannuation fund

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

#### **Defined benefit plans**

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

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

#### **Other Employee Benefits**

##### Compensated absences

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

##### **Other short term benefits**

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

#### **p) Provisions, contingent assets and contingent liabilities**

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

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

Contingent liability is disclosed for:

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

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

#### **q) Earnings per share**

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting attributable taxes) by the weighted average number of equity

shares outstanding during the period. The weighted average number of equity shares outstanding during the period is adjusted for events including a bonus issue.

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

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

**r) Taxes**

**Current income tax**

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

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

**Deferred tax**

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

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

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

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

**s) Government grants and subsidies**

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

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

**t) Non-current assets held for sale**

An entity shall classify a non-current asset as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset is available for immediate sale in its present condition subject only to terms that are usual and customary for sale of such asset and its sale is highly probable. Management must be committed to sale which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets classified as held for sale are presented separately and measured at the lower of their carrying amounts immediately prior to their classification as held for sale and their fair value less costs to sell. However, some held for sale assets such as financial assets, assets arising from employee benefits and deferred tax assets, continue to be measured in accordance with the Group's relevant accounting policy for those assets. Once classified as held for sale, the assets are not subject to depreciation or amortization

**u) Treasury shares**

Treasury shares are presented as a deduction from equity. The original cost of treasury shares and the proceeds of any subsequent sale are presented as movements in equity.

**v) Segment reporting**

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

**Identification of segments:**

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

**Allocation of common costs:**

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

**Unallocated items:**

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

**Segment accounting policies**

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

**w) Cash and cash equivalents**

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

**x) Employee Share based payment**

The Group has granted stock options under Cosmo Films Employees Stock Option Plan 2015 to the employees of the Group and its subsidiaries. The fair value of options granted under Employee Stock Option Plan is recognized as an employee benefits expense with a corresponding increase in share



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

**v) Significant management judgement in applying accounting policies and estimation uncertainty**

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

**Allowance for expected credit losses** – The allowance for doubtful debts reflects management's estimate of losses inherent in its credit portfolio. This allowance is based on Group's estimate of the losses to be incurred, which derives from past experience with similar receivables, current and historical past due amounts, dealer termination rates, write-offs and collections, the careful monitoring of portfolio credit quality and current and projected economic and market conditions. The Group has also taken into account estimates of possible effect from the pandemic relating to COVID-19. Should the present economic and financial situation persist or even worsen, there could be a further deterioration in the financial situation of the Group's debtors compared to that already taken into consideration in calculating the allowances recognised in the financial statements

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

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

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

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

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

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

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

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

**vi) Standards issued but not yet effective**

Ministry of Corporate Affairs (“MCA”) notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable from 1 April 2020.

**NOTES OF THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March, 2020**

(All amounts in ₹ crores, unless otherwise stated)

**2 PROPERTY, PLANT AND EQUIPMENT**

Description	Own assets						Right of use assets	Total
	Freehold land	Buildings	Plant and equipment	Furniture and fixtures	Vehicles	Office equipments	Land	
<b>Gross carrying amount</b>								
<b>As at 1 April 2018</b>	33.61	204.46	1,144.32	11.74	11.64	23.83	67.32	1,496.92
Additions	-	2.34	22.80	0.05	0.88	1.19	39.46	66.72
Disposals	(3.91)	(12.52)	(35.52)	(0.71)	(0.33)	(3.09)	-	(56.08)
Foreign exchange fluctuation	(0.09)	0.68	1.31	0.04	0.01	0.19	-	2.14
<b>As at 31 March 2019</b>	29.61	194.96	1,132.91	11.12	12.20	22.12	106.78	1,509.70
Additions	-	5.60	56.47	0.01	1.83	0.93	-	64.84
Disposals	-	-	(0.75)	-	(0.55)	-	-	(1.30)
Transferred to assets classified as held for sale	-	-	-	-	-	-	(5.66)	(5.66)
Foreign exchange fluctuation	0.19	0.27	14.22	0.01	0.02	0.04	-	14.75
<b>As at 31 March 2020</b>	29.80	200.83	1,202.85	11.14	13.50	23.09	101.12	1,582.33
<b>Accumulated depreciation</b>								
<b>As at 1 April 2018</b>	-	44.55	428.42	6.40	4.60	19.66	2.34	505.97
Charge for the year	-	5.90	41.33	0.89	1.20	1.43	1.43	52.18
Disposals	-	(6.19)	(20.66)	(0.37)	(0.15)	(3.07)	-	(30.44)
Foreign exchange fluctuation	-	0.33	0.81	0.03	0.02	0.15	-	1.34
<b>As at 31 March 2019</b>	-	44.59	449.90	6.95	5.67	18.17	3.77	529.05
Charge for the year	-	5.61	41.88	0.88	1.19	1.30	1.55	52.41
Disposals	-	-	(0.67)	-	(0.36)	-	-	(1.03)
Transferred to assets classified as held for sale	-	-	-	-	-	-	(0.13)	(0.13)
Foreign exchange fluctuation	-	0.07	0.71	0.02	0.04	0.02	-	0.86
<b>As at 31 March 2020</b>	-	50.28	491.81	7.85	6.54	19.49	5.19	581.16
<b>Net carrying amount as at 31 March 2019</b>	29.61	150.37	683.01	4.17	6.53	3.95	103.01	980.65
<b>Net carrying amount as at 31 March 2020</b>	29.80	150.55	711.04	3.29	6.96	3.60	95.93	1,001.17

**Note:**

- Additions include ₹ 1.90 crores (31 March 2019: ₹ 0.42 crores) towards assets located at research and development facilities.
- Contractual obligation**  
Refer note 40 (B) for disclosure of contractual commitments for the acquisition of property, plant and equipment.
- Property, plant and equipment pledged as security**  
Refer note 20 and 25 for information on property, plant and equipment pledged as security by the Group.
- During the current year, Group executed an agreement for transfer of 5.145 acres of land ('classified under right of use asset') at B-14/10 MIDC Area, Waluj, Aurangabad, Maharashtra for a consideration of ₹ 15.43 crores. The said transfer is subject to necessary approval from MIDC and execution of assignment deed which is expected to be completed within 12 months. The aforementioned land has been classified as asset held for sale. Further, pursuant to this transaction, Group has received an advance amounting to ₹ 3.85 crores. The fair value of the land was determined using the agreed sale consideration which is a Level 2 measurement as per the fair value hierarchy

**Assets classified under assets held for sale includes:**

Particulars	Amount
Leasehold land	5.66
Less: Accumulated depreciation	(0.13)
	<b>5.53</b>

- Depreciation for the year has been included in "depreciation, amortisation and impairment expense" line item in statement of profit and loss.

**NOTES OF THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March, 2020**

(All amounts in ₹ crores, unless otherwise stated)

**3 CAPITAL WORK-IN-PROGRESS**

Description	Amount
<b>As at 1 April 2018</b>	<b>12.39</b>
Add: Addition during the year	47.20
Less: Capitalisation during the year	(27.26)
<b>As at 31 March 2019</b>	<b>32.33</b>
Add: Addition during the year	48.47
Less: Capitalisation during the year	(64.84)
<b>As at 31 March 2020</b>	<b>15.96</b>

**4 INVESTMENT PROPERTY**

Description	Building	Total
<b>Gross carrying amount</b>		
<b>As at 1 April 2018</b>	<b>31.28</b>	<b>31.28</b>
Foreign exchange	1.18	1.18
<b>As at 31 March 2019</b>	<b>32.46</b>	<b>32.46</b>
Foreign exchange	1.62	1.62
<b>As at 31 March 2020</b>	<b>34.08</b>	<b>34.08</b>
<b>Accumulated amortisation</b>		
<b>As at 1 April 2018</b>	<b>2.00</b>	<b>2.00</b>
Charge for the year	1.00	1.00
<b>As at 31 March 2019</b>	<b>3.00</b>	<b>3.00</b>
Charge for the year	1.21	1.21
Impairment loss*	11.02	11.02
<b>As at 31 March 2020</b>	<b>15.23</b>	<b>15.23</b>
<b>Net carrying amount as at 31 March 2019</b>	<b>29.46</b>	<b>29.46</b>
<b>Net carrying amount as at 31 March 2020</b>	<b>18.85</b>	<b>18.85</b>

**(i) Amount recognised in profit or loss for investment properties**

	Year ended 31 March 2020	Year ended 31 March 2019
Rental income	-	-
Impairment loss*	(11.02)	-
Profit from investment properties before depreciation	-	-
Depreciation	(1.21)	(1.00)
<b>Loss from investment property</b>	<b><u>(12.23)</u></b>	<b><u>(1.00)</u></b>

The Group's investment property consists real estate property in Thailand. The Group is holding the property for the purpose of capital appreciation.

\* During the current year, there were certain amendments to existing local laws and regulations governing real estate properties in Thailand which imposed certain restrictions on usage of such properties resulting in a decline in fair value of investment properties.

The management of the Group compared the carrying amount of ₹ 29.87 crores of investment property with the recoverable amount of ₹ 18.85 crore (i.e. the fair value less cost of disposal) and accordingly, recorded an impairment loss of ₹ 11.02 crores during the current year on account of permanent diminution in the value of investment property.

Impairment loss has been included under 'depreciation, amortisation and impairment expense' under statement of profit and loss.

**NOTES OF THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March, 2020**

(All amounts in ₹ crores, unless otherwise stated)

**(ii) Fair value**

	As at 31 March 2020	As at 31 March 2019
Investment property	18.85	23.54

**Estimation of fair value**

The fair value of investment property has been determined by an accredited independent property valuer, having appropriate recognized professional qualification and recent experience in the location and category of the property being valued. The fair valuation approach used by the independent valuer is market approach. The best evidence for fair value is current prices in an active market for similar properties. A valuation model in accordance with that recommended by the International Valuation Standards Committee has been applied.

The Group obtains independent valuations for its investment property and fair value measurement in its entirety has been categorised as Level 3 of the fair value hierarchy.

**(iii) Description of key inputs to valuation on investment properties**

The main inputs used for determination of fair valuation of investment properties are mentioned below.

	31 March 2020	31 March 2019
Comparable prices of the properties (refer note a)	₹ 334,944 per sq. mt.	₹ 252,880 per sq. mt.
Discounts rates based on comparable transactions	40%	

*Note (a): comparable prices of the properties as on 31 March 2019 represents price adjusted post adjustment of discount rate*

Under market approach, fair value is estimated based on the comparable prices after applying appropriate discounts rates based on comparable transactions.

**5 INTANGIBLE ASSETS**

Description	Software	Total
<b>Gross carrying amount</b>		
<b>As at 31 March 2018</b>	<b>10.15</b>	<b>10.15</b>
Additions	0.46	0.46
<b>As at 31 March 2019</b>	<b>10.61</b>	<b>10.61</b>
Additions	0.03	0.03
<b>As at 31 March 2020</b>	<b>10.64</b>	<b>10.64</b>
<b>Accumulated amortisation</b>		
<b>As at 1 April 2018</b>	<b>7.06</b>	<b>7.06</b>
Charge for the year	0.45	0.45
<b>As at 31 March 2019</b>	<b>7.51</b>	<b>7.51</b>
Charge for the year	0.41	0.41
<b>As at 31 March 2020</b>	<b>7.92</b>	<b>7.92</b>
<b>Net carrying amount as at 31 March 2019</b>	<b>3.10</b>	<b>3.10</b>
<b>Net carrying amount as at 31 March 2020</b>	<b>2.72</b>	<b>2.72</b>

**NOTES OF THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March, 2020**
*(All amounts in ₹ crores, unless otherwise stated)*
**6 NON-CURRENT INVESTMENTS**

Particulars	As at 31 March 2020	As at 31 March 2019
<b>Carried at fair value through profit and loss</b>		
<b>Investments in equity instruments</b>		
<b>Others (unquoted):</b>		
2,615,000 (31 March 2019: 2,615,000) equity shares of ₹ 0.19 each fully paid up in OPGS Power Gujarat Private Limited.	0.05	0.05
Equity shares of THB 100 each fully paid up in Naithon Beach Limited	0.15	0.12
	<u>0.20</u>	<u>0.17</u>
<b>Aggregate amount of unquoted investments</b>	0.20	0.17

**7 NON-CURRENT LOANS**

Particulars	As at 31 March 2020	As at 31 March 2019
<b>Unsecured, considered good</b>		
Loans considered good - secured		
- Loans to employees	7.17	8.27
Loans considered good - unsecured		
- Loans to employees	0.72	0.77
- Security deposits	1.80	1.67
	<u>9.69</u>	<u>10.71</u>

\*Loans to employees as mentioned above are secured by equitable mortgage, being first charge on property. There were no significant changes in the quality of the collateral

The carrying amounts of these financial instruments are reasonable approximation of their fair values.

**8 OTHER NON-CURRENT FINANCIAL ASSETS**

Particulars	As at 31 March 2020	As at 31 March 2019
Deposits with bank (with remaining maturity more than 12 months)	-	5.18
Derivative assets	1.80	3.10
	<u>1.80</u>	<u>8.28</u>

**Note:**

The carrying amounts of these financial instruments are reasonable approximation of their fair values.

**NOTES OF THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March, 2020**

(All amounts in ₹ crores, unless otherwise stated)

**9 OTHER NON-CURRENT ASSETS**

Particulars	As at 31 March 2020	As at 31 March 2019
<b>Unsecured, considered good</b>		
Capital advances	28.15	28.33
Recoverable from sales tax department	21.12	16.89
Prepaid expenses	3.99	2.86
Others	0.50	0.91
	<u>53.76</u>	<u>48.99</u>

**10 INVENTORIES**

Particulars	As at 31 March 2020	As at 31 March 2019
Raw materials (refer note a)	91.89	111.56
Finished goods (refer note b)	160.78	144.33
Stores and spares	22.67	21.88
	<u>275.34</u>	<u>277.77</u>

**Note:**

- a) including goods in transit ₹ 19.40 crores ( 31 March 2019: ₹ 20.30 crores )
- b) including goods in transit ₹ 29.35 ( 31 March 2019: ₹ 41.55 crores )
- c) refer note 20 and 25 for inventories pledged as security for liabilities

**11 CURRENT INVESTMENTS**

Particulars	As at 31 March 2020	As at 31 March 2019
<b>Investments carried at fair value through profit or loss</b>		
Investments in mutual funds (quoted) (refer note a below)	7.03	56.12
Investments in perpetual bonds (quoted) (refer note a below)	-	21.11
<b>Investment carried at fair value through other comprehensive income</b>		
Investment in perpetual bonds (quoted) (refer note a below)	138.48	-
	<u>145.51</u>	<u>77.23</u>
<b>a) Details of investments are as follows:</b>		
<b>Investments carried at fair value through profit and loss</b>		
<b>Investments in mutual funds (quoted)</b>		
ICICI Prudential Ultra Short Term Fund Direct Plan Growth**	5.44	5.01
TFG1Z Tata Ultra Short Term Fund Direct Plan- Growth	0.09	5.32
Franklin India Ultra Short Plan	-	20.23
Reliance Ultra Short Duration Direct-G	-	20.23
Birla Sunlife Floating Rate Fund Long Term Plan-Growth-Direct-Plan	-	5.33
Axis Bluechip Fund-Direct Plan Growth	1.50	-
	<u>7.03</u>	<u>56.12</u>



**NOTES OF THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March, 2020**
*(All amounts in ₹ crores, unless otherwise stated)*
**11 CURRENT INVESTMENTS (CONTD.)**

Particulars	As at 31 March 2020	As at 31 March 2019
<b>Investments in perpetual bonds (quoted)</b>		
State Bank of India Series 1 NCD Perpetual Bond *	-	10.32
HDFC Bank Limited SR-1 Perpetual Bond *	-	10.79
	<u>-</u>	<u>21.11</u>
<b>Investments carried at fair value through other comprehensive income</b>		
<b>Investments in perpetual bonds (quoted)</b>		
State Bank of India Series 1 NCD Perpetual Bond	20.34	-
HDFC Bank Limited SR-1 Perpetual Bond	21.40	-
ICICI Bank Limited SR-DDE18AT BD Perpetual Bond	34.61	-
State Bank of India Series 1 BD Perpetual Bond	20.70	-
State Bank of India Series II BD Perpetual Bond	20.74	-
Bank of Baroda Series IX Basel III Additional Tier-I NC Perpetual Bond	10.03	-
ICICI Bank Limited SR-DMR18AT BD Perpetual Bond	10.66	-
	<u>138.48</u>	<u>-</u>

\*During the year, investments in above debt securities (perpetual bonds) has been reclassified from fair value through profit and loss (FVTPL) to fair value through other comprehensive income (FVOCI) due to a change in the business model from previously held for trading to a business model whose objective is achieved by both collecting contractual cash flows and selling those debt securities. The date of such reclassification is 1 January 2020.

