

**CFL/SEC/SE/PS/2018-19/AGM/04**  
**August 16, 2018**

|                                                                                                                                                      |                                                                                                                                                                                             |
|------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| The Manager (Listing)<br>Bombay Stock Exchange Limited<br>Phiroze Jeejeebhoy Towers,<br>Dalal Street,<br>Mumbai-400 001<br><b>Scrip Code: 508814</b> | The Manager (Listing)<br>National Stock Exchange of India Ltd.<br>Exchange Plaza,<br>Plot no. C/1, G Block,<br>Bandra – Kurla Complex<br>Mumbai-400 051<br><b>Security ID: "COSMOFILMS"</b> |
|------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

**Sub: Submission of Annual Report**

Dear Sir,

Please find enclosed herewith Annual Report for the Financial Year 2017-18 as required under Regulation 34 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

You are requested to take note of the same.

Thanking you  
For **Cosmo Films Limited**

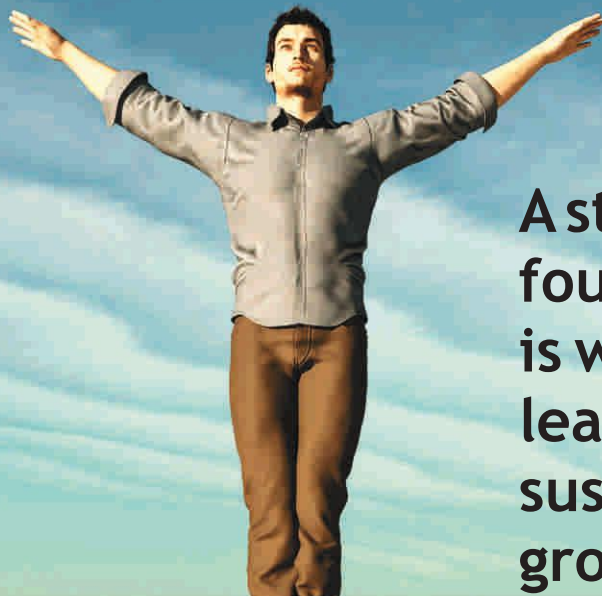


Jyoti Dixit  
**Company Secretary**

Enclosed: as above

# ANNUAL REPORT 2017-18

**CF COSMO FILMS**  
*Engineered to Enhance*



**A strong  
foundation  
is what  
leads to a  
sustainable  
growth**

# WHAT WE HOPE TO ACHIEVE

## *Vision...*

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

## *Mission...*

*For Customers:*

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

*For Employees:*

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

*For Shareholders:*

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

*For Vendors:*

*To create symbiotic relationships that drives mutual growth.*

*For Community:*

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

# WHAT DRIVES US CORE VALUES OF COSMO

## *Customer Orientation*

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

## *People*

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

## *Innovation*

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

## *Fair Business Practices*

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

## CORPORATE INFORMATION

### BOARD OF DIRECTORS

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

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

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

**Mr. Rajeev Gupta**  
Independent Director

**Mrs. Alpana Parida**  
Non-Independent Director

**Mr. Ashish Kumar Guha**  
Independent Director

**Mr. Pratip Chaudhuri**  
Independent Director

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

**Dr. Vivek Nangia**  
Independent Director

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

### CHIEF EXECUTIVE OFFICER

Mr. Pankaj Poddar

### CHIEF FINANCIAL OFFICER

Mr. Neeraj Jain

\*Appointed w.e.f 23<sup>rd</sup> May 2018

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

Mr. Sanjay Chincholikar

### COMPANY SECRETARY & COMPLIANCE OFFICER

Ms. Jyoti Dixit

### AUDITORS

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

### BANKERS

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

### TRANSFER AGENTS

M/s. Alankit Assignments Ltd.  
1E/13, Alankit Heights,  
Jhandewalan Extension,  
New Delhi – 110055

## DIRECTORS' PROFILE



**Mr. Ashok Jaipuria**

*Chairman & Managing Director*

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



**Mr. Anil Kumar Jain**

*Director of Corporate Affairs*

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



**Mr. H. K. Agrawal**

*Independent Director*

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



**Mr. Rajeev Gupta**

*Independent Director*

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



**Mrs. Alpana Parida**

*Non-Independent Director*

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



**Mr. Ashish Guha**  
*Independent Director*

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



**Mr. Pratip Chaudhuri**  
*Independent Director*

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



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

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



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

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



**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.

\*Appointed w.e.f. 23<sup>rd</sup> May, 2018

## CHAIRMAN'S MESSAGE



The Indian Economy is marked by a number of key structural initiatives to build strength across key macroeconomic parameters for sustainable future growth. Financial Year 2017-18 was a momentous one as the Indian economy embraced the biggest economic reform of GST followed by year of demonetisation. This move towards 'One nation, One market, One tax' will provide a substantial boost for all organised and unorganised sectors of Indian economy. Today, India is one of the largest growing economies in the world, poised to record a healthy growth rate.

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

The Indian packaging industry currently constitutes about 4% of the global packaging industry which is expected to grow to \$32bn by CY2020 as per the Indian Institute of Packaging (IIP). There are substantial growth opportunities available for packaging industry in India as per IIP report.

During the financial year 2017-18, Company's net revenue increased by 22% to Rs.1,936 crores from Rs.1,587 crores with 22% growth in exports. Sales volume grew by 25% with 20% growth in Speciality Films. BOPP Commodity Films margins remained subdued due to temporary demand

supply gap negating the favourable impact of volume increase and speciality films sales increase. Consequently, consolidated EBITDA for the financial year 2017-18 is Rs.168 crores against Rs.169 crores in financial year 2016-17. The Company has acquired 34 acres of industrial land adjacent to company's plant located at Waluj, Aurangabad, Maharashtra. The acquisition will make a strategic fit for company's future expansion in Maharashtra. The Company would continue to focus on growing high margin value added films portfolio on the one hand and to become one of the lowest cost producers in other selecting product categories.

Packaging industry seems to be gravitating towards the flexible packaging owing to its multi-fold energy and environment benefits. In today's age, where environmental awareness is widespread, unsustainable packaging can be destructive not just to the environment but to a company's sustainability reputation as well. At Cosmo Films, we understand that even a small positive eco-impact is important and we offer superior, eco-friendly and recyclable alternatives to our customers.

Technological advancements are happening in leaps and bounds in the packaging industry and with new technologies coming into effect, the efficiency of the industry has also increased. Cosmo is also taking advantage of these technological advancements and is way ahead in adopting them to increase productivity. Cosmo has successfully completed SAP Database Migration from Oracle to HANA. HANA is one of the fastest database available in the world today and Cosmo is the first Company in flexible packaging industry to upgrade on HANA.

Cosmo is constantly reinventing its offerings to stay ahead of the curve and offer well researched products to its customers. This guides Company's investments into Research & Development and facilitates creation of new and innovative products to fulfil the unmet needs of customers worldwide. Consequently, Company has a rich pipeline of new products under active development.

As the Company strive for growth and business excellence, we also continue to focus on environment and corporate social responsibility initiatives. Cosmo Foundation envisions to empower rural communities and assisting children and youth from underprivileged communities to enable them to realize their potential. Thus our foot prints are in 20 villages with partnership of 30 rural Government schools and 7500 students representing from 73 villages across Gujarat and Maharashtra. Apart from educational programs, we focused on imparting training on banking system and digital payments, construction of sanitation blocks for girls in 8 schools comprised of 32 toilets, installing waste bins across national highways and government schools and organising awareness programs on GST, Right to Education Act, Child Protection Act, Impact of Child Labour etc.

I look forward to achieve several milestones on the path of excellence and profitable growth in coming years and 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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### PLANTS

#### MAHARASHTRA

##### Plant I

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##### Plant II

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Fax: +91 240 2554416

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myeon, Asan-si, Chungcheongnam-do  
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## SUBSIDIARIES

### ASIA PACIFIC

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### EUROPE

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Warsaw, Poland

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#### New Delhi

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New Delhi - 110 025 India  
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### USA

#### Illinois

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Addison - IL 60101  
Phone: +1 800 422 7655

### APAC

#### China

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

## MANUFACTURING PLANT



**Shendra, Aurangabad, India**



**Waluj, Aurangabad, India**



**Karjan, Vadodra, India**



**Asan, Korea**



**Hagerstown, USA**

## PRODUCT PORTFOLIO

### Packaging Films



#### Standard Range

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

#### Speciality Range

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

### Lamination Films (Thermal & Wet)

#### Standard Range

- Gloss
- Matte
- Silky Matte
- Silver

#### Special Applications Range

- Insulation
- Mapped & Matched



#### Premium Range

- ✓ Velvet - Matte, Black & Metalized
- ✓ Scuff Free Matte
- ✓ Digital
- ✓ Linen

# PRODUCT PORTFOLIO

## Label Films



### Speciality Range

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

### Standard Range

- ✓ Wrap Around
- ✓ Cut & Stack
- ✓ In Mould

## Industrial Films



### Industrial Films

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

## NEW PRODUCT LAUNCHES

### Packaging Films

- ✓ **Conduction Sealing Films:** These are one side corona treated and other side heat sealable, clear, laminated film for retortable lidding applications. The major application segments for these films include dairy products, medicine and pharmaceutical industry, adhesive industries, agro chemicals, cosmetics and food products.
- ✓ **CPP Film for Bread Packaging:** These films are designed for high speed bread packaging on machine. It has good optical properties, low COF (<0.2 kinetic), can withstands freezing temperature and has excellent drop impact resistance.

### Lamination Films

- ✓ **Metalized Velvet Films:** It is engineered to provide brilliant metallic look with velvet touch to the laminated paper/paperboard or package. These films are ideal for premium applications like perfume cartons, gift & jewellery boxes, product promotional stuffs, shopping bags etc. It is perfect for post lamination processes like spot UV, foil stamping, printing etc.

### Label Films

- ✓ **Digital Printable Label Films:** These films are designed for digital printing on HP Indigo machine. It provides excellent ink adhesion and high quality printing results on finished products like wrap around label applications.
- ✓ **Solid White PSA Label Films:** It is a solid white film with high opacity and excellent stiffness properties. These are both sides corona treated films which provide good ink and adhesive anchorage. It also provides excellent runnability on high speed labeling machine. These films are used for making pressure sensitive labels.
- ✓ **Matte Coated PSA Label Film:** The newly developed film finds its usage in special PSA label applications. It provides excellent printability with various printing technologies like UV flexo, water based flexo, thermal transfer printing, selected digital printing, UV ink jet.

## AWARDS & RECOGNITION

### Cosmo Films among Fortune India's 25 Greatest Value Creators

Cosmo Films made it to Fortune India's elite list of top 25 greatest value creator companies from among its The Next 500 universe, which enlists the most valuable mid size enterprises. The company was honoured at their showcase event held in Delhi in July 2017. The value creators were outperformers of the list.



### SIES SOP & IFCA Star Awards for Cosmo Films products

Cosmo Films was announced as one of the winners for SIES SOP and IFCA Star Awards 2017 for excellence in its packaging innovation and product development in the flexibles space.

The winning entries for SIES SOP Star Awards include a recyclable soap wrap film and an Ultra High Barrier Film that can serve as a replacement of aluminium foil. The recyclable soap wrap film is a major innovation as it helps both brands and converters fair better on laminate structure rationalization & GSM reduction thus reducing the overall costs; better aesthetics because of pearl effect and of course recyclability quotient. The winning entry for IFCA star award includes a Black Velvet Lamination film which offers intense black colour along with velvet touch to the laminated paper/paperboard or package, thereby enhancing its overall aesthetics.

### Cosmo Films bags prestigious SAP HANA Visionary Award

Cosmo Films Limited bagged the prestigious SAP HANA Visionary Award for the year 2018 for embracing the leading cloud technology and harnessing and unlocking its true potential. The company focuses on customer centricity, employee



engagement and increasing specialty sales to bolster their growth through adoption of futuristic technologies. Cosmo has decided to adopt cloud only strategy for the growth and innovation roadmap. Cloud computing plays like a catalyst in the company's IT strategy. The leading packaging firm is steadily moving from automation to prediction and from digitization to innovation. Adopting the SAP HANA Enterprise Cloud is a step ahead in this direction and is helping Cosmo achieve operational excellence and standout as market leader".

# MEDIA COVERAGE

**FOCUS**  
Viewpoint - Pankaj Poddar

## “Packaging sector is in a constant state of flux”

Established in 1981, Cosmo Films Limited today is one of the leading global players in specialty films for packaging, lamination and labeling applications. In this interaction with **IPF, Pankaj Poddar**, CEO, Cosmo Films Ltd elaborates on the emerging trends in the packaging films industry and his company's plans to tap new opportunities.

### Kindly brief us about Cosmo Films

We provide products such as biaxially oriented polypropylene (BOPP) films and cast polypropylene (CPP) films. Very soon we will offer biaxially oriented polyethylene terephthalate (BOPET) films. Today, the company is the largest exporter of BOPP films from India and is also the largest producer of thermal-laminating films in the world.

Apart from the wider portfolio of specialty BOPP and CPP films, our customers recognise us for the customized innovation that we provide them as part of our strategic relationship and the customer-centric approach. Our global distribution network spread over seventy-plus countries helps us serve customers across the globe.

Cosmo has five state-of-the-art manufacturing facilities spread across India, the US (at Hagerstown, Illinois) and Korea (at Kumi). In India, our facilities are located at Varanasi (Varanasi), Karjat (Vadodra), and Sharda (Jaipur).

In terms of business, packaging accounts for 60 percent of Cosmo Films' revenues, while lamination and labels contribute 30 percent and 10 percent, respectively.

In June 2017, Cosmo Films launched direct thermal printable products. What is the value for the



The product is water and solvent resistant, has matte paper like appearance and can endure temperature range of -20 to 70°C. A high temperature variety which can endure temperature of -20 to 120°C has also been launched. This variety is mainly used for corrosion tagging and dairy waste labelling. Economic, non-toxic variety is also available.

**Sustainable packaging is gaining momentum globally. How is Cosmo Films responding to it?**

To begin with, both our product offerings at the moment that is BOPP and CPP films are recyclable in nature and support homogeneous laminate structure which is again easy to recycle. Some of the other key

effluent treatment plants at the manufacturing units. All the production facilities, Cosmo Films uses natural lighting, water recycling and zero water harvesting systems.

**What is driving the demand for BOPP specialty films?**

According to a recent report, BOPP film industry is poised to grow well, riding on the growth in modern retail and growing consumption of packaged food and beverage globally. As per industry figures, global market and Indian market are growing at 4-5 percent and 12-15 percent respectively. Specialty BOPP films can be defined as films which are niche in nature and address specific functional need of the industry whether used for packaging, labeling or lamination. These films are gaining much importance in every market where matured or developing. Need for enhanced shelf life requirements (food packaging), light weight packaging to reduce cost & was drilling from wet lamination to thermal lamination, heavy proof to offer rich aesthetics to the products, and films replacing in the pressure sensitive label for adhesives & long-term on the fact that booming demand for BOPP films. Shift from paper synthetic paper for temporary labels and therefore, carbon is another growth driver.

**Are you seeing a jump in demand for standard BOPP films?**

Yes, we are seeing a jump in demand for standard BOPP films.

**CFO SPECIAL**

## Interview

**Neeraj Jain, CFO, Cosmo Films**

### “The CFOs should come out from numbers and become business-oriented managers”

**What are your top three key priorities in long run as a CFO?**

- Facilitate company's growth by ensuring that cost-effective business is available at all times.
- Expanding sales collection from business (i.e. shortens the working capital cycle).
- Managing business risks, including here, operational and strategic.

Our company's vision is to become more preferred global brand in product segments in which we operate. To achieve this, our needs the best talent, robust business processes and globally recognized standards. I think getting all these working well together is quite challenging. Since also a couple of years of focused work, we can say the company has started achieving satisfactory results in the same.

**public. Further, I see this role of the CFO in changing in the future.**

**The numbers are the primary things that you play with at work. People in the outside world have a feel that CFOs are the set of people who only understand numbers and kind of away from other aspects of life. How much is this true, up to what extent? What further needs to be done to ensure CFOs in India get their dues?**

## VIEW from the TOP

### Technology & Innovation defines success for packaging industry

## Transform Literacy Day in the Digital Literacy Day

8th September is celebrated across the country as Literacy Day. Over the years India has reduced school drop outs and also improved statistics but still quality of education, participation of rural marginalised population into the knowledge economy is the area of concern.

Cosmo Foundation, CSR initiative of Cosmo Film which aims to empower rural children and youth through education has envisioned to make this realize with integrated supportive educational programs by imparting digital and English communication skills as well as strengthening basic literacy arithmetic and fundamental concepts of education.

## SIES SOP & IFCA Star Awards for Cosmo Films products

**First printer in India with Two-Medium LED-UV Curing System from AMS Spectral UV**

The first printer in India with Two-Medium LED-UV Curing System from AMS Spectral UV has been inaugurated at Cosmo Films. This system is used for curing BOPP and CPP films. The system is a two-medium LED-UV curing system, which means it has two different LED-UV curing systems. The first system is used for curing BOPP films and the second system is used for curing CPP films. The system is a two-medium LED-UV curing system, which means it has two different LED-UV curing systems. The first system is used for curing BOPP films and the second system is used for curing CPP films.

## of

Catching up with the digital way, most companies have set the wheels rolling by digitizing internal as well as external processes to initiate ease of business.

For companies, digitizing internal as well as external processes to initiate ease of business is a must. This is because digitizing internal processes can help companies to reduce costs and improve efficiency. Digitizing external processes can help companies to improve customer service and increase sales. Therefore, companies should focus on digitizing both internal and external processes to achieve their business goals.

## DIRECTOR'S REPORT

Your Directors are pleased to present their 41<sup>st</sup> Annual Report together with the Audited Statement of Accounts of the Company for the year ended March 31, 2018.

### 1. Summary Financial Results

The Financial Results of the Company for the year ended March 31, 2018, were as follows:

(₹ in Cr)

| Particulars                                         | Standalone                    |                                | Consolidated                  |                                |
|-----------------------------------------------------|-------------------------------|--------------------------------|-------------------------------|--------------------------------|
|                                                     | Year Ended<br>31st March 2018 | Year Ended<br>31st March 2017* | Year Ended<br>31st March 2018 | Year Ended<br>31st March 2017* |
| <b>Net Sales</b>                                    | <b>1826.58</b>                | <b>1457.84</b>                 | <b>1936.23</b>                | <b>1586.92</b>                 |
| Other Income                                        | 34.84                         | 14.93                          | 34.51                         | 15.47                          |
| <b>Profit before Interest, Depreciation and Tax</b> | <b>181.09</b>                 | <b>185.54</b>                  | <b>167.59</b>                 | <b>169.21</b>                  |
| Finance Cost (including interest)                   | 50.12                         | 34.42                          | 52.38                         | 35.91                          |
| Depreciation                                        | 45.50                         | 36.42                          | 51.21                         | 42.11                          |
| Exceptional Item                                    | -                             | -                              | -                             | -                              |
| <b>Profit before Tax</b>                            | <b>85.47</b>                  | <b>114.70</b>                  | <b>64.00</b>                  | <b>91.19</b>                   |
| <b>Provision for Taxation</b>                       |                               |                                |                               |                                |
| - Current Tax                                       | 15.33                         | 20.50                          | 15.82                         | 20.68                          |
| - Deferred Tax                                      | (14.75)                       | (13.78)                        | (16.25)                       | (15.25)                        |
| <b>Profit After Tax</b>                             | <b>84.89</b>                  | <b>107.98</b>                  | <b>64.43</b>                  | <b>85.74</b>                   |
| Extraordinary Item                                  | -                             | -                              | -                             | -                              |
| Profit after Tax Including Extraordinary Item       | 84.89                         | 107.98                         | 64.43                         | 85.74                          |
| Minority Interest                                   | -                             | -                              | -                             | -                              |
| <b>Appropriations:</b>                              |                               |                                |                               |                                |
| Dividend-Equity Shares                              | -                             | -                              | -                             | -                              |
| Dividend Tax                                        | -                             | -                              | -                             | -                              |
| General Reserve                                     | -                             | -                              | -                             | -                              |

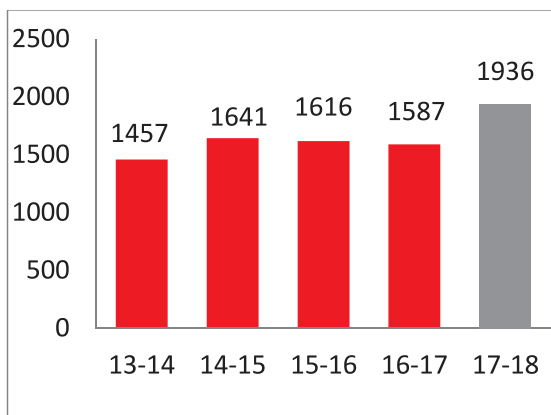
*Note: The Company has adopted Indian Accounting Standard (referred to as 'Ind AS') with effect from April 1, 2017 and accordingly these financial results along with the comparatives have been prepared in accordance with the recognition and measurement principles stated therein, prescribed under Section 133 of the Companies Act, 2013 read with the relevant rules issued thereunder and the other accounting principles generally accepted in India.*

### 2. Overview of Performance

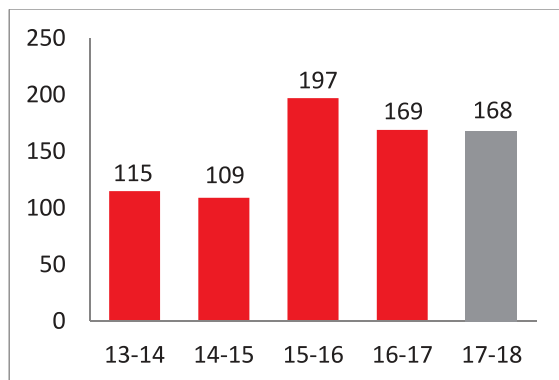
In financial year 2018, Net Sales increased by 22% to ₹ 1936 crores from ₹ 1587 crores in financial year 2017. Sales volume grew by 25% with 20% growth in Speciality films. BOPP film margins continued to be volatile and wiped out gains of volume increase and better product mix.

Company's continuous focus on improving operational efficiencies helped in maintaining EBIDTA level. Consolidated EBIDTA for the financial year 2018 is ₹ 168 crores against ₹ 169 crores in financial year 2017. PAT and EPS dropped from last year primarily due to higher interest and depreciation of the new BOPP line commissioned last year. Consolidated PAT for financial year 2018 is ₹ 64 crores against ₹ 85 crores to that of last year.

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



**Consolidated  
EBIDTA (INR (Cr.))**



Key focus areas for the financial year 2018 were –

- Creating Customer Centric Culture including Robust Service Offer, New Offices Overseas, CRM, Establishing tripartite partnership between us, Converters and Brand Owners
- Improving Product Mix towards Value Add, in line with objective to de-commoditize the business model. Speciality Films sale grew 20% over last year.
- Improving utilisation of new BOPP capacity commissioned in 2017, which resulted in 25% increase in volume.
- Continuous focus on improving Internal Operational Efficiencies

Company launched many new products during the financial year. Under Packaging films category, BOPP Conduction Sealing Film, High Metal Bond CPP Film, BOPP Film for SOAP Wrapping were launched. Under Label category, Metalized Label Film was introduced. Under Industrial film category, Cosmo Synthetic Paper and Tape Release Film was launched. Besides these in the Lamination Category, Universal PET Lidding Film and Black and Metalised Velvet Film was launched.

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

### 3. Exports

The Company continues to strengthen its exports through brand visibility initiatives taken during the year. Exports during the year increased to ₹ 777 Crores from ₹ 638 Crores in financial year 2017.

### 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, 2018, it stood at ₹ 19.44 Crores divided into 1,94,40,076 equity shares of ₹ 10/- each.

### 5. General Reserve

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

### 6. Dividend

Equity dividend of ₹ 6.00/- per share (Previous Year Equity dividend of ₹ 10.00/- per share) has been recommended by the Board of Directors for the year ended March 31, 2018 amounting to ₹ 11.66 Crores (Previous Year ₹ 19.44 Crores) on the Equity Share capital.

### 7. Details of Subsidiaries

During the year under review, CF (Netherland) Holding Limited B.V., a wholly owned subsidiary of the Company has setup a wholly owned step down subsidiary in Poland namely Cosmo Films Poland SP. Z.O.O. for the purpose of sale and distribution of its products manufactured by Company and/or its subsidiaries.

The Company now has seven wholly owned subsidiaries. Pursuant to Section 129(3) of the Companies Act, 2013 and Accounting Standard 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, 2018 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.

## 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, 2018 | 31st March, 2017 |
|--------------|------------------|------------------|
| A. Capital   | 0.27             | 4.33             |
| B. Recurring | 6.37             | 4.46             |
| <b>Total</b> | <b>6.64</b>      | <b>8.79</b>      |

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

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

## 9. Capital Expenditure

Your Company has five state of the art manufacturing facilities spread across India (3), US (1) 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, 22,200 MT per annum of Metalized Films, 10,000 MT per annum of Coated Films and 10000 MT per annum of CPP Films. The Company has recently added new line for production of CPP Films and metalized films at Karjan Gujarat. This line is having capacity of 7500 MT per annum. During the year under review, your Company incurred capital expenditure of ₹ 71.09 Cr as compared to ₹ 22.10 Cr for F.Y. 2017.

## 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 Risk Management Committee has been entrusted with the responsibility to assist the Board members about the risk assessment and its minimization procedures, which includes discussing the management submissions on risks, prioritising key risks and approving action plans to mitigate such risks.

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

Cosmo's Risk Policy has been uploaded on Company's website at [www.cosmofilms.com](http://www.cosmofilms.com).

### **13. Vigil Mechanism / Whistle Blower Policy**

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

### **14. Diversity of the Board**

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

### **15. Directors**

#### **(a) Chairman**

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

#### **(b) Appointment and Reappointment**

Ms. Alpana Parida is Non Executive and Non Independent Director of the Company and is retiring by rotation. She being eligible offers herself for reappointment at the ensuing Annual General Meeting.

Mr. Anil Wadhwa has been appointed as Additional Director under the category of Independent Director w.e.f. 23<sup>rd</sup> May, 2018.

#### **(c) Status of Directors**

Mr. Anil Kumar Jain is Whole Time Director of the Company. Mr. Rajeev Gupta, Mr. H.K. Agrawal, Mr. Ashish Guha, Mr. Pratip Chaudhuri, Mr. H. N. Sinor and Mr. Vivek Nangia are the Independent Directors of the Company.

### **(d) Independent Directors Declaration**

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

### **16. Key Managerial Personnel**

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

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

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

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

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

The induction programme includes:

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

operations of the Company, strategy, risks, new initiatives, etc.

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

## 18. Remuneration Policy

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

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

## 19. Performance Evaluation of the Board

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 of Directors on recommendation of the HR, Nomination and Remuneration Committee, have evaluated the effectiveness of the Board/Director(s) for the year.

## 20. Board and Committee Meetings

The Company prepares a calendar and circulates to all the directors in advance. During F.Y. 2018, Five (5) meetings of the Board of Directors and Five (5) Audit Committee meetings were held. The intervening gap between the meetings was within the period prescribed under the Companies Act, 2013.

Details of the composition of the Board and its Committees and of the Meetings held, attendance

of the Directors at such Meetings and other relevant details are provided in the Corporate Governance Report.

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

## 21. Auditors

### (a) Statutory Auditors

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

However, in accordance with the Companies Amendment Act, 2017, enforced on 7<sup>th</sup> May, 2018 by the Ministry of Corporate Affairs, the appointment of Statutory Auditors is not required to be ratified at every Annual General Meeting. Therefore, they will continue as Statutory Auditors for next financial year.

There are no observations (including any qualification, reservation, adverse remark or disclaimer) of the Auditors in their Audit Report that may call for any explanation from the Directors. Further, the notes to accounts referred to in the Auditor's Report are self-explanatory.

### (b) Cost Auditors

M/s. Jayant B. Galande, Cost Accountants were appointed as Cost Auditors of the Company for the Financial Year F.Y. 2018. In accordance with the provisions of Section 148 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, since the remuneration payable to the Cost Auditors is required to be ratified by the shareholders, the Board recommends the same for approval by shareholders at the ensuing AGM.

### (c) Secretarial Auditors

The Company has appointed M/s. DMK Associates, Company Secretaries, New Delhi, to conduct its Secretarial Audit for the Financial Year ended March 31, 2018. The Secretarial Auditors have submitted their report, confirming compliance by the Company of all the

provisions of the applicable corporate laws. Auditors mentioned in their report that the Company is not having valid renewal of Fire NOC for its plant located at Waluj, Aurangabad, Maharashtra. Company has already applied for its renewal.

## **22. Related Party Transaction**

With reference to Section 134(3)(h) of the Companies Act, 2013, all contracts and arrangements with related parties under Section 188(1) of the Act, entered into by the Company during the Financial Year, were in the ordinary course of business and on an arm's length basis. The details of the related party transactions as required under Accounting Standard are set out in Note 42 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)).

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

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

## **24. Deposits**

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

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

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

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

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

## **27. Significant and Material Orders Passed by The Regulators or Courts**

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

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

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

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

There were no other material changes / commitments affecting the financial position of the Company or that may require disclosure, between March 31, 2018 and the date of Board's Report.

## **30. Listing with Stock Exchanges**

The Company confirms that it has paid the Annual Listing Fees for the year F.Y. 2018 to the NSE and the BSE where the Company's equity shares are listed.

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

Pursuant to the provisions of section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014, an extract of annual return in form MGT 9 is enclosed as **Annexure - D** to this Annual Report.

## **32. Corporate Social Responsibility**

As a socially responsible Company, Cosmo is committed to increasing its Corporate Social Responsibility (CSR) impact with an aim of playing

a bigger role in sustainable development of our society. In pursuit of this objective, a Corporate Social Responsibility (CSR) Committee had been formed by the Company which oversees and facilitates deliberation on the social and environmental consequences of each of the decisions made by the Board.

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

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

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

Cosmo Films has zero tolerance for sexual harassment at workplace and has adopted a Policy on prevention, prohibition and redressal of sexual harassment at workplace in line with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules thereunder for prevention and redressal of complaints of sexual harassment at workplace. There have been no complaints of sexual harassment received during the year.

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

The information required pursuant to Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of Companies (Appointment and Remuneration of Managerial Personnel) 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.

### **35. Employee Stock Options**

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

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

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

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

- I. In preparation of the annual accounts, applicable accounting standards have been followed along with proper explanation relating to material departures
- II. Accounting policies selected were applied consistently. Reasonable and prudent judgments and estimates are made so as to give a true and fair view of the state of affairs of the Company as of 31st March, 2018 and of the profits of the Company for the year ended on that date
- III. Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities
- IV. The annual accounts of the Company have been prepared on a going concern basis.
- V. Proper Internal Financial Controls were in place and that the Financial Controls were adequate and were operating effectively.
- VI. Systems to ensure compliance with the provisions of all applicable laws were in place and were adequate and operating effectively.

### **37. Awards & Recognition**

During the Year, Company has been awarded the prestigious SAP HANA Visionary Award and SIES SOP and IFCA Star award.

### **38. Compliances with Secretarial Standards**

During the year, the Company is in compliance of both erstwhile and revised Secretarial Standard -1 (Meetings of the Board of Directors), Secretarial Standard-2 (General Meetings) effective from 1<sup>st</sup> October, 2017 and Secretarial Standard - 3 (Dividend) effective from 1<sup>st</sup> January, 2018.

### **39. Acknowledgement**

Your Directors would also like to extend their gratitude for the co-operation received from financial institutions, the Government of India and regulatory authorities, and the governments of the countries we have operations in. The board places on record

its appreciation for the continued support received from customers, vendors, retailers and business partners, which is indispensable in the smooth functioning of Cosmo. Your Directors also take this opportunity to thank all investors and shareholders, and the stock exchanges for their continued support. Your Directors place on record their deep appreciation to employees at all levels for their hard work, dedication and commitment. Their contribution to the success of this organization is immensely valuable.

**For and on behalf of the Board of Directors**

**Ashok Jaipuria**  
Chairman

**Date : May 23, 2018**  
**Place : New Delhi**

**Annexure A**  
**Compliance Certificate**

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

We have examined the compliance of conditions of Corporate Governance by **Cosmo Films Limited**, for the year ended 31<sup>st</sup> March, 2018, as stipulated in Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') as referred to in Regulation 15(2) of the Listing Regulations for the period 1 April, 2017 to 31 March, 2018.

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

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

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

For **VS ASSOCIATES**  
**(Company Secretary)**

**Date : 09-05-2018**  
**Place : Delhi**

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

**Annexure B****Form No. MR-3****SECRETARIAL AUDIT REPORT  
FOR THE FINANCIAL YEAR ENDED 31.03.2018**

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

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

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

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, We hereby report that in our opinion, the company has, during the audit period covering the financial year ended on March 31, 2018 (Audit Period) complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter along with **Annexure 1** attached to this report:-

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2018 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder; **(Not applicable to the Company during the Audit Period)**
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment(FDI), Overseas Direct Investment(ODI) and External Commercial Borrowings (ECB); **(No FDI and ODI was taken by the company during the Audit Period)**
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
  - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; **(Not applicable to the Company during the Audit Period)**
  - d) Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
  - e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; **(Not applicable to the Company during the Audit Period)**

- f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client; **(Not applicable to the Company during the Audit Period)**
  - g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; **(Not applicable to the Company during the Audit Period)**
  - h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; **(Not applicable to the Company during the Audit Period)**
- (vi) **OTHER LAWS SPECIFICALLY APPLICABLE TO THE COMPANY AS IDENTIFIED BY THE MANAGEMENT**
- i. The Factories Act, 1948 and rules made thereunder,
  - ii. The Payment of Wages Act, 1936 and rules made thereunder,
  - iii. Minimum Wages Act, 1948 and the rules made thereunder,
  - iv. Employees' State Insurance Act, 1948 and rules made thereunder,
  - v. The Employees Provident Fund and Miscellaneous Provisions Act, 1952 and the rules made thereunder,
  - vi. Payment of Bonus Act, 1965 and rules made thereunder,
  - vii. The Payment of Gratuity Act, 1972 and rules made thereunder,
  - viii. The Contract Labour (Regulation and Abolition) Act, 1970 and rules made thereunder,
  - ix. The Apprentice Act, 1961
  - x. The Industrial Dispute Act, 1947 and rules made thereunder,
  - xi. The Equal Remuneration Act, 1976 and rules made thereunder,
  - xii. Trade Union Act, 1926 and rules made thereunder,
  - xiii. The Employees Compensation Act, 1923 and rules made thereunder,
  - xiv. Maternity Benefit Act, 1961 and rules made thereunder,
  - xv. The Air (Prevention and Control of Pollution) Act, 1981 and rules made thereunder,
  - xvi. The Water (Prevention and Control of Pollution) Act, 1974 and rules made thereunder,
  - xvii. Hazardous Waste (Management and Handling) Rules, 1989 and Amendment Rules, 2003,
  - xviii. Environment Protection Act, 1986
  - xix. Legal Metrology Act, 2009,
  - xx. Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and rules made thereunder,
  - xxi. Personal Injuries (Compensation Insurance) Act,
  - xxii. Fatal Accident Act, 1855
  - xxiii. Custom Act, 1962
  - xxiv. Petroleum Act, 1934 & rules framed thereunder,
  - xxv. Industrial Employment (Standing Orders) 1946,
  - xxvi. Maharashtra Mathadi Hammal & other Manual Workers (Regulation of employment & welfare) Act 1969.
  - xxvii. Maharashtra Industrial Establishment (National, Festival, Casual and Sick Leave) Rules, 1968,
  - xxviii. Maharashtra Recognition of Trade Union & Prevention of Unfair Labour Practice Act, 1971,
  - xxix. The Maharashtra Labour Welfare Fund, 1953 and rules,
  - xxx. Income Tax Act, 1961 and Indirect Tax Laws,

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

- (i) Secretarial Standards (SS-1 & SS-2) issued by The Institute of Company Secretaries of India.
- (ii) Securities And Exchange Board of India (Listing Obligations And Disclosure Requirements) Regulations, 2015

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, and Guidelines to the extent applicable, Standards, etc. mentioned above subject to following observations:

1. *As per the provision of section 135 of the Companies Act, 2013, the eligible amount required to be spent by the company is ₹ 1.95 Crore during the financial year 2017-18, however as per the information provided, the company has spent ₹ 1.17 Crores.*
2. *The company does not have Fire NOC for its plant located at Waluj, Aurangabad, Maharashtra. An application for renewal has been made with Maharashtra Industrial Development Corporation.*

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

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

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

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

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

**For DMK ASSOCIATES  
COMPANY SECRETARIES**

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

FCS 5480  
C P 4936

Date : 23-05-2018  
Place : New Delhi

**ANNEXURE 1**

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

**Sub: Our Secretarial Audit for the Financial Year ended March 31, 2018 of even date  
is to be read with along with this letter.**

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

**For DMK ASSOCIATES**  
**COMPANY SECRETARIES**

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

FCS 5480  
C P 4936

Date: 23-05-2018  
Place: New Delhi

## Annexure - C

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

#### A. CONSERVATION OF ENERGY

- (i) Steps taken/Impact on Conservation of Energy:  
 Improvement in energy efficiency is a continuous process at Cosmo and conservation of energy is given a very high priority in all our plants and offices.

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

- (i) Improving the Equipment Efficiency
  - (ii) Optimum loading of Power & Distribution Transformer to reduce the Load losses
  - (iii) Energy Saving in Air Compressor by optimizing operational parameters.
  - (iv) Energy saving in Chilling plant by Improving COP
  - (v) Conversion of Electrical heating to Oil Heating on coating Plant
  - (vi) Centralized Chilling system for coating plants.
  - (vii) Installation of LED Lighting
  - (viii) Energy efficient co-extruders
  - (ix) SEZ - Optimization of FO Consumption
  - (x) 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) **Capital investment on energy conservation equipments during the year: ₹ 0.89 Crores**

#### B. TECHNOLOGY ABSORPTION

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

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

- (iv) Expenditure incurred on Research and Development

₹ Crores.(approx)

|                                                        |             |
|--------------------------------------------------------|-------------|
| (a) Capital                                            | 0.27        |
| (b) Recurring                                          | 6.37        |
| (c) Total                                              | <b>6.64</b> |
| (d) Total R & D expenditure as percentage of net sales | 0.37        |

#### C. FOREIGN EXCHANGE EARNINGS AND OUTGO

The Company's foreign exchange earnings were ₹ 754 Crores (Previous Year ₹ 638 Crores). The total foreign exchange utilized during the year amounted to ₹ 344 Crores (Previous Year ₹ 393 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, 2018**

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

#### **I. REGISTRATION AND OTHER DETAILS:**

|                                                                           |                                                                                                                       |
|---------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------|
| CIN                                                                       | L92114DL1976PLC008355                                                                                                 |
| Registration Date                                                         | 07/10/1976                                                                                                            |
| Name of the Company                                                       | Cosmo Films Limited                                                                                                   |
| Category / Sub-Category of the Company                                    | Company having Share Capital                                                                                          |
| Address of the Registered office and contact details                      | 1008, DLF Tower A, Jasola Distt. Centre,<br>New Delhi – 110025,<br>Ph: 011- 49494949                                  |
| Whether listed company                                                    | Yes                                                                                                                   |
| Name, Address and Contact details of Registrar and Transfer Agent, if any | Alankit Assignments Limited,<br>1E/13, Alankit Heights<br>Jhandewalan Extn.<br>New Delhi- 110055<br>Ph: 011- 42541953 |

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

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

| Sl. No. | Name and Description of main products/services                 | NIC Code of the Product/ service | % to total turnover of the company |
|---------|----------------------------------------------------------------|----------------------------------|------------------------------------|
| 1       | Manufacture of Semi Finished Products of Plastics (i.e. Films) | 3131                             | 100                                |

#### **III. PARTICULARS OF SUBSIDIARY COMPANIES –**

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

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

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

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

| Category of Shareholder                                                         | No. of Shares held at the beginning of the year |             |                |                   | No. of Shares held at the end of the year |             |                |                   | % Change During the Year |
|---------------------------------------------------------------------------------|-------------------------------------------------|-------------|----------------|-------------------|-------------------------------------------|-------------|----------------|-------------------|--------------------------|
|                                                                                 | Demat                                           | Physical    | Total          | % of Total Shares | Demat                                     | Physical    | Total          | % of Total Shares |                          |
| <b>A. Promoters</b>                                                             |                                                 |             |                |                   |                                           |             |                |                   |                          |
| <b>1) Indian</b>                                                                |                                                 |             |                |                   |                                           |             |                |                   |                          |
| Individuals/ Hindu Undivided Family                                             | 10,88,881                                       | NIL         | 10,88,881      | 5.60              | 989881                                    | NIL         | 989881         | 5.09              | (0.51)                   |
| Central Government/ State Government(s)                                         | NIL                                             | NIL         | NIL            | NIL               | NIL                                       | NIL         | NIL            | NIL               | 0.00                     |
| Bodies Corporate                                                                | 135682                                          | NIL         | 135682         | 0.69              | 135682                                    | NIL         | 135682         | 0.69              | 0.00                     |
| Financial Institutions/ Banks                                                   | NIL                                             | NIL         | NIL            | NIL               | NIL                                       | NIL         | NIL            | NIL               | 0.00                     |
| Any Others (Firm)                                                               |                                                 |             |                |                   |                                           |             |                |                   |                          |
| 1. Mr. Ashok Jaipuria- Registered Owner<br>Gayatri & Annapura- Beneficial Owner | 7233876                                         | NIL         | 7233876        | 37.21             | 7233876                                   | NIL         | 7233876        | 37.21             | 0.00                     |
| 2. Ashok Jaipuria Private Trust                                                 | NIL                                             | NIL         | NIL            | NIL               | 100                                       | NIL         | 100            | NIL               | 0.00                     |
| <b>Sub Total(A)(1)</b>                                                          | <b>8458439</b>                                  | <b>NIL</b>  | <b>8458439</b> | <b>43.51</b>      | <b>8359539</b>                            | <b>NIL</b>  | <b>8359539</b> | <b>43.00</b>      | <b>(0.51)</b>            |
| <b>2) Foreign</b>                                                               |                                                 |             |                |                   |                                           |             |                |                   |                          |
| Individuals (Non-Residents Individuals/<br>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>8458439</b>                                  | <b>NIL</b>  | <b>8458439</b> | <b>43.51</b>      | <b>8359539</b>                            | <b>NIL</b>  | <b>8359539</b> | <b>43.00</b>      | <b>(0.51)</b>            |
| <b>B. Public shareholding</b>                                                   |                                                 |             |                |                   |                                           |             |                |                   |                          |
| <b>1) Institutions</b>                                                          |                                                 |             |                |                   |                                           |             |                |                   |                          |
| Mutual Funds/ UTI                                                               | 1455                                            | 725         | 2180           | 0.01              | 1455                                      | 525         | 1980           | 0.01              | 0.00                     |
| Financial Institutions/ Banks                                                   | 57692                                           | 4340        | 62032          | 0.32              | 18159                                     | 4100        | 22259          | 0.11              | (0.21)                   |
| 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<br>Portfolio investors                 | 687627                                          | 4200        | 691827         | 3.56              | 629537                                    | 2200        | 631737         | 3.25              | (0.31)                   |
| Foreign Venture Capital Investors                                               | NIL                                             | NIL         | NIL            | NIL               | NIL                                       | NIL         | NIL            | NIL               | 0.00                     |
| Qualified Foreign Investor                                                      | NIL                                             | NIL         | NIL            | NIL               | NIL                                       | NIL         | NIL            | NIL               | 0.00                     |
| Any Other (specify) # Bank Foreign                                              | NIL                                             | NIL         | NIL            | NIL               | 0                                         | 140         | 140            | 0.00              | 0.00                     |
| <b>Sub-Total (B)(1)</b>                                                         | <b>746774</b>                                   | <b>9265</b> | <b>756039</b>  | <b>3.89</b>       | <b>649151</b>                             | <b>6965</b> | <b>656116</b>  | <b>3.37</b>       | <b>(0.52)</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 |                          |
| <b>2) Non-institutions</b>                                                                      |                                                 |               |                 |                   |                                           |               |                 |                   |                          |
| Bodies Corporate                                                                                | 1306295                                         | 13670         | 1319965         | 6.79              | 1114684                                   | 11665         | 1126349         | 5.80              | (0.99)                   |
| <b>Individuals</b>                                                                              |                                                 |               |                 |                   |                                           |               |                 |                   |                          |
| i. Individual shareholders holding nominal share capital up to ₹ 1 lakh                         | 5221221                                         | 562522        | 5783743         | 29.75             | 5920671                                   | 421553        | 6342224         | 32.62             | 2.87                     |
| ii. Individual shareholders holding nominal share capital in excess of ₹ 1 lakh.                | 2560881                                         | NIL           | 2560881         | 13.17             | 2141823                                   | NIL           | 2141823         | 11.02             | (2.15)                   |
| Qualified Foreign Investor                                                                      | NIL                                             | NIL           | NIL             | NIL               | NIL                                       | NIL           | NIL             | NIL               | 0                        |
| Any Other (NBFCs / Foreign National )                                                           | 33425                                           | NIL           | 33425           | 0.17              | 66983                                     | NIL           | 66983           | 0.34              | 0.17                     |
| IEPF                                                                                            | NIL                                             | NIL           | NIL             | 0.00              | 126349                                    | NIL           | 126349          | 0.65              | 0.65                     |
| Non Resident Indian                                                                             | 219503                                          | 24060         | 243563          | 1.25              | 315233                                    | 22400         | 337633          | 1.74              | 0.49                     |
| Trust                                                                                           | 7625                                            | NIL           | 7625            | 0.03              | 6664                                      | NIL           | 6664            | 0.03              | 0                        |
| <b>Sub-Total (B)(2)</b>                                                                         | <b>9348950</b>                                  | <b>600252</b> | <b>9949202</b>  | <b>51.17</b>      | <b>9692407</b>                            | <b>455618</b> | <b>10148025</b> | <b>52.20</b>      | <b>1.03</b>              |
| <b>Total Public Shareholding (B)= (B)(1)+(B)(2)</b>                                             | <b>10095724</b>                                 | <b>609517</b> | <b>10705241</b> | <b>55.06</b>      | <b>10341558</b>                           | <b>462583</b> | <b>10804141</b> | <b>55.57</b>      | <b>0.51</b>              |
| <b>TOTAL (A)+(B)</b>                                                                            | <b>18554163</b>                                 | <b>609517</b> | <b>19163680</b> | <b>98.57</b>      | <b>18701097</b>                           | <b>462583</b> | <b>19163680</b> | <b>98.57</b>      | <b>0.00</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> | <b>276396</b>                                   | <b>NIL</b>    | <b>276396</b>   | <b>1.42</b>       | <b>276396</b>                             | <b>NIL</b>    | <b>276396</b>   | <b>1.42</b>       | <b>0</b>                 |
| <b>Sub-Total ( C ) ( 2 )</b>                                                                    | <b>276396</b>                                   | <b>NIL</b>    | <b>276396</b>   | <b>1.42</b>       | <b>276396</b>                             | <b>NIL</b>    | <b>276396</b>   | <b>1.42</b>       | <b>0</b>                 |
| <b>TOTAL –C1+C2</b>                                                                             | <b>276396</b>                                   | <b>NIL</b>    | <b>276396</b>   | <b>1.42</b>       | <b>276396</b>                             | <b>NIL</b>    | <b>276396</b>   | <b>1.42</b>       | <b>0</b>                 |
| <b>GRAND TOTAL (A)+(B)+(C)</b>                                                                  | <b>18830559</b>                                 | <b>609517</b> | <b>19440076</b> | <b>100.00</b>     | <b>18977493</b>                           | <b>462583</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                                         | 91,720                                    | 0.47                             | NIL                                            | 91,720                              | 0.47                             | NIL                                            | NIL                                      |
| 2       | Abha Jaipuria                                            | 24,200                                    | 0.12                             | NIL                                            | 24,200                              | 0.12                             | NIL                                            | NIL                                      |
| 3       | Ambrish Jaipuria                                         | 5,02,800                                  | 2.59                             | NIL                                            | 4,02,800                            | 2.07                             | NIL                                            | (0.52)                                   |
| 4       | Ashok Jaipuria                                           | 4,70,161                                  | 2.42                             | NIL                                            | 4,70,161                            | 2.42                             | NIL                                            | NIL                                      |
| 5       | Yamini Kumar                                             | 0                                         | 0.00                             | NIL                                            | 1,000                               | 0.01                             | NIL                                            | 0.01                                     |
| 6       | Andheri Properties & Finance Ltd.                        | 622                                       | 0.00                             | NIL                                            | 622                                 | 0.00                             | NIL                                            | NIL                                      |
| 7       | Hanuman Textile MFG & Inv. Company Ltd.                  | 1,280                                     | 0.01                             | NIL                                            | 1,280                               | 0.00                             | NIL                                            | NIL                                      |
| 8       | Pravasi Enterprises Ltd.                                 | 1,31,100                                  | 0.67                             | NIL                                            | 1,31,100                            | 0.67                             | NIL                                            | NIL                                      |
| 9       | Sunrise Manufacturing Company Ltd.                       | 2,680                                     | 0.01                             | NIL                                            | 2,680                               | 0.14                             | NIL                                            | NIL                                      |
| 10      | Ashok Jaipuria- Registered Owner C/o Gayatri & Annapurna | 72,33,876                                 | 37.21                            | NIL                                            | 72,33,876                           | 37.21                            | NIL                                            | NIL                                      |
| 11      | Ashok Jaipuria Private Trust                             | 0                                         | 0.00                             | NIL                                            | 100                                 | 0.00                             | NIL                                            | 0.00                                     |

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

| Sl. No. | Name of Share holder         | Shareholding at the beginning of the year |                                  | Date       | Increase/ (decrease) | Reason   | Cumulative Shareholding during the year |                                  |
|---------|------------------------------|-------------------------------------------|----------------------------------|------------|----------------------|----------|-----------------------------------------|----------------------------------|
|         |                              | No. of shares                             | % of total shares of the Company |            |                      |          | No. of shares                           | % of total shares of the Company |
| 1       | Ambrish Jaipuria             | 502800                                    | 2.59                             | 01/04/2017 | (100000)             | Sale     | 502800                                  | 2.59                             |
|         |                              |                                           |                                  | 16/06/2017 |                      |          | 402800                                  | 2.07                             |
|         |                              |                                           |                                  | 31/03/2018 |                      |          | 402800                                  | 2.07                             |
| 2       | Yamini Kumar                 | 0                                         | 0.00                             | 01/04/2017 | 1000                 | Purchase | 0                                       | 0.00                             |
|         |                              |                                           |                                  | 22/06/2017 |                      |          | 1000                                    | 0.01                             |
|         |                              |                                           |                                  | 31/03/2018 |                      |          | 1000                                    | 0.01                             |
| 3       | Ashok Jaipuria Private Trust | 0                                         | 0.00                             | 01/04/2017 | 100                  | Purchase | 0                                       | 0.00                             |
|         |                              |                                           |                                  | 22/06/2017 |                      |          | 100                                     | 0.00                             |
|         |                              |                                           |                                  | 31/03/2018 |                      |          | 100                                     | 0.00                             |

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

| Sl. No. | Name of Share holder                  | Shareholding at the beginning of the year |                                  | Date       | Increase/ (decrease) | Reason   | Cumulative Shareholding during the year |                                  |
|---------|---------------------------------------|-------------------------------------------|----------------------------------|------------|----------------------|----------|-----------------------------------------|----------------------------------|
|         |                                       | No. of shares                             | % of total shares of the Company |            |                      |          | No. of shares                           | % of total shares of the Company |
| 1       | ANIL KUMAR GOEL                       | 660000                                    | 3.40                             | 01/04/2017 | (14000)              | Sale     | 660000                                  | 3.40                             |
|         |                                       |                                           |                                  | 28/04/2017 |                      |          | 646000                                  | 3.32                             |
|         |                                       |                                           |                                  | 05/05/2017 |                      |          | 644000                                  | 3.31                             |
|         |                                       |                                           |                                  | 19/05/2017 |                      |          | 610000                                  | 3.13                             |
|         |                                       |                                           |                                  | 23/06/2017 |                      |          | 607000                                  | 3.12                             |
|         |                                       |                                           |                                  | 21/07/2017 |                      |          | 604000                                  | 3.10                             |
|         |                                       |                                           |                                  | 31/03/2018 |                      |          | 604000                                  | 3.10                             |
|         |                                       |                                           |                                  |            |                      |          |                                         |                                  |
| 2       | LLOYD GEORGE INDIAN OCEAN MASTER FUND | 240343                                    | 1.23                             | 01/04/2017 | 27870                | Purchase | 240343                                  | 1.23                             |
|         |                                       |                                           |                                  | 05/05/2017 |                      |          | 268213                                  | 1.38                             |
|         |                                       |                                           |                                  | 14/07/2017 |                      |          | 278056                                  | 1.43                             |
|         |                                       |                                           |                                  | 18/08/2017 |                      |          | 315000                                  | 1.62                             |
|         |                                       |                                           |                                  | 15/09/2017 |                      |          | 335214                                  | 1.72                             |
|         |                                       |                                           |                                  | 16/02/2018 |                      |          | 244613                                  | 1.26                             |
|         |                                       |                                           |                                  | 23/02/2018 |                      |          | 173000                                  | 0.89                             |
|         |                                       |                                           |                                  | 09/03/2018 |                      |          | 163000                                  | 0.84                             |
|         |                                       |                                           |                                  | 31/03/2018 |                      |          | 163000                                  | 0.84                             |
| 3       | KAPIL KUMAR WADHAVAN                  | 150000                                    | 0.77                             | 01/04/2017 |                      |          | 150000                                  | 0.77                             |
|         |                                       |                                           |                                  | 31/03/2018 |                      |          | 150000                                  | 0.77                             |
| 4       | JM FINANCIAL SERVICES LIMITED         | 114821                                    | 0.59                             | 01/04/2017 |                      |          | 114821                                  | 0.59                             |
|         |                                       |                                           |                                  | 31/03/2018 |                      |          | 114821                                  | 0.59                             |

| 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 |
| 5       | GOVERNMENT OF THE PROVINCE OF ALBERTA<br>MANAGED BY COMGEST S.A | 0                                         | 0.00                             | 01/04/2017 |                      |          | 0                                       | 0.00                             |
|         |                                                                 |                                           |                                  | 09/06/2017 | 11387                | Purchase | 11387                                   | 0.06                             |
|         |                                                                 |                                           |                                  | 16/06/2017 | 12732                | Purchase | 24119                                   | 0.12                             |
|         |                                                                 |                                           |                                  | 23/06/2017 | 14672                | Purchase | 38791                                   | 0.20                             |
|         |                                                                 |                                           |                                  | 30/06/2017 | 4231                 | Purchase | 43022                                   | 0.22                             |
|         |                                                                 |                                           |                                  | 07/07/2017 | 8126                 | Purchase | 51148                                   | 0.26                             |
|         |                                                                 |                                           |                                  | 14/07/2017 | 13181                | Purchase | 64329                                   | 0.33                             |
|         |                                                                 |                                           |                                  | 21/07/2017 | 18682                | Purchase | 83011                                   | 0.43                             |
|         |                                                                 |                                           |                                  | 28/07/2017 | 11538                | Purchase | 94549                                   | 0.49                             |
|         |                                                                 |                                           |                                  | 04/08/2017 | 7248                 | Purchase | 101797                                  | 0.52                             |
|         |                                                                 |                                           |                                  | 11/08/2017 | 6705                 | Purchase | 108502                                  | 0.56                             |
|         |                                                                 |                                           |                                  | 18/08/2017 | 2398                 | Purchase | 110900                                  | 0.57                             |
|         |                                                                 |                                           |                                  | 31/03/2018 |                      |          | 110900                                  | 0.57                             |
| 6       | NARIIPPEN OBHRAI                                                | 84423                                     | 0.43                             | 01/04/2017 |                      |          | 84423                                   | 0.43                             |
|         |                                                                 |                                           |                                  | 25/08/2017 | 1700                 | Purchase | 86123                                   | 0.44                             |
|         |                                                                 |                                           |                                  | 23/02/2018 | 3800                 | Purchase | 89923                                   | 0.46                             |
|         |                                                                 |                                           |                                  | 09/03/2018 | 600                  | Purchase | 90523                                   | 0.46                             |
|         |                                                                 |                                           |                                  | 31/03/2018 |                      |          | 90523                                   | 0.46                             |
| 7       | ENSIGN PEAK ADVISORS, INC.                                      | 8049                                      | 0.04                             | 01/04/2017 |                      |          | 8049                                    | 0.04                             |
|         |                                                                 |                                           |                                  | 14/04/2017 | 6823                 | Purchase | 14872                                   | 0.07                             |
|         |                                                                 |                                           |                                  | 28/04/2017 | 3052                 | Purchase | 17924                                   | 0.09                             |
|         |                                                                 |                                           |                                  | 05/05/2017 | 37422                | Purchase | 55346                                   | 0.28                             |
|         |                                                                 |                                           |                                  | 16/06/2017 | 1000                 | Purchase | 56346                                   | 0.28                             |
|         |                                                                 |                                           |                                  | 23/06/2017 | 3400                 | Purchase | 59746                                   | 0.30                             |
|         |                                                                 |                                           |                                  | 18/08/2017 | 12610                | Purchase | 72356                                   | 0.37                             |
|         |                                                                 |                                           |                                  | 25/08/2017 | 11844                | Purchase | 84200                                   | 0.43                             |
|         |                                                                 |                                           |                                  | 31/03/2018 |                      |          | 84200                                   | 0.43                             |
|         |                                                                 |                                           |                                  |            |                      |          |                                         |                                  |
| 8       | NIRMAL BANG SECURITIES PVT. LTD.                                | 0                                         | 0.00                             | 01/04/2017 |                      |          | 0                                       | 0.00                             |
|         |                                                                 |                                           |                                  | 19/05/2017 | 51000                | Purchase | 51000                                   | 0.26                             |
|         |                                                                 |                                           |                                  | 02/06/2017 | 8445                 | Purchase | 59445                                   | 0.30                             |
|         |                                                                 |                                           |                                  | 09/06/2017 | 280                  | Purchase | 59725                                   | 0.30                             |
|         |                                                                 |                                           |                                  | 23/06/2017 | (170)                | Sale     | 59555                                   | 0.30                             |
|         |                                                                 |                                           |                                  | 14/07/2017 | 100                  | Purchase | 59655                                   | 0.30                             |
|         |                                                                 |                                           |                                  | 21/07/2017 | (100)                | Sale     | 59555                                   | 0.30                             |
|         |                                                                 |                                           |                                  | 28/07/2017 | 100                  | Purchase | 59655                                   | 0.30                             |
|         |                                                                 |                                           |                                  | 11/08/2017 | (30)                 | Sale     | 59625                                   | 0.30                             |
|         |                                                                 |                                           |                                  | 18/08/2017 | 1029                 | Purchase | 60654                                   | 0.31                             |
|         |                                                                 |                                           |                                  | 25/08/2017 | 3980                 | Purchase | 64634                                   | 0.33                             |
|         |                                                                 |                                           |                                  | 08/09/2017 | (37395)              | Sale     | 27239                                   | 0.14                             |
|         |                                                                 |                                           |                                  | 22/09/2017 | 200                  | Purchase | 27439                                   | 0.14                             |
|         |                                                                 |                                           |                                  | 29/09/2017 | (4200)               | Sale     | 23239                                   | 0.11                             |
|         |                                                                 |                                           |                                  | 31/10/2017 | 3950                 | Purchase | 27189                                   | 0.14                             |
|         |                                                                 |                                           |                                  | 10/11/2017 | (100)                | Sale     | 27089                                   | 0.14                             |
|         |                                                                 |                                           |                                  | 17/11/2017 | (21671)              | Sale     | 5418                                    | 0.02                             |
|         |                                                                 |                                           |                                  | 22/12/2017 | 53026                | Purchase | 58444                                   | 0.30                             |
|         |                                                                 |                                           |                                  | 26/01/2018 | (4)                  | Sale     | 58440                                   | 0.30                             |
|         |                                                                 |                                           |                                  | 09/02/2018 | 22170                | Purchase | 80610                                   | 0.41                             |
|         |                                                                 |                                           |                                  | 16/02/2018 | 85                   | Purchase | 80695                                   | 0.41                             |
|         |                                                                 |                                           |                                  | 31/03/2018 |                      |          | 80695                                   | 0.41                             |

| 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 |
| 9       | GYMKHANA PARTNERS L.P | 41360                                     | 0.21                             | 01/04/2017 |                      |          | 41360                                   | 0.21                             |
|         |                       |                                           |                                  | 12/01/2018 | 5290                 | Purchase | 46650                                   | 0.24                             |
|         |                       |                                           |                                  | 16/03/2018 | 6580                 | Purchase | 53230                                   | 0.27                             |
|         |                       |                                           |                                  | 23/03/2018 | 7090                 | Purchase | 60320                                   | 0.31                             |
|         |                       |                                           |                                  | 31/03/2018 |                      |          | 60320                                   | 0.31                             |
| 10      | ASHNA SINGH           | 70000                                     | 0.36                             | 01/04/2017 |                      |          | 70000                                   | 0.36                             |
|         |                       |                                           |                                  | 12/05/2017 | (6287)               | Sale     | 63713                                   | 0.33                             |
|         |                       |                                           |                                  | 19/05/2017 | (3713)               | Sale     | 60000                                   | 0.31                             |
|         |                       |                                           |                                  | 31/03/2018 |                      |          | 60000                                   | 0.31                             |
|         |                       |                                           |                                  |            |                      |          |                                         |                                  |

