



COSMO FILMS LIMITED  
ANNUAL REPORT 2012-13

# POWER OF PERSISTENCE



COSMO FILMS

## NOTICE

Notice is hereby given that the Thirty-Sixth Annual General Meeting of the members of Cosmo Films Limited will be held at Shah Auditorium, 2, Raj Niwas Marg, Civil Lines, Delhi-110054 on Wednesday, September 25, 2013 at 10.30 A.M to transact the following business:

### ORDINARY BUSINESS:

1. To receive, consider and adopt the audited Profit & Loss Account for the year ended March 31, 2013 and the Balance Sheet as at that date and the report of the Board of Directors and the Auditors of the Company thereon.
2. To declare Dividend on Equity Shares.
3. To appoint a Director in place of Mr. Suresh Rajpal who retires by rotation and being eligible offers himself for reappointment.
4. To appoint a Director in place of Mr. R. Vasudevan who retires by rotation and being eligible offers himself for reappointment.
5. To appoint Auditors of the Company to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting and to fix their remuneration. M/s Walker Chandiok & Co., Chartered Accountants, retiring Auditors, are eligible for reappointment.

**For Cosmo Films Limited**

**New Delhi**  
**May 27, 2013**

**Jyoti Dixit**  
**Company Secretary**

### NOTES:

1. **NO SNACK BOXES/GIFTS OF ANY KIND SHALL BE DISTRIBUTED AT THE ANNUAL GENERAL MEETING**
2. As a measure of economy, copies of the Annual Report shall not be distributed at the Meeting, therefore members are requested to bring their own copies at the Meeting.
3. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ANOTHER

PERSON AS HIS PROXY TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF. THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. A BLANK FORM OF PROXY IS ENCLOSED AND IF INTENDED TO BE USED, IT SHOULD BE DULY COMPLETED AND DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FORTY-EIGHT HOURS BEFORE THE SCHEDULED TIME OF THE MEETING

4. In case of joint holders attending the meeting, only such joint holder who is higher in the order of names will be entitled to vote.
5. The Register of Members and Share Transfer Books of the Company will remain closed from Thursday, September 19, 2013 to Wednesday, September 25, 2013 (Both days inclusive).
6. Members, who are holding shares in identical order of names in more than one folio are requested to write to the Company enclosing their share certificates to consolidate their holdings in one folio.
7. Members who hold shares in dematerialized form are requested to bring their Client ID and DP ID numbers for easy identification of attendance at the meeting.
8. The Members holding shares in physical form are also requested to notify any change in their addresses immediately to the Company's Share Registrar and Transfer Agents **M/s. Alankit Assignments Limited, 2E/ 21, Alankit House, Jhandewalan Extension, New Delhi - 110 055.**
9. Members / Proxy holders are requested to produce at the entrance of the Auditorium the enclosed admission slip duly completed and signed.
10. In order to provide protection against fraudulent encashment of the warrants, shareholders holding shares in physical form are requested to intimate the company under the signature of the Sole/First Joint holder, the following information to be incorporated on the Dividend Warrants:
  - i) Name of the Sole/First Joint Holder and the folio number
  - ii) Particulars of Bank Account, viz



- Name of the Bank  
-Name of the Branch  
-Complete address of the bank with Pin Code Number  
-Account type, whether savings (SB) or Current Account (CA)  
-Account number allotted by the bank
11. Shareholder holding shares in electronic form may kindly note that their Bank account details as furnished by the depositories to the company will be used for payment by ECS or printed on their Dividend Warrants as per the applicable regulations. The company will not entertain any direct request from such shareholders for deletion of/ change in such bank details. Further instructions, if any, already given by them in respect of shares held in
13. Pursuant to provisions of Section 205A of the Companies Act, 1956, all unpaid or unclaimed dividends upto the year ended 31<sup>st</sup> March, 2005 have been transferred to Investor Education and Protection Fund (IEPF) established by the Central Govt.
14. Pursuant to provisions of Section 205 A(5) of the Companies Act, 1956, dividend for the financial year ended March 31, 2006 and thereafter, which remains unclaimed for a period of 7 years will be transferred by the Company to Investor Education and Protection Fund established by the Central Govt.
- Information in respect of such unclaimed dividend when due for transfer to the fund is given below:

| Financial Year | Type of dividend | Date of declaration | Due for transfer |
|----------------|------------------|---------------------|------------------|
| 2005-06        | Final Dividend   | 30/08/2006          | 06/10/2013       |
| 2006-07        | Final Dividend   | 31/07/2007          | 06/09/2014       |
| 2007-08        | Final Dividend   | 24/07/2008          | 30/08/2015       |
| 2008-09        | Final Dividend   | 25/08/2009          | 01/10/2016       |
| 2009-10        | Final Dividend   | 09/09/2010          | 16/10/2017       |
| 2010 -11       | Final Dividend   | 13/07/2011          | 19/08/2018       |
| 2011- 12       | Final Dividend   | 30/07/2012          | 05/09/2019       |

- physical form will not be automatically applicable to shares held in electronic mode. **Shareholders who wish to change such bank account details are therefore requested to advise their Depository Participants about such changes, with complete detail of bank account.**
12. Electronic Clearing Service (ECS) Facility
- With respect to the payment of dividend, the company provides the facility to all of its shareholders, holding shares in electronic form and shareholders who have opted for ECS and are holding shares in physical forms.
- Shareholders holding shares in physical form who wish to avail ECS facility, may authorize the Company with their ECS Mandate in the prescribed form, which can be downloaded from the company's website ([www.cosmofilms.com](http://www.cosmofilms.com)) under the section Investor Relations or can be obtained from the Registrar and Share Transfer Agents, M/s Alankit Assignments Limited. Requests for payment of dividend through ECS for the year 2012-13 should be lodged with M/s Alankit Assignments Limited on or before the 18<sup>th</sup> day of September, 2013.
- Shareholders who have not encashed the dividend warrant(s) are requested to seek issue of duplicate dividend warrants by writing to the Company.
- Shareholders are requested to note that no claims shall lie against the Company or the said fund in respect of any amount which were unclaimed and unpaid for a period of seven years from the dates that they became due for payment and no payment shall be made in respect of any such claims.**
15. Non Resident Indian shareholders are required to inform M/s Alankit Assignments Limited immediately :
- The change in the residential status on return to India for permanent settlement.
  - The particulars of the Bank Account maintained in India with complete name, branch, account type, account number, and address of the bank, if not furnished earlier.
16. Corporate Members intending to send their authorized representatives are requested to send a duly certified copy of the Board Resolution authorizing their

representatives to attend and vote at the Annual General Meeting.

17. Consequent upon the introduction of Section 109A of the Companies Act, 1956, shareholders are entitled to make nomination in respect of shares held by them in physical form. Shareholders desirous of making nominations are requested to send their requests in Form 2B (which will be made available on request) to the Registrar and Transfer Agents, M/s Alankit Assignments Limited. The said Form 2B can also be downloaded from the Company's web site [www.cosmofilms.com](http://www.cosmofilms.com).
18. The details pertaining to the Directors, proposed to be reappointed in terms of Listing Agreement is annexed to this notice.

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

**New Delhi**  
**May 27, 2013**

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

**Jyoti Dixit**  
**Company Secretary**

#### Annexure to the Notice

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

|   |   |   |
|---|---|---|
| <b>Director's name</b>  | <b>Mr. Suresh Rajpal</b>  | <b>Mr. R. Vasudevan</b>   |
| <b>Date of Birth</b>  | August 17, 1943   | June 14, 1937   |
| <b>Qualifications</b>   | B.E. (Electrical)<br>MBA  | B.A. (Hons.) (Economics)<br>University of Madras<br>M.A. Degree in Economic Statistics<br>University of Delhi<br>MPA (Development Economics)<br>Harvard University, USA   |
| <b>Nature of Expertise</b>  | Corporate Finance   | Infrastructure, Industry & Finance  |
| <b>Date of Appointment/<br/>Reappointment</b>   | May 28, 2010  | October 26, 2006  |
| <b>Name of the other<br/>Companies in which<br/>he holds Directorship</b>                           | 1.Virtual Soft Systems Limited<br>2.Visnova Solutions Pvt. Ltd.<br>3.Indepay Networks Pvt. Ltd.<br>4.GISIL Designs Pvt. Limited<br>5.Electronic Tender.Com (India) Pvt. Limited<br>6.Navis Exim Pvt. Limited<br>7.Visnova Interactive Pvt. Ltd.<br>8.MobiRel Technology Services India<br>Private Limited | 1. Haldia Petrochemicals Limited<br>2. Hindustan Oil Exploration Co. Ltd.<br>3. Purearth Infrastructure Ltd.<br>4. Balrampur Chini Mills Limited  |
| <b>Name of the committees<br/>of Companies in which<br/>he holds memberships/<br/>Chairmanships</b> | Nil   | 1. Cosmo Films Limited:-<br>• Audit Committee – Member<br>• Share Transfer & Investor Grievance Committee<br>- Chairman<br>2. Hindustan Oil Exploration Company Ltd.:-<br>• Audit Committee – Member<br>• Share Transfer & Investor Grievance Committee<br>- Chairman<br>3. Purearth Infrastructure Limited:-<br>• Audit Committee – Member<br>4. Balrampur Chini Mills Limited. :-<br>• Audit Committee – Member |
| <b>Shareholding in the company</b>  | Nil   | Nil   |

Note: Only Audit & Share Transfer & Investors Grievance Committees have been considered.



COSMO FILMS

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

Dear Shareholder(s),

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

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

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

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

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

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

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

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

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

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

# WHAT WE HOPE TO ACHIEVE

## VISION

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

## MISSION

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





## WHAT DRIVES US CORE VALUES OF COSMO

### Customer Orientation

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

### People

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

### Innovation

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

### Fair Business Practices

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

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# CORPORATE

## INFORMATION

### REGISTERED OFFICE:

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

### PLANTS: AURANGABAD:

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

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

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

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

### VADODARA

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

### PANCHMAHALS

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

### KERKRADE, NETHERLANDS

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

### HAGERSTOWN, USA

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

### KOREA

811, SINEON-RI, DOGO-MYEON, ASAN-SI,  
CHOONGNAM, 336-914 SOUTH KOREA  
TEL: +82-41-531-1830  
FAX: +82-41-531-1831

**STATE OFFICES:****DELHI**

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

**MUMBAI**

303, 3rd Floor, Gokul Arcade, A Wing,  
Opp. Hong Kong Bank, Subhash Road,  
Vile Parle (E), Mumbai 400 057  
Tel: +91 22 28261195/97, 28266395  
Fax: + 91 22 28261201

**HYDERABAD**

1405/B, 14th Floor, Babu Khan Estate,  
Basheerbagh, Hyderabad 500 001  
Tel : +91 40 23297620/22  
Fax: +91 40 23297622

**SUBSIDIARIES:****ASIA PACIFIC****SINGAPORE**

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

**KOREA**

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

**JAPAN**

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

**MAURITIUS**

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

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

**EUROPE****NETHERLANDS**

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

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

**USA**

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



# DIRECTORS'

PROFILE

## DIRECTOR IN EXECUTIVE CAPACITY

Ashok Jaipuria

*Chairman & Managing Director*

Anil Kumar Jain

*Whole Time Director*

## DIRECTORS IN NON EXECUTIVE CAPACITY

H. K. Agrawal, (Independent)

*B.E. & MBA (IIM)*

Dr. Surinder Kapur (Independent)

*Ph.D. in Mechanical Engineering*

Rajeev Gupta (Independent)

*B.E. & MBA*

Badri Agarwal

*Chartered Accountant*

R. Vasudevan (Independent)

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

Suresh Rajpal (Independent)

*B.E. (Electrical), MBA*

## Management Team

Ashok Jaipuria

A. K. Jain

Pankaj Poddar

Tanuj Agarwal,

Neeraj Jain

A G Deshpande

Janardan Gupta

Sanjay Chincholikar

A.K.Pathak

R K Gupta

S C Maity

N R More

Shailesh Verma

S K Dutta

Rajeev Joshi

Jagdip Kumar

Jyoti Dixit

Chairman & Managing Director

Whole Time Director

President

Vice President – International Operations

Chief Financial Officer

Vice President- R&D and Business Development

Vice President –Legal & Special Assignments

Vice President – Global Head Lamination Films

Vice President-Manufacturing

General Manager – Commercial

General Manager – Manufacturing (Shendra Unit)

General Manager – Engineering

General Manager-Global Head Packaging Films

General Manager- Global Head Speciality Films

Head HR

Asstt General Manager - Information Technology

Company Secretary

## Auditors

M/s Walker Chandio & Co.

Chartered Accountants

## Bankers & Financial Institutions

- Landes Bank Baden-Wurtemberg
- IDBI Bank Limited
- ICICI Bank Limited
- HSBC Bank Plc.
- Export Import Bank of India
- Union Bank of India
- State Bank of India
- ING Vysya Bank Limited
- HDFC Bank Limited
- Yes Bank Limited
- Kotak Mahindra Bank Limited
- International Finance Corporation
- Development Bank of Singapore (DBS Ltd)

## INSIDE OUR FACTORY



shendra



shendra



shendra



## DIRECTORS' REPORT

Your Directors present the 36<sup>th</sup> Annual Report and the Audited Accounts for the year ended March 31, 2013.

(₹. in crores)

| <b>FINANCIAL RESULTS</b>                      | <b>Standalone</b> |                | <b>Consolidated</b> |                |
|---|-------------------|----------------|---------------------|----------------|
|   | <b>2012-13</b>    | <b>2011-12</b> | <b>2012-13</b>      | <b>2011-12</b> |
| Net Sales                                     | 1028.76           | 918.95         | 1248.5              | 1124.98        |
| Other income                                  | 17.18             | 5.27           | 25.12               | 18.16          |
| Profit before interest, depreciation and tax  | 81.61             | 101.02         | 106.71              | 101.00         |
| Finance Cost (including Interest)             | 22.74             | 22.50          | 29.01               | 28.46          |
| Depreciation                                  | 33.17             | 30.15          | 38.81               | 35.91          |
| Exceptional Item                              | (5.75)            | 6.90           | (17.22)             | 2.15           |
| Profit before Tax                             | 19.95             | 55.28          | 21.67               | 38.78          |
| Provision for                                 |                   |                |                     |                |
| – Current Tax                                 | 5.20              | 13.98          | 9.71                | 11.53          |
| – Deferred tax                                | 0.62              | (4.27)         | 0.63                | (2.93)         |
| Profit after Tax                              | <b>14.13</b>      | <b>45.57</b>   | <b>11.33</b>        | <b>30.18</b>   |
| Extraordinary Item                            | -                 | -              | -                   | -              |
| Profit after tax including extraordinary item | 14.13             | 45.57          | 11.33               | 30.18          |
| Minority Interest                             | -                 | -              | -                   | (1.34)         |
| <b>APPROPRIATIONS</b>                         |                   |                |                     |                |
| Less:   |                   |                |                     |                |
| Dividend-Equity shares                        | 4.86              | 9.72           | 4.86                | 9.72           |
| Dividend Tax                                  | 0.83              | 1.58           | 0.83                | 1.58           |
| General Reserve                               | 1.41              | 4.56           | 1.41                | 3.15           |
| Balance carried forward to the next Year      | 36.74             |                |                     |                |

## DIVIDEND

Equity Dividend of ₹. 2.5 per share (Previous Year ₹. 5/- per share) has been recommended by the Board of Directors for the year ended March 31, 2013 amounting to ₹ 4.86 Crores (Previous Year ₹ 9.72 Crores) on the equity share capital.

## OPERATIONS

On year to year basis net sales has increased by 11.95% (standalone) and by 10.98% (consolidated). Operational Profits of the Company has registered a increase of 5.65% (consolidated) however there is a decline of 19.21% (standalone). New plant at Shendra, SEZ, Aurangabad is expected to be commissioned by July 2013.

The capacity addition in the industry along with unexpected increase in raw material cost has impacted margins during financial year 2012-2013. However, the Company has taken several steps including cost control to increase operating margins and management is confident on achieving results on these steps.

## EXPORTS

Cosmo continues to maintain its position of largest BOPP film exporter from India. Exports registered an increase of 21.40% from ₹418.22 crores in 2011-12 to ₹ 507.74 crores in 2012-13.

## R & D

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

## DIRECTORS

Mr. Suresh Rajpal and Mr. R. Vasudevan, Directors of the Company, retire by rotation and being eligible offer themselves for reappointment at the ensuing Annual General Meeting.

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





COSMO FILMS

#### FIXED DEPOSIT

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

#### AUDITORS' REMARKS

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

#### SUBSIDIARY

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

#### STATUTORY STATEMENTS

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

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

#### DIRECTORS' RESPONSIBILITY STATEMENT

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

- (i) In the preparation of the annual accounts, applicable accounting standards have been followed along with proper explanation relating to material departures.
- (ii) Accounting policies selected were applied consistently. Reasonable and prudent judgments and estimates are made so as to give a true and fair view of the state of

affairs of the Company as of 31<sup>st</sup> March, 2013 and of the profits of the Company for the year ended on that date.

- (iii) Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) The annual accounts of the Company have been prepared on a going concern basis.

#### CORPORATE GOVERNANCE

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

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

#### AUDITORS

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

#### APPRECIATION

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

On behalf of the Board

Ashok Jaipuria  
Chairman

Place: New Delhi  
Date: May 27, 2013

**INFORMATION AS PER SECTION 217(1)(e) READ WITH COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988 AND FORMING PART OF THE DIRECTORS REPORT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2013.**

## **I. CONSERVATION OF ENERGY**

### **(a) Energy conservation measures taken**

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

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

- i) Installed Air Pre Heater for thermic fluid heater for fuel saving.
- ii) Installed Screw Chiller in place of reciprocating chillers.
- iii) Use of FCU for cooling of Electrical Control Rooms.
- iv) Installed Energy Efficient Pumps
- v) Purchasing Power from exchange at reduced rate. This will reduce energy cost by about 25%.

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

Use of LED Lights, Solar Panels for plant lighting and use of auto power factor control are being proposed.

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

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

### **(d) Form A**

Not Applicable

## **II. TECHNOLOGY ABSORPTION**

Efforts made in technology absorption as per Form-B

of the Annexure in the Rules.

## **1. Research and Development**

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

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

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

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

### **(c) Future Plan of Action**

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

### **(d) Expenditure on R & D**

₹. Crores.(approx)

|  |       |
|--|-------|
| (a) Capital  | 0.00  |
| (b) Recurring  | 3.32  |
| (c) Total  | 3.32  |
| (d) Total R & D expenditure as percentage of net sales | 0.27% |

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

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

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

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

Growth in business.

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

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



COSMO FILMS

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

### III. FOREIGN EXCHANGE EARNINGS AND OUTGO

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

Despite the Continuous tough market conditions, the Company was able to export ₹.507.74 crores in 2012-13 against 418.22 crores in 2011-12.

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

The Company's foreign exchange earnings were ₹ 507.74 Crores (Previous Year ₹ 418.22. Crores). The total foreign exchange utilized during the year amounted to ₹ 314.15 crores ( Previous Year ₹ 175.84 crores). Details of foreign Exchange earned and utilized during the year are given in Notes to Accounts.

On behalf of the Board

**Ashok Jaipuria**  
Chairman

May 27, 2013  
New Delhi

## MANAGEMENT DISCUSSION & ANALYSIS REPORT

Since its inception, Cosmo Films has diversified its business model and has shown significant presence in both the domestic as well as international markets. The Company is a leading manufacturer and supplier of BOPP films, such as co-extruded plain, heat sealable matte, white opaque, pearlised metalized films. Cosmo products are used for food and industrial packaging and labels. It also manufactures thermal laminating films and synthetic paper. The Company offers films for wrap around labels, self-adhesive labels and in-mould labels and BOPP films for liners.

The Company's new plant at Shendra SEZ, Aurangabad is being commissioned by July, 2013. With this new plant the total installed capacity would increase to 130,000 TPA (tonnes per annum) for BOPP, 40,000 TPA for thermal films and 8,000 TPA for metalized films. This new plant would mainly be dedicated to exports.

### ECONOMIC OVERVIEW & INDUSTRY SCENARIO

Pulled down by poor performance of farm, manufacturing and mining sectors, Indian Economic Growth fell to a decade's low of 5% for the entire 2012-13 fiscal. However, the Indian Plastic industry witnessed strong growth, with strong off-take from industries like packaging, automotive and infrastructure sector during the financial year of 2012-13. However, the consumption of Plastics in India increased by only 6% in the year 2011-12, which shows significant slowdown in the consumption of Plastics in our country in the last year.

According to the All India Plastics Manufacturers' Association (AIPMA), domestic consumption of plastic has been growing at 10-12% CAGR over the last decade.

### RISKS AND CONCERNS

#### Foreign Exchange Risk:

Company imports few of its raw materials. It is also engaged in exports its products and there are foreign currency loans in the company. Exchange rate fluctuations may have an impact on the performance of the company. To mitigate this risk, the Company resorts to forward booking where deemed appropriate.

#### Finance Cost Risk:

Finance Cost risk arises due to payment of high rate of interest on term loans and other fund & non fund based facilities being availed by the Company from banks and other financial

institutions. The Company tries to minimize this risk by keeping a check on the interest rates charged by various banks and by sweeping its long term/short term loans with banks charging lesser interest rates.

#### Capacity Additions in the Industry & Increase in Raw Material Costs:

The capacity addition in the industry along with unexpected increase in raw material cost has impacted margins during financial year 2012-2013. However, the Company has taken several steps to increase operating margins and management is confident on achieving results on these steps.

### OPERATIONAL & FINANCIAL PERFORMANCE:

During the year under review, turnover of the Company registered a growth of around 11% Y-o-Y with Net Sales of ₹ 1248.50Cr as against ₹ 1124.98Cr in FY'12. (Consolidated No's) On Standalone basis the turnover increased by around 12%- ₹ 1028.76Cr in FY 2012-13 as compared to ₹ 918.95Cr in FY 2011-12.

The other details of the financial performance are appearing in the financial statements appearing separately in the financial statements. For highlights, please refer to the Directors' Report forming part of the Annual Report.

### INTERNAL CONTROL SYSTEM

The Company has an Internal Audit System commensurate with its size and nature of the business activities. Internal Audit system with adequate internal controls has been implemented by the management towards achieving efficiency of operations, management of resources, accuracy and promptness of financial reporting and compliance with laws and regulations. The Internal Audit is carried out by Internal Auditors and covers all the key areas of the Company's business.

### INDUSTRIAL RELATIONS AND HUMAN CAPITAL

Industrial relations across the Company were cordial, with no labour unrests or strikes during the period under review. This was the result of the management's and employees' efforts to adopt a work culture which adapts itself with the changing scenarios. Company continues to emphasize transparency and innovation, which provides a stimulus to the organization.

Company is committed to the welfare and career growth of its people. It makes continuous endeavor to enhance the skill



COSMO FILMS

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and competence of its human resources.

#### **FUTURE OUTLOOK**

The vision of COSMO FILMS is to become the most preferred brand for packaging and laminating solutions globally. Its mission is to seek global market leadership, development & growth in Oriented and Thermal films, create a winning culture operating in highest standards of ethics and values and to strive for excellence in customer service, quality and R&D.

#### **CAUTIONARY STATEMENT**

Statements made in this report in describing the Company's objectives, estimates and expectations are "Forward looking Statements" within the meaning of applicable laws and regulations. They are based on certain assumptions and expectations of future events but the Company, however, can not guarantee that these assumptions are accurate or will be materialized by the Company. Actual results may vary from those expressed or implied, depending upon the economic conditions, Government policies and /or other related factors.

## REPORT ON CORPORATE GOVERNANCE

### 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 Listing Agreement is as follows:

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

The Company is managed and controlled through a

professional body of Board of Directors, which comprise of an optimum combination of Executive and Non-executive Independent Directors headed by the Chairman. The present strength of Board of Directors is eight (8), out of which six (6) are Non-Executive Independent Directors, constituting more than 50% of its total strength. The Company's Board consists of eminent persons with considerable professional expertise and experience. The independent directors do not have any pecuniary relationship or transactions with the company, promoters, and management, which may affect independence or judgement of the Directors in any manner.

The composition of the Board of Directors of the Company is in conformity with the provisions of clause 49 of the listing agreement with the stock exchanges. The structure of the Board and record of other Directorships, Committee memberships & Chairmanships and shareholding in the Company as on March 31, 2013 is as under:

| Name of the Director | Category                             | Designation                  | No. of other Directorships Held | Total No. of Chairmanships / Memberships of Board Level Committees |             |       | Shareholding (as on 31st March 2013) |
|----------------------|--------------------------------------|------------------------------|---------------------------------|--|-------------|-------|--------------------------------------|
|                      |                                      |                              |                                 | Chairma-nship  | Membe-rship | Total |                                      |
| Mr. Ashok Jaipuria   | Promoter Director                    | Chairman & Managing Director | 2                               | Nil  | Nil         | Nil   | 470161                               |
| Mr. A. K. Jain       | Executive Director                   | Whole Time Director          | 2                               | 1  | 3           | 4     | 1000                                 |
| Mr. H. K. Agrawal    | Independent Non-Executive Director   | Director                     | Nil                             | 1  | 1           | 2     | 1000                                 |
| Dr. Surinder Kapur   | Independent Non-Executive Director   | Director                     | 9                               | 2  | 1           | 3     | Nil                                  |
| Mr. Rajeev Gupta     | Independent Non-Executive Director   | Director                     | 5                               | Nil  | 1           | 1     | 10100                                |
| Mr. Badri Agarwal    | Independent Non - Executive Director | Director                     | Nil                             | Nil  | 1           | 1     | Nil                                  |
| Mr. R Vasudevan      | Independent Non-Executive Director   | Director                     | 4                               | 2  | 4           | 6     | Nil                                  |
| Mr. Suresh Rajpal    | Independent Non-Executive Director   | Director                     | 1                               | Nil  | Nil         | Nil   | Nil                                  |

#### Notes:

- The Directorships held by Directors as mentioned above, do not include alternate Directorship, Directorships of Foreign Companies, section 25 Companies and Private Limited Companies.
- In accordance with clause 49, Membership(s) / Chairmanship(s) of only the Audit Committee and Shareholder Investor Grievance Committee of all Public Limited Companies have been considered.
- None of the Directors is a member of more than 10 Board-level committees of public Companies in which they are Directors, nor is chairman of more than 5 such committees.





