

23.08.2014

Bombay Stock Exchange of India Ltd.  
Exchange Plaza  
Plot No. C /1, G Block,  
Bandra- Kurla Complex  
Mumbai - 400 051  
Fax - 022- 26598237/38  
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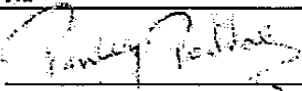
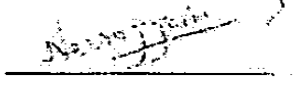
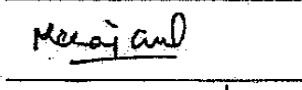

Bombay Stock Exchange Limited  
Puroze Jeejeebhoy Towers,  
Dalal Street,  
Mumbai - 400 001  
Fax - 022-2272 1919  
Email: [corp.relations@bseindia.com](mailto:corp.relations@bseindia.com)

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 2013-14.

**FORM A**

1.	Name of the Company	Cosmo Films Limited
2.	Annual Financial statements for the year ended	31 <sup>st</sup> March, 2014
3.	Type of Audit observation	Un-qualified Report
4.	Frequency of observation	Nil
5.	To be signed by - <ul style="list-style-type: none"> <li>Mr. Pankaj Poddar - Chief Executive Officer</li> <li>Mr. Neeraj Jain - Chief Financial Officer</li> <li>Auditor of the Company -  For Walker Chandniok &amp; Co. LLP  (formerly Walker, Chandniok &amp; Co.)  Chartered Accountants  Firm Registration No.: 0010/6N/N500013  Per Neeraj Goel  Partner  Membership No. : 099514</li> <li>Mr. H. K. Agrawal - Audit Committee  Chairman</li> </ul>	   

Cosmo Films Limited

1008, DLF Tower-A, Jasola District Centre, New Delhi-110025, India | Ph.: +91 11 49494949

CIN - L92114DL1076PLC008355

## COSMO FILMS LIMITED

Regd. Off: 1008, DLF Tower-A, Jasola District Centre, New Delhi-110025

CIN- L92114DL1976PLC008355

Tel: +91 11 494949 Fax: +91 11 494950

e-mail: [investor.relations@cosmofilms.com](mailto:investor.relations@cosmofilms.com), Website: [www.cosmofilms.com](http://www.cosmofilms.com)

### NOTICE

**Notice** is hereby given that the Thirty-Seventh 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 Thursday, September 25, 2014 at 4.00 P.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, 2014, and the Balance Sheet as at that date and the report of the Board of Directors and the Auditors of the Company thereon.
2. To declare Dividend on Equity Shares.
3. To appoint a Director in place of Mr. Rajeev Gupta who retires by rotation and being eligible offers himself for reappointment.
4. To appoint Auditors of the Company to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting and to fix their remuneration. M/s Walker Chandok & Co. LLP., Chartered Accountants, retiring Auditors, are eligible for reappointment and offers themselves for re-appointment.

#### **SPECIAL BUSINESS**

5. To appoint Mr. Har Kishanlal Agrawal (DIN: 00260592) as an Independent Director and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:  
"RESOLVED THAT pursuant to the provisions of Sections 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Mr. Har Kishanlal Agrawal (DIN: 00260592), in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for 5 (five) consecutive years for a term up to the conclusion of the 42<sup>nd</sup> Annual General Meeting of the Company in the calendar year 2019."
6. To appoint Mr. Suresh Rajpal (DIN: 01595407) as an Independent Director and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:  
"RESOLVED THAT pursuant to the provisions of Sections 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Mr. Suresh Rajpal (DIN: 01595407), in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for 5 (five) consecutive years for a term up to the conclusion of the 42<sup>nd</sup> Annual General Meeting of the Company in the calendar year 2019."