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

| Sl. No.  | Shareholding of each of the Directors and each Key Managerial Personnel                                                                                             | Shareholding at the beginning of the year |                                  | Date | Increase/ (decrease) | Reason | Cumulative Shareholding during the year |                                  |
|----------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------|----------------------------------|------|----------------------|--------|-----------------------------------------|----------------------------------|
|          |                                                                                                                                                                     | No. of shares                             | % of total shares of the Company |      |                      |        | No. of shares                           | % of total shares of the Company |
| <b>1</b> | <b>Mr. Ashok Jaipuria</b>                                                                                                                                           |                                           |                                  |      |                      |        |                                         |                                  |
|          | At the beginning of the year                                                                                                                                        | 470161                                    | 2.42                             | -    | -                    | -      | 470161                                  | 2.42                             |
|          | Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g.allotment / transfer / bonus/ sweat equity etc): | -                                         | -                                | -    | -                    | -      | -                                       | -                                |
|          | At the End of the year                                                                                                                                              | 470161                                    | 2.42                             | -    | -                    | -      | 470161                                  | 2.42                             |
| <b>2</b> | <b>Mr. Anil Kumar Jain</b>                                                                                                                                          |                                           |                                  |      |                      |        |                                         |                                  |
|          | At the beginning of the year                                                                                                                                        | 5010                                      | 0.02                             | -    | -                    | -      | 5010                                    | 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                                                                                                                                              | 5010                                      | 0.02                             | -    | -                    | -      | 5010                                    | 0.02                             |
| <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                             |

| 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>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. Ashish Guha</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                                                                                                                                              | 9000                                      | 0.05                             | -    | -                    | -      | 9000                                    | 0.05                             |
| <b>8</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>9</b>  | <b>Mr. 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>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.)

|                                                            | Secured Loans<br>excluding<br>deposits | Unsecured<br>Loans | Deposits | Total<br>Indebtedness |
|------------------------------------------------------------|----------------------------------------|--------------------|----------|-----------------------|
| <b>Indebtedness at the beginning of the Financial Year</b> |                                        |                    |          |                       |
| i) Principal Amount                                        | 413.61                                 | -                  | -        | 413.61                |
| ii) Interest due but not paid                              | -                                      | -                  | -        | -                     |
| iii) Interest accrued but not due                          | 2.15                                   | -                  | -        | 2.15                  |
| <b>Total (i+ii+iii)</b>                                    | <b>415.76</b>                          |                    |          | <b>415.76</b>         |
| <b>Change in Indebtedness during the Financial Year</b>    |                                        |                    |          |                       |
| • Addition                                                 | 174.75                                 | -                  | -        | 174.75                |
| • Reduction                                                | (87.41)                                | -                  | -        | (87.41)               |
| <b>Net Change</b>                                          | <b>87.34</b>                           | -                  | -        | <b>87.34</b>          |
| <b>Indebtedness at the end of the Financial Year</b>       |                                        |                    |          |                       |
| i) Principal Amount                                        | 501.01                                 | -                  | -        | 501.01                |
| ii) Interest due but not paid                              | -                                      | -                  | -        | -                     |
| iii) Interest accrued but not due                          | 2.09                                   | -                  | -        | 2.09                  |
| <b>Total (i+ii+iii)</b>                                    | <b>503.10</b>                          | -                  | -        | <b>503.10</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/WT/ 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, 196 | 2.29                                                                                                           | 1.39                | 3.68         |
|         | (b) Value of perquisites u/s 17(2) Income-tax Act, 1961                            | -                                                                                                              | -                   | -            |
|         | (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                                                                   | 1.93                                                                                                           | -                   | 1.93         |
|         | - others, specify...                                                               | -                                                                                                              | -                   | -            |
| 5.      | Others, please specify                                                             | 0.44                                                                                                           | 0.11                | 0.55         |
|         | <b>Total (A)*</b>                                                                  | <b>4.66</b>                                                                                                    | <b>1.50</b>         | <b>6.16</b>  |
|         | <b>Ceiling as per the Act</b>                                                      | ₹ 9.3 Cr (being 10% of the Net Profit of the Company Calculated as per Section 198 of the Companies Act, 2013) |                     |              |

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

| Name of Director     | Fee for attending Board/Committee meetings | Commission   | Others   | Total        |
|----------------------|--------------------------------------------|--------------|----------|--------------|
| Mr. H.K. Agrawal     | 3.75                                       | 6.66         | -        | 10.41        |
| Mr. Rajeev Gupta     | 1.75                                       | 6.66         | -        | 8.41         |
| Mr. Ashish Guha      | 4.5                                        | 6.66         | -        | 11.16        |
| Mr. Pratip Chaudhuri | 4.5                                        | 6.66         | -        | 11.16        |
| Mr. H.N Sinor        | 1.75                                       | 6.66         | -        | 8.41         |
| Mr. Vivek Nangia     | 3.75                                       | 6.66         | -        | 10.41        |
| <b>Total (1)</b>     | <b>20</b>                                  | <b>39.96</b> | <b>-</b> | <b>59.96</b> |

**(2) Non Executive Directors**

|                               |                                                                                                                  |              |          |              |
|-------------------------------|------------------------------------------------------------------------------------------------------------------|--------------|----------|--------------|
| Ms. Alpana Parida             | 3.75                                                                                                             | 6.66         | -        | 10.41        |
| <b>Total (2)</b>              | <b>3.75</b>                                                                                                      | <b>6.66</b>  | <b>-</b> | <b>10.41</b> |
| <b>Total (B)= (1) + (2)</b>   | <b>23.75</b>                                                                                                     | <b>46.62</b> | <b>-</b> | <b>70.37</b> |
| <b>Ceiling as per the Act</b> | ₹ 93 Lakhs (being 1% of the Net Profits of the Company Calculated as per Section 198 of the Companies Act, 2013) |              |          |              |

**C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD**
**(₹ in Lakhs)**

| Sl. No. | Particulars of Remuneration                                                         | Key Managerial Personnel |              |              |
|---------|-------------------------------------------------------------------------------------|--------------------------|--------------|--------------|
|         |                                                                                     | CEO                      | CFO          | CS           |
| 1.      | Gross salary                                                                        |                          |              |              |
|         | (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | 230.23                   | 76.69        | 14.76        |
|         | (b) Value of perquisites u/s 17(2) Income-tax Act, 1961                             | 31.83                    | 0.32         | -            |
|         | (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961              | -                        | -            | -            |
| 2.      | Stock Option                                                                        | -                        | -            | -            |
| 3.      | Sweat Equity                                                                        | -                        | -            | -            |
| 4.      | Commission                                                                          |                          |              |              |
|         | - as % of profit                                                                    | -                        | -            | -            |
|         | - others, specify...                                                                | -                        | -            | -            |
| 5.      | Others, please specify                                                              | 8.43                     | 4.12         | 1.51         |
|         | <b>Total*</b>                                                                       | <b>270.49</b>            | <b>81.13</b> | <b>16.27</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:**

|                    |          |
|--------------------|----------|
| Mr. Ashok Jaipuria | Chairman |
| Mr. H.N. Sinor     | Member   |
| Ms. Alpana Parida  | Member   |
| Mr. Vivek Nangia   | Member   |

- 3. Average net profit of the company for last three Financial Years:** INR 99.03 Cr.

- 4. Prescribed CSR Expenditure (two per cent of the amount as in item 3 above)** INR 1.95 Cr.

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

(a) Total amount spent for the financial year – INR 1.17 Cr.

(b) Amount unspent, if any : INR 0.78 Cr

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

| (1)   | (2)                                                                                                                                                                                                                                            | (3)                                    | (4)                                                                                                                     | (5)                                             | (6)                                                                                                               | (7)                                                 | (8)                                                   |
|-------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------|-------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------|-------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------|-------------------------------------------------------|
| S. No | CSR project or activity identified                                                                                                                                                                                                             | Sector in which the Project is covered | Projects or programs(1) Local area or other(2) Specify the State and district where projects or programs was undertaken | Amount outlay (budget) project or programs wise | Amount spent on the projects or programs Sub – heads:(1) Direct expenditure on projects or programs (2) Overheads | Cumulative expenditure upto to the reporting period | Amount spent : Direct or through implementing agency* |
| 1.    | Amount transferred to implementing agency for promoting Education through basic Computer Literacy, Cosmo Gyan Vihar Kendra (a program to improve reading, writing arithmetic skills among Primary School Students) and basic English Learning. | Education                              | Karjan district, Gujarat                                                                                                | 1.17                                            | 1.17                                                                                                              | 1.17                                                | Through Implementing Agency                           |
|       | <b>TOTAL</b>                                                                                                                                                                                                                                   |                                        |                                                                                                                         | <b>1.17</b>                                     | <b>1.17</b>                                                                                                       | <b>1.17</b>                                         |                                                       |

\* 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

- 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  | 112.30 |
| 2. Mr. Anil Kumar Jain | 36.30  |

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

- 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 | (-11%)     |
| Mr. Anil Kumar Jain | Whole Time Director          | 21%        |
| Mr. Pankaj Poddar   | Chief Executive Officer      | 5%         |
| Mr. Neeraj Jain     | Chief Financial Officer      | 8%         |
| Ms. Jyoti Dixit     | Company Secretary            | 8%         |

- Percentage increase in the median remuneration of all employees in the Financial Year 2017-18: 6.4%
- Number of Permanent employees on the rolls of Company as on 31<sup>st</sup> March, 2018: 811
- Average percentage increase made in salary of employees other than the Managerial Personnel in the last Financial Year and its comparison with the percentage increase in the Managerial Remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the Managerial Remuneration:

Average increase in remuneration for Employees other than Managerial Personnel and for Managerial Personnel is 8% and (-5%) respectively. The remuneration of managerial personnel has profit linked variable component and due to lower profits this year, the average increase in their remuneration is negative.

- Affirmation that the remuneration is as per the Remuneration Policy of the Company

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

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

#### **General Note:**

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

## MANAGEMENT DISCUSSION AND ANALYSIS

### 1. Macroeconomic Overview

According to the recently published International Monetary Fund's (IMF) World Economic Outlook, the present global economic situation is an opportune time for policymakers to boost growth. The report predicts that while advanced economies, as a whole are expected to grow at the rate of 2.5% during 2018, up from 2.3% during 2017, the emerging markets and developing economies are expected to grow strongly during the coming two years. The growth rate for these economies is projected around 4.9% during 2018, slightly higher than 4.8% during 2017.

For the Indian economy, FY 2017-18 was marked by a number of key structural initiatives to build strength across macro-economic parameters for sustainable growth in the future

India is projected to regain its status of the world's fastest growing large economy with an expected impressive rate of 7.4% in 2018, which is set to increase further to 7.8% in 2019, up from 6.7% in 2017. According to the IMF, prospects for the Indian economy are bright, propelled by strong consumption growth and structural reforms. Further, the transitory effects of reforms such as the Goods and Services Tax (GST) and demonetization are fading out.

### 2. Industry Scenario

The prospects for packaging sector depend on growth of industries such as food processing, pharmaceuticals, retail and e-commerce. The growth of the Indian packaging industry will be heavily influenced by changing demographics such as growing urbanization and the rising proportion of middle class consumers. These changes drive the need for new packaging formats, such as different sizes, materials, and strength.

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

The Indian packaging industry is expected to grow to \$32bn by CY2020 as per the Indian Institute of Packaging (IIP). The industry constitutes about 4%

of the global packaging industry. The per capita packaging consumption in India is quite low at 8.7kg compared to countries like Germany (42kg) and Taiwan (19kg), as per data from the Indian Institute of Packaging.

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

### 3. About Us

Cosmo Films Limited ('Cosmo' or the 'Company') was incorporated in 1981 and since then the Company has transformed itself into one of the largest manufacturers of Biaxially Oriented Polypropylene (BOPP) Films in the world. The Company is the leading manufacturer of BOPP films and provides a complete solution in the form of specialized and laminations films to the food and beverage industries. Cosmo has successfully entered the flexible packaging sectors from its traditional base in BOPP. Flexible packaging is one of the most dynamic applications in the packaging industry and has become the preferred choice of packaging material due to its print quality, moisture retention properties and environment friendly nature.

Company has five state of the art manufacturing facilities spread across India (3), US (1) 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, 22,200 MT per annum of Metalized Films, 10,000 MT per annum of Coated Films and 10,000 MT per annum of CPP Films. The Company has recently added a new line for production of CPP Films and metalized films at Karjan Gujarat. The line is having capacity of 7500 MT per annum. This CPP line is five layered and is designed to produce specialty films for various packaging applications. The new metallizer is equipped with advanced control monitoring system and closed loop auto deposition control system.

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.

|                           |                                                                                                                                 |
|---------------------------|---------------------------------------------------------------------------------------------------------------------------------|
| • <b>Packaging Films</b>  | 1. Print & Pouching Films<br>2. Barrier Films<br>3. Overwrap Films                                                              |
| • <b>Lamination Films</b> | 1. Dry (Thermal) Lamination Films<br>2. Wet (Print) Lamination Films                                                            |
| • <b>Label Films</b>      | 1. Pressure Sensitive Label Stock Films<br>2. Direct Thermal Printable Films<br>3. In-mould Films<br>4. Wrap around Label Films |

|                           |                                               |
|---------------------------|-----------------------------------------------|
| • <b>Industrial Films</b> | 1. Synthetic Paper<br>2. Tape & Textile Films |
|---------------------------|-----------------------------------------------|

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

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

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

| PACKAGING FILMS                                                                                                                                                                                                                                                                                                                                                                            | LAMINATION FILMS                                                                                                                                                                                                                                                                                                                      |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>BOPP Conduction Sealing Film -</b><br>Suitable for sterilization process which increases shelf life of products specially for Dairy industry<br><b>High Metal Bond CPP Film</b><br>High Metal Bonding resulting into good inter-layer bond strength<br><b>BOPP Films for SOAP Wrapping</b><br>Enhances moisture barrier which help to maintains consistent SOAP weight for longer time. | <b>Universal PET Lidding Film -</b><br>Universal lidding film which laminates with different plastic and paper materials and has easy release<br><b>Black &amp; Metalized Velvet Film</b><br>Enhancement of product appearance in Graphic Industry and Velvet cloth like feel which also enriches the colour depth on printed surface |
| LABEL FILMS                                                                                                                                                                                                                                                                                                                                                                                | INDUSTRIAL FILMS                                                                                                                                                                                                                                                                                                                      |
| <b>Metalized Label Film</b><br>Mirror Finish Glossy film which can be printed with high speed flexo printing machine.                                                                                                                                                                                                                                                                      | <b>Cosmo Synthetic Papers (CSP)</b><br>With enhanced features such as quick drying (Labels, Tags, Maps, ID Card, Tickets for adventure parks etc.)<br><b>Tape Release Film</b><br>Pressure sensitive tapes<br>Release coated BOPP liners                                                                                              |

#### 4. Operational and Financial Performance

In financial year 2018, Net Sales increased by 22% to ₹ 1936 crores from ₹ 1587 crores in financial year 2017. Sales volume grew by 25% with 20% growth in Specialty films. BOPP film margins continued to be volatile and wiped out gains of volume increase and better product mix.

Company's continuous focus on improving operational efficiencies helped in maintaining EBIDTA level. Consolidated EBIDTA for the financial year 2018 is ₹ 168 crores against ₹ 169 crores in financial year 2017. PAT and EPS dropped from last year primarily due to higher interest and depreciation of the new BOPP line commissioned last year. Consolidated PAT for financial year 2018 is ₹ 64

crores against ₹ 85 crores to that of last year.

Key focus areas for the financial year 2018 were –

- Creating Customer Centric Culture including Robust Service Offer, New Offices Overseas, CRM, Establishing tripartite partnership between us, Converters and Brand Owners
- Improving Product Mix towards Value Add, in line with objective to de-commoditize the business model. Speciality Films sale grew 20% over last year.
- Improving utilisation of new BOPP capacity commissioned in 2017, which resulted in 25% increase in volume.
- Continuous focus on improving Internal Operational Efficiencies

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

## 5. Liquidity

During the year ended March 31, 2018, the consolidated Net Debt increased to ₹ 684 crores from ₹ 597 crores last year mainly due to capital expenditure. The Net Debt to Equity ratio is at 1.1 times.

## 6. Human Resource and Industrial Relations

Cosmo regards its human resources as the most valuable asset of the Company and the foundation of its success. Therefore, at Cosmo, people are always encouraged to do their best in an employee centric, collaborative and empowering work environment.

Cosmo's work culture helps employees hone their skills and enables them to deliver superior performance. Individuals are selected and treated on the basis of their merits and abilities and are given equal opportunities within the organization.

To ensure that the organization work climate is engaging and motivating, Cosmo has institutionalized a rewards and recognition programme to honour employees at all levels for their outstanding achievements. Through this programme, we motivate our employees to innovate and improve their performance by providing immediate recognition to their efforts beyond normal monetary rewards. This is a part of the HR function and is a critical pillar to support the growth and its

sustainability in the long run.

In FY 17-18, industrial relations across the Company were cordial with no labor unrests or strikes during the year.

## 7. Internal Control Systems

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

## 8. Opportunities and Risks

### Opportunities

- 1) **Specialty Films:** Specialty films have become need of the hour. Cosmo is working on specialty products for quite some time now and they already form a good mix of our portfolio. Some of the recent specialty products developed by Cosmo include Direct Thermal Printable Films, Universal printable Synthetic Paper and Ultra High Barrier Films.

The major growth drivers for specialty films market are increasing demand from pharmaceuticals and food packaging. Packaging also play a pivotal role in recently increasing trend of e-commerce, online shopping.

- 2) **Fast Growing Asian-Pacific Market:** Asia-Pacific region is the fastest growing market for the global packaging industry. Growing packaging industry, increasing automotive production, massive electronics production industry in China and India, and the growing construction industry in various countries in Asia-Pacific region is expected to drive the market during the period 2018-2023

### Risks

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

**2) Foreign Currency Fluctuations:** The Company, as a result of operating in several countries, is faced with foreign currency risk. Foreign currency loans also expose Cosmo to further risk from changes in the foreign currency rates. The Company has a foreign exchange risk management policy and implements hedges in accordance with the policy to mitigate the risk.

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

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

## 9. Future Outlook and Strategy

The Company has progressed well in implementing its long term manufacturing strategy with efficient capacity creation. During the Financial Year 2018 the Company has commissioned its second Cast Polypropylene (CPP) Line and fourth metalizer.

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

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

To nurture a working environment that fosters personal and professional growth

- c) For Shareholders:  
To generate sustainable long term returns on investment with focus on transparency and accountability
- d) For Vendors:  
To create symbiotic relationships that drives mutual growth
- e) For Community:  
Contribute to community growth through education, skills development and sustainable green practices

## 10. 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, One (1) is Non-Independent Non-Executive Director and Six (6) are Independent Non-Executive Directors. Therefore, more than half of the Board comprises of Independent Directors. The Company's Board consists of eminent persons with considerable professional expertise and experience. The independent directors do not have any pecuniary relationship or transactions with the company, promoters, and management, which may affect independence or judgement of the Directors in any manner.

The composition of the Board of Directors of the Company is in conformity with the provisions of Regulation 17 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The structure of the Board and record of other Directorships, Committee memberships & Chairmanships and shareholding in the Company as on March 31, 2018 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 2018) |
|----------------------|----------|-----------------------------------------|------------------------------|---------------------------------|-------------------------------------------------------------------|------------|-------|--------------------------------------------------|
|                      |          |                                         |                              |                                 | Chairmanship                                                      | Membership | Total |                                                  |
| Mr. Ashok Jaipuria   | 00214707 | Promoter Director                       | Chairman & Managing Director | 1                               | Nil                                                               | 1          | 1     | 470161                                           |
| Mr. A. K. Jain       | 00027911 | Executive Director                      | Whole Time Director          | 2                               | Nil                                                               | 3          | 3     | 5010                                             |
| Ms. Alpana Parida    | 06796621 | Non-Independent Non- Executive Director | Director                     | 5                               | Nil                                                               | 5          | 5     | Nil                                              |
| Mr. Rajeev Gupta     | 00241501 | Independent Non-Executive Director      | Director                     | 6                               | Nil                                                               | 5          | 5     | 10100                                            |
| Mr. H. K. Agrawal    | 00260592 | Independent Non-Executive Director      | Director                     | Nil                             | Nil                                                               | 2          | 2     | 1000                                             |
| Mr. Ashish Guha      | 00004364 | Independent Non-Executive Director      | Director                     | 2                               | Nil                                                               | 2          | 2     | 9000                                             |
| Mr. H. N. Sinor      | 00074905 | Independent Non-Executive Director      | Director                     | 5                               | 2                                                                 | 3          | 5     | NIL                                              |
| Mr. Pratip Chaudhuri | 00915201 | Independent Non-Executive Director      | Director                     | 8                               | 2                                                                 | 5          | 7     | Nil                                              |
| Mr. Vivek Nangia     | 07646933 | Independent Non-Executive Director      | Director                     | Nil                             | Nil                                                               | 1          | 1     | Nil                                              |

#### Notes:

- 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.
- Membership(s) / Chairmanship(s) of only the Audit Committee and Stakeholders Relationship Committee of all Public Limited (including Cosmo Films Ltd.) Companies have been considered.
- 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.
- 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.
- None of the Directors had any relationships inter-se.

## B. BOARD MEETINGS:

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

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

### 2. Number of Board Meetings

The Cosmo Films Board met Five times on 7<sup>th</sup> April, 2017, 17<sup>th</sup> May, 2017, 9<sup>th</sup> August, 2017, 10<sup>th</sup> November, 2017 & 5<sup>th</sup> February, 2018 during the Financial Year ended 31<sup>st</sup> March, 2018. 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 4 <sup>th</sup> August, 2017 |
|----------------------|-------------------------------------------------------------------------------|----------|-------------------------------------------------------------|
|                      | Held                                                                          | Attended |                                                             |
| Mr. Ashok Jaipuria   | 5                                                                             | 5        | Yes                                                         |
| Mr. A.K. Jain        | 5                                                                             | 5        | Yes                                                         |
| Ms Alpana Parida     | 5                                                                             | 5        | No                                                          |
| Mr. Ashish Guha      | 5                                                                             | 5        | No                                                          |
| Mr. H.N. Sinor       | 5                                                                             | 2        | No                                                          |
| Mr. H. K. Agrawal    | 5                                                                             | 4        | No                                                          |
| Mr. Rajeev Gupta     | 5                                                                             | 2        | No                                                          |
| Mr. Pratip Chaudhuri | 5                                                                             | 5        | No                                                          |
| Mr. Vivek Nangia     | 5                                                                             | 5        | No                                                          |

### 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

### 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, 2018 consisted of the following four Directors who are eminent professionals and possess sound knowledge in finance:

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

• **Meetings and attendance during the year**

The Audit Committee met five times during the financial year from April 1, 2017 to March 31, 2018:

|                      |                      |
|----------------------|----------------------|
| 1. May 17, 2017      | 2. July 07, 2017     |
| 3. August 9, 2017    | 4. November 10, 2017 |
| 5. February 05, 2018 |                      |

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

| Names of the Audit Committee members | Number of Audit Committee Meetings  |          |
|--------------------------------------|-------------------------------------|----------|
|                                      | Held during the tenure of Directors | Attended |
| Mr. Pratip Chaudhuri                 | 5                                   | 5        |
| Mr. Rajeev Gupta                     | 5                                   | 2        |
| Mr. H.K. Agrawal                     | 5                                   | 3        |
| Mr. Ashish Guha                      | 5                                   | 5        |

## 2. STAKE HOLDERS RELATIONSHIP COMMITTEE

• **Terms of reference**

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

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

• **Composition of Stake Holders Relationship Committee**

The Stake Holders Relationship Committee is headed by an Independent Director and presently consisted of the following members as on March 31, 2018:

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

• **Meetings and attendance during the year**

The Stakeholders Relationship Committee met four times during the financial year from April 1, 2017 to March 31, 2018:

|                      |                      |
|----------------------|----------------------|
| 1. May 17, 2017      | 2. August 09, 2017   |
| 3. November 10, 2017 | 4. February 05, 2018 |

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

| Names of the Stakeholders Relationship Committee members | Number of Meetings                  |          |
|----------------------------------------------------------|-------------------------------------|----------|
|                                                          | Held during the tenure of Directors | Attended |
| Mr. H.N. Sinor                                           | 4                                   | 2        |
| Mr. H.K. Agrawal                                         | 4                                   | 3        |
| Mr. A.K. Jain                                            | 4                                   | 4        |
| Ms. Alpana Parida                                        | 4                                   | 4        |
| Mr. Vivek Nangia                                         | 4                                   | 4        |

• **Compliance Officer**

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

• **Shareholders' Complaints etc. received during the FY- 2017-18**

During the year from April 1, 2017 to March 31, 2018 the Company received 15 complaints from various Investors / Shareholders' relating to non-receipt of Dividend / Bonus Shares / Transfer of Shares / Dematerialization of Shares / Annual Report etc. The same were attended to the satisfaction of the Investors. At the end of March 31, 2018, no complaint was pending for redressal and there were no pending share transfers as on March 31, 2018.

## 3. HR, NOMINATION AND REMUNERATION COMMITTEE

• **Terms of reference**

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

The terms of the reference of 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, 2018:

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

• **Meetings and attendance during the year**

The HR, Nomination & Remuneration Committee met two times during the financial year from April 1, 2017 to March 31, 2018:

1. May 17, 2017      2. July 07, 2017

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

• **Compliance Officer**

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

• **Remuneration Policy**

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

The Non-Executive Directors are paid remuneration by way of Commission and Sitting Fees. The Non-Executive Directors are paid sitting fees for each meeting of the Board or Committee of Directors attended by them. The total amount of sitting fees paid during the Financial Year 2017-18 was 23.75 Lakhs. The Non- Executive Independent Directors do not have any material pecuniary relationship or transactions with the Company.

**B. Remuneration to Executive Directors**

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

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

• **Remuneration Paid to Directors**

Following tables gives the details of remuneration paid to directors, during the year from April 01, 2017 to March 31, 2018:

• **Remuneration to Non- Executive Directors**

| S. No. | Name of Director     | Sitting Fees (₹) | Commission (₹) |
|--------|----------------------|------------------|----------------|
| 1      | Mr. H.K. Agrawal     | 375,000          | 6,66,000       |
| 2      | Mr. Rajeev Gupta     | 175,000          | 6,66,000       |
| 3      | Mr. Ashish Guha      | 450,000          | 6,66,000       |
| 4      | Mr. Pratip Chaudhuri | 450,000          | 6,66,000       |
| 5      | Mr. H.N Sinor        | 175,000          | 6,66,000       |
| 6      | Ms. Alpana Parida    | 375,000          | 6,66,000       |
| 7      | Mr. Vivek Nangia     | 375,000          | 6,66,000       |

• **Remuneration to Executive Directors**

| Sl. No. | Particulars        | Designation                  | Salary (₹)  | Commission (₹) | Contribution to provident & Superannuation Funds (₹) | Total Amount (₹) |
|---------|--------------------|------------------------------|-------------|----------------|------------------------------------------------------|------------------|
| 1       | Mr. Ashok Jaipuria | Chairman & Managing Director | 2,28,75,565 | 1,93,72,485    | 43,74,000                                            | 4,66,22,050      |
| 2.      | Mr. A. K. Jain     | Whole time Director          | 1,39,78,684 | -              | 11,12,771                                            | 1,50,91,455      |

**E. INDEPENDENT DIRECTORS:**

The Company has complied with the definition of Independence as per SEBI (LODR) Regulations, 2015 and according to the Provisions of section 149(6) Companies Act, 2013. The company has also obtained declarations from all the Independent Directors pursuant to section 149 (7) of the Companies Act, 2013.

**a) Training of Independent Directors**

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

The appointment letters of Independent Directors has been placed on the Company's website at [www.cosmofilms.com](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 10<sup>th</sup> November, 2017 without the attendance of Non-Independent Directors and members of Management. All the Independent Directors were present at the meeting. The following issues were discussed in detail:

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

## **F. GENERAL BODY MEETINGS**

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

| Year    | Place                                                                                           | Date       | Time      | Special Resolution Passed          |
|---------|-------------------------------------------------------------------------------------------------|------------|-----------|------------------------------------|
| 2014-15 | Shah Auditorium, 2, Raj Niwas Marg, Civil Lines, Delhi -110054                                  | 06/08/2015 | 2:00 P.M. | No Special Resolutions were Passed |
| 2015-16 | Shah Auditorium, 2, Raj Niwas Marg, Civil Lines, Delhi -110054                                  | 26/08/2016 | 4:45 P.M  | No Special Resolutions were Passed |
| 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    |

### **II. Postal Ballot**

During the financial year ended March 31, 2018, 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 thereunder and the Listing Regulations.

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

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

<http://www.cosmofilms.com/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 2018. A declaration to this effect, signed by the Chief executive officer is annexed to this report.
- 4. Whistleblower Policy:** The Company has a vigil mechanism/whistle blower policy. No personnel of the Company has been denied access to the Audit committee and whistle blower mechanism enabling stakeholders, including individual employees and their representative bodies, to freely communicate their concerns about illegal

or unethical practices. A link to such policy is also provided in the website of the company.

5. **Policy on Material Subsidiaries:** The Company has framed a Policy for determining Material Subsidiaries and the same is available on the website of the Company [www.cosmofilms.com](http://www.cosmofilms.com). Weblink of the same is given below:  
[http://www.cosmofilms.com/uploads/policy/Policy\\_For\\_Determining\\_Material\\_Subsidiaries.pdf](http://www.cosmofilms.com/uploads/policy/Policy_For_Determining_Material_Subsidiaries.pdf)
6. During the Financial Year ended 31st March, 2018 the Company did not engage in commodity hedging activities.
7. The necessary certificate under Part B of Schedule II of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, is annexed to this report.
8. The Company Secretary has a key role to play in ensuring the Board procedures and statutory compliances are properly followed. A certificate from the Company Secretary indicating the compliance of Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 has been annexed to this report.
9. **Management Discussion and Analysis Report** - The Management Discussion and Analysis has been discussed in detail separately in this Annual Report.
10. **Compliance Certificate from Practicing Company Secretary:** Certificate from Practicing Company Secretary confirming compliance with conditions of Corporate Governance as stipulated in Regulations Part C of Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, is annexed to this report.
11. Other disclosures as required under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 has been given at relevant places in the Annual Report.
12. Non-mandatory requirements-Adoption of non-mandatory requirements of the Listing Regulations is being reviewed by the Board from time to time.
13. **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.**
14. **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, 2018 to March 31, 2019 and tentative schedule for approval of the quarterly / half yearly / yearly financial results is given below:

| Particulars                                                                                 | Month (Tentative) |
|---------------------------------------------------------------------------------------------|-------------------|
| Financial results for the 1 <sup>st</sup> quarter ending June 30, 2018.                     | August, 2018      |
| Financial results for the 2 <sup>nd</sup> quarter and half year ending September 30, 2018.  | November, 2018    |
| Financial results for the 3 <sup>rd</sup> quarter and nine months ending December 31, 2018. | February, 2019    |
| Financial results for the last quarter and financial year ending March 31, 2019             | May, 2019         |

##### **4. WEBSITE**

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

##### **5. DIVIDEND**

The Board has recommended Dividend of ₹ 6/- per Equity Share for the Financial Year 2017-18. The Dividend if declared at the Annual General Meeting shall be paid on and from 02 September, 2018.

##### **• 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, ₹ 12,37,940 of unpaid / unclaimed dividends (unpaid since FY 2009-10) and 1,26,349 shares were transferred during the financial year 2017-18 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,

2018 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 2017-18 has been paid to each of the above mentioned stock exchanges. There are no arrears of listing fees with any of the said stock exchanges till date.

#### 9. DISTRIBUTION OF SHAREHOLDING AS ON MARCH 31, 2018

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

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

| Particulars             | March 31, 2018  |             | March 31, 2017  |             |
|-------------------------|-----------------|-------------|-----------------|-------------|
|                         | No. of Shares   | % (Holding) | No. of Shares   | % (Holding) |
| Promoters               | 8359539         | 43.00       | 8458439         | 43.51       |
| Institutional Investors | 656116          | 3.38        | 756039          | 3.89        |
| Bodies Corporate        | 1077042         | 5.54        | 1319965         | 6.79        |
| Others                  | 9347379         | 48.08       | 8905633         | 45.81       |
| <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, 2018 |               |                 |               | March 31, 2017 |               |                 |               |
|                                                                    | No. of         | % of          | No. of          | % of share    | No. of         | % of          | No. of          | % of share    |
|                                                                    | Shareholders   |               | shares          | Capital       | Shareholders   |               | shares          | Capital       |
| 1-500                                                              | 25958          | 90.54         | 3039358         | 15.63         | 23708          | 90.42         | 2638073         | 13.57         |
| 501-1000                                                           | 1484           | 5.18          | 1127705         | 5.80          | 1333           | 5.08          | 1029872         | 5.30          |
| 1001-2000                                                          | 667            | 2.33          | 972884          | 5.00          | 598            | 2.28          | 890003          | 4.58          |
| 2001-3000                                                          | 182            | 0.63          | 467543          | 2.41          | 195            | 0.74          | 494637          | 2.54          |
| 3001-4000                                                          | 103            | 0.36          | 368464          | 1.90          | 80             | 0.31          | 283048          | 1.46          |
| 4001-5000                                                          | 59             | 0.21          | 275249          | 1.42          | 68             | 0.26          | 319459          | 1.64          |
| 5001-10000                                                         | 108            | 0.37          | 775508          | 3.99          | 125            | 0.48          | 944962          | 4.86          |
| 10001 and above                                                    | 108            | 0.38          | 12413365        | 63.85         | 112            | 0.43          | 12840022        | 66.05         |
| <b>Total</b>                                                       | <b>28669</b>   | <b>100.00</b> | <b>19440076</b> | <b>100.00</b> | <b>26219</b>   | <b>100.00</b> | <b>19440076</b> | <b>100.00</b> |

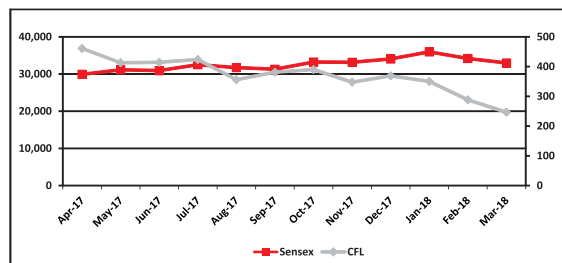
## 10. MARKET PRICE DATA

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

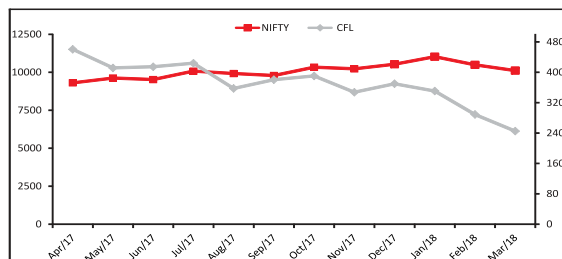
| MONTH  | BSE         |            | NSE         |            |
|--------|-------------|------------|-------------|------------|
|        | HIGH<br>(₹) | LOW<br>(₹) | HIGH<br>(₹) | LOW<br>(₹) |
| Apr-17 | 468.80      | 376.05     | 469.90      | 374.20     |
| May-17 | 466.70      | 385.05     | 466.95      | 380.55     |
| Jun-17 | 433.95      | 404.35     | 434.00      | 405.00     |
| Jul-17 | 448.55      | 414.35     | 449.50      | 414.05     |
| Aug-17 | 429.00      | 353.45     | 429.25      | 350.05     |
| Sep-17 | 423.00      | 357.00     | 415.00      | 356.15     |
| Oct-17 | 408.45      | 376.30     | 408.00      | 376.00     |
| Nov-17 | 394.75      | 346.00     | 396.00      | 345.00     |
| Dec-17 | 389.00      | 345.00     | 390.00      | 342.70     |
| Jan-18 | 388.65      | 349.05     | 387.85      | 349.00     |
| Feb-18 | 354.00      | 284.00     | 357.00      | 285.00     |
| Mar-18 | 292.90      | 237.00     | 293.00      | 236.00     |

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

### a. COMPANY'S SHARE PRICE MOVEMENT VIS A VIS BSE SENSEX MONTHLY SHARE PRICE - SENSEX Vs. CFL



### b. COMPANY'S SHARE PRICE MOVEMENT VIS A VIS NIFTY MONTHLY SHARE PRICE - NIFTY Vs. CFL



## 12. DEMAT

Your Company's equity shares are compulsorily traded in dematerialisation form by all categories of investors. Equity shares of your Company are available for trading in the depository systems of both the Depositories viz. The National Securities Depositories Limited (NSDL) and the Central Depositories Service (India) Limited (CDSL). As on March 31, 2018, 97.62% (i.e. 18,977,493 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, 2018.

## 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

1E/13, 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  
Fax: +91-11-49494950

### OR

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

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

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

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

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

1. The Code of Conduct has been laid down for all the Board members and Senior Management and other employees of the Company.
2. The Code of conduct has been posted on website of the Company.
3. The Board members and Senior Management personnel have affirmed compliance with the code of conduct for the year 2017-18.

**23<sup>rd</sup> May, 2018**  
**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, 2018.**

**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 2017-18 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 2017-18 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**

23<sup>rd</sup> May, 2018  
New Delhi

## **CERTIFICATE FROM THE COMPANY SECRETARY**

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

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

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

23<sup>rd</sup> May, 2018  
New Delhi

Jyoti Dixit  
**Company Secretary**

## CORPORATE SOCIAL RESPONSIBILITY

Cosmo Foundation envisions assisting children and youth from underprivileged communities to realize their potential and to empower rural communities. To fulfill this vision our programs are focused to build basic literacy, english communication, digital skills, life skills and contributed to support Government of India's initiative of Swachh Bharat and digital payments.

The CSR programs have been extended to additional two new villages in Karjan block of Gujarat and one new village in Gangapur block of Aurangabad District.

Thus our foot print is in 20 villages with partnership of 30 rural Government schools and 7500 students representing from 73 villages across Gujarat and Maharashtra are benefited.

Apart from our sustainable educational programs following initiatives were undertaken :-

Educational and Career Counseling programs were organized in which 1750 high school students are benefited.

767 students are trained on banking system and digital payments.

Constructed sanitation blocks for girls in 8 schools comprised of 32 toilets with hand wash facility.

Installed 55 waste bins across 2 gram panchayats, national highway and 9 Government schools.

A water tank facility was created in Government school of village- Gajgav in Aurangabad District.

Organized awareness programs with parents on various issues viz. Right to Education Act, Child Protection Act, What is GST and it's implications on rural life, correct methods to use toilets, Causes, symptoms, remedies of Tuberculosis, Impact of Child Labor.

Organized a story telling campaign- "one day, one story" across 16 villages in all the aanganwadis and primary schools.

"My village- Clean Village"- a rally was organized in one village to build awareness on cleanliness.

Five best performer students were awarded laptops and 09 students were given motivational rewards out of 2758 students participated in computer education.

Children's fair was organized to promote creativity and joyful learning with a range of activity stalls. 1500 students and 500 villagers participated.

"Basic English Learning Capsule"- a training of 100 Government Primary School teachers of English subject was organized on teaching methodology.

Celebrated "Joy of Giving Week" in which employees of Cosmo Films generously donated clothes, stationary, household items. 1050 students and 110 parents benefitted through this project.

Baseline survey and Impact Assessment study of the CSR activities at Karjan location was done by Navrachna University, Vadodara.

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



## **INDEPENDENT AUDITOR'S REPORT**

### **To the Members of Cosmo Films Limited**

#### **Report on the Standalone Financial Statements**

1. We have audited the accompanying standalone financial statements of Cosmo Films Limited ('the Company'), which comprise the Balance Sheet as at 31 March 2018, 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.

#### **Management's Responsibility for the Standalone Financial Statements**

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ('the Act') with respect to the preparation of these standalone financial statements that give a true and fair view of the state of affairs (financial position), profit or loss (financial performance including other comprehensive income), cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards ('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 the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

#### **Auditor's Responsibility**

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

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

#### **Opinion**

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including Ind AS specified under Section 133 of the Act, of the state of affairs (financial position) of the Company as at 31 March 2018, and its profit (financial performance including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

#### **Other Matter**

9. The Company had prepared separate sets of statutory financial statements for the year ended 31 March 2017 and 31 March 2016 in accordance with Accounting Standards prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended) on which we issued auditor's reports to the shareholders of the Company dated 17 May 2017 and 11 May 2016

respectively. These financial statements have been adjusted for the differences in the accounting principles adopted by the Company on transition to Ind AS, which have also been audited by us. Our opinion is not modified in respect of this matter.

### Report on Other Legal and Regulatory Requirements

10. As required by the Companies (Auditor's Report) Order, 2016 ('the Order') issued by the Central Government of India in terms of Section 143(11) of the Act, we give in the Annexure I a statement on the matters specified in paragraphs 3 and 4 of the Order.
11. Further to our comments in Annexure I, as required by Section 143(3) of the Act, we report that:
  - a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - c) the standalone financial statements dealt with by this report are in agreement with the books of account;
  - d) in our opinion, the aforesaid standalone financial statements comply with IndAS 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 2018 from being appointed as a director in terms of Section 164(2) of the Act;
  - f) we have also audited the internal financial controls over financial reporting (IFCoFR) of the Company as on 31 March 2018 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date and our report dated 23 May 2018 as per Annexure II expressed 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 37 to the

standalone financial statements, has disclosed the impact of pending litigations on its financial position.

- ii. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
- iii. there has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company and;
- iv. the disclosure requirements relating to holdings as well as dealings in specified bank notes were applicable for the period from 8 November 2016 to 30 December 2016 which are not relevant to these standalone financial statements. Hence, reporting under this clause is not applicable.

### For Walker Chandiok & Co LLP

Chartered Accountants

Firm's Registration No.: 001076N/N500013

### Siddharth Talwar

Partner

Membership No.: 512752

**Place :** New Delhi

**Date :** 23 May 2018

### Annexure I

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

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets comprising of property, plant and equipment, capital work-in-progress and other intangible assets.
- (b) The Company has a regular program of physical verification of its fixed assets comprising of property, plant and equipment, capital work-in-progress and other intangible assets under which fixed assets are verified in a phased manner over a period of three years, which, in our opinion, is reasonable having regard to the size of the Company and the

nature of its assets. No material discrepancies were noticed on such verification.

- (c) The title deeds of all the immovable properties (which are included under the head '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 and stocks lying with third parties. No material discrepancies were noticed on the aforesaid verification.
- (iii) The Company has not granted any loan, secured or unsecured to companies, firms, Limited Liability Partnerships (LLPs) or other parties covered in the register maintained under Section 189 of the Act. Accordingly, the provisions of clauses 3(iii)(a), 3(iii)(b) and 3(iii)(c) of the Order are not applicable.
- (iv) In our opinion, the Company has complied with the provisions of Section 186 in respect of investments. Further, in our opinion, the Company has not entered into any transaction covered under Section 185 and Section 186 of the Act in respect of loans, guarantees and security.**
- (v) In our opinion, the Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly,

the provisions of clause 3(v) of the Order are not applicable.

- (vi) We have broadly reviewed the books of account maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost records under sub-section (1) of Section 148 of the Act in respect of Company's products/services and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- (vii) (a) Undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess, goods and services 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<br>(₹ in crores) | Amount paid<br>under Protest<br>(₹ in crores) | Period to which<br>the amount<br>relates (FY) | Forum where<br>dispute is<br>pending |
|---------------------------------|----------------|-------------------------|-----------------------------------------------|-----------------------------------------------|--------------------------------------|
| <b>Central Excise Act, 1944</b> | Excise Duty    | 0.05                    | -                                             | 2005-10                                       | Commissioner Appeals                 |
|                                 | Excise Duty    | 11.13                   | -                                             | 1994-95, 2003-04, 2014-15                     | Appellate Tribunal                   |
|                                 | Excise Duty    | 0.02                    | -                                             | 2005-06 to 2006-07                            | High Court                           |
|                                 | Service Tax    | 0.57                    | -                                             | 2012 -2015                                    | 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     | 0.62                    | -                                             | 2010-11                                       | Income Tax Appellate Tribunal        |
|                                 | Income tax     | 0.20                    | 0.20                                          | 2012-13                                       | Income Tax Appellate Tribunal        |

- (viii) The Company has not defaulted in repayment of loans or borrowings to any bank or financial institution during the year. The Company did not have any outstanding debentures or dues to government during the year.
- (ix) The Company did not raise moneys by way of initial public offer or further public offer (including debt instruments). In our opinion, the term loans were applied for the purposes for which the loans were obtained, though idle funds which were not required for immediate utilisation have been invested in liquid investments, payable on demand.
- (x) No fraud by the Company or on the Company by its officers or employees has been noticed or reported during the period covered by our audit.
- (xi) Managerial remuneration has been paid and provided by the Company in accordance with the requisite approvals mandated by the provisions of Section 197 of the Act read with Schedule V to the Act.
- (xii) In our opinion, the Company is not a Nidhi Company. Accordingly, provisions of clause 3(xii) of the Order are not applicable.
- (xiii) In our opinion all transactions with the related parties are in compliance with Sections 177 and 188 of Act, where applicable, and the requisite details have been disclosed in the financial statements etc., as required by the applicable Ind AS.
- (xiv) During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures.
- (xv) In our opinion, the Company has not entered into any non-cash transactions with the directors or persons connected with them covered under Section 192 of the Act.
- (xvi) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

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

**Siddharth Talwar**  
Partner  
Membership No.: 512752

**Place :** New Delhi  
**Date :** 23 May 2018

## Annexure II

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

1. In conjunction with our audit of the standalone financial statements of Cosmo Films Limited ("the Company") as at and for the year ended 31 March 2018, we have audited the internal financial controls over financial reporting ("IFCoFR") of the Company as at that date.

#### Management's Responsibility for Internal Financial Controls

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

#### Auditors' Responsibility

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

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

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

#### Meaning of Internal Financial Controls over Financial Reporting

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

#### Inherent Limitations of Internal Financial Controls over Financial Reporting

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

### **Opinion**

8. In our opinion, the Company has, in all material respects, adequate internal financial controls over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

**For Walker Chandiok & Co LLP**

Chartered Accountants

Firm's Registration No.: 001076N/N500013

**Siddharth Talwar**

Partner

Membership No.: 512752

**Place :** New Delhi

**Date :** 23 May 2018

**STANDALONE BALANCE SHEET as at 31 March, 2018**

(All amounts in ₹ crores, unless stated otherwise)

| Particulars                       | Notes No. | As at 31 March 2018 | As at 31 March 2017 | As at 1 April 2016 |
|-----------------------------------|-----------|---------------------|---------------------|--------------------|
| <b>ASSETS</b>                     |           |                     |                     |                    |
| <b>Non-current assets</b>         |           |                     |                     |                    |
| a) Property, plant and equipment  | 2         | 931.88              | 898.07              | 674.13             |
| b) Capital work-in-progress       | 3         | 12.39               | 8.59                | 12.03              |
| c) Intangible assets              | 4         | 3.09                | 2.21                | 3.51               |
| d) Financial assets               |           |                     |                     |                    |
| (i) Investments                   | 5         | 115.39              | 115.39              | 118.05             |
| (ii) Loans                        | 6         | 10.25               | 2.75                | 1.91               |
| (iii) Other financial assets      | 7         | 5.87                | 5.34                | 9.35               |
| e) Income tax assets (net)        |           | 9.34                | 9.11                | 8.97               |
| f) Other non-current assets       | 8         | 39.65               | 15.94               | 26.12              |
|                                   |           | <b>1,127.86</b>     | <b>1,057.40</b>     | <b>854.07</b>      |
| <b>Current assets</b>             |           |                     |                     |                    |
| a) Inventories                    | 9         | 184.46              | 153.55              | 107.53             |
| b) Financial assets               |           |                     |                     |                    |
| (i) Investments                   | 10        | 57.82               | -                   | -                  |
| (ii) Trade receivables            | 11        | 221.59              | 204.83              | 128.54             |
| (iii) Cash and cash equivalents   | 12        | 25.98               | 7.83                | 11.95              |
| (iv) Other bank balances          | 13        | 9.46                | 10.17               | 7.55               |
| (v) Loans                         | 14        | 0.80                | 0.80                | 0.37               |
| (vi) Other financial assets       | 15        | 37.21               | 41.06               | 26.81              |
| c) Other current assets           | 16        | 35.62               | 38.84               | 12.71              |
|                                   |           | <b>572.94</b>       | <b>457.08</b>       | <b>295.46</b>      |
|                                   |           | <b>1,700.80</b>     | <b>1,514.48</b>     | <b>1,149.53</b>    |
| <b>EQUITY AND LIABILITIES</b>     |           |                     |                     |                    |
| <b>Equity</b>                     |           |                     |                     |                    |
| a) Equity share capital           | 17        | 19.44               | 19.44               | 19.44              |
| b) Other equity                   | 18        | 617.64              | 557.10              | 450.57             |
|                                   |           | <b>637.08</b>       | <b>576.54</b>       | <b>470.01</b>      |
| <b>Liabilities</b>                |           |                     |                     |                    |
| <b>Non-current liabilities</b>    |           |                     |                     |                    |
| a) Financial liabilities          |           |                     |                     |                    |
| (i) Borrowings                    | 19        | 405.31              | 348.66              | 230.26             |
| (ii) Other financial liabilities  | 20        | 5.62                | 6.76                | 1.18               |
| b) Deferred tax liabilities (net) | 22        | 41.58               | 58.11               | 72.43              |
| c) Other non-current liabilities  | 21        | 55.85               | 55.62               | 23.51              |
|                                   |           | <b>508.36</b>       | <b>469.15</b>       | <b>327.38</b>      |
| <b>Current liabilities</b>        |           |                     |                     |                    |
| a) Financial liabilities          |           |                     |                     |                    |
| (i) Borrowings                    | 23        | 209.67              | 192.15              | 113.45             |
| (ii) Trade payables               | 24        | 182.02              | 128.57              | 104.68             |
| (iii) Other financial liabilities | 25        | 148.51              | 122.82              | 120.41             |
| b) Other current liabilities      | 26        | 14.45               | 22.63               | 12.76              |
| c) Current tax liabilities (net)  | 27        | 0.71                | 2.62                | 0.84               |
|                                   |           | <b>555.36</b>       | <b>468.79</b>       | <b>352.14</b>      |
|                                   |           | <b>1,700.80</b>     | <b>1,514.48</b>     | <b>1,149.53</b>    |

**Statement of significant accounting policies** 1

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

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

 For **Walker Chandio & Co LLP**

Chartered Accountants

Firm's registration number 001076N/N500013

**Siddharth Talwar**

Partner

Membership No.512752

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

**Pratip Chaudhuri**

Director

DIN: 00915201

**Neeraj Jain**

Chief Financial Officer

Membership No.: 097576

**Ashok Jaipuria**

Chairman &amp; Managing Director

DIN: 00214707

**Jyoti Dixit**

Company Secretary

Membership No.: F6229

**Place** : New Delhi  
**Date** : 23 May 2018

**STANDALONE STATEMENT OF PROFIT & LOSS for the year ended 31 March, 2018**

(All amounts in ₹ crores, unless stated otherwise)

| Particulars                                                                                                                                                | Notes No. | Year ended 31 March 2018 | Year ended 31 March 2017 |
|------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------|--------------------------|--------------------------|
| <b>Income</b>                                                                                                                                              |           |                          |                          |
| Revenue from operations                                                                                                                                    | 28        | 1,857.05                 | 1,567.26                 |
| Other income                                                                                                                                               | 29        | 34.84                    | 14.92                    |
| <b>Total income</b>                                                                                                                                        |           | <b>1,891.89</b>          | <b>1,582.18</b>          |
| <b>Expenses</b>                                                                                                                                            |           |                          |                          |
| Cost of material consumed                                                                                                                                  |           | 1,276.76                 | 984.07                   |
| Purchase of traded goods                                                                                                                                   |           | 5.00                     | 11.05                    |
| Change in inventory of finished goods                                                                                                                      | 30        | 6.59                     | (38.97)                  |
| Excise duty                                                                                                                                                |           | 30.46                    | 109.42                   |
| Employee benefits expense                                                                                                                                  | 31        | 86.79                    | 79.02                    |
| Depreciation and amortisation expenses                                                                                                                     | 32        | 45.50                    | 36.42                    |
| Finance costs                                                                                                                                              | 33        | 50.12                    | 34.42                    |
| Allowance for expected credit losses                                                                                                                       |           | 0.75                     | 0.89                     |
| Other expenses                                                                                                                                             | 34        | 304.45                   | 251.16                   |
| <b>Total (b)</b>                                                                                                                                           |           | <b>1,806.42</b>          | <b>1,467.48</b>          |
| <b>Profit before tax</b>                                                                                                                                   |           | <b>85.47</b>             | <b>114.70</b>            |
| <b>Tax expense</b>                                                                                                                                         |           |                          |                          |
| - Current tax                                                                                                                                              | 35        | 15.33                    | 20.50                    |
| - Deferred tax credit                                                                                                                                      |           | (14.75)                  | (13.78)                  |
| <b>Total tax expense</b>                                                                                                                                   |           | <b>0.58</b>              | <b>6.72</b>              |
| <b>Net profit for the year</b>                                                                                                                             |           | <b>84.89</b>             | <b>107.98</b>            |
| <b>Other comprehensive income</b>                                                                                                                          |           |                          |                          |
| 1) Items that will not be reclassified to profit or loss                                                                                                   |           |                          |                          |
| - Remeasurements of net defined benefit plans                                                                                                              |           | 0.54                     | 0.85                     |
| - Tax on above items                                                                                                                                       |           | (0.19)                   | (0.29)                   |
| 2) Items that will be reclassified to profit or loss                                                                                                       |           |                          |                          |
| - Loss on hedging instrument in cash flow hedge                                                                                                            |           | (5.08)                   | (1.56)                   |
| - Tax on above items                                                                                                                                       |           | 1.78                     | 0.54                     |
| <b>Total other comprehensive income</b>                                                                                                                    |           | <b>(2.95)</b>            | <b>(0.46)</b>            |
| <b>Total comprehensive income</b>                                                                                                                          |           | <b>81.94</b>             | <b>107.52</b>            |
| <b>Earnings per equity share</b>                                                                                                                           | 36        |                          |                          |
| - Basic                                                                                                                                                    |           | 44.30                    | 56.33                    |
| - Diluted                                                                                                                                                  |           | 44.30                    | 56.33                    |
| <b>Statement 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 Chandiok & Co LLP**

Chartered Accountants

Firm's registration number 001076N/N500013

**Siddharth Talwar**

Partner

Membership No.512752

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

**Pratip Chaudhuri**

Director

DIN: 00915201

**Neeraj Jain**

Chief Financial Officer

Membership No.: 097576

**Ashok Jaipuria**

Chairman &amp; Managing Director

DIN: 00214707

**Jyoti Dixit**

Company Secretary

Membership No.: F6229

**Place** : New Delhi  
**Date** : 23 May 2018

**STANDALONE STATEMENT OF CHANGES IN EQUITY for the year ended 31 March 2018**

(All amounts in ₹ crores, unless stated otherwise)

**A. Equity share capital**

|                                     |       |
|-------------------------------------|-------|
| Opening balance as at 1 April 2016  | 19.44 |
| Changes during the year             | -     |
| Closing balance as at 31 March 2017 | 19.44 |
| Changes during the year             | -     |
| Closing balance as at 31 March 2018 | 19.44 |

**B. Other Equity**

|                                         | Reserves and surplus |                 |                                                               |                            |                                   |                 |                 |                         | Total   |
|-----------------------------------------|----------------------|-----------------|---------------------------------------------------------------|----------------------------|-----------------------------------|-----------------|-----------------|-------------------------|---------|
|                                         | Retained earnings    | Treasury Shares | Foreign currency monetary item translation difference account | Securities premium account | Share options outstanding account | Capital reserve | General reserve | Cash flow hedge reserve |         |
| Balance as at 1 April 2016              | 132.72               | (5.59)          | (0.55)                                                        | 31.26                      | 0.18                              | 3.32            | 290.08          | (0.85)                  | 450.57  |
| Profit for the year                     | 107.98               | -               | -                                                             | -                          | -                                 | -               | -               | -                       | 107.98  |
| Other comprehensive income for the year | 0.56                 | -               | -                                                             | -                          | -                                 | -               | -               | (1.02)                  | (0.46)  |
| Total comprehensive income for the year | 108.54               | -               | -                                                             | -                          | -                                 | -               | -               | (1.02)                  | 107.52  |
| Amortisation during the year            | -                    | -               | 0.55                                                          | -                          | -                                 | -               | -               | -                       | 0.55    |
| Transaction with owners                 |                      |                 |                                                               |                            |                                   |                 |                 |                         |         |
| Employee share-based compensation       | -                    | -               | -                                                             | -                          | 1.33                              | -               | -               | -                       | 1.33    |
| Movement in treasury shares             | -                    | (2.87)          | -                                                             | -                          | -                                 | -               | -               | -                       | (2.87)  |
| Balance as at 31 March 2017             | 241.26               | (8.46)          | -                                                             | 31.26                      | 1.51                              | 3.32            | 290.08          | (1.87)                  | 557.10  |
| Balance as at 1 April 2017              | 241.26               | (8.46)          | -                                                             | 31.26                      | 1.51                              | 3.32            | 290.08          | (1.87)                  | 557.10  |
| Profit for the year                     | 84.89                | -               | -                                                             | -                          | -                                 | -               | -               | -                       | 84.89   |
| Other comprehensive income for the year | 0.35                 | -               | -                                                             | -                          | -                                 | -               | -               | (3.30)                  | (2.95)  |
| Total comprehensive income for the year | 85.24                | -               | -                                                             | -                          | -                                 | -               | -               | (3.30)                  | 81.94   |
| Transaction with owners                 |                      |                 |                                                               |                            |                                   |                 |                 |                         |         |
| Equity dividend                         | (19.16)              | -               | -                                                             | -                          | -                                 | -               | -               | -                       | (19.16) |
| Tax on equity dividend                  | (3.96)               | -               | -                                                             | -                          | -                                 | -               | -               | -                       | (3.96)  |
| Employee share-based compensation       | -                    | -               | -                                                             | -                          | 1.72                              | -               | -               | -                       | 1.72    |
| Balance as at 31 March 2018             | 303.38               | (8.46)          | -                                                             | 31.26                      | 3.23                              | 3.32            | 290.08          | (5.17)                  | 617.64  |

**Statement of significant accounting policies 1**

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

 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

**Pratip Chaudhuri**

Director

DIN: 00915201

**Neeraj Jain**

Chief Financial Officer

Membership No.: 097576

**Ashok Jaipuria**

Chairman &amp; Managing Director

DIN: 00214707

**Jyoti Dixit**

Company Secretary

Membership No.: F6229

**Place** : New Delhi  
**Date** : 23 May 2018

**CASH FLOW STATEMENT for the year ended 31 March 2018**

(All amounts in ₹ crores, unless stated otherwise)

| Particulars                                                                                  | Year ended<br>31 March 2018 | Year ended<br>31 March 2017 |
|----------------------------------------------------------------------------------------------|-----------------------------|-----------------------------|
| <b>A. Cash Flow from operating activities</b>                                                |                             |                             |
| <b>Profit before tax</b>                                                                     | <b>85.47</b>                | <b>114.70</b>               |
| <b>Adjustment for</b>                                                                        |                             |                             |
| Depreciation and amortisation expenses                                                       | 45.50                       | 36.42                       |
| Finance cost                                                                                 | 50.12                       | 34.42                       |
| Interest on financial assets carried at amortised cost                                       | (0.21)                      | -                           |
| Gain on investments carried at fair value through profit and loss                            | (2.82)                      | -                           |
| Allowance for expected credit losses                                                         | 0.75                        | 0.89                        |
| Interest on bank deposits                                                                    | (1.24)                      | (0.72)                      |
| Grant income on export promotion capital goods (EPCG)                                        | (2.79)                      | (1.54)                      |
| Liabilities no longer required written back                                                  | (0.60)                      | (0.51)                      |
| Loss/(Profit) on sale of property, plant and equipment                                       | 0.05                        | (6.37)                      |
| Employee share-based compensation                                                            | 1.72                        | 1.33                        |
| Unrealised gain on exchange fluctuation                                                      | (0.03)                      | 0.54                        |
| Unrealised sales tax incentives                                                              | (17.20)                     | -                           |
| <b>Operating profit before working capital changes</b>                                       | <b>158.72</b>               | <b>179.16</b>               |
| <b>Movement in working capital</b>                                                           |                             |                             |
| Inventories                                                                                  | (30.92)                     | (46.01)                     |
| Trade receivable                                                                             | (17.80)                     | (77.40)                     |
| Other financial assets                                                                       | 0.01                        | (8.18)                      |
| Loans                                                                                        | (7.50)                      | (1.26)                      |
| Other assets                                                                                 | 8.86                        | (25.55)                     |
| Trade payable                                                                                | 53.09                       | 24.79                       |
| Other financial liabilities                                                                  | (8.84)                      | 16.09                       |
| Other liabilities                                                                            | (8.30)                      | 7.11                        |
| <b>Cash flow from operating activities post working capital changes</b>                      | <b>147.32</b>               | <b>68.75</b>                |
| Income tax paid (net)                                                                        | (17.47)                     | (18.86)                     |
| <b>Net cash flow from operating activities (A)</b>                                           | <b>129.85</b>               | <b>49.89</b>                |
| <b>B. Cash flow from investing activities</b>                                                |                             |                             |
| Purchase of property, plant and equipment and intangible assets (including capital advances) | (71.09)                     | (222.10)                    |
| Sale of property, plant and equipment and intangible assets                                  | 6.36                        | 1.52                        |
| (Purchase)/Sale of investments and liquid mutual funds (net)                                 | (55.00)                     | 2.29                        |
| Interest received                                                                            | 1.13                        | 0.64                        |
| Investments in fixed deposits                                                                | (10.79)                     | (9.40)                      |
| Proceeds on maturity of fixed deposits                                                       | 11.80                       | 5.97                        |
| <b>Net cash flow flow used in investing activities (B)</b>                                   | <b>(117.59)</b>             | <b>(221.08)</b>             |
| <b>C. Cash flow from financing activities</b>                                                |                             |                             |
| Proceeds from long term borrowings                                                           | 150.86                      | 211.37                      |
| Repayment of long term borrowings                                                            | (89.64)                     | (85.70)                     |
| Proceeds of short term borrowings (net)                                                      | 17.52                       | 78.70                       |
| Purchase of treasury shares                                                                  | -                           | (2.87)                      |
| Interest paid                                                                                | (49.73)                     | (34.43)                     |
| Dividend and tax thereon paid                                                                | (23.12)                     | -                           |
| <b>Net cash flow from financing activities (C)</b>                                           | <b>5.89</b>                 | <b>167.07</b>               |
| Increase/(Decrease) in net cash and cash equivalents (A+B+C)                                 | 18.15                       | (4.12)                      |
| Cash and cash equivalents at the beginning of the year (refer note 12)                       | 7.83                        | 11.95                       |
| <b>Cash and cash equivalents at the end of the year (refer note 12)</b>                      | <b>25.98</b>                | <b>7.83</b>                 |

**Statement of significant accounting policies 1**

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

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

 For **Walker Chandok & 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

**Pratip Chaudhuri**

Director

DIN: 00915201

**Neeraj Jain**

Chief Financial Officer

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DIN: 00214707

**Jyoti Dixit**

Company Secretary

Membership No.: F6229

**Place** : New Delhi  
**Date** : 23 May 2018

## **SUMMARY OF SIGNIFICANT ACCOUNTING POLICY AND OTHER EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2018**

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

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

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

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

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

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) as notified by Ministry of Corporate Affairs pursuant to section 133 of the Companies Act, 2013 read with Rule 3 of the 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 2018 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 23 May 2018.