## B. BOARD MEETINGS:

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

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

once in a quarter to review the quarterly results and other items on the agenda.

### 2. Number of Board Meetings

The Cosmo Films Board met Four times on 23<sup>rd</sup> May, 2012, 8<sup>th</sup> August, 2012, 9<sup>th</sup> November, 2012, and 5<sup>th</sup> February, 2013 during the financial year ended 31<sup>st</sup> March, 2013. The maximum time gap between any two meetings was not more than four months.

### 3. Record of the Directors' attendance at Board

| Name of the Director | Number of Board Meetings held during tenure of Directors and attended by them |          | Attendance at last AGM held on 30 <sup>th</sup> July, 2012 |
|----------------------|---|----------|--|
|                      | Held  | attended |  |
| Mr. Ashok Jaipuria   | 4   | 4        | No   |
| Mr. A.K. Jain        | 4   | 3        | Yes  |
| Mr. H. K. Agrawal    | 4   | 4        | Yes  |
| Mr. Rajeev Gupta     | 4   | 3        | No   |
| Mr. Badri Agarwal    | 4   | 2        | No   |
| Mr. R Vasudevan      | 4   | 4        | No   |
| Mr. S. Rama Iyer*    | 2   | -        | No   |
| Dr. Surinder Kapur   | 4   | -        | No   |
| Mr. Suresh Rajpal    | 4   | 3        | No   |

\*Ceased to be a Director w.e.f. 5<sup>th</sup> September, 2012

### Meetings and AGM

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

The Board has unfettered and complete access to any information within the Company and to any employee of the Company. Necessary information as mentioned in Annexure-1A of Clause 49 of the listing Agreement has been regularly placed before the Board for its consideration.

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

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

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

- Overseeing the Company's financial reporting process and disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible.
- Recommending, the appointment, re-appointment, replacement and removal of the statutory auditor and the audit fees payable and approving payment for any other services payable to statutory auditors, to the Board.
- Reviewing, with the management, the annual financial statements before submission to the Board for approval, with primary focus on matters required

## C. BOARD LEVEL COMMITTEES

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

- Audit Committee
- Share Transfer and Investor Grievance Committee.

### 1. AUDIT COMMITTEE

#### • Terms of reference

As a measure of good Corporate Governance and to provide assistance to the Board of Directors in fulfilling

to be included in the Directors Responsibility Statement, changes if any in accounting policies and practices and reasons thereof, compliance with accounting standards, major accounting entries involving estimates based on the exercise of judgement by the management, significant adjustments made in the financial statements arising out of Audit findings, qualifications in draft auditors' report, related party transactions and the going concern assumption.

- d) Compliance with the listing and other legal requirements concerning financial statements;
- e) Quarterly financial statements before submission to the Board for approval;
- f) Reviewing with the management, performance of statutory auditors, internal auditors and adequacy of internal control systems;
- g) Reviewing the adequacy of internal control system and internal audit function and reviewing the Company's financial and risk management policies
- h) Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
- i) Reviewing reports furnished by the internal auditors, discussion with the internal auditors on any significant findings ensuring suitable follow up there on
- j) Discussion with the statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern
- k) To look into the reasons for substantial defaults in the payment to the depositor, debenture holders, shareholders (in case of payment of declared dividends) and creditors;
- l) The functioning of Whistle Blowing mechanism;
- m) Management discussion and analysis of financial condition and results of operations;
- n) Management letters / letters of internal control weaknesses issued by the statutory auditors.
- o) Approval of appointment of CFO (i.e. The Whole Time Finance Director, or any other person heading

the finance function or discharging that function) after assessing the qualifications, experience & background etc of the candidate.

- p) Internal audit Reports pertaining to Internal Control weaknesses.
- q) The appointment, removal and terms of remuneration of the Chief Internal Auditor shall be subject to review by the Audit Committee.

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

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

#### **● Composition of Audit Committee**

The Audit Committee, as on March 31, 2013, consisted of the following five Directors who are eminent professionals and possess sound knowledge in finance:

|          |   |  |
|----------|---|--|
| Chairman | : | Mr. H. K Agrawal   |
| Members  | : | Mr. Rajeev Gupta,<br>Mr. Badri Agarwal,<br>Mr. R Vasudevan and<br>Mr. A. K. Jain |

#### **● Meetings and attendance during the year**

The Audit Committee met four times during the financial year from April 1, 2012 to March 31, 2013:



COSMO FILMS

|                   |                     |
|-------------------|---------------------|
| 1. May 22, 2012   | 3. November 8, 2012 |
| 2. August 7, 2012 | 4. February 5, 2013 |

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

| Names of the Audit Committee members | Number of Audit Committee Meetings  |          |
|--------------------------------------|-------------------------------------|----------|
|                                      | Held during the tenure of Directors | Attended |
| Mr. H K Agrawal                      | 4                                   | 4        |
| Mr. Rajeev Gupta                     | 4                                   | 2        |
| Mr. Badri Agarwal                    | 4                                   | 2        |
| Mr. R Vasudevan                      | 4                                   | 2        |
| Mr. A.K. Jain                        | 4                                   | 3        |

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

### > Terms of reference

This Committee was constituted specifically to review compliance of rules and regulations, to redress shareholder's grievance and to provide suggestions. To expedite the process of share transfers the Board has delegated the power of share transfer to M/s Alankit Assignments Limited viz. Registrar and Share Transfer Agents who attend the share transfer formalities at least once in a fortnight.

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

### > Composition of Share Transfer and Investor Grievance Committee

The Share Transfer and Investor Grievance Committee is headed by an Independent Director and presently consisted of the following members as on March 31, 2013:

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

### Note:

- > \*Dr. S. Rama Iyer ceased to be a Director w.e.f. 5<sup>th</sup> September, 2012
- > Mr. H. K. Agarwal has been appointed as member of STIGC w.e.f 9<sup>th</sup> November, 2012
- > **Meetings and attendance during the year**

The Share Transfer and Investor Grievance Committee met four times during the financial year from April 1, 2012 to March 31, 2013:

|                  |                    |
|------------------|--------------------|
| 1 May 22, 2012   | 3 November 9, 2012 |
| 2 August 8, 2012 | 4 February 5, 2013 |

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

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

### > Compliance Officer

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

### > Shareholders' Complaints etc. received during the FY- 2012-13

During the year from April 1, 2012 to March 31, 2013 the Company received 30 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, 2013, no complaint was pending for redressal and there were no pending share transfers as on March 31, 2013.

## 3. REMUNERATION COMMITTEE

### > Composition of Remuneration Committee

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

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

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

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

- > **Remuneration Paid to Directors**  
Following tables give the details of remuneration paid to directors, during the year from April 1, 2012 to March 31, 2013:

> **Remuneration to Non-Executive Directors**

| S. No. | Name of the Director | Sitting Fees |
|--------|----------------------|--------------|
| 1      | Mr. H. K. Agrawal    | 1,20,000     |
| 2      | Mr. Rajeev Gupta     | 90,000       |
| 3      | Mr. Badri Agarwal    | 50,000       |
| 4      | Mr. R. Vasudevan     | 1,00,000     |
| 5      | Dr. S. Rama Iyer     | 40,000       |
| 6      | Dr. Surinder Kapur   | —            |
| 7      | Mr. Suresh Rajpal    | 70,000       |

> **Remuneration to Executive Director**

| Sl. No. | Particulars        | Designation                  | Salary (Rs. in Crores) | Commission (Rs. in Crores) | Contribution to provident & Superannuation Funds (Rs in Crores) | Benefit (Rs. in Crores) | total Amount (Rs. in Crores) |
|---------|--------------------|------------------------------|------------------------|----------------------------|---|-------------------------|------------------------------|
| 1.      | Mr. Ashok Jaipuria | Chairman & Managing Director | 0.29                   | 2.02                       | 0.02  | 0.00                    | 2.33                         |
| 2.      | Mr. A. K. Jain     | Whole Time Director          | 0.86                   | 0.00                       | 0.04  | 0.00                    | 0.90                         |

**D. GENERAL BODY MEETINGS:**

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

| Year    | Place  | Date       | Time        |
|---------|--|------------|-------------|
| 2009-10 | Shah Auditorium, 2, Raj Niwas Marg, Civil Lines, Delhi -110054 | 09/09/2010 | 11:00 A.M.  |
| 2010-11 | Shah Auditorium, 2, Raj Niwas Marg, Civil Lines, Delhi -110054 | 13/07/2011 | 12:00 Noon. |
| 2011-12 | Shah Auditorium, 2, Raj Niwas Marg, Civil Lines, Delhi -110054 | 30/07/2012 | 10:45 A.M.  |

1. No Special Resolution was passed in the previous three Annual General Meetings.
2. No Resolution was passed through postal ballot, during the financial year 2012-13.

**E. DISCLOSURES:**

1. **Related Party Transactions:** There have been no materially significant related party transactions, pecuniary transactions or relationships between Cosmo Films and its Directors for the year ended March 31, 2013 other than those listed in notes to the annual accounts.
2. The Company has complied with the requirements of stock exchanges or SEBI on matters related to Capital Markets, as applicable. No penalty was levied by these authorities in last three years.
3. **Code of Conduct:** The Company has adopted a Code of Conduct for the members of the Board of Directors and the senior management of the Company. The Code of Conduct is displayed on the website of the Company. All the directors and the senior management personnel have affirmed compliance with the code for the financial year ended 31<sup>st</sup> March 2013. A declaration to this effect, signed by the Chairman & Managing Director is annexed to this report.
4. **Compliance with Mandatory requirements of clause 49 of the listing agreement**

The Company has complied with all the applicable mandatory requirements of clause 49 of the listing agreement.

5. **Compliance with Non-Mandatory requirements of clause 49 of the listing agreement**

The Company has fulfilled the following non-mandatory requirement of clause 49 of the listing agreement:

**Whistleblower Policy:** The Company has adopted a Whistle Blower Policy that has since been implemented within the organization. No Personnel of the Company have been denied access to the audit committee.

**Remuneration Committee:** The Board has a Remuneration Committee to determine on their



behalf and on behalf of the shareholders with agreed terms of reference, the company's policy on specific remuneration packages for executive directors including pension rights and any compensation payment.

6. The necessary certificate, pursuant to clause 49(V) of the listing agreement with stock exchanges, is annexed to this report.
7. The Company Secretary has a key role to play in ensuring the Board procedures and statutory compliances are properly followed. A certificate from the Company Secretary indicating the compliance of Companies Act, 1956 and Listing Agreement has been annexed to this report.
8. **Management Discussion and Analysis Report** - The Management Discussion and Analysis has been discussed in detail separately in this Annual Report.
9. **Compliance Certificate from Practicing Company secretary:** Certificate from Practicing Company Secretary confirming compliance with conditions of corporate governance as stipulated in clause 49 of the listing agreement, is annexed to this report.
10. Other disclosures as required under clause 49 has been given at relevant places in the Annual Report.

#### F MEANS OF COMMUNICATION / INVESTORS' COMMUNICATION

- The 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).

#### G. INFORMATION TO SHAREHOLDERS

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

## 2. ANNUAL GENERAL MEETING

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

## 3. FINANCIAL CALENDAR

Financial Year is April 1, 2013 to March 31, 2014 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, 2013.                     | August, 2013      |
| Financial results for the 2 <sup>nd</sup> quarter and half year ending September 30, 2013.  | November, 2013    |
| Financial results for the 3 <sup>rd</sup> quarter and nine months ending December 31, 2013. | February, 2014    |
| Financial results for the last quarter and financial year ending March 31, 2014.            | May, 2014         |

## 4. WEBSITE

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

## 5. DIVIDEND PAYMENT DATE

Dividend on equity shares as recommended by the Board of Directors for the year ended 31<sup>st</sup> March, 2013, if approved at the ensuing Annual General Meeting, will be paid on or before October 24, 2013.

## 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, 2013 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 2012-13 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, 2013

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

#### 10. MARKET PRICE DATA

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

| Particulars             | March 31, 2013  |               | March 31, 2012  |               |
|-------------------------|-----------------|---------------|-----------------|---------------|
|                         | No. of Shares   | % (Holding)   | No. of Shares   | % (Holding)   |
| Promoters               | 8328439         | 42.84         | 8560339         | 44.03         |
| Institutional Investors | 62762           | 0.32          | 38004           | 0.20          |
| Bodies Corporate        | 1244211         | 6.40          | 1246176         | 6.41          |
| Others                  | 9804664         | 50.44         | 9595557         | 49.36         |
| <b>Total</b>            | <b>19440076</b> | <b>100.00</b> | <b>19440076</b> | <b>100.00</b> |

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

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

| No. of Equity Shares | March 31, 2013 |            |                 |                | March 31, 2012 |               |                 |               |
|----------------------|----------------|------------|-----------------|----------------|----------------|---------------|-----------------|---------------|
|                      | No. of         | % of       | No. of          | % of share     | No. of         | % of          | No. of          | % of share    |
|                      | Shareholders   |            | shares          | Capital        | Shareholders   |               | shares          | Capital       |
| 1-500                | 20938          | 87.695     | 2777132         | 14.285         | 21065          | 88.40         | 2766911         | 14.23         |
| 501-1000             | 1561           | 6.538      | 1235082         | 6.353          | 1493           | 6.27          | 1187270         | 6.11          |
| 1001-2000            | 673            | 2.819      | 1001661         | 5.153          | 613            | 2.57          | 923253          | 4.75          |
| 2001-3000            | 259            | 1.085      | 662466          | 3.408          | 226            | 0.95          | 578663          | 2.98          |
| 3001-4000            | 104            | 0.436      | 371750          | 1.912          | 86             | 0.36          | 307300          | 1.58          |
| 4001-5000            | 96             | 0.402      | 455830          | 2.345          | 99             | 0.42          | 472291          | 2.43          |
| 5001-10000           | 142            | 0.595      | 1058517         | 5.445          | 137            | 0.58          | 998012          | 5.13          |
| 10001 and above      | 103            | 0.431      | 11877638        | 61.099         | 111            | 0.47          | 12206376        | 62.79         |
| <b>Total</b>         | <b>23876</b>   | <b>100</b> | <b>19440076</b> | <b>100.000</b> | <b>23830</b>   | <b>100.00</b> | <b>19440076</b> | <b>100.00</b> |





COSMO FILMS

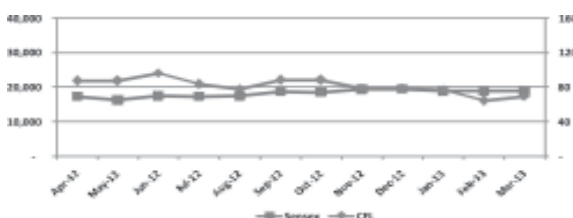
Monthly high and low prices of equity shares of the company traded at The Bombay Stock Exchange Limited and National Stock Exchange of India Limited are given below:

| MONTH  | BSE         |            | NSE         |            |
|--------|-------------|------------|-------------|------------|
|        | HIGH<br>(₹) | LOW<br>(₹) | HIGH<br>(₹) | LOW<br>(₹) |
| Apr-12 | 93.60       | 85.00      | 96.70       | 85.00      |
| May-12 | 89.75       | 82.00      | 93.40       | 81.70      |
| Jun-12 | 97.40       | 82.80      | 97.50       | 81.95      |
| Jul-12 | 104.00      | 81.00      | 101.70      | 81.20      |
| Aug-12 | 90.00       | 76.70      | 89.95       | 76.00      |
| Sep-12 | 97.50       | 77.65      | 97.50       | 77.95      |
| Oct-12 | 93.45       | 84.10      | 94.30       | 85.40      |
| Nov-12 | 88.80       | 75.05      | 92.30       | 76.00      |
| Dec-12 | 83.30       | 77.00      | 82.90       | 77.10      |
| Jan-13 | 81.85       | 75.60      | 81.55       | 75.10      |
| Feb-13 | 78.80       | 63.35      | 79.80       | 63.10      |
| Mar-13 | 88.95       | 62.10      | 84.85       | 62.00      |

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

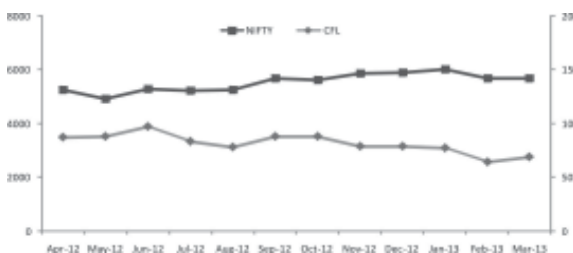
### a. COMPANY'S SHARE PRICE MOVEMENT VIS A VIS BSE SENSEX

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, 2013, 96.35% (i.e. 187, 31, 037 equity shares) of the total equity share capital (i.e. 1,94,40,076 equity shares) were held in demat form.

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

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

### M/s Alankit Assignments limited

2E/21, Alankit House,  
Jhandewalan Extension, New Delhi 110 055  
Ph: +91 11 42541234/ , Fax: +91 11 011-42541967  
Contact Person: Mr. R. S. Maurya

## 14. PLANT LOCATIONS

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

## 15. ADDRESS FOR CORRESPONDENCE:

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

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

OR

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

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

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

## ANNEXTURES TO THE CORPORATE GOVERNANCE REPORT

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

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

1. The Code of Conduct has been laid down for all the Board members and Senior Management and other employees of the Company.
2. The Code of conduct has been posted on website of the Company.
3. The Board members and senior management personnel have affirmed compliance with the code of conduct for the year 2012-13.

**Ashok Jaipuria**  
Chairman & Managing Director

**May 27, 2013**  
New Delhi



COSMO FILMS

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

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

We, the undersigned hereby certify that:

- (a) We have reviewed the financial statements and the cash flow statement for the Financial Year 2012-13 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 2012-13 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**

Ashok Jaipuria  
**Chairman & Managing Director**

New Delhi  
May 27, 2013

#### **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, 1956 ("the Act") and the Rules made there under.
- (ii) Filed all the forms and returns and furnished all the necessary particulars to the Registrar of Companies and/or Authorities as required by the Companies Act, 1956.
- (iii) Issued all notices required to be given for convening of Board Meeting and General Meeting, within the time limit prescribed by law.
- (iv) Conducted the Board Meetings and Annual General Meeting as per the Act.
- (v) Complied with all the requirements relating to the minutes of the proceedings of the meetings of the Directors and the Shareholders.
- (vi) Made due disclosure required under the Act including those required in pursuance of the disclosure made by the Directors.
- (vii) Obtained all necessary approvals of Directors, Shareholders, Central Government and other Authorities as per the requirements.
- (viii) Paid dividend amounts to the Shareholders and unpaid dividend amounts, if applicable, have been transferred to the Investor Education and Protection Fund within the limit prescribed.
- (ix) Complied with all the requirements of the Listing Agreement entered into with the Stock Exchange(s) in India.
- (x) The company has also complied with other statutory requirements under the Companies Act, 1956 and other related statutes in force.

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

Jyoti Dixit  
Company Secretary

New Delhi  
May 27, 2013



COSMO FILMS

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

We have examined the compliance of conditions of Corporate Governance by Cosmo Films Limited ("the Company") for the year ended March 31, 2013 as stipulated in clause 49 of the listing agreement of the company with the stock exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance as stipulated in said clause. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and explanation give to us, and as per representations made by Directors and management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

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

**For Ujjwal Sharma & Co.  
COMPANY SECRETARY**

New Delhi  
May 27, 2013

**Ujjwal Sharma  
C.P. number 9212**

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

| NAME OF EMPLOYEE   | Designation                  | Gross Annual Remuneration | Qualification  | Years of Experience | Date of Commencement | Age | Last Employment     | Designation           |
|--------------------|------------------------------|---------------------------|--|---------------------|----------------------|-----|---------------------|-----------------------|
| Mr. Ashok Jaipuria | Chairman & Managing Director | 1,06,30,383               | Degree in Associate of Arts in Business Admin & Diploma in Marketing Science | 42                  | 02.04.1980           | 59  |                     |                       |
| Mr. A.K. Jain      | Director                     | 95,51,080                 | B.Com.(Hons),AICWA, CISA   | 43                  | 01.09.2008           | 62  | Mawana Sugars Ltd   | Senior Vice President |
| Mr Pankaj Poddar   | President                    | 90,93,724                 | B.Com,CA,PGDBM   | 16                  | 02.07.2011           | 37  | Avon Beauty Product | Director - Finance    |





COSMO FILMS

## CORPORATE SOCIAL RESPONSIBILITY

At Cosmo Films, we have a conviction that CSR is an effective tool to synergize the efforts of Corporate and the social sector agencies towards sustainable growth and development of the under privileged community.

In this context, over a period of five years, various initiatives have been undertaken to enhance quality of education in rural areas by building partnership with local Government Schools. These programs and activities are being carried out under the philanthropic arm- Cosmo Foundation.

Basic Computer Literacy on Windows and ubuntu Linux operating system was imparted to 1623 students from class 1 to 12 enrolled in 10 Government grant in aid schools.

187 students from class 5 to 10 were imparted special coaching on basic functional English grammar, composition and personality development.

448 Students from class 2 to 8 were enrolled in Cosmo Gyan Vihar Kendra. The thrust was on school readiness activities, improving reading, writing, arithmetic skills and communication skills.

118 Students were offered basic certificate course in computer technology and 62 students were offered Basic English Course during summer holidays. It helps in pursuing higher education

and employment opportunities.

Awarded laptops to three best performer students in computer education and consolation prize of educational books to 12 students. Six students from economically marginalized communities are given scholarships to pursue their education.

With an aim to enhance importance of education and widen exposure, visit of selected students from Government schools were organized to the manufacturing site of Cosmo Films.

Book Fair and Children's Fair were organized to promote reading habits, joyful learning and creativity among young children. 500 students, parents and teachers from Government schools participated in these events.

Career Guidance programs were organized in six villages in collaboration with local groups. 448 students and parents participated in the program.

Sponsored Shahid Bhagatsih Cricket Tournament organized by Trade Unions in Aurangabad with an aim to strengthen Industrial Relations.

Four Public Gardens are maintained in Aurangabad to add aesthetic value to the historic city.

## AWARDS AND RECOGNITION

- Improvement in Quality of Education.
- > Africa CSR Leadership Award 2012 for Support and
- > Asia Pacific Enterprise Leadership Awards 2013 for Commitment to Philanthropy and Product Innovation.



## INDEPENDENT AUDITORS' REPORT

### To the Members of Cosmo Films Limited

#### Report on the Financial Statements

1. We have audited the accompanying financial statements of Cosmo Films Limited, ("the Company"), which comprise the Balance Sheet as at March 31, 2013, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

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

2. Management is responsible for the preparation of these financial statements, that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes 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.

#### Auditors' Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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 control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the

reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

#### Opinion

6. In our opinion and to the best of our information and according to the explanations given to us, the 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:
  - i) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013
  - ii) in the case of Statement of Profit and Loss, of the profit for the year ended on that date; and
  - iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date

#### Report on Other Legal and Regulatory Requirements

7. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
8. As required by Section 227(3) of the Act, we report that:
  - a. we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the 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 appears from our examination of those books;
  - c. the financial statements dealt with by this report are in agreement with the books of account;
  - d. in our opinion, the financial statements comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Act; and
  - e. on the basis of written representations received from the directors, as on March 31, 2013 and taken



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on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act.

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

per **Neeraj Goel**  
Partner  
Membership No.: 099514

New Delhi  
May 27, 2013

**Annexure to the Independent Auditors' Report of even date to the members of Cosmo Films Limited, on the financial statements for the year ended March 31, 2013**

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

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The Company has a regular program of physical verification of its fixed assets under which fixed assets are verified in a phased manner over a period of three 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) In our opinion, a substantial part of fixed assets has not been disposed off during the year.
- (ii) (a) The management has conducted physical verification of inventory at reasonable intervals during the year, except for goods-in-transit and stocks lying with third parties. For stocks lying with third parties at the year-end, written confirmations have been obtained by the management.
- (b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size

of the Company and the nature of its business.