7. To appoint Mr. R Vasudevan (DIN: 00025334) as an Independent Director and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:
- “RESOLVED THAT pursuant to the provisions of Sections 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Mr. R Vasudevan (DIN: 00025334), in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for 5 (five) consecutive years for a term up to the conclusion of the 42<sup>nd</sup> Annual General Meeting of the Company in the calendar year 2019.”
8. To appoint Mr. Rama Kant Dwivedi (DIN: 06922891) as an Independent Director and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as **Ordinary Resolution**:-
- “RESOLVED THAT pursuant to the provisions of Sections 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Mr. Rama Kant Dwivedi (DIN: 06922891), who was appointed as an Additional Director pursuant to the provisions of Section 161(1) of the Companies Act, 2013 and the Articles of Association of the Company and who holds office up to the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for 5 (five) consecutive years for a term up to the conclusion of the 42<sup>nd</sup> Annual General Meeting of the Company in the calendar year 2019.”
9. To appoint Mr. Ashish Guha (DIN: 00004364) as an Independent Director and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as **Ordinary Resolution**:-
- “RESOLVED THAT pursuant to the provisions of Sections 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Mr. Ashish Guha (DIN: 00004364), who was appointed as an Additional Director pursuant to the provisions of Section 161(1) of the Companies Act, 2013 and the Articles of Association of the Company and who holds office up to the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for 5 (five) consecutive years for a term up to the conclusion of the 42<sup>nd</sup> Annual General Meeting of the Company in the calendar year 2019.”
10. To appoint Ms. Alpana Parida (DIN: 06796621) as a Director and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as **Ordinary Resolution**:-
- “RESOLVED THAT, Ms. Alpana Parida (DIN: 06796621), who was appointed as an Additional Director pursuant to the provisions of Section 161(1) of the Companies Act, 2013 and the Articles of Association of the Company and who holds office up to the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director, be and is hereby appointed as Director of the Company.”
11. To reappoint Mr. Ashok Jaipuria (DIN: 00214707) as Managing Director and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as **Ordinary Resolution**:-
- “RESOLVED THAT pursuant to the provisions section 196, 197 and 203 read with Schedule V of the Companies Act, 2013 and all other applicable provisions, if any, of the said act, and the Companies (Appointment and Remuneration of Managerial Personnel), Rules 2014 (including any statutory modification(s) or reenactment thereof for the time being in force), Articles of Association of the Company, the Company hereby accords its approval for the

reappointment of Mr. Ashok Jaipuria (DIN: 00214707) as Managing Director of the Company, for a period of five years commencing from April 2, 2014 on the terms and conditions including remuneration as set out in the Statement annexed to the Notice convening this Meeting, with liberty to the Board of Directors (the term Board shall be deemed to include the Human Resources, Nomination and Remuneration Committee of the Board) to alter and vary the terms and conditions of the said re-appointment and / or remuneration as it may deem fit and as may be acceptable to Mr. Ashok Jaipuria, subject to the same not exceeding the limits specified under Section I of Part II of Schedule V to the Companies Act, 2013 or any statutory modification(s) or re-enactment thereof;

**RESOLVED FURTHER THAT** in the event of absence or inadequacy of net profit in any financial year, the companies do pay to Mr. Ashok Jaipuria remuneration by way of salary, perquisites and allowances not exceeding the limits specified under Section II of Part II of Schedule V to the Companies Act, 2013 or any statutory modification(s) or re-enactment thereof;

**RESOLVED FURTHER THAT** the Board of Directors (the term Board shall be deemed to include the Human Resources, Nomination and Remuneration Committee of the Board) be and hereby authorized to take all such steps as may be necessary, proper or expedient to give effect to this resolution."

12. To re-appoint Mr. Anil Kumar Jain (DIN: 00027911) as a Whole-time Director designated as Director- Corporate Affairs and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:

**"RESOLVED THAT** in accordance with the provisions of Sections 196, 197 and 203 read with Schedule V and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), approval of the Company be and is hereby accorded to the re-appointment of Mr. Anil Kumar Jain (DIN: 00027911) as a Whole-time Director, designated as Director- Corporate Affairs of the Company, for a period of 5 (five) years with effect from October 01, 2014 on the terms and conditions including remuneration as set out in the Statement annexed to the Notice convening this Meeting, with liberty to the Board of Directors (hereinafter referred to as "the Board" which term shall be deemed to include the Human Resources, Nomination and Remuneration Committee of the Board) to alter and vary the terms and conditions of the said re-appointment and / or remuneration as it may deem fit and as may be acceptable to Mr. Anil Kumar Jain, subject to the same not exceeding the limits specified under Section I of Part II of Schedule V to the Companies Act, 2013 or any statutory modification(s) or re-enactment thereof;