**Particulars**

Debt securities reclassified from FVTPL to FVOCI on the date of reclassification (₹ in crores)	127.97
Interest income recognised on debt securities till the date of reclassification (₹ in crores)	4.08
Effective interest rate on debt securities as at the date of reclassification (% ranging from)	8.21%-8.55%

\*\* Investments in mutual funds amounting to ₹ 5.44 crores (31 March 2019: ₹ nil) is pledged as margin money for foreign currency hedges.

**12 TRADE RECEIVABLES**

Particulars	As at 31 March 2020	As at 31 March 2019
Trade receivables considered good- unsecured	193.14	209.14
Trade receivables- credit impaired	5.82	8.37
	<u>198.96</u>	<u>217.51</u>
Less: allowance for expected credit losses	(5.82)	(8.37)
	<u>193.14</u>	<u>209.14</u>

**Note:**

- The carrying amounts of these financial instruments are reasonable approximation of their fair values.
- Refer note 20 and 25 for trade receivables pledged as security for liabilities

**NOTES OF THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March, 2020**

(All amounts in ₹ crores, unless otherwise stated)

**13 CASH AND BANK BALANCES**

Particulars	As at 31 March 2020	As at 31 March 2019
Balances with banks		
- in current accounts	26.32	37.18
- in deposit with original maturity upto 3 months	-	20.01
Cash on hand	0.16	0.06
	<u>26.48</u>	<u>57.25</u>

The carrying amounts of these financial instruments are reasonable approximation of their fair values.

**14 OTHER BANK BALANCES**

Particulars	As at 31 March 2020	As at 31 March 2019
Earmarked balances with banks in current accounts		
- Unclaimed dividend account	1.40	1.08
Pledged bank deposits (refer note a and b below)	32.48	10.44
Deposits with bank (with original maturity more than 3 months but remaining maturity less than 12 months)	-	17.16
	<u>33.88</u>	<u>28.68</u>

**Note:**

- a) Pledged deposits include deposits amounting to ₹ 4.67 crores (31 March 2019: ₹ 5.08 crores) pledged as margin money for issue of letter of credit and bank guarantees.
- b) The deposit of ₹ 27.81 crores (31 March 2019: ₹ 5.36 crores) pledged against overdraft facility.
- c) The carrying amounts of these financial instruments are reasonable approximation of their fair values.

**15 CURRENT LOANS**

Particulars	As at 31 March 2020	As at 31 March 2019
Loans considered good- secured*	0.96	-
Loans considered good- unsecured		
- Loans to employees	0.53	0.51
- Security deposit	0.32	0.32
- Others	1.16	1.39
	<u>2.97</u>	<u>2.22</u>

\*Loans to employees as mentioned above are secured by equitable mortgage, being first charge on property. There were no significant changes in the quality of the collateral

The carrying amounts of these financial instruments are reasonable approximation of their fair values.

**NOTES OF THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March, 2020**
*(All amounts in ₹ crores, unless otherwise stated)*
**16 OTHER CURRENT FINANCIAL ASSETS**

Particulars	As at	
	31 March 2020	31 March 2019
Discount recoverable	6.07	0.62
Export benefit recoverable	16.98	30.92
Derivative assets	21.24	8.04
Others	3.08	8.13
	<u>47.37</u>	<u>47.71</u>

The carrying amounts of these financial instruments are reasonable approximation of their fair values.

**17 OTHER CURRENT ASSETS**

Particulars	As at	
	31 March 2020	31 March 2019
Advance to suppliers	11.04	4.91
Balances with statutory authorities	34.07	27.02
Prepaid expenses	10.17	7.98
Others	1.26	2.50
	<u>56.54</u>	<u>42.41</u>

**18 EQUITY SHARE CAPITAL**

Particulars	As at	
	31 March 2020	31 March 2019
<b>Authorised</b>		
25,000,000 equity shares of ₹ 10 each (31 March 2019 : 25,000,000 equity shares of ₹ 10 each)	25.00	25.00
<b>Issued, subscribed and fully paid up</b>		
19,440,076 equity shares of ₹ 10 each (31 March 2019 : 19,440,076 equity shares of ₹ 10 each)	19.44	19.44
	<u>19.44</u>	<u>19.44</u>

**(a) Reconciliation of number of shares**

	As at 31 March 2020		As at 31 March 2019	
	No of shares	Amount	No of shares	Amount
Equity shares at the beginning of the year	19,440,076	19.44	19,440,076	19.44
Changes during the year	-	-	-	-
Equity shares at the end of the year	<u>19,440,076</u>	<u>19.44</u>	<u>19,440,076</u>	<u>19.44</u>

- (i) Of the above 242,051 shares have been allotted to erstwhile shareholders of Gujarat Propack Limited on amalgamation in the financial year 2002-03. No shares have been issued for consideration other than cash in the current reporting year and in last five years immediately preceding the current reporting year.
- (ii) Of the above 8,486,705 shares have been allotted as fully paid bonus shares by capitalisation of capital reserves and share premium account in the financial year 2002-03. No shares have been issued as bonus

**NOTES OF THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March, 2020**

(All amounts in ₹ crores, unless otherwise stated)

shares in the current reporting year and in last five years immediately preceding the current reporting year.

- (iii) There has not been any buy-back of shares in the current reporting year and in last five years immediately preceding the current reporting year.
- (iv) Final dividend is recommended by the board is ₹ Nil per equity share, (31 March 2019: ₹ 6) Further during the current year, Board of Directors declared an interim dividend of ₹ 15 per equity share, (31 March 2019 ₹ Nil per equity shares).

During the year ended 31 March 2020, the amount of per share dividend recognised as distributions to equity shareholders was ₹ 21 per share (31 March 2019: ₹ 6 per share).

**(v) Terms and rights attached to equity shares:**

The Holding Company has only one class of equity shares having the par value of ₹ 10 per share. Each holder of equity share is entitled to one vote per share. The Company declares and pays dividend in Indian Rupees. The dividend proposed by Board of Directors is subject to approval of shareholders in Annual General Meeting except in case of interim dividend.

In the event of liquidation of the Company, the holder of equity shares will be entitled to receive remaining assets of the Company, after payment of all liabilities. The distribution will be in proportion to the number of equity shares held by the shareholders.

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

	As at 31 March 2019		As at 31 March 2018	
	No of shares	% holding	No of shares	% holding
Mr. Ashok Jaipuria*	7,903,377	40.66%	8,106,744	41.70%

\* it includes 7,508,216 shares (31 March 2019: 7,508,216) registered under name of Mr. Ashok Jaipuria where beneficial owner is Gayatri and Annapurna (partnership firm)

**(vii) Shares reserved for issue under options**

Particulars	As at	As at
	31 March 2020	31 March 2019
	No. of shares	No. of shares
Under the Cosmo Films Employees Stock Option Plan 2015 (CF ESOP 2015), equity share of ₹ 10 each, at an exercise price as decided by management on case to case basis	491,982	276,396
These shares are held as treasury shares under other equity (refer note 18)		
For terms and details refer note 41		

**19 OTHER EQUITY**

Particulars	As at	As at
	31 March 2020	31 March 2019
<b>Retained earnings</b>		
Opening balance	340.46	292.05
Add: net profit for the year	113.44	61.11
Less: remeasurement of defined benefit plans	(0.44)	(0.02)
Less: equity dividend paid	(40.24)	(11.50)
Less: tax on equity dividend	(8.40)	(2.40)
Add: movement during the year	0.05	1.22
<b>Closing balance</b>	<b>404.87</b>	<b>340.46</b>

**NOTES OF THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March, 2020**
*(All amounts in ₹ crores, unless otherwise stated)*
**19 OTHER EQUITY (CONTD.)**

Particulars	As at 31 March 2020	As at 31 March 2019
<b>General reserve</b>		
Opening balance	278.11	278.11
Add: transfer during the year	-	-
<b>Closing balance</b>	<u>278.11</u>	<u>278.11</u>
<b>Capital reserve</b>		
Opening balance	4.10	4.10
Add: changes during the year	-	-
<b>Closing balance</b>	<u>4.10</u>	<u>4.10</u>
<b>Securities premium</b>		
Opening balance	31.26	31.26
Add: changes during the year	-	-
<b>Closing balance</b>	<u>31.26</u>	<u>31.26</u>
<b>Effective portion of cash flow hedges</b>		
Opening balance	6.65	(5.27)
Add: changes in value of hedging instruments recognised in other comprehensive income	5.24	20.84
Less: amount reclassified from other comprehensive income to profit or loss	(16.98)	(2.53)
Add: deferred tax relating to above (net) exchange differences	4.10	(6.39)
<b>Closing balance</b>	<u>(0.99)</u>	<u>6.65</u>
<b>Currency translation reserve</b>		
Opening balance	3.45	3.98
Add: changes during the year	10.84	(0.53)
<b>Closing balance</b>	<u>14.29</u>	<u>3.45</u>
<b>Shares options outstanding account</b>		
Opening balance	5.23	3.23
Add: employee share-based compensation	1.03	2.00
<b>Closing balance</b>	<u>6.26</u>	<u>5.23</u>
<b>Treasury shares</b>		
Opening balance	(8.46)	(8.46)
Add: acquisition during the year	(4.52)	-
<b>Closing balance</b>	<u>(12.98)</u>	<u>(8.46)</u>
<b>Debt instruments through other comprehensive income</b>		
Opening balance	-	-
Add: changes in fair value of debt instruments carried at fair value through other comprehensive income	(3.44)	-
Closing balance	<u>(3.44)</u>	<u>-</u>
<b>Total other equity</b>	<u>721.48</u>	<u>660.80</u>

**NOTES OF THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March, 2020**

(All amounts in ₹ crores, unless otherwise stated)

**Nature and purpose of reserves**

**i) Capital reserve**

Capital reserve was created under financial statements prepared in accordance with accounting standards notified under the section 133 of the Companies Act, 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 ('previous GAAP') out of the profit earned from a specific transaction of capital nature.

**ii) Securities premium account**

Securities premium account represents premium received on issue of shares. The account is utilised in accordance with the provisions of the Companies Act, 2013.

**iii) General reserve**

The Group has transferred a portion of the net profit before declaring dividend to general reserve pursuant to the earlier provision of Companies Act, 1956. Mandatory transfer to general reserve is not required under the Companies Act, 2013.

**iv) Shares options outstanding account**

The account is used to recognize the grant date fair value of the options issued to employees under Company's Employee stock option plan.

**v) Treasury shares**

Treasury shares represent Company's own equity shares held by the Cosmo Films ESOP 2015 Trust which is created under the Employee Stock Option Plan.

**vi) Effective portion of cash flow hedges**

The cash flow hedging reserve represents the cumulative effective portion of gains or losses arising on changes in fair value of designated portion of hedging instruments entered into for cash flow hedges. Such gains or losses will be reclassified to statement of profit and loss in the period in which the hedged transaction occurs.

**vii) Debt instruments through other comprehensive income**

The Company has classified investments in perpetual bonds as at fair value through other comprehensive income (FVOCI) since: (a) perpetual bonds are held within a business model whose objective is achieved by both collecting contractual cash flows and selling those bonds; and (b) the contractual terms of perpetual bonds give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

This reserve represents changes in fair value of perpetual bonds from the date of such classification to the reporting date. When the perpetual bonds are derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment.

**viii) Currency translation reserve**

The Group recognised exchange differences arising on translation of the foreign operations in other comprehensive income and accumulated in foreign currency translation reserve in other equity.

**NOTES OF THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March, 2020**
*(All amounts in ₹ crores, unless otherwise stated)*
**20 NON-CURRENT BORROWINGS (SECURED)**

Particulars	As at 31 March 2020	As at 31 March 2019
Foreign currency loans (refer note A below)*		
- from banks	285.08	313.99
- from others	80.72	86.01
Rupee term loans (refer note B below)		
- from banks	87.24	102.63
- from others	26.67	34.68
Vehicle loans (refer note C below)	3.23	2.35
	<b>482.94</b>	<b>539.66</b>
Less:- Current maturities disclosed under other financial liabilities (refer note 27)	127.64	107.72
	<b>355.30</b>	<b>431.94</b>

\*include hedged foreign currency borrowings of ₹ 221.37 crores ( 31 March 2019: ₹ 292.39 crores)

**Notes:**

Particulars	As at 31 March 2020	As at 31 March 2019
<b>A Foreign currency loans comprises of :</b>		
(i) Loan of EUR 10,367,450 taken from Landesbank Baden Wurttemberg Bank (LBBW) during the financial year 2012-13, 2013-14 and 2014-15 and carries interest based upon Euribor plus 105 bps per annum. The loan is repayable in 17 equal semi-annual instalments of EUR 609,850 each after six month from the signing of final acceptance certificate for start of commercial production. <b>Security</b> The above loan is secured against hypothecation of machinery financed out of the loan amount at the Company's plant at Shendra, Aurangabad.	30.40	37.93
(ii) Loan of USD 3,581,148 (₹ 25 crores) taken from ICICI Bank Limited (ICICI) during the financial year 2019-20 and carries interest rate based upon 3 month USD libor plus 3.31% per annum. The loan is repayable in 12 quarterly instalments starting at the end of first fiscal quarter from the first drawdown date. <b>Security</b> The above loan is secured against (i) First pari passu charge over the movable and immovable fixed assets of the Company both present and future, other than assets specifically carved out. (ii) Second pari passu charge on current assets of the Company both present and future.	22.95	-

**NOTES OF THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March, 2020**

(All amounts in ₹ crores, unless otherwise stated)