- (c) The Company is maintaining proper records of inventory and no material discrepancies between physical inventory and book records were noticed on physical verification.
- (iii) (a) The Company has not granted any loan, secured or unsecured to companies, firms or other parties covered in the register maintained under Section 301 of the Act. Accordingly, the provisions of clauses 4(iii)(b) to 4(iii)(d) of the Order are not applicable.
- (b) The Company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under Section 301 of the Act. Accordingly, the provisions of clauses 4(iii)(f) and 4(iii)(g) of the Order are not applicable.
- (iv) In our opinion, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods. During the course of our audit, no major weakness has been noticed in the internal control system in respect of these areas.
- (v) (a) In our opinion, the particulars of all contracts or arrangements that need to be entered into the register maintained under Section 301 of the Act have been so entered.
- (b) In our opinion, the transactions made in pursuance of such contracts or arrangements and exceeding the value of ₹5 lakhs in respect of any party during the year have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- (vi) The Company has not accepted any deposits from the public within the meaning of Sections 58A and 58AA of the Act and the Companies (Acceptance of Deposits) Rules, 1975. Accordingly, the provisions of clause 4(vi) of the Order are not applicable.
- (vii) In our opinion, the Company has an internal audit system commensurate with its size and the nature of its business.
- (viii) 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 clause (d) of sub-section (1)

of Section 209 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.

- (ix) (a) The Company is regular in depositing undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth tax, service tax, custom duty, excise duty, cess and other material statutory dues, as applicable, with 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 become payable.
- (b) The dues outstanding in respect of income-tax, sales-tax, wealth tax, service tax, custom duty, excise duty, cess on account of any dispute, are as follows:

advances on the basis of security by way of pledge of shares, debentures and other securities. Accordingly, the provisions of clause 4(xii) of the Order are not applicable.

- (xiii) In our opinion, the Company is not a chit fund or a nidhi/ mutual benefit fund/ society. Accordingly, provisions of clause 4(xiii) of the Order are not applicable.
- (xiv) In our opinion, the Company is not dealing or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Order are not applicable.
- (xv) The Company has given a guarantee in respect of loans taken by subsidiaries from banks, in respect of which no commission is charged from the subsidiaries. In our opinion, having regard to the long term involvement with the subsidiary companies and considering the explanations given to us in this regard, the terms and conditions of the above are not, *prima facie*, prejudicial to the interests of the Company.

| Name of the statute            | Nature of dues          | Amount<br>(₹ in crores)             | Period to which the<br>amount relates      | Forum where dispute<br>is pending |
|--------------------------------|-------------------------|-------------------------------------|--|-----------------------------------|
| Central Excise &<br>Custom Act | Excise duty             | 6.08                                | 1995-96, 1996-97, 2006-07<br>and 2009-10   | Appellate Tribunal                |
|                                | Excise duty             | 0.09                                | 2004-05, 2007-08<br>and 2006-07 to 2008-09 | Assistant Commissioner            |
|                                | Service tax             | 0.23                                | 2007-08, 2011-12                           | Assistant Commissioner            |
|                                | Excise duty             | 1.46                                | 2008-09, 2009-10 and 2010-11               | Commissioner Appeals              |
|                                | Service tax             | 0.12                                | 2010-11, 2011-12                           | Commissioner Appeals              |
| Gujarat Sales Tax Act          | Sales tax               | 0.07                                | 1998-99 and 1999-00                        | Sales Tax Tribunal                |
| Income Tax Act, 1961           | Income Tax<br>& Penalty | 4.83 (paid under<br>dispute ₹ 4.83) | 2002-03                                    | Hon'ble Supreme<br>Court of India |

- (x) In our opinion, the Company has no accumulated losses at the end of the financial year and it has not incurred cash losses in the current and the immediately preceding financial year.
- (xi) The Company has not defaulted in repayment of dues to any bank or financial institution during the year. The Company did not have any outstanding debentures during the year.
- (xii) The Company has not granted any loans and
- (xvi) In our opinion, the Company has applied the term loans for the purpose for which these loans were obtained.
- (xvii) In our opinion, no funds raised on short-term basis have been used for long-term investment by the Company.
- (xviii) During the year, the Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under



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Section 301 of the Act. Accordingly, the provisions of clause 4(xviii) of the Order are not applicable.

- (xix) The Company has neither issued nor had any outstanding debentures during the year. Accordingly, the provisions of clause 4(xix) of the Order are not applicable.
- (xx) The Company has not raised any money by public issues during the year. Accordingly, the provisions of clause 4(xx) of the Order are not applicable.

- (xxi) No fraud on or by the Company has been noticed or reported during the period covered by our audit.

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

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

New Delhi  
May 27, 2013

**Balance Sheet** as at 31 March, 2013  
*(All amounts in ₹ crores, unless stated otherwise)*

| Particulars   | Notes | As at<br>31 March 2013 | As at<br>31 March 2012 |
|---|-------|------------------------|------------------------|
| <b>EQUITY AND LIABILITIES</b>                       |       |                        |                        |
| <b>Shareholders' funds</b>                          |       |                        |                        |
| Share capital                                       | 2     | 19.44                  | 19.44                  |
| Reserves and surplus                                | 3     | 349.49                 | 338.83                 |
|   |       | <b>368.93</b>          | <b>358.27</b>          |
| <b>Non-current liabilities</b>                      |       |                        |                        |
| Long term borrowings                                | 4     | 227.87                 | 133.53                 |
| Deferred tax liabilities (net)                      | 5     | 69.71                  | 66.05                  |
| Long-term provisions                                | 6     | -                      | 1.76                   |
|   |       | <b>297.58</b>          | <b>201.34</b>          |
| <b>Current liabilities</b>                          |       |                        |                        |
| Short term borrowings                               | 7     | 196.30                 | 168.38                 |
| Trade payables                                      | 8     | 89.46                  | 58.03                  |
| Other current liabilities                           | 9     | 44.29                  | 40.76                  |
| Short-term provisions                               | 10    | 6.30                   | 12.11                  |
|   |       | <b>336.35</b>          | <b>279.28</b>          |
| <b>TOTAL</b>  |       | <b>1,002.86</b>        | <b>838.89</b>          |
| <b>ASSETS</b>                                       |       |                        |                        |
| <b>Non-current assets</b>                           |       |                        |                        |
| Fixed assets  | 11    |                        |                        |
| Tangible assets                                     |       | 367.08                 | 365.92                 |
| Intangible assets                                   |       | 6.54                   | 7.15                   |
| Capital work in progress                            |       | 157.70                 | 3.80                   |
| Non current investments                             | 12    | 165.99                 | 120.99                 |
| Long term loans and advances                        | 13    | 14.52                  | 24.29                  |
| Other non current assets                            | 14    | 0.14                   | 0.13                   |
|   |       | <b>711.97</b>          | <b>522.28</b>          |
| <b>Current assets</b>                               |       |                        |                        |
| Inventories   | 15    | 79.57                  | 96.71                  |
| Trade receivables                                   | 16    | 114.50                 | 104.99                 |
| Cash and bank balances                              | 17    | 13.88                  | 38.96                  |
| Short term loans and advances                       | 18    | 82.50                  | 75.32                  |
| Other current assets                                | 19    | 0.44                   | 0.63                   |
|   |       | <b>290.89</b>          | <b>316.61</b>          |
| <b>TOTAL</b>  |       | <b>1,002.86</b>        | <b>838.89</b>          |
| <b>Statement on significant accounting policies</b> | 1     |                        |                        |

The accompanying notes are an integral part of the financial statements  
This is the Balance sheet referred to in our report of even date

For and on behalf of Board of Directors

For **Walker, Chandio & Co**  
Chartered Accountants  
per **Neeraj Goel**  
Partner

**Rajeev Gupta**  
Director  
**Neeraj Jain**  
Chief Financial Officer

**Ashok Jaipuria**  
Chairman & Managing Director  
**Jyoti Dixit**  
Company Secretary

**Place :** Delhi  
**Date :** 27 May 2013



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**Statement of profit and loss for the year ended 31 March, 2013**

(All amounts in ₹ crores, unless stated otherwise)

| Particulars   | Notes | As at<br>31 March 2013 | As at<br>31 March 2012 |
|---|-------|------------------------|------------------------|
| <b>INCOME</b>   |       |                        |                        |
| Revenue from operations (gross)   | 20    | 1,094.81               | 965.75                 |
| Less : Excise duty  |       | (52.93)                | (42.70)                |
| <b>Revenue from operations (net)</b>                                      |       | <b>1,041.88</b>        | <b>923.05</b>          |
| Other income  | 21    | 4.06                   | 1.17                   |
| <b>Total income</b>   |       | <b>1,045.94</b>        | <b>924.22</b>          |
| <b>EXPENSES</b>   |       |                        |                        |
| Decrease/(increase) in inventories of finished goods and work-in-progress | 22    | 4.76                   | (21.84)                |
| Cost of materials consumed  |       | 706.68                 | 614.02                 |
| Employee benefit expenses   | 23    | 46.30                  | 52.81                  |
| Finance costs   | 24    | 22.74                  | 22.50                  |
| Depreciation and amortisation expense                                     | 11    | 33.17                  | 30.15                  |
| Other expenses  | 25    | 206.59                 | 178.20                 |
| <b>Total expenses</b>   |       | <b>1,020.24</b>        | <b>875.84</b>          |
| <b>Profit before tax and exceptional items</b>                            |       | <b>25.70</b>           | <b>48.38</b>           |
| Exceptional items   | 26    | (5.75)                 | 6.90                   |
| <b>Profit before tax</b>  |       | <b>19.95</b>           | <b>55.28</b>           |
| <b>Tax expenses:</b>  |       |                        |                        |
| Current tax   |       |                        |                        |
| Current year  |       | 4.11                   | 14.30                  |
| MAT credit entitlement  |       | (1.40)                 | -                      |
| Earlier years   |       | (0.55)                 | (5.89)                 |
| Deferred tax  |       |                        |                        |
| Current year  |       | 2.49                   | (0.32)                 |
| Earlier years   |       | 1.17                   | 1.62                   |
| <b>Profit for the year</b>  |       | <b>14.13</b>           | <b>45.57</b>           |
| Earnings per share ( ₹ ):   | 27    |                        |                        |
| -Basic  |       | 7.27                   | 23.44                  |
| -Diluted  |       | 7.27                   | 23.44                  |
| <b>Statement on significant accounting policies</b>                       | 1     |                        |                        |

The accompanying notes are an integral part of the financial statements

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

For and on behalf of Board of Directors

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

per **Neeraj Goel**  
Partner

**Place** : Delhi

**Date** : 27 May 2013

**Rajeev Gupta**  
Director

**Neeraj Jain**  
Chief Financial Officer

**Ashok Jaipuria**  
Chairman & Managing Director

**Jyoti Dixit**  
Company Secretary



**STATEMENT OF CASH FLOW FOR THE YEAR ENDED 31 MARCH 2013**
*(All amounts in ₹ crores, unless stated otherwise)*

| Particulars   | Year ended<br>31 March 2013 | Year ended<br>31 March 2012 |
|---|-----------------------------|-----------------------------|
| <b>A. Cash flow from operating activities:</b>                          |                             |                             |
| Profit before tax   | 19.95                       | 55.28                       |
| Adjustments for:  |                             |                             |
| Depreciation and amortisation expenses                                  | 33.17                       | 30.15                       |
| Interest expense  | 19.24                       | 18.51                       |
| Interest income   | (2.40)                      | (1.23)                      |
| Unrealised gain on exchange fluctuation                                 | 2.17                        | 0.86                        |
| Profit on sale of fixed assets (net)                                    | (1.31)                      | (10.58)                     |
| Bad debt written off  | 0.94                        | 0.00                        |
| Provision for bad and doubtful debts/advances                           | 0.28                        | 0.29                        |
| Liability no longer required written back                               | (9.48)                      | (0.18)                      |
| <b>Operating profit before working capital changes</b>                  | <b>62.56</b>                | <b>93.10</b>                |
| <b>Adjustments for changes in working capital :</b>                     |                             |                             |
| - Movement in trade receivables   | (10.44)                     | 73.36                       |
| - Movement in other receivables   | (3.50)                      | (37.21)                     |
| - Movement in inventories   | 17.14                       | (16.34)                     |
| - Movement in trade and other payables                                  | 23.73                       | 3.23                        |
| <b>Cash generated from operations</b>                                   | <b>89.49</b>                | <b>116.14</b>               |
| Income tax paid   | (5.12)                      | (25.79)                     |
| <b>Net cash generated from operating activities</b>                     | <b>84.37</b>                | <b>90.35</b>                |
| <b>B. Cash flow from investing activities:</b>                          |                             |                             |
| Purchase of fixed assets and capital work in progress                   | (159.04)                    | (29.05)                     |
| Proceeds from sale of fixed assets                                      | 3.31                        | 11.94                       |
| Purchase of investments   | (45.00)                     | (66.21)                     |
| Proceed on maturity of fixed deposits (net)                             | 18.30                       | 11.57                       |
| Interest received   | 2.59                        | 1.66                        |
| <b>Net cash used in investing activities</b>                            | <b>(179.84)</b>             | <b>(70.09)</b>              |
| <b>C. Cash flow from financing activities:</b>                          |                             |                             |
| Proceeds from long term borrowings                                      | 121.52                      | 41.84                       |
| Repayment of long term borrowings                                       | (30.70)                     | (28.39)                     |
| Proceeds/(Repayment) of short term borrowings                           | 27.92                       | (0.22)                      |
| Interest paid   | (18.75)                     | (18.47)                     |
| Dividend paid   | (9.72)                      | (9.72)                      |
| Dividend tax paid   | (1.58)                      | (1.58)                      |
| <b>Net cash generated/(used) in financing activities</b>                | <b>88.69</b>                | <b>(16.54)</b>              |
| <b>Net (decrease)/increase in cash and cash equivalents</b>             | <b>(6.78)</b>               | <b>3.72</b>                 |
| <b>Cash and cash equivalents at the beginning of the year</b>           | <b>13.96</b>                | <b>10.24</b>                |
| <b>Cash and cash equivalents at the end of the year (refer note 17)</b> | <b>7.18</b>                 | <b>13.96</b>                |

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

For and on behalf of Board of Directors

For Walker, Chandio & Co  
Chartered Accountants

Rajeev Gupta  
Director

Ashok Jaipuria  
Chairman & Managing Director

per Neeraj Goel  
Partner

Neeraj Jain  
Chief Financial Officer

Jyoti Dixit  
Company Secretary

Place : Delhi  
Date : 27 May 2013



COSMO FILMS

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013

(All amounts in ₹ crores, unless stated otherwise)

### 1. STATEMENT ON SIGNIFICANT ACCOUNTING POLICES

#### a) Background and nature of operations

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

#### b) Basis of preparation

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

#### c) Use of estimates

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

#### d) Fixed assets

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

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

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

#### e) Investments

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

#### f) Inventories

Inventories are valued at cost or net realizable value, whichever is lower. The cost in respect of the various items of inventory is computed as under:

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013**  
*(continued...)*

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

**g) Depreciation**

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

| Block of asset                            | Life (in years) |
|---|-----------------|
| Buildings                                 | 30              |
| Plant and machinery (Including computers) | 6-21            |
| Furniture and fixtures                    | 16              |
| Vehicles                                  | 11              |
| Office equipment                          | 20              |
| Intangible – software                     | 6               |

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

**h) Research and development**

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

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

**i) Foreign currency transactions**

**Initial recognition**

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

**Conversion**

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



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013

(Continued...)

### Exchange differences

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

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

### j) Accounting of cash flow hedges and derivatives

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

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

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

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

### k) Employees benefits

#### Provident fund

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

#### Gratuity

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

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013**

(continued..).

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

**Compensated absences**

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

**l) Taxation**

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

Minimum Alternate Tax ('MAT') credit is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. In the year in which MAT credit becomes eligible to be recognised as an asset in accordance with the recommendations contained in guidance note issued by the Institute of Chartered Accountants of India, the said asset is created by way of a credit to the Statement of profit and loss and shown as MAT credit entitlement. The Company reviews the same at each balance sheet date and writes down the carrying amount of MAT credit entitlement to the extent it is not reasonably certain that the Company will pay normal income tax during the specified period.

**m) Revenue recognition**

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

**Sales**

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

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

**Interest**

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

**Dividend**

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



**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013**

*(Continued...)*

**Benefit under duty entitlement pass book scheme / duty drawback scheme**

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

**n) Borrowing costs**

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

**o) Earnings per share (EPS)**

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period is adjusted for events of bonus issue and share split.

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

**p) Impairment of assets**

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

**q) Provisions and contingent liabilities**

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

**NOTES OF THE FINANCIAL STATEMENTS for the year ended 31 March 2013**  
*(All amounts in ₹ crores, unless stated otherwise)*

**2 SHARE CAPITAL**

| Particulars   | As at 31 March 2013 |              | As at 31 March 2012 |              |
|---|---------------------|--------------|---------------------|--------------|
|   | Number              | Amount       | Number              | Amount       |
| <b>Authorised share capital</b>                           |                     |              |                     |              |
| Equity shares of ₹ 10 each                                | 25,000,000          | 25.00        | 25,000,000          | 25.00        |
|   |                     | <b>25.00</b> |                     | <b>25.00</b> |
| <b>Issued, subscribed and fully paid up share capital</b> |                     |              |                     |              |
| Equity shares of ₹ 10 each                                | 19,440,076          | 19.44        | 19,440,076          | 19.44        |
| <b>Total</b>  |                     | <b>19.44</b> |                     | <b>19.44</b> |

**Notes:**

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

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

**b) Terms and rights attached to equity shares**

The Company has only one class of equity shares having the par value of ₹10 per share. Each holder of equity share is entitled to one vote per share. The Company declares and pays dividend in Indian Rupees.

During the year ended 31 March 2013, the amount of per share dividend recognised as distributions to equity shareholders was ₹ 2.50 (previous year ₹ 5 per share). The dividend proposed by Board of Directors is subject to approval of shareholders in Annual General Meeting.

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

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

| Name of shareholder                   | As at 31 March 2013   |              | As at 31 March 2012   |              |
|---------------------------------------|-----------------------|--------------|-----------------------|--------------|
|                                       | Number of shares held | % of holding | Number of shares held | % of holding |
| Sunrise Manufacturing Company Limited | 3,957,552             | 20.36%       | 3,957,552             | 20.36%       |
| Pravasi Enterprises Limited           | 2,271,104             | 11.68%       | 2,271,104             | 11.68%       |





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**NOTES OF THE FINANCIAL STATEMENTS for the year ended 31 March 2013**  
(All amounts in ₹ crores, unless stated otherwise)

**3 RESERVES AND SURPLUS**

| Particulars  | As at<br>31 March 2013 | As at<br>31 March 2012 |
|--|------------------------|------------------------|
| <b>Capital reserves</b>  | <b>3.32</b>            | <b>3.32</b>            |
| <b>Securities premium account</b>                                    | <b>31.26</b>           | <b>31.26</b>           |
| <b>General reserve</b>   |                        |                        |
| Balance at the beginning of the year                                 | 284.63                 | 280.07                 |
| Add: Transferred from surplus in statement of profit and loss        | 1.41                   | 4.56                   |
| <b>Balance at the end of the year</b>                                | <b>286.04</b>          | <b>284.63</b>          |
| <b>Hedging reserve</b>   |                        |                        |
| Balance at the beginning of the year                                 | (4.73)                 | (2.27)                 |
| Add : Amount recognised during the year                              | 2.63                   | (2.46)                 |
| <b>Balance at the end of the year</b>                                | <b>(2.10)</b>          | <b>(4.73)</b>          |
| <b>Foreign currency monetary item translation difference account</b> |                        |                        |
| Balance at the beginning of the year                                 | (5.36)                 | -                      |
| Add : Amounts recognised during the year                             | (2.87)                 | (6.50)                 |
| Less : Amounts amortised during the year                             | 2.46                   | 1.14                   |
| <b>Balance at the end of the year</b>                                | <b>(5.77)</b>          | <b>(5.36)</b>          |
| <b>Surplus as per Statement of profit and loss</b>                   |                        |                        |
| Balance at the beginning of the year                                 | 29.71                  | -                      |
| Add: Profit for the year   | 14.13                  | 45.57                  |
| Less : Proposed dividends on equity shares                           | (4.86)                 | (9.72)                 |
| Less : Tax on dividends distributed during the year                  | (0.83)                 | (1.58)                 |
| Less : Transfer to general reserve                                   | (1.41)                 | (4.56)                 |
| <b>Balance at the end of the year</b>                                | <b>36.74</b>           | <b>29.71</b>           |
| <b>Total</b>   | <b>349.49</b>          | <b>338.83</b>          |

**4 LONG TERM BORROWINGS**

| Particulars                     | As at 31 March 2013 |              | As at 31 March 2012 |              |
|---------------------------------|---------------------|--------------|---------------------|--------------|
|                                 | Non current         | Current      | Non current         | Current      |
| <b>Secured</b>                  |                     |              |                     |              |
| <b>Term loans</b>               |                     |              |                     |              |
| Foreign currency loans (note a) | 205.13              | 21.45        | 118.08              | 21.47        |
| Rupee term loans (note b)       | 22.50               | 11.79        | 15.00               | 8.04         |
| Vehicle loans (note c)          | 0.24                | 0.49         | 0.45                | 0.74         |
| <b>Total</b>                    | <b>227.87</b>       | <b>33.73</b> | <b>133.53</b>       | <b>30.25</b> |

**Notes:**

- a) Foreign currency loans comprises of :
- (i) Loan of USD 10,000,000 taken from ICICI Bank during the financial year 2010-11 and carries interest @ Libor +400 bps per annum. The loan is repayable in 5 equal semi annual installments of USD 2,000,000 each after moratorium period of 3.5 years from the date of loan.

**NOTES OF THE FINANCIAL STATEMENTS for the year ended 31 March 2013**

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

*Continued...*

- (ii) Loan of USD 7,500,000 taken from HSBC PLC Bank during the financial year 2008-09 and carries interest @ Libor+150 bps per annum. The loan is repayable in 6 equal semi annual installments of USD 1,250,000 each after moratorium period of 2.5 years from the date of loan.
  - (iii) Loan of USD 13,272,220 taken from Landesbank Baden Wurttemberg Bank (LBBW) during the financial year 2008-09 and 2009-10 and carries interest @ Libor+37.5 bps per annum. The loan is repayable in 16 equal semi annual installments of approx. USD 832,640 each after six month from the date of start of commercial production.
  - (iv) Loan of USD 5,000,000 taken from IFC Bank during the financial year 2011-12 and carries interest @ Libor+400 bps per annum. The loan is repayable in 15 equal semi-annual installments of USD 333,333 after moratorium period of 2.5 years from the date of loan.
  - (v) Loan of EURO 9,219,450 taken from Landesbank Baden Wurttemberg Bank (LBBW) during the financial year 2012-13 and carries interest @ Libor+105 bps per annum. The loan is repayable in 17 equal semi annual installments starting after six month from the date of start of commercial production.
  - (vi) Loan of USD 7,000,000 taken from DBS Bank during the financial year 2012-13 and carries interest @ Libor+225 bps per annum. The loan is repayable in 8 semi-annual installments from April-2015. (The loan has been fully hedged into an equivalent Rupee loan with fixed rate of interest).
- b) Rupee term loans comprises of :
- (i) Loan of ₹108,675,000 taken from Kotak Mahindra Bank during the financial year 2011-12 and carries interest @ base rate+ 3.75% per annum. The loan is repayable in 78 equal monthly installments of ₹1,393,000 alongwith interest from the date of loan.
  - (ii) Loan of ₹ 318,159,170 taken from IDBI Bank during the financial year 2008-09 and carries interest @ base rate+ 2.65% per annum. The loan is repayable in 10 equal semi annual installments of ₹ 31,815,917 alongwith interest from the date of loan.
  - (iii) Loan of ₹ 300,000,000 taken from SBI during the financial year 2012-13 and carries interest @ base rate+ 2.25% per annum. The loan is repayable after a Moratorium of 12 month from the date of disbursement in 8 equal quarterly installments of ₹ 37,500,000.
- c) Vehicle loans taken from Union Bank of India carries interest @10.5% -12% per annum. This loan is repayable in 3 years.
- d) Details of security for each type of borrowings:-
- (i) Foreign currency loan from ICICI Bank is secured by subservient charge on all of the Company's moveable fixed assets, both present and future, save and except plant and machineries at Baska and Chikalthana and any assets charged exclusively to other lenders.
  - (ii) Foreign currency loan from Landesbank Baden Wurttemberg Bank (LBBW) taken in financial year 2008-09 and financial year 2009-10 is secured against hypothecation of machinery financed out of the loan amount at the Company's plant at Karjan, Vadodara.
  - (iii) Foreign currency loan from HSBC PLC Bank is secured by first pari-passu charge over the entire fixed assets of the Company except assets exclusively charged to Landesbank Baden Wurttemberg Bank (LBBW).
  - (iv) Foreign currency loan from IFC Bank is secured by first ranking security interest over all present and future movable and immovable fixed assets except the excluded assets, ranking pari passu with the other lenders.



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## NOTES OF THE FINANCIAL STATEMENTS for the year ended 31 March 2013

(All amounts in ₹ crores, unless stated otherwise)

Continued...