**RESOLVED FURTHER THAT** in the event of absence or inadequacy of net profit in any financial year, the companies do pay to Mr. Anil Kumar Jain remuneration by way of salary, perquisites and allowances not exceeding the limits specified under Section II of Part II of Schedule V to the Companies Act, 2013 or any statutory modification(s) or re-enactment thereof;

**RESOLVED FURTHER THAT** the Board be and is hereby authorized to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

13. To approve the remuneration of Mr. Anil Kumar Jain (DIN: 00027911) for the period from April 01, 2013 to March 31, 2014 and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as **Special Resolution**:-

**"RESOLVED THAT** pursuant to the provisions of sections 198, 269 & 309 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, (including any statutory modification(s) or re-enactment thereof, for the time being in force), Articles of Association of the Company and subject to the approval of the Central Government and other necessary approvals as may be required, the members hereby ratify, confirm and approve the payment of remuneration to Mr. Anil Kumar Jain, Director- Corporate Affairs (DIN: 00027911), for the period from 1<sup>st</sup> April, 2013 to 31<sup>st</sup> March 2014 as set out in the statement annexed to the notice as minimum remuneration in case the Company has no profits or if its profits are inadequate.



**RESOLVED FURTHER THAT** the Board (the term Board shall be deemed to include the Human Resources, Nomination and Remuneration Committee of the Board) be and is hereby authorized to do and perform all such acts, deeds, matter and things as may be considered desirable or expedient to give effect to this resolution."

14. To approve payment of managerial remuneration in case of no profit or inadequate profit and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as **Special Resolution**:-

"**RESOLVED THAT** in supersession of the resolution passed earlier by the Shareholders in this regard and pursuant to the provisions section 197 and 198 read with Schedule V of the Companies Act, 2013 and all other applicable provisions, if any, of the said act, and the Companies (Appointment and Remuneration of Managerial Personnel), Rules 2014 (including any statutory modification(s) or reenactment thereof for the time being in force) and subject to such other approvals as may be necessary, the Company hereby accords its approval for payment of minimum remuneration to managerial personnel in case of no profit or inadequate profit in any financial year, during the 3 financial years commencing from April 01, 2014 up to an amount as the Board of Directors (the term Board shall be deemed to include the Human Resources, Nomination and Remuneration Committee of the Board) may approve from time to time within the overall limits specified under Section II of Part II of Schedule V of the Companies Act, 2013 or any statutory modification(s) thereof.

15. To approve creation of Charge, Mortgage under Companies Act, 2013 and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as **Special Resolution**:-

"**RESOLVED THAT** in supersession of the all the resolutions passed by shareholders in this regard and pursuant to Section 180 (1) (a) and other applicable provisions, if any, of the Companies Act, 2013, and Articles of Association of the Company, the Board of Directors of the Company (hereinafter called "the Board", which term shall be deemed to include any other Committee of the Board, which the Board may have constituted or hereinafter constitute for the time being, to exercise its powers including the powers conferred on the Board of Directors by this resolution, or any person(s) authorised by the Board or its Committee for such purposes) to create such charges, mortgages and hypothecations in addition to the existing charges, mortgages and hypothecations created by the Company, on such movable and immovable properties, both present and future, or the whole, or substantially the whole, of the undertaking or undertakings of the Company, and with such ranking as to priority and for such time and on such terms and in such manner as the Board may think fit, in favour of lenders, agents, trustees and other agencies to secure the borrowings of the Company availed/to be availed by way of loan(s) (in foreign currency and/or rupee currency) and/or working capital facilities and/or Securities issued/ to be issued by the Company, from time to time, subject to the limits approved under Section 180(1)(c) of the Companies Act, 2013 upto an amount not exceeding Rs. 1500 crores (Rupees one thousand five hundred crores only), together with interests, compound/ additional interest, commitment charges, costs, expenses and all other monies payable by the Company to the concerned lenders.

**RESOLVED FURTHER THAT** the Board be and is hereby authorised to delegate all or any of the powers herein conferred to any Committee of directors or any executive director or directors or any other officer of the Company to give effect to the above resolution.