<p><b>(iii)</b> Loan of USD 9,729,936 taken from Export-Import Bank (EXIM) of India during the financial year 2015-16, 2016-17 and 2017-18 and carries interest rate based upon Libor plus 275 bps per annum. The loan is repayable in 24 equal quarterly instalments commencing after a moratorium of 18 months from scheduled commercial operation date or actual commercial operation date whichever is earlier.</p> <p><b>Security</b> The above loan is secured against (i) first pari passu charge over the movable and immovable fixed assets of the Company both present and future, other than assets specifically carved out. (ii) second pari passu charge on current assets of the Company both present and future.</p>	51.97	58.91
<p><b>(iv)</b> Loan of EUR 14,614,201 taken from Landesbank Baden Wurttemberg Bank (LBBW) during the financial year 2015-16, 2016-17 and 2017-18 and carries interest rate based upon Euribor plus 60 bps per annum. The loan is repayable in 20 equal semi-annual instalments from the date of 28 February 2018.</p> <p><b>Security</b> The above loan is secured against hypothecation of machinery financed out of the loan amount at the Company's plant at Karjan, Aurangabad.</p>	91.08	96.57
<p><b>(v)</b> Loan of ₹ 60 crores taken from State Bank of India and carries interest rate base rate plus 230 bps. During the financial year 2018-19 and 2019-20 this loan has been converted into hedged Foreign currency non -resident ("FCNR") loan. The tenure of facilities remain in-line with the original sanction.</p> <p><b>Security</b> The above loan is secured against (i) first pari passu charge over the movable and immovable fixed assets of the Company both present and future, other than assets specifically carved out. (ii) second pari passu charge on current assets of the Company both present and future.</p>	13.54	22.92
<p><b>(vi)</b> Loan of EUR 4,586,555 (₹ 35 crores) taken from Yes Bank Limited during the financial year 2017-18 and carries interest rate based on 6 months Euribor plus 280 bps per annum. The loan is repayable in 10 equal half yearly instalments starting from December 2017.</p> <p><b>Security</b> The above loan is secured against (i) first paripassu charge over movable and immovable fixed assets of the Company both present and future other than assets specifically carved out. (ii) second pari-passu charge on current assets of the Company both present and future.</p>	19.05	24.96
<p><b>(vii)</b> Loan of EUR 4,700,510 (₹ 35 crores) taken from Infrastructure Development Finance Company (IDFC) during the financial year</p>	29.29	36.54



**NOTES OF THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March, 2020**

(All amounts in ₹ crores, unless otherwise stated)

<p>2017-18 and carries interest rate Euribor plus 245 bps. The loan is repayable in 8 equal semi annual instalments after moratorium of 18 months from the date of disbursement.</p> <p><b>Security</b> The above loan is secured against (i) first pari-passu charge over movable and immovable fixed assets of the Company both present and future other than assets specifically carved out. (ii) second pari-passu charge on current assets of the Company both present and future.</p>		
<p><b>viii)</b> Loan of USD 5,200,594 (₹ 35 crores) taken from IndusInd Bank during the financial year 2016-17 and carries interest rate based upon Mibor plus 465 bps per annum. The loan is repayable in 17 equal quarterly instalments after moratorium of 12 months from the first date of disbursement.</p> <p><b>Security</b> The above loan is secured against (i) first pari-passu charge over movable and immovable fixed assets of the Company both present and future, other than assets specifically carved out. (ii) second pari-passu charge on current assets of the Company both present and future.</p>	13.84	21.16
<p><b>(ix)</b> Loan of ₹ 27.76 crores taken from IDBI Bank Limited (IDBI) during the financial year 2014-15 and 2015-16 and carries interest based upon base rate plus 2.5% per annum. The loan is repayable in 10 structured half yearly instalments starting from 31 March 2018. During the financial year 2018-19 and 2019-20, this loan has been converted into fully hedged FCNR loan. The tenure of facilities remain in-line with the original sanction.</p> <p><b>Security</b> The above loan is secured against (i) Demand Promissory Note (ii) First pari passu charge over the movable and immovable fixed assets of the Company both present and future, other than assets specifically carved out. (iii) Second pari passu charge on current assets of the Company both present and future.</p>	14.65	19.23
<p><b>(x)</b> Loan of EUR 4,752,270 (₹ 40 crores) taken from Yes Bank Limited during the financial year 2018-19 and carries interest rate based on 6 months Euribor plus 310 bps per annum. The loan is repayable in 9 equal half yearly instalments after moratorium of 6 months from the first date of disbursement.</p> <p><b>Security</b> The above loan is secured against (i) first pari-passu charge by way of hypothecation on movable and by way of equitable mortgage over all immovable fixed assets (both present and future) except those are exclusively charged to other lenders (ii) second pari-passu charge by way of hypothecation on current assets of the borrower (both present and future).</p>	30.71	36.94

**NOTES OF THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March, 2020**

(All amounts in ₹ crores, unless otherwise stated)

<p>(xi) Loan of USD 6,768,043 (₹ 50 crores) taken from ICICI Bank Limited (ICICI) during the financial year 2018-19 and carries interest rate based upon Euribor plus 4.113% per annum. The loan is repayable in 18 quarterly instalments starting from 31 December 2018.</p> <p><b>Security</b>                      The above loan is secured against (i) First pari passu charge over the movable and immovable fixed assets of the Company both present and future, other than assets specifically carved out. (ii) Second pari passu charge on current assets of the Company both present and future.</p>	48.93	45.84
<p><b>B Rupee term loans comprises of :</b></p>		
<p>(i) Loan of ₹ 60 crores taken from State Bank of India during the financial year 2013-14 and carries interest rate based upon base rate plus 2.3% per annum. The loan is repayable after a moratorium of 24 month from the date of disbursement in 24 equal quarterly instalments of ₹ 2.5 crores each. This loan has been converted into hedged FCNR loan. (refer note A (v)). This represents the balance amount remaining after conversion.</p>	-	0.07
<p>(ii) Loan of ₹ 60 crores taken from Shyam Rao Vithal Co-operative Bank Limited during the financial year 2016-17 and 2017-18 and carries interest rate based upon State Bank of India's 6 month MCLR plus 165 bps per annum to be reset on quarterly basis. The loan is repayable in 21 equal after moratorium of 12 months from the date of disbursement.</p> <p><b>Security</b>                      The above loan is secured against (i) First paripassu charge over movable and immovable fixed assets of the Company both present and future, other than assets specifically carved out. (ii) Second pari-passu charge on current assets of the Company both present and future.</p>	32.76	44.68
<p>(iii) Loan of ₹ 40 crores taken from Bajaj Finance Limited during the financial year 2017-18 and carries interest rate linked to SBI's one year MCLR to be reset quarterly. The loan is repayable in 60 equal monthly instalments after moratorium of 12 months from the date of disbursement.</p> <p><b>Security</b>                      The above loan is secured against (i) first paripassu charge over movable and immovable fixed assets of the Company both present and future, other than assets specifically carved out. (ii) second pari-passu charge on current assets of the Company both present and future.</p>	26.67	34.68
<p>(iv) Loan of ₹ 60 crores taken from IndusInd Bank during the financial year 2018-19 and carries interest rate based upon Mibor plus 250 bps, monthly. The loan is repayable in 22 equal quarterly instalments after moratorium of 6 months from the first date of disbursement.</p>	54.55	57.94

**NOTES OF THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March, 2020**
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<b>Security</b> The above loan is secured against (i) first pari-passu charge over movable and immovable fixed assets of the Company both present and future, other than assets specifically carved out. (ii) second pari-passu charge on current assets of the Company both present and future.		
<b>C Vehicle loans taken from Union Bank of India carries interest @ 8% - 9% per annum. This loan is repayable in 3 years</b>		
<b>Security</b> Vehicle loans from Union Bank of India are secured against hypothecation of respective vehicles. Less: Adjustment for processing fees on long term loans recognised using effective interest rate	3.23  (0.68) <hr/> <b>482.94</b>	2.35  (1.06) <hr/> <b>539.66</b>

Current maturities of long term borrowings are disclosed under note 27- other current financial liabilities.

Refer notes 47 and 48 for disclosure of fair value in respect of financial assets measured at amortised cost and assessment of expected credit losses.

Refer note 52 for reconciliation of liabilities arising from financing activities.

**21 OTHER NON-CURRENT FINANCIAL LIABILITIES**

Particulars	As at 31 March 2020	As at 31 March 2019
Derivative liabilities	0.57	-
	<hr/> <b>0.57</b>	<hr/> <b>-</b>

**22 LONG TERM PROVISIONS**

Particulars	As at 31 March 2020	As at 31 March 2019
Provision for retirement benefits	5.13	4.18
Provision for gratuity (refer note 43)	6.75	-
	<hr/> <b>11.88</b>	<hr/> <b>4.18</b>

**23 DEFERRED TAX LIABILITIES (NET)#**

Particulars	As at 31 March 2020	As at 31 March 2019
<b>On temporary difference between the book base &amp; tax base</b>		
<b>Deferred tax liabilities</b>		
Property, plant and equipment and other intangible assets - depreciation and amortisation	155.78	142.59
Income taxable in future years under Income tax Act	-	0.57
Cash flow hedge reserve	-	4.54
<b>Gross deferred tax liabilities</b>	<hr/> <b>155.78</b>	<hr/> <b>147.70</b>

**NOTES OF THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March, 2020**

(All amounts in ₹ crores, unless otherwise stated)

**23 DEFERRED TAX LIABILITIES (NET)# (CONTD.)**

Particulars	As at 31 March 2020	As at 31 March 2019
<b>Deferred tax assets</b>		
Cash flow hedge reserve	0.54	-
Unabsorbed business losses	2.72	6.92
Expenses deductible in future years under Income tax Act	7.08	2.64
Minimum alternative tax credit entitlement	89.06	95.94
	<u>99.40</u>	<u>105.50</u>
<b>Deferred tax liabilities (net)</b>	<u>56.38</u>	<u>42.20</u>
Deferred tax assets and liabilities have been offset where they arise in the same legal entity and taxing jurisdiction but not otherwise. Accordingly the net deferred tax (assets) / liability has been disclosed in the Balance Sheet as follows :		
Deferred tax assets	4.97	4.68
Deferred tax liabilities	61.35	46.88
<b>Deferred tax liabilities (net)</b>	<u>56.38</u>	<u>42.20</u>

#Refer note 38 for movement in deferred tax balances

**24 OTHER NON-CURRENT LIABILITIES**

Particulars	As at 31 March 2020	As at 31 March 2019
Deferred income on export promotion capital goods scheme	50.08	52.96
	<u>50.08</u>	<u>52.96</u>

**25 CURRENT BORROWINGS (SECURED)**

Particulars	As at 31 March 2020	As at 31 March 2019
<b>Loans repayable on demand</b>		
from banks.	30.68	-
<b>Other loans</b>		
Cash credit and other working capital facilities	275.83	270.30
Amount payable recognised on account of factoring with recourse for receivables	-	1.32
	<u>306.51</u>	<u>271.62</u>

**Notes:**

- (a) Cash credits and other working capital facilities are secured by hypothecation of inventories, trade receivable and second charge on fixed assets secured to financial institutions except assets exclusively carved out.

**NOTES OF THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March, 2020**
*(All amounts in ₹ crores, unless otherwise stated)*
**26 TRADE PAYABLES**

Particulars	As at 31 March 2020	As at 31 March 2019
Trade payables		
- total outstanding dues of micro and small enterprises	0.80	0.13
- total outstanding dues of creditors other than micro and small enterprises	107.43	118.39
Acceptances	48.88	83.66
<b>Total</b>	<b>157.11</b>	<b>202.18</b>

The above disclosure has been determined to the extent such parties have been identified on the basis of information available with the Group.

Particulars	31 March 2020	31 March 2019
i the principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year;	0.80	0.13
ii the amount of interest paid by the buyer in terms of section 16, along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year;	-	-
iii the amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under this Act;	-	-
iv the amount of interest accrued and remaining unpaid at the end of each accounting year; and	-	-
v the amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under section 23.	-	-

The carrying amounts of these financial instruments are reasonable approximation of their fair values.

**27 OTHER CURRENT FINANCIAL LIABILITIES**

Particulars	As at 31 March 2020	As at 31 March 2019
Current maturities of long term borrowings (refer note 20)	127.64	107.72
Interest accrued and but not due on borrowings	1.22	1.33
Security deposits	0.89	1.14
Unpaid dividend	1.40	1.08
Employee related payables	20.46	9.33
Other accrued liabilities	41.08	34.77
Derivative liabilities	5.81	7.15
	<b>198.50</b>	<b>162.52</b>

The carrying amounts of these financial instruments are reasonable approximation of their fair values.

**NOTES OF THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March, 2020**

(All amounts in ₹ crores, unless otherwise stated)

**28 PROVISIONS**

Particulars	As at 31 March 2020	As at 31 March 2019
Provision for gratuity (refer note 43)	2.34	0.06
Provision for compensated absences	0.85	0.20
	<u>3.19</u>	<u>0.26</u>

**29 OTHER CURRENT LIABILITIES**

Particulars	As at 31 March 2020	As at 31 March 2019
Statutory dues	2.30	3.29
Advance received from customers	19.61	12.90
Deferred income on export promotion capital goods scheme.	2.89	2.89
	<u>24.80</u>	<u>19.08</u>

**30 CURRENT TAX LIABILITIES (NET)**

Particulars	As at 31 March 2020	As at 31 March 2019
Provision for tax (net of advance tax)	-	1.38
	<u>-</u>	<u>1.38</u>

**31 REVENUE FROM OPERATIONS**

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
<b>Operating revenue (refer note a below)</b>		
Sale of products-domestic	1,432.20	1,342.61
Sale of products-export	704.15	739.41
	<u>2,136.35</u>	<u>2,082.02</u>
<b>Sale of Products</b>		
<b>Other operating revenue</b>		
Export benefit income	35.16	43.38
Sales tax incentive	17.15	17.15
Job work charges	4.14	3.82
Scrap sales	5.19	6.21
Others	5.54	3.94
	<u>5.54</u>	<u>3.94</u>
<b>Revenue from operations</b>	<u>2,203.53</u>	<u>2,156.52</u>

**Note:**

- a) Company applies Indian Accounting Standard 115 'Revenue from Contracts with Customers' ("Ind AS 115"). Under Ind AS 115, revenue is recognised through a 5-step approach:
- (i) Identify the contracts with customer;
  - (ii) Identify separate performance obligations in the contract;
  - (iii) Determine the transaction price;

**NOTES OF THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March, 2020**

(All amounts in ₹ crores, unless otherwise stated)

- (iv) Allocate the transaction price to the performance obligations; and
- (v) Recognise revenue when a performance obligation is satisfied.

**(i) Disaggregation of revenue**

The Group has performed a disaggregated analysis of revenues considering the nature, amount, timing and uncertainty of revenues. This includes disclosure of revenues by geography and timing of recognition.