- (v) Foreign currency loan from Landesbank Baden Wurttemberg Bank (LBBW) taken in financial year 2012-13 is secured against hypothecation of machinery financed out of the loan amount at the Company's new plant at Shendra, Aurangabad.
  - (vi) Foreign currency loan from DBS Bank is secured by pari passu charge on the movable and immovable fixed assets both present and future of the Company, except the excluded assets.
  - (vii) Rupee term loan from Kotak Mahindra Bank is secured against mortgage by way of exclusive charge on the immovable properties being commercial properties situated at 1004-1010, 10th floor, DLF Towers, Jasola, New Delhi.
  - (viii) Rupee term loan from IDBI Bank is secured against pari-passu first charge on entire fixed assets of the Company by way of extension except assets exclusively charged to Landesbank Baden Wurttemberg (LBBW).
  - (ix) Rupee term loan from SBI is secured against pari-passu charge with other term lenders on entire fixed assets of the Company, present and future including equitable mortgage of certain properties.
  - (x) Vehicle loans from Union Bank of India are secured against hypothecation of vehicles financed out of the loan amount.
- e) Current maturities of long term borrowings are disclosed under the head other current liabilities.

### 5. DEFERRED TAX LIABILITIES (NET)

| Particulars  | As at<br>31 March 2013 | As at<br>31 March 2012 |
|--|------------------------|------------------------|
| <b>Deferred tax liability</b>  |                        |                        |
| Fixed assets: Impact of difference between tax depreciation and depreciation charged in the books.                           | 71.74                  | 71.41                  |
| <b>Gross deferred tax liability</b>  | <b>71.74</b>           | <b>71.41</b>           |
| <b>Deferred tax assets</b>   |                        |                        |
| Provision for bad and doubtful debts   | 0.32                   | 0.24                   |
| Tax impact of other expenses charged in the financial statement but allowable as deductions in future years under income tax | 1.71                   | 5.12                   |
| <b>Gross deferred tax assets</b>   | <b>2.03</b>            | <b>5.36</b>            |
| <b>Deferred tax liabilities (net)</b>  | <b>69.71</b>           | <b>66.05</b>           |

Note :

The above includes impact of tax rate change on deferred tax liability amounting to ₹ 3.06 crores and is included in deferred tax expense earlier years in Statement of profit and loss

### 6 LONG TERM PROVISIONS

| Particulars              | As at<br>31 March 2013 | As at<br>31 March 2012 |
|--------------------------|------------------------|------------------------|
| Employee benefit payable | -                      | 1.76                   |
| <b>Total</b>             | <b>-</b>               | <b>1.76</b>            |

**NOTES OF THE FINANCIAL STATEMENTS for the year ended 31 March 2013**
*(All amounts in ₹ crores, unless stated otherwise)*
**7. SHORT TERM BORROWINGS**

| Particulars   | As at<br>31 March 2013 | As at<br>31 March 2012 |
|---|------------------------|------------------------|
| <b>Secured</b>                                      |                        |                        |
| <b>From banks</b>                                   |                        |                        |
| Cash credits/ working capital demand loans (note a) | 195.83                 | 155.36                 |
| Overdrafts (note b)                                 | 0.47                   | 3.01                   |
|   | <b>196.30</b>          | <b>158.37</b>          |
| <b>Unsecured</b>                                    |                        |                        |
| <b>Term loans</b>                                   |                        |                        |
| From others (note c)                                | –                      | 10.01                  |
|   | <b>–</b>               | <b>10.01</b>           |
| <b>Total</b>  | <b>196.30</b>          | <b>168.38</b>          |

**Notes:**

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

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

- (i) Cash credit/working capital demand loan of ₹ 30 crores sanctioned by Export Import Bank of India is repayable on demand and carries interest rate @ 11.5% per annum, Libor+4% and 11.75% per annum for PCFC INR, PCFC USD and working capital demand loan respectively.
  - (ii) Cash credit/working capital demand loan of ₹15 crores sanctioned by CITI Bank is repayable on demand and carries interest as mutually decided.
  - (iii) Working capital demand of ₹ 20 crores sanctioned by HDFC Bank is repayable on demand and carries interest rate as mutually decided.
  - (iv) Cash credit/working capital demand of ₹15 crores sanctioned by ICICI Bank is repayable on demand and carries interest @ base rate+3.5% per annum.
  - (v) Cash credit/working capital demand of ₹ 25 crores sanctioned by ING Vysya Bank is repayable on demand and carries interest @ base rate+2.55% per annum.
  - (vi) Cash credit/working capital demand of ₹ 55 crores sanctioned by Union Bank of India is repayable on demand and carries interest @ base rate+3% per annum.
  - (vii) Cash credit/working capital demand of ₹15 crores sanctioned by YES Bank of India is repayable on demand and carries interest @ base rate+2.5% per annum.
  - (viii) Working capital demand loan of ₹20 crores sanctioned by Kotak Mahindra Bank is repayable on demand and carries interest as mutually agreed.
  - (ix) Cash credit/working capital demand of ₹ 30 crores sanctioned by IDBI Bank is repayable on demand and carries interest @ base rate+2.5% per annum.
  - (x) Cash credit of ₹ 50 crores sanctioned by State Bank of India is repayable on demand and carries interest @ base rate+2.5% per annum.
  - (xi) Cash credit/working capital loan/export packing credit of ₹20 crores sanctioned by DBS Bank is repayable on demand and carries interest as mutually agreed.
- b) Overdraft of ₹ 5 crores from HDFC Bank are secured against pledge of the fixed deposits of the Company is repayable on demand and carries interest rate as mutually decided.



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## NOTES OF THE FINANCIAL STATEMENTS for the year ended 31 March 2013

(All amounts in ₹ crores, unless stated otherwise)

Continued...

- c) Short term Loans ₹ NIL (Previous year ₹10.01 crores) is taken from Tata Capital Financials Services Limited, has been paid in the current year and carries interest @ 12% per annum.

### 8. TRADE PAYABLES

| Particulars   | As at<br>31 March 2013 | As at<br>31 March 2012 |
|---|------------------------|------------------------|
| Due to Micro, Small and Medium Enterprises *                                      | -                      | -                      |
| Total outstanding dues to units other than Micro, Small and Medium Enterprises ** | 66.19                  | 24.70                  |
| Employee related payables   | 2.07                   | 0.04                   |
| Other accrued liabilities   | 21.20                  | 33.29                  |
| <b>Total</b>  | <b>89.46</b>           | <b>58.03</b>           |

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

\*\* Includes ₹ 15.18 crores (previous year ₹ Nil) being the liabilities to be paid out of the undrawn sanctioned long term loans.

### 9. OTHER CURRENT LIABILITIES

| Particulars   | As at<br>31 March 2013 | As at<br>31 March 2012 |
|---|------------------------|------------------------|
| Current maturities of long term debt (refer note 4) | 33.73                  | 30.25                  |
| Interest accrued but not due on borrowings          | 3.80                   | 1.08                   |
| Statutory dues payable                              | 1.23                   | 2.14                   |
| Advance received from customers                     | 5.47                   | 7.29                   |
| Others  | 0.06                   | -                      |
| <b>Total</b>  | <b>44.29</b>           | <b>40.76</b>           |

### 10. SHORT TERM PROVISIONS

| Particulars                              | As at<br>31 March 2013 | As at<br>31 March 2012 |
|--|------------------------|------------------------|
| Employee benefit payable                 | 0.61                   | 0.81                   |
| <b>Others</b>                            |                        |                        |
| Proposed dividend (note a)               | 4.86                   | 9.72                   |
| Provision for taxes on proposed dividend | 0.83                   | 1.58                   |
| <b>Total</b>                             | <b>6.30</b>            | <b>12.11</b>           |

Notes:

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

|                             |      |      |
|-----------------------------|------|------|
| Dividends proposed to       |      |      |
| -Equity shareholders        | 4.86 | 9.72 |
| Proposed dividend per share |      |      |
| -Equity shareholders (₹ )   | 2.50 | 5.00 |

**NOTES OF THE FINANCIAL STATEMENTS for the year ended 31 March 2013**

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

**11 FIXED ASSETS**

| Particulars                                      | Tangible fixed assets |                |           |                     |                        |          |                  | Total  | Intangible assets | Capital work in progress |
|--|-----------------------|----------------|-----------|---------------------|------------------------|----------|------------------|--------|-------------------|--------------------------|
|  | Land freehold         | Land leasehold | Buildings | Plant and equipment | Furniture and fixtures | Vehicles | Office equipment |        |                   |                          |
| <b>Gross block</b>                               |                       |                |           |                     |                        |          |                  |        |                   |                          |
| Balance as at 1 April 2011                       | 0.67                  | 1.20           | 58.20     | 520.54              | 4.14                   | 6.62     | 11.32            | 602.69 | -                 | 7.77                     |
| Additions  | -                     | -              | 15.96     | 8.31                | 0.09                   | 0.70     | 0.30             | 25.36  | 7.66              | 5.50                     |
| Disposals  | (0.11)                | -              | -         | (1.13)              | (0.20)                 | (0.79)   | (0.25)           | (2.48) | -                 | (10.73)                  |
| Other adjustments:                               |                       |                |           |                     |                        |          |                  |        |                   |                          |
| - Borrowing costs                                | -                     | -              | -         | -                   | -                      | -        | -                | -      | -                 | 1.26                     |
| - Foreign exchange fluctuation                   | -                     | -              | -         | 8.84                | -                      | -        | -                | 8.84   | -                 | -                        |
| Balance as at 31 March 2012                      | 0.56                  | 1.20           | 74.16     | 536.56              | 4.03                   | 6.53     | 11.37            | 634.41 | 7.66              | 3.80                     |
| Additions (note b)                               | -                     | 7.22           | 2.68      | 18.80               | 1.48                   | 0.71     | 0.70             | 31.59  | 0.68              | 162.04                   |
| Disposals  | -                     | -              | (1.25)    | (0.81)              | -                      | (0.90)   | (0.01)           | (2.97) | -                 | (11.05)                  |
| Other adjustments:                               |                       |                |           |                     |                        |          |                  |        |                   |                          |
| - Borrowing costs                                | -                     | -              | -         | -                   | -                      | -        | -                | -      | -                 | 2.23                     |
| - Foreign exchange fluctuation                   | -                     | -              | -         | 3.45                | -                      | -        | -                | 3.45   | -                 | 0.68                     |
| Balance as at 31 March 2013                      | 0.56                  | 8.42           | 75.59     | 558.00              | 5.51                   | 6.34     | 12.06            | 666.48 | 8.34              | 157.70                   |
| <b>Accumulated depreciation and amortisation</b> |                       |                |           |                     |                        |          |                  |        |                   |                          |
| Balance as at 1 April 2011                       | -                     | 0.08           | 14.35     | 214.57              | 1.70                   | 1.66     | 7.52             | 239.88 | -                 | -                        |
| Depreciation and amortisation expense            | -                     | 0.01           | 2.25      | 25.84               | 0.19                   | 0.63     | 0.72             | 29.64  | 0.51              | -                        |
| Adjusted on disposal of assets                   | -                     | -              | -         | (0.58)              | (0.04)                 | (0.35)   | (0.06)           | (1.03) | -                 | -                        |
| Balance as at 31 March 2012                      | -                     | 0.09           | 16.60     | 239.83              | 1.85                   | 1.94     | 8.18             | 268.49 | 0.51              | -                        |
| Depreciation and amortisation expense            | -                     | -              | 2.36      | 27.90               | 0.25                   | 0.62     | 0.75             | 31.88  | 1.29              | -                        |
| Adjusted on disposal of assets                   | -                     | -              | (0.08)    | (0.48)              | -                      | (0.41)   | -                | (0.97) | -                 | -                        |
| Balance as at 31 March 2013                      | -                     | 0.09           | 18.88     | 267.25              | 2.10                   | 2.15     | 8.93             | 299.40 | 1.80              | -                        |
| <b>Net block</b>                                 |                       |                |           |                     |                        |          |                  |        |                   |                          |
| Balance as at 31 March 2012                      | 0.56                  | 1.11           | 57.56     | 296.73              | 2.18                   | 4.59     | 3.19             | 365.92 | 7.15              | 3.80                     |
| Balance as at 31 March 2013                      | 0.56                  | 8.33           | 56.71     | 290.75              | 3.41                   | 4.19     | 3.13             | 367.08 | 6.54              | 157.70                   |

**Note:**

**a) Capitalisation of foreign exchange differences**

The foreign exchange difference capitalised during the year ended 31 March 2013 was ₹ 4.13 crores (previous year: ₹ 8.84 crores). The Company has adopted the MCA notification dated December 29, 2011 on Accounting Standard -11, "The effects of changes in foreign exchange rates" and accordingly capitalised ₹4.13 crores during the year.

**b)** Additions include ₹0.31 (previous year ₹ Nil) towards assets located at research and development facilities.



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## NOTES OF THE FINANCIAL STATEMENTS for the year ended 31 March 2013

(All amounts in ₹ crores, unless stated otherwise)

### 12. NON CURRENT INVESTMENT

| Particulars   | As at<br>31 March 2013 | As at<br>31 March 2012 |
|---|------------------------|------------------------|
| <b>Unquoted, trade investments (valued at cost unless otherwise stated)</b> |                        |                        |
| <b>Investment in equity instruments</b>                                     |                        |                        |
| In subsidiary - CF Global Holdings Limited                                  | 161.78                 | 120.99                 |
| Others - Gupta Energy Private Limited                                       | 4.21                   | -                      |
| <b>Total</b>  | <b>165.99</b>          | <b>120.99</b>          |

#### Details of trade investments (unquoted)

| Name of the body corporate | No. of shares     | Face value        | Partly paid/<br>Fully paid | Amount<br>(₹)    | Amount<br>(₹)    |
|----------------------------|-------------------|-------------------|----------------------------|------------------|------------------|
|                            | 31 March<br>2013  | 31 March<br>2012  |                            | 31 March<br>2013 | 31 March<br>2012 |
| <b>Equity</b>              |                   |                   |                            |                  |                  |
| CF Global Holdings Limited | 33,000,000        | 25,500,000        | USD 1                      | 161.78           | 120.99           |
| Gupta Energy Pvt Ltd *     | 294,252           | -                 | ₹. 10                      | 4.21             | -                |
|                            | <b>33,294,252</b> | <b>25,500,000</b> |                            | <b>165.99</b>    | <b>120.99</b>    |

\* Pledged with banks for securing the financial facilities availed by Gupta Energy Private Limited pursuant to the agreement for generation and supply of captive power to the Company's plant.

### 13 LONG TERM LOANS AND ADVANCES

| Particulars   | As at<br>31 March 2013 | As at<br>31 March 2012 |
|---|------------------------|------------------------|
| <b>Secured</b>                                      |                        |                        |
| Capital advances *                                  | 12.13                  | 21.17                  |
| <b>Unsecured, considered good</b>                   |                        |                        |
| Loans and advances to related party (refer note 31) | -                      | 0.44                   |
| Security deposits                                   | 1.25                   | 1.24                   |
| Prepaid expenses                                    | 0.62                   | 1.00                   |
| Others  | 0.52                   | 0.44                   |
| <b>Total</b>  | <b>14.52</b>           | <b>24.29</b>           |

\* Include advances secured by way of bank guarantees received from the supplier of equipments/ services relating to capital jobs.

### 14 OTHER NON CURRENT ASSETS

| Particulars               | As at<br>31 March 2013 | As at<br>31 March 2012 |
|---------------------------|------------------------|------------------------|
| Pledged deposits (note a) | 0.14                   | 0.13                   |
| <b>Total</b>              | <b>0.14</b>            | <b>0.13</b>            |

#### Note:

a) Pledged deposits represent ₹ 0.14 crores (previous year ₹ 0.13 crores) pledged with sales tax authorities.



**NOTES OF THE FINANCIAL STATEMENTS for the year ended 31 March 2013**  
*(All amounts in ₹ crores, unless stated otherwise)*

**15. INVENTORIES**

| Particulars  | As at<br>31 March 2013 | As at<br>31 March 2012 |
|--|------------------------|------------------------|
| Raw material (including material in transit ₹ 1.93 crores)<br>(previous year ₹1.97 crores)   | 30.13                  | 30.79                  |
| Finished goods (including goods in transit ₹ 19.28 crores)<br>(previous year ₹ 23.84 crores) | 38.43                  | 43.19                  |
| Stores and spares  | 11.01                  | 22.73                  |
| <b>Total</b>   | <b>79.57</b>           | <b>96.71</b>           |

**16. TRADE RECEIVABLES**

| Particulars   | As at<br>31 March 2013 | As at<br>31 March 2012 |
|---|------------------------|------------------------|
| <b>Trade receivables outstanding for a period exceeding six months from the date they are due for payment</b> |                        |                        |
| Unsecured, considered good  | 1.38                   | 3.95                   |
| Unsecured, considered doubtful  | 0.91                   | 0.74                   |
|   | 2.29                   | 4.69                   |
| Less : Allowances for bad and doubtful debts  | (0.91)                 | (0.74)                 |
|   | <b>1.38</b>            | <b>3.95</b>            |
| <b>Trade receivables outstanding for a period less than six months from the date they are due for payment</b> |                        |                        |
| Unsecured, considered good  | 113.12                 | 101.04                 |
| Unsecured, considered doubtful  | 0.10                   | -                      |
|   | <b>113.22</b>          | <b>101.04</b>          |
| Less : Allowances for bad and doubtful debts  | (0.10)                 | -                      |
|   | 113.12                 | 101.04                 |
| <b>Total</b>  | <b>114.50</b>          | <b>104.99</b>          |

**17. CASH AND BANK BALANCES**

| Particulars   | As at<br>31 March 2013 | As at<br>31 March 2012 |
|---|------------------------|------------------------|
| <b>Cash and cash equivalents</b>                          |                        |                        |
| Cash in hand  | 0.01                   | 0.02                   |
| Cheques, drafts in hand                                   | 2.71                   | 1.84                   |
| Balances with banks                                       |                        |                        |
| - in current accounts                                     | 1.96                   | 1.26                   |
| - in deposit account with original maturity upto 3 months | 2.50                   | 10.84                  |
|   | <b>7.18</b>            | <b>13.96</b>           |



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## NOTES OF THE FINANCIAL STATEMENTS for the year ended 31 March 2013

(All amounts in ₹ crores, unless stated otherwise)

Continued...

|  |              |              |
|--|--------------|--------------|
| <b>Other bank balances</b>   |              |              |
| Deposits with original maturity more than 3 months but less than 12 months | 1.70         | 20.00        |
| Balances with bank held as :   |              |              |
| Security against the short term borrowings (note a)                        | 5.00         | 5.00         |
|  | <b>6.70</b>  | <b>25.00</b> |
| <b>Total</b>   | <b>13.88</b> | <b>38.96</b> |

### Note:

- a) Pledged deposits include deposits of ₹ 5 crores (previous year ₹ 5 crores) pledged against overdraft facility. (refer note 7(b))

## 18. SHORT TERM LOANS AND ADVANCES

| Particulars   | As at<br>31 March 2013 | As at<br>31 March 2012 |
|---|------------------------|------------------------|
| <b>Unsecured, considered good</b>                   |                        |                        |
| Advances to vendors                                 | 1.65                   | 1.02                   |
| Tax recoverable (net of provision)                  | 26.29                  | 24.73                  |
| Loans and advances to related party (refer note 31) | 0.44                   | -                      |
| MAT credit entitlement                              | 1.40                   | -                      |
| Deposits with excise and other tax authorities      | 10.07                  | 9.27                   |
| Export benefit recoverable                          | 28.40                  | 20.70                  |
| Discount recoverable                                | 6.92                   | 11.05                  |
| Prepaid expenses                                    | 4.66                   | 2.54                   |
| Others  | 2.67                   | 6.01                   |
| <b>Total</b>  | <b>82.50</b>           | <b>75.32</b>           |

## 19. OTHER CURRENT ASSETS

| Particulars                       | As at<br>31 March 2013 | As at<br>31 March 2012 |
|-----------------------------------|------------------------|------------------------|
| <b>Unsecured, considered good</b> |                        |                        |
| Interest receivable               | 0.44                   | 0.63                   |
| <b>Total</b>                      | <b>0.44</b>            | <b>0.63</b>            |

**NOTES OF THE FINANCIAL STATEMENTS for the year ended 31 March 2013**
*(All amounts in ₹ crores, unless stated otherwise)*
**20. REVENUES**

| Particulars  | Year ended<br>31 March 2013 | Year ended<br>31 March 2012 |
|--|-----------------------------|-----------------------------|
| <b>Revenue from operations</b>   |                             |                             |
| Sale of products (including export benefits of Rs. 27.46 crores, previous year ₹ 27.05 crores) | 1,081.69                    | 961.65                      |
| Other operating revenues (note a)  | 13.12                       | 4.10                        |
| <b>Revenue from operations (gross)</b>   | <b>1,094.81</b>             | <b>965.75</b>               |
| Less : Excise duty   | (52.93)                     | (42.70)                     |
| <b>Revenue from operations (net)</b>   | <b>1,041.88</b>             | <b>923.05</b>               |

**Note :**

(a) Includes ₹ 9.26 crores write back of old sales tax liabilities on account of favourable order from sales tax tribunal.

**Details of products sold**

| Particulars               | Year ended<br>31 March 2013 | Year ended<br>31 March 2012 |
|---------------------------|-----------------------------|-----------------------------|
| <b>Manufactured goods</b> |                             |                             |
| -Packaging films          | 1,054.22                    | 934.60                      |
| -Others                   | 27.47                       | 27.05                       |
| <b>Total</b>              | <b>1,081.69</b>             | <b>961.65</b>               |

**21. OTHER INCOME**

| Particulars                                 | Year ended<br>31 March 2013 | Year ended<br>31 March 2012 |
|---|-----------------------------|-----------------------------|
| Interest income                             | 2.40                        | 1.23                        |
| Insurance and other claims                  | 0.35                        | 0.35                        |
| Bad debts recovered                         | -                           | 0.21                        |
| Liabilities no longer required written back | -                           | 0.18                        |
| Profit on sale of assets (net)              | 1.31                        | (0.80)                      |
| <b>Total</b>                                | <b>4.06</b>                 | <b>1.17</b>                 |

**22. DECREASE/(INCREASE) IN INVENTORIES OF FINISHED GOODS AND WORK-IN-PROGRESS**

| Particulars          | Year ended<br>31 March 2013 | Year ended<br>31 March 2012 |
|----------------------|-----------------------------|-----------------------------|
| <b>Opening stock</b> |                             |                             |
| Finished goods       | 43.19                       | 21.00                       |
| Work-in-progress     | -                           | 0.35                        |
| <b>Total</b>         | <b>43.19</b>                | <b>21.35</b>                |
| <b>Closing stock</b> |                             |                             |
| Finished goods       | 38.43                       | 43.19                       |
| Work-in-progress     | -                           | -                           |
| <b>Total</b>         | <b>38.43</b>                | <b>43.19</b>                |



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## NOTES OF THE FINANCIAL STATEMENTS for the year ended 31 March 2013

(All amounts in ₹ crores, unless stated otherwise)

Continued...

|   |                                     |                                     |
|---|-------------------------------------|-------------------------------------|
| Decrease/(increase) in inventories of finished goods and work-in-progress | 4.76                                | (21.84)                             |
| <b>Details of finished goods</b>  |                                     |                                     |
| <b>Particulars</b>  | <b>Year ended<br/>31 March 2013</b> | <b>Year ended<br/>31 March 2012</b> |
| <b>Finished goods</b>   |                                     |                                     |
| -Packaging films  | 38.43                               | 43.19                               |
| <b>Total</b>  | <b>38.43</b>                        | <b>43.19</b>                        |

### 23. EMPLOYEE BENEFIT EXPENSES

|   |                                     |                                     |
|---|-------------------------------------|-------------------------------------|
| <b>Particulars</b>                        | <b>Year ended<br/>31 March 2013</b> | <b>Year ended<br/>31 March 2012</b> |
| Salaries, wages and bonus                 | 44.44                               | 47.50                               |
| Gratuity expense (refer note 30)          | (2.48)                              | 1.12                                |
| Contribution to provident and other funds | 3.17                                | 3.39                                |
| Staff welfare expenses                    | 1.17                                | 0.80                                |
| <b>Total</b>                              | <b>46.30</b>                        | <b>52.81</b>                        |

#### Note:

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

### 24. FINANCE COSTS

|                    |                                     |                                     |
|--------------------|-------------------------------------|-------------------------------------|
| <b>Particulars</b> | <b>Year ended<br/>31 March 2013</b> | <b>Year ended<br/>31 March 2012</b> |
| Interest expenses  | 19.24                               | 18.51                               |
| Bank charges       | 3.50                                | 3.99                                |
| <b>Total</b>       | <b>22.74</b>                        | <b>22.50</b>                        |

### 25. OTHER EXPENSES

|  |                                     |                                     |
|--|-------------------------------------|-------------------------------------|
| <b>Particulars</b>   | <b>Year ended<br/>31 March 2013</b> | <b>Year ended<br/>31 March 2012</b> |
| Stores, spares and packing material consumed                 | 44.50                               | 40.14                               |
| Power, water and fuel  | 85.76                               | 74.36                               |
| Excise duty on internal consumption/finished goods inventory | 5.43                                | 5.02                                |
| Other manufacturing expenses                                 | 0.82                                | 1.50                                |
| Rent   | 1.15                                | 1.33                                |
| Repairs and maintenance                                      |                                     |                                     |
| - Buildings  | 0.54                                | 0.55                                |
| - Plant and equipment  | 6.09                                | 6.34                                |
| - Others   | 0.85                                | 1.22                                |
| Insurance  | 0.68                                | 0.70                                |
| Rates and taxes  | 0.13                                | 0.19                                |

**NOTES OF THE FINANCIAL STATEMENTS for the year ended 31 March 2013**
*(All amounts in ₹ crores, unless stated otherwise)*
*Continued...*

|                                   |               |               |
|-----------------------------------|---------------|---------------|
| Printing and stationery           | 0.41          | 0.31          |
| Training and recruitment expenses | 0.49          | 0.18          |
| Travelling and conveyance         | 4.34          | 4.49          |
| Vehicle running and maintenance   | 2.29          | 2.00          |
| Communication expenses            | 1.43          | 1.88          |
| Legal and professional charges    | 3.89          | 2.73          |
| Directors' fees                   | 0.05          | 0.06          |
| Charity and donations             | 0.32          | 0.29          |
| Miscellaneous expenses            | 1.25          | 0.93          |
| Bad debts written off             | 0.94          | 0.02          |
| Provision for bad debts           | 0.28          | 0.29          |
| Freight and forwarding            | 42.39         | 30.94         |
| Other selling expenses            | 1.51          | 1.12          |
| Claims paid (* ₹ 10,861)          | -             | *             |
| Sales tax payments                | 1.05          | 1.61          |
| <b>Total</b>                      | <b>206.59</b> | <b>178.20</b> |

**26. EXCEPTIONAL ITEMS**

Exceptional items comprises of:

- Net loss on foreign currency transaction and translation ₹ 5.75 crores (previous year loss ₹ 4.48 crores).
- Profit on sale of land amounting to ₹ NIL (previous year ₹ 11.38 crores) consequent to effective transfer of economic benefit to the buyer under the registered agreement to sale.