**RESOLVED FURTHER THAT** the Board of Directors and the Company Secretary, be and are hereby severally authorised to do all such acts, deeds and things and to sign all such agreements, documents, papers and writings as may be deemed necessary, expedient or desirable to give effect to above resolution."

16. To approve the borrowing limits of the Company and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as **Special Resolution**:-

"**RESOLVED THAT** in supersession of all the resolution passed by the shareholders in this regard, the consent of the Company be and is hereby accorded under the provisions of Section 180 (1) (c) and other applicable provisions, if any, of the Companies Act, 2013, and Articles of Association of the Company, authorizing the Board of Directors of the Company (hereinafter called "the Board", which term shall be deemed to include any other Committee of the Board, which the Board may have constituted or hereinafter constitute for the time being, to exercise its powers including the powers conferred on the Board of Directors by this resolution, or any person(s) authorised by the

Board or its Committee for such purposes), to borrow from time to time as it may think fit, by way of loans from, or issue of bonds, debentures or other securities whether convertible into equity/preference shares and/or securities with or without detachable warrants with a right exercisable by the warrant holder(s) to convert or subscribe for equity/preference shares to, bank(s), financial or other institution(s), mutual fund(s), non-resident Indians, foreign institutional investors or any other person(s), body(ies) corporate, etc., whether shareholder of the Company or not, whether unsecured or secured and on such terms and conditions as the Board may deem fit, any sum or sums of monies which together with the monies already borrowed by the Company (apart from temporary loans obtained or to be obtained from the Company's bankers in the ordinary course of business) may exceed the aggregate of the paid-up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose, provided that the total amount so borrowed by the Board shall not at any time exceed the limit of Rs. 1500 crores (Rupees one thousand five hundred crores).

**RESOLVED FURTHER THAT** the Board be and is hereby authorised to do all such acts, deeds and things and to sign all such agreements, documents, papers and writings as may be deemed necessary, expedient or desirable to give effect to above resolutions.

**RESOLVED FURTHER THAT** all actions taken by the Board in connection with any matter referred to or contemplated in any of the foregoing resolutions are hereby approved, ratified and confirmed in all respects.

17. To approve the remuneration of Cost Auditors for the Financial Year ending March 31, 2015 and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as **Ordinary Resolution**:-

**"RESOLVED THAT** pursuant to the provisions of Section 148 and all other applicable provisions of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), M/s. Jayant B. Galande, Cost Accountants (Firm Registration Number 5255) appointed as the Cost Auditors of the Company by the Board for audit of the cost accounting records of the Company for the financial year ending 31st March, 2015, be paid the remuneration as set out in the Statement annexed to the Notice convening this Meeting;

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

18. To adopt new Articles of Association of the Company and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as a **Special Resolution**:

**"RESOLVED THAT** pursuant to the provisions of Section 14 and all other applicable provisions of the Companies Act, 2013 read with Companies (Incorporation) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), the draft regulations contained in the Articles of Association submitted to this meeting be and are hereby approved and adopted in substitution, and to the entire exclusion, of the regulations contained in the existing Articles of Association of the Company;

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorized to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

19. To approve the limits of contribution by the Company to any bonafide and Charitable funds etc. and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as **Ordinary Resolution**:-

**"RESOLVED THAT** the consent of the Company be and is hereby accorded under the provisions of section 181 and all other applicable provisions of the Companies Act, 2013 (including any statutory modification(s) or re-enactment thereof, for the time being in force) authorizing the Board of Directors of the Company (hereinafter called "the Board", which term shall be deemed to include any other Committee of the Board, which the Board may have constituted or hereinafter constitute for the time being, to exercise its powers including the powers conferred on the Board of Directors by this resolution, or any person(s) authorised by the Board or its Committee for such purposes), to make contribution to any bonafide and Charitable Funds etc, provided that the total amount so



**COSMO FILMS**

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contributed by the Board in any financial year shall not at any time exceed the limit of five per cent of its average net profits for the three immediately preceding financial years or Rs. 1 crore (Rupees One Crore), whichever is higher.

**RESOLVED FURTHER THAT** the Board be and is hereby authorised to do all such acts, deeds and things and to sign all such agreements, documents, papers and writings as may be deemed necessary, expedient or desirable to give effect to above resolutions."