These financial statements for the year ended 31 March 2018 are the first financial statements prepared by the Company under Ind AS. For all periods up to and including the year ended 31 March 2017, the Company prepared its financial statements 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 (hereinafter referred to as 'Previous GAAP'). The financial statements for the comparative year ended 31 March 2017 and opening balance sheet at the beginning of the comparative year as at 1 April, 2016 have been restated in accordance with Ind AS. Reconciliations and explanations of the effect of the transition from Previous GAAP to Ind AS on the Company's Balance Sheet, Statement of Profit and Loss and Statement of Cash Flows are provided in Note 48.

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, including the preparation of the opening Ind AS Balance Sheet as at 1 April, 2016 being the date of transition to Ind AS.

The financial results 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) Significant Accounting Policies**

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

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

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

All other assets are classified as non-current.

A liability is current when:

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

The Company classifies all other liabilities as non-current.

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

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

## b) Property, Plant and Equipment

### *Recognition and initial measurement*

Property, plant and equipment are stated at their cost of acquisition. The cost comprises the purchase price and any attributable costs of bringing the asset to its working condition for its intended use. Any trade discount and rebates are deducted in arriving at the purchase price. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits attributable to such subsequent cost associated with the item will 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:

| Tangible Assets                        | Useful Life |
|----------------------------------------|-------------|
| Building – Factory                     | 30 Years    |
| Building – Non Factory                 | 60 Years    |
| Continuous Process Plant and Equipment | 25 Years    |
| Other Plant and Equipment              | 15 Years    |
| Furniture and fixtures                 | 10 Years    |
| Vehicles                               | 8 Years     |
| Office Equipment                       | 3-5 Years   |

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

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

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

### *De-recognition*

An item of property, plant and equipment and any significant part initially recognised is de-recognised

upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit and loss when the asset is derecognized.

**c) Intangible Assets**

*Recognition and initial measurement*

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

*Subsequent measurement (depreciation and useful lives)*

All 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:

**Intangible Assets Useful life (in years)**

Software Amortised over a period of 6 years

*De-recognition*

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

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

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

**e) Borrowing Costs**

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

**f) Inventory**

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

- Raw material: cost includes direct expenses and is determined on the basis of weighted average method.
- Stores and spares: cost includes direct expenses and is determined on the basis of weighted average method.

- In case of finished goods, cost includes raw material cost plus conversion costs and other overheads incurred to bring the goods to their present location and condition. Cost of finished goods also includes excise duty, wherever applicable.

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

**g) Functional and presentation currency**

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

**Foreign Currencies**

**Transactions and balances**

*Initial recognition*

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

*Subsequent measurement*

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

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

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

*Exchange differences*

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

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

- (i) Exchange differences arising on long-term foreign currency monetary items existing as on 31 March 2017 related to acquisition of a fixed asset are capitalised and depreciated over the remaining useful life of the asset.
- (ii) Exchange differences arising on other long-term foreign currency monetary items existing as on 31 March 2017 are accumulated in the "Foreign Currency Monetary Item Translation Difference Account" and amortised over the remaining life of the concerned monetary item.
- (iii) All other exchange differences are recognised as income or as expenses in the period in which they arise.

For the purpose of (i) and (ii) above, the Company 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.

## **h) Leases**

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

For arrangements entered into prior to 1 April 2016, the Company has determined whether the arrangement contain lease on the basis of facts and circumstances existing on the date of transition.

### **Company as a Lessee**

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

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

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

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

### **Company as a Lessor**

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

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

## **i) Fair Value Measurement**

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

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

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

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

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

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

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

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

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

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

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

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

#### **j) Revenue Recognition**

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

##### **Sales of goods**

Revenue from sale of goods is recognized when all the significant risks and rewards of ownership are transferred to the buyer and the Company retains neither effective control of the goods nor retains significant managerial involvement to the degree usually associated with ownership; and no significant uncertainty exists regarding the amount of the consideration that will be derived from the sale of goods. Revenue is measured at fair value of the consideration received or receivable, after deduction of any trade discounts, volume rebates and any taxes or duties collected on behalf of the government which are levied on sales.

##### **Export benefits/incentives**

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

##### **Dividend income**

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

##### **Interest Income:**

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

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

## k) Financial Instruments

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

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

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

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

### Financial assets

#### Classification and subsequent measurement

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

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

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

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

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

- iii. **Financial assets at fair value**

- **Investments in equity instruments other than above** – All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading are generally classified as at fair value through profit or loss (FVTPL). For all other equity instruments, the Company decides to classify the same either as at fair value through other comprehensive income (FVOCI) or fair value through profit or 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 the profit or loss.

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

#### **Accounting of cash flow hedges and derivatives**

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

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

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

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

#### **De-recognition of financial assets**

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

#### **Financial liabilities**

##### **Subsequent measurement**

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

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

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

#### **De-recognition of financial liabilities**

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit and loss.

**Offsetting of financial instruments**

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

**Impairment of financial assets**

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

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

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

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

**Trade receivables**

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

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

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

**Other financial assets**

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

**l) Post-employment and other employee benefits****Defined Contribution plan**

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.

#### **m) Provisions, contingent assets and contingent liabilities**

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

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

Contingent liability is disclosed for:

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

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

#### **n) Earnings per share**

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

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

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

**o) Taxes**

**Current income tax**

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

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

**Deferred tax**

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

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

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

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

**p) Government grants and subsidies**

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

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

**q) Segment reporting**

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

**Identification of segments:**

In accordance with Ind AS 108– Operating Segment, the operating segments used to present segment information are identified on the basis of information reviewed by the 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 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 Company prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the financial results of the Company as a whole.

**r) Cash and cash equivalents**

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

**s) Employee Share based payment**

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

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

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

**Allowance for expected credit losses** – The allowance for expected credit losses 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. Should the present economic and financial situation persist or even worsen, there could be a further deterioration in the financial situation of the Company's debtors compared to that already taken into consideration in calculating the allowances recognised in the financial statements.

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

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

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

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

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

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

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

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

**v) Standards issued but not yet effective**

- **Appendix B to Ind AS 21, Foreign currency transactions and advance consideration:** On March 28, 2018, Ministry of Corporate Affairs ("MCA") has notified the Companies (Indian Accounting Standards) Amendment Rules, 2018 containing Appendix B to Ind AS 21, Foreign currency transactions and advance consideration which clarifies the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income, when an entity has received or paid advance consideration in a foreign currency. The amendment will come into force from April 1, 2018. The Company has evaluated the effect of this on the financial statements and the impact is not material.
- **Ind AS 115- Revenue from Contract with Customers:** On March 28, 2018, Ministry of Corporate Affairs ("MCA") has notified the Ind AS 115, Revenue from Contract with Customers. The core principle of the new standard is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects

to be entitled in exchange for those goods or services. Further, the new standard requires enhanced disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers.

The standard permits two possible methods of transition:

- Retrospective approach - Under this approach the standard will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8- Accounting Policies, Changes in Accounting Estimates and Errors;
- Retrospectively with cumulative effect of initially applying the standard recognized at the date of initial application (Cumulative catch - up approach) The effective date for adoption of Ind AS 115 is financial periods beginning on or after April 1, 2018.

The Company will adopt the standard on 1 April, 2018 by using the cumulative catch-up transition method and accordingly comparatives for the year ended 31 March, 2018 will not be retrospectively adjusted. The effect on adoption of Ind AS 115 is expected to be insignificant.

## NOTES OF THE FINANCIAL STATEMENTS for the year ended 31 March, 2018

(All amounts in ₹ crores, unless stated otherwise)

### 2 PROPERTY, PLANT AND EQUIPMENT

| Description                          | Freehold land | Lease hold Land | Buildings     | Plant and Equipment | Furniture and Fixtures | Vehicles     | Office equipments | Total           |
|--------------------------------------|---------------|-----------------|---------------|---------------------|------------------------|--------------|-------------------|-----------------|
| <b>Gross carrying value</b>          |               |                 |               |                     |                        |              |                   |                 |
| <b>As at 1 April 2016*</b>           | 16.61         | 67.07           | 138.86        | 807.38              | 9.25                   | 10.58        | 16.76             | 1,066.51        |
| Additions                            | -             | -               | 35.00         | 230.77              | 0.91                   | 2.37         | 2.50              | 271.55          |
| Disposals                            | -             | (0.01)          | (0.26)        | (1.22)              | -                      | (0.51)       | (0.02)            | (2.02)          |
| Other adjustments:                   |               |                 |               |                     |                        |              |                   |                 |
| Foreign exchange fluctuation         | -             | -               | -             | (11.35)             | -                      | -            | -                 | (11.35)         |
| <b>As at 31 March 2017</b>           | <b>16.61</b>  | <b>67.06</b>    | <b>173.60</b> | <b>1,025.58</b>     | <b>10.16</b>           | <b>12.44</b> | <b>19.24</b>      | <b>1,324.69</b> |
| Additions                            | 0.27          | -               | 5.91          | 46.64               | 0.22                   | 0.77         | 0.82              | 54.63           |
| Disposals                            | -             | -               | -             | (0.54)              | -                      | (2.05)       | (0.01)            | (2.60)          |
| Other adjustments:                   | -             | -               | -             | -                   | -                      | -            | -                 | -               |
| Foreign exchange fluctuation         | -             | -               | -             | 24.16               | -                      | -            | -                 | 24.16           |
| <b>As at 31 March 2018</b>           | <b>16.88</b>  | <b>67.06</b>    | <b>179.51</b> | <b>1,095.84</b>     | <b>10.38</b>           | <b>11.16</b> | <b>20.05</b>      | <b>1,400.88</b> |
| <b>Accumulated depreciation</b>      |               |                 |               |                     |                        |              |                   |                 |
| <b>As at 1 April 2016*</b>           | -             | 0.41            | 27.65         | 342.26              | 4.28                   | 3.94         | 13.84             | 392.38          |
| Charge for the year                  | -             | 0.97            | 4.22          | 26.93               | 0.83                   | 1.17         | 0.99              | 35.11           |
| Disposals                            | -             | (0.01)          | (0.24)        | (0.40)              | -                      | (0.20)       | (0.02)            | (0.87)          |
| <b>As at 31 March 2017</b>           | <b>-</b>      | <b>1.37</b>     | <b>31.63</b>  | <b>368.79</b>       | <b>5.11</b>            | <b>4.91</b>  | <b>14.81</b>      | <b>426.62</b>   |
| Charge for the year                  | -             | 0.97            | 4.97          | 34.92               | 0.86                   | 1.15         | 1.70              | 44.57           |
| Disposals                            | -             | -               | -             | (0.44)              | -                      | (1.74)       | (0.01)            | (2.19)          |
| <b>As at 31 March 2018</b>           | <b>-</b>      | <b>2.34</b>     | <b>36.60</b>  | <b>403.27</b>       | <b>5.97</b>            | <b>4.32</b>  | <b>16.50</b>      | <b>469.00</b>   |
| <b>Net block as at 1 April 2016</b>  | <b>16.61</b>  | <b>66.66</b>    | <b>111.21</b> | <b>465.12</b>       | <b>4.97</b>            | <b>6.64</b>  | <b>2.92</b>       | <b>674.13</b>   |
| <b>Net block as at 31 March 2017</b> | <b>16.61</b>  | <b>65.69</b>    | <b>141.97</b> | <b>656.79</b>       | <b>5.05</b>            | <b>7.53</b>  | <b>4.43</b>       | <b>898.07</b>   |
| <b>Net block as at 31 March 2018</b> | <b>16.88</b>  | <b>64.72</b>    | <b>142.91</b> | <b>692.57</b>       | <b>4.41</b>            | <b>6.84</b>  | <b>3.55</b>       | <b>931.88</b>   |

\*Represents deemed cost on the date of transition to Ind AS.

#### Note:

a) Additions include ₹ 0.27 crores (31 March 2017: ₹ 4.32 crores; 1 April 2016: ₹ 0.31 crores) towards assets located at research and development facilities.

#### b) Contractual obligation

Refer note 37 for disclosure of contractual commitments for the acquisition of property, plant and equipment.

### 3 CAPITAL WORK-IN-PROGRESS

| Description                          | Amount       |
|--------------------------------------|--------------|
| <b>As at 1 April 2016*</b>           | <b>12.03</b> |
| Add: Addition during the year        | 268.11       |
| Less: Capitalisation during the year | (271.55)     |
| <b>As at 31 March 2017</b>           | <b>8.59</b>  |
| Add: Addition during the year        | 58.43        |
| Less: Capitalisation during the year | (54.63)      |
| <b>As at 31 March 2018</b>           | <b>12.39</b> |

\*Represents deemed cost on the date of transition to Ind AS.

**NOTES OF THE FINANCIAL STATEMENTS for the year ended 31 March, 2018**

(All amounts in ₹ crores, unless stated otherwise)

**4 INTANGIBLE ASSETS**

| Description                          | Software     | Total        |
|--------------------------------------|--------------|--------------|
| <b>Gross carrying value</b>          |              |              |
| <b>As at 1 April 2016*</b>           | 8.34         | 8.34         |
| Additions                            | -            | -            |
| <b>As at 31 March 2017</b>           | <b>8.34</b>  | <b>8.34</b>  |
| Additions                            | 1.81         | 1.81         |
| <b>As at 31 March 2018</b>           | <b>10.15</b> | <b>10.15</b> |
| <b>Accumulated amortisation</b>      |              |              |
| <b>As at 1 April 2016*</b>           | 4.83         | 4.83         |
| Charge for the year                  | 1.30         | 1.30         |
| <b>As at 31 March 2017</b>           | <b>6.13</b>  | <b>6.13</b>  |
| Charge for the year                  | 0.93         | 0.93         |
| <b>As at 31 March 2018</b>           | <b>7.06</b>  | <b>7.06</b>  |
| <b>Net block as at 1 April 2016</b>  | <b>3.51</b>  | <b>3.51</b>  |
| <b>Net block as at 31 March 2017</b> | <b>2.21</b>  | <b>2.21</b>  |
| <b>Net block as at 31 March 2018</b> | <b>3.09</b>  | <b>3.09</b>  |

\*Represents deemed cost on the date of transition to Ind AS.

**5 INVESTMENTS**

| Particulars                                                                                                                                     | As at<br>31 March 2018 | As at<br>31 March 2017 | As at<br>1 April 2016 |
|-------------------------------------------------------------------------------------------------------------------------------------------------|------------------------|------------------------|-----------------------|
| <b>Carried at cost</b>                                                                                                                          |                        |                        |                       |
| <b>Investment in equity instruments</b>                                                                                                         |                        |                        |                       |
| <b>Investment in subsidiaries (unquoted):</b>                                                                                                   |                        |                        |                       |
| 2,836,415 (31 March 2017: 2,836,415, 1 April 2016: Nil) equity shares of EUR 10 each fully paid up in CF (Netherlands) Holdings Limited BV      | 115.34                 | 115.34                 | -                     |
| Nil (31 March 2017: Nil, 1 April 2016: 38,000,000) equity shares of USD 1 each fully paid up in CF Global Holdings Limited                      | -                      | -                      | 115.71                |
| <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 2017: 2,615,000, 1 April 2016: 1,821,000) equity shares of ₹ 0.19 each fully paid up in OPGS Power Gujarat Private Limited. | 0.05                   | 0.05                   | 0.04                  |
| Nil (31 March 2017: Nil, 1 April 2016: 2,299,661) equity shares of ₹ 10 each fully paid up in Sai Wardha Power Limited                          | -                      | -                      | 2.30                  |
|                                                                                                                                                 | <b>115.39</b>          | <b>115.39</b>          | <b>118.05</b>         |
| <b>Aggregate amount of unquoted investments</b>                                                                                                 | <b>115.39</b>          | <b>115.39</b>          | <b>118.05</b>         |

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

## NOTES OF THE FINANCIAL STATEMENTS for the year ended 31 March, 2018

(All amounts in ₹ crores, unless stated otherwise)

Refer notes 43 and 44 for disclosure of fair value in respect of financial assets measured at amortised cost and assessment of expected credit losses.

### 6 LOANS

| Particulars                       | As at<br>31 March 2018 | As at<br>31 March 2017 | As at<br>1 April 2016 |
|-----------------------------------|------------------------|------------------------|-----------------------|
| <b>Unsecured, considered good</b> |                        |                        |                       |
| Security deposits                 | 2.42                   | 2.09                   | 1.31                  |
| Loans to employees                | 7.83                   | 0.66                   | 0.60                  |
|                                   | <u>10.25</u>           | <u>2.75</u>            | <u>1.91</u>           |

Refer notes 43 and 44 for disclosure of fair value in respect of financial assets measured at amortised cost and assessment of expected credit losses.

### 7 OTHER FINANCIAL ASSETS

| Particulars                                | As at<br>31 March 2018 | As at<br>31 March 2017 | As at<br>1 April 2016 |
|--------------------------------------------|------------------------|------------------------|-----------------------|
| Pledged bank deposits (refer note a below) | -                      | 0.13                   | -                     |
| Derivative assets                          | 5.87                   | 5.21                   | 9.35                  |
|                                            | <u>5.87</u>            | <u>5.34</u>            | <u>9.35</u>           |

**Note:**

- Pledged deposits represent ₹ Nil (31 March 2017: ₹ 0.13 crores; 1 April 2016: ₹ Nil) pledged with State Bank of India for bank guarantee
- Refer notes 43 and 44 for disclosure of fair value in respect of financial assets measured at amortised cost and assessment of expected credit losses.

### 8 OTHER NON-CURRENT ASSETS

| Particulars                           | As at<br>31 March 2018 | As at<br>31 March 2017 | As at<br>1 April 2016 |
|---------------------------------------|------------------------|------------------------|-----------------------|
| Capital advances                      | 29.58                  | 15.59                  | 25.19                 |
| Prepaid expenses                      | 2.16                   | 0.35                   | 0.93                  |
| Recoverable from sales tax department | 7.91                   | -                      | -                     |
|                                       | <u>39.65</u>           | <u>15.94</u>           | <u>26.12</u>          |

\*Secured by way of bank guarantee

## NOTES OF THE FINANCIAL STATEMENTS for the year ended 31 March, 2018

(All amounts in ₹ crores, unless stated otherwise)

### 9 INVENTORIES

| Particulars                         | As at<br>31 March 2018 | As at<br>31 March 2017 | As at<br>1 April 2016 |
|-------------------------------------|------------------------|------------------------|-----------------------|
| Raw material (refer note a below)   | 95.71                  | 58.37                  | 56.91                 |
| Finished goods (refer note b below) | 71.12                  | 81.46                  | 39.93                 |
| Stores and spares                   | 17.63                  | 13.72                  | 10.69                 |
|                                     | <u>184.46</u>          | <u>153.55</u>          | <u>107.53</u>         |

**Note:**

- a) including goods in transit ₹ 5.86 crores (31 March 2017: ₹ 2.80 crores; 1 April 2016: ₹ 9.95 crores)  
b) including goods in transit ₹ 19.80 crores (31 March 2017: ₹ 32.00 crores; 1 April 2016: ₹ 19.84 crores)

### 10 INVESTMENTS

| Particulars                                                             | As at<br>31 March 2018 | As at<br>31 March 2017 | As at<br>1 April 2016 |
|-------------------------------------------------------------------------|------------------------|------------------------|-----------------------|
| <b>Investments carried at fair value through profit and loss</b>        |                        |                        |                       |
| Liquid mutual funds (quoted) *                                          | 57.82                  | -                      | -                     |
|                                                                         | <u>57.82</u>           | <u>-</u>               | <u>-</u>              |
| <b>*Details of investments are as follows:</b>                          |                        |                        |                       |
| Reliance Money Manager Fund - Direct Growth Plan                        | 5.25                   | -                      | -                     |
| UTI-Treasury Advantage Fund - Institutional Plan - Direct Plan - Growth | 5.25                   | -                      | -                     |
| ICICI Prudential Flexible Income - Direct Plan - Growth                 | 5.26                   | -                      | -                     |
| IDFC Ultra Short Term Fund- Growth-(Direct Plan)                        | 10.51                  | -                      | -                     |
| TFG1Z Tata Ultra Short Term Fund Direct Plan- Growth                    | 15.77                  | -                      | -                     |
| Birla Sunlife Floating Rate Fund Long Term Plan - Growth- Direct- Plan  | 15.78                  | -                      | -                     |
|                                                                         | <u>57.82</u>           | <u>-</u>               | <u>-</u>              |

### 11 TRADE RECEIVABLES

| Particulars                                | As at<br>31 March 2018 | As at<br>31 March 2017 | As at<br>1 April 2016 |
|--------------------------------------------|------------------------|------------------------|-----------------------|
| Unsecured, considered good                 | 221.59                 | 204.83                 | 128.54                |
| Unsecured, considered doubtful             | 2.92                   | 2.17                   | 1.28                  |
|                                            | <u>224.51</u>          | <u>207.00</u>          | <u>129.82</u>         |
| Less: allowance for expected credit losses | (2.92)                 | (2.17)                 | (1.28)                |
|                                            | <u>221.59</u>          | <u>204.83</u>          | <u>128.54</u>         |

Refer notes 43 and 44 for disclosure of fair value in respect of financial assets measured at amortised cost and assessment of expected credit losses.

## NOTES OF THE FINANCIAL STATEMENTS for the year ended 31 March, 2018

(All amounts in ₹ crores, unless stated otherwise)

### 12 CASH AND CASH EQUIVALENTS

| Particulars                                               | As at<br>31 March 2018 | As at<br>31 March 2017 | As at<br>1 April 2016 |
|-----------------------------------------------------------|------------------------|------------------------|-----------------------|
| Balances with banks                                       |                        |                        |                       |
| - in current accounts                                     | 20.77                  | 4.22                   | 11.40                 |
| - in deposit account with original maturity upto 3 months | 1.05                   | 2.43                   | -                     |
| Cheques in hand                                           | 4.15                   | 1.13                   | 0.53                  |
| Cash on hand                                              | 0.01                   | 0.05                   | 0.02                  |
|                                                           | <u>25.98</u>           | <u>7.83</u>            | <u>11.95</u>          |

Refer notes 43 and 44 for disclosure of fair value in respect of financial assets measured at amortised cost and assessment of expected credit losses.

### 13 OTHER BANK BALANCES

| Particulars                                      | As at<br>31 March 2018 | As at<br>31 March 2017 | As at<br>1 April 2016 |
|--------------------------------------------------|------------------------|------------------------|-----------------------|
| Balance in current accounts                      |                        |                        |                       |
| - Unclaimed dividend account                     | 1.08                   | 0.91                   | 1.58                  |
| Pledged bank deposits (refer note a and b below) | 8.38                   | 9.26                   | 5.97                  |
|                                                  | <u>9.46</u>            | <u>10.17</u>           | <u>7.55</u>           |

**Note:**

- Pledged deposits represent ₹ 3.38 crores (31 March 2017: ₹ 4.26 crores; 1 April 2016: ₹ 0.97 crores) pledged against margin money for issue of letter of credit and bank guarantees.
- The deposit of ₹ 5.00 crores (31 March 2017: ₹ 5.00 crores; 1 April 2016: ₹ 5.00 crores) is pledged against overdraft facility.

Refer notes 43 and 44 for disclosure of fair value in respect of financial assets measured at amortised cost and assessment of expected credit losses.

### 14 LOANS

| Particulars                       | As at<br>31 March 2018 | As at<br>31 March 2017 | As at<br>1 April 2016 |
|-----------------------------------|------------------------|------------------------|-----------------------|
| <b>Unsecured, considered good</b> |                        |                        |                       |
| Security deposits                 | 0.32                   | 0.29                   | -                     |
| Loans                             | 0.48                   | 0.51                   | 0.37                  |
|                                   | <u>0.80</u>            | <u>0.80</u>            | <u>0.37</u>           |

Refer notes 43 and 44 for disclosure of fair value in respect of financial assets measured at amortised cost and assessment of expected credit losses.

**NOTES OF THE FINANCIAL STATEMENTS for the year ended 31 March, 2018**

(All amounts in ₹ crores, unless stated otherwise)

**15 OTHER CURRENT FINANCIAL ASSETS**

| Particulars                                    | As at<br>31 March 2018 | As at<br>31 March 2017 | As at<br>1 April 2016 |
|------------------------------------------------|------------------------|------------------------|-----------------------|
| Interest accrued but not due on fixed deposits | 0.52                   | 0.41                   | 0.34                  |
| Receivable against sale of property            | -                      | 6.00                   | -                     |
| Discount recoverable                           | 6.55                   | 12.18                  | 6.76                  |
| Export benefits recoverable                    | 28.57                  | 20.90                  | 18.31                 |
| Others                                         | 1.57                   | 1.57                   | 1.40                  |
|                                                | <b>37.21</b>           | <b>41.06</b>           | <b>26.81</b>          |

Refer notes 43 and 44 for disclosure of fair value in respect of financial assets measured at amortised cost and assessment of expected credit losses.

**16 OTHER CURRENT ASSETS**

| Particulars                         | As at<br>31 March 2018 | As at<br>31 March 2017 | As at<br>1 April 2016 |
|-------------------------------------|------------------------|------------------------|-----------------------|
| Advance to supplier                 | 4.06                   | 8.37                   | 1.93                  |
| Balances with statutory authorities | 22.55                  | 23.72                  | 4.36                  |
| Prepaid expenses                    | 5.22                   | 3.92                   | 4.55                  |
| Others                              | 3.79                   | 2.83                   | 1.87                  |
|                                     | <b>35.62</b>           | <b>38.84</b>           | <b>12.71</b>          |

**17 SHARE CAPITAL**

| Particulars                                                                                                                                                         | As at<br>31 March 2018 | As at<br>31 March 2017 | As at<br>1 April 2016 |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------|------------------------|-----------------------|
| <b>Authorised</b>                                                                                                                                                   |                        |                        |                       |
| 25,000,000 equity shares of INR 10 each<br>(31 March 2017 : 25,000,000 equity shares of<br>INR 10 each) (1 April 2016 : 25,000,000 equity<br>shares of INR 10 each) | 25.00                  | 25.00                  | 25.00                 |
| <b>Issued, subscribed and fully paid up</b>                                                                                                                         |                        |                        |                       |
| 19,440,076 equity shares of INR 10 each<br>(31 March 2017 : 19,440,076 equity shares of<br>INR 10 each)(1 April 2016 : 19,440,076 equity<br>shares of INR 10 each)  | 19.44                  | 19.44                  | 19.44                 |
|                                                                                                                                                                     | <b>19.44</b>           | <b>19.44</b>           | <b>19.44</b>          |

**NOTES OF THE FINANCIAL STATEMENTS for the year ended 31 March, 2018**

(All amounts in ₹ crores, unless stated otherwise)

|                                            | As at 31 March 2018 |              | As at 31 March 2017 |              | As at 1 April 2016 |              |
|--------------------------------------------|---------------------|--------------|---------------------|--------------|--------------------|--------------|
|                                            | No of shares        | Amount       | 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        | 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> | <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 have been issued for consideration other than cash in the current reporting year and in last five years immediately preceding the current reporting year.
- (ii) Of the above 8,486,705 shares have been allotted as fully paid bonus shares by capitalisation of capital reserves and share premium account in the financial year 2002-03. No shares have been issued as bonus shares in the current reporting year and in last five years immediately preceding the current reporting year.
- (iii) There has not been any buy-back of shares in the current reporting year and in last five years immediately preceding the current reporting year.

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

**(v) 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.

Final dividend recommended by the board is ₹ 6 per equity share, (31 March 2017: ₹ 10) and is subject to shareholders approval.

During the year ended 31 March 2018 the amount of per share dividend recognised as distributions to equity shareholders was ₹ 10 per share (31 March 2017: ₹ Nil per share).

In the event of liquidation of the Company, the holder of equity shares will be entitled to receive remaining assets of the Company, after payment of all liabilities. The distribution will be in proportion to the number of equity shares held by the shareholders.

**(vi) Details of shareholders holding more than 5% shares in the company**

|                                       | As at 31 March 2018 |           | As at 31 March 2017 |           | As at 1 April 2016 |           |
|---------------------------------------|---------------------|-----------|---------------------|-----------|--------------------|-----------|
|                                       | No of shares        | % holding | No of shares        | % holding | No of shares       | % holding |
| Mr. Ashok Jaipuria*                   | 7,233,876           | 37.21%    | 7,233,876           | 37.21%    | -                  | -         |
| Sunrise Manufacturing Company Limited | -                   | -         | -                   | -         | 4,267,552          | 21.95%    |
| Pravasi Enterprises Limited           | -                   | -         | -                   | -         | 3,050,104          | 15.69%    |

**\*\*beneficial owner is Gayatri and Annapurna (partnership firm)**

**NOTES OF THE FINANCIAL STATEMENTS for the year ended 31 March, 2018**

(All amounts in ₹ crores, unless stated otherwise)

**18 OTHER EQUITY**

| Particulars                                           | As at<br>31 March 2018 | As at<br>31 March 2017 | As at<br>1 April 2016 |
|-------------------------------------------------------|------------------------|------------------------|-----------------------|
| Retained earnings                                     | 303.38                 | 241.26                 | 132.72                |
| General reserve                                       | 290.08                 | 290.08                 | 290.08                |
| Capital reserve                                       | 3.32                   | 3.32                   | 3.32                  |
| Securities premium account                            | 31.26                  | 31.26                  | 31.26                 |
| Treasury shares                                       | (8.46)                 | (8.46)                 | (5.59)                |
| Foreign currency monetary item translation difference | -                      | -                      | (0.55)                |
| Share options outstanding account                     | 3.23                   | 1.51                   | 0.18                  |
| Cash flow hedge reserve                               | (5.17)                 | (1.87)                 | (0.85)                |
| <b>Total other equity</b>                             | <b>617.64</b>          | <b>557.10</b>          | <b>450.57</b>         |

**Nature and purpose of reserves**
**(i) Capital reserve**

Capital reserve was created under the previous GAAP out of the profit earned from a specific transaction of capital nature.

**(ii) Securities premium account**

Securities premium account represents premium received on issue of shares. The account is utilised in accordance with the provisions of the Companies Act 2013.

**(iii) General reserve**

The Company has transferred a portion of the net profit before declaring dividend to general reserve pursuant to the earlier provision of Companies Act 1956. Mandatory transfer to general reserve is not required under the Companies Act 2013.

**(iv) Employee share options outstanding account**

The reserve is used to recognize the grant value of the options issued to employees under Company's employee stock option plan.

**(v) Foreign currency monetary item translation difference account**

FCMITDA represents exchange differences arising from translation of long-term foreign currency monetary items recognised in the financial statements.

**(vi) 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.

**(vii) Other comprehensive income (OCI) reserve**

- The cash flow hedge 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.
- The Company has recognised remeasurements benefits on defined benefits plans through other comprehensive income.

**NOTES OF THE FINANCIAL STATEMENTS for the year ended 31 March, 2018**

(All amounts in ₹ crores, unless stated otherwise)

**19 BORROWINGS - NON CURRENT**

| Particulars                                                                           | As at<br>31 March 2018 | As at<br>31 March 2017 | As at<br>1 April 2016 |
|---------------------------------------------------------------------------------------|------------------------|------------------------|-----------------------|
| <b>Secured</b>                                                                        |                        |                        |                       |
| Term loan from banks:                                                                 |                        |                        |                       |
| (i) Foreign currency loans (refer note A below)*                                      | 401.67                 | 363.51                 | 286.81                |
| (ii) Rupee term loans (refer note B below)                                            | 96.84                  | 44.92                  | 15.43                 |
| (iii) Vehicle loans (refer note C below)                                              | 2.50                   | 3.03                   | 2.74                  |
|                                                                                       | <u>501.01</u>          | <u>411.46</u>          | <u>304.98</u>         |
| Less:- Current maturities disclosed under other financial liabilities (refer note 25) | 95.70                  | 62.80                  | 74.72                 |
|                                                                                       | <u><b>405.31</b></u>   | <u><b>348.66</b></u>   | <u><b>230.26</b></u>  |

\*include hedged foreign currency borrowings of ₹ 147.16 crores ( 31 March 2017: ₹ 143.17 crores; 1 April 2016: ₹ 138.83 crores)

**Notes:**

|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | As at<br>31 March 2018 | As at<br>31 March 2017 | As at<br>1 April 2016 |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------|------------------------|-----------------------|
| <b>(A) Foreign currency loans comprises of :</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |                        |                        |                       |
| (i) Loan of USD 10,000,000 taken from ICICI Bank during the financial year 2010-11 and carries interest rate based upon Libor plus 400 bps per annum. The loan is repayable in 5 equal semi-annual instalments of USD 2,000,000 each after moratorium of 3.5 years from the date of loan. This loan has been repaid during the year 2016-17.<br><b>Security</b><br>The above loan is secured by charge on all of the Company's moveable and immovable fixed assets, both present and future, other than assets specifically carved out, ranking pari passu with other lenders and Second pari passu charge on current assets of the company both present and future. The loan has been repaid during financial year 2016-17 and security has been released subsequently. | -                      | -                      | 26.53                 |
| (ii) Loan of USD 13,272,220 taken from Landes bank Baden Wurttemberg Bank (LBBW) during the financial year 2008-09 and 2009-10 and carries interest rate based upon Libor plus 37.5 bps per annum. The loan is repayable in 16 equal semi-annual instalments of about USD 832,640 each after six months from the date of start of commercial production. This loan has been repaid during the year 2016-17.                                                                                                                                                                                                                                                                                                                                                              | -                      | -                      | 11.05                 |

**NOTES OF THE FINANCIAL STATEMENTS for the year ended 31 March, 2018**

(All amounts in ₹ crores, unless stated otherwise)

|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |       |       |       |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------|-------|-------|
| <b>Security</b><br>The loan is secured against hypothecation of machinery financed out of the loan amount at the Company's plant at Karjan - Vadodara. The loan has been repaid during financial year 2016-17 and security has been released subsequently..                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |       |       |       |
| <b>(iii)</b> Loan of USD 10,000,000 taken from International Finance Corporation during the financial year 2011-12 and 2013-14 and carries interest rate based upon Libor plus 400 bps per annum. The loan is repayable in 17 semi-annual instalments after moratorium of 2.5 years from the date of loan. This loan has been repaid during financial year 2017-18.<br><b>Security</b><br>The above loan is secured by first ranking security interest over all present and future movable and immovable fixed assets other than assets specifically carved out, ranking pari passu with the other lenders and second pari passu charge on current assets of the company both present and future. The loan has been repaid during financial year 2017-18 and security has been released subsequently. | -     | 35.50 | 44.46 |
| <b>(iv)</b> 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.<br><b>Security</b><br>The loan is secured against hypothecation of machinery financed out of the loan amount at the Company's plant at Shendra, Aurangabad.                                                                                                                                                                                                                                          | 49.19 | 50.71 | 64.15 |
| <b>(v)</b> Loan of USD 7,000,000 taken from DBS Bank Limited during the financial year 2012-13 and carries interest rate based upon Libor plus 225 bps per annum. The loan is repayable in 8 semi-annual installments starting from April 2015. (The loan has been fully hedged into an equivalent Rupee loan with fixed rate of interest).                                                                                                                                                                                                                                                                                                                                                                                                                                                           | 21.45 | 35.66 | 43.12 |

**NOTES OF THE FINANCIAL STATEMENTS for the year ended 31 March, 2018**
*(All amounts in ₹ crores, unless stated otherwise)*

|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |        |       |       |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------|-------|-------|
| <b>Security</b><br>The above loan is secured by pari passu charge on the movable and immovable fixed assets both present and future of the Company, other than assets specifically carved out and second pari passu charge on current assets of the Company both present and future.                                                                                                                                                                                                                                                                                                                                                                                                                                 |        |       |       |
| <b>(vi)</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.<br><b>Security</b><br>The 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. | 63.09  | 46.55 | 15.96 |
| <b>(vii)</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.<br><b>Security</b><br>The above loan is secured against hypothecation of machinery financed out of the loan amount at the Company's plant at Karjan, Aurangabad.                                                                                                                                                                                                                                     | 111.99 | 94.27 | 1.77  |
| <b>(viii)</b> Loan of ₹ 60 crores taken from State Bank of India and carries interest rate based on MCLR plus 230 bps. During the financial year 2017-18 this loan has been converted into hedged FCNR loan. The tenure of facilities remain in-line with the original sanction.                                                                                                                                                                                                                                                                                                                                                                                                                                     | 32.76  | 41.11 | 54.17 |

**NOTES OF THE FINANCIAL STATEMENTS for the year ended 31 March, 2018**

(All amounts in ₹ crores, unless stated otherwise)

|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |       |       |   |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------|-------|---|
| <b>Security</b><br>The 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.                                                                                                                                                                                                                                                                                                                                                                                                                                           |       |       |   |
| <b>(ix)</b> Loan of ₹ 35 crores taken from Yes Bank Limited during financial year 2017-18 and carries interest rate based on MCLR plus 45 bps. During the financial year 2017-18 this loan has been converted into hedged FCNR loan. The tenure of facilities remain in-line with the original sanction. The loan is repayable in 10 equal half yearly instalments starting from December 2017.<br><b>Security</b><br>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.                                      | 33.28 | -     | - |
| <b>(x)</b> Loan of ₹ 35 crores taken from Infrastructure Development Finance Company (IDFC). During the financial year 2017-18 this loan has been converted into hedged FCNR loan and carries interest rate based on Euribor plus 245 bps. The tenure of facilities remain in-line with the original sanction. The loan is repayable in 8 equal semi annual instalments after moratorium of 18 months from the date of disbursement.<br><b>Security</b><br>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. | 37.91 | -     | - |
| <b>(xi)</b> Loan of ₹ 35 crores taken from IndusInd Bank during the financial year 2016-17 and carries interest rate based upon Mibor plus 465 bps per annum. The loan is repayable in 17 equal quarterly instalments after moratorium of 12 months from the first date of disbursement.                                                                                                                                                                                                                                                                                                                                                                                                                                                    | 27.86 | 33.66 | - |

**NOTES OF THE FINANCIAL STATEMENTS for the year ended 31 March, 2018**

(All amounts in ₹ crores, unless stated otherwise)

|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |       |       |       |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------|-------|-------|
| <b>Security</b><br>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>(xii)</b> Loan of ₹ 27.76 crores taken from Industrial Development Bank of India (IDBI) during the financial year 2014-15 and 2015-16 and carries interest based upon base rate plus 2.5% per annum. The loan is repayable in 10 structured half yearly instalments starting from 31 March 2018. During the financial year 2017-18, this loan has been converted into hedged FCNR loan. The tenure of facilities remain in-line with the original sanction.<br><b>Security</b><br>The 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. | 25.28 | 27.76 | 27.76 |
| <b>B Rupee term loans comprises of :</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |       |       |       |
| <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 (viii))                                                                                                                                                                                                                                                                                                                                                                                                         | 0.09  | 0.12  | 0.63  |
| <b>(ii)</b> Loan of ₹ 15 crores taken from Industrial Credit and Investment Corporation of India Limited (ICICI) during the financial year 2015-16 and carries interest rate based upon base rate plus 2.75% per annum. The loan is repayable in 16 quarterly instalments starting from 30 June 2016. This loan has been repaid during the financial year 2016-17.                                                                                                                                                                                                                                                                                                                                                                                                                               | -     | -     | 15.00 |

**NOTES OF THE FINANCIAL STATEMENTS for the year ended 31 March, 2018**

(All amounts in ₹ crores, unless stated otherwise)

|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |       |       |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------|-------|
| <b>Security</b><br>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. The loan has been repaid during financial year 2016-17 and security has been released subsequently.                                                                                                                                                                                                                                                       |       |       |
| <b>(iii)</b> Loan of ₹ 60 crores taken from SVC Co-operative Bank Limited during the financial year 2016-17 and 2017-18 and carries interest rate based upon SBI's MCLR plus 165 bps per annum to be reset on quarterly basis. The loan is repayable in 15 quarterly instalments of ₹ 3 crores each after moratorium of 12 months from the date of disbursement.<br><b>Security</b><br>The loan is secured against (i) First pari passu charge over movable and immovable fixed assets of the Company both present and future, other than assets specifically carved out. (ii) Second pari-passu charge on current assets of the company both present and future. | 57.00 | 45.00 |
| <b>(iv)</b> Loan of ₹ 40 crores taken from Bajaj Finance Limited during the financial year 2017-18 and carries interest rate linked to SBI's MCLR to be reset quarterly. The loan is repayable in 60 equal monthly instalments after moratorium of 12 months from the date of disbursement.<br><b>Security</b><br>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.                                                                | 40.00 | -     |

**NOTES OF THE FINANCIAL STATEMENTS for the year ended 31 March, 2018**
*(All amounts in ₹ crores, unless stated otherwise)*

|                                                                                                                               |               |               |               |
|-------------------------------------------------------------------------------------------------------------------------------|---------------|---------------|---------------|
| <b>C Vehicle loans taken from Union Bank of India carries interest @ 8% - 9% per annum. This loan is repayable in 3 years</b> | 2.50          | 3.04          | 2.74          |
| <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 method                            | (1.39)        | (1.92)        | (2.36)        |
|                                                                                                                               | <u>501.01</u> | <u>411.46</u> | <u>304.98</u> |

Refer notes 43 and 44 for disclosure of fair values in respect financial liabilities measured at amortised cost and analysis of maturity profiles.

**20 OTHER NON-CURRENT FINANCIAL LIABILITIES**

| Particulars            | As at<br>31 March 2018 | As at<br>31 March 2017 | As at<br>1 April 2016 |
|------------------------|------------------------|------------------------|-----------------------|
| Derivative liabilities | 5.62                   | 6.76                   | 1.18                  |
|                        | <u>5.62</u>            | <u>6.76</u>            | <u>1.18</u>           |

**21 OTHER NON-CURRENT LIABILITIES**

| Particulars                                              | As at<br>31 March 2018 | As at<br>31 March 2017 | As at<br>1 April 2016 |
|----------------------------------------------------------|------------------------|------------------------|-----------------------|
| Deferred income on export promotion capital goods (EPCG) | 55.85                  | 55.62                  | 23.51                 |
|                                                          | <u>55.85</u>           | <u>55.62</u>           | <u>23.51</u>          |

**NOTES OF THE FINANCIAL STATEMENTS for the year ended 31 March, 2018**
*(All amounts in ₹ crores, unless stated otherwise)*
**22 DEFERRED TAX LIABILITIES (NET)#**

| Particulars                                               | As at<br>31 March 2018 | As at<br>31 March 2017 | As at<br>1 April 2016 |
|-----------------------------------------------------------|------------------------|------------------------|-----------------------|
| <b>Deferred tax asset arising on account of:</b>          |                        |                        |                       |
| Cash flow hedge reserve                                   | 2.69                   | 0.91                   | 0.37                  |
| Expenses deductible under Income Tax Act, 1961            | -                      | 1.32                   | 1.84                  |
| Allowance for expected credit losses                      | -                      | -                      | 0.25                  |
| Unabsorbed business losses                                | 11.47                  | 8.73                   | -                     |
| Minimum alternative tax credit entitlement                | 81.21                  | 65.69                  | 37.13                 |
|                                                           | <u>95.37</u>           | <u>76.65</u>           | <u>39.59</u>          |
| <b>Deferred tax liability arising on account of:</b>      |                        |                        |                       |
| Property, plant and equipment and other intangible assets | 135.77                 | 134.76                 | 112.02                |
| Others                                                    | 1.18                   | -                      | -                     |
|                                                           | <u>136.95</u>          | <u>134.76</u>          | <u>112.02</u>         |
|                                                           | <u>41.58</u>           | <u>58.11</u>           | <u>72.43</u>          |

# Refer note 35 for movement in deferred tax balances.

**23 BORROWINGS - CURRENT**

| Particulars                                          | As at<br>31 March 2018 | As at<br>31 March 2017 | As at<br>1 April 2016 |
|------------------------------------------------------|------------------------|------------------------|-----------------------|
| <b>Secured</b>                                       |                        |                        |                       |
| <b>From banks</b>                                    |                        |                        |                       |
| Working capital loans from banks repayable on demand | 206.07                 | 175.37                 | 103.96                |
| Amount receivables factoring with recourse           | 3.60                   | 16.78                  | 9.49                  |
|                                                      | <u>209.67</u>          | <u>192.15</u>          | <u>113.45</u>         |

**Note:**

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

**NOTES OF THE FINANCIAL STATEMENTS for the year ended 31 March, 2018**

(All amounts in ₹ crores, unless stated otherwise)

**24 TRADE PAYABLES**

| Particulars                                      | As at<br>31 March 2018 | As at<br>31 March 2017 | As at<br>1 April 2016 |
|--------------------------------------------------|------------------------|------------------------|-----------------------|
| Trade payables                                   |                        |                        |                       |
| - dues to micro and small enterprises            | 1.75                   | 3.60                   | -                     |
| - dues to other than micro and small enterprises | 90.35                  | 76.87                  | 46.81                 |
| Acceptances                                      | 89.92                  | 48.10                  | 57.87                 |
| <b>Total</b>                                     | <b>182.02</b>          | <b>128.57</b>          | <b>104.68</b>         |

On the basis of confirmation obtained from suppliers who have registered themselves under the Micro, Small and Medium Enterprise Development Act, 2006 (MSMED Act, 2006) and based on the information available with the Company, dues disclosed above as micro and small enterprises are as per the Micro, Small and Medium Enterprise Development Act, 2006 at the year end.

| Particulars                                                                                                                                                                                                                                                       | 31 March 2018 | 31 March 2017 | 1 April 2016 |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------|---------------|--------------|
| i the principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year;                                                                                                                                       | 1.75          | 3.60          | -            |
| ii the amount of interest paid by the buyer in terms of section 16, along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year;                                                                              | -             | -             | -            |
| iii the amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under this Act;                                                | -             | -             | -            |
| iv the amount of interest accrued and remaining unpaid at the end of each accounting year; and                                                                                                                                                                    | -             | -             | -            |
| v the amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under section 23. | -             | -             | -            |

Refer notes 43 and 44 for disclosure of fair values in respect financial liabilities measured at amortised cost and analysis of maturity profiles.

**NOTES OF THE FINANCIAL STATEMENTS for the year ended 31 March, 2018**

(All amounts in ₹ crores, unless stated otherwise)

**25 OTHER CURRENT FINANCIAL LIABILITIES**

| Particulars                                                | As at<br>31 March 2018 | As at<br>31 March 2017 | As at<br>1 April 2016 |
|------------------------------------------------------------|------------------------|------------------------|-----------------------|
| Current maturities of long-term borrowings (refer note 19) | 95.70                  | 62.80                  | 74.72                 |
| Interest accrued but not due on borrowings                 | 2.09                   | 2.15                   | 2.64                  |
| Security deposits                                          | 0.64                   | 0.21                   | 0.21                  |
| Unpaid dividend                                            | 1.08                   | 0.91                   | 1.58                  |
| Customer claims                                            | 12.54                  | 7.48                   | 4.36                  |
| Other accrued liabilities                                  | 26.47                  | 41.13                  | 30.58                 |
| Employee related liabilities                               | 7.05                   | 7.68                   | 6.32                  |
| Derivative liabilities                                     | 2.94                   | 0.46                   | -                     |
|                                                            | <u>148.51</u>          | <u>122.82</u>          | <u>120.41</u>         |

**26 OTHER CURRENT LIABILITIES**

| Particulars                                              | As at<br>31 March 2018 | As at<br>31 March 2017 | As at<br>1 April 2016 |
|----------------------------------------------------------|------------------------|------------------------|-----------------------|
| Statutory dues                                           | 1.34                   | 6.07                   | 1.58                  |
| Advance received from customers                          | 10.22                  | 13.79                  | 11.18                 |
| Deferred income on export promotion capital goods (EPCG) | 2.89                   | 2.77                   | -                     |
|                                                          | <u>14.45</u>           | <u>22.63</u>           | <u>12.76</u>          |

**27 CURRENT TAX LIABILITIES (NET)**

| Particulars                            | As at<br>31 March 2018 | As at<br>31 March 2017 | As at<br>1 April 2016 |
|----------------------------------------|------------------------|------------------------|-----------------------|
| Provision for tax (net of advance tax) | 0.71                   | 2.62                   | 0.84                  |
|                                        | <u>0.71</u>            | <u>2.62</u>            | <u>0.84</u>           |

**28 REVENUE FROM OPERATIONS**

| Particulars                                  | Year ended<br>31 March 2018 | Year ended<br>31 March 2017 |
|----------------------------------------------|-----------------------------|-----------------------------|
| Sale of products-domestic                    | 1,035.31                    | 888.69                      |
| Sale of products-export                      | 777.00                      | 650.35                      |
|                                              | <u>1,812.31</u>             | <u>1,539.04</u>             |
| Other operating revenue (refer note b below) | 44.74                       | 28.22                       |
| <b>Revenue from operations (Gross)</b>       | <u>1,857.05</u>             | <u>1,567.26</u>             |

**NOTES OF THE FINANCIAL STATEMENTS for the year ended 31 March, 2018**
*(All amounts in ₹ crores, unless stated otherwise)*
**Note:**

| Particulars                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | Year ended<br>31 March 2018 | Year ended<br>31 March 2017 |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------|-----------------------------|
| <b>a)</b> According to the requirements of Ind-AS and SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, revenue for the corresponding previous year ended 31 March 2017 was reported inclusive of Excise Duty. The Government of India has implemented Goods and Services Tax (GST) from 1 July 2017 replacing Excise Duty, Service Tax and various other indirect taxes. As per Ind-AS 18, the revenue for the period 1 July 2017 to 31 March 2018, is reported net of GST. Had the previously reported revenue been presented net of excise duty, comparative revenue of the Company would have been as follows:<br><br>Net Sales/Revenue from Operations (Net of Excise Duty) |                             |                             |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | <u>1,826.59</u>             | <u>1,457.84</u>             |
| <b>b)</b> including export benefits of ₹ 33.87 crores<br>(31 March 2017: ₹ 21.01 crores)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |                             |                             |
| <b>c) Details of products sold</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |                             |                             |
| <b>Particulars</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |                             |                             |
| Manufactured goods                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |                             |                             |
| - Packaging films                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | 1,812.31                    | 1,539.04                    |
| <b>Total</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | <u>1,812.31</u>             | <u>1,539.04</u>             |

**29 OTHER INCOME**

| Particulars                                                       | Year ended<br>31 March 2018 | Year ended<br>31 March 2017 |
|-------------------------------------------------------------------|-----------------------------|-----------------------------|
| Interest on bank deposits                                         | 1.24                        | 0.72                        |
| Interest on financial assets carried at amortised cost            | 0.21                        | -                           |
| Gain on investments carried at fair value through profit and loss | 2.82                        | -                           |
| Interest from others                                              | 0.10                        | 0.31                        |
| Foreign exchange gain (net)                                       | 8.71                        | 4.72                        |
| Insurance and other claims                                        | 1.17                        | 0.75                        |
| Sales tax incentive                                               | 17.20                       | -                           |
| Grant income on export promotion capital goods (EPCG)             | 2.79                        | 1.54                        |
| Liabilities no longer required written back                       | 0.60                        | 0.51                        |
| Profit on sale of property, plant and equipment                   | -                           | 6.37                        |
|                                                                   | <u>34.84</u>                | <u>14.92</u>                |

**NOTES OF THE FINANCIAL STATEMENTS for the year ended 31 March, 2018**
*(All amounts in ₹ crores, unless stated otherwise)*
**30 CHANGE IN INVENTORY**

| Particulars                      | Year ended<br>31 March 2018 | Year ended<br>31 March 2017 |
|----------------------------------|-----------------------------|-----------------------------|
| <b>Opening stock</b>             |                             |                             |
| Finished goods                   | 81.46                       | 39.93                       |
| <b>Closing stock</b>             |                             |                             |
| Finished goods                   | 71.12                       | 81.46                       |
| Less: decrease in excise duty    | (3.75)                      | 2.56                        |
|                                  | <u>6.59</u>                 | <u>(38.97)</u>              |
| <b>Note:</b>                     |                             |                             |
| <b>Details of finished goods</b> |                             |                             |
| <b>Particulars</b>               |                             |                             |
| Finished goods                   |                             |                             |
| - Packaging films                | 71.12                       | 81.46                       |
| <b>Total</b>                     | <u>71.12</u>                | <u>81.46</u>                |

**31 EMPLOYEE BENEFIT EXPENSE**

| Particulars                                               | Year ended<br>31 March 2018 | Year ended<br>31 March 2017 |
|-----------------------------------------------------------|-----------------------------|-----------------------------|
| Salaries, wages, allowances and bonus                     | 76.82                       | 70.92                       |
| Employee share- based compensation                        | 1.72                        | 1.33                        |
| Contribution to provident and other funds (refer note 40) | 4.36                        | 3.93                        |
| Staff welfare expenses                                    | 3.89                        | 2.84                        |
|                                                           | <u>86.79</u>                | <u>79.02</u>                |

**32 DEPRECIATION AND AMORTISATION**

| Particulars                           | Year ended<br>31 March 2018 | Year ended<br>31 March 2017 |
|---------------------------------------|-----------------------------|-----------------------------|
| Depreciation on tangible fixed assets | 44.57                       | 35.12                       |
| Amortisation of intangible assets     | 0.93                        | 1.30                        |
|                                       | <u>45.50</u>                | <u>36.42</u>                |

## NOTES OF THE FINANCIAL STATEMENTS for the year ended 31 March, 2018

(All amounts in ₹ crores, unless stated otherwise)

### 33 FINANCE COST

| Particulars                                                                            | Year ended<br>31 March 2018 | Year ended<br>31 March 2017 |
|----------------------------------------------------------------------------------------|-----------------------------|-----------------------------|
| Interest on                                                                            |                             |                             |
| - Term loans                                                                           | 22.63                       | 17.33                       |
| - Cash credit and short term loans                                                     | 10.55                       | 6.83                        |
| - Others                                                                               | 0.15                        | 0.01                        |
| Foreign exchange fluctuation to the extent regarded as an adjustment to interest costs | 11.66                       | 5.14                        |
| Other borrowings cost                                                                  | 5.13                        | 5.11                        |
|                                                                                        | <b>50.12</b>                | <b>34.42</b>                |

The finance cost shown above is net of borrowing costs capitalised during the year ended 31 March 2018 is ₹ 1.76 crores (31 March 2017: ₹ 2.83 crores) (1 April 2016: ₹ Nil).