**27. EARNING PER SHARE**

| Particulars  | Year ended<br>31 March 2013 | Year ended<br>31 March 2012 |
|--|-----------------------------|-----------------------------|
| a) Net profit after tax as per Statement of profit and loss attributable to equity shareholders ( ₹ in crores) | 14.13                       | 45.57                       |
| b) Weighted average number of equity shares  | 19,440,076                  | 19,440,076                  |
| c) Basic EPS (₹)   | 7.27                        | 23.44                       |
| d) Diluted EPS (₹)   | 7.27                        | 23.44                       |
| e) Nominal value per equity share (₹)  | 10.00                       | 10.00                       |

**28. Contingent liabilities and commitments**
**(i) Contingent liabilities**

| Particulars   | As at<br>31 March 2013 | As at<br>31 March 2012 |
|---|------------------------|------------------------|
| a) Disputed demands for income tax (refer note f below)         | 4.83                   | 11.43                  |
| b) Disputed demands for excise and custom duty and service tax  | 3.97                   | 4.01                   |
| c) Disputed demands for labour/employee dispute                 | 1.18                   | 0.51                   |
| d) Claims against the Company not acknowledged as debts         | 0.12                   | 0.15                   |
| e) Discounting of export customer invoices (refer note g below) | 25.02                  | 7.59                   |



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## NOTES OF THE FINANCIAL STATEMENTS for the year ended 31 March 2013

(All amounts in ₹ crores, unless stated otherwise)

Continued...

- f) Disputed demand for income tax includes a dispute of Rs. 4.83 crores (previous year Rs. 4.83) between the Company and income tax department over computation of deduction under section 80HHC of the Income Tax Act, 1961. 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.
- g) It represents discounted debtors amounting to Rs. 10.64 crores against letter of credit and other discounted debtors of Rs. 14.38 crores which has 90% credit insurance coverage from ECGC. All the discounted invoices have been reduced from Trade Receivables in note 16.
- h) The Company has given corporate guarantee for term loan facility of USD 14 million availed by its step down subsidiary.

### (ii) Commitments

#### a) Capital Commitment

The Company has the following commitments :

| Particulars  | As at<br>31 March 2013 | As at<br>31 March 2012 |
|--|------------------------|------------------------|
| Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) | 36.00                  | 86.61                  |
| Letter of credit opened for which the material has not been shipped as on the date of the balance sheet.         | 19.44                  | 22.06                  |

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

| Particulars     | As at<br>31 March 2013 | As at<br>31 March 2012 |
|-----------------|------------------------|------------------------|
| Unpaid dividend | 0.86                   | 0.78                   |

## 29 Research and development expenditure

| Particulars                                       | As at<br>31 March 2013 | As at<br>31 March 2012 |
|---|------------------------|------------------------|
| Employee benefit expenses                         | 1.24                   | 1.36                   |
| Materials and consumables                         | 1.71                   | 3.67                   |
| Others  | 0.37                   | 0.32                   |
| <b>Total research and development expenditure</b> | <b>3.32</b>            | <b>5.35</b>            |

## 30. Employee benefits

### Defined benefit plans (funded)

The Company makes contribution towards gratuity to a defined contribution retirement benefits plan for qualifying employees. The Company has taken policy with Life Insurance Corporation of India to provide for payment of retirement benefits to vested employees. The present value of obligation is determined based on actuarial valuation.

**NOTES OF THE FINANCIAL STATEMENTS for the year ended 31 March 2013**  
*(All amounts in ₹ crores, unless stated otherwise)*

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

| Particulars       | Year ended<br>31 March 2013 | Year ended<br>31 March 2012 |
|-------------------|-----------------------------|-----------------------------|
| Discount rate     | 8.00%                       | 8.00%                       |
| Salary escalation | 7.00%                       | 10.00%                      |

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

| Particulars   | Year ended<br>31 March 2013 | Year ended<br>31 March 2012 |
|---|-----------------------------|-----------------------------|
| Present value of obligations as at beginning of year  | 10.15                       | 8.46                        |
| Interest cost   | 0.81                        | 0.68                        |
| Current service cost                                  | 0.92                        | 0.72                        |
| Benefits paid   | (0.33)                      | (0.32)                      |
| Actuarial (gain)/loss on obligations                  | (3.13)                      | 0.61                        |
| <b>Present value of obligations as at end of year</b> | <b>8.42</b>                 | <b>10.15</b>                |

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

| Particulars   | Year ended<br>31 March 2013 | Year ended<br>31 March 2012 |
|---|-----------------------------|-----------------------------|
| Fair value of plan assets at beginning of year      | 11.68                       | 9.26                        |
| Expected return on plan assets                      | 1.08                        | 0.89                        |
| Contributions                                       | 0.01                        | 1.85                        |
| Benefits paid                                       | (2.08)                      | (0.32)                      |
| <b>Fair value of plan assets at the end of year</b> | <b>10.69</b>                | <b>11.68</b>                |

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

| Particulars   | Year ended<br>31 March 2013 | Year ended<br>31 March 2012 |
|---|-----------------------------|-----------------------------|
| Present value of obligations as at the end of year  | 8.42                        | 10.15                       |
| Fair value of plan assets as at the end of the year | 10.69                       | 11.68                       |
| Funded status                                       | 2.27                        | 1.53                        |
| <b>Net asset recognised in balance sheet</b>        | <b>2.27</b>                 | <b>1.53</b>                 |





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## NOTES OF THE FINANCIAL STATEMENTS for the year ended 31 March 2013

(All amounts in ₹ crores, unless stated otherwise)

### 5. Expenses recognised in statement of profit and loss

| Particulars  | Year ended<br>31 March 2013 | Year ended<br>31 March 2012 |
|--|-----------------------------|-----------------------------|
| Current service cost                                       | 0.92                        | 0.72                        |
| Interest cost  | 0.81                        | 0.68                        |
| Expected return on plan assets                             | (1.08)                      | (0.89)                      |
| Net actuarial (gain)/loss recognized in the year           | (3.13)                      | 0.61                        |
| <b>Expenses recognised in statement of profit and loss</b> | <b>(2.48)</b>               | <b>1.12</b>                 |

### 6. Amounts for the current and previous years are as follows

| Particulars                                      | 31 March<br>2013 | 31 March<br>2012 | 31 March<br>2011 | 31 March<br>2010 | 31 March<br>2009 |
|--|------------------|------------------|------------------|------------------|------------------|
| Defined benefit obligation                       | 8.42             | 10.15            | 8.46             | 7.58             | 5.72             |
| Plan assets                                      | 10.69            | 11.68            | 9.26             | 7.29             | 5.26             |
| <b>(Surplus)/ deficit</b>                        | <b>(2.27)</b>    | <b>(1.53)</b>    | <b>(0.80)</b>    | <b>0.29</b>      | <b>0.46</b>      |
| Net actuarial (gain)/loss recognized in the year | (3.13)           | 0.61             | 0.12             | 1.38             | 0.78             |

### 31. Related party disclosure

In accordance with the required Accounting Standard (AS-18) on related party disclosures where control exist and where transactions have taken place and description of the relationship as identified and certified by management are as follows:

#### i) List of related parties and relationships:

##### A. Subsidiary and step-down subsidiary companies

- CF Global Holdings Limited, Mauritius
- Cosmo Films Inc., USA
- CF (Netherlands) Holdings Limited BV., Netherlands
- Cosmo Films (Singapore) Pte. Limited, Singapore
- Cosmo Films Japan (GK)
- Cosmo Films Korea Limited, Korea

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

- Pravasi Enterprises Limited
- Sunrise Manufacturing Company Private Limited

##### C. Key management personnel

- Mr. Ashok Jaipuria, Chairman and Managing Director

**NOTES OF THE FINANCIAL STATEMENTS for the year ended 31 March 2013**
*(All amounts in ₹ crores, unless stated otherwise)*
**ii) Transactions with related parties**

| Particulars  | Subsidiary and step-down subsidiary companies |               | Enterprises over which Key managerial personnel of the Company and their relatives have significant influence |               | Key management personnel and their relatives |               | Total         |               |
|--|---|---------------|---|---------------|--|---------------|---------------|---------------|
|  | 31 March 2013                                 | 31 March 2012 | 31 March 2013   | 31 March 2012 | 31 March 2013                                | 31 March 2012 | 31 March 2013 | 31 March 2012 |
| <b>Purchase of goods</b>                           |   |               |   |               |  |               |               |               |
| CF (Netherlands) Holdings Limited BV., Netherlands | -   | 1.26          | -   | -             | -  | -             | -             | 1.26          |
| Cosmo Films Inc., USA                              | 0.15  | -             | -   | -             | -  | -             | 0.15          | -             |
| <b>Investment made</b>                             |   |               |   |               |  |               |               |               |
| CF Global Holdings Limited, Mauritius              | 40.79   | 66.21         | -   | -             | -  | -             | 40.79         | 66.21         |
| <b>Sales</b>                                       |   |               |   |               |  |               |               |               |
| Cosmo Films Inc. USA                               | 62.97   | 30.56         | -   | -             | -  | -             | 62.97         | 30.56         |
| CF (Netherlands) Holdings Limited BV., Netherlands | 12.03   | 39.39         | -   | -             | -  | -             | 12.03         | 39.39         |
| Cosmo Films Korea Limited                          | 0.24  |               |   |               |  |               | 0.24          | -             |
| Cosmo Films , Japan, GK                            | 0.56  |               |   |               |  |               | 0.56          | -             |
| Cosmo Films (Singapore) Pte. Limited, Singapore    | 4.87  | 6.12          | -   | -             | -  | -             | 4.87          | 6.12          |
| Others   | -   | 0.18          | -   | -             | -  | -             | -             | 0.18          |
| <b>Reimbursement of expenses paid</b>              |   |               |   |               |  |               |               |               |
| CF (Netherlands) Holdings Limited BV., Netherlands | -   | 0.02          | -   | -             | -  | -             | -             | 0.02          |
| Cosmo Films Inc. USA                               | -   | 0.01          | -   | -             | -  | -             | -             | 0.01          |
| <b>Rent paid</b>                                   |   |               |   |               |  |               |               |               |
| Pravasi Enterprises Limited                        | -   | -             |   | 0.18          | -  | -             | -             | 0.18          |
| Sunrise Manufacturing Company Private Limited      | -   | -             | 0.89  | 0.89          | -  | -             | 0.89          | 0.89          |
| <b>Security deposit/advance rent received</b>      |   |               |   |               |  |               |               |               |
| Pravasi Enterprises Limited                        | -   | -             | -   | 0.62          | -  | -             | -             | 0.62          |
| <b>Remuneration</b>                                |   |               |   |               |  |               |               |               |
| Mr. Ashok Jaipuria                                 | -   | -             | -   | -             | 1.03   | 2.34          | 1.03          | 2.34          |
| <b>Purchase of fixed assets</b>                    |   |               |   |               |  |               |               |               |
| Pravasi Enterprises Limited                        | -   | -             | -   | 15.96         | -  | -             | -             | 15.96         |
| CF (Netherlands) Holdings Limited BV., Netherlands | 7.74  | -             | -   | -             | -  | -             | 7.74          | -             |



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## NOTES OF THE FINANCIAL STATEMENTS for the year ended 31 March 2013

(All amounts in ₹ crores, unless stated otherwise)

### iii) Outstanding balances :

| Particulars  | Subsidiary and step-down subsidiary companies |               | Enterprises over which Key managerial personnel of the Company and their relatives have significant influence |               | Key management personnel and their relatives |               |
|--|---|---------------|---|---------------|--|---------------|
|  | 31 March 2013                                 | 31 March 2012 | 31 March 2013   | 31 March 2012 | 31 March 2013                                | 31 March 2012 |
| <b>1. Investments</b>                                |   |               |   |               |  |               |
| - CF Global Holdings Limited, Mauritius              | 161.78  | 120.99        | -   | -             | -  | -             |
| <b>2. Trade receivables</b>                          |   |               |   |               |  |               |
| - Cosmo Films Inc. USA                               | 27.59   | 20.96         | -   | -             | -  | -             |
| - CF (Netherlands) Holdings Limited BV., Netherlands | 0.01  | 8.52          | -   | -             | -  | -             |
| - Cosmo Films (Singapore) Pte. Limited, Singapore    | -   | 0.46          | -   | -             | -  | -             |
| - Cosmo Films Japan (GK)                             | 0.36  | -             |   |               |  |               |
| <b>3. Trade payables</b>                             |   |               |   |               |  |               |
| - Cosmo Films Inc. USA                               | -   | 0.01          | -   | -             | -  | -             |
| - CF (Netherlands) Holdings Limited BV., Netherlands | 0.17  | 1.01          | -   | -             | -  | -             |
| - Cosmo Films Japan (GK)                             | 0.21  | -             |   |               |  |               |
| <b>4. Loans and advance</b>                          |   |               |   |               |  |               |
| - Sunrise Manufacturing Company Private Limited      | -   | -             | 0.44  | 0.44          | -  | -             |
| <b>3. Managerial remuneration payable</b>            |   |               |   |               |  |               |
| -Mr. Ashok Jaipuria                                  | -   | -             | -   | -             | 0.75   | 2.00          |

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

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

| Currency | No. of contracts |               | Amount        |                | Notional gain/(loss) |               |
|----------|------------------|---------------|---------------|----------------|----------------------|---------------|
|          | 31 March 2013    | 31 March 2012 | 31 March 2013 | 31 March 2012  | 31 March 2013        | 31 March 2012 |
| EURO     | -                | 12            | -             | Euro 3.750 Mns | -                    | *             |
| GBP      | -                | 9             | -             | GBP 2.70 Mns   | -                    | (₹ 1.15)      |
| USD      | -                | 6             | -             | USD 3.75 Mns   | -                    | (₹ 0.79)      |

\* Notional gain on EURO is ₹ NIL (previous year ₹ 14,352).

**NOTES OF THE FINANCIAL STATEMENTS for the year ended 31 March 2013**
*(All amounts in ₹ crores, unless stated otherwise)*
*Continued...*
**Notes:**

- i) The Company enters into foreign currency related derivative contracts in the form of forward and options for hedging its business related exposure which are not speculative in nature. The contracts have long dated tenor with multiple contingent/uncertain events and such instruments qualify as effective hedges. As at 31 March 2013, there are no such outstanding contracts. In accordance with Accounting Standard 30, "Financial Instruments - recognition and measurement" the mark to market loss as on 31 March 2013 is estimated at ₹ NIL (previous year ₹ 1.94 crores).
- ii) The Company has entered into interest rate swap contract (floating rate to fixed rate) to hedge its risk associated with LIBOR fluctuations and such instruments qualify as effective hedges. In accordance with Accounting Standard 30, "Financial Instruments - recognition and measurement" the mark to market loss as on 31 March 2013 is estimated at ₹ 2.10 crores (previous year ₹ 2.79 crores).
- iii) Company has entered into a cross currency swap agreement with DBS bank for hedging of installment and interest rate for term loan amounting to USD 7,000,000 taken in the current year. In accordance with Accounting Standard 30, "Financial Instruments - recognition and measurement" the mark to market loss as on 31 March 2013 is estimated at ₹ 0.85 crores (previous year ₹ NIL).

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

| Currency | 31 March 2013    |                    | 31 March 2012    |                    |
|----------|------------------|--------------------|------------------|--------------------|
|          | Foreign currency | Local currency (₹) | Foreign currency | Local currency (₹) |
| USD      | (39,830,602)     | (216.72)           | (43,857,920)     | (226.04)           |
| EURO     | (12,582,801)     | (87.55)            | (6,531,042)      | (44.18)            |
| GBP      | (47,190)         | (0.39)             | (1,040,461)      | (8.42)             |

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

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

**34 Details of raw material and components consumed**

| Particulars                         | Year ended<br>31 March 2013 | Year ended<br>31 March 2012 |
|-------------------------------------|-----------------------------|-----------------------------|
| Polymer (Homopolymer repol and EVA) | 620.31                      | 539.87                      |
| Others                              | 86.37                       | 74.15                       |
| <b>Total</b>                        | <b>706.68</b>               | <b>614.02</b>               |



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**NOTES OF THE FINANCIAL STATEMENTS for the year ended 31 March 2013**

(All amounts in ₹ crores, unless stated otherwise)

**35. Imported and indigenous consumption**

|                              |         | Indigenous |     | Imported |     | Total  |
|------------------------------|---------|------------|-----|----------|-----|--------|
|                              |         | Value      |     | Value    |     | Value  |
|                              |         | Amount     | %   | Amount   | %   | Amount |
| Raw materials and components |         |            |     |          |     |        |
|                              | 2012-13 | 509.70     | 72% | 196.98   | 28% | 706.68 |
|                              | 2011-12 | 455.53     | 74% | 158.49   | 26% | 614.02 |
| Stores and spares            |         |            |     |          |     |        |
|                              | 2012-13 | 41.81      | 94% | 2.69     | 6%  | 44.50  |
|                              | 2011-12 | 34.54      | 86% | 5.60     | 14% | 40.14  |

**36. Value of imports on CIF basis**

| Particulars                | Year ended<br>31 March 2013 | Year ended<br>31 March 2012 |
|----------------------------|-----------------------------|-----------------------------|
| Raw materials              | 196.82                      | 159.31                      |
| Components and spare parts | 3.86                        | 3.22                        |
| Capital goods              | 101.78                      | 3.39                        |
| <b>Total</b>               | <b>302.46</b>               | <b>165.92</b>               |

**37. Payments to auditors**

| Particulars                   | Year ended<br>31 March 2013 | Year ended<br>31 March 2012 |
|-------------------------------|-----------------------------|-----------------------------|
| As auditors                   | 0.34                        | 0.34                        |
| For taxation matters          | 0.03                        | 0.03                        |
| For reimbursement of expenses | 0.02                        | 0.03                        |
| <b>Total</b>                  | <b>0.39</b>                 | <b>0.40</b>                 |

**38. Expenditure in foreign currency**

| Particulars                       | Year ended<br>31 March 2013 | Year ended<br>31 March 2012 |
|-----------------------------------|-----------------------------|-----------------------------|
| Royalty                           | -                           | 0.29                        |
| Services of foreign technicians   | 0.32                        | 0.24                        |
| Sales commission                  | 4.17                        | 2.30                        |
| Interest on foreign currency loan | 5.26                        | 5.15                        |
| Others                            | 1.94                        | 1.94                        |
| <b>Total</b>                      | <b>11.69</b>                | <b>9.92</b>                 |

**39. Earnings in foreign exchange**

| Particulars                               | Year ended<br>31 March 2013 | Year ended<br>31 March 2012 |
|---|-----------------------------|-----------------------------|
| Export of goods calculated on F.O.B basis | 507.74                      | 418.22                      |

**NOTES OF THE FINANCIAL STATEMENTS for the year ended 31 March 2013**  
*(All amounts in ₹ crores, unless stated otherwise)*

**40. Dividend remitted in foreign currency**

| Particulars  | Year ended<br>31 March 2013 | Year ended<br>31 March 2012 |
|--|-----------------------------|-----------------------------|
| Period to which is relates                             | 2011-12                     | 2010-11                     |
| Number of non - resident shareholders                  | 39                          | 41                          |
| Number of shares held on which dividend was due Equity | 8,700                       | 8,300                       |
| Amount remitted * ₹ 40,200 (# Previous year ₹ 41,500)  | *                           | #                           |

41. Per transfer pricing legislation under sections 92-92F of the Income Tax Act, 1961, the Company is required to use certain specific methods in computing arm's length prices of international transactions with associated enterprises and maintain adequate documentation in this respect. Since law requires existence of such information and documentation to be contemporaneous in nature, the Company has appointed independent consultants for conducting a Transfer Pricing Study (the 'Study') to determine whether the transactions with associate enterprises undertaken during the financial year are on an "arms length basis". Management is of the opinion that the Company's international transactions are at arm's length and that the results of the on-going study will not have any impact on the financial statements and the independent consultants appointed have also preliminarily confirmed that they do not expect any transfer pricing adjustments.

**42. Previous years figures**

Previous years figures have been regrouped/rearranged wherever considered necessary.

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

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

**Rajeev Gupta**  
Director

**Ashok Jaipuria**  
Chairman & Managing Director

per **Neeraj Goel**  
Partner

**Neeraj Jain**  
Chief Financial Officer

**Jyoti Dixit**  
Company Secretary

**Place :** Delhi  
**Date :** 27 May 2013



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FINANCIAL INFORMATION OF SUBSIDIARY COMPANIES

| Subsidiary                                       | Reporting Currency | Closing exchange rate agst Indian Rupee as on 31 <sup>st</sup> March, 2013 | Capital | Reserve | Total Assets | Total Liabilities | Investments except in case of investment in subsidiaries | Turnover | profit before tax | profit after tax | Proposed Dividend | Country    |
|--|--------------------|--|---------|---------|--------------|-------------------|--|----------|-------------------|------------------|-------------------|------------|
| CF Global Holdings Ltd.                          | INR (in Cr)        | 54.3900  | 179.49  | (0.29)  | 179.22       | 0.03              | 0.00   | 0.00     | (0.08)            | (0.08)           | 0.00              | Mauritius  |
|  | USD 000's          |  | 33000   | (54)    | 32951        | 5                 | 0.00   | 0.00     | (15)              | (15)             | 0.00              |            |
| CF (Mauritius) Holdings Ltd.                     | INR (in Cr)        | 54.3900  | 2.72    | (0.09)  | 177.91       | 175.28            | 0.00   | 0.00     | (0.02)            | (0.02)           | 0.00              | Mauritius  |
|  | USD 000's          |  | 500     | (16)    | 32711        | 32227             | 0.00   | 0.00     | (3)               | (3)              | 0.00              |            |
| Cosmo Films ( Netherlands )<br>Cooperatief . U.A | INR (in Cr)        | 69.5400  | 166.62  | (0.04)  | 166.61       | 0.03              | 0.00   | 0.00     | (0.01)            | (0.01)           | 0.00              | Netherland |
|  | Euro 000's         |  | 23960   | (6)     | 23959        | 5                 | 0.00   | 0.00     | (2)               | (2)              | 0.00              |            |
| CF ( Netherlands ) Holdings<br>Limited B.V       | INR (in Cr)        | 69.5400  | 166.61  | (21.53) | 162.24       | 17.16             | 0.00   | 27.75    | (4.32)            | (4.76)           | 0.00              | Netherland |
|  | Euro 000's         |  | 23959   | (3096)  | 23330        | 2467              | 0.00   | 3960     | (616)             | (680)            | 0.00              |            |
| Cosmo Films (Japan) GK                           | INR (in Cr)        | 0.5776   | 8.66    | 22.02   | 43.26        | 12.58             | 0.00   | 73.15    | 7.39              | 4.20             | 0.00              | Japan      |
|  | JPY 000's          |  | 150000  | 381201  | 748926       | 217726            | 0.00   | 1114030  | 112571            | 63975            | 0.00              |            |
| Cosmo Films (Singapore)<br>Pte Ltd.              | INR (in Cr)        | 43.8600  | 0.22    | 1.49    | 1.85         | 0.14              | 0.00   | 6.66     | 0.39              | 0.37             | 0.00              | Singapore  |
|  | S\$ 000's          |  | 50      | 340     | 423          | 33                | 0.00   | 1527     | 89                | 84               | 0.00              |            |
| Cosmo Films Korea Ltd.                           | INR (in Cr)        | 0.0490   | 9.73    | 7.74    | 46.80        | 29.33             | 0.00   | 72.50    | 7.54              | 6.70             | 0.00              | Korea      |
|  | KRW 000's          |  | 1985276 | 1580241 | 9551141      | 5995624           | 0.00   | 14873951 | 1547471           | 1374241          | 0.00              |            |
| Cosmo Films Inc                                  | INR (in Cr)        | 54.3900  | 38.07   | (34.46) | 125.96       | 122.35            | 0.00   | 188.00   | (9.27)            | (9.27)           | 0.00              | USA        |
|  | USD 000's          |  | 7000    | (6336)  | 23159        | 22495             | 0.00   | 34444    | (1698)            | (1698)           | 0.00              |            |

## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of Cosmo Films Limited

1. We have audited the accompanying consolidated financial statements of Cosmo Films Limited, ("the Company") and its subsidiaries (hereinafter collectively referred to as the "Group"), which comprise the Consolidated Balance Sheet as at March 31, 2013, and the Consolidated Statement of Profit and Loss and Consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Consolidated Financial Statements

2. Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditors' Responsibility

3. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' 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 control relevant to the Company's preparation and presentation 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 accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall

presentation of the consolidated financial statements.