**Year ended 31 March 2020**

Revenue from operations	Goods	Other operating revenue*	Total
<b>Revenue by geography</b>			
Domestic	1,432.20	14.87	1,447.07
Export	704.15	-	704.15
<b>Total</b>	<b><u>2,136.35</u></b>	<b><u>14.87</u></b>	<b><u>2,151.22</u></b>
<b>Revenue by time</b>			
Revenue recognised at point in time			2,151.21
Revenue recognised over time			-
<b>Total</b>			<b><u>2,151.21</u></b>

\* excludes export benefit income of ₹ 35.16 crores and sales tax incentive of ₹ 17.15 crores

**Year ended 31 March 2019**

Revenue from operations	Goods	Other operating revenue*	Total
<b>Revenue by geography</b>			
Domestic	1,342.61	13.97	1,356.58
Export	739.41	-	739.41
<b>Total</b>	<b><u>2,082.01</u></b>	<b><u>13.97</u></b>	<b><u>2,095.99</u></b>
<b>Revenue by time</b>			
Revenue recognised at point in time			2,095.98
Revenue recognised over time			-
<b>Total</b>			<b><u>2,095.98</u></b>

\* excludes export benefit income of ₹ 43.38 crores and sales tax incentive of ₹ 17.15 crores

**(ii) Revenue recognised in relation to contract liabilities**

Ind AS 115 also requires disclosure of 'revenue recognised in the reporting period that was included in the contract liability balance at the beginning of the period' and 'revenue recognised in the reporting period from performance obligations satisfied (or partially satisfied) in previous periods. Same has been disclosed as below:

Description	Year ended 31 March 2020	Year ended 31 March 2019
Revenue recognised in the reporting period that was included in the contract liability balance at the beginning of the period	12.12	10.84
Revenue recognised in the reporting period from performance obligations satisfied (or partially satisfied) in previous periods	-	-

**NOTES OF THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March, 2020**

(All amounts in ₹ crores, unless otherwise stated)

**(iii) Assets and liabilities related to contracts with customers**

Description	As at 31 March 2020	As at 31 March 2019
<b>Contract liabilities related to sale of goods</b>		
Advance from customers	19.61	12.90

**(iv) Reconciliation of revenue recognised in statement of profit and loss with contract price**

Description	Year ended 31 March 2020	Year ended 31 March 2019
Contract price	2,238.97	2,165.95
Less: Discount, rebates, credits etc.	87.75	69.96
<b>Revenue from operations as per statement of profit and loss</b>	<b><u>2,151.22</u></b>	<b><u>2,095.99</u></b>

**b) Details of products sold**
**Particulars**

Manufactured goods

- Packaging films
- Others

**Total**

	2,133.32	2,078.17
	3.03	3.85
<b>Total</b>	<b><u>2,136.35</u></b>	<b><u>2,082.02</u></b>

**32 OTHER INCOME**

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
Interest income from		
- Fixed deposits with banks	4.66	1.55
- Other financial assets carried at amortised cost	0.88	0.99
- Investment in perpetual bonds carried at fair value through other comprehensive income.	3.05	-
- Investment in perpetual bonds carried at fair value through profit and loss	4.08	0.21
Gain on investments carried at fair value through profit and loss	1.51	2.33
Insurance and other claims	1.78	2.24
Grant income on export promotion capital goods scheme	2.89	2.89
Liabilities no longer required written back	0.11	0.70
Profit on sale of property, plant and equipment	0.14	8.79
Miscellaneous income	0.36	0.45
	<b><u>19.46</u></b>	<b><u>20.15</u></b>



**NOTES OF THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March, 2020**
*(All amounts in ₹ crores, unless otherwise stated)*
**33 CHANGE IN INVENTORY**

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
<b>Opening stock</b>		
Finished goods	144.33	157.32
<b>Closing stock</b>		
Finished goods	160.79	144.33
	<u>(16.46)</u>	<u>12.99</u>
<b>Note:</b>		
<b>Details of finished goods</b>		
<b>Particulars</b>		
Finished goods		
- Packaging films	160.79	144.33
<b>Total</b>	<u>160.79</u>	<u>144.33</u>

**34 EMPLOYEE BENEFIT EXPENSES**

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
Salaries, wages, allowances and bonus	151.92	120.87
Employee stock option expense	1.03	2.00
Contribution to provident and other funds (refer note 43)	5.56	4.79
Staff welfare expenses	4.06	3.74
	<u>162.57</u>	<u>131.40</u>

**35 FINANCE COSTS**

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
Interest:		
- Term loans	18.90	23.57
- Cash credit and short term loans	15.37	19.00
- Others	1.37	0.02
Foreign exchange fluctuation to the extent regarded as an adjustment to borrowing costs	8.45	8.25
Other borrowings costs	8.48	5.13
	<u>52.57</u>	<u>55.97</u>

The finance cost shown above is net of borrowing costs capitalised during the year ended 31 March 2020 amounting to ₹ 0.64 crores at 5.48% (31 March 2019: ₹ 1.92 crores).

**NOTES OF THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March, 2020**
*(All amounts in ₹ crores, unless otherwise stated)*
**36 DEPRECIATION, AMORTISATION AND IMPAIRMENT EXPENSE**

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
Depreciation on property, plant and equipment and investment property	53.62	53.18
Amortisation of intangible assets	0.41	0.45
Impairment loss on investment property	11.02	-
	<u>65.05</u>	<u>53.76</u>

**37 OTHER EXPENSES**

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
Rent	11.99	10.50
Rates and taxes	1.89	1.67
Stores, spare parts and packing materials consumed	74.30	74.35
Insurance	3.93	3.33
Repair and maintenance		
Building	1.05	1.21
Machinery	14.63	11.98
Others	5.43	5.42
Power and fuel expenses	128.79	124.44
Other manufacturing expenses	2.52	1.15
Printing and stationary	0.79	0.83
Training and recruitment expenses	1.03	0.57
Travelling and conveyance	10.69	11.97
Vehicle running and maintenance	6.50	6.06
Communication expenses	0.79	0.60
Legal and professional charges	10.18	9.99
Foreign exchange fluctuation loss (net)	11.46	6.01
Corporate social responsibility (CSR) expenditure (refer note b below)	2.38	1.44
Freight and forwarding	3.15	3.72
Other selling expenses	3.26	5.26
Grant from government authorities written off	4.51	-
Payment to auditors (refer note a below)	0.84	0.79
Miscellaneous expenses	7.59	5.06
	<u>307.70</u>	<u>286.35</u>

**Note:**

Other expenses includes research and development expenses (refer note 41)

**NOTES OF THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March, 2020**
*(All amounts in ₹ crores, unless otherwise stated)*

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
<b>a) Payment to auditors (exclusive of goods and services tax)</b>		
As auditor		
- Audit fee (includes tax audit fees)	0.77	0.72
- Tax audit fee	0.03	0.03
In other capacity		
- Certification and other matters	0.02	0.02
- Reimbursement of out of pocket expenses	0.02	0.02
<b>Total</b>	<b>0.84</b>	<b>0.79</b>
<b>Details of corporate social responsibility expenditure</b>		
(a) Amount required to be spent by the group	1.76	2.18
(b) Amount spent during the year		
(i) Construction or acquisition of any asset	-	-
(ii) On purposes other than (i) above	2.38	1.44

**38 INCOME TAX**

	As at 31 March 2020	As at 31 March 2019
<b>The income tax expense consists of the following :</b>		
Current tax expense	29.01	12.09
Deferred tax benefit	20.39	(1.56)
<b>Total income tax</b>	<b>49.40</b>	<b>10.53</b>
<b>The reconciliation of the estimated tax expense at statutory income tax rate to income tax expense reported in the statement of profit and loss is as follows:</b>		
Profit before income taxes	162.84	71.64
At India's statutory income tax rate of 34.94 % (31 March 2019: 34.94%,)	56.90	25.03
<b>Adjustments in respect of current income tax</b>		
Income exempted from income taxes	(7.96)	(5.76)
Additional allowance on revenue and capital expenses	(1.92)	(1.37)
Taxes earlier years	(0.23)	(2.36)
Effect of different tax rate	(0.35)	(1.44)
Others adjustments	2.95	(3.57)
<b>Total income tax expense</b>	<b>49.40</b>	<b>10.53</b>

**NOTES OF THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March, 2020**

(All amounts in ₹ crores, unless otherwise stated)

**Movement of net deferred tax assets and liabilities for the year ended 31 March 2020 is as follows:**

	Opening balance	Deferred tax credit/ charge in profit and loss	Deferred tax credit/ charge in other comprehensive income	Closing balance
<b>Deferred tax liabilities (net)</b>				
<b>Deferred tax assets arising on account of:</b>				
Cash flow hedge reserve	-	-	0.54	0.54
Expenses deductible under Income tax Act	2.64	3.33	1.11	7.08
Minimum alternative tax credit entitlement	95.94	(6.88)	-	89.06
Unabsorbed business losses	6.92	(4.20)	-	2.72
	<u>105.50</u>	<u>(7.75)</u>	<u>1.65</u>	<u>99.40</u>
<b>Deferred tax liabilities in relation to:</b>				
Cash flow hedge reserve	4.54	-	(4.54)	-
Property, plant and equipment and other intangible assets -depreciation and amortisation	142.59	13.19	-	155.78
Income taxable in future years as per Income tax Act	0.57	(0.57)	-	-
	<u>147.70</u>	<u>12.62</u>	<u>(4.54)</u>	<u>155.78</u>
<b>Net deferred tax liabilities</b>	<u>42.20</u>	<u>20.37</u>	<u>(6.19)</u>	<u>56.38</u>

**Movement of net deferred tax assets and liabilities for the year ended 31 March 2019 is as follows:**

	Opening balance	Deferred tax credit/ charge in profit and loss	Deferred tax credit/ charge in other comprehensive income	Closing balance
<b>Deferred tax liabilities (net)</b>				
<b>Deferred tax assets arising on account of :</b>				
Cash flow hedge reserve	1.86	-	(1.86)	-
Unabsorbed business losses	15.48	(8.56)	-	6.92
Expenses deductible under Income tax Act	0.83	1.81	-	2.64
Minimum alternative tax credit entitlement	81.21	14.73	-	95.94
	<u>99.38</u>	<u>7.98</u>	<u>(1.86)</u>	<u>105.50</u>
<b>Deferred tax liabilities in relation to :</b>				
Cash flow hedge reserve	-	-	4.54	4.54
Property, plant and equipment and other intangible assets -depreciation and amortisation	135.77	6.81	-	142.59
Income taxable in future years under Income tax Act	0.96	(0.39)	-	0.57
	<u>136.73</u>	<u>6.42</u>	<u>4.54</u>	<u>147.70</u>
<b>Net deferred tax liabilities</b>	<u>37.35</u>	<u>(1.56)</u>	<u>6.39</u>	<u>42.20</u>

**NOTES OF THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March, 2020**
*(All amounts in ₹ crores, unless otherwise stated)*
**Tax losses**

No deferred tax asset has been recognised on these unutilized tax losses as there is no evidence that sufficient taxable profit will be available in future against which they can be utilised by the respective entities

Loss pertains to the year	Expiry year	Unused tax losses for which no deferred tax has been recognised	Potential tax benefit
31 March 2011	31 March 2031	8.79	1.85
31 March 2012	31 March 2033	20.21	4.24
31 March 2013	31 March 2033	6.99	1.47
31 March 2014	31 March 2034	7.25	1.52
31 March 2015	31 March 2035	28.32	5.95
31 March 2016	31 March 2036	6.63	1.39
31 March 2017	31 March 2037	18.38	3.86
31 March 2018	31 March 2038	19.87	4.17
31 March 2019	31 March 2029	1.71	0.38
31 March 2020	31 March 2030	1.43	0.31

Deferred tax assets in the Group have been recognised to the extent there are sufficient taxable temporary differences relating to the same taxation authority and the same taxable entity which are expected to reverse.

**39 EARNINGS PER SHARE**

Particulars	As at 31 March 2020	As at 31 March 2019
Profit attributable to shareholders	113.44	61.11
Weighted average number of equity shares ( numbers in crores)	1.92	1.92
Nominal value per share (₹)	10.00	10.00
<b>Earnings per equity share (₹)</b>		
Basic	59.19	31.89
Diluted	59.19	31.89

**NOTES OF THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March, 2020**
*(All amounts in ₹ crores, unless otherwise stated)*
**40 CONTINGENCIES AND COMMITMENTS**

Particulars	As at 31 March 2020	As at 31 March 2019
<b>(A) Contingent liabilities</b>		
I Claims against the Group not acknowledged as debt	0.16	0.22
II Disputed demand for Income tax (refer note (a) below)	9.81	9.81
III Pending duty obligation under export promotion capital goods licenses	1.54	11.92
IV Disputed demand for Excise duty and Service tax	20.18	18.97
V Disputed demands for labour/employee dispute	9.96	8.55

**Note:**

- a) Disputed demand for income tax includes a dispute of ₹ 4.83 crores (31 March 2019: ₹ 4.83) between the Company and income tax department over computation of deduction under section 80HHC of the Income Tax Act, 1961. The Company has filed a special leave petition against the order of Hon'ble Delhi High Court which has been accepted by Supreme Court and is pending. Based on the legal opinion taken from an independent expert, the management is of the view that it is more likely than not that matter will be decided in favour of the Company.

Particulars	As at 31 March 2020	As at 31 March 2019
<b>(B) Commitments</b>		
<b>a) Capital commitments</b>		
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	132.98	118.35
<b>b) Others</b>		
Letter of credit opened for which the material has not been shipped as on the date of the balance sheet.	35.12	17.92

**41 RESEARCH AND DEVELOPMENT EXPENDITURE**

Research and development expenditures incurred by the Company during the financial year are mentioned below:

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
Material and consumables	1.70	3.92
Employee benefits expense	2.80	2.02
Depreciation expenses	0.35	0.31
Other expenses	0.78	0.66
	<u>5.63</u>	<u>6.91</u>

**NOTES OF THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March, 2020**
*(All amounts in ₹ crores, unless otherwise stated)*
**Assets purchased/capitalised for research and development centers**

Description	Total
<b>Gross carrying amount</b>	
<b>As at 1 April 2018</b>	<b>7.13</b>
Additions	0.42
<b>As at 31 March 2019</b>	<b>7.55</b>
Additions	1.90
<b>As at 31 March 2020</b>	<b>9.45</b>
<b>Accumulated depreciation</b>	
<b>As at 1 April 2018</b>	<b>2.14</b>
Depreciation for the year	0.31
<b>As at 31 March 2019</b>	<b>2.45</b>
Depreciation for the year	0.35
<b>As at 31 March 2020</b>	<b>2.80</b>
<b>Net carrying amount as at 31 March 2019</b>	<b>5.10</b>
<b>Net carrying amount as at 31 March 2020</b>	<b>6.65</b>

**Amount eligible for weighted deduction under Section 35(2AB) of the Income Tax Act, 1961**

Particulars	31 March 2020	31 March 2019
Research and development capital expenditure (gross)	1.90	0.42
Research and development revenue expenditure	5.28	6.60
<b>Total Expenditure</b>	<b>7.18</b>	<b>7.02</b>
Less: Realisation on sale of research and development assets	-	-
<b>Net research and development expenditure</b>	<b>7.18</b>	<b>7.02</b>
<b>Sales for the year</b>	<b>2,136.35</b>	<b>2,082.02</b>
Total research and development expenditure / sales	0.34%	0.34%
Total eligible research and development expenditure / sales	0.34%	0.34%

**42 EMPLOYEE STOCK OPTION PLAN**

Pursuant to the approval of the shareholders, the Company has introduced Cosmo Films Employees Stock Option Plan 2015 (CF ESOP 2015) to provide share based incentive to the eligible employees of the Company and its subsidiaries. The plan is implemented via trust route which will acquire the equity shares of the Company by secondary market acquisition, however, in case of any shortfall the Company will issue new shares as required. When exercisable, each option is convertible into one equity share.

**NOTES OF THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March, 2020**

(All amounts in ₹ crores, unless otherwise stated)

A) Details of options granted under the CF ESOP 2015 are as below:

Scheme	Date of grant	Number of options granted	Vesting condition	Exercise Period	Exercise price per share
CF Employees Stock Option Scheme 2015:					
Option I	13-Jan-16	193,000	On completion of 3 years of service from the date of grant	10 years from the date of vesting	₹ 300.05
Option II	13-Jul-16	250,000	On completion of 3 years of service from the date of grant	10 years from the date of vesting	₹ 351.40
Option III	7-Jul-17	200,000	On completion of 3 years of service from the date of grant	10 years from the date of vesting	₹ 433.20
Option IV	2-Jun-18	225,000	On completion of 3 years of service from the date of grant	10 years from the date of vesting	₹ 237.70

**B) Movement of options granted**

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
<b>Options outstanding at the beginning of the year</b>	<b>765,600</b>	<b>606,700</b>
Options granted during the year	-	225,000
Options cancelled during the year	(26,400)	(66,100)
<b>Options outstanding at the end of the year</b>	<b>739,200</b>	<b>765,600</b>

The weighted average remaining contractual life outstanding as of 31 March 2020 was 9.96 years (31 March 2019: 10.96 years). Weighted average exercise price of options as of 31 March 2020 is ₹ 327.86 (31 March 2019: ₹ 328.06)

C) The fair value of options used to compute per share net income and earning per equity share has been done on the date of grant using Black-Scholes Model.