### 34 OTHER EXPENSES

| Particulars                                                            | Year ended<br>31 March 2018 | Year ended<br>31 March 2017 |
|------------------------------------------------------------------------|-----------------------------|-----------------------------|
| Rent                                                                   | 1.96                        | 1.76                        |
| Rates and taxes                                                        | 2.26                        | 0.52                        |
| Stores, spare parts and packing materials consumed                     | 68.11                       | 58.75                       |
| Insurance                                                              | 1.73                        | 1.30                        |
| Repair and maintenance                                                 |                             |                             |
| - Building                                                             | 0.92                        | 0.64                        |
| - Machinery                                                            | 10.39                       | 9.27                        |
| - Others                                                               | 4.49                        | 4.30                        |
| Power, fuel and water expenses                                         | 105.70                      | 89.38                       |
| Other manufacturing expenses                                           | 1.65                        | 0.63                        |
| Printing and stationary                                                | 0.43                        | 0.37                        |
| Training and recruitment expenses                                      | 0.57                        | 1.06                        |
| Travelling and conveyance                                              | 6.29                        | 5.77                        |
| Vehicle running and maintenance                                        | 4.60                        | 4.24                        |
| Communication expenses                                                 | 1.42                        | 1.44                        |
| Legal and professional charges                                         | 6.89                        | 4.72                        |
| Corporate social responsibility (CSR) expenditure (refer note b below) | 1.17                        | 1.28                        |
| Freight and forwarding                                                 | 79.04                       | 56.34                       |
| Other selling expenses                                                 | 3.48                        | 5.95                        |
| Payment to auditors (refer note a below)                               | 0.68                        | 0.75                        |
| Loss on sale of fixed assets                                           | 0.05                        | -                           |
| Miscellaneous expenses                                                 | 2.62                        | 2.69                        |
|                                                                        | <b>304.45</b>               | <b>251.16</b>               |

**Note:**

Other expenses includes research and development expenses (refer note 38)

**NOTES OF THE FINANCIAL STATEMENTS for the year ended 31 March, 2018**

(All amounts in ₹ crores, unless stated otherwise)

**a) Payment to auditors (exclusive of goods and services tax/service tax)**

| Particulars                                                      | Year ended<br>31 March 2018 | Year ended<br>31 March 2017 |
|------------------------------------------------------------------|-----------------------------|-----------------------------|
| As auditor:                                                      |                             |                             |
| - Audit fee (includes tax audit fees)                            | 0.57                        | 0.57                        |
| In other capacity:                                               |                             |                             |
| - Certification and other matters                                | 0.08                        | 0.15                        |
| - Reimbursement of out of pocket expenses                        | 0.03                        | 0.03                        |
| <b>Total</b>                                                     | <b>0.68</b>                 | <b>0.75</b>                 |
| <b>b) Details of corporate social responsibility expenditure</b> |                             |                             |
| (a) Amount required to be spent by the Company                   | 1.95                        | 1.28                        |
| (b) Amount spent during the year (in cash)                       |                             |                             |
| (i) Construction or acquisition of any asset                     | -                           | -                           |
| (ii) On purposes other than (i) above                            | 1.17                        | 1.28                        |

**35 INCOME TAX**

| Particulars                                                                                                                                                           | Year ended<br>31 March 2018 | Year ended<br>31 March 2017 |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------|-----------------------------|
| <b>The income tax expense consists of the following :</b>                                                                                                             |                             |                             |
| Current tax expense                                                                                                                                                   | 15.33                       | 20.50                       |
| Deferred tax credit                                                                                                                                                   | (14.75)                     | (13.78)                     |
| <b>Total income tax</b>                                                                                                                                               | <b>0.58</b>                 | <b>6.72</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                                                                                                                                            | 85.47                       | 114.70                      |
| At India's statutory income tax rate of 34.94 %<br>(31 March 2017: 34.61%,)                                                                                           | 29.87                       | 39.70                       |
| <b>Adjustments in respect of current income tax</b>                                                                                                                   |                             |                             |
| Income exempted from income taxes                                                                                                                                     | (13.83)                     | (16.26)                     |
| Deferred taxes on income exempted from income taxes                                                                                                                   | (5.80)                      | -                           |
| Additional allowance on revenue and capital expenses                                                                                                                  | (1.19)                      | (14.21)                     |
| Effect of change in base year for capital gain                                                                                                                        | (10.20)                     | -                           |
| Others adjustments                                                                                                                                                    | 1.73                        | (2.51)                      |
| <b>Total income tax expense</b>                                                                                                                                       | <b>0.58</b>                 | <b>6.72</b>                 |

**NOTES OF THE FINANCIAL STATEMENTS for the year ended 31 March, 2018**

(All amounts in ₹ crores, unless stated otherwise)

Significant components of net deferred tax assets and liabilities for the year ended 31 March 2018 is as follows:

|                                                              | Opening<br>balance | Recognised/<br>(reversed)<br>through<br>profit and<br>loss | Recognised/<br>(reversed)<br>through Other<br>comprehensive<br>income | Closing<br>balance |
|--------------------------------------------------------------|--------------------|------------------------------------------------------------|-----------------------------------------------------------------------|--------------------|
| <b>Deferred tax liabilities (net)</b>                        |                    |                                                            |                                                                       |                    |
| <b>Deferred tax asset arising on account of:</b>             |                    |                                                            |                                                                       |                    |
| Cash flow hedge reserve                                      | 0.91               | -                                                          | 1.78                                                                  | 2.69               |
| Expenses deductible under Income Tax Act, 1961               | 1.32               | (1.32)                                                     | -                                                                     | -                  |
| Unabsorbed business losses                                   | 8.73               | 2.74                                                       | -                                                                     | 11.47              |
| Minimum alternative tax credit entitlement                   | 65.69              | 15.52                                                      | -                                                                     | 81.21              |
|                                                              | <u>76.65</u>       | <u>16.94</u>                                               | <u>1.78</u>                                                           | <u>95.37</u>       |
| <b>Deferred tax liability arising on account of:</b>         |                    |                                                            |                                                                       |                    |
| Property, plant and equipment and other<br>intangible assets | 134.76             | 1.01                                                       | -                                                                     | 135.77             |
| Others                                                       | -                  | 1.18                                                       | -                                                                     | 1.18               |
|                                                              | <u>134.76</u>      | <u>2.19</u>                                                | <u>-</u>                                                              | <u>136.95</u>      |
|                                                              | <u>58.11</u>       | <u>(14.75)</u>                                             | <u>(1.78)</u>                                                         | <u>41.58</u>       |

Significant components of net deferred tax assets and liabilities for the year ended 31 March 2017 is as follows:

|                                                              | Opening<br>balance | Recognised/<br>(reversed)<br>through<br>profit and<br>loss | Recognised/<br>(reversed)<br>through Other<br>comprehensive<br>income | Closing<br>balance |
|--------------------------------------------------------------|--------------------|------------------------------------------------------------|-----------------------------------------------------------------------|--------------------|
| <b>Deferred tax liabilities (net)</b>                        |                    |                                                            |                                                                       |                    |
| <b>Deferred tax asset arising on account of:</b>             |                    |                                                            |                                                                       |                    |
| Cash flow hedge reserve                                      | 0.37               | -                                                          | 0.54                                                                  | 0.91               |
| Expenses deductible under Income Tax Act, 1961               | 1.84               | (0.52)                                                     | -                                                                     | 1.32               |
| Provision for expected credit loss                           | 0.25               | (0.25)                                                     | -                                                                     | -                  |
| Unabsorbed business losses                                   | -                  | 8.73                                                       | -                                                                     | 8.73               |
| Minimum alternative tax credit entitlement                   | 37.13              | 28.56                                                      | -                                                                     | 65.69              |
|                                                              | <u>39.59</u>       | <u>36.52</u>                                               | <u>0.54</u>                                                           | <u>76.65</u>       |
| <b>Deferred tax liability arising on account of:</b>         |                    |                                                            |                                                                       |                    |
| Property, plant and equipment and other<br>intangible assets | 112.02             | 22.74                                                      | -                                                                     | 134.76             |
|                                                              | <u>112.02</u>      | <u>22.74</u>                                               | <u>-</u>                                                              | <u>134.76</u>      |
|                                                              | <u>72.43</u>       | <u>(13.78)</u>                                             | <u>(0.54)</u>                                                         | <u>58.11</u>       |

**NOTES OF THE FINANCIAL STATEMENTS for the year ended 31 March, 2018**

(All amounts in ₹ crores, unless stated otherwise)

**36 : EARNINGS PER SHARE**

| Particulars                                                  | As at<br>31 March 2018 | As at<br>31 March 2017 |
|--------------------------------------------------------------|------------------------|------------------------|
| Profit attributable to shareholders                          | <b>84.89</b>           | <b>107.98</b>          |
| 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                                                        | 44.30                  | 56.33                  |
| Diluted                                                      | 44.30                  | 56.33                  |

**37 : CONTINGENCIES AND COMMITMENTS**

| Particulars                                                         | As at<br>31 March 2018 | As at<br>31 March 2017 | As at<br>1 April 2016 |
|---------------------------------------------------------------------|------------------------|------------------------|-----------------------|
| <b>(A) Contingent liabilities</b>                                   |                        |                        |                       |
| I Claims against the Company not acknowledged as debt               | 0.33                   | 0.31                   | 0.28                  |
| II Disputed demand for Income tax (refer note below)                | 4.83                   | 4.83                   | 4.83                  |
| III Duty saved under Export Promotion Capital Goods (EPCG) licenses | 39.56                  | 36.41                  | -                     |
| IV Disputed demand for Excise duty and Service tax                  | 11.16                  | 13.79                  | 7.45                  |
| V Disputed demands for labour/employee dispute                      | -                      | 6.58                   | 5.97                  |

**Notes:**

Disputed demand for income tax includes a dispute of ₹ 4.83 crores (31 March 2017: ₹ 4.83; 1 April 2016: ₹ 4.83 crores) between the Company and income tax department over computation of deduction under section 80HHC of the Income Tax Act, 1961. The Company has filed a special leave petition against the order of Hon'ble High Court 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**

| Particulars                                                                                                      | As at<br>31 March 2018 | As at<br>31 March 2017 | As at<br>1 April 2016 |
|------------------------------------------------------------------------------------------------------------------|------------------------|------------------------|-----------------------|
| <b>a) Capital commitments</b>                                                                                    |                        |                        |                       |
| The Company has the following commitments :                                                                      |                        |                        |                       |
| Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) | 139.45                 | 59.41                  | 107.68                |
| Letter of credit opened for which the material has not been shipped as on the date of the balance sheet.         | 31.56                  | 38.65                  | 36.32                 |

**NOTES OF THE FINANCIAL STATEMENTS for the year ended 31 March, 2018**

(All amounts in ₹ crores, unless stated otherwise)

| Particulars                                                                                                                                           | As at<br>31 March 2018 | As at<br>31 March 2017 | As at<br>1 April 2016 |
|-------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------|------------------------|-----------------------|
| <b>b) The following amounts are to be credited to investor education and protection fund as and when due:</b>                                         |                        |                        |                       |
| Unpaid dividend                                                                                                                                       | 1.08                   | 0.91                   | 1.58                  |
| <b>c) Outstanding export obligation to be fulfilled under the Export Promotion Capital Goods (EPCG) scheme against import of Plant and Machinery.</b> | 203.90                 | 218.48                 | -                     |

**38: RESEARCH AND DEVELOPMENT EXPENDITURE**

Research and development expenditures incurred by the Company during the financial year are mentioned below:

| Particulars               | Year ended<br>31 March 2018 | Year ended<br>31 March 2017 |
|---------------------------|-----------------------------|-----------------------------|
| Material and consumables  | 3.20                        | 1.78                        |
| Employee benefits expense | 2.21                        | 1.78                        |
| Depreciation expenses     | 0.34                        | 0.40                        |
| Other expenses            | 0.62                        | 0.50                        |
|                           | <b>6.37</b>                 | <b>4.46</b>                 |

**Assets purchased/capitalised for research and development centres**

| Description                          | Total       |
|--------------------------------------|-------------|
| <b>Gross carrying value</b>          |             |
| <b>As at 1 April 2016</b>            | <b>2.54</b> |
| Additions                            | 4.32        |
| <b>As at 31 March 2017</b>           | <b>6.86</b> |
| Additions                            | 0.27        |
| <b>As at 31 March 2018</b>           | <b>7.13</b> |
| <b>Accumulated depreciation</b>      |             |
| <b>As at 1 April 2016</b>            | <b>1.40</b> |
| Depreciation for the year            | 0.40        |
| <b>As at 31 March 2017</b>           | <b>1.80</b> |
| Depreciation for the year            | 0.34        |
| <b>As at 31 March 2018</b>           | <b>2.14</b> |
| <b>Net Block as at 1 April 2016</b>  | <b>1.14</b> |
| <b>Net Block as at 31 March 2017</b> | <b>5.06</b> |
| <b>Net Block as at 31 March 2018</b> | <b>4.99</b> |

**NOTES OF THE FINANCIAL STATEMENTS for the year ended 31 March, 2018**
*(All amounts in ₹ crores, unless stated otherwise)*
**Amount eligible for weighted deduction under Section 35(2AB) of the Income Tax Act, 1961**

| Particulars                                                  | As at<br>31 March 2018 | As at<br>31 March 2017 |
|--------------------------------------------------------------|------------------------|------------------------|
| Research and development capital expenditure (gross)         | 0.27                   | 4.32                   |
| Research and development revenue expenditure                 | 6.03                   | 4.06                   |
| <b>Total Expenditure</b>                                     | <b>6.30</b>            | <b>8.38</b>            |
| Less: Realisation on sale of research and development assets | -                      | -                      |
| <b>Net Research and development expenditure</b>              | <b>6.30</b>            | <b>8.38</b>            |
| <b>Sales for the year</b>                                    | <b>1,812.31</b>        | <b>1,539.04</b>        |
| Total research and development expenditure / sales           | 0.35%                  | 0.54%                  |
| Total eligible research and development expenditure / sales  | 0.35%                  | 0.54%                  |

**39: EMPLOYEE STOCK OPTION PLAN**

Pursuant to the approval of the shareholders, the Company has introduced Cosmo Films Employees Stock Option Plan 2015 (CF ESOP 2015) to provide share based incentive to the eligible employees of the Company and its subsidiaries. The plan is implemented via trust route which will acquire the equity shares of the Company by secondary market acquisition, however, in case of any shortfall the Company will issue new shares as required.

- A) Under the CF ESOP 2015, the Company has granted 200,000 options in financial year 2017-18 (31 March 2017: 250,000 options; 1 April 2016: 193,000 options) as per the details given hereunder:

| Scheme                                 | Date of Grant   | Number of options granted | Vesting Condition                               | Exercise Period                   | Exercise Price per Share |
|----------------------------------------|-----------------|---------------------------|-------------------------------------------------|-----------------------------------|--------------------------|
| CF Employees Stock Option Scheme 2015: |                 |                           |                                                 |                                   |                          |
| Option I                               | 13 January 2016 | 193,000                   | On completion of 3 years from the date of grant | 10 years from the date of vesting | ₹ 300.05                 |
| Option II                              | 13 July 2016    | 250,000                   | On completion of 3 years from the date of grant | 10 years from the date of vesting | ₹ 351.40                 |
| Option III                             | 7 July 2017     | 200,000                   | On completion of 3 years from the date of grant | 10 years from the date of vesting | ₹ 433.20                 |

## NOTES OF THE FINANCIAL STATEMENTS for the year ended 31 March, 2018

(All amounts in ₹ crores, unless stated otherwise)

### B) Movement of options granted

| Particulars                                             | Year ended<br>31 March 2018 | Year ended<br>31 March 2017 | Year ended<br>1 April 2016 |
|---------------------------------------------------------|-----------------------------|-----------------------------|----------------------------|
| <b>Options outstanding at the beginning of the year</b> | <b>415,400</b>              | <b>190,700</b>              | <b>-</b>                   |
| Options granted during the year                         | 200,000                     | 250,000                     | 193,000                    |
| Options cancelled during the year                       | (8,700)                     | (25,300)                    | (2,300)                    |
| <b>Options outstanding at the end of the year</b>       | <b><u>606,700</u></b>       | <b><u>415,400</u></b>       | <b><u>190,700</u></b>      |

The weighted average remaining contractual life outstanding as of 31 March 2018 was 11.47 years (31 March 2017: 12.07 years; 1 April 2016: 12.78 years).

### C) The fair value of options 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 |
|----------------------------------------------|-----------|-----------|------------|
| Grant Date                                   | 13-Jan-16 | 13-Jul-16 | 7-Jul-17   |
| Market Price (₹)                             | 300.05    | 351.40    | 433.20     |
| Exercise Price (₹)                           | 300.05    | 351.40    | 433.20     |
| Expected Volatility (%) \$                   | 57.70     | 39.55     | 27.70      |
| Expected forfeiture on each vesting date (%) | Nil       | Nil       | Nil        |
| Expected life (years)*                       | 3         | 3         | 3          |
| Dividend yield (%)                           | 1.17      | 2.85      | 2.31       |
| Risk free interest rate (%)                  | 7.59      | 7.50      | 6.54       |
| Fair value on grant date (₹)                 | 128.25    | 103.45    | 98.60      |

\$ The expected volatility was determined based on historical volatility data.

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

## 40 : 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 ₹ 0.13 crores.

The weighted average duration of the defined benefit obligation as at 31 March 2018 is 6 years (31 March 2017: 7 years)

The amounts recognised in the balance sheet and the movements in the net defined benefit obligation over the year are as follows:

**NOTES OF THE FINANCIAL STATEMENTS for the year ended 31 March, 2018**

(All amounts in ₹ crores, unless stated otherwise)

**a. Reconciliation of present value of defined benefit obligation and the fair value of plan assets**

|                                                           | As at<br>31 March 2018 | As at<br>31 March 2017 | As at<br>1 April 2016 |
|-----------------------------------------------------------|------------------------|------------------------|-----------------------|
| Present value obligation as at the end of the year        | 12.68                  | 11.74                  | 11.44                 |
| Fair value of plan assets as at the end of the year       | (13.31)                | (12.82)                | (10.51)               |
| <b>Net (asset) /liability recognized in balance sheet</b> | <b><u>(0.63)</u></b>   | <b><u>(1.08)</u></b>   | <b><u>0.93</u></b>    |

**b. Changes in defined benefit obligation**

|                                                           | As at<br>31 March 2018 | As at<br>31 March 2017 |
|-----------------------------------------------------------|------------------------|------------------------|
| Present value obligation as at the start of the year      | 11.74                  | 11.44                  |
| Interest cost                                             | 0.85                   | 0.92                   |
| Current service cost                                      | 1.13                   | 0.79                   |
| Benefits paid                                             | (0.50)                 | (0.56)                 |
| Actuarial gain on obligations                             | (0.54)                 | (0.85)                 |
| <b>Present value obligation as at the end of the year</b> | <b><u>12.68</u></b>    | <b><u>11.74</u></b>    |

**c. Table showing changes in the fair value of plan assets**

|                                                     | As at<br>31 March 2018 | As at<br>31 March 2017 |
|-----------------------------------------------------|------------------------|------------------------|
| Fair value of plan assets at beginning of year      | 12.82                  | 10.51                  |
| Expected return on plan assets                      | 0.93                   | 0.86                   |
| Contributions                                       | 0.06                   | 2.01                   |
| Benefits paid                                       | (0.50)                 | (0.56)                 |
| <b>Fair value of plan assets at the end of year</b> | <b><u>13.31</u></b>    | <b><u>12.82</u></b>    |

**d. Amount recognized in the statement of profit and loss**

|                                                              | As at<br>31 March 2018 | As at<br>31 March 2017 |
|--------------------------------------------------------------|------------------------|------------------------|
| Current service cost                                         | 1.13                   | 0.79                   |
| Net interest cost                                            | 0.85                   | 0.92                   |
| Expected return on plan asset                                | (0.93)                 | (0.86)                 |
| <b>Amount recognised in the statement of profit and loss</b> | <b><u>1.05</u></b>     | <b><u>0.85</u></b>     |

**e. Other Comprehensive Income**

|                                                                        | As at<br>31 March 2018 | As at<br>31 March 2017 |
|------------------------------------------------------------------------|------------------------|------------------------|
| Actuarial gain/(loss) on arising from change in demographic assumption | -                      | -                      |
| Actuarial gain arising from change in financial assumption             | (0.44)                 | (0.87)                 |
| Actuarial (gain)/loss on arising from experience adjustment            | (0.10)                 | 0.02                   |
| <b>Unrecognised actuarial (gain)/loss for the year</b>                 | <b><u>(0.54)</u></b>   | <b><u>(0.85)</u></b>   |

**NOTES OF THE FINANCIAL STATEMENTS for the year ended 31 March, 2018**
*(All amounts in ₹ crores, unless stated otherwise)*
**f. Actuarial assumptions**

|                        | As at<br>31 March 2018 | As at<br>31 March 2017 |
|------------------------|------------------------|------------------------|
| Discount rate          | 7.88%                  | 8.00%                  |
| Future salary increase | 7.00%                  | 7.00%                  |

**g. Demographic Assumption**

|                                                       | As at<br>31 March 2018                  | As at<br>31 March 2017 |
|-------------------------------------------------------|-----------------------------------------|------------------------|
| 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<br>31 March 2018 | As at<br>31 March 2017 |
|----------------------------------------------------|------------------------|------------------------|
| <b>Impact of the change in discount rate</b>       |                        |                        |
| Present value of obligation at the end of the year | 12.68                  | 11.74                  |
| a) Impact due to increase of 0.50%                 | (0.32)                 | (0.34)                 |
| b) Impact due to decrease of 0.50%                 | 0.35                   | 0.36                   |
| <b>Impact of the change in salary increase</b>     |                        |                        |
| Present value of obligation at the end of the year | 12.68                  | 11.74                  |
| a) Impact due to increase of 0.50%                 | 0.34                   | 0.36                   |
| b) Impact due to decrease of 0.50%                 | (0.31)                 | (0.34)                 |

**i. Maturity Profile of Defined Benefit Obligation**

|                          | As at<br>31 March 2018 | As at<br>31 March 2017 |
|--------------------------|------------------------|------------------------|
| April 2017 to March 2018 | -                      | 1.12                   |
| April 2018 to March 2019 | 1.57                   | 0.90                   |
| April 2019 to March 2020 | 0.98                   | 0.93                   |
| April 2020 to March 2021 | 1.81                   | 1.57                   |
| April 2021 to March 2022 | 1.66                   | 1.47                   |
| April 2022 to March 2023 | 1.55                   | -                      |
| April 2023 onwards       | 6.57                   | 6.25                   |

**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 obligation of the Company is limited to the amount contributed and it has no further contractual nor any constructive obligation.

**NOTES OF THE FINANCIAL STATEMENTS for the year ended 31 March, 2018**

(All amounts in ₹ crores, unless stated otherwise)

| Particulars                                    | As at<br>31 March 2018 | As at<br>31 March 2017 |
|------------------------------------------------|------------------------|------------------------|
| Employer's contribution to Provident Fund      | 2.89                   | 2.67                   |
| Employer's contribution to Superannuation Fund | 1.32                   | 1.17                   |
| Employer's contribution to LWF and ESI         | 0.15                   | 0.09                   |

**41: LEASES**
**Operating leases**

The Company has entered into agreements for taking on lease few properties under operating lease arrangements. The leases are non-cancellable and are ranging for the period upto 6 years and may be renewed for the further period based on mutual agreement of the parties.

| Particulars                                                                         | As at<br>31 March 2018 | As at<br>31 March 2017 |
|-------------------------------------------------------------------------------------|------------------------|------------------------|
| Lease payments recognised in the statement of profit and loss                       | 1.96                   | 1.76                   |
| <b><i>Future minimum rentals payable under non-cancellable operating leases</i></b> |                        |                        |
| Within one year                                                                     | 1.44                   | 0.18                   |
| After one year but not later than five years                                        | 5.08                   | 0.21                   |
| More than five years                                                                | -                      | -                      |
| <b>Total</b>                                                                        | <b>6.52</b>            | <b>0.39</b>            |

**NOTES OF THE FINANCIAL STATEMENTS for the year ended 31 March, 2018**

(All amounts in ₹ crores, unless stated otherwise)

**42 RELATED PARTY DISCLOSURES**

In accordance with the required Indian Accounting Standard (IndAS-24) on related party disclosures where control exist and where transactions have taken place and description of the relationship as identified and certified by management are as follows:

**i) List of related parties and relationships:****A. Subsidiary and step-down subsidiary companies**

- a) CF Global Holdings Limited, Mauritius (liquidated on 31 March 2017)
- b) Cosmo Films Inc., USA
- c) CF (Netherlands) Holdings Limited BV., Netherlands
- d) Cosmo Films Japan (GK), Japan
- e) Cosmo Films Korea Limited, Korea
- f) CF Investment Holding Private (Thailand) Company Limited, Thailand
- g) Cosmo Films (Singapore) Pte. Limited, Singapore
- h) Cosmo Films Poland Sp Z.O.O (w.e.f. 29 January 2018), Poland

**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 Ferrites Limited
- d) Cosmo Foundation

**C. Key management personnel**

- a) Mr. Ashok Jaipuria, Chairman and Managing Director of Company
- b) Mr. Anil Kumar Jain, Director of corporate affairs
- c) Mr. H. K. Agrawal, Independent Director
- d) Mr. Rajeev Gupta, Independent Director
- e) Mrs. Alpana Parida, Non-Independent Director
- f) Mr. Ashish Kumar Guha, Independent Director
- g) Mr. Pratip Chaudhuri, Independent Director
- h) Mr. H. N. Sinor, Independent Director
- i) Mr. Vivek Nangia, Independent Director
- j) Mr. Pankaj Poddar, Chief Executive Officer
- k) Mr. Neeraj Jain, Chief Financial Officer
- l) Ms. Jyoti Dixit, Company Secretary

**NOTES OF THE FINANCIAL STATEMENTS for the year ended 31 March, 2018**

(All amounts in ₹ crores, unless stated otherwise)

| Particulars                                                         | Subsidiaries and step-down subsidiary companies |               | Key management personnel and their Relatives |               | Enterprises owned or significantly influenced by key management personnel or their relatives |               | Total         |               |
|---------------------------------------------------------------------|-------------------------------------------------|---------------|----------------------------------------------|---------------|----------------------------------------------------------------------------------------------|---------------|---------------|---------------|
|                                                                     | 31 March 2018                                   | 31 March 2017 | 31 March 2018                                | 31 March 2017 | 31 March 2018                                                                                | 31 March 2017 | 31 March 2018 | 31 March 2017 |
| <b>Transactions during the year</b>                                 |                                                 |               |                                              |               |                                                                                              |               |               |               |
| <b>1 Purchase of goods</b>                                          |                                                 |               |                                              |               |                                                                                              |               |               |               |
| Cosmo Films Inc., USA                                               | -                                               | 1.43          |                                              |               |                                                                                              |               | -             | 1.43          |
| <b>2 Investment made</b>                                            |                                                 |               |                                              |               |                                                                                              |               |               |               |
| CF Global Holdings Limited, Mauritius                               | -                                               | 0.09          |                                              |               |                                                                                              |               | -             | 0.09          |
| <b>3 Transfer of Shares of subsidiary on account of liquidation</b> |                                                 |               |                                              |               |                                                                                              |               |               |               |
| CF Netherlands Holding Limited B.V., Netherlands                    | -                                               | 194.56        |                                              |               |                                                                                              |               | -             | 194.56        |
| <b>4 Sales</b>                                                      |                                                 |               |                                              |               |                                                                                              |               |               |               |
| Cosmo Films Inc. USA                                                | 140.28                                          | 105.55        |                                              |               |                                                                                              |               | 140.28        | 105.55        |
| Cosmo Films Korea Limited, Korea                                    | 22.66                                           | 5.66          |                                              |               |                                                                                              |               | 22.66         | 5.66          |
| Cosmo Films Japan (GK), Japan                                       | 1.47                                            | 0.70          |                                              |               |                                                                                              |               | 1.47          | 0.70          |
| CF (Netherlands) Holdings Limited BV., Netherlands                  | 8.46                                            | -             |                                              |               |                                                                                              |               | 8.46          | -             |
| <b>5 Sales Return</b>                                               |                                                 |               |                                              |               |                                                                                              |               |               |               |
| Cosmo Films Korea Limited, Korea                                    | 0.25                                            | 0.30          |                                              |               |                                                                                              |               | 0.25          | 0.30          |
| Cosmo Films Inc. USA                                                | 1.63                                            | 0.80          |                                              |               |                                                                                              |               | 1.63          | 0.80          |
| CF (Netherlands) Holdings Limited BV.,Netherlands                   | 0.02                                            | -             |                                              |               |                                                                                              |               | 0.02          | -             |
| <b>6 Sale of fixed assets</b>                                       |                                                 |               |                                              |               |                                                                                              |               |               |               |
| Cosmo Films Inc., USA                                               | -                                               | 0.74          |                                              |               |                                                                                              |               | -             | 0.74          |
| <b>7 Other operating revenues</b>                                   |                                                 |               |                                              |               |                                                                                              |               |               |               |
| Cosmo Films Inc., USA                                               | 0.62                                            | 0.60          |                                              |               |                                                                                              |               | 0.62          | 0.60          |
| Cosmo Films Korea Limited, Korea                                    | 0.26                                            | 0.26          |                                              |               |                                                                                              |               | 0.26          | 0.26          |
| Cosmo Films Japan (GK), Japan                                       | 0.19                                            | 0.20          |                                              |               |                                                                                              |               | 0.19          | 0.20          |
| <b>8 Reimbursement of Expenses paid (net)</b>                       |                                                 |               |                                              |               |                                                                                              |               |               |               |
| Cosmo Films Inc., USA                                               | 0.10                                            | 1.61          |                                              |               |                                                                                              |               | 0.10          | 1.61          |
| Cosmo Films Japan (GK), Japan                                       | 1.97                                            | 1.95          |                                              |               |                                                                                              |               | 1.97          | 1.95          |
| Cosmo Films Korea Limited, Korea                                    | 0.08                                            | 0.05          |                                              |               |                                                                                              |               | 0.08          | 0.05          |
| CF (Netherlands) Holdings Limited BV., Netherlands                  | 0.90                                            | 0.86          |                                              |               |                                                                                              |               | 0.90          | 0.86          |

**NOTES OF THE FINANCIAL STATEMENTS for the year ended 31 March, 2018**

(All amounts in ₹ crores, unless stated otherwise)

| Particulars                                           | Subsidiaries and step-down subsidiary companies |               | Key management personnel and their Relatives |               | Enterprises owned or significantly influenced by key management personnel or their relatives |               | Total         |               |
|-------------------------------------------------------|-------------------------------------------------|---------------|----------------------------------------------|---------------|----------------------------------------------------------------------------------------------|---------------|---------------|---------------|
|                                                       | 31 March 2018                                   | 31 March 2017 | 31 March 2018                                | 31 March 2017 | 31 March 2018                                                                                | 31 March 2017 | 31 March 2018 | 31 March 2017 |
| 9 <b>Rent paid</b>                                    |                                                 |               |                                              |               |                                                                                              |               |               |               |
| Mr. Ashok Jaipuria                                    |                                                 |               | 0.01                                         | 0.01          |                                                                                              |               | 0.01          | 0.01          |
| 10 <b>Rent received</b>                               |                                                 |               |                                              |               |                                                                                              |               |               |               |
| Sunrise Manufacturing Company Limited                 |                                                 |               |                                              |               | 0.02                                                                                         | 0.02          | 0.02          | 0.02          |
| 11 <b>Retainership fees paid</b>                      |                                                 |               |                                              |               |                                                                                              |               |               |               |
| Prime Securities Limited                              |                                                 |               |                                              |               | 0.98                                                                                         | 0.48          | 0.98          | 0.48          |
| 12 <b>Short term employee benefits</b>                |                                                 |               | 9.47                                         | 10.55         |                                                                                              |               | 9.47          | 10.55         |
| 13 <b>Post employment benefits*</b>                   |                                                 |               | 0.33                                         | 0.25          |                                                                                              |               | 0.33          | 0.25          |
| 14 <b>Employee shared based compensation</b>          |                                                 |               | 0.72                                         | 0.54          |                                                                                              |               | 0.72          | 0.54          |
| 15 <b>Sitting fee/commission paid</b>                 |                                                 |               |                                              |               |                                                                                              |               |               |               |
| Mr. H. K. Agrawal                                     |                                                 |               | 0.10                                         | 0.14          |                                                                                              |               | 0.10          | 0.14          |
| Mr. Rajeev Gupta                                      |                                                 |               | 0.08                                         | 0.12          |                                                                                              |               | 0.08          | 0.12          |
| Mrs. Alpana Parida                                    |                                                 |               | 0.10                                         | 0.13          |                                                                                              |               | 0.10          | 0.13          |
| Mr. Ashish Kumar Guha                                 |                                                 |               | 0.11                                         | 0.14          |                                                                                              |               | 0.11          | 0.14          |
| Mr. Pratip Chaudhuri                                  |                                                 |               | 0.11                                         | 0.14          |                                                                                              |               | 0.11          | 0.14          |
| Mr. H. N. Sinor                                       |                                                 |               | 0.08                                         | 0.13          |                                                                                              |               | 0.08          | 0.13          |
| Mr. Vivek Nangia                                      |                                                 |               | 0.10                                         | 0.06          |                                                                                              |               | 0.10          | 0.06          |
| 16 <b>Corporate social responsibility expenditure</b> |                                                 |               |                                              |               |                                                                                              |               |               |               |
| Contribution to Cosmo Foundation                      |                                                 |               |                                              |               | 1.17                                                                                         | 1.27          | 1.17          | 1.27          |

\* Does not include the provision made for gratuity and compensated absences, as they are determined on an actuarial basis for all the employees together.

**NOTES OF THE FINANCIAL STATEMENTS for the year ended 31 March, 2018**  
*(All amounts in ₹ crores, unless stated otherwise)*

| Particulars                                       | Subsidiaries and step-down subsidiary companies |                     |                    | Enterprises owned or significantly influenced by key management personnel or their relatives |                     |                    | Key management personnel and their Relatives |                     |                    | Total               |                     |                    |
|---------------------------------------------------|-------------------------------------------------|---------------------|--------------------|----------------------------------------------------------------------------------------------|---------------------|--------------------|----------------------------------------------|---------------------|--------------------|---------------------|---------------------|--------------------|
|                                                   | As at 31 March 2018                             | As at 31 March 2017 | As at 1 April 2016 | As at 31 March 2018                                                                          | As at 31 March 2017 | As at 1 April 2016 | As at 31 March 2018                          | As at 31 March 2017 | As at 1 April 2016 | As at 31 March 2018 | As at 31 March 2017 | As at 1 April 2016 |
| <b>Outstanding balances</b>                       |                                                 |                     |                    |                                                                                              |                     |                    |                                              |                     |                    |                     |                     |                    |
| 1 <b>Trade receivables</b>                        |                                                 |                     |                    |                                                                                              |                     |                    |                                              |                     |                    |                     |                     |                    |
| Cosmo Films Inc., USA                             | 44.47                                           | 73.50               | 31.74              |                                                                                              |                     |                    | 44.47                                        | 73.50               | 31.74              |                     |                     |                    |
| Cosmo Films Korea Limited, Korea                  | 9.49                                            | 2.85                | 0.66               |                                                                                              |                     |                    | 9.49                                         | 2.85                | 0.66               |                     |                     |                    |
| CF (Netherlands) Holdings Limited BV, Netherlands | 8.77                                            | -                   | -                  |                                                                                              |                     |                    | 8.77                                         | -                   | -                  |                     |                     |                    |
| Cosmo Ferrites Limited                            |                                                 |                     |                    | -                                                                                            | 0.05                | 0.05               | -                                            | 0.05                | 0.05               |                     |                     |                    |
| 2 <b>Trade payables</b>                           |                                                 |                     |                    |                                                                                              |                     |                    |                                              |                     |                    |                     |                     |                    |
| CF (Netherlands) Holdings Limited BV, Netherlands | -                                               | 0.21                | -                  |                                                                                              |                     |                    | -                                            | 0.21                | -                  |                     |                     |                    |
| Cosmo Films Japan (GK), Japan                     | 0.24                                            | 0.43                | 0.79               |                                                                                              |                     |                    | 0.24                                         | 0.43                | 0.79               |                     |                     |                    |
| 3 <b>Managerial remuneration payable</b>          |                                                 |                     |                    |                                                                                              |                     |                    |                                              |                     |                    |                     |                     |                    |
| Mr. Ashok Jaipuria                                |                                                 |                     |                    | 1.90                                                                                         | 4.01                | 5.55               | 1.90                                         | 4.01                | 5.55               |                     |                     |                    |
| Mr. H. K. Agrawal                                 |                                                 |                     |                    | 0.07                                                                                         | 0.10                | -                  | 0.07                                         | 0.10                | -                  |                     |                     |                    |
| Mr. Rajeev Gupta                                  |                                                 |                     |                    | 0.07                                                                                         | 0.10                | -                  | 0.07                                         | 0.10                | -                  |                     |                     |                    |
| Mrs. Alpna Parida                                 |                                                 |                     |                    | 0.07                                                                                         | 0.10                | -                  | 0.07                                         | 0.10                | -                  |                     |                     |                    |
| Mr. Ashish Kumar Guha                             |                                                 |                     |                    | 0.07                                                                                         | 0.10                | -                  | 0.07                                         | 0.10                | -                  |                     |                     |                    |
| Mr. Pratip Chaudhuri                              |                                                 |                     |                    | 0.07                                                                                         | 0.10                | -                  | 0.07                                         | 0.10                | -                  |                     |                     |                    |
| Mr. H. N. Sinor                                   |                                                 |                     |                    | 0.07                                                                                         | 0.10                | -                  | 0.07                                         | 0.10                | -                  |                     |                     |                    |
| Mr. Vivek Nangia                                  |                                                 |                     |                    | 0.07                                                                                         | 0.04                | -                  | 0.07                                         | 0.04                | -                  |                     |                     |                    |

**NOTES OF THE FINANCIAL STATEMENTS for the year ended 31 March, 2018**

(All amounts in ₹ crores, unless stated otherwise)

**43 : 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 2018              | Fair value through profit or loss | Fair value through other comprehensive income | Amortised cost |
|----------------------------------|-----------------------------------|-----------------------------------------------|----------------|
| <b>Financial assets</b>          |                                   |                                               |                |
| (i) Investments                  | 57.87                             | -                                             | -              |
| (ii) Trade receivables           | -                                 | -                                             | 221.59         |
| (iii) Cash and cash equivalents  | -                                 | -                                             | 25.98          |
| (iv) Other bank balances         | -                                 | -                                             | 9.46           |
| (v) Loans                        | -                                 | -                                             | 11.05          |
| (ii) Derivative assets           | -                                 | 5.87                                          | -              |
| (vii) Others financial assets    | -                                 | -                                             | 37.21          |
| <b>Total</b>                     | <b>57.87</b>                      | <b>5.87</b>                                   | <b>305.29</b>  |
| <b>Financial liabilities</b>     |                                   |                                               |                |
| (i) Borrowings                   | -                                 | -                                             | 712.77         |
| (ii) Trade payables              | -                                 | -                                             | 182.02         |
| (i) Derivative liabilities       | -                                 | 8.56                                          | -              |
| (iv) Other financial liabilities | -                                 | -                                             | 47.78          |
| <b>Total</b>                     | <b>-</b>                          | <b>8.56</b>                                   | <b>942.57</b>  |
| <b>As at 31 March 2017</b>       |                                   |                                               |                |
| <b>Financial assets</b>          |                                   |                                               |                |
| (i) Investments                  | 0.05                              | -                                             | -              |
| (ii) Trade receivables           | -                                 | -                                             | 204.83         |
| (iii) Cash and cash equivalents  | -                                 | -                                             | 7.83           |
| (iv) Other bank balances         | -                                 | -                                             | 10.17          |
| (v) Loans                        | -                                 | -                                             | 3.55           |
| (ii) Derivative assets           | -                                 | 5.21                                          | -              |
| (vii) Others financial assets    | -                                 | -                                             | 41.20          |
| <b>Total</b>                     | <b>0.05</b>                       | <b>5.21</b>                                   | <b>267.58</b>  |
| <b>Financial liabilities</b>     |                                   |                                               |                |
| (i) Borrowings                   | -                                 | -                                             | 605.76         |
| (ii) Trade payables              | -                                 | -                                             | 128.57         |
| (i) Derivative liabilities       | -                                 | 7.22                                          | -              |
| (iv) Other financial liabilities | -                                 | -                                             | 57.41          |
| <b>Total</b>                     | <b>-</b>                          | <b>7.22</b>                                   | <b>791.74</b>  |

**NOTES OF THE FINANCIAL STATEMENTS for the year ended 31 March, 2018**

(All amounts in ₹ crores, unless stated otherwise)

| As at 1 April 2016               | Fair value through profit or loss | Fair value through other comprehensive income | Amortised cost |
|----------------------------------|-----------------------------------|-----------------------------------------------|----------------|
| <b>Financial assets</b>          |                                   |                                               |                |
| (i) Investments                  | 2.34                              | -                                             | -              |
| (ii) Trade receivables           | -                                 | -                                             | 128.54         |
| (iii) Cash and cash equivalents  | -                                 | -                                             | 11.95          |
| (iv) Other bank balances         | -                                 | -                                             | 7.55           |
| (v) Loans                        | -                                 | -                                             | 2.28           |
| (ii) Derivative assets           | -                                 | 9.35                                          | -              |
| (vii) Others financial assets    | -                                 | -                                             | 26.81          |
| <b>Total</b>                     | <b>2.34</b>                       | <b>9.35</b>                                   | <b>177.13</b>  |
| <b>Financial liabilities</b>     |                                   |                                               |                |
| (i) Borrowings                   | -                                 | -                                             | 421.07         |
| (ii) Trade payables              | -                                 | -                                             | 104.68         |
| (i) Derivative liabilities       | -                                 | 1.18                                          | -              |
| (iv) Other financial liabilities | -                                 | -                                             | 43.05          |
| <b>Total</b>                     | <b>-</b>                          | <b>1.18</b>                                   | <b>568.80</b>  |

Investment in subsidiaries are measured at cost as per Ind AS 27, 'Separate financial statements' and hence, not presented here.

**B) Fair value hierarchy**

The different levels of fair value have been defined below:

Level 1: Quoted prices for identical instruments in an active market;

Level 2: Directly (i.e. as prices) or indirectly (i.e. derived from prices) observable market inputs, other than Level 1 inputs; and

Level 3: Inputs which are not based on observable market data (unobservable inputs). Fair values are determined in whole or in part using a net asset value or valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.

**B) (i) Financial assets and liabilities measured at fair value - recurring fair value measurements**

| As at 31 March 2018                | Note      | Level 1      | Level 2     | Level 3     |
|------------------------------------|-----------|--------------|-------------|-------------|
| <b>Financial assets</b>            |           |              |             |             |
| (i) Investments                    | 5 and 10  | 57.82        | -           | 0.05        |
| (ii) Derivative assets             | 7         | -            | 5.87        | -           |
| <b>Total financial assets</b>      |           | <b>57.82</b> | <b>5.87</b> | <b>0.05</b> |
| <b>Financial liabilities</b>       |           |              |             |             |
| (i) Derivative liabilities         | 20 and 25 | -            | 8.56        | -           |
| <b>Total financial liabilities</b> |           | <b>-</b>     | <b>8.56</b> | <b>-</b>    |

**NOTES OF THE FINANCIAL STATEMENTS for the year ended 31 March, 2018**

(All amounts in ₹ crores, unless stated otherwise)

| As at 31 March 2017                | Note      | Level 1 | Level 2     | Level 3     |
|------------------------------------|-----------|---------|-------------|-------------|
| <b>Financial assets</b>            |           |         |             |             |
| (i) Investments                    | 5         | -       | -           | 0.05        |
| (ii) Derivative assets             | 7         | -       | 5.21        | -           |
| <b>Total financial assets</b>      |           | -       | <b>5.21</b> | <b>0.05</b> |
| <b>Financial liabilities</b>       |           |         |             |             |
| (i) Derivative liabilities         | 20 and 25 | -       | 7.22        | -           |
| <b>Total financial liabilities</b> |           | -       | <b>7.22</b> | -           |

| As at 1 April 2016                 | Note      | Level 1 | Level 2     | Level 3     |
|------------------------------------|-----------|---------|-------------|-------------|
| <b>Financial assets</b>            |           |         |             |             |
| (i) Investments                    | 5         | -       | -           | 2.34        |
| (ii) Derivative assets             | 7         | -       | 9.35        | -           |
| <b>Total financial assets</b>      |           | -       | <b>9.35</b> | <b>2.34</b> |
| <b>Financial liabilities</b>       |           |         |             |             |
| (i) Derivative liabilities         | 20 and 25 | -       | 1.18        | -           |
| <b>Total financial liabilities</b> |           | -       | <b>1.18</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.
- (ii) In order to arrive at the fair value of unquoted investments, the company obtains independent valuations. The techniques used by the valuer are as follows:
  - a) Asset approach - Net assets value method
  - b) Income approach - Discounted cash flows ("DCF") method
  - c) Market approach - Enterprise value/Sales multiple method

**B) (ii) Fair value of financial assets and liabilities measured at amortised cost**

Fair value of instruments measured at amortised cost for which fair value is disclosed is as follows, these fair values are calculated using Level 3 inputs:

|       | As at 31 March 2018 |            | As at 31 March 2017 |            | As at 1 April 2016 |            |
|-------|---------------------|------------|---------------------|------------|--------------------|------------|
|       | Carrying value      | Fair value | Carrying value      | Fair value | Carrying value     | Fair value |
| Loans | 11.05               | 11.05      | 3.55                | 3.55       | 2.28               | 2.28       |

The management assessed that fair values of cash and cash equivalents, trade receivables, other receivables, borrowings, trade payables and other current financial liabilities approximate their respective carrying amounts largely due to the short-term maturities of these instruments. The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The below mentioned methods and assumptions were used to estimate the fair values:

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

## NOTES OF THE FINANCIAL STATEMENTS for the year ended 31 March, 2018

(All amounts in ₹ crores, unless stated otherwise)

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.

### 44 : RISK MANAGEMENT

The Company's activities expose it to market risk, liquidity risk and credit risk. The management has the overall responsibility for the establishment and oversight of the Company's risk management framework. This note explains the sources of risk which the entity is exposed to and how the entity manages the risk and the related impact in the financial statements.

#### A. Credit risk

Credit risk is the risk that a counterparty fails to discharge its obligation to the Company. The Company's exposure to credit risk is influenced mainly by cash and cash equivalents, trade receivables and other 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

The Company provides for expected credit loss based on the following:

| Asset Company        | Basis of categorisation                                                          | Provision for expected credit loss                   |
|----------------------|----------------------------------------------------------------------------------|------------------------------------------------------|
| Low credit risk      | Cash and cash equivalents, other bank balances, loans and other financial assets | 12 month expected credit loss                        |
| Moderate credit risk | Other financial assets                                                           | Life time expected credit loss                       |
| High credit risk     | Trade receivables                                                                | Life time expected credit loss or fully provided for |

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 a reasonable time after the agreed time period as per contract. Loss rates reflecting defaults are based on actual credit loss experience and considering differences between current and historical economic conditions.

Assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Company or debtor declaring bankruptcy or a litigation decided against the Company. The Company continues to engage with parties whose balances are written off and attempts to enforce repayment. Recoveries made are recognised in statement of profit and loss.

| Credit rating       | Particulars               | As at<br>31 March 2018 | As at<br>31 March 2017 | As at<br>1 April 2016 |
|---------------------|---------------------------|------------------------|------------------------|-----------------------|
| A: Low credit risk  | Cash and cash equivalents | 25.98                  | 7.83                   | 11.95                 |
|                     | Other bank balances       | 9.46                   | 10.17                  | 7.55                  |
|                     | Loans                     | 11.05                  | 3.55                   | 2.28                  |
|                     | Other financial assets    | 43.08                  | 46.40                  | 36.16                 |
|                     | Trade receivables         | 221.59                 | 204.83                 | 128.54                |
| C: High credit risk | Trade receivables         | 2.92                   | 2.17                   | 1.28                  |

## NOTES OF THE FINANCIAL STATEMENTS for the year ended 31 March, 2018

(All amounts in ₹ crores, unless stated otherwise)

### Credit risk exposure

#### Cash and cash equivalents and bank deposits

Credit risk related to cash and cash equivalents and bank deposits is managed by only accepting highly rated banks and diversifying bank deposits and accounts in different banks across the country.

#### Trade receivables

Credit risk related to trade receivables are mitigated by taking bank guarantees/letter of credit, from customers where credit risk is high. The Company closely monitors the credit-worthiness of the debtors through internal systems that are configured to define credit limits of customers, thereby, limiting the credit risk to pre-calculated amounts. The Company assesses increase in credit risk on an ongoing basis for amounts receivable that become past due and default is considered to have occurred when amounts receivable become one year past due. Company obtains the credit insurance for export debtors from Export Credit Guarantee Corporation (ECGC) of India.

#### Other financial assets measured at amortised cost

Other financial assets measured at amortised cost includes loans and advances to employees, security deposits and others. Credit risk related to these other financial assets is managed by monitoring the recoverability of such amounts continuously.

#### Provision for expected credit losses

##### a) Expected credit losses for financial assets other than trade receivables

Company provides for expected credit losses on loans and advances other than trade receivables by assessing individual financial instruments for expectation of any credit losses. Since, the Company deals with only high-rated banks and financial institutions, credit risk in respect of cash and cash equivalents, other bank balances and bank deposits is evaluated as very low. In respect of loans, comprising of security deposits, credit risk is considered low because the Company is in possession of the underlying asset. In respect of other financial assets, credit risk is evaluated based on Company's knowledge of the credit worthiness of those parties and loss allowance is measured as lifetime expected credit losses. The Company does not have any expected loss based impairment recognised on such assets considering their low credit risk nature, though incurred loss provisions are disclosed under each sub-category of such financial assets.

##### b) Expected credit loss for financial assets under simplified approach

The Company recognizes lifetime expected credit losses on trade receivables using a simplified approach, wherein Company has defined percentage of provision by analysing historical trend of default based on the criteria defined above and such provision percentage determined have been considered to recognise life time expected credit losses on trade receivables (other than those where default criteria are met).

#### As at 31 March 2018

| Ageing            | Gross carrying amount | Expected probability of default | Expected credit loss | Carrying amount net of provision |
|-------------------|-----------------------|---------------------------------|----------------------|----------------------------------|
| Trade receivables | 224.51                | 1.30%                           | 2.92                 | 221.59                           |

**NOTES OF THE FINANCIAL STATEMENTS for the year ended 31 March, 2018**
*(All amounts in ₹ crores, unless stated otherwise)*
**As at 31 March 2017**

| Ageing            | Gross carrying amount | Expected probability of default | Expected credit loss | Carrying amount net of provision |
|-------------------|-----------------------|---------------------------------|----------------------|----------------------------------|
| Trade receivables | 207.00                | 1.05%                           | 2.17                 | 204.83                           |

**As at 1 April 2016**

| Ageing            | Gross carrying amount | Expected probability of default | Expected credit loss | Carrying amount net of provision |
|-------------------|-----------------------|---------------------------------|----------------------|----------------------------------|
| Trade receivables | 129.82                | 0.98%                           | 1.28                 | 128.54                           |

**Reconciliation of loss provision**

| Reconciliation of loss allowance                | Amount      |
|-------------------------------------------------|-------------|
| <b>Loss allowance as on 1 April 2016</b>        | <b>1.28</b> |
| Expected credit loss recognised during the year | 0.89        |
| Amounts written off                             | -           |
| <b>Loss allowance on 31 March 2017</b>          | <b>2.17</b> |
| Expected credit loss recognised during the year | 0.75        |
| Amounts written off                             | -           |
| <b>Loss allowance on 31 March 2018</b>          | <b>2.92</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<br>31 March 2018 | As at<br>31 March 2017 | As at<br>1 April 2016 |
|-------------------------------------------------------------|------------------------|------------------------|-----------------------|
| Expiring within one year (cash credit and other facilities) | 341.88                 | 228.41                 | 308.05                |
| Expiring beyond one year (bank loans - floating rate)       | 270.92                 | 40.41                  | 237.04                |
| <b>Total</b>                                                | <b>612.80</b>          | <b>268.82</b>          | <b>545.09</b>         |

## NOTES OF THE FINANCIAL STATEMENTS for the year ended 31 March, 2018

(All amounts in ₹ crores, unless stated otherwise)

### Contractual maturities of financial liabilities

The tables below analyse the financial liabilities into relevant maturity Companying's based on their undiscounted contractual maturities (including interest).

| <b>31 March 2018</b>              | <b>Less than<br/>and equal<br/>to 1 year</b> | <b>1 - 2<br/>years</b> | <b>2 - 5<br/>years</b> | <b>More<br/>than<br/>5 years</b> | <b>Total</b>    |
|-----------------------------------|----------------------------------------------|------------------------|------------------------|----------------------------------|-----------------|
| (i) Borrowings                    | 335.91                                       | 110.65                 | 262.90                 | 70.18                            | 779.64          |
| (ii) Trade payables               | 182.02                                       | -                      | -                      | -                                | 182.02          |
| (iii) Other financial liabilities | 47.78                                        | -                      | -                      | -                                | 47.78           |
| (iv) Derivative liabilities       | 2.94                                         | 3.33                   | 2.29                   | -                                | 8.56            |
| <b>Total</b>                      | <b>568.65</b>                                | <b>113.98</b>          | <b>265.19</b>          | <b>70.18</b>                     | <b>1,018.00</b> |
| <b>31 March 2017</b>              | <b>Less than<br/>and equal<br/>to 1 year</b> | <b>1 - 2<br/>years</b> | <b>2 - 5<br/>years</b> | <b>More<br/>than<br/>5 years</b> | <b>Total</b>    |
| <b>Current</b>                    |                                              |                        |                        |                                  |                 |
| (i) Borrowings                    | 278.36                                       | 104.04                 | 206.41                 | 84.68                            | 673.49          |
| (ii) Trade payables               | 128.57                                       | -                      | -                      | -                                | 128.57          |
| (iii) Other financial liabilities | 57.41                                        | -                      | -                      | -                                | 57.41           |
| (iv) Derivative liabilities       | 0.46                                         | 3.66                   | 3.10                   | -                                | 7.22            |
| <b>Total</b>                      | <b>464.79</b>                                | <b>107.70</b>          | <b>209.51</b>          | <b>84.68</b>                     | <b>866.69</b>   |
| <b>1 April 2016</b>               | <b>Less than<br/>and equal<br/>to 1 year</b> | <b>1 - 2<br/>years</b> | <b>2 - 5<br/>years</b> | <b>More<br/>than<br/>5 years</b> | <b>Total</b>    |
| <b>Current</b>                    |                                              |                        |                        |                                  |                 |
| (i) Borrowings                    | 212.94                                       | 64.12                  | 153.86                 | 47.25                            | 478.17          |
| (ii) Trade payables               | 104.68                                       | -                      | -                      | -                                | 104.68          |
| (iii) Other financial liabilities | 43.05                                        | -                      | -                      | -                                | 43.05           |
| (iv) Derivative liabilities       | 1.18                                         | 1.18                   | -                      | -                                | 1.18            |
| <b>Total</b>                      | <b>361.85</b>                                | <b>65.30</b>           | <b>153.86</b>          | <b>47.25</b>                     | <b>627.08</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.

**NOTES OF THE FINANCIAL STATEMENTS for the year ended 31 March, 2018**

(All amounts in ₹ crores, unless stated otherwise)

Company's exposure to interest rate risk on borrowings is as follows:

| Particulars   | As at<br>31 March 2018 | As at<br>31 March 2017 | As at<br>1 April 2016 |
|---------------|------------------------|------------------------|-----------------------|
| Variable rate | 710.68                 | 603.61                 | 418.43                |
| Fixed rate    | -                      | -                      | -                     |
| <b>Total</b>  | <b>710.68</b>          | <b>603.61</b>          | <b>418.43</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 2017: +/- 1%; 1 April 2016: +/- 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<br>year+1% | Profit for the<br>year-1% |
|----------------------------|---------------------------|---------------------------|
| <b>As at 31 March 2018</b> | (4.62)                    | 4.62                      |
| <b>As at 31 March 2017</b> | (3.95)                    | 3.95                      |

**Foreign currency risk**

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 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 and other derivatives to hedge the effects of movements in exchange rates on foreign currency denominated assets and liabilities. The sources of foreign exchange risk are outstanding amounts payable for imported raw materials, capital goods and other supplies as well as financing transactions and loans denominated in foreign currencies. The Company is also exposed to foreign exchange risk on its exports. 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. The exposure summarised below is mitigated by some of the derivative contracts entered into by the Company as disclosed under the section on "Derivative financial instruments".