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

### Opinion

6. In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors on the financial statements of the subsidiaries, as noted below, the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

- i) in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at March 31, 2013;
- ii) in the case of the Consolidated Statement of Profit and Loss, of the profit for the year ended on that date; and
- iii) in the case of the Consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

### Other Matter

7. We did not audit the financial statements of certain subsidiaries included in the consolidated financial statements, whose financial statements reflect total assets (after eliminating intra-group transactions) of ₹ 223.06 crores as at March 31, 2013; total revenues (after eliminating intra-group transactions) of ₹ 306.98 crores and net cash flows aggregating to ₹ (2.27) crores for the year then ended. These financial statements have been audited by other auditors whose audit reports have been furnished to us by the management, and our audit opinion on the consolidated financial statements of the Group for the year then ended to the extent they relate to the financial statements not audited by us as stated in this paragraph is based solely on the audit reports of the other auditors. Our opinion is not qualified in respect of this matter.

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

New Delhi  
May 27, 2013

per Neeraj Goel  
Partner  
Membership No. 099514





**COSMO FILMS**

**Balance Sheet** as at 31 March, 2013

(All amounts in Rs. crores, unless stated otherwise)

| Particulars                                  | Notes | As at<br>31 March 2013 | As at<br>31 March 2012 |
|--|-------|------------------------|------------------------|
| <b>EQUITY AND LIABILITIES</b>                |       |                        |                        |
| <b>Shareholders' funds</b>                   |       |                        |                        |
| Share capital                                | 2     | 19.44                  | 19.44                  |
| Reserves and surplus                         | 3     | 327.10                 | 315.40                 |
|  |       | <b>346.54</b>          | <b>334.84</b>          |
| <b>Non-current liabilities</b>               |       |                        |                        |
| Long term borrowings                         | 4     | 248.68                 | 176.96                 |
| Deferred tax liabilities (net)               | 5     | 53.66                  | 52.95                  |
| Long-term provisions                         | 6     | 0.13                   | 4.79                   |
|  |       | <b>302.47</b>          | <b>234.70</b>          |
| <b>Current liabilities</b>                   |       |                        |                        |
| Short term borrowings                        | 7     | 205.50                 | 191.23                 |
| Trade payables                               | 8     | 104.08                 | 87.54                  |
| Other current liabilities                    | 9     | 66.97                  | 73.80                  |
| Short-term provisions                        | 10    | 6.30                   | 12.11                  |
|  |       | <b>382.85</b>          | <b>364.68</b>          |
| <b>TOTAL</b>                                 |       | <b>1,031.86</b>        | <b>934.22</b>          |
| <b>ASSETS</b>                                |       |                        |                        |
| <b>Non-current assets</b>                    |       |                        |                        |
| Fixed assets                                 | 11    |                        |                        |
| Tangible assets                              |       | 432.88                 | 441.50                 |
| Intangible assets                            |       | 6.55                   | 7.16                   |
| Capital work in progress                     |       | 157.70                 | 4.02                   |
| Non current investments                      | 12    | 21.19                  | 11.82                  |
| Long term loans and advances                 | 13    | 16.95                  | 27.44                  |
| Other non current assets                     | 14    | 0.14                   | 0.13                   |
|  |       | <b>635.41</b>          | <b>492.07</b>          |
| <b>Current assets</b>                        |       |                        |                        |
| Inventories                                  | 15    | 151.33                 | 173.95                 |
| Trade receivables                            | 16    | 128.78                 | 130.80                 |
| Cash and bank balances                       | 17    | 34.07                  | 61.42                  |
| Short term loans and advances                | 18    | 81.83                  | 75.00                  |
| Other current assets                         | 19    | 0.44                   | 0.98                   |
|  |       | <b>396.45</b>          | <b>442.15</b>          |
| <b>TOTAL</b>                                 |       | <b>1,031.86</b>        | <b>934.22</b>          |
| Statement on significant accounting policies | 1     |                        |                        |

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

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

For and on behalf of Board of Directors

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

per **Neeraj Goel**  
Partner

Place : Delhi

Date : 27 May 2013

**Rajeev Gupta**  
Director

**Neeraj Jain**  
Chief Financial Officer

**Ashok Jaipuria**  
Chairman & Managing Director

**Jyoti Dixit**  
Company Secretary

**Statement of profit and loss for the year ended 31 March, 2013**

(All amounts in Rs. crores, unless stated otherwise)

| Particulars   | Notes | As at<br>31 March 2013 | As at<br>31 March 2012 |
|---|-------|------------------------|------------------------|
| <b>INCOME</b>   |       |                        |                        |
| Revenue from operations (gross)   | 20    | 1,318.55               | 1,178.88               |
| Less : Excise duty  |       | (52.93)                | (42.70)                |
| <b>Revenue from operations (net)</b>                                      |       | <b>1,265.62</b>        | <b>1,136.18</b>        |
| Other income  | 21    | 8.00                   | 6.96                   |
| <b>Total income</b>   |       | <b>1,273.62</b>        | <b>1,143.14</b>        |
| <b>EXPENSES</b>   |       |                        |                        |
| Decrease/(increase) in inventories of finished goods and work-in-progress | 22    | 4.89                   | (13.50)                |
| Cost of materials consumed  |       | 821.38                 | 721.93                 |
| Purchases of traded goods   |       | 4.82                   | 6.37                   |
| Employee benefit expenses   | 23    | 90.34                  | 102.23                 |
| Finance costs   | 24    | 29.01                  | 28.46                  |
| Depreciation and amortisation expense                                     | 11    | 38.81                  | 35.91                  |
| Other expenses  | 25    | 245.48                 | 225.11                 |
| <b>Total expenses</b>   |       | <b>1,234.73</b>        | <b>1,106.51</b>        |
| <b>Profit before tax and exceptional items</b>                            |       | <b>38.89</b>           | <b>36.63</b>           |
| Exceptional items   | 26    | (17.22)                | 2.15                   |
| <b>Profit before tax and minority interest</b>                            |       | <b>21.67</b>           | <b>38.78</b>           |
| <b>Tax expense:</b>   |       |                        |                        |
| Current tax   |       |                        |                        |
| -Current year   |       | 10.24                  | 18.31                  |
| -MAT credit entitlement   |       | (1.40)                 | -                      |
| -Earlier years  |       | (0.55)                 | (5.89)                 |
| Deferred tax  |       |                        |                        |
| -Current year   |       | 0.87                   | (6.78)                 |
| -Earlier years  |       | 1.18                   | 2.96                   |
| <b>Profit for the year</b>  |       | <b>11.33</b>           | <b>30.18</b>           |
| <b>Minority interest</b>  |       | <b>-</b>               | <b>1.34</b>            |
| <b>Profit for the year</b>  |       | <b>11.33</b>           | <b>31.52</b>           |
| Earnings per share (Rs.):   | 27    |                        |                        |
| -Basic  |       | 5.83                   | 16.20                  |
| -Diluted  |       | 5.83                   | 16.20                  |
| <b>Statement on significant accounting policies</b>                       | 1     |                        |                        |

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

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

For and on behalf of Board of Directors

 For Walker, Chandio & Co  
Chartered Accountants

 per **Neeraj Goel**  
Partner

**Place** : Delhi  
**Date** : 27 May 2013

**Rajeev Gupta**  
Director

**Neeraj Jain**  
Chief Financial Officer

**Ashok Jaipuria**  
Chairman & Managing Director

**Jyoti Dixit**  
Company Secretary



COSMO FILMS

**STATEMENT OF CASH FLOW FOR THE YEAR ENDED 31 MARCH 2013**  
(All amounts in Rs. crores, unless stated otherwise)

| Particulars   | Year ended<br>31 March 2013 | Year ended<br>31 March 2012 |
|---|-----------------------------|-----------------------------|
| <b>A. Cash flow from operating activities:</b>                          |                             |                             |
| Profit before tax   | 21.67                       | 38.78                       |
| Adjustments for:  |                             |                             |
| Depreciation and amortisation expenses                                  | 38.81                       | 35.91                       |
| Impairment of land and building   | 4.82                        | -                           |
| Interest expense  | 24.75                       | 23.77                       |
| Interest income   | (2.40)                      | (1.53)                      |
| Unrealised gain on exchange fluctuation (net)                           | 2.46                        | 0.86                        |
| Profit on sale of fixed assets (net)                                    | (2.98)                      | (13.72)                     |
| Profit on sale of investment  | -                           | (1.07)                      |
| Bad debt written off  | 0.94                        | 0.16                        |
| Provision for bad and doubtful debts/advances                           | 0.52                        | 0.29                        |
| Liability no longer required written back                               | (11.55)                     | (1.45)                      |
| <b>Operating profit before working capital changes</b>                  | <b>77.04</b>                | <b>82.00</b>                |
| <b>Adjustments for changes in working capital :</b>                     |                             |                             |
| - Movement in trade receivables   | 0.56                        | 38.82                       |
| - Movement in other receivables   | (5.02)                      | (32.03)                     |
| - Movement in inventories   | 22.62                       | (11.90)                     |
| - Movement in trade and other payables                                  | 8.70                        | 8.01                        |
| <b>Cash generated from operations</b>                                   | <b>103.90</b>               | <b>84.90</b>                |
| Income tax paid   | (10.03)                     | (29.58)                     |
| <b>Net cash generated from operating activities</b>                     | <b>93.87</b>                | <b>55.32</b>                |
| <b>B. Cash flow from investing activities:</b>                          |                             |                             |
| Purchase of fixed assets and capital work in progress                   | (165.81)                    | (55.64)                     |
| Proceeds from sale of fixed assets                                      | 11.22                       | 19.24                       |
| Purchase of investments   | (9.37)                      | (11.82)                     |
| Proceed on maturity of fixed deposits (net)                             | 18.30                       | 11.57                       |
| Interest received   | 2.94                        | 1.96                        |
| <b>Net cash used in investing activities</b>                            | <b>(142.72)</b>             | <b>(34.69)</b>              |
| <b>C. Cash flow from financing activities:</b>                          |                             |                             |
| Proceeds from long term borrowings                                      | 117.06                      | 62.62                       |
| Repayment of long term borrowings                                       | (58.45)                     | (65.33)                     |
| Proceeds from short term borrowings (net)                               | 14.27                       | 22.62                       |
| Payment to minority   | -                           | (3.14)                      |
| Interest paid   | (25.64)                     | (22.96)                     |
| Dividend paid   | (9.72)                      | (9.72)                      |
| Dividend tax paid   | (1.58)                      | (1.58)                      |
| <b>Net cash generated/(used) in financing activities</b>                | <b>35.94</b>                | <b>(17.49)</b>              |
| <b>Net (decrease)/increase in cash and cash equivalents</b>             | <b>(12.91)</b>              | <b>3.14</b>                 |
| <b>Cash and cash equivalents at the beginning of the year</b>           | <b>36.42</b>                | <b>32.28</b>                |
| Effect of change in exchange rate on cash and cash equivalents          | 3.86                        | 1.00                        |
| <b>Cash and cash equivalents at the end of the year (refer note 17)</b> | <b>27.37</b>                | <b>36.42</b>                |

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

For and on behalf of Board of Directors

For Walker, Chandiok & Co  
Chartered Accountants

Rajeev Gupta  
Director

Ashok Jaipuria  
Chairman & Managing Director

per Neeraj Goel  
Partner

Neeraj Jain  
Chief Financial Officer

Jyoti Dixit  
Company Secretary

Place : Delhi  
Date : 27 May 2013

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013**

(All amounts in ₹ crores, unless stated otherwise)

**1. Statement on significant accounting policies****a) Background and nature of operations**

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

**b) Basis of preparation**

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

**c) Principles of Consolidation**

The consolidated financial Statements include the financial statements of the parent company and its subsidiaries.

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

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

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

The consolidated financial statements are presented, to the extent possible, in the same format as that adopted by the parent Company for its separate financial statements.

**d) Use of estimates**

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

**e) Fixed assets**

Fixed Assets are stated at cost less accumulated depreciation and impairment losses if any. Cost comprises the purchase price and any attributable costs of bringing the asset to its working condition for its intended use. When an



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013**

(Continued...)

asset is scrapped or otherwise disposed off, the cost and related depreciation are removed from the books of account and resultant profit (including capital profit) or loss, if any, is reflected in the consolidated statement of profit and Loss. Project under commissioning and other assets under erection/installation are shown under capital work in progress and are carried at cost, comprising of direct cost and related incidental expenses. Spares directly related to Plant & Machinery are capitalized and depreciated over the life of the original equipment.

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

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

**f) Investments**

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

**g) Inventories**

Inventories are valued at cost or net realizable value, whichever is lower. The cost in respect of the various items of inventory is computed as under:

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

**h) Depreciation and amortisation**

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

| Block of asset                            | Life (in years) |
|---|-----------------|
| Buildings                                 | 30              |
| Plant and machinery (Including computers) | 6-21            |
| Furniture and fixtures                    | 16              |
| Vehicles                                  | 11              |
| Office equipment                          | 20              |
| Intangible - software                     | 6               |

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013***(Continued...)***i) Research and development**

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

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

**j) Foreign currency transactions****Initial recognition**

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

**Conversion**

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

**Exchange differences**

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

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

**h) Accounting of cash flow hedges and derivatives**

The Company enters into certain derivative financial instruments to manage its exposure to risk arising from changes in interest rate and foreign exchange rates designated as cash flow hedges.

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

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

Derivatives are recorded at their fair value with changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recorded in a Hedging Reserve Account. The gain or loss relating to the ineffective portion is recognized immediately in Consolidated statement of profit and loss. Amounts deferred in the Hedging



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013

(Continued...)

Reserve Account are released to the Consolidated statement of profit and loss in the year when the hedged item affects profit or loss. Hedge accounting is discontinued when the Company revokes the hedging relationship, the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting upon which remaining balance of such hedge in the Hedging Reserve Account is released to the Consolidated statement of profit and loss.

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

### k) Employees benefits

#### Provident fund

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

#### Gratuity

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

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

#### Compensated absences

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

### l) Taxation

The tax expense comprises of current taxes and deferred taxes. Current Tax is the amount of income tax determined to be payable in respect of taxable income for a period as per the provisions of Income Tax, 1961. Deferred tax is the effect of timing differences between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are reviewed at each balance sheet date and recognized/derecognized only to the extent that there is reasonable/virtual certainty, depending on the nature of the timing differences, that sufficient future taxable income will be available against which such deferred tax assets can be realized.

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013***(Continued...)*

each balance sheet date and writes down the carrying amount of MAT credit entitlement to the extent it is not reasonably certain that the Company will pay normal income tax during the specified period.

**m) Revenue recognition**

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

**Sales**

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

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

**Interest**

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

**Dividend**

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

Benefit under duty entitlement pass book scheme / duty drawback scheme

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

**n) Borrowing costs**

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

**o) Earnings per share (EPS)**

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period is adjusted for events of bonus issue and share split.

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

**p) Impairment of assets**

The Company assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than





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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013

(Continued...)

its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognized in the Consolidated statement of profit and loss. If at the balance sheet date there is an indication that a previously assessed impairment loss no longer exists then the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciated historical cost.

### q) Provisions and contingent liabilities

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March 2013**
*(All amounts in ₹ crores, unless stated otherwise)*
**2 SHARE CAPITAL**

| Particulars   | As at 31 March 2013 |              | As at 31 March 2012 |              |
|---|---------------------|--------------|---------------------|--------------|
|   | Number              | Amount       | Number              | Amount       |
| <b>Authorised share capital</b>                           |                     |              |                     |              |
| Equity shares of ₹ 10 each                                | 25,000,000          | 25.00        | 25,000,000          | 25.00        |
|   |                     | <b>25.00</b> |                     | <b>25.00</b> |
| <b>Issued, subscribed and fully paid up share capital</b> |                     |              |                     |              |
| Equity shares of ₹ 10 each                                | 19,440,076          | 19.44        | 19,440,076          | 19.44        |
| <b>Total</b>  |                     | <b>19.44</b> |                     | <b>19.44</b> |

**Notes:**

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

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

**b) Terms and rights attached to equity shares**

The Company has only one class of equity shares having the par value of Rs. 10 per share. Each holder of equity share is entitled to one vote per share. The Company declares and pays dividend in Indian Rupees.

During the year ended 31 March 2013, the amount of per share dividend recognised as distributions to equity shareholders was ₹ 2.50 (previous year ₹ 5 per share). The dividend proposed by Board of Directors is subject to approval of shareholders in Annual General Meeting.

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

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

| Name of shareholder                   | As at 31 March 2013   |              | As at 31 March 2012   |              |
|---------------------------------------|-----------------------|--------------|-----------------------|--------------|
|                                       | Number of shares held | % of holding | Number of shares held | % of holding |
| Sunrise Manufacturing Company Limited | 3,957,552             | 20.36%       | 3,957,552             | 20.36%       |
| Pravasi Enterprises Limited           | 2,271,104             | 11.68%       | 2,271,104             | 11.68%       |



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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March 2013

(All amounts in ₹ crores, unless stated otherwise)

### 3. RESERVES AND SURPLUS

| Particulars  | As at<br>31 March 2013 | As at<br>31 March 2012 |
|--|------------------------|------------------------|
| <b>Capital reserves</b>  |                        |                        |
| Balance at the beginning of the year                                 | 3.32                   | 1.85                   |
| Add: Reversal on closure of associate operations                     | -                      | 1.47                   |
| Balance at the end of the year                                       | <b>3.32</b>            | <b>3.32</b>            |
| <b>Securities premium account</b>                                    | <b>31.26</b>           | <b>31.26</b>           |
| <b>Foreign currency translation reserve</b>                          | <b>5.02</b>            | <b>1.18</b>            |
| <b>General reserve</b>   |                        |                        |
| Balance at the beginning of the year                                 | 272.66                 | 270.98                 |
| Add: Transferred from surplus in statement of profit and loss        | 1.41                   | 3.15                   |
| Less: Reversal on closure of associate operations                    | -                      | (1.47)                 |
| <b>Balance at the end of the year</b>                                | <b>274.07</b>          | <b>272.66</b>          |
| <b>Hedging reserve</b>   |                        |                        |
| Balance at the beginning of the year                                 | (4.73)                 | (2.27)                 |
| Add : Amount recognised during the year                              | 2.63                   | (2.46)                 |
| <b>Balance at the end of the year</b>                                | <b>(2.10)</b>          | <b>(4.73)</b>          |
| <b>Foreign currency monetary item translation difference account</b> |                        |                        |
| Balance at the beginning of the year                                 | (5.36)                 | -                      |
| Add : Amounts recognised during the year                             | (2.87)                 | (6.50)                 |
| Less : Amounts amortised during the year                             | 2.46                   | 1.14                   |
| <b>Balance at the end of the year</b>                                | <b>(5.77)</b>          | <b>(5.36)</b>          |
| <b>Surplus as per Consolidated statement of profit and loss</b>      |                        |                        |
| Balance at the beginning of the year                                 | 17.07                  | -                      |
| Add: Profit for the year   | 11.33                  | 31.52                  |
| Less : Proposed dividends on equity shares                           | (4.86)                 | (9.72)                 |
| Less : Tax on dividends distributed during the year                  | (0.83)                 | (1.58)                 |
| Less : Transfer to general reserve                                   | (1.41)                 | (3.15)                 |
| <b>Balance at the end of the year</b>                                | <b>21.30</b>           | <b>17.07</b>           |
| <b>Total</b>   | <b>327.10</b>          | <b>315.40</b>          |

### 4. LONG TERM BORROWINGS

| Particulars                     | As at 31 March 2013 |              | As at 31 March 2012 |              |
|---------------------------------|---------------------|--------------|---------------------|--------------|
|                                 | Non current         | Current      | Non current         | Current      |
| <b>Secured</b>                  |                     |              |                     |              |
| <b>Term loans</b>               |                     |              |                     |              |
| Foreign currency loans (note a) | 225.94              | 42.61        | 161.51              | 40.33        |
| Rupee term loans (note b)       | 22.50               | 11.79        | 15.00               | 8.04         |
| Vehicle loans (note c)          | 0.24                | 0.49         | 0.45                | 0.74         |
| From others (note d)            | -                   | -            | -                   | 11.89        |
| <b>Total</b>                    | <b>248.68</b>       | <b>54.89</b> | <b>176.96</b>       | <b>61.00</b> |

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March 2013

(All amounts in ₹ crores, unless stated otherwise)

### Notes:

#### a) Foreign currency loans comprises of :

- (i) Loan of USD 10,000,000 taken from ICICI Bank during the financial year 2010-11 and carries interest @ Libor +400 bps per annum. The loan is repayable in 5 equal semi annual installments of USD 2,000,000 each after moratorium of 3.5 years from the date of loan.
- (ii) Loan of USD 7,500,000 taken from HSBC PLC Bank during the financial year 2008-09 and carries interest @ Libor+150 bps per annum. The loan is repayable in 6 equal semi annual installments of USD 1,250,000 each after moratorium period of 2.5 years from the date of loan.
- (iii) Loan of USD 13,272,220 taken from Landesbank Baden Wurttemberg Bank (LBBW) during the financial year 2008-09 and 2009-10 and carries interest @ Libor+37.5 bps per annum. The loan is repayable in 16 equal semi annual installments of approx. USD 832,640 each after six month from the date of start of commercial production.
- (iv) Loan of USD 5,000,000 taken from IFC Bank during the financial year 2011-12 and carries interest @ Libor+400 bps per annum. The loan is repayable in 15 equal semi-annual installments of USD 333,333 after moratorium period of 2.5 years from the date of loan.
- (v) Loan of EURO 9,219,450 taken from Landesbank Baden Wurttemberg Bank (LBBW) during the financial year 2012-13 and carries interest @ Libor+105 bps per annum. The loan is repayable in 17 equal semi annual installments starting after six month from the date of start of commercial production.
- (vi) Loan of USD 7,000,000 taken from DBS Bank during the financial year 2012-13 and carries interest @ Libor+225 bps per annum. The loan is repayable in 8 semi-annual installments from April, 2015. The loan has been fully hedged into an equivalent Rupee loan with fixed rate of interest.
- (vii) Loan of USD 4,500,000 taken from SBI Antwerp branch during the financial year 2009-10 and carries interest @ Libor +500 bps per annum. The loan is repayable after moratorium period of 20 months in 14 quarterly installments.
- (viii) 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 installments.
- (ix) Loan of USD 9.5 million taken from SBI Antwerp branch during the financial year 2009-10 and carries interest @ Libor + 500 bps per annum. The loan is repayable after moratorium period of 2 years in 14 quarterly installments.

#### b) Rupee term loans comprises of :

- (i) Loan of ₹108,675,000 taken from Kotak Mahindra Bank during the financial year 2011-12 and carries interest @ base rate+ 3.75% per annum. The loan is repayable in 78 equal monthly installments of Rs. 1,393,000 alongwith interest from the date of loan.
- (ii) Loan of ₹ 318,159,170 taken from IDBI Bank during the financial year 2008-09 and carries interest @ base rate+ 2.65% per annum. The loan is repayable in 10 equal semi annual installments of Rs. 31,815,917 alongwith interest from the date of loan.
- (iii) Loan of ₹ 300,000,000 taken from SBI during the financial year 2012-13 and carries interest @ base rate+ 2.25% per annum. The loan is repayable after a Moratorium of 12 month from the date of disbursement in 8 equal quarterly installments of Rs. 37,500,000.