**New Delhi  
12 August, 2014**

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

Head Office:  
1008, DLF Tower-A  
Jasola District Centre,  
New Delhi- 110025  
CIN:- L92114DL1976PLC008355  
e-mail:- investor.relations@cosmofilms.com

**Jyoti Dixit  
Company Secretary  
Membership No. F6229**

**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 SHALL NOT BE ENTITLED TO SPEAK AT THE MEETING AND 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. Proxies submitted on behalf of companies, societies, etc. must be supported by an appropriate resolution/ authority, as applicable. A person shall not act as a Proxy for more than 50 members and holding in the aggregate not more than ten percent of the total voting share capital of the Company. However, a single person may act as a proxy for a member holding more than ten percent of the total voting share capital of the Company provided that such person shall not act as a proxy for any other person.
5. Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, in respect of the Special Businesses to be transacted at the Annual General Meeting as set out in the Notice is annexed hereto.
6. Relevant documents referred to in the proposed resolutions are available for inspection at the Registered Office of the Company during business hours on all days except Saturdays, Sundays and Public holidays up to the date of the Annual General Meeting.
7. The Company is pleased to provide its members the facility of voting through electronic means. The instructions for electronic voting are attached separately with the notice of Annual General Meeting.
8. 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.
9. The Register of Members and Share Transfer Books of the Company will remain closed from Friday, September 19, 2014 to Thursday, September 25, 2014 (Both days inclusive).
10. 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.



11. 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.
12. 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.**
13. Members / Proxy holders are requested to produce at the entrance of the Auditorium the enclosed admission slip duly completed and signed.
14. 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
15. Shareholder holding shares in electronic form may kindly note that their Bank account details as furnished by the depositories to the company will be used for payment by ECS or printed on their Dividend Warrants as per the applicable regulations. The company will not entertain any direct request from such shareholders for deletion of/ change in such bank details. Further instructions, if any, already given by them in respect of shares held in physical form will not be automatically applicable to shares held in electronic mode. **Shareholders who wish to change such bank account details are therefore requested to advise their Depository Participants about such changes, with complete detail of bank account.**
16. 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.
17. 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, 2006 have been transferred to Investor Education and Protection Fund (IEPF) established by the Central Govt.
18. Pursuant to provisions of Section 205 A(5) of the Companies Act, 1956, dividend for the financial year ended March 31, 2007 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
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
2012-13	Final Dividend	25/09/2013	30/10/2020





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.**

19. 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.
20. 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.
21. Consequent upon the introduction of Section 72 of the Companies Act, 2013, 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 SH 13 (which will be made available on request) to the Registrar and Transfer Agents, M/s Alankit Assignments Limited. The said Form SH 13 can also be downloaded from the Company's web site [www.cosmofilms.com](http://www.cosmofilms.com).
22. The details pertaining to the Directors, proposed to be reappointed in terms of Listing agreement is annexed to this notice.
23. The Securities Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore requested to submit the PAN to their Depository Participant with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Company's Registrar and Transfer Agent.

**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:**

Directors name	Date of Birth	Qualifications	Nature of Expertise	Date of Appointment / Reappointment	Name of Other Companies in which He / She holds Directorships	Name of the committees of Companies in which he holds memberships/ Chairmanships	Shareholding in the company
Mr. Rajeev Gupta	March 19, 1958	B.E. and M.B.A.	Corporate Finance	July 30, 2012	1) Vardhman Special Steel Limited 2) Dalmia Cement Bharat Limited 3) VIP Industries Limited 4) EIH Limited 5) TVS Capital Funds Limited 6) Arpwood Capital Private Limited	Cosmo Film Limited: 1) Audit Committee - Member	10,100
Mr. Har Kishanlal Agrawal	October 11, 1947	MBA, IIM Ahmedabad	Strategic Management, Organization Structure, Finance and Training	January 13, 2000	NIL	Cosmo Films Limited:- 1) Audit Committee - Member 2) Stakeholders Relationship Committee - Chairman	
Mr. Suresh Rajpal	August 17, 1943	B.E. (Electrical), MBA	Corporate Finance	September 25, 2013	1) Visnova Solutions Pvt. Ltd. 2) Electronic Tender.com (India) Pvt. Ltd. 3) Inde pay Networks (P) Ltd. 4) Gisil Designs (P) Ltd. 5) Virtualsoft Systems Ltd. 6) Navis EXIM Pvt. Ltd. 7) Visnova Interactive Pvt. Ltd. 8) IIT Hyderabad	Cosmo Films Limited:- 1) Audit Committee - Member 2) Stakeholders Relationship Committee - Member	
Mr. R Vasudevan	June 14, 1937	B.A. (Hons) (Economics) University of Madras, M.A. Degree in Economic Statistics, University of Delhi, MPA (Development Economics) Harvard University, USA	Infrastructure, Industry & Finance	September 25, 2013	1) Haldia Petrochemicals Ltd. 2) Hindustan Oil Exploration Co. Ltd. 3) Purearth infrastructure Ltd. 4) Balrampur Chini Mills 5) Transindia Aviation Pvt. Ltd.	Cosmo Films Limited:- 1) Stakeholders Relationship Committee - Member  Hindustan Oil Exploration Company Limited:- 1) Audit Committee 2) Stakeholders Relationship Committee	NIL