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(All amounts in ₹ crores, unless stated otherwise)

| Forex exposure               | As at 31 March 2018 |          | As at 31 March 2017 |          | As at 1 April 2016 |          |
|------------------------------|---------------------|----------|---------------------|----------|--------------------|----------|
|                              | Foreign Currency    | INR      | Foreign Currency    | INR      | Foreign Currency   | INR      |
| <b>Financial assets</b>      |                     |          |                     |          |                    |          |
| <b>Trade receivables</b>     |                     |          |                     |          |                    |          |
| USD                          | 15,393,360          | 100.12   | 15,622,092          | 101.29   | 7,453,433          | 49.44    |
| GBP                          | 358,316             | 3.31     | 334,182             | 2.70     | 203,213            | 1.93     |
| EURO                         | 2,683,847           | 21.64    | 1,383,196           | 9.58     | 2,240,321          | 16.82    |
| <b>Financial liabilities</b> |                     |          |                     |          |                    |          |
| <b>Buyers credit</b>         |                     |          |                     |          |                    |          |
| USD                          | 1,978,299           | 12.87    | 2,903,086           | 18.82    | 5,071,713          | 33.64    |
| EURO                         | 1,680,050           | 13.54    | 2,705,213           | 18.73    | 949,186            | 7.13     |
| <b>Import creditors</b>      |                     |          |                     |          |                    |          |
| USD                          | 4,325,407           | 28.13    | 2,998,097           | 19.44    | 1,915,206          | 12.70    |
| EURO                         | 806,086             | 6.50     | 1,249,360           | 8.65     | 421,884            | 3.17     |
| JPY                          | 327,140             | 0.02     | -                   | -        | -                  | -        |
| GBP                          | 1,225               | 0.01     | -                   | -        | 33,899             | 0.32     |
| <b>Short term borrowings</b> |                     |          |                     |          |                    |          |
| USD                          | 24,552,999          | 159.70   | 18,665,931          | 121.03   | 8,275,903          | 54.89    |
| EURO                         | 561,375             | 4.53     | 1,782,741           | 12.35    | 584,837            | 4.39     |
| <b>Loans taken</b>           |                     |          |                     |          |                    |          |
| USD                          | 26,249,345          | 170.74   | 29,680,682          | 192.45   | 34,642,275         | 229.78   |
| GBP                          | -                   | -        | -                   | -        | -                  | -        |
| EURO                         | 28,810,401          | 232.28   | 20,923,491          | 144.90   | 8,773,020          | 65.89    |
| <b>Net exposure*</b>         |                     |          |                     |          |                    |          |
| USD                          | (41,712,690)        | (271.32) | (38,625,704)        | (250.44) | (42,451,664)       | (281.58) |
| GBP                          | 357,091             | 3.30     | 334,182             | 2.70     | 169,314            | 1.61     |
| JPY                          | (327,140)           | (0.02)   | -                   | -        | -                  | -        |
| EURO                         | (29,174,064)        | (235.21) | (25,277,609)        | (175.05) | (8,488,606)        | (63.75)  |

The following significant exchange rates have been applied:

| Particulars | Year end spot rate  |                     |                     |
|-------------|---------------------|---------------------|---------------------|
|             | As at 31 March 2018 | As at 31 March 2017 | As at 31 March 2016 |
| USD         | 65.04               | 64.84               | 66.33               |
| GBP         | 92.28               | 80.88               | 95.09               |
| JPY         | 0.62                | 0.58                | 0.59                |
| EURO        | 80.62               | 69.25               | 75.10               |

**NOTES OF THE FINANCIAL STATEMENTS for the year ended 31 March, 2018**

(All amounts in ₹ crores, unless stated otherwise)

\*Out of total net exposure following are hedged:

| Forex exposure | As at 31 March 2018 |        | As at 31 March 2017 |        | As at 1 April 2016 |        |
|----------------|---------------------|--------|---------------------|--------|--------------------|--------|
|                | Foreign Currency    | INR    | Foreign Currency    | INR    | Foreign Currency   | INR    |
| USD            | 17,507,565          | 113.88 | 24,052,539          | 155.95 | 24,323,302         | 161.34 |
| EURO           | 4,127,899           | 33.28  | -                   | -      | -                  | -      |

**Sensitivity analysis of change in foreign currency rates on profit/(loss) after tax**

| Currency | Profit for the year +3% |                     |                    | Profit for the year -3% |                     |                    |
|----------|-------------------------|---------------------|--------------------|-------------------------|---------------------|--------------------|
|          | As at 31 March 2018     | As at 31 March 2017 | As at 1 April 2016 | As at 31 March 2018     | As at 31 March 2017 | As at 1 April 2016 |
| USD      | 5.30                    | 4.91                | 5.52               | (5.30)                  | (4.91)              | (5.52)             |

| Currency | Profit for the year +5% |                     |                    | Profit for the year -5% |                     |                    |
|----------|-------------------------|---------------------|--------------------|-------------------------|---------------------|--------------------|
|          | As at 31 March 2018     | As at 31 March 2017 | As at 1 April 2016 | As at 31 March 2018     | As at 31 March 2017 | As at 1 April 2016 |
| GBP      | (0.11)                  | (0.09)              | (0.05)             | 0.11                    | 0.09                | 0.05               |

| Currency | Profit for the year +5% |                     |                    | Profit for the year -5% |                     |                    |
|----------|-------------------------|---------------------|--------------------|-------------------------|---------------------|--------------------|
|          | As at 31 March 2018     | As at 31 March 2017 | As at 1 April 2016 | As at 31 March 2018     | As at 31 March 2017 | As at 1 April 2016 |
| EURO     | 7.65                    | 5.72                | 2.08               | (7.65)                  | (5.72)              | (2.08)             |

**Derivative financial instruments**

The Company uses derivative instruments as part of its management of exposure to fluctuations in foreign currency exchange rates and interest rates. The Company does not acquire derivative financial instruments for trading or speculative purposes. The derivative transactions are normally in the form of forward contracts, interest rate swaps and cross currency swaps and these are subject to the Company guidelines and policies. The fair values of all derivatives are separately recorded in the balance sheet within current and noncurrent assets and liabilities. Derivatives that are designated as hedges are classified as current or non-current depending on the maturity of the derivative.

The use of derivatives can give rise to credit and market risk. The Company tries to control credit risk as far as possible by only entering into contracts with reputable banks and financial institutions. The use of derivative instruments is subject to limits, authorities and regular monitoring by appropriate levels of management. The limits, authorities and monitoring systems are periodically reviewed by management and the Board. The market risk on derivatives is mitigated by changes in the valuation of the underlying assets, liabilities or transactions, as derivatives are used only for risk management purposes.

The Company enters into forward exchange contracts for hedging highly probable forecast transactions and accounts for them as cash flow hedges and states them at fair value. Subsequent changes in fair value are recognised in equity until the hedged transactions occur, at which time the respective gains or losses are transferred to the income statement.

The cash flows related to above are expected to occur during the year ended 31 March 2019 and consequently may impact profit or loss for that year depending upon the change in the foreign exchange rates movements.

**NOTES OF THE FINANCIAL STATEMENTS for the year ended 31 March, 2018**

(All amounts in ₹ crores, unless stated otherwise)

The fair value of the Company's open derivative positions recorded within financial instruments (derivative) is as follows:

|                                      | As at 31 March 2018 |             | As at 31 March 2017 |             | As at 1 April 2016 |             |
|--------------------------------------|---------------------|-------------|---------------------|-------------|--------------------|-------------|
|                                      | Liability           | Assets      | Liability           | Assets      | Liability          | Assets      |
| Cash flow hedges                     |                     |             |                     |             |                    |             |
| - Forward foreign currency contracts | 6.21                | -           | 0.46                | -           | 1.04               | 0.02        |
| - Options                            | -                   | 2.55        | 3.66                | -           | -                  | 2.07        |
| - Interest rate swaps                | 0.05                | -           | -                   | -           | 0.14               | -           |
| - Currency swaps                     | 2.30                | 3.32        | 3.10                | 5.21        | -                  | 7.26        |
| <b>Total</b>                         | <b>8.56</b>         | <b>5.87</b> | <b>7.22</b>         | <b>5.21</b> | <b>1.18</b>        | <b>9.35</b> |

Derivative contracts entered into by the company and outstanding as at Balance Sheet date :

To hedge currency risks and interest related risks, the Company has entered into various derivatives contracts. The category wise break up of amount outstanding as on Balance Sheet date is given below :

| Particulars         | As at<br>31 March 2018 | As at<br>31 March 2017 | As at<br>1 April 2016 |
|---------------------|------------------------|------------------------|-----------------------|
| Forward cover       |                        |                        |                       |
| USD                 | 3,000,000              | 4,841,559              | 12,558,023            |
| EUR                 | 17,603,759             | -                      | -                     |
| GBP                 | 1,750,000              | -                      | -                     |
| Options             |                        |                        |                       |
| USD                 | 8,941,338              | 6,337,000              | 5,265,279             |
| EUR                 | 4,127,889              | -                      | -                     |
| Cross currency swap |                        |                        |                       |
| USD                 | 8,566,228              | 12,873,980             | 6,500,000             |
| Interest rate swap  |                        |                        |                       |
| USD                 | -                      | -                      | 1,500,000             |
| EUR                 | 4,127,899              | -                      | -                     |

**NOTES OF THE FINANCIAL STATEMENTS for the year ended 31 March, 2018**

(All amounts in ₹ crores, unless stated otherwise)

**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 | Changes in fair value of the hedging instrument | Change in the fair value of the hedged item used as the basis for recognizing hedge effectiveness |
|------------------------------------|----------------|---------------------------------------|-------------------------------------------|-----------------|-------------|-------------------------------------------------|---------------------------------------------------------------------------------------------------|
|                                    |                | Assets                                | Liabilities                               |                 |             |                                                 |                                                                                                   |
|                                    |                | (included in other financial assets)  | (included in other financial liabilities) |                 |             |                                                 |                                                                                                   |
| <b>Cash flow hedge</b>             |                |                                       |                                           |                 |             |                                                 |                                                                                                   |
| <b>As at 31 March 2018</b>         |                |                                       |                                           |                 |             |                                                 |                                                                                                   |
| Foreign exchange Forward contract, | USD 20,507,566 | 4.30                                  | 2.43                                      |                 |             |                                                 |                                                                                                   |
| Interest rate swaps,               | EUR 21,731,648 | 1.57                                  | 5.67                                      | Till March 2022 | 1:1         | (0.68)                                          | (0.68)                                                                                            |
| Cross currency swaps and Options   | GBP 1,750,000  | -                                     | 0.46                                      |                 |             |                                                 |                                                                                                   |
| <b>As at 31 March 2017</b>         |                |                                       |                                           |                 |             |                                                 |                                                                                                   |
| Foreign exchange Forward contract, |                |                                       |                                           |                 |             |                                                 |                                                                                                   |
| Interest rate swaps,               | USD 24,052,539 | 5.21                                  | 7.22                                      | Till March 2022 | 1:1         | (10.18)                                         | (10.18)                                                                                           |
| Cross currency swaps and Options   |                |                                       |                                           |                 |             |                                                 |                                                                                                   |
| <b>As at 1 April 2016</b>          |                |                                       |                                           |                 |             |                                                 |                                                                                                   |
| Foreign exchange Forward contract, |                |                                       |                                           |                 |             |                                                 |                                                                                                   |
| Interest rate swaps,               | USD 25,823,302 | 9.35                                  | 1.18                                      | Till March 2019 | 1:1         | NA                                              | NA                                                                                                |
| Cross currency swaps and Options   |                |                                       |                                           |                 |             |                                                 |                                                                                                   |

**Hedging reserve reconciliation**

|                                        | Gross of tax  | Net of tax    |
|----------------------------------------|---------------|---------------|
| <b>As at 1 April 2016</b>              | <b>(1.30)</b> | <b>(0.85)</b> |
| Amount recognised directly in equity   | (10.18)       | (6.66)        |
| Amount transferred to income statement | 8.62          | 5.64          |
| <b>As at 31 March 2017</b>             | <b>(2.86)</b> | <b>(1.87)</b> |
| Amount recognised directly in equity   | (0.68)        | (0.44)        |
| Amount transferred to income statement | (4.40)        | (2.86)        |
| <b>As at 31 March 2018</b>             | <b>(7.94)</b> | <b>(5.17)</b> |

## NOTES OF THE FINANCIAL STATEMENTS for the year ended 31 March, 2018

(All amounts in ₹ crores, unless stated otherwise)

### Price risk

#### Exposure

The Company's exposure to price risk arises from investments held and classified in the balance sheet either as fair value through other comprehensive income or at fair value through profit or loss. To manage the price risk arising from investments, the Company diversifies its portfolio of assets.

#### Sensitivity

The table below summarises the impact of increases/decreases of the index on the Company's equity and profit for the period :

#### Impact on profit after tax

| Particulars                      | As at<br>31 March 2018 | As at<br>31 March 2017 |
|----------------------------------|------------------------|------------------------|
| Liquid mutual funds              |                        |                        |
| Net asset value - increase by 1% | 0.38                   | -                      |
| Net asset value - decrease by 1% | (0.38)                 | -                      |

## 45: 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:

| Particulars                     | As at<br>31 March 2018 | As at<br>31 March 2017 | As at<br>1 April 2016 |
|---------------------------------|------------------------|------------------------|-----------------------|
| Borrowings                      | 712.77                 | 605.77                 | 421.07                |
| Less: Liquid mutual funds       | (57.82)                | -                      | -                     |
| Less: Fixed deposits            | (8.38)                 | (9.26)                 | (5.97)                |
| Less: Cash and cash equivalents | (25.98)                | (7.83)                 | (11.95)               |
| <b>Net debt</b>                 | <b>620.59</b>          | <b>588.67</b>          | <b>403.15</b>         |
| Total equity                    | 637.08                 | 576.54                 | 470.01                |
| <b>Net debt to equity ratio</b> | <b>97.41%</b>          | <b>102.10%</b>         | <b>85.77%</b>         |

## NOTES OF THE FINANCIAL STATEMENTS for the year ended 31 March, 2018

(All amounts in ₹ crores, unless stated otherwise)

| Dividend paid                                                                                         | As at<br>31 March 2018 | As at<br>31 March 2017 |
|-------------------------------------------------------------------------------------------------------|------------------------|------------------------|
| <b>Equity shares</b>                                                                                  |                        |                        |
| Final dividend for the ended 31 March 2017 of ₹ 10 per share<br>(including dividend distribution tax) | 23.40                  | -                      |

### Dividends not recognised at the end of the reporting period

In addition to the above dividends, the directors have recommended the payment of a final dividend of ₹ 6 per fully paid equity share. This proposed dividend is subject to the approval of shareholders in the ensuing annual general meeting.

## 46 SEGMENT REPORTING

In accordance with Ind AS 108, the Board of directors being the Chief operating decision maker of the Company has determined its only one business segment of packaging films. Further, in terms of Paragraph 4 and 31 of Ind AS 108 'Operating Segments', entity wide disclosures have been presented below:

a) Revenue as per geographical markets:

| Segment         | Domestic                       |                                | Overseas                       |                                |
|-----------------|--------------------------------|--------------------------------|--------------------------------|--------------------------------|
|                 | Year ended<br>31 March<br>2018 | Year ended<br>31 March<br>2017 | Year ended<br>31 March<br>2018 | Year ended<br>31 March<br>2017 |
| Packaging films | 1,035.31                       | 888.69                         | 777.00                         | 650.35                         |
| <b>Total</b>    | <b>1,035.31</b>                | <b>888.69</b>                  | <b>777.00</b>                  | <b>650.35</b>                  |

b) There is no customer who has contributed of 10% or more in the revenue.

## 47 CASH FLOW

### 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<br>borrowings | Short-term<br>borrowings | Total           |
|-------------------------------------------------------|-------------------------|--------------------------|-----------------|
| <b>Debt as at 1 April 2017</b>                        | <b>(411.46)</b>         | <b>(192.15)</b>          | <b>(603.61)</b> |
| Cash flow:                                            |                         |                          |                 |
| - Proceeds                                            | (150.86)                | (17.52)                  | (168.38)        |
| - Repayment                                           | 89.64                   | -                        | 89.64           |
| - Finance cost adjustment for effective interest rate | (0.45)                  | -                        | (0.45)          |
| - Foreign exchange difference                         | (27.88)                 | -                        | (27.88)         |
| <b>Debt as at 31 March 2018</b>                       | <b>(501.01)</b>         | <b>(209.67)</b>          | <b>(710.68)</b> |

## NOTES OF THE FINANCIAL STATEMENTS for the year ended 31 March, 2018

(All amounts in ₹ crores, unless stated otherwise)

| Particulars                                           | Long-term borrowings | Short-term borrowings | Total           |
|-------------------------------------------------------|----------------------|-----------------------|-----------------|
| <b>Debt as at 1 April 2016</b>                        | <b>(304.98)</b>      | <b>(113.45)</b>       | <b>(418.43)</b> |
| Cash flow:                                            |                      |                       |                 |
| - Proceeds                                            | (211.37)             | (78.70)               | (290.07)        |
| - Repayment                                           | 85.70                | -                     | 85.70           |
| - Finance cost adjustment for effective interest rate | (0.48)               | -                     | (0.48)          |
| - Foreign exchange difference                         | 19.67                | -                     | 19.67           |
| <b>Debt as at 31 March 2017</b>                       | <b>(411.46)</b>      | <b>(192.15)</b>       | <b>(603.61)</b> |

### 48 FIRST TIME ADOPTION OF IND AS

#### Transition to Ind AS

These are the company's first financial statements prepared in accordance with Ind AS.

The accounting policies set out in Note 1 have been applied in preparing the financial statements for the year ended 31 March 2018, the comparative information presented in these financial statements for the year ended 31 March 2017 and in the preparation of an opening Ind AS Balance Sheet at 1 April 2016 (the Company's date of transition). In preparing its opening Ind AS Balance Sheet, the Company has adjusted the amounts reported previously in financial statements prepared in accordance with the accounting standards notified under Companies (Accounting Standards) Rules, 2006 (as amended) and other relevant provisions of the Act (previous GAAP or Indian GAAP). An explanation of how the transition from previous GAAP to Ind AS has affected the Company's financial position, financial performance and cash flows is set out in the following tables and notes.

#### A. Ind AS optional exemptions

Set out below are the applicable Ind AS 101 optional exemptions and mandatory exceptions applied in the transition from previous GAAP to Ind AS.

##### Ind AS optional exemptions

##### Deemed cost of property, plant and equipment

Ind AS 101 permits an entity to elect to measure an item of property, plant and equipment at the date of transition to Ind AS at its fair value and use that fair value as its deemed cost at that date.

Accordingly, the Company has elected to use the fair value of certain items of property, plant and equipment on the date of transition and designate the same as deemed cost on the date of transition. Fair value has been determined, by obtaining an external third party valuation, with reference to the depreciated replacement cost of similar assets, a level 3 valuation technique. For the remaining assets, the Company has applied Ind AS retrospectively, from the date of their acquisition.

##### Designation of previously recognised financial instruments

Ind AS 101 allows an entity to designate investments in equity instruments at FVTPL on the basis of the facts and circumstances at the date of transition to Ind AS. The Company has elected to apply this exemption for its investment in equity investments.

##### Deemed cost for investments in subsidiaries

The Company has elected to measure its investments in subsidiaries at their fair value determined as of 1 April 2016 (transition date). Fair value has been determined by obtaining an external third party valuation using discounted cash flow method, level 3 valuation technique.

**NOTES OF THE FINANCIAL STATEMENTS for the year ended 31 March, 2018**

(All amounts in ₹ crores, unless stated otherwise)

**Long term foreign currency monetary items**

Ind AS 101 allows a first-time adopter to continue the policy adopted for the accounting for exchange differences arising on translation of the long-term foreign currency monetary items recognised in the financial statements for the period ending immediately before the beginning of the first Ind AS financial reporting period as per previous GAAP.

The Company has opted for this exemption and continued its previous GAAP policy for accounting for exchange differences on long-term foreign currency monetary items recognized in the previous GAAP financial statements for the year ended 31 March 2017. Accordingly, foreign currency differences on such items attributable to the acquisition of property, plant and equipment are adjusted against their cost and depreciated prospectively over the remaining useful lives.

**Ind AS mandatory exceptions****Estimates**

An entity's estimates in accordance with Ind ASs at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with previous GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error.

Ind AS estimates as at 1 April 2016 are consistent with the estimates as at the same date made in conformity with previous GAAP. The Company made estimates for following items in accordance with Ind AS at the date of transition as these were not required under previous GAAP:

- a) Fair value of investment in equity instruments carried at FVTPL or FVOCI
- b) Impairment of financial assets based on expected credit loss model.

**Classification and measurement of financial assets and liabilities**

The classification and measurement of financial assets will be made considering whether the conditions as per Ind AS 109 are met based on facts and circumstances existing at the date of transition.

Financial assets can be measured using effective interest method by assessing its contractual cash flow characteristics only on the basis of facts and circumstances existing at the date of transition and if it is impracticable to assess the use of effective interest method, fair value of financial asset at the date of transition shall be the new carrying amount of that asset. The measurement exemption applies for financial liabilities as well.

**Hedge accounting**

Hedge accounting can only be applied prospectively from the transition date to transactions that satisfy the hedge accounting criteria in Ind AS 109, at that date. Hedging relationships cannot be designated retrospectively, and the supporting documentation cannot be created retrospectively. As a result, only hedging relationships that satisfied the hedge accounting criteria as of 1 April 2016, are reflected as hedges in the Company's financial statements under Ind AS.

The Company had designated various hedging relationships as cash flow hedges under the previous GAAP. On date of transition to Ind AS, the Company had assessed that all the designated hedging relationship qualifies for hedge accounting as per Ind AS 109. Consequently, the Company continues to apply hedge accounting on and after the date of transition to Ind AS.

**B: Reconciliations between previous GAAP and Ind AS**

Ind AS 101 requires an entity to reconcile equity, total comprehensive income and cash flows for prior periods. The following tables represent the reconciliations from previous GAAP to Ind AS.

**NOTES OF THE FINANCIAL STATEMENTS for the year ended 31 March, 2018**

(All amounts in ₹ crores, unless stated otherwise)

**Reconciliation of balance sheet as at date of transition (1 April 2016)**

|                                   | Notes to first-time adoption | Previous GAAP   | IND AS Adjustments | Ind AS          |
|-----------------------------------|------------------------------|-----------------|--------------------|-----------------|
| <b>ASSETS</b>                     |                              |                 |                    |                 |
| <b>Non-current assets</b>         |                              |                 |                    |                 |
| a) Property, plant and equipment  | 2 & 3                        | 581.78          | 92.35              | 674.13          |
| b) Capital work-in-progress       |                              | 12.03           | -                  | 12.03           |
| c) Intangible assets              |                              | 3.51            | -                  | 3.51            |
| d) Financial assets               |                              |                 |                    |                 |
| (i) Investments                   | 9                            | 197.26          | (79.21)            | 118.05          |
| (ii) Loans                        |                              | 1.91            | -                  | 1.91            |
| (iii) Other financial assets      | 5 & 8                        | -               | 9.35               | 9.35            |
| e) Income tax assets (net)        |                              | 8.97            | -                  | 8.97            |
| f) Other non-current assets       | 10                           | 33.12           | (7.00)             | 26.12           |
|                                   |                              | <b>838.58</b>   | <b>15.49</b>       | <b>854.07</b>   |
| <b>Current assets</b>             |                              |                 |                    |                 |
| a) Inventories                    |                              | 107.53          | -                  | 107.53          |
| b) Financial assets               |                              |                 |                    |                 |
| (i) Trade receivables             | 6                            | 119.05          | 9.49               | 128.54          |
| (ii) Cash and cash equivalents    | 10                           | 10.35           | 1.60               | 11.95           |
| (iii) Other bank balances         |                              | 7.55            | -                  | 7.55            |
| (iv) Loans                        |                              | 0.37            | -                  | 0.37            |
| (v) Other financial assets        |                              | 26.81           | -                  | 26.81           |
| c) Other current assets           |                              | 12.71           | -                  | 12.71           |
|                                   |                              | <b>284.37</b>   | <b>11.10</b>       | <b>295.46</b>   |
|                                   |                              | <b>1,122.95</b> | <b>26.59</b>       | <b>1,149.53</b> |
| <b>EQUITY AND LIABILITIES</b>     |                              |                 |                    |                 |
| <b>Equity</b>                     |                              |                 |                    |                 |
| a) Equity share capital           |                              | 19.44           | -                  | 19.44           |
| b) Other equity                   |                              | 478.67          | (28.10)            | 450.57          |
|                                   |                              | <b>498.11</b>   | <b>(28.10)</b>     | <b>470.01</b>   |
| <b>Liabilities</b>                |                              |                 |                    |                 |
| <b>Non-current liabilities</b>    |                              |                 |                    |                 |
| a) Financial liabilities          |                              |                 |                    |                 |
| (i) Borrowings                    | 1                            | 223.01          | 7.25               | 230.26          |
| (ii) Other financial liabilities  | 5 & 8                        | -               | 1.18               | 1.18            |
| b) Deferred tax liabilities (net) | 13                           | 58.83           | 13.60              | 72.43           |
| c) Other non-current liabilities  | 2                            | -               | 23.51              | 23.51           |
|                                   |                              | <b>281.84</b>   | <b>45.54</b>       | <b>327.38</b>   |
| <b>Current liabilities</b>        |                              |                 |                    |                 |
| a) Financial liabilities          |                              |                 |                    |                 |
| (i) Borrowings                    | 6                            | 103.96          | 9.49               | 113.45          |
| (ii) Trade payables               | 5 & 8                        | 105.03          | (0.35)             | 104.68          |
| (iii) Other financial liabilities |                              | 120.41          | -                  | 120.41          |
| b) Other current liabilities      |                              | 12.76           | -                  | 12.76           |
| c) Current tax liabilities (net)  |                              | 0.84            | -                  | 0.84            |
|                                   |                              | <b>343.00</b>   | <b>9.14</b>        | <b>352.14</b>   |
|                                   |                              | <b>1,122.95</b> | <b>26.58</b>       | <b>1,149.53</b> |

**NOTES OF THE FINANCIAL STATEMENTS for the year ended 31 March, 2018**

(All amounts in ₹ crores, unless stated otherwise)

**Reconciliation of balance sheet as at 31 March 2017**

|                                   | Notes to first-time adoption | Previous GAAP   | IND AS Adjustments | Ind AS          |
|-----------------------------------|------------------------------|-----------------|--------------------|-----------------|
| <b>ASSETS</b>                     |                              |                 |                    |                 |
| <b>Non-current assets</b>         |                              |                 |                    |                 |
| a) Property, plant and equipment  | 2 & 3                        | 771.72          | 126.35             | 898.07          |
| b) Capital work-in-progress       |                              | 8.59            | -                  | 8.59            |
| c) Intangible assets              |                              | 2.21            | -                  | 2.21            |
| d) Financial assets               |                              |                 |                    |                 |
| (i) Investments                   | 9                            | 194.60          | (79.21)            | 115.39          |
| (ii) Loans                        |                              | 2.75            | -                  | 2.75            |
| (iii) Other financial assets      | 5 & 8                        | 0.13            | 5.21               | 5.34            |
| e) Income tax assets (net)        |                              | 9.11            | -                  | 9.11            |
| f) Other non-current assets       | 10                           | 24.94           | (9.00)             | 15.94           |
|                                   |                              | <b>1,014.05</b> | <b>43.35</b>       | <b>1,057.40</b> |
| <b>Current assets</b>             |                              |                 |                    |                 |
| a) Inventories                    |                              | 153.55          | -                  | 153.55          |
| b) Financial assets               |                              |                 |                    |                 |
| (i) Trade receivables             | 6                            | 187.19          | 17.65              | 204.83          |
| (ii) Cash and cash equivalents    | 10                           | 7.13            | 0.70               | 7.83            |
| (iii) Other bank balances         |                              | 10.17           | -                  | 10.17           |
| (iv) Loans                        |                              | 0.80            | -                  | 0.80            |
| (v) Other financial assets        | 10                           | 41.03           | 0.03               | 41.06           |
| c) Other current assets           |                              | 38.84           | -                  | 38.84           |
|                                   |                              | <b>438.71</b>   | <b>18.38</b>       | <b>457.08</b>   |
|                                   |                              | <b>1,452.76</b> | <b>61.73</b>       | <b>1,514.48</b> |
| <b>EQUITY AND LIABILITIES</b>     |                              |                 |                    |                 |
| <b>Equity</b>                     |                              |                 |                    |                 |
| a) Equity share capital           |                              | 19.44           | -                  | 19.44           |
| b) Other equity                   |                              | 590.77          | (33.67)            | 557.10          |
|                                   |                              | <b>610.21</b>   | <b>(33.67)</b>     | <b>576.54</b>   |
| <b>Liabilities</b>                |                              |                 |                    |                 |
| <b>Non-current liabilities</b>    |                              |                 |                    |                 |
| a) Financial liabilities          |                              |                 |                    |                 |
| (i) Borrowings                    | 1                            | 349.28          | (0.62)             | 348.66          |
| (ii) Other financial liabilities  | 5 & 8                        | -               | 6.76               | 6.76            |
| b) Deferred tax liabilities (net) | 13                           | 45.25           | 12.86              | 58.11           |
| c) Other non-current liabilities  | 2                            | -               | 55.62              | 55.62           |
|                                   |                              | <b>394.53</b>   | <b>74.62</b>       | <b>469.15</b>   |
| <b>Current liabilities</b>        |                              |                 |                    |                 |
| a) Financial liabilities          |                              |                 |                    |                 |
| (i) Borrowings                    | 6                            | 175.35          | 16.80              | 192.15          |
| (ii) Trade payables               | 5 & 8                        | 127.84          | 0.73               | 128.57          |
| (iii) Other financial liabilities | 5 & 8                        | 122.36          | 0.48               | 122.82          |
| b) Other current liabilities      | 2                            | 19.86           | 2.77               | 22.63           |
| c) Current tax liabilities (net)  |                              | 2.62            | -                  | 2.62            |
|                                   |                              | <b>448.03</b>   | <b>20.76</b>       | <b>468.79</b>   |
| <b>TOTAL</b>                      |                              | <b>1,452.77</b> | <b>61.73</b>       | <b>1,514.48</b> |

**NOTES OF THE FINANCIAL STATEMENTS for the year ended 31 March, 2018**

(All amounts in ₹ crores, unless stated otherwise)

**Reconciliation of total comprehensive income for the year ended 31 March 2017**

|                                                                 | Notes to first-time adoption | Previous GAAP   | Adjustments   | Ind AS          |
|-----------------------------------------------------------------|------------------------------|-----------------|---------------|-----------------|
| <b>Income</b>                                                   |                              |                 |               |                 |
| Revenue from operations                                         |                              | 1,567.26        | -             | 1,567.26        |
| Other income                                                    | 2                            | 13.39           | 1.53          | 14.92           |
| <b>Total income</b>                                             |                              | <b>1,580.65</b> | <b>1.53</b>   | <b>1,582.18</b> |
| <b>Expenses</b>                                                 |                              |                 |               |                 |
| Cost of material consumed                                       |                              | 984.07          | -             | 984.07          |
| Purchase of traded goods                                        |                              | 11.05           | -             | 11.05           |
| Change in inventory of finished goods                           |                              | (38.97)         | -             | (38.97)         |
| Excise duty                                                     | 11                           | 109.42          | -             | 109.42          |
| Employee benefits expenses                                      | 4 & 7                        | 76.84           | 2.18          | 79.02           |
| Depreciation and amortisation expenses                          | 2 & 3                        | 34.04           | 2.38          | 36.42           |
| Finance costs                                                   | 1                            | 33.97           | 0.45          | 34.42           |
| Allowance for expected credit losses                            |                              | 0.30            | 0.59          | 0.89            |
| Other expenses                                                  | 6                            | 251.16          | -             | 251.16          |
| <b>Total (b)</b>                                                |                              | <b>1,461.88</b> | <b>5.60</b>   | <b>1,467.48</b> |
| <b>Profit before tax</b>                                        |                              | <b>118.77</b>   | <b>(4.07)</b> | <b>114.70</b>   |
| <b>Tax expense</b>                                              |                              |                 |               |                 |
| - Current tax                                                   | 13                           | 20.79           | (0.29)        | 20.50           |
| - Deferred tax credit                                           | 12 & 13                      | (13.57)         | (0.21)        | (13.78)         |
| <b>Total tax expense</b>                                        |                              | <b>7.22</b>     | <b>(0.50)</b> | <b>6.72</b>     |
| <b>Net profit for the year</b>                                  |                              | <b>111.55</b>   | <b>(3.57)</b> | <b>107.98</b>   |
| <b>Other comprehensive income</b>                               |                              |                 |               |                 |
| 1) <u>Items that will not be reclassified to profit or loss</u> |                              |                 |               |                 |
| - Remeasurements of the net defined benefit plans               | 7                            | -               | 0.85          | 0.85            |
| - Tax on above items                                            | 13                           | -               | (0.29)        | (0.29)          |
| 2) <u>Items that will be reclassified to profit or loss</u>     |                              |                 |               |                 |
| - Loss on hedging instrument in cash flow hedge                 | 5 & 8                        | -               | (1.56)        | (1.56)          |
| - Tax on above items                                            | 13                           | -               | 0.54          | 0.54            |
| <b>Total other comprehensive income</b>                         |                              | <b>-</b>        | <b>(0.46)</b> | <b>(0.46)</b>   |
| <b>Total comprehensive income</b>                               |                              | <b>111.55</b>   | <b>(4.03)</b> | <b>107.52</b>   |

## NOTES OF THE FINANCIAL STATEMENTS for the year ended 31 March, 2018

(All amounts in ₹ crores, unless stated otherwise)

### Reconciliation of total equity as at 31 March 2017 and 1 April 2016

| Particulars                                                                                             | Notes to first time adoption | As at 31 March 2017 | As at 1 April 2016 |
|---------------------------------------------------------------------------------------------------------|------------------------------|---------------------|--------------------|
| Total equity (shareholder's funds) as per previous GAAP                                                 |                              | 610.20              | 498.11             |
| <b>Adjustments:</b>                                                                                     |                              |                     |                    |
| Measurement of financial liabilities at amortised cost                                                  | 1                            | 1.92                | 2.37               |
| Fair valuation of property, plant and equipment                                                         | 2 & 3                        | 67.96               | 68.84              |
| Recognition of loss allowance for expected credit losses on financial assets measured at amortised cost | 6                            | (0.59)              | -                  |
| Consolidation of Cosmo Films ESOP 2015 Trust                                                            | 10                           | (8.25)              | (5.39)             |
| Measurement of investment in subsidiaries at fair value                                                 | 9                            | (79.21)             | (79.21)            |
| Adjustment for cash flow hedge reserve                                                                  | 5 & 8                        | (1.72)              | (0.71)             |
| Tax impact on above adjustments                                                                         | 13                           | (13.77)             | (14.00)            |
| <b>Total equity as per Ind AS</b>                                                                       |                              | <b>576.54</b>       | <b>470.01</b>      |

### Reconciliation of total comprehensive income for the year ended 31 March 2017

| Particulars                                                                                             | Notes to first time adoption | As at 31 March 2017 |
|---------------------------------------------------------------------------------------------------------|------------------------------|---------------------|
| <b>As per previous GAAP for March 2017</b>                                                              |                              | <b>111.55</b>       |
| <b>Adjustments:</b>                                                                                     |                              |                     |
| Measurement of financial liabilities at amortised cost                                                  | 1                            | (0.45)              |
| Fair valuation of property, plant and equipment                                                         | 2 & 3                        | (0.85)              |
| Share based payment expense recognised at fair value                                                    | 4                            | (1.33)              |
| Recognition of loss allowance for expected credit losses on financial assets measured at amortised cost | 6                            | (0.59)              |
| Remeasurement on employee benefits                                                                      | 7                            | (0.85)              |
| Tax impact on above adjustments                                                                         | 13                           | 0.50                |
| <b>Total adjustments</b>                                                                                |                              | <b>(3.57)</b>       |
| <b>Total profit for the year</b>                                                                        |                              | <b>107.98</b>       |
| Other comprehensive income                                                                              |                              | (0.46)              |
| <b>As per Ind AS for March 2017</b>                                                                     |                              | <b>107.52</b>       |

### Impact of Ind AS on the adoption in the statement of Cash Flows for the year ended 31 March 2017

There are no material adjustments of transition to the statement of Cash Flows to conform to Ind AS presentation for the year ended 31 March 2017.

#### Note 1:

##### Borrowings

Ind AS 109 requires transaction costs incurred towards origination of borrowings to be deducted from the carrying amount of borrowings on initial recognition. These costs are recognised in the profit or loss over the tenure of the borrowing as part of the interest expense by applying the effective interest method. Under previous GAAP, these transaction costs were charged to profit or loss as and when incurred.

**NOTES OF THE FINANCIAL STATEMENTS for the year ended 31 March, 2018**

(All amounts in ₹ crores, unless stated otherwise)

**Note 2:****Property, plant and equipment- Government grant**

Under Ind AS, the transfer of resources from the government in the form of a waiver of duty needs to be accounted for as government grant. Accordingly, the duty benefit availed under Export Promotion Capital Goods (EPCG) Scheme on purchase of plant and equipment has been recognised as government grant by an increase in the carrying value of plant and equipment with a corresponding credit to the deferred government grant. The increase in the value of plant and equipment is depreciated over the balance useful life of the asset. The deferred grant revenue is recognised in profit or loss over the expected useful life in the pattern of consumption of the benefit of the underlying asset. Under Previous GAAP, such benefits were being netted off with the cost of the respective item of plant and equipment.

**Note 3:****Property, plant and equipment**

Fair valuation as deemed cost for certain items of Property, Plant and Equipment :Ind AS 101 permits an entity to elect to measure an item of property, plant and equipment at the date of transition to Ind AS at its fair value and use that fair value as its deemed cost at that date. Accordingly, the Company has elected to use the fair value of certain items of property, plant and equipment on the date of transition and designate the same as deemed cost on the date of transition. Fair value has been determined, by obtaining an external third party valuation, with reference to the depreciated placement cost of similar assets, a level 3 valuation technique. For the remaining assets, the Company has applied Ind AS retrospectively, from the date of their acquisition.

**Note 4:****Employee stock option plan**

Pursuant to the approval of the shareholders, the Company has introduced Cosmo Films Employees Stock Option Plan 2015 (CF ESOP 2015) to provide share based incentive to the eligible employees of the Company and its subsidiaries. The plan is to be implemented via trust route which will acquire the equity shares of the Company by secondary market acquisition, however, in case of any shortfall the Company will issue new shares as required.

**Note 5:****Derivative recognised at fair value**

Under previous GAAP, the premium or discount arising at the inception of the forward contract was amortised as expense or income over the life of the contract and the exchange differences on such a contract was recognised in the statement of profit and loss in the reporting period in which the exchange rates change. Under Ind AS, all derivative contracts are measured at fair value through profit and loss at each reporting date.

**Note 6:****Recognition of trade receivable**

Under previous GAAP, discounted debtors against letter of credit were derecognised. Under Ind AS, since derecognition criteria is not met, trade receivables are presented at their gross amount.

**Note 7:****Remeasurements of defined benefit obligations**

Under Ind AS, remeasurements i.e. actuarial gains and losses and the return on plan assets, excluding amounts included in the net interest expense on the net defined benefit liability are recognised in other comprehensive income instead of profit or loss. Under the previous GAAP, these remeasurements were forming part of the profit or loss for the year.

**NOTES OF THE FINANCIAL STATEMENTS for the year ended 31 March, 2018**

(All amounts in ₹ crores, unless stated otherwise)

**Note 8:****Hedging reserve**

Hedge accounting can only be applied prospectively from the transition date to transactions that satisfy the hedge accounting criteria in Ind AS 109, at that date. Hedging relationships cannot be designated retrospectively, and the supporting documentation cannot be created retrospectively. As a result, only hedging relationships that satisfied the hedge accounting criteria as of 1 April 2016, are reflected as hedges in the Company's results under Ind AS. The Company had designated various hedging relationships as cash flow hedge and fair value hedges under the previous GAAP. On the date of transition to Ind AS, the Company has assessed that all the designated hedging relationship qualifies for hedge accounting as per Ind AS 109. Consequently, the Company continues to apply hedge accounting on and after the date of transition to Ind AS.

**Note 9:****Investment in subsidiaries – Fair valuation as deemed cost:**

The Company has elected to measure investment in equity shares of its subsidiary company at the date of transition at its fair value and use that fair value as its deemed cost as at that date. Accordingly investments in equity shares of subsidiaries has decreased by ₹ 79.21 crore as at 31 March 2017 and 1 April 2016 with a corresponding credit to retained earnings.

**Note 10:****Adjustments for consolidation of Cosmo Films ESOP 2015 Trust ('ESOP Trust')**

ESOP Trust that has been allotted the shares which have not vested yet, for distribution to employees of the Company, has been consolidated on line by line basis by reducing from Other equity of the Company the value of such shares held by the trust as treasury shares.

**Note 11:****Excise duty**

Under Previous GAAP, revenue from sale of goods was presented net of excise duty whereas under Ind AS the revenue from sale of goods is presented inclusive of excise duty. The excise duty is presented on the face of the Statement of profit and loss as part of expenses.

**Note 12:****Minimum Alternate Tax ('MAT')**

Ind AS 12 requires classification of MAT credit as deferred tax asset. Accordingly, the Company has reclassified MAT credit from loans and advances to deferred tax asset on each reporting date. There is no impact on the total equity or profit as a result of this adjustment.

**Note 13:****Deferred tax**

Under Previous GAAP, deferred tax was accounted using the income statement approach, on the timing differences between the taxable profit and accounting profits for the period. Under Ind AS, deferred tax is recognized following balance sheet approach on the temporary differences between the carrying amount of asset or liability in the balance sheet and its tax base. In addition, various transitional adjustments have also led to recognition of deferred taxes on new temporary differences

**NOTES OF THE FINANCIAL STATEMENTS for the year ended 31 March, 2018**

(All amounts in ₹ crores, unless stated otherwise)

- 49** 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.

**50 PREVIOUS YEARS FIGURES**

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

For **Walker Chandiok & Co LLP**

Chartered Accountants

Firm's registration number 001076N/N500013

**Siddharth Talwar**

Partner

Membership No.512752

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

**Pratip Chaudhuri**

Director

DIN: 00915201

**Ashok Jaipuria**

Chairman & Managing Director

DIN: 00214707

**Neeraj Jain**

Chief Financial Officer

Membership No.: 097576

**Jyoti Dixit**

Company Secretary

Membership No.: F6229

**Place** : New Delhi

**Date** : 23 May 2018

## **INDEPENDENT AUDITOR'S REPORT**

### **To the Members of Cosmo Films Limited**

#### **Report on the Consolidated Financial Statements**

1. We have audited the accompanying consolidated financial statements of Cosmo Films Limited ('the Holding Company') and its subsidiaries (the Holding Company and its subsidiaries together referred to as 'the Group'), which comprise the Consolidated Balance Sheet as at 31 March 2018, 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.

#### **Management's Responsibility for the Consolidated Financial Statements**

2. The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 ('the Act') that give a true and fair view of the consolidated state of affairs (consolidated financial position), consolidated profit or loss (consolidated financial performance including other comprehensive income), consolidated cash flows and consolidated changes in equity of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act. The Holding Company's Board of Directors and the respective Board of Directors/management of the subsidiaries included in the Group are responsible for the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error. Further, in terms of the provisions of the Act, the respective Board of Directors/management of the companies included in the Group covered under the Act are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial

controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error. These financial statements have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

#### **Auditor's Responsibility**

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

## Opinion

8. In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors on separate financial statements and on the other financial information of the subsidiaries, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs (consolidated financial position) of the Group as at 31 March 2018, and their consolidated profit (consolidated financial performance including other comprehensive income), their consolidated cash flows and consolidated changes in equity for the year ended on that date.

## Other Matters

9. We did not audit the financial statements of three subsidiaries, whose financial statements reflect total assets of ₹ 183.37 crores and net assets of ₹ 100.54 crores as at 31 March 2018, total revenues of ₹ 221.14 crores and net cash outflows amounting to ₹ 0.08 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, two subsidiaries are located outside India whose financial statements and other financial information have been prepared in accordance with accounting principles generally accepted in their respective countries and which have been audited by other auditors under generally accepted auditing standards applicable in their respective countries. The Holding Company's management has converted the financial statements of such subsidiaries located outside India from accounting principles generally accepted in their respective countries to accounting principles generally accepted in India. We have audited these conversion adjustments made by the Holding Company's management. Our opinion in so far as it relates to the balances and affairs of such subsidiaries located outside India is based on the

report of other auditors and the conversion adjustments prepared by the management of the Holding Company and audited by us.

10. We did not audit the financial information of four subsidiaries, whose financial information reflect total assets of ₹ 75.21 crores and net assets of ₹ 63.25 crores as at 31 March 2018, total revenues of ₹ 60.52 crores and net cash inflows amounting to ₹ 3.01 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 these subsidiaries, and our report in terms of sub-section (3) of Section 143 of the Act in so far as it relates to the aforesaid subsidiaries are based solely on such unaudited financial 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 work done by and the reports of the other auditors and the financial information certified by the management.

The Holding Company had prepared separate sets of consolidated financial statements for the year ended 31 March 2017 and 31 March 2016 in accordance with Accounting Standards prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended) on which we issued auditor's reports dated 17 May 2017 and 11 May 2016 respectively. These separate sets of consolidated financial statements have been adjusted for the differences in the accounting principles adopted by the Company on transition to Ind AS, which have also been audited by us. Our opinion is not modified in respect of this matter.

## Report on Other Legal and Regulatory Requirements

11. As required by Section 143(3) of the Act, based on our audit and on the consideration of the reports of the other 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, none of the directors of the Holding Company are disqualified as on 31 March 2018 from being appointed as a director in terms of Section 164(2) of the Act.
- f. We have also audited the internal financial controls over financial reporting (IFCoFR) of the Holding Company, as of 31 March 2018, in conjunction with our audit of the consolidated financial statements of the group for the year ended on that date and our report dated 23 May 2018 as per annexure I expressed unmodified opinion on adequacy and operating effectiveness of the internal financial controls over financial reporting; and
- g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditors on separate financial statements and 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 39 to the consolidated financial statements;
  - (ii) The Group did not have any long-term

contracts including derivative contracts for which there were any material foreseeable losses;

- (iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company; and
- (iv) The disclosure requirements relating to holdings as well as dealings in specified bank notes were applicable for the period from 8 November 2016 to 30 December 2016 which are not relevant to these consolidated financial statements. Hence, reporting under this clause is not applicable.

**For Walker Chandiok & Co LLP**

Chartered Accountants

Firm's Registration No.: 001076N/N500013

**Siddharth Talwar**

Partner

Membership No.: 512752

**Place:** New Delhi

**Date:** 23 May 2018

**ANNEXURE I**

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

1. In conjunction with our audit of the consolidated financial statements of 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 2018, we have audited the internal financial controls over financial reporting ('IFCoFR') of the Holding Company, as at that date.

**Management's Responsibility for Internal Financial Controls**

2. The Board of Directors of the Holding Company are responsible for establishing and maintaining internal financial controls based on components of internal control stated in the Guidance note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('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 Holding Company's business, including adherence to the Holding Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

### **Auditor's Responsibility**

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

### **Meaning of Internal Financial Controls over Financial Reporting**

6. A company's IFCoFR is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting

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

### **Inherent Limitations of Internal Financial Controls over Financial Reporting**

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

### **Opinion**

8. In our opinion the Holding Company has, in all material respects, adequate internal financial controls over financial reporting and such controls were operating effectively as at 31 March 2018, 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 ICAI.

**For Walker Chandiook & Co LLP**

Chartered Accountants

Firm's Registration No.: 001076N/N500013

**Siddharth Talwar**

Partner

Membership No.: 512752

**Place:** New Delhi

**Date:** 23 May 2018

**CONSOLIDATED BALANCE SHEET as at 31 March, 2018**

(All amounts in ₹ crores, unless stated otherwise)

| Particulars                       | Notes No. | As at 31 March 2018 | As at 31 March 2017 | As at 1 April 2016 |
|-----------------------------------|-----------|---------------------|---------------------|--------------------|
| <b>ASSETS</b>                     |           |                     |                     |                    |
| <b>Non-current assets</b>         |           |                     |                     |                    |
| a) Property, plant and equipment  | 2         | 990.95              | 959.27              | 738.68             |
| b) Capital work-in-progress       | 3         | 12.39               | 8.59                | 12.03              |
| c) Investment property            | 4         | 29.28               | 27.49               | 28.46              |
| d) Intangibles assets             | 5         | 3.09                | 2.21                | 3.51               |
| e) Financial assets               |           |                     |                     |                    |
| (i) Investments                   | 6         | 0.17                | 0.05                | 2.34               |
| (ii) Loans                        | 7         | 10.25               | 2.75                | 1.91               |
| (iii) Other financial assets      | 8         | 5.87                | 5.34                | 9.35               |
| f) Deferred tax assets (net)      | 23        | 3.14                | 0.82                | 1.77               |
| g) Income tax assets (net)        |           | 9.34                | 9.11                | 9.39               |
| h) Other non-current assets       | 9         | 40.89               | 17.18               | 28.35              |
|                                   |           | <b>1,105.37</b>     | <b>1,032.81</b>     | <b>835.79</b>      |
| <b>Current assets</b>             |           |                     |                     |                    |
| a) Inventories                    | 10        | 282.05              | 237.44              | 172.04             |
| b) Financial assets               |           |                     |                     |                    |
| (i) Investments                   | 11        | 57.82               | -                   | -                  |
| (ii) Trade receivables            | 12        | 204.63              | 162.49              | 124.34             |
| (iii) Cash and cash equivalents   | 13        | 40.01               | 18.92               | 26.40              |
| (iv) Other bank balances          | 14        | 9.46                | 10.17               | 7.55               |
| (v) Loans                         | 15        | 1.65                | 1.36                | 0.80               |
| (vi) Other financial assets       | 16        | 38.03               | 41.19               | 32.80              |
| c) Other current assets           | 17        | 39.18               | 40.93               | 13.90              |
|                                   |           | <b>672.83</b>       | <b>512.50</b>       | <b>377.83</b>      |
|                                   |           | <b>1,778.20</b>     | <b>1,545.31</b>     | <b>1,213.62</b>    |
| <b>EQUITY AND LIABILITIES</b>     |           |                     |                     |                    |
| <b>Equity</b>                     |           |                     |                     |                    |
| a) Equity share capital           | 18        | 19.44               | 19.44               | 19.44              |
| b) Other equity                   | 19        | 600.22              | 553.54              | 469.01             |
|                                   |           | <b>619.66</b>       | <b>572.98</b>       | <b>488.45</b>      |
| <b>Liabilities</b>                |           |                     |                     |                    |
| <b>Non-current liabilities</b>    |           |                     |                     |                    |
| a) Financial liabilities          |           |                     |                     |                    |
| (i) Borrowings                    | 20        | 405.31              | 348.66              | 230.26             |
| (ii) Other financial liabilities  | 21        | 5.62                | 6.76                | 1.18               |
| b) Provisions                     | 22        | 3.68                | 3.70                | 2.62               |
| c) Deferred tax liabilities (net) | 23        | 40.49               | 56.84               | 72.51              |
| d) Other non-current liabilities  | 24        | 55.85               | 55.62               | 23.50              |
|                                   |           | <b>510.95</b>       | <b>471.58</b>       | <b>330.07</b>      |
| <b>Current liabilities</b>        |           |                     |                     |                    |
| a) Financial liabilities          |           |                     |                     |                    |
| (i) Borrowings                    | 25        | 287.15              | 211.87              | 130.49             |
| (ii) Trade payables               | 26        | 189.02              | 137.72              | 120.40             |
| (iii) Other financial liabilities | 27        | 153.93              | 125.45              | 130.20             |
| b) Other current liabilities      | 28        | 16.36               | 22.93               | 13.16              |
| c) Current tax liabilities (net)  | 29        | 1.13                | 2.78                | 0.85               |
|                                   |           | <b>647.59</b>       | <b>500.75</b>       | <b>395.10</b>      |
|                                   |           | <b>1,778.20</b>     | <b>1,545.31</b>     | <b>1,213.62</b>    |

**Statement of significant accounting policies 1**

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

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

 For **Walker Chandiok & Co LLP**

Chartered Accountants

Firm's registration number 001076N/N500013

**Siddharth Talwar**

Partner

Membership No.512752

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

**Pratip Chaudhuri**

Director

DIN: 00915201

**Neeraj Jain**

Chief Financial Officer

Membership No.: 097576

**Ashok Jaipuria**

Chairman &amp; Managing Director

DIN: 00214707

**Jyoti Dixit**

Company Secretary

Membership No.: F6229

**Place** : New Delhi

**Date** : 23 May 2018

**CONSOLIDATED STATEMENT OF PROFIT & LOSS for the year ended 31 March, 2018**

(All amounts in ₹ crores, unless stated otherwise)

| Particulars                                                                                                                                                  | Notes No. | Year ended 31 March 2018 | Year ended 31 March 2017 |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------|--------------------------|--------------------------|
| <b>Revenue</b>                                                                                                                                               |           |                          |                          |
| Revenue from operations                                                                                                                                      | 30        | 1,966.69                 | 1,696.34                 |
| Other income                                                                                                                                                 | 31        | 34.51                    | 15.47                    |
| <b>Total income</b>                                                                                                                                          |           | <b>2,001.20</b>          | <b>1,711.81</b>          |
| <b>Expenses</b>                                                                                                                                              |           |                          |                          |
| Cost of material consumed                                                                                                                                    |           | 1,331.48                 | 1,065.88                 |
| Purchases of traded goods                                                                                                                                    |           | 1.63                     | 0.85                     |
| Change in inventory of finished goods                                                                                                                        | 32        | (8.42)                   | (61.42)                  |
| Excise duty                                                                                                                                                  |           | 30.46                    | 109.42                   |
| Employee benefits expense                                                                                                                                    | 33        | 129.98                   | 128.16                   |
| Depreciation and amortisation expense                                                                                                                        | 34        | 51.21                    | 42.11                    |
| Finance costs                                                                                                                                                | 35        | 52.38                    | 35.91                    |
| Allowance for expected credit losses                                                                                                                         |           | 1.18                     | 1.07                     |
| Other expenses                                                                                                                                               | 36        | 347.30                   | 298.64                   |
| <b>Total (b)</b>                                                                                                                                             |           | <b>1,937.20</b>          | <b>1,620.62</b>          |
| <b>Profit before tax</b>                                                                                                                                     |           | <b>64.00</b>             | <b>91.19</b>             |
| <b>Tax expense</b>                                                                                                                                           | 37        |                          |                          |
| - Current tax                                                                                                                                                |           | 15.82                    | 20.68                    |
| - Deferred tax credit                                                                                                                                        |           | (16.25)                  | (15.23)                  |
| <b>Total tax expense</b>                                                                                                                                     |           | <b>(0.43)</b>            | <b>5.45</b>              |
| <b>Profit for the year</b>                                                                                                                                   |           | <b>64.43</b>             | <b>85.74</b>             |
| <b>Other comprehensive income</b>                                                                                                                            |           |                          |                          |
| <b>1) Items that will not be reclassified to profit or loss</b>                                                                                              |           |                          |                          |
| - Remeasurements of net defined benefit plans                                                                                                                |           | 0.54                     | 0.85                     |
| - Tax on above items                                                                                                                                         |           | (0.19)                   | (0.29)                   |
| <b>2) Items that will be reclassified to profit or loss</b>                                                                                                  |           |                          |                          |
| - Loss on hedging instrument in cash flow hedge                                                                                                              |           | (6.31)                   | 2.14                     |
| - Foreign currency translation reserve                                                                                                                       |           | 6.19                     | (2.21)                   |
| - Tax on above items                                                                                                                                         |           | 2.20                     | (0.71)                   |
| <b>Total other comprehensive income</b>                                                                                                                      |           | <b>2.43</b>              | <b>(0.22)</b>            |
| <b>Total comprehensive income</b>                                                                                                                            |           | <b>66.86</b>             | <b>85.52</b>             |
| <b>Earnings per equity share</b>                                                                                                                             | 38        |                          |                          |
| - Basic                                                                                                                                                      |           | 33.62                    | 44.73                    |
| - Diluted                                                                                                                                                    |           | 33.62                    | 44.73                    |
| <b>Statement 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

**Pratip Chaudhuri**

Director

DIN: 00915201

**Ashok Jaipuria**

Chairman &amp; Managing Director

DIN: 00214707

**Neeraj Jain**

Chief Financial Officer

Membership No.: 097576

**Jyoti Dixit**

Company Secretary

Membership No.: F6229

**Place** : New Delhi

**Date** : 23 May 2018

# **CONSOLIDATED STATEMENT OF CHANGES IN EQUITY for the year ended 31 March 2018**

(All amounts in ₹ crores, unless stated otherwise)

## **A. Equity share capital**

|                                     |       |
|-------------------------------------|-------|
| Opening Balance as at 1 April 2016  | 19.44 |
| Changes during the year             | -     |
| Closing Balance as at 31 March 2017 | 19.44 |
| Changes during the year             | -     |
| Closing Balance as at 31 March 2018 | 19.44 |

## **B. Other Equity**

| Particulars                             | Reserves and Surplus |                 |                                                          |                            |                                  |                 |                 | Other Components of Equity |                           |                              | Total   |
|-----------------------------------------|----------------------|-----------------|----------------------------------------------------------|----------------------------|----------------------------------|-----------------|-----------------|----------------------------|---------------------------|------------------------------|---------|
|                                         | Retained earnings    | Treasury shares | Foreign currency monetary translation difference account | Securities premium account | Stock option outstanding account | Capital reserve | General reserve | Other reserves             | Cash flow hedging reserve | Currency translation reserve |         |
| Balance as at 1 April 2016              | 164.09               | (5.59)          | (0.55)                                                   | 31.26                      | 0.18                             | 4.10            | 278.11          | -                          | (2.59)                    | -                            | 469.01  |
| Profit for the year                     | 85.74                | -               | -                                                        | -                          | -                                | -               | -               | -                          | -                         | -                            | 85.74   |
| Other comprehensive income/(expense)    | 0.56                 | -               | -                                                        | -                          | -                                | -               | -               | -                          | 1.43                      | (2.21)                       | (0.22)  |
| Total comprehensive income for the year | 86.30                | -               | -                                                        | -                          | -                                | -               | -               | -                          | 1.43                      | (2.21)                       | 85.52   |
| Amortisation during the year            | -                    | -               | 0.55                                                     | -                          | -                                | -               | -               | -                          | -                         | -                            | 0.55    |
| Transaction with owners                 | -                    | -               | -                                                        | -                          | 1.33                             | -               | -               | -                          | -                         | -                            | 1.33    |
| Employee share-based compensation       | -                    | (2.87)          | -                                                        | -                          | -                                | -               | -               | -                          | -                         | -                            | (2.87)  |
| Movement in treasury shares             | -                    | -               | -                                                        | -                          | -                                | -               | -               | -                          | -                         | -                            | -       |
| Balance as at 31 March 2017             | 250.39               | (8.46)          | -                                                        | 31.26                      | 1.51                             | 4.10            | 278.11          | -                          | (1.16)                    | (2.21)                       | 553.54  |
| Balance as at 31 March 2017             | 250.39               | (8.46)          | -                                                        | 31.26                      | 1.51                             | 4.10            | 278.11          | -                          | (1.16)                    | (2.21)                       | 553.54  |
| Profit for the year                     | 64.43                | -               | -                                                        | -                          | -                                | -               | -               | -                          | -                         | -                            | 64.43   |
| Other comprehensive income/(expense)    | 0.35                 | -               | -                                                        | -                          | -                                | -               | -               | -                          | (4.11)                    | -                            | (3.76)  |
| Total comprehensive income for the year | 64.78                | -               | -                                                        | -                          | -                                | -               | -               | -                          | (4.11)                    | -                            | 60.67   |
| Transaction with owners                 | -                    | -               | -                                                        | -                          | -                                | -               | -               | -                          | -                         | -                            | -       |
| Equity dividend                         | (19.16)              | -               | -                                                        | -                          | -                                | -               | -               | -                          | -                         | -                            | (19.16) |
| Tax on equity dividend                  | (3.96)               | -               | -                                                        | -                          | -                                | -               | -               | -                          | -                         | -                            | (3.96)  |
| Employee share-based compensation       | -                    | -               | -                                                        | -                          | 1.72                             | -               | -               | -                          | -                         | -                            | 1.72    |
| Movement during the year                | -                    | -               | -                                                        | -                          | -                                | -               | -               | 1.22                       | -                         | 6.19                         | 7.41    |
| Balance as at 31 March 2018             | 292.05               | (8.46)          | -                                                        | 31.26                      | 3.23                             | 4.10            | 278.11          | 1.22                       | (5.27)                    | 3.98                         | 600.22  |

## **Statement 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 Chandok & Co LLP**

Chartered Accountants

Firm's registration number 001076NIN500013

**Siddharth Talwar**

Partner

Membership No.512752

Place : New Delhi

Date : 23 May 2018

**Pratibha Chaudhuri**

Director

DIN: 00915201

**Neeraj Jain**

Chief Financial Officer

Membership No.: 097576

**Ashok Jaipuria**

Chairman & Managing Director

DIN: 00214707

**Jyoti Dixit**

Company Secretary

Membership No.: F6229

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

**CASH FLOW STATEMENT for the year ended 31 March 2018**

(All amounts in ₹ crores, unless stated otherwise)

| Particulars                                                                                                                                                  | Year ended<br>31 March 2018 | Year ended<br>31 March 2017 |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------|-----------------------------|
| <b>A. Cash flow from operating activities</b>                                                                                                                |                             |                             |
| Profit before tax                                                                                                                                            | 64.00                       | 91.19                       |
| <b>Adjustment for</b>                                                                                                                                        |                             |                             |
| Depreciation and amortisation expenses                                                                                                                       | 51.21                       | 42.11                       |
| Finance cost                                                                                                                                                 | 52.38                       | 35.91                       |
| Interest on financial assets carried at amortised cost                                                                                                       | (0.21)                      | -                           |
| Gain on investments carried at fair value through profit and loss                                                                                            | (2.82)                      | -                           |
| Allowance for doubtful debts (expected credit loss)                                                                                                          | 1.18                        | 1.07                        |
| Interest on bank deposits                                                                                                                                    | (1.50)                      | (0.74)                      |
| Grant income on export promotion capital goods (EPCG)                                                                                                        | (2.79)                      | (1.54)                      |
| Liabilities no longer required written back                                                                                                                  | (0.60)                      | (0.51)                      |
| Loss/(profit) on sale of property, plant and equipment                                                                                                       | 0.05                        | (6.40)                      |
| Employee shared based compensation                                                                                                                           | 1.72                        | 1.33                        |
| Unrealised gain on exchange fluctuation                                                                                                                      | (0.04)                      | 0.19                        |
| Unrealised sales tax incentives                                                                                                                              | (17.20)                     | -                           |
|                                                                                                                                                              | <b>145.38</b>               | <b>162.61</b>               |
| <b>Operating profit before working capital changes</b>                                                                                                       |                             |                             |
| <b>Movement in working capital</b>                                                                                                                           |                             |                             |
| Inventories                                                                                                                                                  | (39.27)                     | (67.01)                     |
| Trade receivable                                                                                                                                             | (38.41)                     | (40.38)                     |
| Other current/non-current financial assets                                                                                                                   | (1.93)                      | (8.35)                      |
| Loans                                                                                                                                                        | (4.80)                      | (1.43)                      |
| Other current/ non current assets                                                                                                                            | 6.91                        | (27.09)                     |
| Trade payable                                                                                                                                                | 43.76                       | 24.65                       |
| Other current/non-current financial liabilities                                                                                                              | (5.48)                      | 12.92                       |
| Other liabilities                                                                                                                                            | (5.90)                      | 7.17                        |
| Provisions                                                                                                                                                   | (0.02)                      | 1.11                        |
|                                                                                                                                                              | <b>100.24</b>               | <b>64.20</b>                |
| <b>Cash flow from operating activities post working capital changes</b>                                                                                      |                             |                             |
| Income tax paid (net)                                                                                                                                        | (17.91)                     | (13.80)                     |
| <b>Net cash flow from operating activities (A)</b>                                                                                                           | <b>82.33</b>                | <b>50.40</b>                |
| <b>B. Cash flow from investing activities</b>                                                                                                                |                             |                             |
| Purchase of property, plant and equipment, investment property, intangible assets and capital work in progress (including capital advances)                  | (76.65)                     | (223.97)                    |
| Sale of property, plant and equipment and intangible assets                                                                                                  | 6.57                        | 1.54                        |
| (Purchase)/sale of investments and liquid mutual funds (net)                                                                                                 | (55.11)                     | 2.28                        |
| Interest received                                                                                                                                            | 1.39                        | 0.66                        |
| Investments in fixed deposits                                                                                                                                | (10.79)                     | (9.40)                      |
| Proceeds on maturity of fixed deposits                                                                                                                       | 11.80                       | 5.97                        |
| <b>Net cash flow used in investing activities (B)</b>                                                                                                        | <b>(122.79)</b>             | <b>(222.92)</b>             |
| <b>C. Cash flow from financing activities</b>                                                                                                                |                             |                             |
| Proceeds from long term borrowings                                                                                                                           | 150.84                      | 211.86                      |
| Repayment of long term borrowings                                                                                                                            | (89.64)                     | (89.42)                     |
| Proceeds of short term borrowings (net)                                                                                                                      | 75.28                       | 81.38                       |
| Purchase of treasury shares                                                                                                                                  | -                           | (2.87)                      |
| Interest paid                                                                                                                                                | (51.81)                     | (35.91)                     |
| Dividend and tax thereon paid                                                                                                                                | (23.12)                     | -                           |
| <b>Net cash flow from financing activities (C)</b>                                                                                                           | <b>61.55</b>                | <b>165.04</b>               |
| Increase/(Decrease) in net cash and cash equivalents (A+B+C)                                                                                                 | 21.09                       | (7.48)                      |
| Cash and cash equivalents at the beginning of the year (refer note 13)                                                                                       | 18.92                       | 26.40                       |
| <b>Cash and cash equivalents at the end of the year (refer note 13)</b>                                                                                      | <b>40.01</b>                | <b>18.92</b>                |
| <b>Statement of significant accounting policies</b>                                                                                                          | <b>1</b>                    |                             |
| 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 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

**Pratip Chaudhuri**

Director

DIN: 00915201

**Neeraj Jain**

Chief Financial Officer

Membership No.: 097576

**Ashok Jaipuria**

Chairman &amp; Managing Director

DIN: 00214707

**Jyoti Dixit**

Company Secretary

Membership No.: F6229

**Place** : New Delhi

**Date** : 23 May 2018

## **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March 2018**

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

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

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

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

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

These consolidated financial statements ('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 Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015, as amended from time to time

These financial statements for the year ended 31 March 2018 are the first consolidated financial statements prepared by the Company under Ind AS. For all periods up to and including the year ended 31 March 2017, the Company prepared its financial statements 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 (hereinafter referred to as 'Previous GAAP'). The consolidated financial statements for the comparative year ended 31 March 2017 and opening consolidated balance sheet at the beginning of the comparative year as at 1 April, 2016 are also prepared in accordance with Ind AS. Reconciliations and explanations of the effect of the transition from Previous GAAP to Ind AS on the Company's Consolidated Balance Sheet, Consolidated Statement of Profit and Loss and Consolidated Statement of Cash Flows are provided in Note 51.