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March 2013**

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

- c) Vehicle loans taken from Union Bank of India carries interest @10.5% -12% per annum. This loan is repayable in 3 years.
- d) Borrowing from others represents loan from ACCO Brands Corporation of USD 3,650,000 carries interest rate @ 4.9% per annum which has been repaid in the current year.
- e) Details of security for each type of borrowings:-
  - (i) Foreign currency loan from ICICI Bank is secured by subservient charge on all of the Company's moveable fixed assets, both present and future, save and except plant and machineries at Baska and Chikalthana and any assets charged exclusively to other lenders.
  - (ii) Foreign currency loan from Landesbank Baden Wurttemberg Bank (LBBW) taken in financial year 2008-09 and financial year 2009-10 is secured against hypothecation of machinery financed out of the loan amount at the Company's plant at Karjan, Vadodara.
  - (iii) Foreign currency loan from HSBC PLC Bank is secured by first pari-passu charge over the entire fixed assets of the Company except assets exclusively charged to Landesbank Baden Wurttemberg Bank (LBBW).
  - iv) Foreign currency loan from IFC Bank is secured by first ranking security interest over all present and future movable and immovable fixed assets except the excluded assets, ranking pari passu with the other lenders.
  - (v) Foreign currency loan from Landesbank Baden Wurttemberg Bank (LBBW) taken in financial year 2012-13 is secured against hypothecation of machinery financed out of the loan amount at the Company's new plant at Shendra, Aurangabad.
  - (vi) Foreign currency loan from DBS Bank is secured by pari passu charge on the movable and immovable fixed assets both present and future of the Company, except the excluded assets.
  - (vii) Foreign currency loans from SBI Antwerp branch and IBK Korea is secured by first charge over the entire assets of the respective subsidiaries.
  - (viii) Rupee term loan from Kotak Mahindra Bank is secured against mortgage by way of exclusive charge on the immovable properties being commercial properties situated at 1004-1010, 10th floor, DLF Towers, Jasola, New Delhi.
  - (ix) Rupee term loan from IDBI Bank is secured against pari-passu first charge on entire fixed assets of the Company by way of extension except assets exclusively charged to Landesbank Baden Wurttemberg (LBBW).
  - (x) Rupee term loan from SBI is secured against pari-passu charge with other term lenders on entire fixed assets of the Company, present and future including equitable mortgage of certain properties.
  - (xi) Vehicle loans from Union Bank of India are secured against hypothecation of vehicles financed out of the loan amount.
- f) Current maturities of long term borrowings are disclosed under the head other current liabilities.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March 2013**  
*(All amounts in ₹ crores, unless stated otherwise)*

**5 DEFERRED TAX LIABILITIES (NET)**

| Particulars  | As at<br>31 March 2013 | As at<br>31 March 2012 |
|--|------------------------|------------------------|
| <b>Deferred tax liability</b>  |                        |                        |
| Fixed assets: Impact of difference between tax depreciation and depreciation charged in the books                            | 80.23                  | 80.93                  |
| Acquisition gain   | 1.13                   | 2.04                   |
| Others   | 0.31                   | 0.37                   |
| <b>Gross deferred tax liability</b>  | <b>81.67</b>           | <b>83.34</b>           |
| <b>Deferred tax assets</b>   |                        |                        |
| Unabsorbed losses  | 22.36                  | 22.61                  |
| Tax impact of other expenses charged in the financial statement but allowable as deductions in future years under income tax | 4.14                   | 6.47                   |
| Provision for bad and doubtful debts   | 0.74                   | 1.02                   |
| Others   | 0.77                   | 0.29                   |
| <b>Gross deferred tax assets</b>   | <b>28.01</b>           | <b>30.39</b>           |
| <b>Deferred tax liabilities (net)</b>  | <b>53.66</b>           | <b>52.95</b>           |

**Note :**

The above includes impact of tax rate change on deferred tax liability amounting to ₹ 3.06 crores and is included in deferred tax expense earlier years in Statement of profit and loss

**6. LONG TERM PROVISIONS**

| Particulars                | As at<br>31 March 2013 | As at<br>31 March 2012 |
|----------------------------|------------------------|------------------------|
| Employee benefit payable   | 0.13                   | 4.64                   |
| Accrued severance benefits | -                      | 0.15                   |
| <b>Total</b>               | <b>0.13</b>            | <b>4.79</b>            |

**7. SHORT TERM BORROWINGS**

| Particulars   | As at<br>31 March 2013 | As at<br>31 March 2012 |
|---|------------------------|------------------------|
| <b>Secured</b>                                      |                        |                        |
| <b>From banks</b>                                   |                        |                        |
| Cash credits/ working capital demand loans (note a) | 205.03                 | 178.22                 |
| Overdrafts (note b)                                 | 0.47                   | 3.00                   |
|   | <b>205.50</b>          | <b>181.22</b>          |
| <b>Unsecured</b>                                    |                        |                        |
| <b>Term loans</b>                                   |                        |                        |
| From others (note c)                                | -                      | 10.01                  |
|   | <b>-</b>               | <b>10.01</b>           |
| <b>Total</b>  | <b>205.50</b>          | <b>191.23</b>          |



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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March 2013

(All amounts in ₹ crores, unless stated otherwise)

### Notes:

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

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

- (i) Cash credit/working capital demand loan of ₹ 30 crores sanctioned by Export Import Bank of India is repayable on demand and carries interest rate @ 11.5% per annum, Libor+4% and 11.75% per annum for PCFC INR, PCFC USD and working capital demand loan respectively.
  - (ii) Cash credit/working capital demand loan of Rs. 15 crores sanctioned by CITI Bank is repayable on demand and carries interest as mutually decided.
  - (iii) Working capital demand of ₹ 20 crores sanctioned by HDFC Bank is repayable on demand and carries interest rate as mutually decided.
  - (iv) Cash credit/working capital demand of ₹ 15 crores sanctioned by ICICI Bank is repayable on demand and carries interest @ base rate+3.5% per annum.
  - (v) Cash credit/working capital demand of ₹ 25 crores sanctioned by ING Vysya Bank is repayable on demand and carries interest @ base rate+2.55% per annum.
  - (vi) Cash credit/working capital demand of ₹ 55 crores sanctioned by Union Bank of India is repayable on demand and carries interest @ base rate+3% per annum.
  - (vii) Cash credit/working capital demand of ₹ 15 crores sanctioned by YES Bank of India is repayable on demand and carries interest @ base rate+2.5% per annum.
  - (viii) Working capital demand loan of ₹ 20 crores sanctioned by Kotak Mahindra Bank is repayable on demand and carries interest as mutually agreed.
  - (ix) Cash credit/working capital demand of ₹ 30 crores sanctioned by IDBI Bank is repayable on demand and carries interest @ base rate+2.5% per annum.
  - (x) Cash credit of ₹ 50 crores sanctioned by State Bank of India is repayable on demand and carries interest @ base rate+2.5% per annum.
  - (xi) Cash credit/working capital loan/export packing credit of ₹ 20 crores sanctioned by DBS Bank is repayable on demand and carries interest as mutually agreed.
  - (xii) Loan of JPY 100 million is taken from Mizuho Bank, Japan and carries rate of interest @ 1.725% per annum. All are current and payable within one year.
  - (xiii) Bill discounting facility from IBK, Korea carrying interest @ 3.01% repayable within one year.
- b) Overdraft of Rs. 5 crores from HDFC Bank are secured against pledge of the fixed deposits of the Company is repayable on demand and carries interest rate @ 11.5% per annum.
- c) Short term Loans Rs. NIL (Previous year ₹ 10.01 crores) is taken from Tata Capital Financials Services Limited, is repayable after 3 months and carries interest @ 12% per annum.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March 2013**  
*(All amounts in ₹ crores, unless stated otherwise)*

**8. TRADE PAYABLES**

| Particulars   | As at<br>31 March 2013 | As at<br>31 March 2012 |
|---|------------------------|------------------------|
| Due to Micro, Small and Medium Enterprises *                                      | -                      | -                      |
| Total outstanding dues to units other than Micro, Small and Medium Enterprises ** | 77.01                  | 45.36                  |
| Employee related payables   | 3.20                   | 0.04                   |
| Other accrued liabilities   | 23.87                  | 42.14                  |
| <b>Total</b>  | <b>104.08</b>          | <b>87.54</b>           |

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

\*\*Includes ₹ 15.18 crores (previous year ₹ Nil) being the liabilities to be paid out of the undrawn sanctioned long term loans.

**9. OTHER CURRENT LIABILITIES**

| Particulars   | As at<br>31 March 2013 | As at<br>31 March 2012 |
|---|------------------------|------------------------|
| Current maturities of long term debt (refer note 4) | 54.89                  | 61.00                  |
| Interest accrued but not due on borrowings          | 4.67                   | 3.33                   |
| Statutory dues payable                              | 1.88                   | 2.18                   |
| Advance received from customers                     | 5.47                   | 7.29                   |
| Others  | 0.06                   | -                      |
| <b>Total</b>  | <b>66.97</b>           | <b>73.80</b>           |

**10. SHORT TERM PROVISIONS**

| Particulars                              | As at<br>31 March 2013 | As at<br>31 March 2012 |
|--|------------------------|------------------------|
| Employee benefit payable                 | 0.61                   | 0.81                   |
| <b>Others</b>                            |                        |                        |
| Proposed dividend (note a)               | 4.86                   | 9.72                   |
| Provision for taxes on proposed dividend | 0.83                   | 1.58                   |
| <b>Total</b>                             | <b>6.30</b>            | <b>12.11</b>           |

**Notes:**

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

|                             |        |        |
|-----------------------------|--------|--------|
| Dividends proposed to       |        |        |
| -Equity shareholders        | (4.86) | (9.72) |
| Proposed dividend per share |        |        |
| -Equity shareholders (Rs.)  | 2.50   | 5.00   |





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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March 2013**  
(All amounts in ₹ crores, unless stated otherwise)

**11 FIXED ASSETS**

| Particulars                                      | Tangible fixed assets |                |              |                     |                        |             |                  | Intangible assets |             |                          |
|--|-----------------------|----------------|--------------|---------------------|------------------------|-------------|------------------|-------------------|-------------|--------------------------|
|  | Land freehold         | Land leasehold | Buildings    | Plant and equipment | Furniture and fixtures | Vehicles    | Office equipment | Total             | Software    | Capital work in progress |
| <b>Gross block</b>                               |                       |                |              |                     |                        |             |                  |                   |             |                          |
| Balance as at 1 April 2011                       | 11.46                 | 1.20           | 82.73        | 573.97              | 5.24                   | 7.16        | 16.06            | 697.82            | -           | 7.75                     |
| Additions  | 8.30                  | -              | 24.80        | 22.87               | 0.11                   | 0.80        | 0.49             | 57.37             | 7.67        | 5.66                     |
| Disposals  | (1.81)                | -              | (12.02)      | (31.92)             | (0.31)                 | (1.08)      | (2.60)           | (49.74)           | -           | (10.69)                  |
| Other adjustments:                               |                       |                |              |                     |                        |             |                  |                   |             |                          |
| - Borrowing costs                                | -                     | -              | -            | -                   | -                      | -           | -                | -                 | -           | 1.30                     |
| - Foreign exchange fluctuation                   | -                     | -              | -            | 8.84                | -                      | -           | -                | 8.84              | -           | -                        |
| - Translation adjustment                         | 0.90                  | 0.26           | 1.94         | 3.53                | 0.05                   | 0.04        | 0.27             | 6.98              | -           | -                        |
| <b>Balance as at 31 March 2012</b>               | <b>18.85</b>          | <b>1.46</b>    | <b>97.45</b> | <b>577.28</b>       | <b>5.09</b>            | <b>6.92</b> | <b>14.22</b>     | <b>721.27</b>     | <b>7.67</b> | <b>4.02</b>              |
| Additions (note b)                               | -                     | 7.22           | 2.91         | 19.96               | 1.49                   | 0.81        | 0.84             | 33.23             | 0.68        | 162.04                   |
| Disposals  | -                     | -              | (1.79)       | (10.15)             | -                      | (0.90)      | (0.32)           | (13.16)           | -           | (11.27)                  |
| Other adjustments:                               |                       |                |              |                     |                        |             |                  |                   |             |                          |
| - Impairment (note c)                            | (2.89)                | -              | (1.93)       | -                   | -                      | -           | -                | (4.82)            | -           | -                        |
| - Borrowing costs                                | -                     | -              | -            | -                   | -                      | -           | -                | -                 | -           | 2.23                     |
| - Foreign exchange fluctuation                   | -                     | -              | -            | 3.45                | -                      | -           | -                | 3.45              | -           | 0.68                     |
| - Translation adjustment                         | 1.07                  | -              | 1.52         | 2.61                | 0.03                   | (0.02)      | 0.15             | 5.36              | -           | -                        |
| <b>Balance as at 31 March 2013</b>               | <b>17.03</b>          | <b>8.68</b>    | <b>98.16</b> | <b>593.15</b>       | <b>6.61</b>            | <b>6.81</b> | <b>14.89</b>     | <b>745.33</b>     | <b>8.35</b> | <b>157.70</b>            |
| <b>Accumulated depreciation and amortisation</b> |                       |                |              |                     |                        |             |                  |                   |             |                          |
| Balance as at 1 April 2011                       | -                     | 0.08           | 18.78        | 241.99              | 2.53                   | 1.93        | 10.82            | 276.13            | -           | -                        |
| Depreciation and amortisation expense            | -                     | 0.01           | 3.29         | 30.01               | 0.24                   | 0.70        | 1.15             | 35.40             | 0.51        | -                        |
| Adjusted on disposal of assets                   | -                     | -              | (3.55)       | (26.09)             | (0.12)                 | (0.56)      | (2.26)           | (32.58)           | -           | -                        |
| Translation adjustment                           | -                     | -              | 0.15         | 0.53                | 0.02                   | 0.00        | 0.12             | 0.82              | -           | -                        |
| <b>Balance as at 31 March 2012</b>               | <b>-</b>              | <b>0.09</b>    | <b>18.67</b> | <b>246.44</b>       | <b>2.67</b>            | <b>2.07</b> | <b>9.83</b>      | <b>279.77</b>     | <b>0.51</b> | <b>-</b>                 |
| Depreciation and amortisation expense            | -                     | -              | 3.52         | 31.68               | 0.28                   | 0.80        | 1.24             | 37.52             | 1.29        | -                        |
| Adjusted on disposal of assets                   | -                     | -              | (0.24)       | (4.67)              | -                      | (0.40)      | (0.08)           | (5.39)            | -           | -                        |
| Translation adjustment                           | -                     | -              | 0.11         | 0.37                | 0.01                   | (0.02)      | 0.08             | 0.55              | -           | -                        |
| <b>Balance as at 31 March 2013</b>               | <b>-</b>              | <b>0.09</b>    | <b>22.06</b> | <b>273.82</b>       | <b>2.96</b>            | <b>2.45</b> | <b>11.07</b>     | <b>312.45</b>     | <b>1.80</b> | <b>-</b>                 |
| <b>Net block</b>                                 |                       |                |              |                     |                        |             |                  |                   |             |                          |
| Balance as at 31 March 2012                      | 18.85                 | 1.37           | 78.78        | 330.84              | 2.42                   | 4.85        | 4.39             | 441.50            | 7.16        | 4.02                     |
| Balance as at 31 March 2013                      | 17.03                 | 8.59           | 76.10        | 319.33              | 3.65                   | 4.36        | 3.82             | 432.88            | 6.55        | 157.70                   |

**Notes:**

**Capitalisation of foreign exchange differences**

a) The foreign exchange difference capitalised during the year ended 31 March 2013 was ₹ 4.13 crores (previous year: ₹ 8.84 crores). The Company has adopted the MCA notification dated December 29, 2011 on Accounting Standard -11, "The effects of changes in foreign exchange rates" and accordingly capitalised ₹ 4.13 crores during the year.

b) Additions include ₹ 0.31 (previous year ₹ Nil) towards assets located at research and development facilities.

c) Impairment adjustment represent land and building impairment expenses recognised on the basis of valuation report in CF (Netherlands) Holdings Limited B.V. These expenses are disclosed in note 26 as exceptional items.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March 2013**
*(All amounts in ₹ crores, unless stated otherwise)*
**12. NON CURRENT INVESTMENTS**

| Particulars   | As at<br>31 March 2013 | As at<br>31 March 2012 |
|---|------------------------|------------------------|
| <b>Unquoted, trade investments (valued at cost unless otherwise stated)</b> |                        |                        |
| Investment in equity instruments - Gupta Energy Private Limited *           | 4.21                   | -                      |
| <b>Unquoted, other investments (valued at cost unless otherwise stated)</b> |                        |                        |
| Investment property   | 16.98                  | 11.82                  |
| <b>Total</b>  | <b>21.19</b>           | <b>11.82</b>           |

**Details of trade investments (unquoted)**

| Name of the body corporate | No. of shares    | Face value       | Partly paid/<br>Fully paid | Amount (Rs.)     | Amount (Rs.)     |   |
|----------------------------|------------------|------------------|----------------------------|------------------|------------------|---|
|                            | 31 March<br>2013 | 31 March<br>2012 |                            | 31 March<br>2013 | 31 March<br>2012 |   |
| <b>Equity</b>              |                  |                  |                            |                  |                  |   |
| Gupta Energy Pvt Ltd *     | 294,252          | -                | ₹ 10                       | Fully paid       | 4.21             | - |
|                            | <b>294,252</b>   | <b>-</b>         |                            | <b>4.21</b>      |                  |   |

\* Pledged with banks for securing the financial facilities availed by Gupta Energy Private Limited pursuant to the agreement for generation and supply of captive power to the Company's plant.

**13. LONG TERM LOANS AND ADVANCES**

| Particulars   | As at<br>31 March 2013 | As at<br>31 March 2012 |
|---|------------------------|------------------------|
| <b>Secured</b>                                      |                        |                        |
| Capital advances (note a)                           | 12.13                  | 21.17                  |
| <b>Unsecured, considered good</b>                   |                        |                        |
| Loans and advances to related party (refer note 32) | -                      | 0.44                   |
| Security deposits                                   | 1.24                   | 1.24                   |
| Prepaid expenses                                    | 0.62                   | 1.01                   |
| Others  | 2.96                   | 3.58                   |
| <b>Total</b>  | <b>16.95</b>           | <b>27.44</b>           |

**Note:**

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

**14. OTHER NON CURRENT ASSETS**

| Particulars               | As at<br>31 March 2013 | As at<br>31 March 2012 |
|---------------------------|------------------------|------------------------|
| Pledged deposits (note a) | 0.14                   | 0.13                   |
| <b>Total</b>              | <b>0.14</b>            | <b>0.13</b>            |

**Note:** (a) Pledged deposits represent ₹ 0.14 crores (Previous Year ₹ 0.13 crore) pledged with sales tax authority.



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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March 2013

(All amounts in ₹ crores, unless stated otherwise)

### 15. INVENTORIES

| Particulars  | As at<br>31 March 2013 | As at<br>31 March 2012 |
|--|------------------------|------------------------|
| Raw material (including material in transit Rs. 1.93 crores)<br>(previous year Rs. 1.97 crores)  | 36.45                  | 40.96                  |
| Finished goods (including goods in transit Rs. 29.86 crores)<br>(previous year Rs. 37.38 crores) | 103.12                 | 108.01                 |
| Stores and spares  | 11.76                  | 24.98                  |
| <b>Total</b>   | <b>151.33</b>          | <b>173.95</b>          |

### 16. TRADE RECEIVABLES

| Particulars   | As at<br>31 March 2013 | As at<br>31 March 2012 |
|---|------------------------|------------------------|
| <b>Trade receivables outstanding for a period exceeding six months from the date they are due for payment</b> |                        |                        |
| Unsecured, considered good  | 1.38                   | 3.95                   |
| Unsecured, considered doubtful  | 2.06                   | 11.26                  |
|   | 3.44                   | 15.21                  |
| Less : Allowances for bad and doubtful debts  | (2.06)                 | (11.26)                |
|   | <b>1.38</b>            | <b>3.95</b>            |
| <b>Trade receivables outstanding for a period less than six months from the date they are due for payment</b> |                        |                        |
| Unsecured, considered good  | 127.40                 | 126.85                 |
| Unsecured, considered doubtful  | 0.10                   | -                      |
|   | <b>127.50</b>          | <b>126.85</b>          |
| Less : Allowances for bad and doubtful debts  | (0.10)                 | -                      |
|   | <b>127.40</b>          | <b>126.85</b>          |
| <b>Total</b>  | <b>128.78</b>          | <b>130.80</b>          |

### 17. CASH AND BANK BALANCES

| Particulars   | As at<br>31 March 2013 | As at<br>31 March 2012 |
|---|------------------------|------------------------|
| <b>Cash and cash equivalents</b>                          |                        |                        |
| Cash in hand  | 0.05                   | 0.05                   |
| Cheques, drafts in hand                                   | 2.73                   | 1.91                   |
| Balances with scheduled banks                             |                        |                        |
| - in current accounts                                     | 1.96                   | 1.26                   |
| - in deposit account with original maturity upto 3 months | 2.50                   | 10.84                  |
| Balance with other banks                                  |                        |                        |
| - in current accounts                                     | 20.13                  | 22.36                  |
|   | <b>27.37</b>           | <b>36.42</b>           |

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March 2013**
*(All amounts in ₹ crores, unless stated otherwise)*

|  |              |              |
|--|--------------|--------------|
| <b>Other bank balances</b>   |              |              |
| Deposits with original maturity more than 3 months but less than 12 months | 1.70         | 20.00        |
| Balances with bank held as :   |              |              |
| Security against the short term borrowings (note a)                        | 5.00         | 5.00         |
|  | <b>6.70</b>  | <b>25.00</b> |
| <b>Total</b>   | <b>34.07</b> | <b>61.42</b> |

**Note:**

a) Pledged deposits represents deposits pledged against overdraft facility. (refer note 7(b))

**18. SHORT TERM LOANS AND ADVANCES**

| Particulars   | As at<br>31 March 2013 | As at<br>31 March 2012 |
|---|------------------------|------------------------|
| <b>Unsecured, considered good</b>                   |                        |                        |
| Advances to vendors                                 | 1.65                   | 1.02                   |
| Tax recoverable (net of provision)                  | 22.85                  | 22.47                  |
| Loans and advances to related party (refer note 32) | 0.44                   | -                      |
| MAT credit entitlement                              | 1.40                   | -                      |
| Deposits with excise and other tax authorities      | 10.07                  | 9.27                   |
| Export benefit recoverable                          | 28.40                  | 20.70                  |
| Discount recoverable                                | 6.93                   | 11.05                  |
| Prepaid expenses                                    | 6.44                   | 4.31                   |
| Others  | 3.65                   | 6.18                   |
| <b>Total</b>  | <b>81.83</b>           | <b>75.00</b>           |

**19. OTHER CURRENT ASSETS**

| Particulars                       | As at<br>31 March 2013 | As at<br>31 March 2012 |
|-----------------------------------|------------------------|------------------------|
| <b>Unsecured, considered good</b> |                        |                        |
| Interest receivable               | 0.44                   | 0.98                   |
| <b>Total</b>                      | <b>0.44</b>            | <b>0.98</b>            |

**20. REVENUES**

| Particulars  | Year ended<br>31 March 2013 | Year ended<br>31 March 2012 |
|--|-----------------------------|-----------------------------|
| <b>Revenue from operations</b>   |                             |                             |
| Sale of products (including export benefits of ₹ 27.46 crores, previous year ₹ 27.05 crores) | 1,301.43                    | 1,167.68                    |
| Other operating revenues (note a)  | 17.12                       | 11.20                       |
| <b>Revenue from operations (gross)</b>   | <b>1,318.55</b>             | <b>1,178.88</b>             |
| Less : Excise duty   | (52.93)                     | (42.70)                     |
| <b>Revenue from operations (net)</b>   | <b>1,265.62</b>             | <b>1,136.18</b>             |

**Note :**

(a) Includes ₹ 9.26 crores write back of old sales tax liabilities on account of favourable order from sales tax tribunal.