The key assumption in Black-Scholes Model for calculating fair value on grant are as under:

	Option-I	Option-II	Option-III	Option-IV
Grant Date	13-Jan-16	13-Jul-16	7-Jul-17	2-Jun-18
Market Price (₹)	300.05	351.40	433.20	237.70
Exercise Price (₹)	300.05	351.40	433.20	237.70
Expected Volatility (%) \$	57.70	39.55	27.70	31.91
Expected forfeiture on each vesting date (%)	Nil	Nil	Nil	Nil
Expected life (years)*	3	3	3	3
Dividend yield (%)	1.17	2.85	2.31	2.52
Risk free interest rate (%)	7.59	7.50	6.54	7.83
Fair value on grant date (₹)	128.25	103.45	98.60	62.46

\$ The expected volatility was determined based on historical volatility data.

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



**NOTES OF THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March, 2020**

(All amounts in ₹ crores, unless otherwise stated)

**43 EMPLOYEE BENEFIT OBLIGATIONS**
**1) Gratuity**

The Company makes contribution towards gratuity to a defined retirement benefits plan for qualifying employees. The Company has taken policy with Life Insurance Corporation of India to provide for payment of retirement benefits to vested employees. The present value of obligation is determined based on actuarial valuation. The expected contribution to the plan for next annual reporting period amounts to ₹ 2.33 crores (31 March 2019: ₹ 0.89 crores)

The weighted average duration of the defined benefit obligation as at 31 March 2020 is 5 years (31 March 2019: 7 years)

The amounts recognised in the balance sheet and the movements in the net defined benefit obligation over the year are as follows:

**a. Reconciliation of present value of defined benefit obligation and the fair value of plan assets**

Particulars	As at 31 March 2020	As at 31 March 2019
Present value of obligation as at the end of the year	22.75	13.33
Fair value of plan assets as at the end of the year	(13.66)	(13.27)
<b>Net liability recognized in balance sheet</b>	<b>9.09</b>	<b>0.06</b>

**b. Changes in defined benefit obligation**

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
Present value of obligation as at the start of the year	13.33	12.68
Interest cost	1.02	1.00
Current service cost	0.83	0.76
Past service cost	7.58	-
Benefits paid	(0.64)	(1.14)
Actuarial loss on obligations	0.63	0.03
<b>Present value of obligation as at the end of the year</b>	<b>22.75</b>	<b>13.33</b>

**c. Table showing changes in the fair value of plan assets**

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
Fair value of plan assets at beginning of year	13.27	13.31
Interest income on plan assets	1.02	1.05
Return on plan assets excluding interest income	(0.05)	-
Contributions	0.06	0.05
Benefits paid	(0.64)	(1.14)
<b>Fair value of plan assets at the end of year</b>	<b>13.66</b>	<b>13.27</b>

**NOTES OF THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March, 2020**
*(All amounts in ₹ crores, unless otherwise stated)*
**d. Amount recognized in the statement of profit and loss**

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
Current service cost	0.83	0.76
Past service cost	7.58	-
Net interest cost	1.02	1.00
Expected return on plan asset	(1.02)	(1.05)
<b>Amount recognised in the statement of profit and loss</b>	<b>8.41</b>	<b>0.71</b>

**e. Other comprehensive income**

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
Actuarial loss on arising from change in demographic assumption	-	-
Actuarial loss on arising from change in financial assumption	0.69	0.13
Actuarial gain on arising from experience adjustment	(0.06)	(0.10)
Return on plan assets excluding interest income	0.05	
<b>Unrecognised actuarial loss at the end of the year</b>	<b>0.68</b>	<b>0.03</b>

**f. Actuarial assumptions**

Particulars	As at 31 March 2020	As at 31 March 2019
Discount rate	6.83%	7.69%
Future salary increase	7.00%	7.00%

**g. Demographic assumption**

Particulars	As at 31 March 2020	As at 31 March 2019
Retirement Age (Years)	58	58
Mortality rates inclusive of provision for disability	Indian Assured Lives Mortality(2006-08)	

**h. Sensitivity analysis for gratuity liability**

Particulars	As at 31 March 2020	As at 31 March 2019
<b>Impact of the change in discount rate</b>		
Present value of obligation at the end of the year	22.75	13.33
a) Impact due to increase of 0.50%	(0.41)	(0.34)
b) Impact due to decrease of 0.50%	0.44	0.36
<b>Impact of the change in salary increase</b>		
Present value of obligation at the end of the year	22.75	13.33
a) Impact due to increase of 0.50%	0.43	0.34
b) Impact due to decrease of 0.50%	(0.41)	(0.32)

**NOTES OF THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March, 2020**
*(All amounts in ₹ crores, unless otherwise stated)*
**j. Maturity profile of defined benefit obligation**

Particulars	As at	
	31 March 2020	31 March 2019
April 2019 to March 2020	-	1.53
April 2020 to March 2021	9.46	1.63
April 2021 to March 2022	1.44	1.71
April 2022 to March 2023	1.91	1.68
April 2023 to March 2024	2.72	2.17
April 2024 onwards	16.99	14.10

**k. Investment details**

Particulars	As at		As at	
	31 March 2020		31 March 2019	
	(₹ in crore)	% invested	(₹ in crore)	% invested
Insurance funds	13.66	100	13.27	100

**2) Defined Contribution Plans**

The Company also has certain defined contribution plans. Contributions are made to provident fund in India for employees at the rate 12% of basic salary as per regulations. The contributions are made to registered provident fund administered by the government. The obligations of the Company is limited to the amount contributed and it has no further contractual nor any constructive obligation.

Particulars	As at		As at	
	31 March 2020	31 March 2019	31 March 2020	31 March 2019
Employer's contribution to Provident Fund	3.58	2.93		
Employer's contribution to Superannuation Fund	1.17	1.03		
Employer's contribution to labour welfare fund and employee state insurance	0.17	0.16		
Employer's contribution to other funds	0.64	0.67		

**44 LEASES**

The Company has leases for office building, warehouses and related facilities for which the Company has adopted IndAS 116 "Leases" effective 1 April 2019, as notified by the Ministry of Corporate Affairs (MCA) in the Companies (Indian Accounting Standards) Amendment Rules, 2019 using modified retrospective method. On adoption of this standard, based on the **exception** of short term leases or lease of low value underlying assets, none of the lease has been identified for which right-of-use asset and a lease liability is required to be created.

**A Lease payments not included in measurement of lease liability**

The expense relating to payments not included in the measurement of the lease liability is as follows:

Particulars	As at	
	31 March 2020	
Short-term leases	11.97	
Leases of low value assets	0.02	
<b>Total</b>	<b>11.99</b>	

**NOTES OF THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March, 2020**

(All amounts in ₹ crores, unless otherwise stated)

**B** Total cash outflow for leases for the year ended 31 March 2020 was ₹ 11.99 crores.

**C Impact on transition**

- 1 On transition, the adoption of new standard resulted in recognition of lease liability of ₹ Nil and right of use asset of ₹ 67.32 crore.
- 2 Instead of performing an impairment review on the right-of-use assets at the date of initial application, the Group has relied on its historic assessment as to whether leases were onerous immediately before the date of initial application of Ind AS 116.
- 3 On transition, for leases previously accounted for as operating leases with a remaining lease term of less than 12 months and for leases of low-value assets the Group has applied the optional exemptions to not recognise right-of-use assets but to account for the lease expense on a straightline basis over the remaining lease term.
- 4 The Group has benefited from the use of hindsight for determining the lease term when considering options to extend and terminate leases.
- 5 Further, there were no operating lease commitments at 31 March 2019 as disclosed in the financial statements for the year ended 31 March 2019.

**45 RELATED PARTY DISCLOSURES**

In accordance with the required Indian Accounting Standard (IndAS-24) on related party disclosures where control exist and where transactions have taken place and description of the relationship as identified by management are as follows:

**i) List of related parties and relationships:**

**A. Key management personnel**

- a) Mr. Ashok Jaipuria, Chairman and Managing Director of Parent Company
- b) Mr. Anil Kumar Jain, Director of corporate affairs
- c) Mr. H. K. Agrawal, Independent Director
- d) Mr. Rajeev Gupta, Non-Independent Director
- e) Mrs Alpana Parida, Independent Director
- f) Mr. Ashish Kumar Guha, Independent Director (resigned w.e.f. 25 July 2019)
- g) Mr. Pratip Chaudhuri, Non-Independent Director
- h) Mr. H. N. Sinor, Independent Director
- i) Mr. Vivek Nangia, Independent Director
- j) Mr. Anil Wadhwa, Independent Director
- k) Mr. Pankaj Poddar, Chief Executive Officer
- l) Mr. Neeraj Jain, Chief Financial Officer
- m) Ms. Jyoti Dixit, Company Secretary

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

- a) Sunrise Manufacturing Company Limited
- b) Prime Securities Limited
- c) Cosmo Foundation
- d) Gayatri & Annapurana ( Partnership firm)

**NOTES OF THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March, 2020**
*(All amounts in ₹ crores, unless otherwise stated)*

Particulars	Enterprises owned or significantly influenced by key management personnel or their relatives having significant influence		Key management personnel and their Relatives		Total	
	31 March 2020	31 March 2019	31 March 2020	31 March 2019	31 March 2020	31 March 2019
<b>Transactions with related Parties</b>						
<b>1 Rent received</b>						
Sunrise Manufacturing Company Limited	0.02	0.02	-	-	0.02	0.02
<b>2 Retainership fees paid</b>						
Prime Securities Limited	-	0.14	-	-	-	0.14
<b>3 Short term employee benefits</b>	-	-	18.64	8.72	18.64	8.72
<b>4 Post Employment Benefits*</b>	-	-	0.54	0.33	0.54	0.33
<b>5 Share based payments</b>	-	-	0.35	0.84	0.35	0.84
<b>6 Commission/Sitting Fee paid</b>						
Mr. H. K. Agrawal	-	-	0.21	0.08	0.21	0.08
Mr. Rajeev Gupta	-	-	0.18	0.06	0.18	0.06
M. Alpana Parida	-	-	0.22	0.07	0.22	0.07
Mr. Ashish Kumar Guha	-	-	0.01	0.07	0.01	0.07
Mr. Pratip Chaudhuri	-	-	0.21	0.09	0.21	0.09
Mr. H. N. Sinor	-	-	0.22	0.07	0.22	0.07
Mr. Vivek Nangia	-	-	0.20	0.07	0.20	0.07
Mr. Anil Wadhwa	-	-	0.22	0.08	0.22	0.08
<b>7 Loan given</b>						
Mr. Pankaj Poddar	-	-	0.25	0.15	0.25	0.15
<b>8 Interest income on loan given</b>						
Mr. Pankaj Poddar	-	-	0.30	0.29	0.30	0.29
<b>9 Corporate Social Responsibility</b>						
Contribution to Cosmo Foundation	2.38	1.44	-	-	2.38	1.44

\* Does not include the provision made for gratuity and compensated absences, as they are determined on an actuarial basis for all the employees together.

Particulars	Key management personnel and their Relatives		Enterprises owned or significantly influenced by key management personnel or their relatives		Total	
	31 March 2020	31 March 2019	31 March 2020	31 March 2019	31 March 2020	31 March 2019
<b>Outstanding balances</b>						
<b>1 Managerial remuneration payable</b>	9.07	1.49	-	-	9.07	1.49
<b>2 Loan Outstanding</b>						
Mr Pankaj Poddar	9.65	9.40	-	-	9.65	9.40

**NOTES OF THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March, 2020**

(All amounts in ₹ crores, unless otherwise stated)

**46 SEGMENT REPORTING**

In accordance with Ind AS 108, the Board of directors being the Chief operating decision maker of the Group has determined its only one business segment of packaging films. Further, in terms of Paragraph 4 and 31 of Ind AS 108 'Operating Segments', entity wide disclosures have been presented below:

In addition, one minor operating segments is shown under other segments. The main sources of revenue for this segment is the sale of equipments and related parts and services.

**Business segment**
**Year ended 31 March 2020**

Particulars	Packaging Films	Others	Total
<b>Revenue</b>			
External sales	2,200.50	3.03	2,203.53
<b>Total revenue</b>	<b>2,200.50</b>	<b>3.03</b>	<b>2,203.53</b>
<b>Results</b>			
Segment result	229.03	(1.01)	228.02
Unallocated corporate expenses	-	-	(12.61)
<b>Operating profit</b>	<b>229.03</b>	<b>(1.01)</b>	<b>215.41</b>
Interest expenses and finance charges	-	-	52.57
<b>Profit before tax</b>	<b>229.03</b>	<b>(1.01)</b>	<b>162.84</b>
Income taxes	-	-	(49.40)
<b>Profit for the year</b>	<b>229.03</b>	<b>(1.01)</b>	<b>113.44</b>
<b>Other information</b>			
Segment assets	1,670.46	-	1,670.46
Unallocated corporate assets	-	-	239.75
<b>Total assets</b>	<b>1,670.46</b>	<b>-</b>	<b>1,910.21</b>
Segment liabilities	317.27	-	317.27
Unallocated corporate liabilities	-	-	-
<b>Total liabilities</b>	<b>317.27</b>	<b>-</b>	<b>317.27</b>
Capital expenditure	49.97	-	49.97
Depreciation, amortisation and impairment expense	65.05	-	65.05

**Business segment**
**Year ended 31 March 2019**

Particulars	Packaging Films	Others	Total
<b>Revenue</b>			
External sales	2,152.67	3.85	2,156.52
<b>Total revenue</b>	<b>2,152.67</b>	<b>3.85</b>	<b>2,156.52</b>
<b>Results</b>			
Segment result	134.30	1.00	135.30
Unallocated corporate expenses	-	-	(7.69)
<b>Total</b>	<b>134.30</b>	<b>1.00</b>	<b>127.61</b>

**NOTES OF THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March, 2020**
*(All amounts in ₹ crores, unless otherwise stated)*

<b>Operating profit</b>			
Interest expenses and finance charges	-	-	55.97
	<b>134.30</b>	<b>1.00</b>	<b>71.64</b>
<b>Profit before tax</b>			
Income taxes	-	-	(10.53)
<b>Profit for the year</b>	<b>134.30</b>	<b>1.00</b>	<b>61.11</b>
<b>Other information</b>			
Segment assets	1,663.17	2.26	1,665.43
Unallocated corporate assets	-	-	207.81
<b>Total assets</b>	<b>1,663.17</b>	<b>2.26</b>	<b>1,873.24</b>
Segment liabilities	332.07	-	332.07
Unallocated corporate liabilities	-	-	1.37
<b>Total liabilities</b>	<b>332.07</b>	<b>-</b>	<b>333.44</b>
Capital expenditure	90.68	-	90.68
Depreciation and amortisation	53.76	-	53.76

**Business segment / geographical segment**
**Year ended 31 March 2020**

Segment assets are allocated based on their physical location. Revenues from external customers have been identified on the basis of the customer's geographical location and are disclosed below.