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, including the preparation of the opening consolidated Ind AS Balance Sheet as at 1 April, 2016 being the date of transition to Ind AS.

The consolidated financial statements for the year ended 31 March 2018 were authorized and approved by the Board of Directors on 23 May 2018.

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 Company has control. The Company controls an entity when the Company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity. The Company can have power over the investee even if it owns less than majority voting rights i.e. rights arising from other contractual arrangements. Subsidiaries are fully consolidated from the date on which control is transferred to the Company. Statement of profit and loss (including other comprehensive income ('OCI')) of subsidiaries acquired or disposed of during the period are recognized from the effective date of acquisition, or up to the effective date of disposal, as applicable.

The consolidated financial statements are presented, to the extent possible, in the same format as that adopted by the parent Company for its separate financial statements.

Intercompany transactions, balances and unrealised gains on transactions between Company and its subsidiaries (jointly referred to as the 'Group' herein under) are eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Company.

#### **iv) Significant Accounting Policies**

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

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

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

All other assets are classified as non-current.

A liability is current when:

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

The Group classifies all other liabilities as non-current.

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

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

##### **b) Property, plant and equipment**

###### *Recognition and initial measurement*

Property, plant and equipment are stated at their cost of acquisition. The cost comprises the purchase price and any attributable costs of bringing the asset to its working condition for its intended use. Any trade discount and rebates are deducted in arriving at the purchase price. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits attributable to such subsequent cost associated with the item will flow to the 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 Group:

| <b>Tangible Assets</b>                 | <b>Useful Life</b> |
|----------------------------------------|--------------------|
| Building – Factory                     | 30 Years           |
| Building – other than factory          | 60 Years           |
| Continuous process plant and equipment | 25 Years           |
| Other plant and equipment              | 15 years           |
| Furniture and fixtures                 | 10 Years           |
| Vehicles                               | 8 Years            |
| Office equipment                       | 3-5 Years          |

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

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

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

#### *De-recognition*

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

### **c) Intangible assets**

#### *Recognition and initial measurement*

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

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

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

| <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 and loss when the asset is derecognised.

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

The Company assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the

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

**e) Borrowing Costs**

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest calculated using the effective interest method and other costs like finance charges in respect of the finance leases recognized in accordance with Ind AS 17, that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

**f) Inventory**

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

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

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

**g) Functional and presentation currency**

The consolidated financial statements are presented in Indian Rupees (INR), which is also the Holding Company's functional and presentation currency.

**Foreign Currencies**

**Transactions and balances**

*Initial recognition*

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

*Subsequent measurement*

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

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

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

### *Exchange differences*

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

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

- i. Exchange differences arising on long-term foreign currency monetary items existing as on 31 March 2017 related to acquisition of a property, plant and equipment are capitalised and depreciated over the remaining useful life of the asset.
- ii. Exchange differences arising on other long-term foreign currency monetary items existing as on 31 March 2017 are accumulated in the “Foreign Currency Monetary Item Translation Difference Account” and amortised over the remaining life of the concerned monetary item.
- iii. All other exchange differences are recognised as income or as expenses in the period in which they arise.

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

### **Foreign operations**

In the Group's financial statements, all assets, liabilities and transactions of the Group entities with functional currency other than the Indian Rupee are translated into Indian Rupee upon consolidation. The functional currency of the entities in the Group has remained unchanged during the reporting period. On consolidation, assets and liabilities have been translated into Indian Rupee at the closing rate at the reporting date. Fair value adjustments arising on the acquisition of a foreign entity have been treated as assets and liabilities of the foreign entity and translated into Indian Rupee at the closing rate. Income and expenses have been translated into Indian Rupee at the average rate over the reporting period. Exchange differences are charged/ credited to other comprehensive income and recognized in the currency translation reserve in equity. On disposal of a foreign operation, the related cumulative translation differences recognized in equity are reclassified to the statement of profit or loss and are recognized as part of the gain or loss on disposal.

### **h) Leases**

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

For arrangements entered into prior to 1 April 2016, the Group has determined whether the arrangement contain lease on the basis of facts and circumstances existing on the date of transition.

### **Group as a lessee**

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

Finance leases are capitalized at the commencement of the lease at the inception date fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in

finance costs in the statement of profit and loss. Contingent rentals are recognised as expenses in the periods in which they are incurred. Lease management fees, legal charges and other initial direct costs are capitalized.

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

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

#### **Group as a lessor**

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

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

#### **i) Fair value measurement**

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

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

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

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

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

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

All assets and liabilities for which fair value is measured or disclosed in the financial 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, Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period or each case.

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

**j) Revenue Recognition**

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

**Sale of goods**

Revenue from sale of goods is recognized when all the significant risks and rewards of ownership are transferred to the buyer and the Company retains neither effective control of the goods nor retains significant managerial involvement to the degree usually associated with ownership; and no significant uncertainty exists regarding the amount of the consideration that will be derived from the sale of goods. Revenue is measured at fair value of the consideration received or receivable, after deduction of any trade discounts, volume rebates and any taxes or duties collected on behalf of the government which are levied on sales.

**Export benefits/incentives**

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

**Dividend income**

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

**Interest Income:**

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

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

**k) Financial Instruments**

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

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

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

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

## **Financial assets**

### **Classification and subsequent measurement**

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

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

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

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

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

**iii. Financial assets at fair value**

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

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

Equity instruments included within the FVTPL category are measured at fair value with all changes recognised in the profit or loss.

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

### **Accounting of cash flow hedges and derivatives**

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

designated.

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

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

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

#### **De-recognition of financial assets**

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

#### **Financial liabilities**

##### **Subsequent measurement**

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

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

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

#### **De-recognition of financial liabilities**

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit and loss.

#### **Offsetting of financial instruments**

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

#### **Impairment of financial assets**

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

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

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

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

#### **Trade receivables**

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

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

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

#### **Other financial assets**

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

### **I) Post-employment and other employee benefits**

#### **Defined Contribution plan**

##### Provident fund

Retirement benefit in the form of provident fund is a defined contribution scheme. The Group has no obligation, other than the contribution payable to the provident fund. The Group recognizes contribution payable to the provident fund scheme as an expense, when an employee renders the related service. The Group has no obligation other than the contribution payable to the Provided Fund.

##### Superannuation fund

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

#### **Defined benefit plans**

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

Remeasurements, comprising of actuarial gains and losses, excluding amounts included in net interest on the net defined benefit liability are recognized immediately in the balance sheet with a corresponding

debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

#### **Other Employee Benefits**

##### **Compensated absences**

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

##### **Other short term benefits**

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

#### **m) Provisions, contingent assets and contingent liabilities**

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

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

Contingent liability is disclosed for:

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

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

#### **n) Earnings per share**

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

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

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

#### **o) Taxes**

##### **Current income tax**

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

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates

positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

#### **Deferred tax**

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

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

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

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

#### **p) Government grants and subsidies**

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

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

#### **q) Segment reporting**

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

##### **Identification of segments:**

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

##### **Allocation of common costs:**

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

**Unallocated items:**

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

**Segment accounting policies**

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

**r) Cash and cash equivalents**

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

**s) Employee Share based payment**

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

**v) Significant management judgement in applying accounting policies and estimation uncertainty**

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

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

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

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

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

**Provisions** – At each balance sheet date basis the management judgment, changes in facts and legal aspects, the Group assesses the requirement of provisions against the outstanding contingent liabilities.

However, the actual future outcome may be different from this judgement.

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

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

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

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

**vi) Standards issued but not yet effective**

- **Appendix B to Ind AS 21, Foreign currency transactions and advance consideration:** On March 28, 2018, Ministry of Corporate Affairs ("MCA") has notified the Companies (Indian Accounting Standards) Amendment Rules, 2018 containing Appendix B to Ind AS 21, Foreign currency transactions and advance consideration which clarifies the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income, when an entity has received or paid advance consideration in a foreign currency. The amendment will come into force from April 1, 2018. The Group has evaluated the effect of this on the financial statements and the impact is not material.
- **Ind AS 115- Revenue from Contract with Customers:** On March 28, 2018, Ministry of Corporate Affairs ("MCA") has notified the Ind AS 115, Revenue from Contract with Customers. The core principle of the new standard is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Further, the new standard requires enhanced disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers.

The standard permits two possible methods of transition:

- **Retrospective approach** - Under this approach the standard will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8- Accounting Policies, Changes in Accounting Estimates and Errors;
- **Retrospectively with cumulative effect of initially applying the standard** recognized at the date of initial application (Cumulative catch - up approach) The effective date for adoption of Ind AS 115 is financial periods beginning on or after April 1, 2018.

The Group will adopt the standard on 1 April 2018 by using the cumulative catch-up transition method and accordingly comparatives for the year ending or ended 31 March 2018 will not be retrospectively adjusted. The effect on adoption of Ind AS 115 is expected to be insignificant.

**NOTES OF THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March, 2018**

(All amounts in ₹ crores, unless stated otherwise)

**2 PROPERTY, PLANT AND EQUIPMENT**

| Description                          | Freehold land | Lease hold Land | Buildings     | Plant and Equipment | Furniture and Fixtures | Vehicles     | Office equipments | Total           |
|--------------------------------------|---------------|-----------------|---------------|---------------------|------------------------|--------------|-------------------|-----------------|
| <b>Gross carrying value</b>          |               |                 |               |                     |                        |              |                   |                 |
| <b>As at 1 April 2016*</b>           | <b>32.77</b>  | <b>67.33</b>    | <b>162.70</b> | <b>853.83</b>       | <b>10.52</b>           | <b>11.15</b> | <b>20.43</b>      | <b>1,158.73</b> |
| Additions                            | -             | -               | 35.64         | 231.88              | 0.91                   | 2.37         | 2.62              | <b>273.42</b>   |
| Disposals                            | -             | (0.01)          | (0.25)        | (1.22)              | -                      | (0.63)       | (0.02)            | <b>(2.13)</b>   |
| Other adjustments:                   |               |                 |               |                     |                        |              |                   |                 |
| Foreign exchange fluctuation         | (0.05)        | -               | (0.26)        | (12.04)             | (0.01)                 | (0.00)       | (0.07)            | <b>(12.43)</b>  |
| <b>As at 31 March 2017</b>           | <b>32.72</b>  | <b>67.32</b>    | <b>197.83</b> | <b>1,072.45</b>     | <b>11.42</b>           | <b>12.89</b> | <b>22.96</b>      | <b>1,417.59</b> |
| Additions                            | 0.27          | -               | 5.92          | 47.53               | 0.32                   | 0.77         | 0.85              | <b>55.66</b>    |
| Disposals                            | -             | -               | -             | (0.89)              | -                      | (2.05)       | (0.01)            | <b>(2.95)</b>   |
| Foreign exchange fluctuation         | 0.62          | -               | 0.71          | 25.23               | 0.00                   | 0.03         | 0.03              | <b>26.62</b>    |
| <b>As at 31 March 2018</b>           | <b>33.61</b>  | <b>67.32</b>    | <b>204.46</b> | <b>1,144.32</b>     | <b>11.74</b>           | <b>11.64</b> | <b>23.83</b>      | <b>1,496.92</b> |
| <b>Accumulated depreciation</b>      |               |                 |               |                     |                        |              |                   |                 |
| <b>As at 1 April 2016*</b>           | -             | <b>0.41</b>     | <b>33.68</b>  | <b>360.25</b>       | <b>4.67</b>            | <b>4.24</b>  | <b>16.80</b>      | <b>420.05</b>   |
| Charge for the year                  | -             | 0.97            | 5.15          | 30.48               | 0.85                   | 1.22         | 1.14              | <b>39.81</b>    |
| Disposals                            | -             | (0.01)          | (0.24)        | (0.40)              | -                      | (0.32)       | (0.02)            | <b>(0.99)</b>   |
| Foreign exchange fluctuation         | -             | -               | (0.12)        | (0.36)              | (0.01)                 | 0.00         | (0.06)            | <b>(0.55)</b>   |
| <b>As at 31 March 2017</b>           | -             | <b>1.37</b>     | <b>38.47</b>  | <b>389.97</b>       | <b>5.51</b>            | <b>5.14</b>  | <b>17.86</b>      | <b>458.32</b>   |
| Charge for the year                  | -             | 0.97            | 5.94          | 38.50               | 0.89                   | 1.19         | 1.79              | <b>49.28</b>    |
| Disposals                            | -             | -               | -             | (0.59)              | -                      | (1.73)       | (0.01)            | <b>(2.33)</b>   |
| Foreign exchange fluctuation         | -             | -               | 0.14          | 0.54                | 0.00                   | 0.00         | 0.02              | <b>0.70</b>     |
| <b>As at 31 March 2018</b>           | -             | <b>2.34</b>     | <b>44.55</b>  | <b>428.42</b>       | <b>6.40</b>            | <b>4.60</b>  | <b>19.66</b>      | <b>505.97</b>   |
| <b>Net block as at 1 April 2016</b>  | <b>32.77</b>  | <b>66.92</b>    | <b>129.02</b> | <b>493.58</b>       | <b>5.85</b>            | <b>6.91</b>  | <b>3.63</b>       | <b>738.68</b>   |
| <b>Net block as at 31 March 2017</b> | <b>32.72</b>  | <b>65.95</b>    | <b>159.36</b> | <b>682.48</b>       | <b>5.91</b>            | <b>7.75</b>  | <b>5.10</b>       | <b>959.27</b>   |
| <b>Net block as at 31 March 2018</b> | <b>33.61</b>  | <b>64.98</b>    | <b>159.90</b> | <b>715.90</b>       | <b>5.34</b>            | <b>7.04</b>  | <b>4.18</b>       | <b>990.95</b>   |

\*Represents deemed cost on the date of transition to Ind AS.

**Note:**

- Additions include ₹ 0.27 crores (31 March 2017: ₹ 4.32 crores; 1 April 2016: ₹ 0.31 crores) towards assets located at research and development facilities.
- Contractual obligation**  
Refer note 39 for disclosure of contractual commitments for the acquisition of property, plant and equipment.

**3 CAPITAL WORK-IN-PROGRESS**

| Description                          | Amount       |
|--------------------------------------|--------------|
| <b>As at 1 April 2016*</b>           | <b>12.03</b> |
| Add: Addition during the year        | 269.98       |
| Less: Capitalisation during the year | (273.42)     |
| <b>As at 31 March 2017</b>           | <b>8.59</b>  |
| Add: Addition during the year        | 59.46        |
| Less: Capitalisation during the year | (55.66)      |
| <b>As at 31 March 2018</b>           | <b>12.39</b> |

\*Represents deemed cost on the date of transition to Ind AS.

**NOTES OF THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March, 2018**

(All amounts in ₹ crores, unless stated otherwise)

**4 INVESTMENT PROPERTY**

| Description                          | Building     | Total        |
|--------------------------------------|--------------|--------------|
| <b>Gross carrying value</b>          |              |              |
| <b>As at 1 April 2016*</b>           | <b>28.46</b> | <b>28.46</b> |
| Foreign exchange                     | 0.03         | <b>0.03</b>  |
| <b>As at 31 March 2017</b>           | <b>28.49</b> | <b>28.49</b> |
| Foreign exchange                     | 2.79         | <b>2.79</b>  |
| <b>As at 31 March 2018</b>           | <b>31.28</b> | <b>31.28</b> |
| <b>Accumulated amortisation</b>      |              |              |
| <b>As at 1 April 2016*</b>           | -            | -            |
| Charge for the year                  | 1.00         | <b>1.00</b>  |
| <b>As at 31 March 2017</b>           | <b>1.00</b>  | <b>1.00</b>  |
| Charge for the year                  | 1.00         | <b>1.00</b>  |
| <b>As at 31 March 2018</b>           | <b>2.00</b>  | <b>2.00</b>  |
| <b>Net block as at 1 April 2016</b>  | <b>28.46</b> | <b>28.46</b> |
| <b>Net block as at 31 March 2017</b> | <b>27.49</b> | <b>27.49</b> |
| <b>Net block as at 31 March 2018</b> | <b>29.28</b> | <b>29.28</b> |

*\*Represents deemed cost on the date of transition to Ind AS.*
**(i) Amount recognised in profit or loss for investment properties**

| Particulars                                                  | Year ended<br>31 March 2018 | Year ended<br>31 March 2017 |
|--------------------------------------------------------------|-----------------------------|-----------------------------|
| Rental income                                                | -                           | -                           |
| <b>Profit from investment properties before depreciation</b> | -                           | -                           |
| Depreciation                                                 | (1.00)                      | (1.00)                      |
| <b>Profit from investment property</b>                       | <b>(1.00)</b>               | <b>(1.00)</b>               |

**(ii) Fair value**

| Particulars         | As at<br>31 March 2018 | As at<br>31 March 2017 | As at<br>1 April 2016 |
|---------------------|------------------------|------------------------|-----------------------|
| Investment property | 23.33                  | 21.09                  | 21.43                 |

**Estimation of fair value**

The fair value of investment property has been determined by external, independent property valuers, having appropriate recognized professional qualification and recent experience in the location and category of the property being valued. The Group obtains independent valuations for its investment property and fair value measurement has been categorised as Level 3. The fair valuation is carried out by market approach.

**NOTES OF THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March, 2018**

(All amounts in ₹ crores, unless stated otherwise)

**5 INTANGIBLE ASSETS**

| Description                          | Software     | Total        |
|--------------------------------------|--------------|--------------|
| <b>Gross carrying value</b>          |              |              |
| <b>As at 1 April 2016*</b>           | <b>8.34</b>  | <b>8.34</b>  |
| Additions                            | -            | -            |
| <b>As at 31 March 2017</b>           | <b>8.34</b>  | <b>8.34</b>  |
| Additions                            | 1.81         | 1.81         |
| <b>As at 31 March 2018</b>           | <b>10.15</b> | <b>10.15</b> |
| <b>Accumulated depreciation</b>      |              |              |
| <b>As at 1 April 2016*</b>           | <b>4.83</b>  | <b>4.83</b>  |
| Charge for the year                  | 1.30         | 1.30         |
| <b>As at 31 March 2017</b>           | <b>6.13</b>  | <b>6.13</b>  |
| Charge for the year                  | 0.93         | 0.93         |
| <b>As at 31 March 2018</b>           | <b>7.06</b>  | <b>7.06</b>  |
| <b>Net block as at 1 April 2016</b>  | <b>3.51</b>  | <b>3.51</b>  |
| <b>Net block as at 31 March 2017</b> | <b>2.21</b>  | <b>2.21</b>  |
| <b>Net block as at 31 March 2018</b> | <b>3.09</b>  | <b>3.09</b>  |

\*Represents deemed cost on the date of transition to Ind AS.

**6 INVESTMENTS**

| Particulars                                                                                                                                     | As at<br>31 March 2018 | As at<br>31 March 2017 | As at<br>1 April 2016 |
|-------------------------------------------------------------------------------------------------------------------------------------------------|------------------------|------------------------|-----------------------|
| <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 2017: 2,615,000, 1 April 2016: 1,821,000) equity shares of ₹ 0.19 each fully paid up in OPGS Power Gujarat Private Limited. | 0.05                   | 0.05                   | 0.04                  |
| Nil (31 March 2017: Nil, 1 April 2016: 2,299,661) equity shares of ₹ 10 each fully paid up in Sai Wardha Power Limited                          | -                      | -                      | 2.30                  |
| 6,445 (31 March 2017: Nil, 1 April 2016: Nil) equity shares of THB 100 each fully paid up in Naithon Beach Limited.                             | 0.12                   | -                      | -                     |
|                                                                                                                                                 | <u>0.17</u>            | <u>0.05</u>            | <u>2.34</u>           |
| <b>Aggregate amount of unquoted investments</b>                                                                                                 | <b>0.17</b>            | <b>0.05</b>            | <b>2.34</b>           |

Refer note 46 for disclosure of fair value in respect of financial assets measured at amortised cost.

## NOTES OF THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March, 2018

(All amounts in ₹ crores, unless stated otherwise)

### 7 LOANS

| Particulars                       | As at<br>31 March 2018 | As at<br>31 March 2017 | As at<br>1 April 2016 |
|-----------------------------------|------------------------|------------------------|-----------------------|
| <b>Unsecured, considered good</b> |                        |                        |                       |
| Security deposits                 | 2.42                   | 2.09                   | 1.31                  |
| Loans to employees                | 7.83                   | 0.66                   | 0.60                  |
|                                   | <u>10.25</u>           | <u>2.75</u>            | <u>1.91</u>           |

Refer note 46 for disclosure of fair value in respect of financial assets measured at amortised cost and assessment of expected credit losses.

### 8 OTHER FINANCIAL ASSETS

| Particulars                                | As at<br>31 March 2018 | As at<br>31 March 2017 | As at<br>1 April 2016 |
|--------------------------------------------|------------------------|------------------------|-----------------------|
| Pledged bank deposits (refer note a below) | -                      | 0.13                   | -                     |
| Derivative assets                          | 5.87                   | 5.21                   | 9.35                  |
|                                            | <u>5.87</u>            | <u>5.34</u>            | <u>9.35</u>           |

**Note:**

- Pledged bank deposits represent ₹ Nil (31 March 2017: ₹ 0.13 crores; 1 April 2016: ₹ Nil) pledged with State Bank of India for bank guarantee.
- Refer notes 46 and 47 for disclosure of fair value in respect of financial assets measured at amortised cost and assessment of expected credit losses.

### 9 OTHER NON-CURRENT ASSETS

| Particulars                           | As at<br>31 March 2018 | As at<br>31 March 2017 | As at<br>1 April 2016 |
|---------------------------------------|------------------------|------------------------|-----------------------|
| Capital advances                      | 29.57                  | 15.59                  | 25.18                 |
| <b>Unsecured, considered good</b>     |                        |                        |                       |
| Recoverable from sales tax department | 7.91                   | -                      | -                     |
| Prepaid expenses                      | 3.27                   | 1.38                   | 2.01                  |
| Others                                | 0.14                   | 0.21                   | 1.16                  |
|                                       | <u>40.89</u>           | <u>17.18</u>           | <u>28.35</u>          |

### 10 INVENTORIES

| Particulars                         | As at<br>31 March 2018 | As at<br>31 March 2017 | As at<br>1 April 2016 |
|-------------------------------------|------------------------|------------------------|-----------------------|
| Raw material (refer note a below)   | 106.97                 | 70.39                  | 71.97                 |
| Finished goods (refer note b below) | 157.31                 | 153.15                 | 89.16                 |
| Stores and spares                   | 17.77                  | 13.90                  | 10.91                 |
|                                     | <u>282.05</u>          | <u>237.44</u>          | <u>172.04</u>         |

- including goods in transit ₹ 9.94 crores (31 March 2017: ₹ 6.51 crores; 1 April 2016: ₹ 13.45 crores).
- including goods in transit ₹ 40.61 crores (31 March 2017: ₹ 40.75 crores; 1 April 2016: ₹ 26.28 crores).

**NOTES OF THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March, 2018**
*(All amounts in ₹ crores, unless stated otherwise)*
**11 INVESTMENTS**

| Particulars                                                                                                                                            | As at<br>31 March 2018 | As at<br>31 March 2017 | As at<br>1 April 2016 |
|--------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------|------------------------|-----------------------|
| <b>Investments carried at fair value through profit or loss</b>                                                                                        |                        |                        |                       |
| Liquid mutual funds (quoted)*                                                                                                                          | 57.82                  | -                      | -                     |
|                                                                                                                                                        | <u>57.82</u>           | <u>-</u>               | <u>-</u>              |
| Refer notes 46 and 47 for disclosure of fair value in respect of financial assets measured at amortised cost and assessment of expected credit losses. |                        |                        |                       |
| <b>*Details of investments are as follows:</b>                                                                                                         |                        |                        |                       |
| Reliance Money Manager Fund - Direct Growth Plan                                                                                                       | 5.25                   | -                      | -                     |
| UTI-Treasury Advantage Fund - Institutional Plan - Direct Plan - Growth                                                                                | 5.25                   | -                      | -                     |
| ICICI Prudential Flexible Income - Direct Plan - Growth                                                                                                | 5.26                   | -                      | -                     |
| IDFC Ultra Short Term Fund- Growth-(Direct Plan)                                                                                                       | 10.51                  | -                      | -                     |
| TFG1Z Tata Ultra Short Term Fund Direct Plan- Growth                                                                                                   | 15.77                  | -                      | -                     |
| Birla Sunlife Floating Rate Fund Long Term Plan - Growth- Direct- Plan                                                                                 | 15.78                  | -                      | -                     |
|                                                                                                                                                        | <u>57.82</u>           | <u>-</u>               | <u>-</u>              |

**12 TRADE RECEIVABLES**

| Particulars                              | As at<br>31 March 2018 | As at<br>31 March 2017 | As at<br>1 April 2016 |
|------------------------------------------|------------------------|------------------------|-----------------------|
| Unsecured, considered good               | 204.63                 | 162.49                 | 124.34                |
| Unsecured, considered doubtful           | 7.47                   | 6.35                   | 5.61                  |
|                                          | <u>212.10</u>          | <u>168.84</u>          | <u>129.95</u>         |
| Less: Allowance for expected credit loss | (7.47)                 | (6.35)                 | (5.61)                |
|                                          | <u>204.63</u>          | <u>162.49</u>          | <u>124.34</u>         |

Refer notes 46 and 47 for disclosure of fair value in respect of financial assets measured at amortised cost and assessment of expected credit losses.

## NOTES OF THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March, 2018

(All amounts in ₹ crores, unless stated otherwise)

### 13 CASH AND BANK BALANCES

| Particulars                                       | As at<br>31 March 2018 | As at<br>31 March 2017 | As at<br>1 April 2016 |
|---------------------------------------------------|------------------------|------------------------|-----------------------|
| Balances with banks                               |                        |                        |                       |
| - in current accounts                             | 34.79                  | 15.31                  | 25.83                 |
| - in deposit with original maturity upto 3 months | 1.05                   | 2.43                   | -                     |
| Cheques in hand                                   | 4.15                   | 1.13                   | 0.53                  |
| Cash on hand                                      | 0.02                   | 0.05                   | 0.04                  |
|                                                   | <b>40.01</b>           | <b>18.92</b>           | <b>26.40</b>          |

Refer notes 46 and 47 for disclosure of fair value in respect of financial assets measured at amortised cost and assessment of expected credit losses.

### 14 OTHER BANK BALANCES

| Particulars                                      | As at<br>31 March 2018 | As at<br>31 March 2017 | As at<br>1 April 2016 |
|--------------------------------------------------|------------------------|------------------------|-----------------------|
| Balance in current accounts                      |                        |                        |                       |
| - Unclaimed dividend account                     | 1.08                   | 0.91                   | 1.58                  |
| Pledged bank deposits (refer note a and b below) | 8.38                   | 9.26                   | 5.97                  |
|                                                  | <b>9.46</b>            | <b>10.17</b>           | <b>7.55</b>           |

**Note:**

- Pledged deposits represent ₹ 3.38 crores (31 March 2017: ₹ 4.26 crores; 1 April 2016: ₹ 0.97 crores) pledged against margin money for issue of letter of credit and bank guarantees.
- The deposit of ₹ 5.00 crores (31 March 2017: ₹ 5.00 crores; 1 April 2016: ₹ 5.00 crores) is pledged against overdraft facility.
- Refer notes 46 and 47 for disclosure of fair value in respect of financial assets measured at amortised cost and assessment of expected credit losses.

### 15 LOANS

| Particulars       | As at<br>31 March 2018 | As at<br>31 March 2017 | As at<br>1 April 2016 |
|-------------------|------------------------|------------------------|-----------------------|
| Security deposits | 0.35                   | 0.32                   | 0.03                  |
| Loans             | 0.47                   | 0.51                   | 0.37                  |
| Others            | 0.83                   | 0.53                   | 0.40                  |
|                   | <b>1.65</b>            | <b>1.36</b>            | <b>0.80</b>           |

Refer notes 46 and 47 for disclosure of fair value in respect of financial assets measured at amortised cost and assessment of expected credit losses.

**NOTES OF THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March, 2018**

(All amounts in ₹ crores, unless stated otherwise)

**16 OTHER FINANCIAL ASSETS**

| Particulars                                    | As at<br>31 March 2018 | As at<br>31 March 2017 | As at<br>1 April 2016 |
|------------------------------------------------|------------------------|------------------------|-----------------------|
| Interest accrued but not due on fixed deposits | 0.52                   | 0.41                   | 0.34                  |
| Receivable against sale of property            | -                      | 6.00                   | -                     |
| Derivative assets                              | 0.82                   | -                      | 5.84                  |
| Export benefit recoverable                     | 28.56                  | 20.90                  | 18.31                 |
| Discount recoverable                           | 6.56                   | 12.19                  | 6.76                  |
| Others                                         | 1.57                   | 1.69                   | 1.55                  |
|                                                | <b>38.03</b>           | <b>41.19</b>           | <b>32.80</b>          |

Refer notes 46 and 47 for disclosure of fair value in respect of financial assets measured at amortised cost and assessment of expected credit losses.

**17 OTHER CURRENT ASSETS**

| Particulars         | As at<br>31 March 2018 | As at<br>31 March 2017 | As at<br>1 April 2016 |
|---------------------|------------------------|------------------------|-----------------------|
| Advance to supplier | 4.09                   | 8.93                   | 1.93                  |
| Statutory advances  | 23.10                  | 24.13                  | 4.25                  |
| Prepaid expenses    | 8.20                   | 5.04                   | 5.66                  |
| Others              | 3.79                   | 2.83                   | 2.06                  |
|                     | <b>39.18</b>           | <b>40.93</b>           | <b>13.90</b>          |

**18 SHARE CAPITAL**

| Particulars                                                                                                                                                        | As at<br>31 March 2018 | As at<br>31 March 2017 | As at<br>1 April 2016 |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------|------------------------|-----------------------|
| <b>Authorised</b>                                                                                                                                                  |                        |                        |                       |
| 25,000,000 equity shares of INR 10 each<br>(31 March 2017 : 25,000,000 equity shares<br>of INR 10 each)(1 April 2016 : 25,000,000<br>equity shares of INR 10 each) | 25.00                  | 25.00                  | 25.00                 |
| <b>Issued, subscribed and fully paid up</b>                                                                                                                        |                        |                        |                       |
| 19,440,076 equity shares of INR 10 each<br>(31 March 2017 : 19,440,076 equity shares<br>of INR 10 each)(1 April 2016 : 19,440,076<br>equity shares of INR 10 each) | 19.44                  | 19.44                  | 19.44                 |
|                                                                                                                                                                    | <b>19.44</b>           | <b>19.44</b>           | <b>19.44</b>          |

**NOTES OF THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March, 2018**

(All amounts in ₹ crores, unless stated otherwise)

**(a) Reconciliation of number of shares**

|                                            | As at 31 March 2018 |              | As at 31 March 2017 |              | As at 1 April 2016 |              |
|--------------------------------------------|---------------------|--------------|---------------------|--------------|--------------------|--------------|
|                                            | No of shares        | Amount       | 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        | 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> | <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 has been issued as bonus shares in the current reporting year and in last five years immediately preceding the current reporting year.
- (iii) There has not been any buy-back of shares in the current reporting year and in last five years immediately preceding the current reporting year.
- (iv) There is no movement in equity share capital during the current year and previous year.

**(v) Terms and rights attached to equity shares:**

The Company has only one class of equity shares having the par value of ₹ 10 per share. Each holder of equity share is entitled to one vote per share. The Company declares and pays dividend in Indian Rupees. The dividend proposed by Board of Directors is subject to approval of shareholders in Annual General Meeting except in case of interim dividend.

Final dividend recommended by the Board of Directors is ₹ 6 per equity share, (31 March 2017: ₹ 10) and is subject to shareholders approval.

During the year ended 31 March 2018 the amount of per share dividend recognised as distributions to equity shareholders was ₹ 10 per share (31 March 2017: ₹ Nil per share).

In the event of liquidation of the Company, the holder of equity shares will be entitled to receive remaining assets of the Company, after payment of all liabilities. The distribution will be in proportion to the number of equity shares held by the shareholders.

**(vi) Details of shareholders holding more than 5% shares in the company**

|                                       | As at 31 March 2018 |           | As at 31 March 2017 |           | As at 1 April 2016 |           |
|---------------------------------------|---------------------|-----------|---------------------|-----------|--------------------|-----------|
|                                       | No of shares        | % holding | No of shares        | % holding | No of shares       | % holding |
| Mr. Ashok Jaipuria*                   | 7,233,876           | 37.21%    | 7,233,876           | 37.21%    | -                  | -         |
| Sunrise Manufacturing Company Limited | -                   | -         | -                   | -         | 4,267,552          | 21.95%    |
| Pravasi Enterprises Limited           | -                   | -         | -                   | -         | 3,050,104          | 15.69%    |

\*beneficial owner is Gayatri and Annapurna (partnership firm)

**NOTES OF THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March, 2018**

(All amounts in ₹ crores, unless stated otherwise)

**19 OTHER EQUITY**

| Particulars                                           | As at<br>31 March 2018 | As at<br>31 March 2017 | As at<br>1 April 2016 |
|-------------------------------------------------------|------------------------|------------------------|-----------------------|
| Retained earnings                                     | 292.05                 | 250.39                 | 164.09                |
| General reserve                                       | 278.11                 | 278.11                 | 278.11                |
| Capital reserve                                       | 4.10                   | 4.10                   | 4.10                  |
| Securities premium account                            | 31.26                  | 31.26                  | 31.26                 |
| Cash flow hedge reserve                               | (5.27)                 | (1.16)                 | (2.59)                |
| Foreign currency monetary item translation difference | -                      | -                      | (0.55)                |
| Currency translation reserve                          | 3.98                   | (2.21)                 | -                     |
| Shares option outstanding account                     | 3.23                   | 1.51                   | 0.18                  |
| Treasury shares                                       | (8.46)                 | (8.46)                 | (5.59)                |
| Other reserve                                         | 1.22                   | -                      | -                     |
| <b>Total other equity</b>                             | <b>600.22</b>          | <b>553.54</b>          | <b>469.01</b>         |

**Nature and purpose of reserves**
**(i) Capital reserve**

Capital reserve was created under the previous GAAP out of the profit earned from a specific transaction of capital nature.

**(ii) Securities premium account**

Securities premium account represents premium received on issue of shares. The account is utilised in accordance with the provisions of the Companies Act 2013.

**(iii) General reserve**

The Company has transferred a portion of the net profit before declaring dividend to general reserve pursuant to the earlier provision of Companies Act 1956. Mandatory transfer to general reserve is not required under the Companies Act 2013.

**(iv) Employee share options outstanding account**

The account is used to recognize the grant value of the options issued to employees under Company's Employee stock option plan.

**(v) Foreign currency monetary item translation difference account**

FCMITDA represents exchange differences arising from translation of long-term foreign currency monetary items recognised in the financial statements.

**(vi) 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.

**(vii) Other comprehensive income (OCI) reserve**

(a) The cash flow hedging reserve represents the cumulative effective portion of gains or losses arising on changes in fair value of designated portion of hedging instruments entered into for cash flow hedges. The cumulative gain or loss arising on changes in fair value of the designated portion of the hedging instruments that are recognised and accumulated under the heading of cash flow hedging reserve. Such gains or losses will be reclassified to statement of profit and loss in the period in which the hedged transaction occurs.

(b) The Company has recognised remeasurements benefits on defined benefits plans through other comprehensive income.

**NOTES OF THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March, 2018**

(All amounts in ₹ crores, unless stated otherwise)

**20 BORROWINGS**

| Particulars                                                                           | As at<br>31 March 2018 | As at<br>31 March 2017 | As at<br>1 April 2016 |
|---------------------------------------------------------------------------------------|------------------------|------------------------|-----------------------|
| <b>Secured</b>                                                                        |                        |                        |                       |
| Term loan from banks:                                                                 |                        |                        |                       |
| (i) Foreign currency loans (refer note A below)*                                      | 401.67                 | 363.51                 | 290.53                |
| (ii) Rupee term loans (refer note B below)                                            | 96.84                  | 44.92                  | 15.43                 |
| (iii) Vehicle loans (refer note C below)                                              | 2.50                   | 3.03                   | 2.74                  |
|                                                                                       | <b>501.01</b>          | <b>411.46</b>          | <b>308.70</b>         |
| Less:- Current maturities disclosed under other financial liabilities (refer note 27) | 95.70                  | 62.80                  | 78.44                 |
|                                                                                       | <b>405.31</b>          | <b>348.66</b>          | <b>230.26</b>         |

\*include hedged foreign currency borrowings of ₹ 147.16 crores (31 March 2017: ₹ 143.17 crores; 1 April 2016: ₹ 138.83 crores)

**Notes:**

| Particulars                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | As at<br>31 March 2018 | As at<br>31 March 2017 | As at<br>1 April 2016 |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------|------------------------|-----------------------|
| <b>A Foreign currency loans comprises of :</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |                        |                        |                       |
| (i) Loan of USD 10,000,000 taken from ICICI Bank during the financial year 2010-11 and carries interest rate based upon Libor plus 400 bps per annum. The loan is repayable in 5 equal semi-annual instalments of USD 2,000,000 each after moratorium of 3.5 years from the date of loan. This loan has been repaid during the year 2016-17.<br><b>Security</b><br>The above loan is secured by charge on all of the Company's moveable and immovable fixed assets, both present and future, other than assets specifically carved out, ranking pari passu with other lenders and Second pari passu charge on current assets of the company both present and future. The loan has been repaid during financial year 2016-17 and security has been released subsequently. | -                      | -                      | 26.52                 |
| (ii) Loan of USD 13,272,220 taken from Landes bank Baden Wurttemberg Bank (LBBW) during the financial year 2008-09 and 2009-10 and carries interest rate based upon Libor plus 37.5 bps per annum. The loan is repayable in 16 equal semi-annual instalments of about USD 832,640 each after six months from the date of start of commercial production. This loan has been repaid during the year 2016-17.                                                                                                                                                                                                                                                                                                                                                              | -                      | -                      | 11.05                 |

**NOTES OF THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March, 2018**

(All amounts in ₹ crores, unless stated otherwise)

|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |       |       |       |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------|-------|-------|
| <b>Security</b><br>The loan is secured against hypothecation of machinery financed out of the loan amount at the Company's plant at Karjan - Vadodara. The loan has been repaid during financial year 2016-17 and security has been released subsequently.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |       |       |       |
| <b>(iii)</b> Loan of USD 10,000,000 taken from International Finance Corporation during the financial year 2011-12 and 2013-14 and carries interest rate based upon Libor plus 400 bps per annum. The loan is repayable in 17 semi-annual instalments after moratorium of 2.5 years from the date of loan. This loan has been repaid during the financial year 2017-18.<br><b>Security</b><br>The above loan is secured by first ranking security interest over all present and future movable and immovable fixed assets other than assets specifically carved out, ranking pari passu with the other lenders and second pari passu charge on current assets of the company both present and future. The loan has been repaid during financial year 2017-18 and security has been released subsequently. | -     | 35.50 | 44.46 |
| <b>(iv)</b> Loan of EUR 10,367,450 taken from Landes bank 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.<br><b>Security</b><br>The loan is secured against hypothecation of machinery financed out of the loan amount at the Company's plant at Shendra, Aurangabad.                                                                                                                                                                                                                                             | 49.19 | 50.71 | 64.15 |
| <b>(v)</b> Loan of USD 7,000,000 taken from DBS Bank Limited during the financial year 2012-13 and carries interest rate based upon Libor plus 225 bps per annum. The loan is repayable in 8 semi-annual instalments starting from April 2015. (The loan has been fully hedged into an equivalent Rupee loan with fixed rate of interest).                                                                                                                                                                                                                                                                                                                                                                                                                                                                | 21.45 | 35.66 | 43.12 |

**NOTES OF THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March, 2018**
*(All amounts in ₹ crores, unless stated otherwise)*

|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |        |       |       |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------|-------|-------|
| <b>Security</b><br>The above loan is secured by pari passu charge on the movable and immovable fixed assets both present and future of the Company, other than assets specifically carved out and second pari passu charge on current assets of the Company both present and future.                                                                                                                                                                                                                                                                                                                                                                                                                                 |        |       |       |
| <b>(vi)</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.<br><b>Security</b><br>The 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. | 63.09  | 46.55 | 15.96 |
| <b>(vii)</b> Loan of EUR 14,614,201 taken from Landes bank 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.<br><b>Security</b><br>The above loan is secured against hypothecation of machinery financed out of the loan amount at the Company's plant at Karjan, Aurangabad.                                                                                                                                                                                                                                    | 111.99 | 94.27 | 1.77  |
| <b>(viii)</b> Loan of ₹ 60 crores taken from State Bank of India and carries interest rate based on MCLR plus 230 bps. During the financial year 2017-18 this loan has been converted into hedged FCNR loan. The tenure of facilities remain in-line with the original sanction.<br><b>Security</b><br>The 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.                                                                                                                                | 32.76  | 41.11 | 54.17 |

**NOTES OF THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March, 2018**

(All amounts in ₹ crores, unless stated otherwise)

|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |       |       |       |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------|-------|-------|
| <b>(ix)</b> Loan of ₹ 35 crores taken from Yes Bank Limited during financial year 2017-18 and carries interest rate based on MCLR plus 45 bps. During the financial year 2017-18 this loan has been converted into hedged FCNR loan. The tenure of facilities remain in-line with the original sanction. The loan is repayable in 10 equal half yearly instalments starting from December 2017.<br><b>Security</b><br>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.                                      | 33.28 | -     | -     |
| <b>(x)</b> Loan of ₹ 35 crores taken from Infrastructure Development Finance Company (IDFC). During the financial year 2017-18 this loan has been converted into hedged FCNR loan and carries interest rate based on Euribor plus 245 bps. The tenure of facilities remain in-line with the original sanction. The loan is repayable in 8 equal semi annual instalments after moratorium of 18 months from the date of disbursement.<br><b>Security</b><br>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. | 37.91 | -     | -     |
| <b>(xi)</b> Loan of ₹ 35 crores taken from IndusInd Bank during the financial year 2016-17 and carries interest rate based upon Mibor plus 465 bps per annum. The loan is repayable in 17 equal quarterly instalments after moratorium of 12 months from the first date of disbursement.<br><b>Security</b><br>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.                                                                                                                                             | 27.86 | 33.66 | -     |
| <b>(xii)</b> Loan of ₹ 27.76 crores taken from Industrial Development Bank of India (IDBI) during the                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | 25.28 | 27.76 | 27.76 |

**NOTES OF THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March, 2018**
*(All amounts in ₹ crores, unless stated otherwise)*

|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |      |      |       |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------|------|-------|
| <p>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 2017-18, this loan has been converted into hedged FCNR loan. The tenure of facilities remain in-line with the original sanction.</p> <p><b>Security</b><br/>The 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> |      |      |       |
| <p><b>xiii)</b> Loan of KRW 3 billion taken from IBK Korea, during the financial year 2011-12 and carries interest rate @4.4% per annum (reset after every three months). The loan is repayable after a moratorium period of 2 years in 14 quarterly</p> <p><b>Security</b><br/>The above loan is secured by first charge on the entire assets of the respective subsidiary.</p>                                                                                                                                                                                                                                                                                                                       | -    | -    | 3.73  |
| <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 (viii))</p>                                                                                                                                                                                                                                                                                                        | 0.08 | 0.12 | 0.63  |
| <p><b>(ii)</b> Loan of ₹ 15 crores taken from Industrial Credit and Investment Corporation of India Limited (ICICI) during the financial year 2015-16 and carries interest rate based upon base rate plus 2.75% per annum. The loan is repayable in 16 quarterly instalments starting from 30 June 2016. This loan has been repaid during the financial year 2016-17.</p> <p><b>Security</b><br/>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</p>                                                                                                           | -    | -    | 15.00 |

**NOTES OF THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March, 2018**

(All amounts in ₹ crores, unless stated otherwise)

|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |               |               |               |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------|---------------|---------------|
| out. (ii) Second pari passu charge on current assets of the company both present and future. The loan has been repaid during financial year 2016-17 and security has been released subsequently.                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |               |               |               |
| <b>(iii)</b> Loan of ₹ 60 crores taken from SVC Co-operative Bank Limited during the financial year 2016-17 and 2017-18 and carries interest rate based upon SBI's MCLR plus 165 bps per annum to be reset on quarterly basis. The loan is repayable in 15 quarterly instalments of ₹ 3 crores each after moratorium of 12 months from the date of disbursement.<br><b>Security</b><br>The loan is secured against (i) First pari passu charge over movable and immovable fixed assets of the Company both present and future, other than assets specifically carved out. (ii) Second pari-passu charge on current assets of the company both present and future. | 57.00         | 45.00         | -             |
| <b>(iv)</b> Loan of ₹ 40 crores taken from Bajaj Finance Limited during the financial year 2017-18 and carries interest rate linked to SBI's MCLR to be reset quarterly. The loan is repayable in 60 equal monthly instalments after moratorium of 12 months from the date of disbursement.<br><b>Security</b><br>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.                                                                | 40.00         | -             | -             |
| <b>C Vehicle loans taken from Union Bank of India carries interest @ 8% - 9% per annum. This loan is repayable in 3 years</b><br><b>Security</b><br>Vehicle loans from Union Bank of India are secured against hypothecation of respective vehicles.<br>Less: Adjustment for processing fees on long term loans recognised using effective interest method                                                                                                                                                                                                                                                                                                        | 2.50          | 3.04          | 2.74          |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | (1.38)        | (1.92)        | (2.36)        |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | <b>501.01</b> | <b>411.46</b> | <b>308.71</b> |

Refer notes 46 and 47 for disclosure of fair values in respect financial liabilities measured at amortised cost and analysis of maturity profiles.

**NOTES OF THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March, 2018**

(All amounts in ₹ crores, unless stated otherwise)

**21 OTHER NON-CURRENT FINANCIAL LIABILITIES**

| Particulars            | As at<br>31 March 2018 | As at<br>31 March 2017 | As at<br>1 April 2016 |
|------------------------|------------------------|------------------------|-----------------------|
| Derivative liabilities | 5.62                   | 6.76                   | 1.18                  |
|                        | <u>5.62</u>            | <u>6.76</u>            | <u>1.18</u>           |

**22 LONG TERM PROVISIONS**

| Particulars                                       | As at<br>31 March 2018 | As at<br>31 March 2017 | As at<br>1 April 2016 |
|---------------------------------------------------|------------------------|------------------------|-----------------------|
| Provision for retirement benefits (refer note 42) | 3.68                   | 3.70                   | 2.62                  |
|                                                   | <u>3.68</u>            | <u>3.70</u>            | <u>2.62</u>           |

**23 DEFERRED TAX LIABILITIES (NET)#**

| Particulars                                                                                                                                                                                                                                          | As at<br>31 March 2018 | As at<br>31 March 2017 | As at<br>1 April 2016 |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------|------------------------|-----------------------|
| <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                                                                                                                                                                                            | 135.77                 | 141.61                 | 119.11                |
| Hedging reserve                                                                                                                                                                                                                                      | -                      | 0.34                   | -                     |
| Others                                                                                                                                                                                                                                               | 0.96                   | 6.79                   | 5.25                  |
| <b>Gross deferred tax liabilities</b>                                                                                                                                                                                                                | <u>136.73</u>          | <u>148.74</u>          | <u>124.36</u>         |
| <b>Deferred tax assets</b>                                                                                                                                                                                                                           |                        |                        |                       |
| Hedging reserve                                                                                                                                                                                                                                      | 1.86                   | -                      | 0.37                  |
| Allowance for expected credit losses                                                                                                                                                                                                                 | -                      | 0.56                   | 0.82                  |
| Unabsorbed losses                                                                                                                                                                                                                                    | 15.48                  | 17.16                  | 7.34                  |
| Expenses deductible under Income tax Act 1961                                                                                                                                                                                                        | 0.83                   | 9.31                   | 7.96                  |
| MAT credit recoverable                                                                                                                                                                                                                               | 81.21                  | 65.69                  | 37.13                 |
| <b>Gross deferred tax assets</b>                                                                                                                                                                                                                     | <u>99.38</u>           | <u>92.72</u>           | <u>53.62</u>          |
| <b>Deferred tax liabilities (net)</b>                                                                                                                                                                                                                | <u>37.35</u>           | <u>56.02</u>           | <u>70.74</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                                                                                                                                                                                                                                  | 3.14                   | 0.82                   | 1.77                  |
| Deferred tax liabilities                                                                                                                                                                                                                             | 40.49                  | 56.84                  | 72.51                 |
| <b>Deferred tax liabilities (net)</b>                                                                                                                                                                                                                | <u>37.35</u>           | <u>56.02</u>           | <u>70.74</u>          |

#Refer note 37 for movement in deferred tax balances

**NOTES OF THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March, 2018**

(All amounts in ₹ crores, unless stated otherwise)

**24 OTHER NON-CURRENT LIABILITIES**

| Particulars                                              | As at<br>31 March 2018 | As at<br>31 March 2017 | As at<br>1 April 2016 |
|----------------------------------------------------------|------------------------|------------------------|-----------------------|
| Deferred income on export promotion capital goods (EPCG) | 55.85                  | 55.62                  | 23.51                 |
|                                                          | <u>55.85</u>           | <u>55.62</u>           | <u>23.51</u>          |

**25 BORROWINGS - CURRENT**

| Particulars                                           | As at<br>31 March 2018 | As at<br>31 March 2017 | As at<br>1 April 2016 |
|-------------------------------------------------------|------------------------|------------------------|-----------------------|
| <b>Secured</b>                                        |                        |                        |                       |
| <b>From banks</b>                                     |                        |                        |                       |
| Working capital loans from banks repayable on demands | 283.55                 | 195.09                 | 121.00                |
| Amount receivables factoring with recourse            | 3.60                   | 16.78                  | 9.49                  |
|                                                       | <u>287.15</u>          | <u>211.87</u>          | <u>130.49</u>         |

**Note:**

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

**26 TRADE PAYABLES**

| Particulars                                      | As at<br>31 March 2018 | As at<br>31 March 2017 | As at<br>1 April 2016 |
|--------------------------------------------------|------------------------|------------------------|-----------------------|
| Trade payables                                   |                        |                        |                       |
| - dues to micro and small enterprises            | 1.75                   | 3.60                   | -                     |
| - dues to other than micro and small enterprises | 97.35                  | 86.02                  | 62.53                 |
| Acceptances                                      | 89.92                  | 48.10                  | 57.87                 |
| <b>Total</b>                                     | <u>189.02</u>          | <u>137.72</u>          | <u>120.40</u>         |

On the basis of confirmation obtained from suppliers who have registered themselves under the Micro, Small and Medium Enterprise Development Act, 2006 (MSMED Act, 2006) and based on the information available with the Company, dues disclosed above as micro and small enterprises are as per the Micro, Small and Medium Enterprise Development Act, 2006 at the year end.

**NOTES OF THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March, 2018**

(All amounts in ₹ crores, unless stated otherwise)

| Particulars                                                                                                                                                                                                                                                       | 31 March 2018 | 31 March 2017 | 1 April 2016 |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------|---------------|--------------|
| i the principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year;                                                                                                                                       | 1.75          | 3.60          | -            |
| ii the amount of interest paid by the buyer in terms of section 16, along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year;                                                                              | -             | -             | -            |
| iii the amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under this Act;                                                | -             | -             | -            |
| iv the amount of interest accrued and remaining unpaid at the end of each accounting year; and                                                                                                                                                                    | -             | -             | -            |
| v the amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under section 23. | -             | -             | -            |

Refer notes 46 and 47 for disclosure of fair values in respect financial liabilities measured at amortised cost and analysis of maturity profiles.

**27 OTHER FINANCIAL LIABILITIES**

| Particulars                                                | As at<br>31 March 2018 | As at<br>31 March 2017 | As at<br>1 April 2016 |
|------------------------------------------------------------|------------------------|------------------------|-----------------------|
| Current maturities of long term borrowings (refer note 20) | 95.70                  | 62.80                  | 78.44                 |
| Interest accrued and but not due on borrowings             | 2.27                   | 2.15                   | 2.64                  |
| Security deposits                                          | 0.64                   | 0.21                   | 0.21                  |
| Unclaimed dividend                                         | 1.08                   | 0.91                   | 1.58                  |
| Customer claims                                            | 12.54                  | 7.49                   | 4.36                  |
| Employee related payables                                  | 8.92                   | 8.77                   | 7.02                  |
| Derivative liabilities                                     | 2.94                   | 2.91                   | -                     |
| Other accrued liabilities                                  | 29.84                  | 40.21                  | 35.95                 |
|                                                            | <b>153.93</b>          | <b>125.45</b>          | <b>130.20</b>         |

Refer notes 46 and 47 for disclosure of fair values in respect financial liabilities measured at amortised cost and analysis of maturity profiles.