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						Purearth Infrastructure Limited- 1) Audit Committee  Balrampur Chini Mills Limited- 1) Audit Committee	
Mr. Rama Kant Dwivedi	January 9, 1942	MBA, PHD in Management	Management & Finance	August 12, 2014	NIL	Cosmo Films Limited- 1) Audit Committee - Chairman	NIL
Mr. Ashish Guha	November 18, 1956	Honours Graduate in Economics Alumnus of London Business School (Management Development Programme)	Management & Finance	August 12, 2014	Ballarpur Industries Limited	Cosmo Films Limited 1) Audit Committee - Member	NIL
Ms. Alpana Parida	January 22, 1963	Degree holder in Business Administration from IIM Ahmedabad, Degree in Economics from St. Stephens, Delhi University	Branding and Marketing	February 14, 2014	NIL	Cosmo Films Limited:- 1) Stakeholders Relationship Committee - Member	NIL
Mr. Ashok Jaipuria	September 11, 1953	Degree holder in Associate of Arts in Business Administration and Diploma holder in Marketing Sciences	General Management Functions	October 10, 1978	1. Cosmo Ferrites Limited 2. HSIL Limited	Cosmo Films Limited:- Nil Cosmo Ferrites Limited:- 1) Stakeholders Relationship Committee - Member HSIL Limited:- 1) Audit Committee - Member	4,70,161
Mr. Anil Kumar Jain	March 18, 1951	B. Com (H), A. I.C.W.A. CISA	Finance & Accounts	May, 24 2011	1) Cosmo Ferrites Limited 2) Usha International Limited 3) Trusted Infosystems Pvt. Limited	Cosmo Films Limited 1) Stakeholders Relationship Committee - Member  Cosmo Ferrites Limited 1) Audit Committee - Member  Usha International Limited 1) Audit Committee - Chairman	7,000

Note: Only Audit & Stakeholders Relationship Committees have been considered.

#### Important Communication to Members

Members who have not registered their e-mail addresses so far are requested to register their e-mail address for receiving all communication including Annual Report, Notices, Circulars etc. from the Company electronically.

**STATEMENT PURSUANT TO SECTION 102(1) OF THE COMPANIES ACT, 2013**

The following Statement sets out all material facts relating to the Special Business mentioned in the accompanying Notice:

**ITEM NO.5, 6 & 7**

Mr. Har Kishanlal Agrawal, Mr. Suresh Rajpal and Mr. R Vasudevan are Independent Directors of the Company and have held the positions as such for more than 5 (five) years. The Securities and Exchange Board of India (SEBI) has amended Clause 49 of the Listing Agreement inter alia stipulating the conditions for the appointment of independent directors by a listed company.

It is proposed to appoint Mr. Har Kishanlal Agrawal Mr. Suresh Rajpal and Mr. R Vasudevan as Independent Directors under Section 149 of the Act and Clause 49 of the Listing Agreement to hold office for 5 (five) consecutive years for a term up to the conclusion of the 42<sup>nd</sup> Annual General Meeting of the Company in the calendar year 2019.