Particulars	Revenue	Segment assets	Capital expenditure
In India	1,178.87	1,674.47	47.40
Outside India	1,024.66	235.74	2.57
<b>Total</b>	<b>2,203.53</b>	<b>1,910.21</b>	<b>49.97</b>

**Revenue as per Customers (more than 10% of revenue):**

There is no single external customer who has contributed 10% or more to the Group's revenue.

**Business segment / geographical segment**
**Year ended 31 March 2019**

Particulars	Revenue	Segment assets	Capital expenditure
In India	1,129.71	1,630.64	88.16
Outside India	1,026.81	242.61	2.52
<b>Total</b>	<b>2,156.52</b>	<b>1,873.25</b>	<b>90.68</b>

**Revenue as per Customers (more than 10% of revenue):**

There is no single external customer who has contributed 10% or more to the Group's revenue.

**NOTES OF THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March, 2020**

(All amounts in ₹ crores, unless otherwise stated)

**47 FAIR VALUE MEASUREMENTS**
**A) Financial assets and liabilities**

The accounting classification of each category of financial instruments, and their carrying amounts, are set out below:

As at 31 March 2020	Fair value through profit or loss	Fair value through other comprehensive income	Amortised cost
<b>Financial assets</b>			
(i) Investments	7.23	138.48	-
(ii) Trade receivables	-	-	193.14
(iii) Cash and cash equivalents	-	-	26.48
(iv) Other bank balances	-	-	33.88
(v) Loans	-	-	12.66
(vi) Derivative assets			
derivatives designated for hedge accounting	9.24	-	-
other derivatives	13.80	-	-
(vii) Others financial assets	-	-	26.13
<b>Total</b>	<b>30.27</b>	<b>138.48</b>	<b>292.29</b>
<b>Financial liabilities</b>			
(i) Borrowings	-	-	790.67
(ii) Trade payables	-	-	157.11
(iii) Derivative liabilities			
derivatives designated for hedge accounting	1.26	-	-
other derivatives	5.12	-	-
(iv) Other financial liabilities	-	-	63.83
<b>Total</b>	<b>6.38</b>	<b>-</b>	<b>1,011.61</b>
<b>As at 31 March 2019</b>			
<b>Financial assets</b>			
(i) Investments	77.40	-	-
(ii) Trade receivables	-	-	209.14
(iii) Cash and cash equivalents	-	-	57.25
(iv) Other bank balances	-	-	28.68
(v) Loans	-	-	12.93
(vi) Derivative assets			
derivatives designated for hedge accounting	6.96	-	-
other derivatives	4.18	-	-
(vii) Others financial assets	-	-	44.85
<b>Total</b>	<b>88.54</b>	<b>-</b>	<b>352.85</b>



**NOTES OF THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March, 2020**
*(All amounts in ₹ crores, unless otherwise stated)*

As at 31 March 2019	Fair value through profit or loss	Fair value through other comprehensive income	Amortised cost
<b>Financial liabilities</b>			
(i) Borrowings	-	-	812.61
(ii) Trade payables	-	-	202.18
(iii) Derivative liabilities	-	-	-
derivatives designated for hedge accounting	0.24	-	-
other derivatives	6.91	-	-
(iv) Other financial liabilities	-	-	46.32
<b>Total</b>	<u>7.15</u>	<u>-</u>	<u>1,061.11</u>

**B) Fair value hierarchy**
**The different levels of fair value have been defined below:**

Level 1: Quoted prices for identical instruments in an active market;

Level 2: Directly (i.e. as prices) or indirectly (i.e. derived from prices) observable market inputs, other than Level 1 inputs; and

Level 3: Inputs which are not based on observable market data (unobservable inputs). Fair values are determined in whole or in part using a net asset value or valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.

**B) (i) Financial assets and liabilities measured at fair value - recurring fair value measurements**

As at 31 March 2020	Note	Level 1	Level 2	Level 3
<b>Financial assets</b>				
(i) Investments	6 and 11	145.51	-	0.20
(ii) Derivative assets	8 and 16	-	23.04	-
<b>Total Financial assets</b>		<u>145.51</u>	<u>23.04</u>	<u>0.20</u>
<b>Financial liabilities</b>				
(i) Derivative liabilities	21 and 27	-	6.38	-
(ii) Other financial liabilities	27	-	3.85	-
<b>Total Financial liabilities</b>		<u>-</u>	<u>10.23</u>	<u>-</u>
<b>As at 31 March 2019</b>	<b>Note</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
<b>Financial assets</b>				
(i) Investments	6 and 11	77.23	-	0.17
(ii) Derivative assets	8 and 16	-	11.14	-
<b>Total Financial assets</b>		<u>77.23</u>	<u>11.14</u>	<u>0.17</u>
<b>Financial liabilities</b>				
(i) Derivative liabilities	27	-	7.15	-
<b>Total Financial liabilities</b>		<u>-</u>	<u>7.15</u>	<u>-</u>

## NOTES OF THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March, 2020

(All amounts in ₹ crores, unless otherwise stated)

### Valuation process and technique used to determine fair values

- (i) The fair value of investments in mutual fund units is based on the net asset value (NAV) as stated by the issuers of these mutual fund units in the published statements as at the balance sheet date. NAV represents the price at which the issuer will issue further units of mutual fund and the price at which issuers will redeem such units from the investors.
- (ii) Fair value for derivatives contracts is determined using observable forward and option exchange rates and yield curves as at the balance sheet date.
- (iii) In order to arrive at the fair value of unquoted investments, the Group obtains independent valuations. The techniques used by the valuer are as follows:
  - a) Asset approach - Net assets value method
  - b) Income approach - Discounted cash flows (“DCF”) method
  - c) Market approach - Enterprise value/Sales multiple method

### B) (ii) Fair value of financial assets and liabilities measured at amortised cost

Fair value of instruments measured at amortised cost for which fair value is disclosed is as follows, these fair values are calculated using Level 3 inputs:

The fair values of loans are not materially different from the amortised cost thereof. Further, the management assessed that fair values of trade receivables, cash and cash equivalents, other bank balances, other current financial assets (excluding derivative assets), current borrowings, trade payables and other current financial liabilities (excluding derivative liabilities) approximate their respective carrying amounts largely due to the short-term maturities of these instruments. The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

All the long term borrowing facilities availed by the Group are variable rate facilities which are subject to changes in underlying interest rate indices. Further, the credit spread on these facilities are subject to change with changes in Group’s creditworthiness. The management believes that the current rate of interest on these loans are in close approximation from market rates applicable to the Group. Therefore, the management estimates that the fair value of these borrowings are approximate to their respective carrying values.

The fair value measurements disclosed in respect of financial assets and liabilities measured at amortised cost fall within Level 3 of fair value hierarchy.

## 48 RISK MANAGEMENT

The Company’s activities expose it to market risk, liquidity risk and credit risk. The management has the overall responsibility for the establishment and oversight of the Company’s risk management framework. This note explains the sources of risk which the entity is exposed to and how the entity manages the risk and the related impact in the financial statements.

Risk	Exposure arising from	Measurement	Management
Credit risk	Cash and cash equivalents, other bank balances, loans, trade receivables, other financial assets and investments	Ageing analysis Credit ratings	Diversification of bank deposits, collateral credit limits and letter of credit Investment guidelines for debt investments
Liquidity risk	Borrowings and other liabilities	Rolling cash flow forecasts	Availability of committed credit lines and borrowing facilities
Market risk - foreign exchange	Recognised financial assets and liabilities not denominated in Indian rupee (INR)	Cash flow forecasting	Foreign currency forwards Foreign currency options Cross currency swaps

**NOTES OF THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March, 2020**

(All amounts in ₹ crores, unless otherwise stated)

Risk	Exposure arising from	Measurement	Management
Market risk - interest rate	Long-term borrowings at variable rates	Sensitivity analysis	Interest rate swaps
Market risk - security price	Investments in mutual funds and debt securities	Sensitivity analysis	Diversification of portfolio, with focus on strategic investments

**A. Credit Risk**

Credit risk is the risk that a counterparty fails to discharge its obligation to the Group. The Group's exposure to credit risk is influenced mainly by cash and cash equivalents, trade receivables and financial assets measured at amortised cost. The Group continuously monitors defaults of customers and other counterparties and incorporates this information into its credit risk controls.

**Credit risk management**
*Credit risk rating*

The Group assesses and manages credit risk of financial assets based on following categories arrived on the basis of assumptions, inputs and factors specific to the class of financial assets.

A: Low credit risk on financial reporting date

B: Moderate credit risk

C: High credit risk

The Group provides for expected credit loss on financial assets other than trade receivables based on the following:

Basis of categorisation	Asset class exposed to credit risk	Provision for expected credit loss
Low credit risk	Cash and cash equivalents, other bank balances, loans, trade receivables, other financial assets and investments	12 month expected credit loss
Moderate credit risk	Other financial assets	12 month expected credit loss unless credit risk has increased significantly since initial recognition, in which case allowance is measured at lifetime expected credit loss.
High credit risk	Other financial assets	Life time expected credit loss or fully provided for

As the Group's trade receivables do not contain a significant financing component, it measures the loss allowance in respect thereof at an amount equal to lifetime expected credit losses

Based on business environment in which the Group operates, a default on a financial asset is considered when the counter party fails to make payments within a reasonable time after the agreed time period as per contract. Loss rates reflecting defaults are based on actual credit loss experience and considering differences between current and historical economic conditions.

Assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group or debtor declaring bankruptcy or a litigation decided against the Group. The Group continues to engage with parties whose balances are written off and attempts to enforce repayment. Recoveries made are recognised in statement of profit and loss.

**NOTES OF THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March, 2020**
*(All amounts in ₹ crores, unless otherwise stated)*
**Credit risk exposure**

Credit rating	Particulars	As at	As at
		31 March 2020	31 March 2019
A: Low credit risk	Cash and cash equivalents	26.48	57.25
	Other bank balances	33.88	28.68
	Loans	12.66	12.93
	Other financial assets	49.17	55.99
	Investments	145.71	77.40
B: Medium credit risk	-	-	-
C: High credit risk	-	-	-

**Cash and cash equivalents and bank deposits**

Credit risk related to cash and cash equivalents and bank deposits is managed by only accepting highly rated banks and diversifying bank deposits and accounts in different banks across the country.

**Trade receivables**

Credit risk related to trade receivables are mitigated by taking bank guarantees/letter of credit, from customers where credit risk is high. The Group closely monitors the credit-worthiness of the debtors through internal systems that are configured to define credit limits of customers, thereby, limiting the credit risk to pre-calculated amounts. The Group assesses increase in credit risk on an ongoing basis for amounts receivable that become past due and default is considered to have occurred when amounts receivable become one year past due. All debtors are covered under credit insurance policy.

**Investments**

The Group invests only in quoted debt securities and mutual funds with very low credit risk. The Group's debt instruments comprised solely of quoted bonds that are graded in the top investment category by the good credit rating agency and, therefore, are considered to be low credit risk investments.

**Derivative instruments**

Credit risk related to derivative instruments is managed by the Group by doing transactions with highly rated banks. Further, management has established limits for use of derivative instruments to minimize the concentration of risks and therefore mitigate financial loss through counterparties potential failure to make payments.

**Other financial assets measured at amortised cost**

Other financial assets measured at amortised cost includes loans and advances to employees, security deposits and others Credit risk related to these other financial assets is managed by monitoring the recoverability of such amounts continuously.

**Provision for expected credit losses**
**a) Expected credit losses for financial assets other than trade receivables**

The Group provides for expected credit losses on loans and advances other than trade receivables by assessing individual financial instruments for expectation of any credit losses. Since, the Group deals with only high-rated banks and financial institutions, credit risk in respect of cash and cash equivalents, other bank balances, derivative instruments and bank deposits is evaluated as very low. In respect of loans, comprising of security deposits, credit risk is considered low because the Group is in possession of the underlying asset. In respect of other financial assets, credit risk is evaluated based on Group's knowledge of the credit worthiness of those parties.

The Group does not have any expected loss based impairment recognised on such assets considering their low credit risk nature.

**NOTES OF THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March, 2020**

(All amounts in ₹ crores, unless otherwise stated)

**b) Expected credit loss for trade receivables under simplified approach**

The Group recognizes lifetime expected credit losses on trade receivables using a simplified approach, wherein Group has defined percentage of provision by analyzing historical trend of default and such provision percentage determined have been considered to recognize life time expected credit losses on trade receivables (other than those where default criteria are met in which case the full expected loss against the amount recoverable is provided for). Customer discounts amounting to ₹ 12.12 crores (31 March 2019 : 8.15 crores) were not considered for the purpose of computation of expected credit losses under simplified approach. Based on such simplified approach, an allowance of ₹ 5.82 crores and ₹ 8.37 crores as at 31 March 2020 and 31 March 2019 has been recognised.

Age of receivables	As at 31 March 2020	As at 31 March 2019
Not Due	129.27	145.00
0-180 days past due	75.70	72.42
181-360 days past due	1.47	2.28
More than 360 days past due	4.64	5.96
<b>Total</b>	<b>211.07</b>	<b>225.66</b>

**Reconciliation of loss provision-lifetime expected credit losses**

Reconciliation of loss allowance	Amount
<b>Loss allowance as on 1 April 2018</b>	<b>7.47</b>
Expected credit loss recognised during the year	0.90
<b>Loss allowance on 31 March 2019</b>	<b>8.37</b>
Expected credit loss recognised during the year	0.66
Amounts written off	(3.21)
<b>Loss allowance on 31 March 2020</b>	<b>5.82</b>

**B. Liquidity Risk**

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due.

Management monitors rolling forecasts of the liquidity position and cash and cash equivalents on the basis of expected cash flows. The Group takes into account the liquidity of the market in which the entity operates.

**Financing arrangements**

The Group has access to the following undrawn borrowing facilities at the end of reporting period:

Floating rate	As at 31 March 2020	As at 31 March 2019
Expiring within one year (cash credit and other facilities)	484.49	552.37
Expiring beyond one year (bank loans - floating rate)	-	25.00
<b>Total</b>	<b>484.49</b>	<b>577.37</b>

**NOTES OF THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March, 2020**

(All amounts in ₹ crores, unless otherwise stated)

**Contractual Maturities of financial liabilities**

The tables below analyse the financial liabilities into relevant maturity Groupings based on their contractual maturities.

31 March 2020	Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	Total
(i) Borrowings	450.77	133.68	210.65	30.59	825.69
(ii) Trade payables	157.11	-	-	-	157.11
(iii) Other financial liabilities	63.83	-	-	-	63.83
(iv) Derivative liabilities	5.82	0.56	-	-	6.38
<b>Total</b>	<b>677.52</b>	<b>134.24</b>	<b>210.65</b>	<b>30.59</b>	<b>1,053.01</b>

31 March 2019	Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	Total
(i) Borrowings	402.22	128.76	310.11	22.93	864.01
(ii) Trade payables	202.18	-	-	-	202.18
(iii) Other financial liabilities	46.32	-	-	-	46.32
(iv) Derivative liabilities	7.15	-	-	-	7.15
<b>Total</b>	<b>657.87</b>	<b>128.76</b>	<b>310.11</b>	<b>22.93</b>	<b>1,119.66</b>

**C. Market Risk**
**Interest Rate risk**

The Group's policy is to minimise interest rate cash flow risk exposures on long-term financing. At 31 March 2020, the Group is exposed to changes in market interest rates through bank borrowings at variable interest rates. Other borrowings are at fixed interest rates.