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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March 2013

(All amounts in ₹ crores, unless stated otherwise)

| Details of products sold  |                             |                             |
|---------------------------|-----------------------------|-----------------------------|
| Particulars               | Year ended<br>31 March 2013 | Year ended<br>31 March 2012 |
| <b>Manufactured goods</b> |                             |                             |
| -Packaging films          | 1,273.96                    | 1,140.63                    |
| -Others                   | 27.47                       | 27.05                       |
| <b>Total</b>              | <b>1,301.43</b>             | <b>1,167.68</b>             |

### 21. OTHER INCOME

| Particulars                               | Year ended<br>31 March 2013 | Year ended<br>31 March 2012 |
|---|-----------------------------|-----------------------------|
| Interest income                           | 2.40                        | 1.53                        |
| Profit on sale of investment (net)        | -                           | 1.07                        |
| Profit on sale of assets (net)            | 2.98                        | 2.34                        |
| Insurance and other claims                | 0.29                        | 0.35                        |
| Miscellaneous receipts                    | 0.26                        | -                           |
| Bad debts recovered                       | -                           | 0.22                        |
| Liability no longer required written back | 2.07                        | 1.45                        |
| <b>Total</b>                              | <b>8.00</b>                 | <b>6.96</b>                 |

### 22. DECREASE/(INCREASE) IN INVENTORIES OF FINISHED GOODS AND WORK-IN-PROGRESS

| Particulars  | Year ended<br>31 March 2013 | Year ended<br>31 March 2012 |
|--|-----------------------------|-----------------------------|
| <b>Opening stock</b>   |                             |                             |
| Finished goods   | 108.01                      | 92.35                       |
| Work-in-progress   | -                           | 2.16                        |
| <b>Total</b>   | <b>108.01</b>               | <b>94.51</b>                |
| <b>Closing stock</b>   |                             |                             |
| Finished goods   | 103.12                      | 108.01                      |
| Work-in-progress   | -                           | -                           |
| <b>Total</b>   | <b>103.12</b>               | <b>108.01</b>               |
| <b>Decrease/(increase) in inventories of finished goods and work-in-progress</b> | <b>4.89</b>                 | <b>(13.50)</b>              |

#### Details of finished goods

| Particulars           | Year ended<br>31 March 2013 | Year ended<br>31 March 2012 |
|-----------------------|-----------------------------|-----------------------------|
| <b>Finished goods</b> |                             |                             |
| -Packaging films      | 92.89                       | 94.71                       |
| -Equipments           | 10.23                       | 13.30                       |
| <b>Total</b>          | <b>103.12</b>               | <b>108.01</b>               |

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March 2013**
*(All amounts in ₹ crores, unless stated otherwise)*
**23. EMPLOYEE BENEFIT EXPENSES**

| Particulars                               | Year ended<br>31 March 2013 | Year ended<br>31 March 2012 |
|---|-----------------------------|-----------------------------|
| Salaries, wages and bonus                 | 85.86                       | 87.87                       |
| Gratuity expense (refer note 30)          | (2.48)                      | 1.12                        |
| Contribution to provident and other funds | 5.24                        | 11.33                       |
| Staff welfare expenses                    | 1.72                        | 1.91                        |
| <b>Total</b>                              | <b>90.34</b>                | <b>102.23</b>               |

**Note:**

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

**24. FINANCE COSTS**

| Particulars       | Year ended<br>31 March 2013 | Year ended<br>31 March 2012 |
|-------------------|-----------------------------|-----------------------------|
| Interest expenses | 24.75                       | 23.77                       |
| Bank charges      | 4.26                        | 4.69                        |
| <b>Total</b>      | <b>29.01</b>                | <b>28.46</b>                |

**25. OTHER EXPENSES**

| Particulars  | Year ended<br>31 March 2013 | Year ended<br>31 March 2012 |
|--|-----------------------------|-----------------------------|
| Stores, spares and packing material consumed                 | 49.22                       | 43.37                       |
| Power, water and fuel  | 89.69                       | 77.22                       |
| Excise duty on internal consumption/finished goods inventory | 5.43                        | 5.02                        |
| Other manufacturing expenses                                 | 1.13                        | 1.72                        |
| Rent   | 8.35                        | 7.54                        |
| Repairs and maintenance                                      |                             |                             |
| - Buildings  | 0.74                        | 0.69                        |
| - Plant and equipment  | 8.83                        | 8.76                        |
| - Others   | 2.03                        | 1.84                        |
| Insurance  | 2.46                        | 1.87                        |
| Rates and taxes  | 0.70                        | 0.42                        |
| Printing and stationery                                      | 0.77                        | 0.41                        |
| Training and recruitment expenses                            | 0.49                        | 0.18                        |
| Travelling and conveyance                                    | 7.84                        | 9.74                        |
| Vehicle running and maintenance                              | 2.29                        | 2.02                        |
| Communication expenses                                       | 2.35                        | 4.15                        |
| Legal and professional charges                               | 3.04                        | 9.54                        |
| Directors' fees  | 0.05                        | 0.06                        |
| Charity and donations  | 0.32                        | 0.29                        |
| Bad debts written off  | 0.94                        | 0.16                        |
| Provision for bad debts                                      | 0.52                        | 0.29                        |
| Freight and forwarding                                       | 53.33                       | 41.07                       |
| Claims paid  | 0.21                        | 0.30                        |
| Others   | 4.75                        | 8.45                        |
| <b>Total</b>   | <b>245.48</b>               | <b>225.11</b>               |



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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March 2013

(All amounts in ₹ crores, unless stated otherwise)

### 26. EXCEPTIONAL ITEMS

| Particulars  | Year ended<br>31 March 2013 | Year ended<br>31 March 2012 |
|--|-----------------------------|-----------------------------|
| Profit on sale of land   | -                           | 11.38                       |
| Loss due to exchange rate fluctuation on foreign currency transactions | (7.51)                      | (4.31)                      |
| Restructuring expenses   | -                           | (4.93)                      |
| Impairment of land and building  | (4.82)                      | -                           |
| Severance pay  | (4.89)                      | -                           |
| <b>Total</b>   | <b>(17.22)</b>              | <b>2.15</b>                 |

### 27. EARNING PER SHARE

| Particulars  | Year ended<br>31 March 2013 | Year ended<br>31 March 2012 |
|--|-----------------------------|-----------------------------|
| a) Net profit after tax as per Statement of profit and loss attributable to equity shareholders ( ₹ in crores) | 11.33                       | 45.57                       |
| b) Weighted average number of equity shares  | 19,440,076                  | 19,440,076                  |
| c) Basic EPS (₹)   | 5.83                        | 23.44                       |
| d) Diluted EPS (₹)   | 5.83                        | 23.44                       |
| e) Nominal value per equity share (₹)  | 10.00                       | 10.00                       |

### 28. CONTINGENT LIABILITIES AND COMMITMENTS

#### (i) Contingent liabilities

| Particulars  | As at<br>31 March 2013 | As at<br>31 March 2012 |
|--|------------------------|------------------------|
| a) Disputed demands for income tax (refer note f below)  | 4.83                   | 11.43                  |
| b) Disputed demands for excise, custom duty and service tax  | 3.97                   | 4.01                   |
| c) Disputed demands for labour/employee dispute  | 1.18                   | 0.51                   |
| d) Claims against the Company not acknowledged as debts  | 0.12                   | 0.15                   |
| e) Discounting of customer invoices (refer note g below)   | 35.71                  | 7.59                   |
| f) Disputed demand for income tax includes a dispute of ₹ 4.83 crores (previous year ₹ 4.83) between the Company and income tax department over computation of deduction under section 80HHC of the Income Tax Act, 1961. 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. |                        |                        |
| g) It represents discounted debtors amounting to ₹10.64 crores against letter of credit and other discounted debtors of ₹ 14.38 crores which has 90% credit insurance coverage from ECGC. All the discounted invoices have been reduced from Trade Receivables in note 16.   |                        |                        |
| <b>(ii) Commitments</b>  |                        |                        |
| a) <b>Capital Commitment</b>   |                        |                        |
| The Company has the following commitments :  |                        |                        |

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March 2013**  
*(All amounts in ₹ crores, unless stated otherwise)*

| Particulars  | As at<br>31 March 2013 | As at<br>31 March 2012 |
|--|------------------------|------------------------|
| Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) | 36.00                  | 86.61                  |
| Letter of credit opened for which the material has not been shipped as on the date of the balance sheet.         | 19.44                  | 22.06                  |

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

| Particulars     | As at<br>31 March 2013 | As at<br>31 March 2012 |
|-----------------|------------------------|------------------------|
| Unpaid dividend | 0.86                   | 0.78                   |

**29. RESEARCH AND DEVELOPMENT EXPENDITURE**

| Particulars                                       | As at<br>31 March 2013 | As at<br>31 March 2012 |
|---|------------------------|------------------------|
| Employee benefit expenses                         | 1.24                   | 1.36                   |
| Materials and consumables                         | 1.71                   | 3.67                   |
| Others  | 0.37                   | 0.32                   |
| <b>Total research and development expenditure</b> | <b>3.32</b>            | <b>5.35</b>            |

**30. EMPLOYEE BENEFITS**

**Defined benefit plans (funded)**

The Company makes contribution towards gratuity to a defined contribution retirement benefits plan for qualifying employees. The Company has taken policy with Life Insurance Corporation of India to provide for payment of retirement benefits to vested employees. The present value of obligation is determined based on actuarial valuation.

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

| Particulars       | Year ended<br>31 March 2013 | Year ended<br>31 March 2012 |
|-------------------|-----------------------------|-----------------------------|
| Discount rate     | 8.00%                       | 8.00%                       |
| Salary escalation | 7.00%                       | 10.00%                      |

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

| Particulars   | Year ended<br>31 March 2013 | Year ended<br>31 March 2012 |
|---|-----------------------------|-----------------------------|
| Present value of obligations as at beginning of year  | 10.15                       | 8.46                        |
| Interest cost   | 0.81                        | 0.68                        |
| Current service cost                                  | 0.92                        | 0.72                        |
| Benefits paid   | (0.33)                      | (0.32)                      |
| Actuarial (gain)/loss on obligations                  | (3.13)                      | 0.61                        |
| <b>Present value of obligations as at end of year</b> | <b>8.42</b>                 | <b>10.15</b>                |





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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March 2013

(All amounts in ₹ crores, unless stated otherwise)

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

| Particulars   | Year ended<br>31 March 2013 | Year ended<br>31 March 2012 |
|---|-----------------------------|-----------------------------|
| Fair value of plan assets at beginning of year      | 11.68                       | 9.26                        |
| Expected return on plan assets                      | 1.08                        | 0.89                        |
| Contributions                                       | 0.01                        | 1.85                        |
| Benefits paid                                       | (2.08)                      | (0.32)                      |
| <b>Fair value of plan assets at the end of year</b> | <b>10.69</b>                | <b>11.68</b>                |

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

| Particulars   | Year ended<br>31 March 2013 | Year ended<br>31 March 2012 |
|---|-----------------------------|-----------------------------|
| Present value of obligations as at the end of year  | 8.42                        | 10.15                       |
| Fair value of plan assets as at the end of the year | 10.69                       | 11.68                       |
| Funded status                                       | 2.27                        | 1.53                        |
| <b>Net asset recognised in balance sheet</b>        | <b>2.27</b>                 | <b>1.53</b>                 |

### 5. Expenses recognised in statement of profit and loss

| Particulars  | Year ended<br>31 March 2013 | Year ended<br>31 March 2012 |
|--|-----------------------------|-----------------------------|
| Current service cost                                       | 0.92                        | 0.72                        |
| Interest cost  | 0.81                        | 0.68                        |
| Expected return on plan assets                             | (1.08)                      | (0.89)                      |
| Net actuarial (gain)/loss recognized in the year           | (3.13)                      | 0.61                        |
| <b>Expenses recognised in statement of profit and loss</b> | <b>(2.48)</b>               | <b>1.12</b>                 |

### 6. Amounts for the current and previous years are as follows

| Particulars                                      | 31 March<br>2013 | 31 March<br>2012 | 31 March<br>2011 | 31 March<br>2010 | 31 March<br>2009 |
|--|------------------|------------------|------------------|------------------|------------------|
| Defined benefit obligation                       | 8.42             | 10.15            | 8.46             | 7.58             | 5.72             |
| Plan assets                                      | 10.69            | 11.68            | 9.26             | 7.29             | 5.26             |
| <b>(Surplus)/ deficit</b>                        | <b>(2.27)</b>    | <b>(1.53)</b>    | <b>(0.80)</b>    | <b>0.29</b>      | <b>0.46</b>      |
| Net actuarial (gain)/loss recognized in the year | (3.13)           | 0.61             | 0.12             | 1.38             | 0.78             |

## 31. SEGMENT REPORTING

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

a) Business segment has been disclosed as the primary segment. The company is organised into two business segments namely packaging Films and Others.

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March 2013**  
*(All amounts in ₹ crores, unless stated otherwise)*

**Business segment**  
**Year ended 31 March 2013**

| Particulars                        | Packaging Films | Others       | Total           |
|------------------------------------|-----------------|--------------|-----------------|
| <b>Revenue</b>                     |                 |              |                 |
| External sales                     | 1,239.37        | 9.13         | 1,248.50        |
| Other operating revenue            | 17.12           | -            | 17.12           |
| Other income                       | 8.00            | -            | 8.00            |
| <b>Total revenue</b>               | <b>1,264.50</b> | <b>9.13</b>  | <b>1,273.62</b> |
| <b>Results</b>                     |                 |              |                 |
| Segment result                     | 53.17           | 1.04         | 54.21           |
| Unallocated corporate expenses     |                 |              | (3.53)          |
| <b>Operating profit</b>            | <b>53.17</b>    | <b>1.04</b>  | <b>50.68</b>    |
| Interest expenses and bank charges |                 |              | (29.01)         |
| <b>Profit before tax</b>           | <b>53.17</b>    | <b>1.04</b>  | <b>21.67</b>    |
| Income taxes                       |                 |              | (10.34)         |
| <b>Profit for the year</b>         | <b>53.17</b>    | <b>1.04</b>  | <b>11.33</b>    |
| <b>Other information</b>           |                 |              |                 |
| Segment assets                     | 942.12          | 10.23        | 952.35          |
| Unallocated corporate assets       |                 |              | 79.51           |
| <b>Total assets</b>                | <b>942.12</b>   | <b>10.23</b> | <b>1,031.86</b> |
| Segment liabilities                | 621.30          | -            | 621.30          |
| Unallocated corporate liabilities  |                 |              |                 |
| <b>Total liabilities</b>           | <b>621.30</b>   | <b>64.02</b> | <b>685.32</b>   |
| Capital expenditure                | 191.03          | -            | 191.03          |
| Depreciation and amortisation      | 38.81           | -            | 38.81           |

**Year ended 31 March 2012**

| Particulars                                    | Packaging Films | Others       | Total           |
|--|-----------------|--------------|-----------------|
| <b>Revenue</b>                                 |                 |              |                 |
| External sales                                 | 1,114.65        | 10.33        | 1,124.98        |
| Other operating revenue                        | 11.20           | -            | 11.20           |
| Other income                                   | 6.96            | -            | 6.96            |
| <b>Total revenue</b>                           | <b>1,132.81</b> | <b>10.33</b> | <b>1,143.14</b> |
| <b>Results</b>                                 |                 |              |                 |
| Segment result                                 | 59.41           | 0.94         | 60.35           |
| Unallocated corporate expenses                 |                 |              | 6.89            |
| <b>Operating profit</b>                        | <b>59.41</b>    | <b>0.94</b>  | <b>67.24</b>    |
| Interest expenses and bank charges             | -               | -            | (28.46)         |
| <b>Profit before tax and exceptional items</b> | <b>59.41</b>    | <b>0.94</b>  | <b>38.78</b>    |
| Income taxes                                   |                 |              | (8.60)          |
| <b>Profit for the year</b>                     | <b>59.41</b>    | <b>0.94</b>  | <b>30.18</b>    |
| <b>Other information</b>                       |                 |              |                 |
| Segment assets                                 | 825.21          | 13.30        | 838.51          |



COSMO FILMS

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March 2013

(All amounts in ₹ crores, unless stated otherwise)

| Particulars                       | Packaging Films | Others       | Total         |
|-----------------------------------|-----------------|--------------|---------------|
| Unallocated corporate assets      |                 |              | 95.71         |
| <b>Total assets</b>               | <b>825.21</b>   | <b>13.30</b> | <b>934.22</b> |
| Segment liabilities               | 531.79          | -            | 531.79        |
| Unallocated corporate liabilities |                 |              | 67.59         |
| <b>Total liabilities</b>          | <b>531.79</b>   | <b>-</b>     | <b>599.38</b> |
| Capital expenditure               | 76.28           | -            | 76.28         |
| Depreciation and amortisation     | 35.91           | -            | 35.91         |

### Business segment / geographical segment

#### Year ended 31 March 2013

| Particulars   | Revenue         | Segment assets  | Capital expenditure |
|---------------|-----------------|-----------------|---------------------|
| In India      | 473.69          | 808.79          | 189.96              |
| Outside India | 774.81          | 223.07          | 1.07                |
| <b>Total</b>  | <b>1,248.50</b> | <b>1,031.86</b> | <b>191.03</b>       |

#### Year ended 31 March 2012

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

## 32. RELATED PARTY DISCLOSURE

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

### i) List of related parties and relationships:

#### A. Key management personnel and their relatives

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

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

- Pravasi Enterprises Limited
- Sunrise Manufacturing Company Private Limited

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March 2013**  
*(All amounts in ₹ crores, unless stated otherwise)*

**ii) Transactions with related parties**

| Particulars                                     | Key management personnel and their relatives |               | Enterprises over which Key managerial personnel of the Company and their relatives have significant influence |               | Total         |               |
|---|--|---------------|---|---------------|---------------|---------------|
|   | 31 March 2013                                | 31 March 2012 | 31 March 2013   | 31 March 2012 | 31 March 2013 | 31 March 2012 |
| <b>Rent paid</b>                                |  |               |   |               |               |               |
| Pravasi Enterprises Limited                     | -  | -             | -   | 0.18          | -             | 0.18          |
| Sunrise Manufacturing Company Private Limited   | -  | -             | 0.89  | 0.89          | 0.89          | 0.89          |
| <b>Security deposit/advance rent received</b>   |  |               |   |               |               |               |
| Pravasi Enterprises Limited                     | -  | -             | -   | 0.62          | -             | 0.62          |
| <b>Remuneration</b>                             |  |               |   |               |               |               |
| Mr. Ashok Jaipuria                              | 1.03   | 2.34          |   | -             | 1.03          | 2.34          |
| <b>Purchase of fixed assets</b>                 |  |               |   |               |               |               |
| Pravasi Enterprises Limited                     | -  | -             | -   | 15.96         | -             | 15.96         |
| <b>iii) Outstanding balances :</b>              |  |               |   |               |               |               |
| <b>1. Loans and advance</b>                     |  |               |   |               |               |               |
| - Sunrise Manufacturing Company Private Limited |  |               | -   | -             | 0.44          | 0.44          |
| <b>2. Managerial remuneration payable</b>       |  |               |   |               |               |               |
| - Mr. Ashok Jaipuria                            |  |               | -   | -             | 0.75          | 2.00          |

**33. DERIVATIVE INSTRUMENTS AND UNHEDGED FOREIGN CURRENCY EXPOSURE**

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

| Currency | No. of contracts |               | Amount        |                | Notional gain/(loss) |               |
|----------|------------------|---------------|---------------|----------------|----------------------|---------------|
|          | 31 March 2013    | 31 March 2012 | 31 March 2013 | 31 March 2012  | 31 March 2013        | 31 March 2012 |
| EURO     | -                | 12            | -             | Euro 3.750 Mns | -                    | *             |
| GBP      | -                | 9             | -             | GBP 2.70 Mns   | -                    | (₹ 1.15)      |
| USD      | -                | 6             | -             | USD 3.75 Mns   | -                    | (₹ 0.79)      |

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

**Notes:**

- i) The Company enters into foreign currency related derivative contracts in the form of forward and options for hedging its business related exposure which are not speculative in nature. The contracts have long dated tenor with multiple contingent/uncertain events and such instruments qualify as effective hedges. As at 31 March 2013, there are no such outstanding contracts. In accordance with Accounting Standard 30, "Financial Instruments - recognition and



COSMO FILMS

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March 2013

(All amounts in ₹ crores, unless stated otherwise)

measurement" the mark to market loss as on 31 March 2013 is estimated at ₹ NIL (previous year ₹ 1.94 crores).

- ii) The Company has entered into interest rate swap contract (floating rate to fixed rate) to hedge its risk associated with LIBOR fluctuations and such instruments qualify as effective hedges. In accordance with Accounting Standard 30, "Financial Instruments - recognition and measurement" the mark to market loss as on 31 March 2013 is estimated at ₹ 2.10 crores (previous year ₹ 2.79 crores).
- iii) Company has entered into a cross currency swap agreement with DBS bank for hedging of installment and interest rate for term loan amounting to USD 7,000,000 taken in the current year. In accordance with Accounting Standard 30, "Financial Instruments - recognition and measurement" the mark to market loss as on 31 March 2013 is estimated at ₹ 0.85 crores (previous year ₹ NIL).

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

| Currency | 31 March 2013    |                    | 31 March 2012    |                    |
|----------|------------------|--------------------|------------------|--------------------|
|          | Foreign currency | Local currency (₹) | Foreign currency | Local currency (₹) |
| USD      | (48,410,094)     | (263.38)           | (53,550,555)     | (276.00)           |
| EURO     | (12,558,304)     | (87.38)            | (7,779,281)      | (52.62)            |
| GBP      | (47,190)         | (0.39)             | 924,224          | 4.99               |
| CAD      | 567,075          | 3.14               | 35,295           | 0.29               |

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

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

### 35. PAYMENTS TO AUDITORS

| Particulars                   | Year ended<br>31 March 2013 | Year ended<br>31 March 2012 |
|-------------------------------|-----------------------------|-----------------------------|
| As auditors                   | 0.34                        | 0.34                        |
| For taxation matters          | 0.03                        | 0.03                        |
| For reimbursement of expenses | 0.02                        | 0.03                        |
| <b>Total</b>                  | <b>0.39</b>                 | <b>0.40</b>                 |

- 36. A step down subsidiary is obliged under non-cancelable leases for its office and warehouse facilities, which are accounted for as operating leases. Rent expenses amounting to ₹ 4.25 Crores (previous year ₹ 4.33 crores) has been incurred as per note 25.

Future annual minimum payments under the operating leases consists of the following:

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March 2013**
*(All amounts in ₹ crores, unless stated otherwise)*

| Particulars                                       | Year ended<br>31 March 2013 | Year ended<br>31 March 2012 |
|---|-----------------------------|-----------------------------|
| Within one year                                   | 2.18                        | 2.68                        |
| Later than one year and not later than five years | -                           | 2.51                        |
| Later than five years                             | -                           | -                           |
| <b>Total</b>                                      | <b>2.18</b>                 | <b>5.19</b>                 |

- 37** Per transfer pricing legislation under sections 92-92F of the Income Tax Act, 1961, the Company is required to use certain specific methods in computing arm's length prices of international transactions with associated enterprises and maintain adequate documentation in this respect. Since law requires existence of such information and documentation to be contemporaneous in nature, the Company has appointed independent consultants for conducting a Transfer Pricing Study (the 'Study') to determine whether the transactions with associate enterprises undertaken during the financial year are on an "arms length basis". Management is of the opinion that the Company's international transactions are at arm's length and that the results of the on-going study will not have any impact on the financial statements and the independent consultants appointed have also preliminarily confirmed that they do not expect any transfer pricing adjustments.

**38. PREVIOUS YEARS FIGURES**

Previous years figures have been regrouped/rearranged wherever considered necessary.

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

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

**Rajeev Gupta**  
Director

**Ashok Jaipuria**  
Chairman & Managing Director

per **Neeraj Goel**  
Partner

**Neeraj Jain**  
Chief Financial Officer

**Jyoti Dixit**  
Company Secretary

**Place :** Delhi  
**Date :** 27 May 2013



## This image shows a single sheet of white paper with horizontal ruling lines. The lines are evenly spaced and run across the width of the page. There are no margins, text, or other markings on the paper.



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

I/We .....  
of ..... being a member/members of the above named  
company hereby appoint ..... of .....  
or failing him/her ..... of .....  
as my/our Proxy to vote for me/us on my behalf at the 36<sup>th</sup> Annual General Meeting of the company to be held on Wednesday,  
the 25<sup>th</sup> September, 2013 at 10:30 a.m. and at any adjournment thereof.

Signed this ..... day of ..... 2013.

Signature .....

**Affix  
Revenue  
Stamp**

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

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

Address .....

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

\* Applicable for investors holding shares in electronic form.

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

**ATTENDANCE SLIP**  
36<sup>th</sup> Annual General Meeting – 25<sup>th</sup> September, 2013

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

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

Mr./Ms. ....

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

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

I hereby record my presence at the 36<sup>th</sup> Annual General Meeting of the company at Shah Auditorium, 2 Rajniwas Marg,  
Civil Lines, Delhi 110054 on 25<sup>th</sup> September, 2013.

Member/Proxy's Name in Block Letters

Member's/Proxy's Signature

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

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



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BOOK POST



**COSMO FILMS LIMITED**

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



Date: 28/09/2013

National Stock Exchange of India Ltd.  
Exchange Plaza  
Plot No. C/1, G Block,  
Bandra- Kurla Complex  
Mumbai - 400 051  
Fax - 022- 26598237/38  
Email: [cnlist@nse.co.in](mailto:cnlist@nse.co.in)

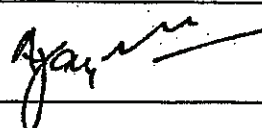
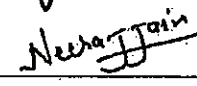
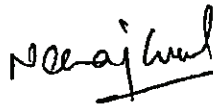
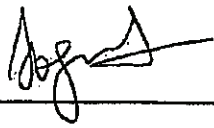
Bombay Stock Exchange Limited  
Phiroze Jeejeebhoy Towers,  
Dalal Street,  
Mumbai - 400 001  
Fax- 022-2272 1919  
Email: [corp.relations@bseindia.com](mailto:corp.relations@bseindia.com)

Sub: Covering Letter of the Annual Audit Report to be filed with Stock Exchanges

Dear Sir,

Please find enclosed the copy of Annual Audit Report for the Financial Year 2012-13.

**FORM A**

|    |   |  |
|----|---|--|
| 1. | Name of the Company:  | Cosmo Films Limited  |
| 2. | Annual Financial Statements for the year ended  | 31 March 2013  |
| 3. | Type of Audit observation   | Un-qualified Report  |
| 4. | Frequency of observation  | Nil  |
| 5. | Signed by-  |  |
|    | <ul style="list-style-type: none"><li>Managing Director - Mr. Ashok Jaipuria</li></ul>  |  |
|    | <ul style="list-style-type: none"><li>Chief Financial Officer - Mr. Neeraj Jain</li></ul>   |  |
|    | <ul style="list-style-type: none"><li>Auditor of the company:<br/><br/>For Walker, Chandlok &amp; Co<br/>Chartered Accountants<br/>Firm Registration No.: 001076N<br/><br/>per Neeraj Goel<br/>Partner<br/>Membership No.: 099514</li></ul> |  |
|    | <ul style="list-style-type: none"><li>Audit Committee Chairman - Mr. H. K. Agrawal</li></ul>  |  |



You are requested to take the same on your records.

Thanking You

Yours faithfully  
for **Cosmo Films Limited**

  
Jyoti Dixit  
Company Secretary