**NOTES OF THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March, 2018**
*(All amounts in ₹ crores, unless stated otherwise)*
**28 OTHER CURRENT LIABILITIES**

| Particulars                                              | As at<br>31 March 2018 | As at<br>31 March 2017 | As at<br>1 April 2016 |
|----------------------------------------------------------|------------------------|------------------------|-----------------------|
| Statutory dues                                           | 1.55                   | 6.34                   | 1.99                  |
| Advance received from customers                          | 11.92                  | 13.82                  | 11.17                 |
| Deferred income on export promotion capital goods (EPCG) | 2.89                   | 2.77                   | -                     |
|                                                          | <u>16.36</u>           | <u>22.93</u>           | <u>13.16</u>          |

**29 CURRENT TAX LIABILITIES(NET)**

| Particulars                            | As at<br>31 March 2018 | As at<br>31 March 2017 | As at<br>1 April 2016 |
|----------------------------------------|------------------------|------------------------|-----------------------|
| Provision for tax (net of advance tax) | 1.13                   | 2.78                   | 0.85                  |
|                                        | <u>1.13</u>            | <u>2.78</u>            | <u>0.85</u>           |

**30 REVENUE FROM OPERATIONS**

| Particulars                                  | Year ended<br>31 March 2018 | Year ended<br>31 March 2017 |
|----------------------------------------------|-----------------------------|-----------------------------|
| Sale of products-domestic                    | 1,115.26                    | 992.61                      |
| Sale of products-export                      | 807.52                      | 697.30                      |
| <b>Sale of Products</b>                      | <u>1,922.78</u>             | <u>1,689.91</u>             |
| Other operating revenue (refer note b below) | 43.91                       | 6.43                        |
| <b>Revenue from operations (Gross)</b>       | <u>1,966.69</u>             | <u>1,696.34</u>             |

**NOTES OF THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March, 2018**

(All amounts in ₹ crores, unless stated otherwise)

**Note:**

| Particulars                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | Year ended<br>31 March 2018 | Year ended<br>31 March 2017 |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------|-----------------------------|
| <b>a)</b> According to the requirements of Ind-AS and SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, revenue for the corresponding previous year ended 31 March 2017 was reported inclusive of Excise Duty. The Government of India has implemented Goods and Services Tax (GST) from 1 July 2017 replacing Excise Duty, Service Tax and various other indirect taxes. As per Ind-AS 18, the revenue for the period 1 July 2017 to 31 March 2018, is reported net of GST. Had the previously reported revenue been presented net of excise duty, comparative revenue of the Company would have been as follows: |                             |                             |
| Net Sales/Revenue from Operations (Net of Excise Duty)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | 1,936.23                    | 1,586.92                    |
| <b>b)</b> including export benefits of ₹ 33.87 crores<br>(31 March 2017: ₹ 21.01 crores)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                             |                             |
| <b>c) Details of products sold</b><br><b>Particulars</b><br>Manufactured goods                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |                             |                             |
| - Packaging films                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | 1,918.29                    | 1,685.01                    |
| - Others                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | 4.49                        | 4.90                        |
| <b>Total</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | <b>1,922.78</b>             | <b>1,689.91</b>             |

**31 OTHER INCOME**

| Particulars                                                       | Year ended<br>31 March 2018 | Year ended<br>31 March 2017 |
|-------------------------------------------------------------------|-----------------------------|-----------------------------|
| Interest on bank deposit                                          | 1.50                        | 0.74                        |
| Interest on financial assets carried at amortised cost            | 0.21                        | -                           |
| Gain on investments carried at fair value through profit and loss | 2.82                        | -                           |
| Interest from others                                              | 0.10                        | 0.31                        |
| Insurance and other claims                                        | 0.58                        | 0.78                        |
| Sales tax incentive                                               | 17.20                       | -                           |
| Grant income on export promotion capital goods (EPCG)*            | 2.79                        | 1.54                        |
| Liabilities no longer required written back                       | 0.60                        | 0.51                        |
| Profit on sale of property, plant and equipment                   | -                           | 6.40                        |
| Foreign exchange gain (net)                                       | 8.71                        | 4.72                        |
| Miscellaneous income                                              | -                           | 0.47                        |
|                                                                   | <b>34.51</b>                | <b>15.47</b>                |

**NOTES OF THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March, 2018**
*(All amounts in ₹ crores, unless stated otherwise)*
**32 CHANGE IN INVENTORY**

| Particulars                              | Year ended<br>31 March 2018 | Year ended<br>31 March 2017 |
|------------------------------------------|-----------------------------|-----------------------------|
| <b>Opening stock</b>                     |                             |                             |
| Finished Goods                           | 153.16                      | 89.18                       |
| <b>Closing stock</b>                     |                             |                             |
| Finished Goods                           | 157.32                      | 153.16                      |
| Less: (increase)/decrease in excise duty | (4.26)                      | 2.56                        |
|                                          | <u>(8.42)</u>               | <u>(61.42)</u>              |
| <b>Note:</b>                             |                             |                             |
| <b>Details of finished goods</b>         |                             |                             |
| <b>Particulars</b>                       |                             |                             |
| Finished goods                           |                             |                             |
| - Packaging films                        | 157.32                      | 153.16                      |
| <b>Total</b>                             | <u>157.32</u>               | <u>153.16</u>               |

**33 EMPLOYEE BENEFIT EXPENSE**

| Particulars                                               | Year ended<br>31 March 2018 | Year ended<br>31 March 2017 |
|-----------------------------------------------------------|-----------------------------|-----------------------------|
| Salaries, wages, allowances and bonus                     | 118.83                      | 118.90                      |
| Employee stock option expense                             | 1.70                        | 1.34                        |
| Contribution to provident and other funds (refer note 42) | 4.87                        | 4.48                        |
| Staff welfare expenses                                    | 4.58                        | 3.44                        |
|                                                           | <u>129.98</u>               | <u>128.16</u>               |

**34 DEPRECIATION AND AMORTISATION**

| Particulars                                                           | Year ended<br>31 March 2018 | Year ended<br>31 March 2017 |
|-----------------------------------------------------------------------|-----------------------------|-----------------------------|
| Depreciation on property, plant and equipment and investment property | 50.28                       | 40.81                       |
| Amortisation of intangible assets                                     | 0.93                        | 1.30                        |
|                                                                       | <u>51.21</u>                | <u>42.11</u>                |

**NOTES OF THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March, 2018**
*(All amounts in ₹ crores, unless stated otherwise)*
**35 FINANCE COST**

| Particulars                                                                            | Year ended<br>31 March 2018 | Year ended<br>31 March 2017 |
|----------------------------------------------------------------------------------------|-----------------------------|-----------------------------|
| Interest                                                                               |                             |                             |
| Term loans                                                                             |                             |                             |
| Term loans                                                                             | 22.47                       | 17.68                       |
| Cash credit and short term loans                                                       | 11.90                       | 6.83                        |
| Others                                                                                 | 0.41                        | 0.30                        |
| Foreign exchange fluctuation to the extent regarded as an adjustment to interest costs | 11.66                       | 5.14                        |
| Other borrowings cost                                                                  | 5.94                        | 5.96                        |
|                                                                                        | <b>52.38</b>                | <b>35.91</b>                |

The finance cost shown above is net of borrowing costs capitalised during the year ended 31 March 2018 ₹ 1.76 crores (31 March 2017: ₹ 2.83 crores).

**36 OTHER EXPENSES**

| Particulars                                                            | Year ended<br>31 March 2018 | Year ended<br>31 March 2017 |
|------------------------------------------------------------------------|-----------------------------|-----------------------------|
| Rent                                                                   | 8.56                        | 7.63                        |
| Rates and taxes                                                        | 3.02                        | 1.20                        |
| Stores, spare parts and packing materials consumed                     | 73.33                       | 64.69                       |
| Insurance                                                              | 3.27                        | 2.86                        |
| Repair and maintenance                                                 |                             |                             |
| Building                                                               | 0.99                        | 0.74                        |
| Machinery                                                              | 12.42                       | 11.40                       |
| Others                                                                 | 4.40                        | 5.32                        |
| Power, fuel and water expenses                                         | 108.94                      | 92.96                       |
| Other manufacturing expenses                                           | 2.26                        | 0.92                        |
| Printing & stationary                                                  | 0.87                        | 0.82                        |
| Training and recruitment expenses                                      | 0.78                        | 1.45                        |
| Travelling & conveyance                                                | 10.13                       | 11.11                       |
| Vehicle running & maintenance                                          | 4.77                        | 4.35                        |
| Communication expenses                                                 | 1.10                        | 1.43                        |
| Legal and professional charges                                         | 9.87                        | 9.02                        |
| Corporate social responsibility (CSR) expenditure (refer note b below) | 1.17                        | 1.28                        |
| Freight and forwarding                                                 | 92.46                       | 69.51                       |
| Other selling expenses                                                 | 2.93                        | 6.07                        |
| Auditor's remuneration (refer note a below)                            | 0.83                        | 0.96                        |
| Loss on sale of fixed assets                                           | 0.05                        | -                           |
| Foreign exchange fluctuation loss                                      | 1.82                        | 2.06                        |
| Miscellaneous expenses                                                 | 3.33                        | 2.86                        |
|                                                                        | <b>347.30</b>               | <b>298.64</b>               |

**NOTES OF THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March, 2018**

(All amounts in ₹ crores, unless stated otherwise)

**Note:**

Other expenses includes research and development expenses (Refer Note. 39)

| Particulars                                                                     | Year ended<br>31 March 2018 | Year ended<br>31 March 2017 |
|---------------------------------------------------------------------------------|-----------------------------|-----------------------------|
| <b>a) Payment to auditors (exclusive of goods and services tax/service tax)</b> |                             |                             |
| As auditor:                                                                     |                             |                             |
| - Audit fee (includes tax audit fees)                                           | 0.72                        | 0.78                        |
| In other capacity:                                                              |                             |                             |
| - Certification and other matters                                               | 0.08                        | 0.15                        |
| - Reimbursement of out of pocket expenses                                       | 0.03                        | 0.03                        |
| <b>Total</b>                                                                    | <b>0.83</b>                 | <b>0.96</b>                 |
| <b>Details of corporate social responsibility expenditure</b>                   |                             |                             |
| (a) Amount required to be spent by the group                                    | 1.95                        | 1.28                        |
| (b) Amount spent during the year (in cash)                                      |                             |                             |
| (i) Construction or acquisition of any asset                                    | -                           | -                           |
| (ii) On purposes other than (i) above                                           | 1.17                        | 1.28                        |

**37 INCOME TAX**

| Particulars                                                                                                                                                           | Year ended<br>31 March 2018 | Year ended<br>31 March 2017 |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------|-----------------------------|
| <b>The income tax expense consists of the following :</b>                                                                                                             |                             |                             |
| Current tax expense                                                                                                                                                   | 15.82                       | 20.68                       |
| Deferred tax benefit                                                                                                                                                  | (16.25)                     | (15.23)                     |
| <b>Total income tax</b>                                                                                                                                               | <b>(0.43)</b>               | <b>5.45</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                                                                                                                                            | 64.00                       | 91.19                       |
| At India's statutory income tax rate of 34.94 %<br>(31 March 2017: 34.61%,)                                                                                           | 22.36                       | 31.56                       |
| <b>Adjustments in respect of current income tax</b>                                                                                                                   |                             |                             |
| Income exempted from Income taxes                                                                                                                                     | (13.83)                     | (16.26)                     |
| Deferred taxes on Income exempted from Income taxes                                                                                                                   | (5.80)                      | -                           |
| Additional allowance on revenue and capital expenses                                                                                                                  | (1.19)                      | (14.21)                     |
| Effect of change in base year for capital gain                                                                                                                        | (10.20)                     | -                           |
| Others adjustments                                                                                                                                                    | 8.23                        | 4.36                        |
| <b>Total income tax expense</b>                                                                                                                                       | <b>(0.43)</b>               | <b>5.45</b>                 |

**NOTES OF THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March, 2018**

(All amounts in ₹ crores, unless stated otherwise)

Significant components of net deferred tax assets and liabilities for the year ended 31st March 2018 is as follows:

|                                                           | Opening<br>balance | Recognised/<br>(reversed)<br>through<br>profit and<br>loss | Recognised/<br>(reversed)<br>through Other<br>comprehensive<br>income | Closing<br>balance |
|-----------------------------------------------------------|--------------------|------------------------------------------------------------|-----------------------------------------------------------------------|--------------------|
| <b>Deferred tax liabilities (net)</b>                     |                    |                                                            |                                                                       |                    |
| <b>Deferred tax assets arising on account of :</b>        |                    |                                                            |                                                                       |                    |
| Cash flow hedge reserve                                   | (0.34)             | -                                                          | 2.20                                                                  | 1.86               |
| Allowance for expected credit losses                      | 0.56               | (0.56)                                                     | -                                                                     | -                  |
| Unabsorbed losses                                         | 17.16              | (1.68)                                                     | -                                                                     | 15.48              |
| Expenses deductible under Income tax Act, 1961            | 9.31               | (8.48)                                                     | -                                                                     | 0.83               |
| Minimum alternative tax credit entitlement                | 65.69              | 15.52                                                      | -                                                                     | 81.21              |
|                                                           | <u>92.38</u>       | <u>4.80</u>                                                | <u>2.20</u>                                                           | <u>99.38</u>       |
| <b>Deferred tax liabilities in relation to :</b>          |                    |                                                            |                                                                       |                    |
| Property, plant and equipment and other intangible assets | 141.61             | (5.84)                                                     | -                                                                     | 135.77             |
| Others                                                    | 6.79               | (5.83)                                                     | -                                                                     | 0.96               |
|                                                           | <u>148.40</u>      | <u>(11.67)</u>                                             | <u>-</u>                                                              | <u>136.73</u>      |
| <b>Net deferred tax liabilities</b>                       | <u>56.02</u>       | <u>(16.47)</u>                                             | <u>(2.20)</u>                                                         | <u>37.35</u>       |

Significant components of net deferred tax assets and liabilities for the year ended 31st March 2017 is as follows:

|                                                           | Opening<br>balance | Recognised/<br>(reversed)<br>through<br>profit and<br>loss | Recognised/<br>(reversed)<br>through Other<br>comprehensive<br>income | Closing<br>balance |
|-----------------------------------------------------------|--------------------|------------------------------------------------------------|-----------------------------------------------------------------------|--------------------|
| <b>Deferred tax liabilities (net)</b>                     |                    |                                                            |                                                                       |                    |
| <b>Deferred tax assets arising on account of :</b>        |                    |                                                            |                                                                       |                    |
| Allowance for expected credit losses                      | 0.82               | (0.26)                                                     | -                                                                     | 0.56               |
| Unabsorbed losses                                         | 7.34               | 9.82                                                       | -                                                                     | 17.16              |
| Expenses deductible under Income tax Act, 1961            | 7.96               | 1.35                                                       | -                                                                     | 9.31               |
| MAT credit recoverable                                    | 37.13              | 28.56                                                      | -                                                                     | 65.69              |
|                                                           | <u>53.25</u>       | <u>39.47</u>                                               | <u>-</u>                                                              | <u>92.72</u>       |
| <b>Deferred tax liabilities in relation to :</b>          |                    |                                                            |                                                                       |                    |
| Property, plant and equipment and other intangible assets | 119.11             | 22.50                                                      | -                                                                     | 141.61             |
| Cash flow hedge reserve                                   | (0.37)             | -                                                          | 0.71                                                                  | 0.34               |
| Others                                                    | 5.25               | 1.54                                                       | -                                                                     | 6.79               |
|                                                           | <u>123.99</u>      | <u>24.04</u>                                               | <u>0.71</u>                                                           | <u>148.74</u>      |
| <b>Net deferred tax liabilities</b>                       | <u>70.74</u>       | <u>(15.43)</u>                                             | <u>0.71</u>                                                           | <u>56.02</u>       |

**NOTES OF THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March, 2018**

(All amounts in ₹ crores, unless stated otherwise)

**Tax losses**

No deferred tax asset has been recognised on these unutilized tax losses as there is no evidence that sufficient taxable profit will be available in future against which they can be utilised by the respective entities

| Loss pertains to the year | Expiry year      | Unused tax losses for which no deferred tax has been recognised | Potential tax benefit |
|---------------------------|------------------|-----------------------------------------------------------------|-----------------------|
| 31 December 2008          | 31 December 2030 | 4.05                                                            | 0.85                  |
| 31 December 2009          | 31 December 2031 | 12.89                                                           | 2.71                  |
| 31 March 2010             | 31 March 2032    | 6.65                                                            | 1.40                  |
| 31 March 2011             | 31 March 2033    | 29.70                                                           | 6.24                  |
| 31 March 2012             | 31 March 2034    | 17.44                                                           | 3.66                  |
| 31 March 2013             | 31 March 2035    | 6.03                                                            | 1.27                  |
| 31 March 2014             | 31 March 2036    | 6.26                                                            | 1.31                  |
| 31 March 2015             | 31 March 2037    | 24.44                                                           | 5.13                  |
| 31 March 2016             | 31 March 2038    | 5.72                                                            | 1.20                  |
| 31 March 2017             | 31 March 2039    | 15.85                                                           | 3.33                  |
| 31 March 2018             | 31 March 2040    | 17.26                                                           | 3.63                  |

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.

**38 EARNINGS PER SHARE**

| Particulars                                                  | As at<br>31 March 2018 | As at<br>31 March 2017 |
|--------------------------------------------------------------|------------------------|------------------------|
| Profit attributable to shareholders                          | 64.43                  | 85.74                  |
| 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                                                        | 33.62                  | 44.73                  |
| Diluted                                                      | 33.62                  | 44.73                  |

**NOTES OF THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March, 2018**

(All amounts in ₹ crores, unless stated otherwise)

**39 CONTINGENCIES AND COMMITMENTS**

| Particulars                                                        | As at<br>31 March 2018 | As at<br>31 March 2017 | As at<br>1 April 2016 |
|--------------------------------------------------------------------|------------------------|------------------------|-----------------------|
| <b>(A) Contingent liabilities</b>                                  |                        |                        |                       |
| I Claims against the Company not acknowledged as debt              | 0.33                   | 0.31                   | 0.28                  |
| II Disputed demand for Income tax (refer note below)               | 4.83                   | 4.83                   | 4.83                  |
| III Disputed demand for Excise duty and Service tax                | 11.16                  | 13.79                  | 7.45                  |
| IV Duty saved under Export Promotion Capital Goods (EPCG) licenses | 39.56                  | 36.41                  | -                     |
| V Disputed demands for labour/ employee dispute                    | -                      | 6.58                   | 5.97                  |

**Note:**

Disputed demand for income tax includes a dispute of ₹ 4.83 crores (31 March 2017: ₹ 4.83 crores; 1 April, 2016: ₹ 4.83 crores) between the Company and income tax department over computation of deduction under section 80HHC of the Income Tax Act, 1961. The Company has filed a special leave petition against the order of Hon'ble High Court of Delhi which has been accepted by Hon'ble Supreme Court and is pending. Based on the legal opinion taken from an independent expert, the management is of the view that it is more likely than not that matter will be decided in favour of the Company.

| Particulars                                                                                                                                           | As at<br>31 March 2018 | As at<br>31 March 2017 | As at<br>1 April 2016 |
|-------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------|------------------------|-----------------------|
| <b>(B) Commitments</b>                                                                                                                                |                        |                        |                       |
| <b>a) Capital commitments</b>                                                                                                                         |                        |                        |                       |
| The Company has the following commitments :                                                                                                           |                        |                        |                       |
| Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)                                      | 139.45                 | 59.41                  | 107.68                |
| Letter of credit opened for which the material has not been shipped as on the date of the balance sheet.                                              | 31.56                  | 38.65                  | 36.32                 |
| <b>b) The following amounts are to be credited to investor education and protection fund as and when due:</b>                                         |                        |                        |                       |
| Unpaid dividend                                                                                                                                       | 1.08                   | 0.91                   | 1.58                  |
| <b>c) Outstanding export obligation to be fulfilled under the Export Promotion Capital Goods (EPCG) scheme against import of Plant and Machinery.</b> | 203.90                 | 218.48                 | -                     |

**NOTES OF THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March, 2018**
*(All amounts in ₹ crores, unless stated otherwise)*
**40 RESEARCH AND DEVELOPMENT EXPENDITURE**

Research and development expenditures incurred by the Company during the financial year are mentioned below:

| Particulars               | Year ended<br>31 March 2018 | Year ended<br>31 March 2017 |
|---------------------------|-----------------------------|-----------------------------|
| Material and consumables  | 3.20                        | 1.78                        |
| Employee benefits expense | 2.21                        | 1.78                        |
| Depreciation expenses     | 0.34                        | 0.40                        |
| Other expenses            | 0.62                        | 0.50                        |
|                           | <b>6.37</b>                 | <b>4.46</b>                 |

**Assets purchased/capitalised for research and development centers**

| Description                          | Total       |
|--------------------------------------|-------------|
| <b>Gross carrying value</b>          |             |
| As at 1 April 2016                   | 2.54        |
| Additions                            | 4.32        |
| <b>As at 31 March 2017</b>           | <b>6.86</b> |
| Additions                            | 0.27        |
| <b>As at 31 March 2018</b>           | <b>7.13</b> |
| <b>Accumulated depreciation</b>      |             |
| As at 1 April 2016                   | 1.40        |
| Depreciation for the year            | 0.40        |
| <b>As at 31 March 2017</b>           | <b>1.80</b> |
| Depreciation for the year            | 0.34        |
| <b>As at 31 March 2018</b>           | <b>2.14</b> |
| <b>Net Block as at 1 April 2016</b>  | <b>1.14</b> |
| <b>Net Block as at 31 March 2017</b> | <b>5.06</b> |
| <b>Net Block as at 31 March 2018</b> | <b>4.99</b> |

**Amount eligible for weighted deduction under Section 35(2AB) of the Income Tax Act, 1961**

| Particulars                                                  | 31 March 2018   | 31 March 2017   |
|--------------------------------------------------------------|-----------------|-----------------|
| Research and development capital expenditure (gross)         | 0.27            | 4.32            |
| Research and development revenue expenditure                 | 6.03            | 4.06            |
| <b>Total Expenditure</b>                                     | <b>6.30</b>     | <b>8.38</b>     |
| Less: Realisation on sale of research and development assets | -               | -               |
| <b>Net research and development expenditure</b>              | <b>6.30</b>     | <b>8.38</b>     |
| <b>Sales for the year</b>                                    | <b>1,922.78</b> | <b>1,689.92</b> |
| Total research and development expenditure / sales           | 0.33%           | 0.50%           |
| Total eligible research and development expenditure / sales  | 0.33%           | 0.50%           |

## NOTES OF THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March, 2018

(All amounts in ₹ crores, unless stated otherwise)

### 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 to be implemented via trust route which will acquire the equity shares of the Company by secondary market acquisition, however, in case of any shortfall the Company will issue new shares as required.

- A) Under the CF ESOP 2015, the Company has granted 2,00,000 options in financial year 2017-18 (31 March 2017: 250,000 options; 01 April 2016: 193,000 options) as per the details given hereunder:

| Scheme                                 | Date of Grant   | Number of options granted | Vesting Condition                               | Exercise Period                   | Exercise Price per Share |
|----------------------------------------|-----------------|---------------------------|-------------------------------------------------|-----------------------------------|--------------------------|
| CF Employees Stock Option Scheme 2015: |                 |                           |                                                 |                                   |                          |
| Option I                               | 13 January 2016 | 193,000                   | On completion of 3 years from the date of grant | 10 years from the date of vesting | ₹ 300.05                 |
| Option II                              | 13 July 2016    | 250,000                   | On completion of 3 years from the date of grant | 10 years from the date of vesting | ₹ 351.40                 |
| Option III                             | 7 July 2017     | 200,000                   | On completion of 3 years from the date of grant | 10 years from the date of vesting | ₹ 433.20                 |

### B) Movement of options granted

| Particulars                                      | Year ended<br>31 March 2018 | Year ended<br>31 March 2017 | Year ended<br>1 April 2016 |
|--------------------------------------------------|-----------------------------|-----------------------------|----------------------------|
| Options outstanding at the beginning of the year | 415,400                     | 190,700                     | -                          |
| Options granted during the year                  | 200,000                     | 250,000                     | 193,000                    |
| Options cancelled during the year                | (8,700)                     | (25,300)                    | (2,300)                    |
| Options outstanding at the end of the year       | <u>606,700</u>              | <u>415,400</u>              | <u>190,700</u>             |

The weighted average remaining contractual life outstanding as of 31 March 2018 was 11.47 years (31 March 2017 12.07 years; 01 April 2016 12.78 years).

## NOTES OF THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March, 2018

(All amounts in ₹ crores, unless stated otherwise)

C) The fair value of options 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  |
|----------------------------------------------|-----------|-----------|-------------|
| Grant Date                                   | 13-Jan-16 | 13-Jul-16 | 7 July 2017 |
| Market Price (₹)                             | 300.05    | 351.4     | 433.2       |
| Exercise Price (₹)                           | 300.05    | 351.4     | 433.2       |
| Expected Volatility (%) \$                   | 57.7      | 39.55     | 27.7        |
| Expected forfeiture on each vesting date (%) | Nil       | Nil       | Nil         |
| Expected life (years)*                       | 3         | 3         | 3           |
| Dividend yield (%)                           | 1.17      | 2.85      | 2.31        |
| Risk free interest rate (%)                  | 7.59      | 7.50      | 6.54        |
| Fair value on grant date (₹)                 | 128.25    | 103.45    | 98.6        |

\$ The expected volatility was determined based on historical volatility data.

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

## 42 EMPLOYEE BENEFIT OBLIGATIONS

### Gratuity

The Company makes contribution towards gratuity to a defined retirement benefits plan for qualifying employees. The Company has taken policy with Life Insurance Corporation of India to provide for payment of retirement benefits to vested employees. The present value of obligation is determined based on actuarial valuation. The expected contribution to the plan for next annual reporting period amounts to ₹ 0.13 crores.

The weighted average duration of the defined benefit obligation as at 31 March 2018 is 6 years, (31 March 2017: 7 years)

The amounts recognised in the Statement of Financial Position 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<br>31 March 2018 | As at<br>31 March 2017 | As at<br>1 April 2016 |
|-----------------------------------------------------------|------------------------|------------------------|-----------------------|
| Present value obligation as at the end of the year        | 12.68                  | 11.74                  | 11.44                 |
| Fair value of plan assets as at the end of the year       | (13.31)                | (12.82)                | (10.51)               |
| <b>Net (asset)/ liability recognized in balance sheet</b> | <b>(0.63)</b>          | <b>(1.08)</b>          | <b>0.93</b>           |

#### b. Changes in defined benefit obligation

|                                                           | As at<br>31 March 2018 | As at<br>31 March 2017 |
|-----------------------------------------------------------|------------------------|------------------------|
| Present value obligation as at the start of the year      | 11.74                  | 11.44                  |
| Interest cost                                             | 0.85                   | 0.92                   |
| Current service cost                                      | 1.13                   | 0.79                   |
| Benefits paid                                             | (0.50)                 | (0.56)                 |
| Actuarial loss/(gain) on obligations                      | (0.54)                 | (0.85)                 |
| <b>Present value obligation as at the end of the year</b> | <b>12.68</b>           | <b>11.74</b>           |

**NOTES OF THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March, 2018**
*(All amounts in ₹ crores, unless stated otherwise)*
**c. Table showing changes in the fair value of plan assets**

|                                                     | As at<br>31 March 2018 | As at<br>31 March 2017 |
|-----------------------------------------------------|------------------------|------------------------|
| Fair value of plan assets at beginning of year      | 12.82                  | 10.51                  |
| Expected return on plan assets                      | 0.93                   | 0.86                   |
| Contributions                                       | 0.06                   | 2.01                   |
| Benefits paid                                       | (0.50)                 | (0.56)                 |
| <b>Fair value of plan assets at the end of year</b> | <b>13.31</b>           | <b>12.82</b>           |

**d. Amount recognized in the statement of profit and loss**

|                                                              | As at<br>31 March 2018 | As at<br>31 March 2017 |
|--------------------------------------------------------------|------------------------|------------------------|
| Current service cost                                         | 1.13                   | 0.79                   |
| Net Interest cost                                            | 0.85                   | 0.92                   |
| Expected return on plan asset                                | (0.93)                 | (0.86)                 |
| <b>Amount recognised in the statement of profit and loss</b> | <b>1.05</b>            | <b>0.85</b>            |

**e. Other Comprehensive Income**

|                                                                        | As at<br>31 March 2018 | As at<br>31 March 2017 |
|------------------------------------------------------------------------|------------------------|------------------------|
| Actuarial gain/(loss) on arising from change in demographic assumption | -                      | -                      |
| Actuarial gain arising from change in financial assumption             | (0.44)                 | (0.87)                 |
| Actuarial (gain)/loss on arising from experience adjustment            | (0.10)                 | 0.02                   |
| <b>Unrecognised actuarial (gain)/loss for the year</b>                 | <b>(0.54)</b>          | <b>(0.85)</b>          |

**f. Actuarial assumptions**

|                        | As at<br>31 March 2018 | As at<br>31 March 2017 |
|------------------------|------------------------|------------------------|
| Discount rate          | 7.88%                  | 8.00%                  |
| Future salary increase | 7.00%                  | 7.00%                  |

**g. Demographic Assumption**

|                                                       | As at<br>31 March 2018                     | As at<br>31 March 2017 |
|-------------------------------------------------------|--------------------------------------------|------------------------|
| Retirement Age (years)                                | 58                                         | 58                     |
| Mortality rates inclusive of provision for disability | Indian Assured Lives<br>Mortality(2006-08) |                        |

**NOTES OF THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March, 2018**

(All amounts in ₹ crores, unless stated otherwise)

**h. Sensitivity analysis for gratuity liability**

|                                                    | As at<br>31 March 2018 | As at<br>31 March 2017 |
|----------------------------------------------------|------------------------|------------------------|
| <b>Impact of the change in discount rate</b>       |                        |                        |
| Present value of obligation at the end of the year | 12.68                  | 11.74                  |
| a) Impact due to increase of 0.50%                 | (0.32)                 | (0.34)                 |
| b) Impact due to decrease of 0.50%                 | 0.35                   | 0.36                   |
| <b>Impact of the change in salary increase</b>     |                        |                        |
| Present value of obligation at the end of the year | 12.68                  | 11.74                  |
| a) Impact due to increase of 0.50%                 | 0.34                   | 0.36                   |
| b) Impact due to decrease of 0.50%                 | (0.31)                 | (0.34)                 |

**j. Maturity Profile of Defined Benefit Obligation**

|                          | As at<br>31 March 2018 | As at<br>31 March 2017 |
|--------------------------|------------------------|------------------------|
| April 2017 to March 2018 | -                      | 1.12                   |
| April 2018 to March 2019 | 1.57                   | 0.90                   |
| April 2019 to March 2020 | 0.98                   | 0.93                   |
| April 2020 to March 2021 | 1.81                   | 1.57                   |
| April 2021 to March 2022 | 1.66                   | 1.47                   |
| April 2022 to March 2023 | 1.55                   | -                      |
| April 2023 onwards       | 6.57                   | 6.25                   |

**Defined Contribution Plans**

The group 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 obligation of the group is limited to the amount contributed and it has no further contractual not any constructive obligation.

| Particulars                                                                 | As at<br>31 March 2018 | As at<br>31 March 2017 |
|-----------------------------------------------------------------------------|------------------------|------------------------|
| Employer's contribution to Provident Fund                                   | 2.89                   | 2.67                   |
| Employer's contribution to Superannuation Fund                              | 1.32                   | 1.17                   |
| Employer's contribution to Labour Welfare Fund and Employee State Insurance | 0.66                   | 0.64                   |

**43 LEASES**
**Operating leases – assets taken on lease**

The Company has entered into agreements for taking on lease some of office premises under operating lease arrangements. The leases are non-cancellable and are ranging for the period upto 6 years and may be renewed for the further period based on mutual agreement of the parties.

**NOTES OF THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March, 2018**

(All amounts in ₹ crores, unless stated otherwise)

| Particulars                                                                         | As at<br>31 March 2018 | As at<br>31 March 2017 |
|-------------------------------------------------------------------------------------|------------------------|------------------------|
| Lease payments recognised in the statement of profit and loss                       | 8.56                   | 7.63                   |
| <b><i>Future minimum rentals payable under non-cancellable operating leases</i></b> |                        |                        |
| Within one year                                                                     | 1.44                   | 0.18                   |
| After one year but not later than five years                                        | 5.08                   | 0.21                   |
| More than five years                                                                | -                      | -                      |
| <b>Total</b>                                                                        | <b>6.52</b>            | <b>0.39</b>            |

**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 and certified by management are as follows:

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

- Mr. Ashok Jaipuria, Chairman and Managing Director of Company
- Mr. Anil Kumar Jain, Director of corporate affairs
- Mr. H. K. Agrawal, Independent Director
- Mr. Rajeev Gupta, Independent Director
- Mrs. Alpana Parida, Non-Independent Director
- Mr. Ashish Kumar Guha, Independent Director
- Mr. Pratip Chaudhuri, Independent Director
- Mr. H. N. Sinor, Independent Director
- Mr. Vivek Nangia, Independent Director
- Mr. Pankaj Poddar, Chief Executive Officer
- Mr. Neeraj Jain, Chief Financial Officer
- Ms. Jyoti Dixit, Company Secretary

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

- Sunrise Manufacturing Company Limited
- Prime Securities Limited
- Cosmo Ferrites Limited
- Cosmo Foundation

**NOTES OF THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March, 2018**

(All amounts in ₹ crores, unless stated otherwise)

| Particulars                              | Enterprises owned or significantly influenced by key management personnel or their relatives having significant influence |                          | Key management personnel and their Relatives |                          | Total                    |                          |
|------------------------------------------|---------------------------------------------------------------------------------------------------------------------------|--------------------------|----------------------------------------------|--------------------------|--------------------------|--------------------------|
|                                          | Year ended 31 March 2018                                                                                                  | Year ended 31 March 2017 | Year ended 31 March 2018                     | Year ended 31 March 2017 | Year ended 31 March 2018 | Year ended 31 March 2017 |
| <b>Transactions with related Parties</b> |                                                                                                                           |                          |                                              |                          |                          |                          |
| 1 <b>Rent paid</b>                       |                                                                                                                           |                          |                                              |                          |                          |                          |
| Mr. Ashok Jaipuria                       | -                                                                                                                         | -                        | 0.01                                         | 0.01                     | 0.01                     | 0.01                     |
| 2 <b>Rent received</b>                   |                                                                                                                           |                          |                                              |                          |                          |                          |
| Sunrise Manufacturing Company Limited    | 0.02                                                                                                                      | 0.02                     | -                                            | -                        | 0.02                     | 0.02                     |
| 3 <b>Retainership fees paid</b>          |                                                                                                                           |                          |                                              |                          |                          |                          |
| Prime Securities Limited                 | 0.98                                                                                                                      | 0.48                     | -                                            | -                        | 0.98                     | 0.48                     |
| 4 <b>Short term employee benefits</b>    | -                                                                                                                         | -                        | 9.47                                         | 10.55                    | 9.47                     | 10.55                    |
| 5 <b>Post Employment Benefits*</b>       | -                                                                                                                         | -                        | 0.33                                         | 0.25                     | 0.33                     | 0.25                     |
| 6 <b>Share based payments</b>            | -                                                                                                                         | -                        | 0.72                                         | 0.54                     | 0.72                     | 0.54                     |
| 7 <b>Commission/Sitting Fee</b>          |                                                                                                                           |                          |                                              |                          |                          |                          |
| Mr. H. K. Agrawal                        | -                                                                                                                         | -                        | 0.10                                         | 0.14                     | 0.10                     | 0.14                     |
| Mr. Rajeev Gupta                         | -                                                                                                                         | -                        | 0.08                                         | 0.12                     | 0.08                     | 0.12                     |
| Mrs. Alpana Parida                       | -                                                                                                                         | -                        | 0.10                                         | 0.13                     | 0.10                     | 0.13                     |
| Mr. Ashish Kumar Guha                    | -                                                                                                                         | -                        | 0.11                                         | 0.14                     | 0.11                     | 0.14                     |
| Mr. Pratip Chaudhuri                     | -                                                                                                                         | -                        | 0.11                                         | 0.14                     | 0.11                     | 0.14                     |
| Mr. H. N. Sinor                          | -                                                                                                                         | -                        | 0.08                                         | 0.13                     | 0.08                     | 0.13                     |
| Mr. Vivek Nangia                         | -                                                                                                                         | -                        | 0.10                                         | 0.06                     | 0.10                     | 0.06                     |
| 8 <b>Corporate Social Responsibility</b> |                                                                                                                           |                          |                                              |                          |                          |                          |
| Contribution to Cosmo Foundation         | 1.17                                                                                                                      | 1.27                     | -                                            | -                        | 1.17                     | 1.27                     |

\* Does not include the provision made for gratuity and compensated absences, as they are determined on an actuarial basis for all the employees together.

**NOTES OF THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March, 2018**  
(All amounts in ₹ crores, unless stated otherwise)

|                                          | Key management personnel and their Relatives |                     |                    |                     | Enterprises owned or significantly influenced by key management personnel or their relatives |                    |                     |                     | Total               |                     |                    |                     |
|------------------------------------------|----------------------------------------------|---------------------|--------------------|---------------------|----------------------------------------------------------------------------------------------|--------------------|---------------------|---------------------|---------------------|---------------------|--------------------|---------------------|
|                                          | As at 31 March 2018                          | As at 31 March 2017 | As at 1 April 2016 | As at 31 March 2018 | As at 31 March 2017                                                                          | As at 1 April 2016 | As at 31 March 2018 | As at 31 March 2017 | As at 31 March 2018 | As at 31 March 2017 | As at 1 April 2016 | As at 31 March 2016 |
| <b>Outstanding balances</b>              |                                              |                     |                    |                     |                                                                                              |                    |                     |                     |                     |                     |                    |                     |
| <b>1 Trade receivables</b>               |                                              |                     |                    |                     |                                                                                              |                    |                     |                     |                     |                     |                    |                     |
| Cosmo Ferrites Limited                   | -                                            | -                   | -                  | -                   | 0.05                                                                                         | 0.05               | -                   | 0.05                | -                   | 0.05                | 0.05               | -                   |
| <b>2 Managerial remuneration payable</b> |                                              |                     |                    |                     |                                                                                              |                    |                     |                     |                     |                     |                    |                     |
| Mr. Ashok Jaipuria                       | 1.90                                         | 4.01                | 5.55               | -                   | -                                                                                            | -                  | 1.90                | 4.01                | 1.90                | 4.01                | 5.55               | -                   |
| Mr. H. K. Agrawal                        | 0.07                                         | 0.10                | -                  | -                   | -                                                                                            | -                  | 0.07                | 0.10                | 0.07                | 0.10                | -                  | -                   |
| Mr. Rajeev Gupta                         | 0.07                                         | 0.10                | -                  | -                   | -                                                                                            | -                  | 0.07                | 0.10                | 0.07                | 0.10                | -                  | -                   |
| Mrs. Alpna Parida                        | 0.07                                         | 0.10                | -                  | -                   | -                                                                                            | -                  | 0.07                | 0.10                | 0.07                | 0.10                | -                  | -                   |
| Mr. Ashish Kumar Guha                    | 0.07                                         | 0.10                | -                  | -                   | -                                                                                            | -                  | 0.07                | 0.10                | 0.07                | 0.10                | -                  | -                   |
| Mr. Pratip Chaudhuri                     | 0.07                                         | 0.10                | -                  | -                   | -                                                                                            | -                  | 0.07                | 0.10                | 0.07                | 0.10                | -                  | -                   |
| Mr. H. N. Sinor                          | 0.07                                         | 0.10                | -                  | -                   | -                                                                                            | -                  | 0.07                | 0.10                | 0.07                | 0.10                | -                  | -                   |
| Mr. Vivek Nangia                         | 0.07                                         | 0.04                | -                  | -                   | -                                                                                            | -                  | 0.07                | 0.04                | 0.07                | 0.04                | -                  | -                   |

**NOTES OF THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March, 2018**

(All amounts in ₹ crores, unless stated otherwise)

**45 SEGMENT REPORTING**

In accordance with Ind AS 108, the Board of directors being the Chief operating decision maker of the Company has determined its only one business segment of packaging films. Further, in terms of Paragraph 4 and 31 of Ind AS 108 'Operating Segments', entity wide disclosures have been presented below:

- Business segment has been disclosed as the primary segment. The group is organised into two business segments namely Packaging Films and Others (Equipments and Parts).
- Secondary segment reporting is performed on the basis of location of all customer. The location of customers is classified into two geographic segments namely in India and outside India.

**Business segment**
**Year ended 31 March 2018**

| Particulars                           | Packaging Films | Others      | Total           |
|---------------------------------------|-----------------|-------------|-----------------|
| <b>Revenue</b>                        |                 |             |                 |
| External sales                        | 1,962.20        | 4.49        | 1,966.69        |
| <b>Total revenue</b>                  | <b>1,962.20</b> | <b>4.49</b> | <b>1,966.69</b> |
| <b>Results</b>                        |                 |             |                 |
| Segment result                        | 123.79          | 0.94        | 124.73          |
| Unallocated corporate expenses        | -               | -           | (8.35)          |
| <b>Operating profit</b>               | <b>123.79</b>   | <b>0.94</b> | <b>116.38</b>   |
| Interest expenses and finance charges | -               | -           | 52.38           |
| <b>Profit before tax</b>              | <b>123.79</b>   | <b>0.94</b> | <b>64.00</b>    |
| Income taxes                          | -               | -           | 0.43            |
| <b>Profit for the year</b>            | <b>123.79</b>   | <b>0.94</b> | <b>64.43</b>    |
| <b>Other information</b>              |                 |             |                 |
| Segment assets                        | 1,629.05        | 2.71        | 1,631.76        |
| Unallocated corporate assets          | -               | -           | 146.44          |
| <b>Total assets</b>                   | <b>1,629.05</b> | <b>2.71</b> | <b>1,778.20</b> |
| Segment liabilities                   | 329.80          | -           | 329.80          |
| Unallocated corporate liabilities     | -               | -           | 1.13            |
| <b>Total liabilities</b>              | <b>329.80</b>   | <b>-</b>    | <b>330.93</b>   |
| Segment capital employed              | 1,299.25        | 2.71        | 1,301.96        |
| Unallocated                           | -               | -           | 145.31          |
| <b>Total capital employed</b>         | <b>1,299.25</b> | <b>2.71</b> | <b>1,447.27</b> |
| Capital expenditure                   | 87.95           | -           | 87.95           |
| Depreciation and amortisation         | 51.21           | -           | 51.21           |

**NOTES OF THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March, 2018**

(All amounts in ₹ crores, unless stated otherwise)

**Business segment**

Year ended 31 March 2017

| Particulars                           | Packaging Films | Others        | Total           |
|---------------------------------------|-----------------|---------------|-----------------|
| <b>Revenue</b>                        |                 |               |                 |
| External sales                        | 1,691.44        | 4.90          | 1,696.34        |
| <b>Total revenue</b>                  | <b>1,691.44</b> | <b>4.90</b>   | <b>1,696.34</b> |
| <b>Results</b>                        |                 |               |                 |
| Segment result                        | 137.38          | (1.01)        | 136.37          |
| Unallocated corporate expenses        | -               | -             | (9.27)          |
| <b>Operating profit</b>               | <b>137.38</b>   | <b>(1.01)</b> | <b>127.10</b>   |
| Interest expenses and finance charges | -               | -             | (35.91)         |
| <b>Profit before tax</b>              | <b>137.38</b>   | <b>(1.01)</b> | <b>91.19</b>    |
| Income taxes                          | -               | -             | (5.45)          |
| <b>Profit for the year</b>            | <b>137.38</b>   | <b>(1.01)</b> | <b>85.74</b>    |
| <b>Other information</b>              |                 |               |                 |
| Segment assets                        | 1,475.45        | 3.49          | 1,478.94        |
| Unallocated corporate assets          | -               | -             | 66.29           |
| <b>Total assets</b>                   | <b>1,475.45</b> | <b>3.49</b>   | <b>1,545.23</b> |
| Segment liabilities                   | 288.13          | -             | 288.13          |
| Unallocated corporate liabilities     | -               | -             | 2.62            |
| <b>Total liabilities</b>              | <b>288.13</b>   | <b>-</b>      | <b>290.75</b>   |
| Segment capital employed              | 1,187.32        | 3.49          | 1,190.81        |
| Unallocated                           | -               | -             | 63.67           |
| <b>Total capital employed</b>         | <b>1,187.32</b> | <b>3.49</b>   | <b>1,254.48</b> |
| Capital expenditure                   | 257.54          | -             | 257.54          |
| Depreciation and amortisation         | 42.11           | -             | 42.11           |

**Business segment/geographical segment**

Year ended 31 March 2018

| Particulars   | Revenue         | Segment assets  | Capital expenditure |
|---------------|-----------------|-----------------|---------------------|
| In India      | 1,035.31        | 1,520.34        | 84.45               |
| Outside India | 857.01          | 257.86          | 3.50                |
| <b>Total</b>  | <b>1,892.32</b> | <b>1,778.20</b> | <b>87.95</b>        |

## NOTES OF THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March, 2018

(All amounts in ₹ crores, unless stated otherwise)

### Revenue as per Customers (more than 10% of revenue):

There are no customer who has contributed of 10% or more in the revenue.

### Business segment / geographical segment

Year ended 31 March 2017

| Particulars   | Revenue         | Segment assets  | Capital expenditure |
|---------------|-----------------|-----------------|---------------------|
| In India      | 753.05          | 1,297.21        | 255.57              |
| Outside India | 806.43          | 248.02          | 1.97                |
| <b>Total</b>  | <b>1,559.48</b> | <b>1,545.23</b> | <b>257.54</b>       |

### Revenue as per Customers (more than 10% of revenue):

There is no customer who has contributed of 10% or more in the revenue.

## 46 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 2018              | Fair value through profit or loss | Fair value through other comprehensive income | Amortised cost  |
|----------------------------------|-----------------------------------|-----------------------------------------------|-----------------|
| <b>Financial assets</b>          |                                   |                                               |                 |
| (i) Investments                  | 57.99                             | -                                             | -               |
| (ii) Trade receivables           | -                                 | -                                             | 204.63          |
| (iii) Cash and cash equivalents  | -                                 | -                                             | 40.01           |
| (iv) Other bank balances         | -                                 | -                                             | 9.46            |
| (v) Loans                        | -                                 | -                                             | 11.90           |
| (ii) Derivative assets           | -                                 | 6.68                                          | -               |
| (vii) Others financial assets    | -                                 | -                                             | 37.21           |
| <b>Total</b>                     | <b>57.99</b>                      | <b>6.68</b>                                   | <b>303.21</b>   |
| <b>Financial liabilities</b>     |                                   |                                               |                 |
| (i) Borrowings                   | -                                 | -                                             | 790.43          |
| (ii) Trade payables              | -                                 | -                                             | 189.02          |
| (i) Derivative liabilities       | -                                 | 8.56                                          | -               |
| (iv) Other financial liabilities | -                                 | -                                             | 53.02           |
| <b>Total</b>                     | <b>-</b>                          | <b>8.56</b>                                   | <b>1,032.47</b> |

**NOTES OF THE CONSOLIDATED FINANCIAL STATEMENTS** for the year ended 31 March, 2018

(All amounts in ₹ crores, unless stated otherwise)

| As at 31 March 2017              | Fair value<br>through<br>profit or loss | Fair value<br>through other<br>comprehensive<br>income | Amortised<br>cost |
|----------------------------------|-----------------------------------------|--------------------------------------------------------|-------------------|
| <b>Financial assets</b>          |                                         |                                                        |                   |
| (i) Investments                  | 0.05                                    | -                                                      | -                 |
| (ii) Trade receivables           | -                                       | -                                                      | 162.49            |
| (iii) Cash and cash equivalents  | -                                       | -                                                      | 18.92             |
| (iv) Other bank balances         | -                                       | -                                                      | 10.17             |
| (v) Loans                        | -                                       | -                                                      | 4.11              |
| (ii) Derivative assets           | -                                       | 5.21                                                   | -                 |
| (vii) Others financial assets    | -                                       | -                                                      | 41.32             |
| <b>Total</b>                     | <b>0.05</b>                             | <b>5.21</b>                                            | <b>237.01</b>     |
| <b>Financial liabilities</b>     |                                         |                                                        |                   |
| (i) Borrowings                   | -                                       | -                                                      | 625.48            |
| (ii) Trade payables              | -                                       | -                                                      | 137.72            |
| (i) Derivative liabilities       | -                                       | 9.68                                                   | -                 |
| (iv) Other financial liabilities | -                                       | -                                                      | 57.57             |
| <b>Total</b>                     | <b>-</b>                                | <b>9.68</b>                                            | <b>820.77</b>     |

| As at 1 April 2016               | Fair value<br>through<br>profit or loss | Fair value<br>through other<br>comprehensive<br>income | Amortised<br>cost |
|----------------------------------|-----------------------------------------|--------------------------------------------------------|-------------------|
| <b>Financial assets</b>          |                                         |                                                        |                   |
| (i) Investments                  | 2.34                                    | -                                                      | -                 |
| (ii) Trade receivables           | -                                       | -                                                      | 124.34            |
| (iii) Cash and cash equivalents  | -                                       | -                                                      | 26.40             |
| (iv) Other bank balances         | -                                       | -                                                      | 7.55              |
| (v) Loans                        | -                                       | -                                                      | 2.71              |
| (i) Derivative assets            | -                                       | 15.19                                                  | -                 |
| (vii) Others financial assets    | -                                       | -                                                      | 26.96             |
| <b>Total</b>                     | <b>2.34</b>                             | <b>15.19</b>                                           | <b>187.96</b>     |
| <b>Financial liabilities</b>     |                                         |                                                        |                   |
| (i) Borrowings                   | -                                       | -                                                      | 441.84            |
| (ii) Trade payables              | -                                       | -                                                      | 120.40            |
| (i) Derivative liabilities       | -                                       | 1.18                                                   | -                 |
| (iv) Other financial liabilities | -                                       | -                                                      | 49.12             |
| <b>Total</b>                     | <b>-</b>                                | <b>1.18</b>                                            | <b>611.36</b>     |

Investment in subsidiaries are measured at cost as per Ind AS 27, 'Separate financial statements' and hence, not presented here.

**NOTES OF THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March, 2018**

(All amounts in ₹ crores, unless stated otherwise)

**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 2018                | Note      | Level 1      | Level 2     | Level 3     |
|------------------------------------|-----------|--------------|-------------|-------------|
| <b>Financial assets</b>            |           |              |             |             |
| (i) Investments                    | 6 and 11  | 57.82        | -           | 0.17        |
| (ii) Derivative assets             | 8 and 16  | -            | 6.68        | -           |
| <b>Total Financial assets</b>      |           | <b>57.82</b> | <b>6.68</b> | <b>0.17</b> |
| <b>Financial liabilities</b>       |           |              |             |             |
| (i) Derivative liabilities         | 21 and 27 | -            | 8.56        | -           |
| <b>Total Financial liabilities</b> |           | <b>-</b>     | <b>8.56</b> | <b>-</b>    |

| As at 31 March 2017                | Note      | Level 1  | Level 2     | Level 3  |
|------------------------------------|-----------|----------|-------------|----------|
| <b>Financial assets</b>            |           |          |             |          |
| (i) Investments                    | 6         | -        | -           | 0.05     |
| (ii) Derivative assets             | 8         | -        | 5.21        | -        |
| <b>Total Financial assets</b>      |           | <b>-</b> | <b>5.21</b> | <b>-</b> |
| <b>Financial liabilities</b>       |           |          |             |          |
| (i) Derivative liabilities         | 21 and 27 | -        | 9.68        | -        |
| <b>Total Financial liabilities</b> |           | <b>-</b> | <b>9.68</b> | <b>-</b> |

| As at 1 April 2016                 | Note     | Level 1  | Level 2      | Level 3     |
|------------------------------------|----------|----------|--------------|-------------|
| <b>Financial assets</b>            |          |          |              |             |
| (i) Investments                    | 6        | -        | -            | 2.34        |
| (ii) Derivative assets             | 8 and 16 | -        | 15.19        | -           |
| <b>Total Financial assets</b>      |          | <b>-</b> | <b>15.19</b> | <b>2.34</b> |
| <b>Financial liabilities</b>       |          |          |              |             |
| (i) Derivative liabilities         | 21       | -        | 1.18         | -           |
| <b>Total Financial liabilities</b> |          | <b>-</b> | <b>1.18</b>  | <b>-</b>    |

## NOTES OF THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March, 2018

(All amounts in ₹ crores, unless stated otherwise)

### Valuation process and technique used to determine fair values

- (i) The fair value of investments in mutual fund units is based on the net asset value (NAV) as stated by the issuers of these mutual fund units in the published statements as at the Balance Sheet date. NAV represents the price at which the issuer will issue further units of mutual fund and the price at which issuers will redeem such units from the investors.
- (ii) In order to arrive at the fair value of unquoted investments, the company obtains independent valuations. The techniques used by the valuer are as follows:
  - a) Asset approach - Net assets value method
  - b) Income approach - Discounted cash flows ("DCF") method
  - c) Market approach - Enterprise value/Sales multiple method

### B) (ii) Fair value of financial assets and liabilities measured at amortised cost

Fair value of instruments measured at amortised cost for which fair value is disclosed is as follows, these fair values are calculated using Level 3 inputs:

|       | As at 31 March 2018 |            | As at 31 March 2017 |            | As at 1 April 2016 |            |
|-------|---------------------|------------|---------------------|------------|--------------------|------------|
|       | Carrying value      | Fair value | Carrying value      | Fair value | Carrying value     | Fair value |
| Loans | 11.90               | 11.90      | 4.11                | 4.11       | 2.71               | 2.71       |

The management assessed that fair values of cash and cash equivalents, trade receivables, other receivables, short term borrowings, trade payables and other current financial liabilities approximate their respective carrying amounts largely due to the short-term maturities of these instruments. The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The below mentioned methods and assumptions were used to estimate the fair values:

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.

## 47 RISK MANAGEMENT

The group's activities expose it to market risk, liquidity risk and credit risk. The management has the overall responsibility for the establishment and oversight of the group's risk management framework. This note explains the sources of risk which the entity is exposed to and how the entity manages the risk and the related impact in the financial statements.

### A. Credit Risk

Credit risk is the risk that a counterparty fails to discharge its obligation to the Group. The Group's exposure to credit risk is influenced mainly by cash and cash equivalents, trade receivables and other financial assets measured at amortised cost. The Group continuously monitors defaults of customers and other counterparties and incorporates this information into its credit risk controls.

#### Credit risk management

##### Credit risk rating

The Group assesses and manages credit risk of financial assets based on following categories arrived on the basis of assumptions, inputs and factors specific to the class of financial assets.

## NOTES OF THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March, 2018

(All amounts in ₹ crores, unless stated otherwise)

- A: Low credit risk on financial reporting date  
 B: Moderate credit risk  
 C: High credit risk

The Group provides for expected credit loss based on the following:

| Asset group          | Basis of categorisation                                                                             | Provision for expected credit loss                   |
|----------------------|-----------------------------------------------------------------------------------------------------|------------------------------------------------------|
| Low credit risk      | Cash and cash equivalents, other bank balances, loans, trade receivables and other financial assets | 12 month expected credit loss                        |
| Moderate credit risk | Other financial assets                                                                              | Life time expected credit loss                       |
| High credit risk     | Trade receivables                                                                                   | Life time expected credit loss or fully provided for |

Based on business environment in which the Group operates, a default on a financial asset is considered when the counter party fails to make payments within a reasonable time after the agreed time period as per contract. Loss rates reflecting defaults are based on actual credit loss experience and considering differences between current and historical economic conditions.

Assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Company or debtor declaring bankruptcy or a litigation decided against the Company. The Company continues to engage with parties whose balances are written off and attempts to enforce repayment. Recoveries made are recognised in statement of profit and loss.

| Credit rating       | Particulars               | As at<br>31 March 2018 | As at<br>31 March 2017 | As at<br>1 April 2016 |
|---------------------|---------------------------|------------------------|------------------------|-----------------------|
| A: Low credit risk  | Cash and cash equivalents | 40.01                  | 18.92                  | 26.40                 |
|                     | Other bank balances       | 9.46                   | 10.17                  | 7.55                  |
|                     | Loans                     | 11.90                  | 4.11                   | 2.71                  |
|                     | Other financial assets    | 43.90                  | 46.53                  | 42.15                 |
|                     | Trade receivables         | 204.63                 | 162.49                 | 124.34                |
| C: High credit risk | Trade receivables         | 7.47                   | 6.35                   | 5.61                  |

### Credit risk exposure

#### Cash and cash equivalents and bank deposits

Credit risk related to cash and cash equivalents and bank deposits is managed by only accepting highly rated banks and diversifying bank deposits and accounts in different banks across the country.

#### Trade receivables

Credit risk related to trade receivables are mitigated by taking bank guarantees/letter of credit, from customers where credit risk is high. The Company closely monitors the credit-worthiness of the debtors through internal systems that are configured to define credit limits of customers, thereby, limiting the credit risk to pre-calculated amounts. The Company assesses increase in credit risk on an ongoing basis for amounts receivable that become past due and default is considered to have occurred when amounts receivable become one year past due. Parent Company obtains the credit insurance for export debtors from Export Credit Guarantee Corporation (ECGC) of India whereas in subsidiaries all debtors are covered under credit insurance policy.

#### 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.

**NOTES OF THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March, 2018**

(All amounts in ₹ crores, unless stated otherwise)

**Provision for expected credit losses**
**a) Expected credit losses for financial assets other than trade receivables**

The Group provides for expected credit losses on loans and advances other than trade receivables by assessing individual financial instruments for expectation of any credit losses. Since, the group deals with only high-rated banks and financial institutions, credit risk in respect of cash and cash equivalents, other bank balances and bank deposits is evaluated as very low. In respect of loans, comprising of security deposits, credit risk is considered low because the group is in possession of the underlying asset. In respect of other financial assets, credit risk is evaluated based on group's knowledge of the credit worthiness of those parties and loss allowance is measured as lifetime expected credit losses. The group does not have any expected loss based impairment recognised on such assets considering their low credit risk nature, though incurred loss provisions are disclosed under each sub-category of such financial assets.

**b) Expected credit loss for financial assets under simplified approach**

The group recognizes lifetime expected credit losses on trade receivables using a simplified approach, wherein group has defined percentage of provision by analysing historical trend of default based on the criteria defined above and such provision percentage determined have been considered to recognise life time expected credit losses on trade receivables (other than those where default criteria are met).