Group's exposure to interest rate risk on borrowings is as follows:

Particulars	As at 31 March 2020	As at 31 March 2019
Variable rate	766.86	790.26
Fixed rate	22.59	21.02
<b>Total</b>	<b>789.45</b>	<b>811.28</b>

The following table illustrates the sensitivity of profit and equity to a possible change in interest rates of +/- 1% (31 March 2019: +/- 1%). These changes are considered to be reasonably possible based on observation of current market conditions. The calculations are based on a change in the average market interest rate for each period, and the financial instruments held at each reporting date that are sensitive to changes in interest rates. All other variables are held constant.

	Profit for the year+1%	Profit for the year-1%
<b>As at 31 March 2020</b>	(4.99)	4.99
<b>As at 31 March 2019</b>	(5.14)	5.14

**NOTES OF THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March, 2020**

(All amounts in ₹ crores, unless otherwise stated)

**(ii) Foreign currency risk**

The Group is exposed to foreign exchange risk arising from foreign currency transactions, primarily with respect to the US Dollar, GBP, Euro and JPY. Fluctuations in foreign currency exchange rates may have an impact on profit or loss and the statement of change in equity, where any transaction references more than one currency or where assets/liabilities are denominated in a currency other than the functional currency of the Group.

Exposures on foreign currency loans are managed through a hedging policy, which is reviewed periodically to ensure that the results from fluctuating currency exchange rates are appropriately managed. The Group's policy is to hedge material foreign exchange risk associated with borrowings, highly probable forecast sales and purchases transactions denominated in foreign currencies. The Group strives to achieve asset liability offset of foreign currency exposures and only the net position is hedged.

The Group uses forward exchange contracts, currency swaps, other derivatives and non-derivative instruments to hedge the effects of movements in exchange rates on foreign currency denominated assets, liabilities and highly probable forecast transactions. The sources of foreign exchange risk are outstanding amounts payable for imported raw materials, capital goods and other supplies and as well as financing transactions and loans denominated in foreign currencies. The Group is also exposed to foreign exchange risk on its highly probable forecasted sales and purchases. The policy of the Group is to determine on a regular basis what portion of the foreign exchange risk on financing transactions and loans are to be hedged through forward exchange contracts and other instruments. Short-term net exposures are hedged progressively based on their maturity. The hedge mechanisms are reviewed periodically to ensure that the risk from fluctuating currency exchange rates is appropriately managed. The following analysis is based on the gross exposure as at the reporting date which could affect the profit or loss or other comprehensive income. Instruments designated in hedging relationship and hedge accounting disclosures are include in section "Derivative financial instruments and hedge accounting".

Financial assets	As at 31 March 2020		As at 31 March 2019	
	Foreign Currency	INR (in crores)	Foreign Currency	INR (in crores)
USD	7,197,482	54.28	9,875,904	68.31
GBP	1,446,719	13.47	547,589	4.95
EUR	2,356,079	19.58	2,970,178	23.08
CAD	665,587	3.56	908,090	4.71
<b>Forward contracts for forecasted transactions</b>				
USD/JPY	-	-	-	1.63
<b>Financial liabilities</b>				
USD	48,723,071	367.42	43,629,609	301.79
EUR	26,685,600	221.73	65,708,960	492.00
JPY	327,140	0.02	327,140	0.02
GBP	12,123	0.11	14,625	0.13
<b>Derivative Contracts</b>				
USD	(39,089,771)	(294.78)	(17,375,806)	(120.19)
EUR	(12,928,619)	(107.42)	(28,045,032)	(217.92)
<b>Forward contracts for forecasted transactions</b>				
EUR/USD	7,188,550	(4.35)	15,316,250	(8.82)
USD/INR	6,674,251	(50.33)	5,167,772	(25.76)
EUR/INR	2,000,000	(16.62)	-	-

**NOTES OF THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March, 2020**

(All amounts in ₹ crores, unless otherwise stated)

The following significant exchange rates have been applied:

Particulars	Year end spot rate	
	As at 31 March 2020	As at 31 March 2019
USD	75.41	69.17
GBP	93.12	90.48
JPY	0.70	0.63
CAD	53.55	51.88
EURO	83.09	77.70

**Sensitivity Analysis**

The sensitivity of profit or loss to changes in the exchange rates arises mainly from foreign currency denominated financial instruments and the impact on other components of equity arises from foreign forward exchange contracts and non-derivative financial instruments designated as cash flow hedges.

	Impact on profit after tax		Impact on other components of equity	
	31 March 2020	31 March 2019	31 March 2020	31 March 2019
<b>USD sensitivity</b>				
INR/USD increase by 5.45% (31 March 2019- 6.82%)	(11.10)	(10.36)	(1.78)	(1.14)
INR/USD decrease by 5.45% (31 March 2019- 6.82%)	11.10	10.36	1.78	1.14
<b>GBP sensitivity</b>				
INR/GBP increase by 10.26% (31 March 2019- 8.82%)	0.89	0.28	-	-
INR/GBP decrease by 10.26% (31 March 2019- 8.82%)	(0.89)	(0.28)	-	-
<b>EUR sensitivity</b>				
INR/EUR increase by 7.57% (31 March 2019- 7.26%)	(9.96)	(22.15)	(1.03)	(0.42)
INR/EUR decrease by 7.57% (31 March 2019- 7.26%)	9.96	22.15	1.03	0.42
<b>JPY sensitivity</b>				
INR/JPY increase by 10.65% (31 March 2019- 9.53%)	-	-	-	-
INR/JPY decrease by 10.65% (31 March 2019- 9.53%)	-	-	-	-
<b>CAD sensitivity</b>				
INR/CAD increase by 7.76%% (31 March 2019- 8.56%)	0.18	0.26	-	-
INR/CAD decrease by 7.76%% (31 March 2019- 8.56%)	(0.18)	(0.26)	-	-



**NOTES OF THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March, 2020**

(All amounts in ₹ crores, unless otherwise stated)

**(iii) Derivative financial instruments and hedge accounting**
**A) The fair value of the Group's open derivative positions recorded within financial instruments (derivative) is as follows:**

	As at 31 March 2020		As at 31 March 2019	
	Liability	Assets	Liability	Assets
<b>Non-current</b>				
Cash flow hedges				
- Forward foreign currency contracts	0.68	9.66	0.25	9.25
- Options	-	10.15	6.76	1.01
- Interest rate swaps	0.18	-	0.14	-
- Currency swaps	5.52	3.23	-	0.88
<b>Total</b>	<b>6.38</b>	<b>23.04</b>	<b>7.15</b>	<b>11.14</b>

*\*Refer statement of profit and loss and statements of change in equity for the change in the fair value of cash flow hedges.*

The Group uses foreign currency forward contracts, foreign currency options contracts and non-derivative financial instruments (i.e. foreign currency borrowings) to mitigate exchange rate exposure arising from forecast sales and purchase in USD, EUR and GBP. Also, the Group uses foreign currency options contracts, cross currency swap contracts and interest rate swap contracts to mitigate exchange rate exposure and interest rate exposure arising from foreign currency borrowings.

Hedge ineffectiveness is determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessments to ensure that an economic relationship exists between the hedged item and hedging instrument.

The critical terms of the foreign currency forwards and cross currency swaps entered into exactly match the terms of the hedged item. As such the economic relationship and hedge effectiveness are based on the qualitative factors and the use of a hypothetical derivative where appropriate.

In hedges of foreign currency borrowings and forecast transaction, ineffectiveness mainly arises because of change in timing of hedged item from that of the hedging instrument and cost of hedging. The ineffectiveness in the hedges have been disclosed.

All derivative financial instruments used for hedge accounting are recognised initially at fair value and reported subsequently at fair value in the balance sheet.

To the extent that the hedge is effective, changes in the fair value of derivatives designated as hedging instruments in cash flow hedges are recognised in other comprehensive income and included within the cash flow hedge reserve in equity. Any ineffectiveness in the hedge relationship is recognised immediately in profit or loss.

At the time the hedged item affects profit or loss, any gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss and presented as a reclassification adjustment within other comprehensive income.

If a forecast transaction is no longer expected to occur, any related gain or loss recognised in other comprehensive income is transferred immediately to profit or loss. If the hedging relationship ceases to meet the effectiveness conditions, hedge accounting is discontinued, and the related gain or loss is held in the equity reserve until the forecast transaction occurs.

Other derivatives, which have not been designated in hedging relationship, are considered by management to be part of economic hedge arrangements but have not been formally designated since the relationship between hedged item and hedging instrument is considered to be ineffective.

**NOTES OF THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March, 2020**

(All amounts in ₹ crores, unless otherwise stated)

**Disclosure of effects of hedge accounting on financial position**

(₹ in Crores)

Type of hedge and risks	Nominal value	Carrying amount of hedging instrument		Maturity date	Hedge ratio	Average strike price	Changes in fair value of the hedging instrument	'Change in the fair value of hedged item used as the basis for recognizing hedge effectiveness
		Assets	Liabilities					
<b>As at 31 March 2020</b>								
<b>Cash Flow hedge</b>								
<b>Derivative instruments</b>								
(i) Foreign exchange forward contracts	USD 17,845,311.15	1.22	0.60	April 2020-June 2022	1:1	USD/INR - 75.31	0.62	(0.62)
	EUR 2,732,630	0.18	0.08	April 2020-June 2022	1:1	EUR /INR - 90.64	0.09	(0.09)
	EUR 8,000,000	6.34	-	December 20-February 2021	1:1	EUR/USD - 1.20	6.34	(6.34)
	GBP 500,000	0.14	-	September 2020	-	-	0.14	(0.14)
(ii) Cross currency swap contracts	USD 1,835,503	1.36	-	April 2020-August 2021	1:1	USD/ INR - 67.30	1.36	(1.36)
	USD 3,043,976	-	(0.57)	April 2020-May 2022	1:1	USD/JPY - 111.27	(0.57)	0.57
<b>Non-derivative instruments</b>								
(i) Foreign currency borrowings*	EUR 5,818,660	-	48.35	April 2020-July 2023	1:1	EUR/INR - 79.85	0.04	(0.04)
<b>As at 31 March 2019</b>								
<b>Cash Flow hedge</b>								
<b>Derivative instruments</b>								
(i) Foreign exchange forward contracts	USD 13,081,439	0.66	0.21	April 2019-January 2021	1:1	USD/INR - 69.96 USD/JPY - 103.02	0.45	(0.45)
	EUR 12,500,000	5.36	-	April 2019-February 2021	1:1	EUR/USD - 1.23	5.36	(5.36)
(ii) Cross currency swap contracts	USD 3,059,173	0.15	-	April 2019-August 2021	1:1	USD/INR - 67.30	0.15	(0.15)
<b>Non-derivative instruments</b>								
(i) Foreign currency borrowings*	USD 6,075,469	-	42.02	May 2019-August 2019	1:1	USD/INR - 69.25	0.04	(0.04)
	EUR 7,911,099	-	61.47	July 2019-July 2023	1:1	EUR/INR - 79.87	1.70	(1.70)

\* represents outstanding balance of loans designated under natural hedge

**NOTES OF THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March, 2020**
*(All amounts in ₹ crores, unless otherwise stated)*
**(b) Disclosure of effects of hedge accounting on financial performance**
**For the year ended 31 March 2020**

Type of hedge and risks	Change in the value of hedging instrument in other comprehensive income	Hedge ineffectiveness recognised in profit or loss	Amount reclassified from cash flow hedging reserve to profit or loss	Line item affected in statement of profit and loss because of reclassification and hedge ineffectiveness
Cash flow hedge				
Foreign currency and interest rate risk				
(i) Foreign exchange forward contracts	8.70	-	(14.56)	Cost of material consumed, finance cost and other expenses/income
(ii) Cross currency swap contracts	0.63	-	(2.90)	Finance cost and other expenses/income
(iii) Foreign currency borrowings	(4.09)	-	0.48	Finance cost and other expenses/income

**For the year ended 31 March 2019**

Type of hedge and risks	Change in the value of hedging instrument in other comprehensive income	Hedge ineffectiveness recognised in profit or loss	Amount reclassified from cash flow hedging reserve to profit or loss	Line item affected in statement of profit and loss because of reclassification and hedge ineffectiveness
Cash flow hedge				
Foreign currency and interest rate risk				
(i) Foreign exchange forward contracts	17.57	-	(3.35)	Cost of material consumed, finance cost and other expenses/income
(ii) Cross currency swap contracts	0.66	-	0.26	Finance cost and other expenses/income
(iii) Foreign currency borrowings	2.03	-	(0.29)	Finance cost and other expenses/income
(iv) Foreign exchange option contracts	0.58	-	0.85	Finance cost and other expenses/income

**D. Price risk**
**Exposure**

The Group's exposure to price risk arises from investments held and classified in the balance sheet either as fair value through other comprehensive income or at fair value through profit or loss. To manage the price risk arising from investments, the Group diversifies its portfolio of assets.

**Sensitivity**

The table below summarises the impact of increases/decreases of the price on the Group's equity and profit for the period :

**NOTES OF THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March, 2020**

(All amounts in ₹ crores, unless otherwise stated)

**Impact on profit after tax**

Particulars	Impact on profit after tax		Impact on other components of equity	
	As at 31 March 2020	As at 31 March 2019	As at 31 March 2020	As at 31 March 2019
Investments				
Net asset value - increase by 1%	0.05	0.50	0.90	-
Net asset value - decrease by 1%	(0.05)	(0.50)	(0.90)	-

**49 CAPITAL MANAGEMENT POLICIES**

The Group's capital management objectives are to ensure the group's ability to continue as a going concern as well as to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

The Group monitors capital on the basis of the carrying amount of equity plus its subordinated loan, less cash and cash equivalents as presented on the face of balance sheet and cash flow hedges recognised in other comprehensive income.

The Group manages its capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the group may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares. The amounts managed as capital by the group are summarised as follows:

The Group monitors capital on the basis of its gearing ratio, debt equity ratio and ratio of net debts to its earnings before interest, tax, depreciation and amortisation (EBITDA)

**Debt equity ratio**

Particulars	As at 31 March 2020	As at 31 March 2019
Total borrowings (including current maturities of long term debt)	789.45	811.28
Less: Investments	(145.51)	(77.23)
Less: Cash and cash equivalents	(26.48)	(57.25)
Less: Pledged bank deposits	(32.48)	(10.44)
Less: Deposits with bank	-	(17.16)
<b>Net debt</b>	<b>584.98</b>	<b>649.20</b>
Total equity	740.92	680.24
<b>Net debt to equity ratio</b>	<b>78.95%</b>	<b>95.44%</b>

**Ratio of net debt to EBITDA**

Particulars	As at 31 March 2020	As at 31 March 2019
<b>Profit before exceptional items and tax*</b>	162.84	71.64
Add: Depreciation and amortisation expenses	65.05	53.76
Add: Finance cost	52.57	55.97
<b>EBIDTA</b>	<b>280.46</b>	<b>181.37</b>
Net debt	584.98	649.20
<b>Ratio of net debt to EBITDA</b>	<b>2.09</b>	<b>3.58</b>

\*includes other income

**NOTES OF THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March, 2020**
*(All amounts in ₹ crores, unless otherwise stated)*
**Gearing Ratio**

Particulars	As at	As at
	31 March 2020	31 March 2019
Net debt	584.98	649.20
Total equity	740.92	680.24
Equity and net debt	1,325.90	1,329.44
<b>Gearing Ratio</b>	<b>44.12%</b>	<b>48.83%</b>

**Dividend paid**

Particulars	As at	As at
	31 March 2020	31 March 2019
<b>Equity shares</b>		
Final dividend for the year ended 31 March 2019 of ₹ 6 per share (including dividend distribution tax)	14.06	-
Interim dividend for the year ended 31 March 2020 of ₹ 15 per share (31 March 2019: ₹ Nil per share) (including dividend distribution tax)	35.15	-
Final dividend for the year ended 31 March 2018 of ₹ 6 per share (including dividend distribution tax)	-	14.06

**Dividends not recognised at the end of the reporting period**

In addition to the above dividends, since year end the directors have recommended the payment of a final dividend of ₹ Nil (31 March 2019: ₹ 6) per fully paid equity share.

**50 GROUP INFORMATION**
**Information about subsidiary/entity consolidated**

The Consolidated Financial statements of the Group include entity listed in the table below:

S. No.	Name of Entity	Country of Incorporation	Proportion (%) of equity interest	
			Year Ended 31 March 2020	Year Ended 31 March 2019
<b>A.</b>	<b>Subsidiary of Cosmo Films Limited</b>			
1	Cosmo Films Inc., USA	USA	100%	100%
2	CF (Netherlands) Holdings Limited BV., Netherlands	Netherlands	100%	100%
3	Cosmo Films Japan (GK)	Japan	100%	100%
4	Cosmo Films Korea Limited, Korea	Korea	100%	100%
5	CF Investment Holding Private (Thailand) Co., Ltd	Thailand	100%	100%
6	Cosmo Films Poland S.P. Z.O.O.	Poland	100%	100%
7	CF Films (Singapore) Pte. Limited	Singapore	100%	100%
8	Cosmo Speciality Chemicals Private Limited*	India	100%	NA

\* incorporated on 2 March 2020

**NOTES OF THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March, 2020**

(All amounts in ₹ crores, unless otherwise stated)

**51 ADDITIONAL INFORMATION, AS REQUIRED UNDER SCHEDULE III OF THE COMPANIES ACT, 2013, OF THE ENTERPRISES CONSOLIDATED AS SUBSIDIARIES CONSOLIDATED:**

Name of Entity	Net assets (total assets minus total liabilities)		Share in profit or (Loss)		Share in other comprehensive income		Share in total comprehensive income	
	As % of consolidated net assets	Amount (in Rupees)	As % of consolidated profit or loss	Amount (in Rupees)	As % of consolidated other comprehensive income	Amount (in Rupees)	As % of consolidated total comprehensive income	Amount (in Rupees)
<b>Parent</b>								
Cosmo Films Limited	100.6%	745.43	100.5%	114.04	1728.3%	(11.78)	90.7%	102.26
<b>Subsidiary</b>								
Cosmo Films Inc., USA	6.0%	44.61	14.4%	16.33	-484.8%	3.30	17.4%	19.63
CF (Netherlands) Holdings Limited BV, Netherlands	27.2%	201.30	2.3%	2.66	-237.6%	1.62	3.8%	4.28
Cosmo Films Japan (GK)	6.2%	46.17	-0.2%	(0.22)	-732.6%	4.99	4.2%	4.78
Cosmo Films Korea Limited, Korea	2.0%	15.12	-2.4%	(2.71)	-33.2%	0.23	-2.2%	(2.49)
CF Investment Holding Private (Thailand) Co., Ltd	3.0%	22.55	-9.6%	(10.90)	-256.9%	1.75	-8.1%	(9.15)
CF Films (Singapore) Pte. Limited	0.0%	0.06	-0.1%	(0.08)	-	-	-0.1%	(0.08)
Cosmo Films Poland S.P. Z.O.O.	0.0%	0.25	-0.1%	(0.06)	-	-	-0.1%	(0.06)
Cosmo Speciality Chemicals Private Limited	0.0%	0.01	-	-	-	-	-	-
Adjustment arising out of consolidation	-45.2%	(334.58)	-4.9%	(5.61)	116.8%	(0.80)	-5.7%	(6.41)
<b>Total</b>	<b>100.0%</b>	<b>740.92</b>	<b>100.0%</b>	<b>113.44</b>	<b>100.0%</b>	<b>(0.68)</b>	<b>100.0%</b>	<b>112.76</b>

**52 RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES**

The changes in the Group's liabilities arising from financing activities can be classified as follows:

Particulars	Long-term borrowings	Short-term borrowings	Total
<b>Debt as at 1 April 2019</b>	<b>539.66</b>	<b>271.62</b>	<b>811.28</b>
Cash flow:			
- Proceeds	18.31	34.89	<b>53.20</b>
- Repayment	(113.10)	-	<b>(113.10)</b>
- Finance cost adjustment for effective interest rate	0.38	-	<b>0.38</b>
- Foreign exchange difference	37.69	-	<b>37.69</b>
<b>Net debt as at 31 March 2020</b>	<b>482.94</b>	<b>306.51</b>	<b>789.45</b>

**NOTES OF THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March, 2020**

(All amounts in ₹ crores, unless otherwise stated)

Particulars	Long-term borrowings	Short-term borrowings	Total
<b>Debt as at 1 April 2018</b>	<b>501.01</b>	<b>287.15</b>	<b>788.16</b>
Cash flow:			
- Proceeds	148.17	-	<b>148.17</b>
- Repayment	(97.68)	(15.53)	<b>(113.21)</b>
<b>Non cash</b>			
- Finance cost adjustment for effective interest rate	0.33	-	<b>0.33</b>
- Foreign exchange difference	(12.17)	-	<b>(12.17)</b>
<b>Net debt as at 31 March 2019</b>	<b>539.66</b>	<b>271.62</b>	<b>811.28</b>

**53** Per transfer pricing legislation under sections 92-92F of the Income tax Act, 1961, the Holding Company is required to use certain specific methods in computing arm's length prices of international transactions with associated enterprises and maintain adequate documentation in this respect. Since law requires existence of such information and documentation to be contemporaneous in nature, the Holding 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 Holding 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.

**54** The outbreak of Coronavirus (COVID- 19) pandemic globally and in India is causing significant disturbance and slowdown in economic activity. This Group is engaged in the business of flexible packaging films which is a part of essential commodities, and therefore the pandemic has so far had negligible impact on the business operations of the Group. The management has exercised due care, in concluding significant accounting judgements and estimates, inter alia, recoverability of receivables, impairment assessment of financial and non-financial assets, realisability of inventory and accordingly noted no significant impact on its financials statements. Further, management believes that the Group will be able to discharge the liabilities as and when falling due. The Group will continue to monitor current and future conditions and impact thereof on Group's operations.

**For Walker Chandiok & Co LLP**

Chartered Accountants

Firm's registration number 001076N/N500013

**For and on behalf of Board of Directors of Cosmo Films Limited**
**Siddharth Talwar**

Partner

Membership no. 512752

**Hoshang Noshirwan Sinor**

Director

DIN: 00074905

Place: Mumbai

**Ashok Jaipuria**

Chairman &amp; Managing Director

DIN: 00214707

Place: New Delhi

**Place** : Faridabad

**Pankaj Poddar**

Chief Executive Officer

Membership No.: 096861

Place: New Delhi

**Neeraj Jain**

Chief Financial Officer

Membership No.: 097576

Place: Noida

**Jyoti Dixit**

Company Secretary

Membership No.: F6229

Place: New Delhi

**Date** : 04 June 2020

**Form AOC-I**

**(Pursuant to First Proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014  
Statement Containing salient features of the financial statements (As per Indian Accounting Standards, referred to in section 133  
of the companies act 2013) of Subsidiaries and Associates**

**Part A: Subsidiaries**

(₹ in crores)

Name of the Subsidiary	Reporting Period	Reporting Currency and Exchange rate as on the last date of the relevant Financial Year in the case of foreign subsidiaries		Share Capital	Reserve and Surplus	Total Assets	Total Liabilities	Investments	Turnover	profit/ (loss) before tax	Provision for Tax	profit/ (loss) after tax	Proposed Dividend	% of Share Holding
		Currency	Exchange rate as on March 31, 2020											
CF (Netherlands) Holdings Limited B.V	1 April 2019 -31 March 2020	EURO	83.05	195.19	6.11	215.34	14.04	-	21.28	2.66	-	2.66	-	100%
Cosmo Films (Japan) GK	1 April 2019 -31 March 2020	JPY	0.70	8.00	38.16	60.01	13.84	-	70.23	0.10	0.32	(0.22)	-	100%
Cosmo Films (Singapore) Pte Ltd.	1 April 2019 -31 March 2020	SGD	53.01	0.29	(0.24)	0.13	0.07	-	-	(0.08)	-	(0.08)	-	100%
Cosmo Films Korea Ltd.	1 April 2019 -31 March 2020	KRW	0.06	8.42	6.70	60.20	45.08	-	81.57	(3.08)	(0.37)	(2.71)	-	100%
Cosmo Films Inc	1 April 2019 -31 March 2020	USD	75.39	158.63	(114.02)	115.03	70.41	-	259.89	16.33	-	16.33	-	100%
CF Investment Holding Private (Thailand) Co. Ltd.	1 April 2019 -31 March 2020	THB	2.30	27.90	(5.35)	22.58	0.03	18.99	-	(10.87)	0.03	(10.90)	-	100%
Cosmo Films Poland S.P. Z.O.O	1 April 2019 -31 March 2020	PLN	18.25	0.47	(0.22)	0.26	0.01	-	-	(0.06)	-	(0.06)	-	100%
Cosmo Speciality Chemicals Private Limited*	1 April 2019 -31 March 2020	INR	1.00	0.01	-	0.01	-	-	-	-	-	-	-	100%

\*Incorporated on 02 March 2020

\*The first financial year of the subsidiary will close on 31 March, 2021. Hence, the information as above is based on subsidiary unaudited accounts.

**Notes :**

1) Name of Subsidiaries which have been liquidated or sold during the year -Not Applicable

**Part B: Associates & Joint Ventures Nil**

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

**Hoshang Noshirwan Sinor**  
 Director  
 DIN: 00074905  
 Place: Mumbai

**Ashok Jaipuria**  
 Chairman & Managing Director  
 DIN: 00214707  
 Place: New Delhi

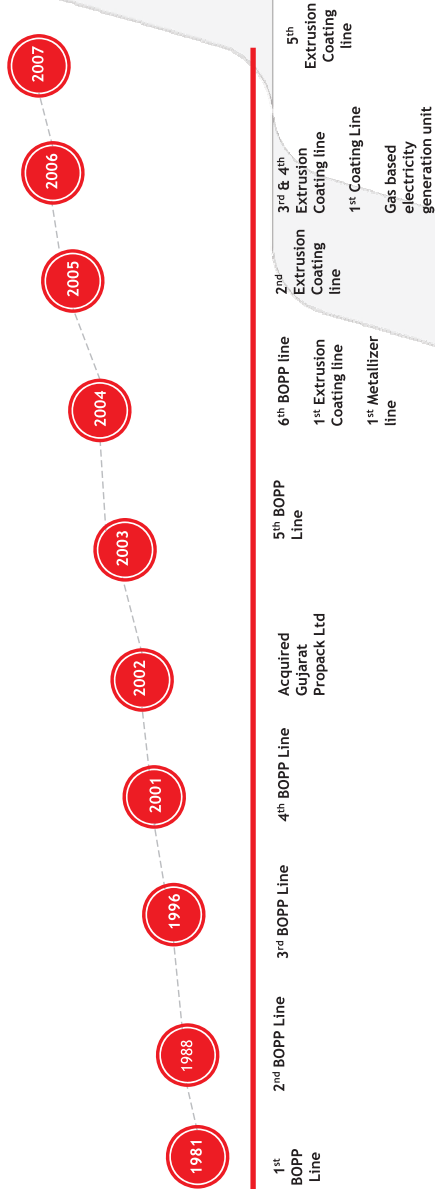
**Pankaj Poddar**  
 Chief Executive Officer  
 Membership No.: 096861  
 Place: New Delhi

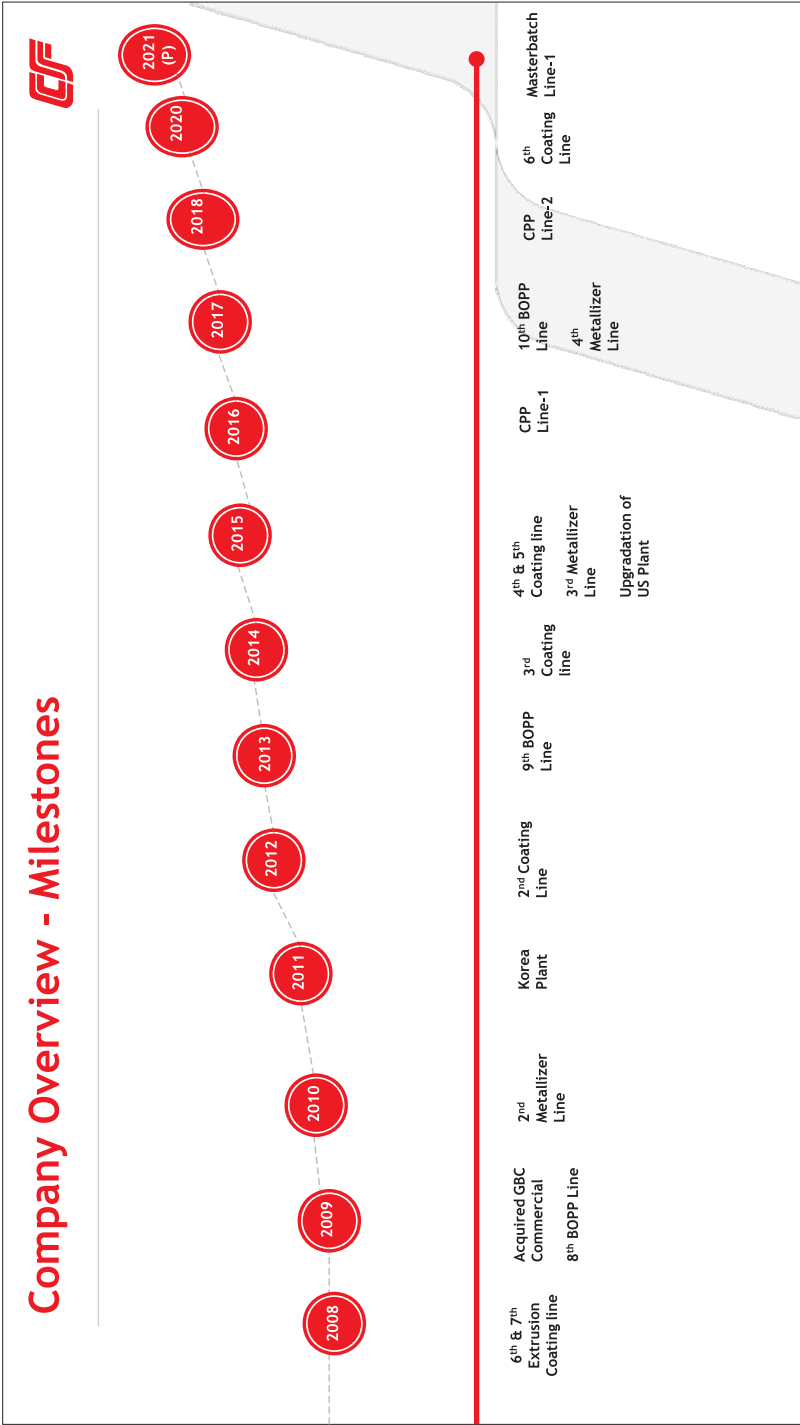
**Neeraj Jain**  
 Chief Financial Officer  
 Membership No.: 097576  
 Place: Noida

**Jyoti Dixit**  
 Company Secretary  
 Membership No.: F6229  
 Place: New Delhi



## Company Overview - Milestones











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