**As at 31 March 2018**

| Ageing            | Gross carrying amount | Expected probability of default | Expected credit loss | Carrying amount net of provision |
|-------------------|-----------------------|---------------------------------|----------------------|----------------------------------|
| Trade receivables | 212.10                | 3.52%                           | 7.47                 | 204.63                           |

**As at 31 March 2017**

| Ageing            | Gross carrying amount | Expected probability of default | Expected credit loss | Carrying amount net of provision |
|-------------------|-----------------------|---------------------------------|----------------------|----------------------------------|
| Trade receivables | 168.84                | 3.76%                           | 6.35                 | 162.49                           |

**As at 1 April 2016**

| Ageing            | Gross carrying amount | Expected probability of default | Expected credit loss | Carrying amount net of provision |
|-------------------|-----------------------|---------------------------------|----------------------|----------------------------------|
| Trade receivables | 129.95                | 4.32%                           | 5.61                 | 124.34                           |

## NOTES OF THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March, 2018

(All amounts in ₹ crores, unless stated otherwise)

### Reconciliation of loss provision

| Reconciliation of loss allowance                | Amount      |
|-------------------------------------------------|-------------|
| <b>Loss allowance as on 1 April 2016</b>        | <b>5.61</b> |
| Expected credit loss recognised during the year | 0.74        |
| <b>Loss allowance on 31 March 2017</b>          | <b>6.35</b> |
| Expected credit loss recognised during the year | 1.12        |
| <b>Loss allowance on 31 March 2018</b>          | <b>7.47</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<br>31 March 2018 | As at<br>31 March 2017 | As at<br>1 April 2016 |
|-------------------------------------------------------------|------------------------|------------------------|-----------------------|
| Expiring within one year (cash credit and other facilities) | 350.23                 | 228.41                 | 308.05                |
| Expiring beyond one year (bank loans-floating rate)         | 270.92                 | 40.41                  | 237.04                |
| <b>Total</b>                                                | <b>621.15</b>          | <b>268.82</b>          | <b>545.09</b>         |

#### Contractual Maturities of financial liabilities

The tables below analyse the financial liabilities into relevant maturity groupings based on their contractual maturities.

| 31 March 2018                     | Less than<br>1 year | 1 - 2<br>years | 2 - 3<br>years | More<br>than<br>3 years | Total           |
|-----------------------------------|---------------------|----------------|----------------|-------------------------|-----------------|
| (i) Borrowings                    | 413.57              | 110.65         | 262.90         | 70.18                   | 857.30          |
| (ii) Trade payables               | 189.02              | -              | -              | -                       | 189.02          |
| (iii) Other financial liabilities | 53.02               | -              | -              | -                       | 53.02           |
| (iv) Derivative liabilities       | 2.94                | 3.33           | 2.29           | -                       | 8.56            |
| <b>Total</b>                      | <b>658.55</b>       | <b>113.98</b>  | <b>265.19</b>  | <b>70.18</b>            | <b>1,107.90</b> |

**NOTES OF THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March, 2018**

(All amounts in ₹ crores, unless stated otherwise)

| 31 March 2017                     | Less than<br>1 year | 1 - 2<br>years | 2 - 3<br>years | More<br>than<br>3 years | Total         |
|-----------------------------------|---------------------|----------------|----------------|-------------------------|---------------|
| (i) Borrowings                    | 298.08              | 104.04         | 206.41         | 84.68                   | 693.21        |
| (ii) Trade payables               | 137.72              | -              | -              | -                       | 137.72        |
| (iii) Other financial liabilities | 57.57               | -              | -              | -                       | 57.57         |
| (iv) Derivative liabilities       | 2.91                | 3.66           | 3.10           | -                       | 9.67          |
| <b>Total</b>                      | <b>496.28</b>       | <b>107.70</b>  | <b>209.51</b>  | <b>84.68</b>            | <b>898.17</b> |

| 01 April 2016                     | Less than<br>1 year | 1 - 2<br>years | 2 - 3<br>years | More<br>than<br>3 years | Total         |
|-----------------------------------|---------------------|----------------|----------------|-------------------------|---------------|
| (i) Borrowings                    | 229.99              | 64.12          | 153.86         | 47.25                   | 495.22        |
| (ii) Trade payables               | 120.40              | -              | -              | -                       | 120.40        |
| (iii) Other financial liabilities | 49.12               | -              | -              | -                       | 49.12         |
| (iv) Derivative liabilities       | -                   | 1.18           | -              | -                       | 1.18          |
| <b>Total</b>                      | <b>399.51</b>       | <b>65.30</b>   | <b>153.86</b>  | <b>47.25</b>            | <b>665.92</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 2018, 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<br>31 March 2018 | As at<br>31 March 2017 | As at<br>1 April 2016 |
|---------------|------------------------|------------------------|-----------------------|
| Variable rate | 767.27                 | 603.62                 | 422.16                |
| Fixed rate    | 20.89                  | 19.71                  | 17.03                 |
| <b>Total</b>  | <b>788.16</b>          | <b>623.33</b>          | <b>439.19</b>         |

The following table illustrates the sensitivity of profit and equity to a possible change in interest rates of +/- 1% (31 March 2017: +/- 1%; 1 April 2016: +/- 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<br>year+1% | Profit for the<br>year-1% |
|----------------------------|---------------------------|---------------------------|
| <b>As at 31 March 2018</b> | (4.99)                    | 4.99                      |
| <b>As at 31 March 2017</b> | (3.95)                    | 3.95                      |

## NOTES OF THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March, 2018

(All amounts in ₹ crores, unless stated otherwise)

### Foreign currency risk

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 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 and other derivatives to hedge the effects of movements in exchange rates on foreign currency denominated assets and liabilities. The sources of foreign exchange risk are outstanding amounts payable for imported raw materials, capital goods and other supplies as well as financing transactions and loans denominated in foreign currencies. The group is also exposed to foreign exchange risk on its exports. 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. The exposure summarised below is mitigated by some of the derivative contracts entered into by the group as disclosed under the section on "Derivative financial instruments".

| Forex exposure               | As at 31 March 2018 |       | As at 31 March 2017 |       | As at 1 April 2016 |       |
|------------------------------|---------------------|-------|---------------------|-------|--------------------|-------|
|                              | Foreign Currency    | INR   | Foreign Currency    | INR   | Foreign Currency   | INR   |
| <b>Financial assets</b>      |                     |       |                     |       |                    |       |
| Trade receivables            |                     |       |                     |       |                    |       |
| USD                          | 7,052,518           | 45.87 | 3,979,641           | 25.81 | 2,403,952          | 15.95 |
| GBP                          | 358,316             | 3.31  | 334,182             | 2.32  | 203,213            | 1.53  |
| EURO                         | 1,596,256           | 12.87 | 1,383,196           | 11.18 | 2,240,321          | 21.29 |
| CAD                          | 755,491             | 3.83  | 621,634             | 3.02  | -                  | -     |
| <b>Bank balance</b>          |                     |       |                     |       |                    |       |
| USD                          | 152,510             | 0.99  | 283,167             | 1.38  | 602,040            | 2.95  |
| <b>Financial liabilities</b> |                     |       |                     |       |                    |       |
| <b>Buyers Credit</b>         |                     |       |                     |       |                    |       |
| USD                          | 1,978,299           | 12.87 | 2,903,086           | 18.83 | 5,071,713          | 33.65 |
| EURO                         | 1,680,050           | 13.54 | 2,705,213           | 21.87 | 949,186            | 9.02  |

**NOTES OF THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March, 2018**

(All amounts in ₹ crores, unless stated otherwise)

| Forex exposure               | As at 31 March 2018 |          | As at 31 March 2017 |          | As at 1 April 2016 |          |
|------------------------------|---------------------|----------|---------------------|----------|--------------------|----------|
|                              | Foreign Currency    | INR      | Foreign Currency    | INR      | Foreign Currency   | INR      |
| <b>Import Creditors</b>      |                     |          |                     |          |                    |          |
| USD                          | 4,498,496           | 29.26    | 3,498,084           | 22.69    | 2,192,463          | 14.55    |
| EURO                         | 806,086             | 6.50     | 1,249,360           | 10.10    | 421,884            | 4.01     |
| JPY                          | 327,140             | 0.02     | -                   | -        | -                  | -        |
| GBP                          | 1,225               | 0.01     | -                   | -        | 33,899             | 0.25     |
| <b>Short term borrowings</b> |                     |          |                     |          |                    |          |
| USD                          | 16,433,875          | 106.89   | 18,665,931          | 121.05   | 8,275,903          | 54.91    |
| GBP                          | -                   | -        | -                   | -        | -                  | -        |
| EURO                         | 1,959,921           | 15.80    | 1,782,741           | 14.41    | 584,837            | 5.56     |
| <b>Loans taken</b>           |                     |          |                     |          |                    |          |
| USD                          | 21,966,502          | 142.88   | 24,480,088          | 158.76   | 29,441,680         | 195.35   |
| GBP                          | -                   | -        | -                   | -        | -                  | -        |
| EURO                         | 29,383,012          | 236.89   | 20,923,491          | 169.15   | 8,773,020          | 83.39    |
| <b>Net exposure</b>          |                     |          |                     |          |                    |          |
| USD                          | (37,824,654)        | (246.03) | (45,567,548)        | (295.51) | (42,577,806)       | (282.50) |
| GBP                          | 357,091             | 3.30     | 334,182             | 2.32     | 169,314            | 1.27     |
| JPY                          | (327,140)           | (0.02)   | -                   | -        | -                  | -        |
| CAD                          | 755,491             | 3.83     | 621,634             | 3.02     | -                  | -        |
| EURO                         | (32,232,812)        | (259.86) | (25,277,610)        | (204.35) | (8,488,606)        | (80.68)  |

The following significant exchange rates have been applied:

| Particulars | Year end spot rate  |                     |                    |
|-------------|---------------------|---------------------|--------------------|
|             | As at 31 March 2018 | As at 31 March 2017 | As at 1 April 2016 |
| USD         | 65.04               | 64.85               | 66.35              |
| GBP         | 92.30               | 69.28               | 75.06              |
| JPY         | 0.62                | 0.58                | 0.59               |
| CAD         | 50.63               | 48.65               | 49.07              |
| EURO        | 80.62               | 80.84               | 95.05              |

\*Out of total net exposure following are hedged:

| Forex exposure | As at 31 March 2018 |        | As at 31 March 2017 |        | As at 1 April 2016 |        |
|----------------|---------------------|--------|---------------------|--------|--------------------|--------|
|                | Foreign Currency    | INR    | Foreign Currency    | INR    | Foreign Currency   | INR    |
| USD            | 17,507,565          | 113.88 | 24,052,539          | 155.98 | 24,323,302         | 161.39 |
| EURO           | 4,127,899           | 33.28  | -                   | -      | -                  | -      |

**NOTES OF THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March, 2018**

(All amounts in ₹ crores, unless stated otherwise)

**Sensitivity analysis of change in foreign currency rates on profit/(loss) after tax**

| Currency   | Profit for the year +3% |               |              | Profit for the year -3% |               |              |
|------------|-------------------------|---------------|--------------|-------------------------|---------------|--------------|
|            | As at                   | As at         | As at        | As at                   | As at         | As at        |
|            | 31 March 2018           | 31 March 2017 | 1 April 2016 | 31 March 2018           | 31 March 2017 | 1 April 2016 |
| <b>USD</b> | 4.80                    | 5.80          | 5.54         | (4.80)                  | (5.80)        | (5.54)       |

| Currency    | Profit for the year +5% |               |              | Profit for the year -5% |               |              |
|-------------|-------------------------|---------------|--------------|-------------------------|---------------|--------------|
|             | As at                   | As at         | As at        | As at                   | As at         | As at        |
|             | 31 March 2018           | 31 March 2017 | 1 April 2016 | 31 March 2018           | 31 March 2017 | 1 April 2016 |
| <b>EURO</b> | 8.45                    | 6.68          | 2.64         | (8.45)                  | (6.68)        | (2.64)       |

| Currency   | Profit for the year +5% |               |              | Profit for the year -5% |               |              |
|------------|-------------------------|---------------|--------------|-------------------------|---------------|--------------|
|            | As at                   | As at         | As at        | As at                   | As at         | As at        |
|            | 31 March 2018           | 31 March 2017 | 1 April 2016 | 31 March 2018           | 31 March 2017 | 1 April 2016 |
| <b>GBP</b> | (0.11)                  | (0.08)        | (0.04)       | 0.11                    | 0.08          | 0.04         |

| Currency   | Profit for the year +3% |               |              | Profit for the year -3% |               |              |
|------------|-------------------------|---------------|--------------|-------------------------|---------------|--------------|
|            | As at                   | As at         | As at        | As at                   | As at         | As at        |
|            | 31 March 2018           | 31 March 2017 | 1 April 2016 | 31 March 2018           | 31 March 2017 | 1 April 2016 |
| <b>CAD</b> | (0.07)                  | (0.06)        | -            | 0.07                    | 0.06          | -            |

**(iii) Derivative financial instruments**

The Group uses derivative instruments as part of its management of exposure to fluctuations in foreign currency exchange rates and interest rates. The Group does not acquire or issue derivative financial instruments for trading or speculative purposes. The derivative transactions are normally in the form of forward contracts, interest rate swaps and cross currency swaps and these are subject to the Group guidelines and policies.

The fair values of all derivatives are separately recorded in the balance sheet within current and noncurrent assets and liabilities. Derivatives that are designated as hedges are classified as current or non-current depending on the maturity of the derivative.

The use of derivatives can give rise to credit and market risk. The Group tries to control credit risk as far as possible by only entering into contracts with reputable banks and financial institutions. The use of derivative instruments is subject to limits, authorities and regular monitoring by appropriate levels of management. The limits, authorities and monitoring systems are periodically reviewed by management and the Board. The market risk on derivatives is mitigated by changes in the valuation of the underlying assets, liabilities or transactions, as derivatives are used only for risk management purposes.

The Group enters into forward exchange contracts for hedging highly probable forecast transactions and accounts for them as cash flow hedges and states them at fair value. Subsequent changes in fair value are recognised in equity until the hedged transactions occur, at which time the respective gains or losses are transferred to the income statement.

The cash flows related to above are expected to occur during the year ended 31 March 2019 and consequently may impact profit or loss for that year depending upon the change in the foreign exchange rates movements.

**NOTES OF THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March, 2018**
*(All amounts in ₹ crores, unless stated otherwise)*
**A) The fair value of the Group's open derivative positions at 31 March 2017, recorded within financial instruments (derivative) is as follows:**

|                                      | As at 31 March 2018 |             | As at 31 March 2017 |             | As at 1 April 2016 |              |
|--------------------------------------|---------------------|-------------|---------------------|-------------|--------------------|--------------|
|                                      | Liability           | Assets      | Liability           | Assets      | Liability          | Assets       |
| <b>Non-current</b>                   |                     |             |                     |             |                    |              |
| Cash flow hedges                     |                     |             |                     |             |                    |              |
| - Forward foreign currency contracts | 6.21                | 0.82        | 2.91                | -           | 1.04               | 5.86         |
| - Options                            | -                   | 2.55        | 3.66                | -           | -                  | 2.07         |
| - Interest rate swaps                | 0.05                | -           | -                   | -           | 0.14               | -            |
| - Currency swaps                     | 2.30                | 3.32        | 3.10                | 5.21        | -                  | 7.26         |
| <b>Total</b>                         | <b>8.56</b>         | <b>6.69</b> | <b>9.67</b>         | <b>5.21</b> | <b>1.18</b>        | <b>15.19</b> |

**B) Derivative contracts entered into by the group and outstanding as at Balance Sheet date :**

To hedge currency risks and interest related risks, the group has entered into various derivatives contracts. The category wise break up of amount outstanding as on Balance Sheet date is given below :

| Particulars         | As at<br>31 March 2018 | As at<br>31 March 2017 | As at<br>1 April 2016 |
|---------------------|------------------------|------------------------|-----------------------|
| Forward cover       |                        |                        |                       |
| USD                 | 4,000,000              | 7,741,559              | 19,158,023            |
| EUR                 | 17,603,759             | -                      | -                     |
| GBP                 | 1,750,000              | -                      | -                     |
| Options             |                        |                        |                       |
| USD                 | 8,941,338              | 6,337,000              | 5,265,279             |
| EUR                 | 4,127,889              | -                      | -                     |
| Cross Currency Swap |                        |                        |                       |
| USD                 | 8,566,228              | 12,873,980             | 6,500,000             |
| Interest rate swap  |                        |                        |                       |
| USD                 | -                      | -                      | 1,500,000             |
| EUR                 | 4,127,899              | -                      | -                     |

**NOTES OF THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March, 2018**

(All amounts in ₹ crores, unless stated otherwise)

**C) 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 | Changes in fair value of the hedging instrument | Change in the fair value of the hedged item used as the basis for recognizing hedge effectiveness |
|------------------------------------------------------------------------------------------|----------------------------------|---------------------------------------|-------------------------------------------|-----------------|-------------|-------------------------------------------------|---------------------------------------------------------------------------------------------------|
|                                                                                          |                                  | Assets                                | Liabilities                               |                 |             |                                                 |                                                                                                   |
|                                                                                          |                                  | (included in other financial assets)  | (included in other financial liabilities) |                 |             |                                                 |                                                                                                   |
| <b>Cash flow hedge</b>                                                                   |                                  |                                       |                                           |                 |             |                                                 |                                                                                                   |
| <b>As at 31 March 2018</b>                                                               |                                  |                                       |                                           |                 |             |                                                 |                                                                                                   |
| Foreign exchange forward contract, Interest rate swaps, Cross currency swaps and Options | USD 21,507,566<br>EUR 21,731,648 | 5.13<br>1.56                          | 2.43<br>5.67                              | Till March 2022 | 1:1         | 2.60                                            | 2.60                                                                                              |
|                                                                                          | GBP 1,750,000                    | -                                     | 0.46                                      |                 |             |                                                 |                                                                                                   |
| <b>As at 31 March 2017</b>                                                               |                                  |                                       |                                           |                 |             |                                                 |                                                                                                   |
| Foreign exchange forward contract, Interest rate swaps, Cross currency swaps and Options | USD 26,952,539                   | 5.21                                  | 9.67                                      | Till March 2022 | 1:1         | (18.47)                                         | (18.47)                                                                                           |
| <b>As at 1 April 2016</b>                                                                |                                  |                                       |                                           |                 |             |                                                 |                                                                                                   |
| Foreign exchange forward contract, Interest rate swaps, Cross currency swaps and Options | USD 32,423,302                   | 15.19                                 | 1.18                                      | Till March 2019 | 1:1         | NA                                              | NA                                                                                                |

**Hedging reserve reconciliation**

|                                        | Gross of tax  | Net of tax    |
|----------------------------------------|---------------|---------------|
| <b>As at 1 April 2016</b>              | <b>(3.96)</b> | <b>(2.59)</b> |
| Amount recognised directly in equity   | (18.47)       | (12.07)       |
| Amount transferred to income statement | 20.65         | 13.50         |
| <b>As at 31 March 2017</b>             | <b>(1.78)</b> | <b>(1.16)</b> |
| Amount recognised directly in equity   | 2.60          | 1.69          |
| Amount transferred to income statement | (8.93)        | (5.80)        |
| <b>As at 31 March 2018</b>             | <b>(8.11)</b> | <b>(5.27)</b> |

**iv) Price risk**
**a) Exposure**

The Group's exposure to price risk arises from investments held and classified in the balance sheet either as fair value through other comprehensive income or at fair value through profit or loss. To manage the price risk arising from investments, the Group diversifies its portfolio of assets.

**b) Sensitivity**

The table below summarises the impact of increases/decreases of the index on the Group's equity and profit for the period :

**NOTES OF THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March, 2018**

(All amounts in ₹ crores, unless stated otherwise)

**Impact on profit after tax**

| Particulars                      | As at<br>31 March 2018 | As at<br>31 March 2017 |
|----------------------------------|------------------------|------------------------|
| Liquid mutual funds              |                        |                        |
| Net asset value - increase by 1% | 0.38                   | -                      |
| Net asset value - decrease by 1% | (0.38)                 | -                      |

**48 CAPITAL MANAGEMENT POLICIES**

The Company's capital management objectives are to ensure the Company's ability to continue as a going concern as well as to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

The Group monitors capital on the basis of the carrying amount of equity plus its subordinated loan, less cash and cash equivalents as presented on the face of the statement of financial position and cash flow hedges recognised in other comprehensive income.

The Company manages its capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares. The amounts managed as capital by the Company are summarised as follows:

|                                 | As at<br>31 March 2018 | As at<br>31 March 2017 | As at<br>1 April 2016 |
|---------------------------------|------------------------|------------------------|-----------------------|
| Borrowings                      | 790.43                 | 625.48                 | 441.84                |
| Less: Liquid investments        | (57.82)                | -                      | -                     |
| Less: Fixed deposits            | (8.38)                 | (9.26)                 | (5.97)                |
| Less: Cash and cash equivalents | (40.01)                | (18.92)                | (26.40)               |
| <b>Net debt</b>                 | <b>684.22</b>          | <b>597.30</b>          | <b>409.47</b>         |
| Total equity                    | 619.66                 | 572.98                 | 488.44                |
| <b>Net debt to equity ratio</b> | <b>110.42%</b>         | <b>104.24%</b>         | <b>83.83%</b>         |

| Dividend paid                                                                                      | As at<br>31 March 2018 | As at<br>31 March 2017 |
|----------------------------------------------------------------------------------------------------|------------------------|------------------------|
| <b>Equity shares</b>                                                                               |                        |                        |
| Final dividend for the ended 31 March 2017 of ₹ 10 per share (including dividend distribution tax) | 23.40                  | -                      |

**Dividends not recognised at the end of the reporting period**

In addition to the above dividends, since year end the directors have recommended the payment of a final dividend of ₹ 6 per fully paid equity share. This proposed dividend is subject to the approval of shareholders in the ensuing annual general meeting.

## NOTES OF THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March, 2018

(All amounts in ₹ crores, unless stated otherwise)

### 49 GROUP INFORMATION

#### Information about subsidiary/entity consolidated

The Consolidated Financial statements of the Group include entity listed in the table below:

| Name of Entity                                                        | Country of Incorporation | Proportion (%) of equity interest |                             |                       |
|-----------------------------------------------------------------------|--------------------------|-----------------------------------|-----------------------------|-----------------------|
|                                                                       |                          | Year Ended<br>31 March 2018       | Year Ended<br>31 March 2017 | As at<br>1 April 2016 |
| <b>A. Subsidiary of Cosmo Films Limited</b>                           |                          |                                   |                             |                       |
| 1 CF Global Holdings Limited<br>(liquidated on 31 March 2017)         | Mauritius                | 100%                              | 100%                        | 100%                  |
| 2 Cosmo Films Inc.                                                    | USA                      | 100%                              | 100%                        | 100%                  |
| 3 CF (Netherlands) Holdings Limited<br>BV.                            | Netherlands              | 100%                              | 100%                        | 100%                  |
| 4 Cosmo Films Japan (GK)                                              | Japan                    | 100%                              | 100%                        | 100%                  |
| 5 Cosmo Films Korea Limited                                           | Korea                    | 100%                              | 100%                        | 100%                  |
| 6 CF Investment Holding Private<br>(Thailand) Co., Ltd                | Thailand                 | 100%                              | 100%                        | 100%                  |
| 7 Cosmo Films Poland S.P. Z.O.O.<br>(incorporated on 29 January 2018) | Poland                   | 100%                              | NA                          | NA                    |
| 8 CF Films (Singapore) Pte. Limited                                   | Singapore                | 100%                              | 100%                        | 100%                  |

### 50 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        | As % of consolidated profit or loss | Amount       | As % of consolidated other comprehensive income | Amount      | As % of consolidated total comprehensive income | Amount       |
| <b>Parent</b>                                               |                                                   |               |                                     |              |                                                 |             |                                                 |              |
| Cosmo Films Limited                                         | 103%                                              | 637.08        | 132%                                | 84.89        | -117%                                           | (2.95)      | 123%                                            | 81.94        |
| <b>Subsidiary</b>                                           |                                                   |               |                                     |              |                                                 |             |                                                 |              |
| Cosmo Films Inc., USA                                       | 2%                                                | 12.39         | -36%                                | (23.51)      | 3%                                              | 0.07        | -35%                                            | (23.44)      |
| CF (Netherlands) Holdings Limited BV., Netherlands          | 31%                                               | 194.47        | -1%                                 | (0.91)       | 112%                                            | 2.82        | 3%                                              | 1.91         |
| Cosmo Films Japan (GK), Japan                               | 7%                                                | 41.50         | 3%                                  | 2.14         | -65%                                            | (1.64)      | 1%                                              | 0.50         |
| Cosmo Films Korea Limited, Korea                            | 3%                                                | 19.68         | 0%                                  | 0.30         | 41%                                             | 1.04        | 2%                                              | 1.34         |
| CF Investment Holding Private (Thailand) Co., Ltd, Thailand | 5%                                                | 33.39         | 0%                                  | 0.04         | 126%                                            | 3.08        | 5%                                              | 3.12         |
| CF Films (Singapore) Pte. Limited, Singapore                | 0%                                                | 0.08          | 0%                                  | (0.07)       | 0%                                              | 0.01        | 0%                                              | (0.06)       |
| Cosmo Films Poland S.P. Z.O.O., Poland                      | 0%                                                | 0.17          | 0%                                  | (0.02)       | 0%                                              | -           | 0%                                              | (0.02)       |
| Adjustment arising out of consolidation                     | -51%                                              | (319.10)      | 2%                                  | 1.57         | 0%                                              | -           | 2%                                              | 1.57         |
| <b>Total</b>                                                | <b>100%</b>                                       | <b>619.66</b> | <b>100%</b>                         | <b>64.43</b> | <b>100%</b>                                     | <b>2.43</b> | <b>100%</b>                                     | <b>66.86</b> |

**NOTES OF THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March, 2018**

(All amounts in ₹ crores, unless stated otherwise)

**51 FIRST TIME ADOPTION OF IND AS****Transition to Ind AS**

These are the group's first consolidated financial statements prepared in accordance with Ind AS.

The accounting policies set out in Note 1 have been applied in preparing the financial statements for the year ended 31 March 2018, the comparative information presented in these financial statements for the year ended 31 March 2017 and in the preparation of an opening Ind AS Balance Sheet at 1 April 2016 (the Group's date of transition). In preparing its opening Ind AS Balance Sheet, the Group has adjusted the amounts reported previously in financial statements prepared in accordance with the accounting standards notified under Companies (Accounting Standards) Rules, 2006 (as amended) and other relevant provisions of the Act (previous GAAP or Indian GAAP). An explanation of how the transition from previous GAAP to Ind AS has affected the group's financial position, financial performance and cash flows is set out in the following tables and notes.

**A. Ind AS optional exemptions**

Set out below are the applicable Ind AS 101 optional exemptions and mandatory exceptions applied in the transition from previous GAAP to Ind AS.

**Ind AS optional exemptions****Deemed cost of property, plant and equipment**

Ind AS 101 permits an entity to elect to measure an item of property, plant and equipment at the date of transition to Ind AS at its fair value and use that fair value as its deemed cost at that date.

Accordingly, the Company has elected to use the fair value of certain items of property, plant and equipment on the date of transition and designate the same as deemed cost on the date of transition. Fair value has been determined, by obtaining an external third party valuation, with reference to the depreciated replacement cost of similar assets, a level 3 valuation technique. For the remaining assets, the Company has applied Ind AS retrospectively, from the date of their acquisition.

**Designation of previously recognised financial instruments**

Ind AS 101 allows an entity to designate investments in equity instruments at FVTPL on the basis of the facts and circumstances at the date of transition to Ind AS. The Company has elected to apply this exemption for its investment in equity investments.

**Deemed cost of investments in subsidiaries**

The Company has elected to measure its investments in subsidiaries at their fair value determined as of 1 April 2016 (transition date). Fair value has been determined by obtaining an external third party valuation using discounted cash flow method, level 3 valuation technique.

**Cumulative translation differences**

Ind AS 21 'The effects of changes in Foreign Exchange Rates' requires an entity to recognize the translation differences relating to foreign operations in other comprehensive income (and accumulate them in a separate component of equity) and on disposal of such foreign operation, to reclassify the cumulative translation difference for that foreign operation from equity to profit or loss as part of the gain or loss on disposal. Ind AS 101 allows an entity to elect not to apply the requirements of Ind AS 21 retrospectively and set the cumulative translation differences for to zero as at the date of transition. The Company has elected to avail the above exemption.

**NOTES OF THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March, 2018**

(All amounts in ₹ crores, unless stated otherwise)

**Long term foreign currency monetary items**

Ind AS 101 allows a first-time adopter to continue the policy adopted for the accounting for exchange differences arising on translation of the long-term foreign currency monetary items recognised in the financial statements for the period ending immediately before the beginning of the first Ind AS financial reporting period as per previous GAAP. The Company has opted for this exemption and continued its previous GAAP policy for accounting for exchange differences on long-term foreign currency monetary items recognized in the previous GAAP financial statements for the year ended 31 March 2017. Accordingly, foreign currency differences on such items attributable to the acquisition of property, plant and equipment are adjusted against their cost and depreciated prospectively over the remaining useful lives.

**Ind AS mandatory exceptions****Estimates**

An entity's estimates in accordance with Ind ASs at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with previous GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error.

Ind AS estimates as at 1 April 2016 are consistent with the estimates as at the same date made in conformity with previous GAAP. The Group made estimates for following items in accordance with Ind AS at the date of transition as these were not required under previous GAAP:

- a) Fair value of investment in equity instruments carried at FVTPL or FVOCI
- b) Impairment of financial assets based on expected credit loss model.

**Classification and measurement of financial assets and liabilities**

The classification and measurement of financial assets will be made considering whether the conditions as per Ind AS 109 are met based on facts and circumstances existing at the date of transition.

Financial assets can be measured using effective interest method by assessing its contractual cash flow characteristics only on the basis of facts and circumstances existing at the date of transition and if it is impracticable to assess the use of effective interest method, fair value of financial asset at the date of transition shall be the new carrying amount of that asset. The measurement exemption applies for financial liabilities as well.

**Hedge accounting**

Hedge accounting can only be applied prospectively from the transition date to transactions that satisfy the hedge accounting criteria in Ind AS 109, at that date. Hedging relationships cannot be designated retrospectively, and the supporting documentation cannot be created retrospectively. As a result, only hedging relationships that satisfied the hedge accounting criteria as of 1 April 2016, are reflected as hedges in the Company's results under Ind AS.

The Company had designated various hedging relationships as cash flow hedges under the previous GAAP. On date of transition to Ind AS, the Company had assessed that all the designated hedging relationship qualifies for hedge accounting as per Ind AS 109. Consequently, the Company continues to apply hedge accounting on and after the date of transition to Ind AS.

**B: Reconciliations between previous GAAP and Ind AS**

Ind AS 101 requires an entity to reconcile equity, total comprehensive income and cash flows for prior periods. The following tables represent the reconciliations from previous GAAP to Ind AS.

**NOTES OF THE CONSOLIDATED FINANCIAL STATEMENTS** for the year ended 31 March, 2018

(All amounts in ₹ crores, unless stated otherwise)

**Reconciliation of balance sheet as at date of transition (1 April 2016)**

|                                  | Notes to first-time adoption | Previous GAAP   | IND AS Adjustments | Ind AS          |
|----------------------------------|------------------------------|-----------------|--------------------|-----------------|
| <b>ASSETS</b>                    |                              |                 |                    |                 |
| <b>Non-current assets</b>        |                              |                 |                    |                 |
| a) Property, plant and equipment | 2 & 3                        | 643.73          | 94.95              | 738.68          |
| b) Capital work-in-progress      |                              | 12.03           | -                  | 12.03           |
| c) Investment property           |                              | 28.46           | -                  | 28.46           |
| d) Intangibles assets            |                              | 3.51            | -                  | 3.51            |
| e) Financial assets              |                              |                 |                    |                 |
| (i) Investments                  |                              | 2.34            | -                  | 2.34            |
| (ii) Loans                       |                              | 1.91            | -                  | 1.91            |
| (iii) Other financial assets     | 5 & 8                        | 5.84            | 3.51               | 9.35            |
| f) Deferred tax assets (net)     | 13                           | 21.70           | (19.93)            | 1.77            |
| g) Income tax assets(net)        |                              | 9.39            | -                  | 9.39            |
| h) Other non-current assets      | 9                            | 35.35           | (7.00)             | 28.35           |
|                                  |                              | <b>764.26</b>   | <b>71.53</b>       | <b>835.79</b>   |
| <b>Current assets</b>            |                              |                 |                    |                 |
| a) Inventories                   |                              | 172.04          | -                  | 172.04          |
| b) Financial assets              |                              |                 |                    |                 |
| (ii) Trade receivables           | 6                            | 117.43          | 6.91               | 124.34          |
| (iii) Cash and cash equivalents  | 9                            | 24.79           | 1.61               | 26.40           |
| (iii) Other bank balances        |                              | 7.55            | -                  | 7.55            |
| (iv) Loans                       |                              | 0.80            | -                  | 0.80            |
| (vi) Other financial assets      |                              | 26.95           | 5.85               | 32.80           |
| c) Other current assets          |                              | 13.70           | 0.20               | 13.90           |
|                                  |                              | <b>363.26</b>   | <b>14.57</b>       | <b>377.83</b>   |
|                                  |                              | <b>1,127.52</b> | <b>86.10</b>       | <b>1,213.62</b> |
| <b>EQUITY AND LIABILITIES</b>    |                              |                 |                    |                 |
| <b>Equity</b>                    |                              |                 |                    |                 |
| a) Equity share capital          |                              | 19.44           | -                  | 19.44           |
| b) Other equity                  |                              | 436.80          | 32.21              | 469.01          |
|                                  |                              | <b>456.24</b>   | <b>32.21</b>       | <b>488.45</b>   |
| <b>Liabilities</b>               |                              |                 |                    |                 |
| <b>Non-current liabilities</b>   |                              |                 |                    |                 |
| a) Financial liabilities         |                              |                 |                    |                 |
| (i) Borrowings                   | 1                            | 223.01          | 7.25               | 230.26          |
| (ii) Other Financial Liabilities | 5 & 8                        | -               | 1.18               | 1.18            |
| d) Other non-current liabilities | 2                            | -               | 23.50              | 23.50           |
| c) Deferred tax liabilities(net) | 13                           | 58.70           | 13.81              | 72.51           |
| d) Provisions                    |                              | 2.62            | -                  | 2.62            |
|                                  |                              | <b>284.33</b>   | <b>45.74</b>       | <b>330.07</b>   |

**NOTES OF THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March, 2018**

(All amounts in ₹ crores, unless stated otherwise)

|                                   | Notes to first-time adoption | Previous GAAP   | IND AS Adjustments | Ind AS          |
|-----------------------------------|------------------------------|-----------------|--------------------|-----------------|
| <b>Current liabilities</b>        |                              |                 |                    |                 |
| a) Financial liabilities          |                              |                 |                    |                 |
| (i) Borrowings                    | 6                            | 120.99          | 9.50               | 130.49          |
| (ii) Trade payables               | 5 & 8                        | 120.75          | (0.35)             | 120.40          |
| (iii) Other financial liabilities |                              | 131.16          | (0.96)             | 130.20          |
| b) Other current liabilities      |                              | 13.20           | (0.04)             | 13.16           |
| c) Current tax liabilities (net)  |                              | 0.85            | -                  | 0.85            |
|                                   |                              | <b>386.95</b>   | <b>8.15</b>        | <b>395.10</b>   |
|                                   |                              | <b>1,127.52</b> | <b>86.10</b>       | <b>1,213.62</b> |

**Reconciliation of balance sheet as at 31 March 2017**

|                                  | Notes to first-time adoption | Previous GAAP   | IND AS Adjustments | Ind AS          |
|----------------------------------|------------------------------|-----------------|--------------------|-----------------|
| <b>ASSETS</b>                    |                              |                 |                    |                 |
| <b>Non-current assets</b>        |                              |                 |                    |                 |
| a) Property, plant and equipment | 2 & 3                        | 830.29          | 128.98             | 959.27          |
| b) Capital work-in-progress      |                              | 8.59            | -                  | 8.59            |
| c) Investment Property           |                              | 27.49           | -                  | 27.49           |
| d) Intangibles assets            |                              | 2.21            | -                  | 2.21            |
| e) Financial assets              |                              |                 |                    |                 |
| (i) Investments                  |                              | 0.05            | -                  | 0.05            |
| (ii) Loans                       |                              | 2.75            | -                  | 2.75            |
| (iii) Other financial assets     | 5 & 8                        | 0.13            | 5.21               | 5.34            |
| f) Deferred Tax Assets (net)     | 13                           | 21.95           | (21.13)            | 0.82            |
| g) Income tax assets(net)        |                              | 9.11            | -                  | 9.11            |
| h) Other non-current assets      | 9                            | 26.06           | (8.88)             | 17.18           |
|                                  |                              | <b>928.63</b>   | <b>104.18</b>      | <b>1,032.81</b> |
| <b>Current assets</b>            |                              |                 |                    |                 |
| a) Inventories                   |                              | 237.45          | (0.01)             | 237.44          |
| b) Financial assets              |                              |                 |                    |                 |
| (ii) Trade receivables           | 6                            | 147.20          | 15.29              | 162.49          |
| (iii) Cash and cash equivalents  | 9                            | 18.23           | 0.69               | 18.92           |
| (iii) Other Bank Balances        |                              | 10.17           | -                  | 10.17           |
| (iv) Loans                       | 9                            | 1.33            | 0.03               | 1.36            |
| (vi) Other financial assets      |                              | 41.19           | -                  | 41.19           |
| c) Other current assets          |                              | 40.93           | -                  | 40.93           |
|                                  |                              | <b>496.50</b>   | <b>16.00</b>       | <b>512.50</b>   |
|                                  |                              | <b>1,425.13</b> | <b>120.18</b>      | <b>1,545.31</b> |

**NOTES OF THE CONSOLIDATED FINANCIAL STATEMENTS** for the year ended 31 March, 2018

(All amounts in ₹ crores, unless stated otherwise)

|                                   | Notes to first-time adoption | Previous GAAP   | IND AS Adjustments | Ind AS          |
|-----------------------------------|------------------------------|-----------------|--------------------|-----------------|
| <b>EQUITY AND LIABILITIES</b>     |                              |                 |                    |                 |
| <b>Equity</b>                     |                              |                 |                    |                 |
| a) Equity share capital           |                              | 19.44           | -                  | 19.44           |
| b) Other equity                   |                              | 527.34          | 26.20              | 553.54          |
|                                   |                              | <u>546.78</u>   | <u>26.20</u>       | <u>572.98</u>   |
| <b>Liabilities</b>                |                              |                 |                    |                 |
| <b>Non-current liabilities</b>    |                              |                 |                    |                 |
| a) Financial liabilities          |                              |                 |                    |                 |
| (i) Borrowings                    | 1                            | 349.28          | (0.62)             | 348.66          |
| (ii) Other Financial Liabilities  | 5 & 8                        | -               | 6.76               | 6.76            |
| d) Other non-current liabilities  | 2                            | -               | 55.62              | 55.62           |
| c) Deferred tax liabilities(net)  | 13                           | 45.26           | 11.58              | 56.84           |
| d) Provisions                     |                              | 3.70            | -                  | 3.70            |
|                                   |                              | <u>398.24</u>   | <u>73.34</u>       | <u>471.58</u>   |
| <b>Current liabilities</b>        |                              |                 |                    |                 |
| a) Financial liabilities          |                              |                 |                    |                 |
| (i) Borrowings                    | 6                            | 195.01          | 16.86              | 211.87          |
| (ii) Trade payables               | 5 & 8                        | 137.18          | 0.54               | 137.72          |
| (iii) Other financial liabilities | 5 & 8                        | 124.98          | 0.47               | 125.45          |
| b) Other current liabilities      | 3                            | 20.14           | 2.79               | 22.93           |
| c) Current tax liabilities (net)  |                              | 2.80            | (0.02)             | 2.78            |
|                                   |                              | <u>480.11</u>   | <u>20.64</u>       | <u>500.75</u>   |
|                                   |                              | <u>1,425.13</u> | <u>120.18</u>      | <u>1,545.31</u> |

**NOTES OF THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March, 2018**

(All amounts in ₹ crores, unless stated otherwise)

**Reconciliation of total comprehensive income for the year ended 31 March 2017**

|                                                                 | Notes to first-time adoption | Previous GAAP   | Adjustments   | Ind AS          |
|-----------------------------------------------------------------|------------------------------|-----------------|---------------|-----------------|
| <b>REVENUE</b>                                                  |                              |                 |               |                 |
| Revenue from operations                                         |                              | 1,695.94        | 0.40          | 1,696.34        |
| <b>Revenue from operations (gross)</b>                          |                              | <b>1,695.94</b> | <b>0.40</b>   | <b>1,696.34</b> |
| Other income                                                    | 2                            | 13.93           | 1.54          | 15.47           |
| <b>Total income</b>                                             |                              | <b>1,709.87</b> | <b>1.94</b>   | <b>1,711.81</b> |
| <b>Expenses</b>                                                 |                              |                 |               |                 |
| Cost of material consumed                                       |                              | 1,065.48        | 0.40          | 1,065.88        |
| Purchases of traded goods                                       |                              | 0.85            | -             | 0.85            |
| Change in inventory of finished goods                           |                              | (61.42)         | -             | (61.42)         |
| Excise duty                                                     | 11                           | 109.42          | -             | 109.42          |
| Employee benefits expense                                       | 4                            | 125.99          | 2.17          | 128.16          |
| Depreciation and amortisation expense                           | 2 & 3                        | 39.69           | 2.42          | 42.11           |
| Finance costs                                                   | 1                            | 35.46           | 0.45          | 35.91           |
| Allowance for expected credit losses                            |                              | 0.96            | 0.11          | 1.07            |
| Other expenses                                                  | 6                            | 298.64          | -             | 298.64          |
| <b>Total (b)</b>                                                |                              | <b>1,615.07</b> | <b>5.55</b>   | <b>1,620.62</b> |
| <b>Profit before tax</b>                                        |                              | <b>94.80</b>    | <b>(3.61)</b> | <b>91.19</b>    |
| <b>Tax expense</b>                                              |                              |                 |               |                 |
| - Current tax                                                   | 13                           | 20.97           | (0.29)        | 20.68           |
| - Deferred tax credit                                           | 12 & 13                      | (15.02)         | (0.21)        | (15.23)         |
| <b>Total tax expense</b>                                        |                              | <b>5.95</b>     | <b>(0.50)</b> | <b>5.45</b>     |
| <b>Profit for the year</b>                                      |                              | <b>88.85</b>    | <b>(3.11)</b> | <b>85.74</b>    |
| <b>Other comprehensive income</b>                               |                              |                 |               |                 |
| 1) <u>Items that will not be reclassified to profit or loss</u> |                              |                 |               |                 |
| - Remeasurements of net defined benefit plans                   | 7                            | -               | 0.85          | 0.85            |
| - Tax on above items                                            | 13                           | -               | (0.29)        | (0.29)          |
| 2) <u>Items that will be reclassified to profit or loss</u>     |                              |                 |               |                 |
| - Loss on hedging instrument in cash flow hedge                 | 5 & 8                        | -               | 2.14          | 2.14            |
| - Foreign currency translation reserve                          |                              | -               | (2.21)        | (2.21)          |
| - Tax on above items                                            | 13                           | -               | (0.71)        | (0.71)          |
| <b>Total other comprehensive income</b>                         |                              | <b>-</b>        | <b>(0.22)</b> | <b>(0.22)</b>   |
| <b>Total comprehensive income</b>                               |                              | <b>88.85</b>    | <b>(3.33)</b> | <b>85.52</b>    |

**NOTES OF THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March, 2018**
*(All amounts in ₹ crores, unless stated otherwise)*
**Reconciliation of total equity as at 31 March 2017 and 1 April 2016**

|                                                                                                         | Notes to first<br>time adoption | As at<br>31 March 2017 | As at<br>1 April 2016 |
|---------------------------------------------------------------------------------------------------------|---------------------------------|------------------------|-----------------------|
| Total equity (shareholder's funds) as per previous GAAP                                                 |                                 | 546.78                 | 456.24                |
| <b>Adjustments:</b>                                                                                     |                                 |                        |                       |
| Measurement of financial liabilities at amortised cost                                                  | 1                               | 1.92                   | 2.37                  |
| Fair Valuation of property, plant and equipment                                                         | 2 & 3                           | 70.58                  | 71.45                 |
| Adjustment for cash flow hedge reserve                                                                  | 5 & 8                           | (1.73)                 | (0.71)                |
| Recognition of loss allowance for expected credit losses on financial assets measured at amortised cost | 6                               | (2.72)                 | (2.60)                |
| Consolidation of Cosmo Films ESOP 2015 Trust                                                            | 9                               | (8.25)                 | (5.39)                |
| Tax impact on above adjustments                                                                         | 13                              | (33.60)                | (32.91)               |
| <b>Total equity as per Ind AS</b>                                                                       |                                 | <b>572.98</b>          | <b>488.45</b>         |

**Reconciliation of total comprehensive income for the year ended 31 March 2017**

| Particulars                                                                                             | Notes to first<br>time adoption | As at<br>31 March 2017 |
|---------------------------------------------------------------------------------------------------------|---------------------------------|------------------------|
| <b>As per previous GAAP for March 2017</b>                                                              |                                 | <b>88.85</b>           |
| <b>Adjustments:</b>                                                                                     |                                 |                        |
| Measurement of financial liabilities at amortised cost                                                  | 1                               | (0.45)                 |
| Fair Valuation of property, plant and equipment                                                         | 2 & 3                           | (0.85)                 |
| Share based payment expense recognised at fair value                                                    | 4                               | (1.33)                 |
| Recognition of loss allowance for expected credit losses on financial assets measured at amortised cost | 6                               | (0.11)                 |
| Remeasurement on Employee Benefits                                                                      | 7                               | (0.85)                 |
| Tax impact on above adjustments                                                                         | 13                              | 0.48                   |
| <b>Total adjustments</b>                                                                                |                                 | <b>(3.11)</b>          |
| <b>Total profit for the year</b>                                                                        |                                 | <b>85.74</b>           |
| <b>Other comprehensive income</b>                                                                       |                                 |                        |
| Remeasurement on Employee Benefits                                                                      | 7                               | 0.85                   |
| Foreign currency translation reserve                                                                    | 11                              | (2.21)                 |
| Effective portion of the cash flow hedges                                                               | 5 & 8                           | 2.14                   |
| Tax impact on above adjustments                                                                         | 13                              | (1.00)                 |
| <b>As per Ind AS for March 2017</b>                                                                     |                                 | <b>85.52</b>           |

**NOTES OF THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March, 2018**

(All amounts in ₹ crores, unless stated otherwise)

**Impact of Ind AS on the adoption in the statement of Cash Flows for the year ended 31 March 2017**

There are no material adjustments of transition to the statement of Cash Flows to conform to Ind AS presentation for the year ended 31 March 2017.

**Note 1:****Borrowings**

Ind AS 109 requires transaction costs incurred towards origination of borrowings to be deducted from the carrying amount of borrowings on initial recognition. These costs are recognised in the profit or loss over the tenure of the borrowing as part of the interest expense by applying the effective interest method. Under previous GAAP, these transaction costs were charged to profit or loss as and when incurred.

**Note 2:****Property, plant and equipment- Government grant**

Under Ind AS, the transfer of resources from the government in the form of a waiver of duty needs to be accounted for as government grant. Accordingly, the duty benefit availed under Export Promotion Capital Goods (EPCG) Scheme and SEZ scheme on purchase of plant and equipments has been recognised as government grant by an increase in the carrying value of plant and equipment with a corresponding credit to the deferred government grant. The increase in the value of plant and equipment is depreciated over the balance useful life of the asset. The deferred grant revenue is recognised in profit or loss over the expected useful life in a pattern of consumption of the benefit of the underlying asset. Under Previous GAAP, such benefits were being netted off with the cost of the respective item of plant and equipment.

**Note 3:****Property, plant and equipment**

Fair valuation as deemed cost for certain items of Property, Plant and Equipment :

Ind AS 101 permits an entity to elect to measure an item of property, plant and equipment at the date of transition to Ind AS at its fair value and use that fair value as its deemed cost at that date. Accordingly, the Company has elected to use the fair value of certain items of property, plant and equipment on the date of transition and designate the same as deemed cost on the date of transition. Fair value has been determined, by obtaining an external third party valuation, with reference to the depreciated replacement cost of similar assets, a level 3 valuation technique. For the remaining assets, the Company has applied Ind AS retrospectively, from the date of their acquisition.

**Note 4:****Employee stock option plan**

Pursuant to the approval of the shareholders, the Company has introduced Cosmo Films Employees Stock Option Plan 2015 (CF ESOP 2015) to provide share based incentive to the eligible employees of the Company and its subsidiaries. The plan is to be implemented via trust route which will acquire the equity shares of the Company by secondary market acquisition, however, in case of any shortfall the Company will issue new shares as required.

**Note 5:****Derivative recognised at fair value**

Under previous GAAP, the premium or discount arising at the inception of the forward contract was amortised as expense or income over the life of the contract and the exchange differences on such a contract was recognised in the statement of profit and loss in the reporting period in which the exchange rates change. Under Ind AS, all derivative contracts are measured at fair value through profit and loss at each reporting date.

**NOTES OF THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March, 2018**

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

**Note 6:****Recognition of trade receivable**

Under previous GAAP, discounted debtors against letter of credit were derecognised. Under Ind AS, since derecognition criteria is not met, trade receivables are presented at their gross amount.

**Note 7:****Remeasurements of defined benefit obligations**

Under Ind AS, remeasurements i.e. actuarial gains and losses and the return on plan assets, excluding amounts included in the net interest expense on the net defined benefit liability are recognised in other comprehensive income instead of profit or loss. Under the previous GAAP, these remeasurements were forming part of the profit or loss for the year.

**Note 8:****Hedging reserve**

Hedge accounting can only be applied prospectively from the transition date to transactions that satisfy the hedge accounting criteria in Ind AS 109, at that date. Hedging relationships cannot be designated retrospectively, and the supporting documentation cannot be created retrospectively. As a result, only hedging relationships that satisfied the hedge accounting criteria as of 1 April 2016, are reflected as hedges in the Company's results under Ind AS. The Company had designated various hedging relationships as cash flow hedge and fair value hedges under the previous GAAP. On the date of transition to Ind AS, the Company has assessed that all the designated hedging relationship qualifies for hedge accounting as per Ind AS 109. Consequently, the Company continues to apply hedge accounting on and after the date of transition to Ind AS.

**Note 9:****Adjustments for consolidation of Cosmo Films ESOP 2015 Trust ('ESOP Trust')**

ESOP Trust that has been allotted the shares which have not vested yet, for distribution to employees of the Company, has been consolidated on line by line basis by reducing from Other equity of the Company the value of such shares held by the trust as treasury shares.

**Note 10:****Excise duty**

Under Previous GAAP, revenue from sale of goods was presented net of excise duty whereas under Ind AS the revenue from sale of goods is presented inclusive of excise duty. The excise duty is presented on the face of the Statement of profit and loss as part of expenses.

**Note 11:****Foreign currency**

Ind AS 21 requires in consolidated financial statements, exchange differences arising on a monetary item that forms part of a reporting entity's net investment in a foreign operation are recognised initially in other comprehensive income and reclassified from equity to profit or loss on disposal of the net investment.

**Note 12:****Minimum Alternate Tax ('MAT')**

Ind AS 12 requires classification of MAT credit as deferred tax asset. Accordingly, the Company has reclassified MAT credit from loans and advances to deferred tax asset on each reporting date. There is no impact on the total equity or profit as a result of this adjustment.

## NOTES OF THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March, 2018

(All amounts in ₹ crores, unless stated otherwise)

### Note 13:

#### Deferred tax

Under Previous GAAP, deferred tax was accounted using the income statement approach, on the timing differences between the taxable profit and accounting profits for the period. Under Ind AS, deferred tax is recognized following balance sheet approach on the temporary differences between the carrying amount of asset or liability in the balance sheet and its tax base. In addition, various transitional adjustments have also led to recognition of deferred taxes on new temporary differences.

## 52 CASH FLOW

### Reconciliation of liabilities arising from financing activities

The changes in the Group's liabilities arising from financing activities can be classified as follows:

| Particulars                                           | Long-term borrowings | Short-term borrowings | Total           |
|-------------------------------------------------------|----------------------|-----------------------|-----------------|
| <b>Debt as at 1 April 2017</b>                        | <b>(411.46)</b>      | <b>(211.87)</b>       | <b>(623.33)</b> |
| Cash flow:                                            |                      |                       |                 |
| - Proceeds                                            | (150.84)             | (75.28)               | (226.12)        |
| - Repayment                                           | 89.64                | -                     | 89.64           |
| - Finance cost adjustment for effective interest rate | (0.45)               | -                     | (0.45)          |
| - Foreign exchange difference                         | (27.90)              | -                     | (27.90)         |
| <b>Debt as at 31 March 2018</b>                       | <b>(501.01)</b>      | <b>(287.15)</b>       | <b>(788.16)</b> |

| Particulars                                           | Long-term borrowings | Short-term borrowings | Total           |
|-------------------------------------------------------|----------------------|-----------------------|-----------------|
| <b>Debt as at 1 April 2016</b>                        | <b>(308.70)</b>      | <b>(130.49)</b>       | <b>(439.19)</b> |
| Cash flow:                                            |                      |                       |                 |
| - Proceeds                                            | (211.86)             | (81.38)               | (293.24)        |
| - Repayment                                           | 89.42                | -                     | 89.42           |
| - Finance cost adjustment for effective interest rate | (0.48)               | -                     | (0.48)          |
| - Foreign exchange difference                         | 20.16                | -                     | 20.16           |
| <b>Debt as at 31 March 2017</b>                       | <b>(411.46)</b>      | <b>(211.87)</b>       | <b>(623.33)</b> |

- 53** 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.

**NOTES OF THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March, 2018**

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

**54 PREVIOUS YEARS FIGURES**

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

For **Walker Chandiok & Co LLP**

Chartered Accountants

Firm's registration number 001076N/N500013

**Siddharth Talwar**

Partner

Membership No.512752

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

**Pratip Chaudhuri**

Director

DIN: 00915201

**Ashok Jaipuria**

Chairman & Managing Director

DIN: 00214707

**Neeraj Jain**

Chief Financial Officer

Membership No.: 097576

**Jyoti Dixit**

Company Secretary

Membership No.: F6229

**Place** : New Delhi

**Date** : 23 May 2018

**Form AOC-I**

(Pursuant to First Proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014  
 Statement Containing salient features of the financial statements (As per Indian Accounting Standards, referred to in section 133  
 of the companies act 2013) of Subsidiaries and Associates

**Part A: Subsidiaries**

(All amounts in ₹ crores, unless stated otherwise)

| Name of the Subsidiary                            | Reporting Period            | Reporting Currency and Exchange rate as on the last date of the relevant Financial Year in the case of foreign subsidiaries |                                    | Share Capital | Reserve and Surplus | Total Assets | Total Liabilities | Investments | Turnover | profit/ (loss) before tax | Provision for Tax | profit/ (loss) after tax | Proposed Dividend | % of Share Holding |
|---------------------------------------------------|-----------------------------|-----------------------------------------------------------------------------------------------------------------------------|------------------------------------|---------------|---------------------|--------------|-------------------|-------------|----------|---------------------------|-------------------|--------------------------|-------------------|--------------------|
|                                                   |                             | Currency                                                                                                                    | Exchange rate as on March 31, 2018 |               |                     |              |                   |             |          |                           |                   |                          |                   |                    |
| CF ( Netherlands) Holdings Limited B.V            | 1 April 2017 -31 March 2018 | EURO                                                                                                                        | 80.6222                            | 195.19        | (0.72)              | 203.88       | 9.40              | -           | 5.83     | (0.91)                    | -                 | (0.91)                   | -                 | 100%               |
| Cosmo Films (Japan) GK                            | 1 April 2017 -31 March 2018 | JPY                                                                                                                         | 0.6154                             | 8.00          | 33.49               | 55.05        | 13.56             | -           | 54.70    | 3.28                      | 1.14              | 2.14                     | -                 | 100%               |
| Cosmo Films (Singapore) Pte Ltd.                  | 1 April 2017 -31 March 2018 | SGD                                                                                                                         | 49.6520                            | 0.17          | (0.09)              | 0.15         | 0.06              | -           | -        | (0.07)                    | -                 | (0.07)                   | -                 | 100%               |
| Cosmo Films Korea Ltd.                            | 1 April 2017 -31 March 2018 | KRW                                                                                                                         | 0.0613                             | 8.42          | 11.26               | 46.29        | 26.61             | -           | 57.69    | (1.86)                    | (2.16)            | 0.30                     | -                 | 100%               |
| Cosmo Films Inc                                   | 1 April 2017 -31 March 2018 | USD                                                                                                                         | 65.0441                            | 158.63        | (146.24)            | 134.58       | 122.18            | -           | 204.39   | (23.51)                   | -                 | (23.51)                  | -                 | 100%               |
| CF Investment Holding Private (Thailand) Co. Ltd. | 1 April 2017 -31 March 2018 | THB                                                                                                                         | 2.0861                             | 30.78         | 2.60                | 33.41        | 0.02              | 29.41       | -        | 0.05                      | 0.01              | 0.04                     | -                 | 100%               |
| Cosmo Films Poland S.P.Z.O.O*                     | 1 April 2017 -31 March 2018 | PLN                                                                                                                         | 19.0187                            | 0.19          | (0.02)              | 0.17         | 0.00              | -           | -        | (0.02)                    | -                 | (0.02)                   | -                 | 100%               |

\* Incorporated on 29th January 2018

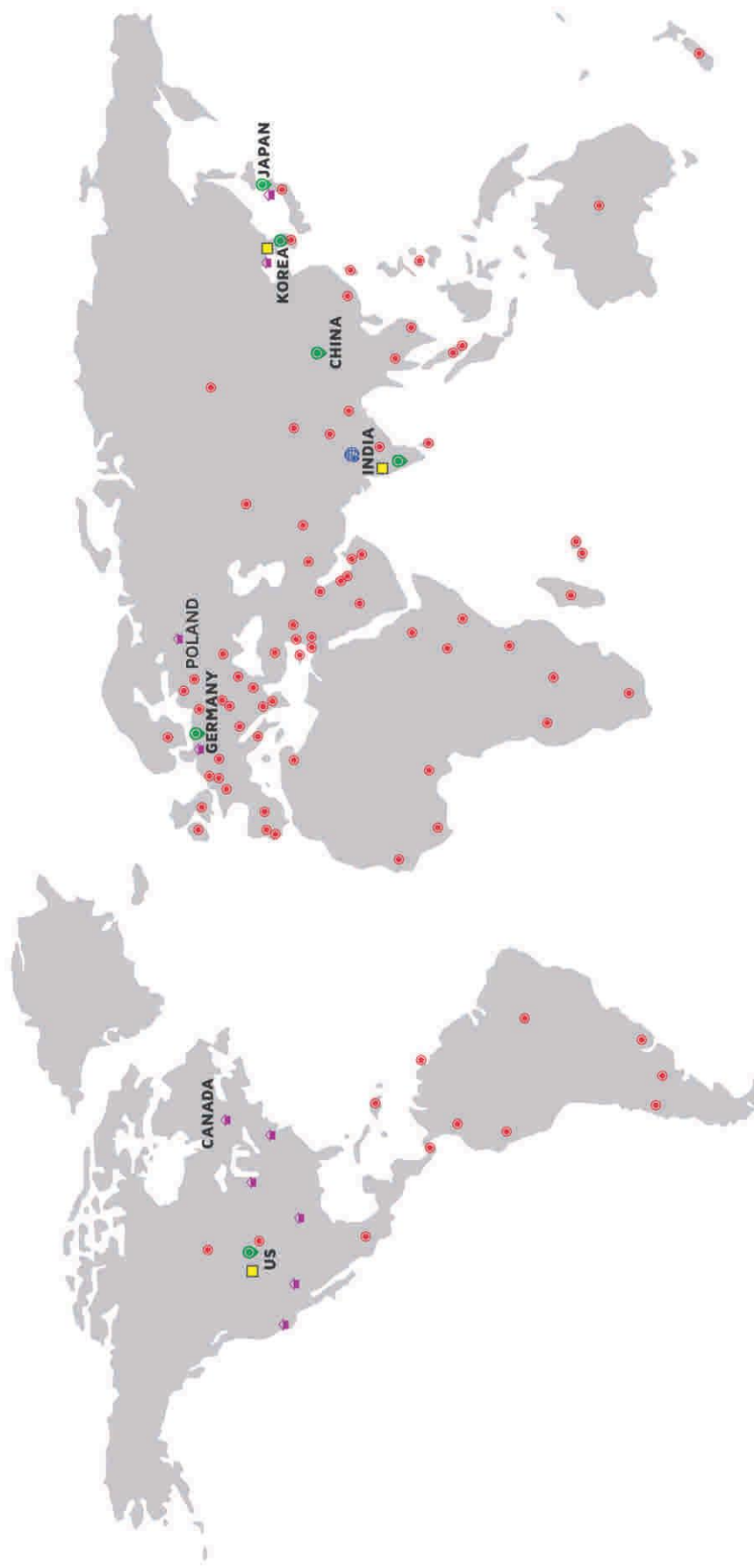
**Notes :**

- Cosmo Films Poland S.P.Z.O.O is yet to commence operation.
- 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**

|                          |                                                                         |                                                                  |
|--------------------------|-------------------------------------------------------------------------|------------------------------------------------------------------|
| <b>Date:</b> 23 May 2018 | <b>Ashok Jaipuria</b><br>Chairman & Managing Director<br>DIN: 00214707  | <b>Pratip Chaudhuri</b><br>Director<br>DIN: 00915201             |
| <b>Place:</b> New Delhi  | <b>Neeraj Jain</b><br>Chief Financial Officer<br>Membership No.: 097576 | <b>Jyoti Dixit</b><br>Company Secretary<br>Membership No.: F6229 |



CORPORATE OFFICE  
Delhi



MANUFACTURING FACILITIES

India : 3 | US : 1 | Korea : 1



SALES OFFICES

China : 1 | Japan : 1 | Germany : 1 | US : 1 | Korea : 1 | India : 6



CUSTOMER FOOTPRINTS

80 Countries



WAREHOUSES

Canada : 1 | US : 5 | Korea : 1 | Japan : 1  
Germany : 1 | Poland : 1



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