Mr. Har Kishanlal Agrawal Mr. Suresh Rajpal and Mr. R Vasudevan are not disqualified from being appointed as Directors in terms of Section 164 of the Act and have given their consent to act as Directors.

The Company has received notices in writing from members alongwith the deposit of requisite amount under Section 160 of the Act proposing the candidatures of each of Mr. Har Kishanlal Agrawal Mr. Suresh Rajpal and Mr. R Vasudevan for the office of Directors of the Company. The Company has also received declarations from Mr. Har Kishanlal Agrawal Mr. Suresh Rajpal and Mr. R Vasudevan that they meet with the criteria of independence as prescribed both under sub-section (6) of Section 149 of the Act and under Clause 49 of the Listing Agreement.

In the opinion of the Board, Mr. Har Kishanlal Agrawal Mr. Suresh Rajpal and Mr. R Vasudevan fulfill the conditions for appointment as Independent Directors as specified in the Act and the Listing Agreement. Mr. Har Kishanlal Agrawal Mr. Suresh Rajpal and Mr. R Vasudevan are independent of the management.

Brief resume of Mr. Har Kishanlal Agrawal Mr. Suresh Rajpal and Mr. R Vasudevan, nature of their expertise in specific functional areas and names of companies in which they hold directorships and memberships / chairmanships of Board Committees, shareholding and relationships between directors inter-se as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges, are provided in the Annexure forming part of this notice.

Copy of the draft letters for respective appointments of Mr. Har Kishanlal Agrawal and Mr. Suresh Rajpal and Mr. R Vasudevan as Independent Directors setting out the terms and conditions and other relevant documents are available for inspection by members at the Registered Office of the Company during business hours on all days except Saturdays, Sundays and Public holidays up to the date of the Annual General Meeting and is also available on the website of the Company at [www.cosmofilms.com](http://www.cosmofilms.com)

This Statement may also be regarded as a disclosure under Clause 49 of the Listing Agreement with the Stock Exchanges. Mr. Har Kishanlal Agrawal Mr. Suresh Rajpal and Mr. R Vasudevan are interested in the resolutions set out respectively at Item Nos. 5, 6 and 7 of the Notice with regard to their respective appointments. The relatives of Mr. Har Kishanlal Agrawal Mr. Suresh Rajpal and Mr. R Vasudevan may be deemed to be interested in the resolutions set out respectively at at Item Nos. 5, 6 and 7 of the Notice, to the extent of their shareholding interest, if any, in the Company.

Save and except the above, none of the other Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in these resolutions.

The Board commends the Ordinary Resolutions set out at Item Nos. 5, 6 and 7 of the Notice for approval by the shareholders.

**ITEM NO. 8**

The Board of Directors of the Company appointed, pursuant to the provisions of Section 161(1) of the Act and the Articles of Association of the Company, Mr. Rama Kant Dwivedi as Additional Director of the Company with effect from August 12, 2014.



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In terms of the provisions of Section 161(1) of the Act, Mr. Rama Kant Dwivedi would hold office up to the date of the ensuing Annual General Meeting.

The Company has received a notice in writing from a member alongwith the deposit of requisite amount under Section 160 of the Act proposing the candidature of Mr. Rama Kant Dwivedi for the office of Director of the Company.

Mr. Rama Kant Dwivedi is not disqualified from being appointed as a Director in terms of Section 164 of the Act and has given his consent to act as a Director.

Section 149 of the Act inter alia stipulates the criteria of independence to be adopted to appoint an independent director on its Board. As per the said Section 149, an independent director can hold office for a term up to 5 (five) consecutive years on the Board of a company and shall not be included in the total number of directors for retirement by rotation.

The Company has received a declaration from Mr. Rama Kant Dwivedi that he meets the criteria of independence as prescribed both under sub-section (6) of Section 149 of the Act and under Clause 49 of the Listing Agreement. Mr. Rama Kant Dwivedi possesses appropriate skills, experience and knowledge, inter alia, in the field of Management & Finance.

In the opinion of the Board, Mr. Rama Kant Dwivedi fulfills the conditions for his appointment as an Independent Director as specified in the Act and the Listing Agreement. Mr. Rama Kant Dwivedi is independent of the management.

Brief resume of Mr. Rama Kant Dwivedi, nature of his expertise in specific areas and names of companies in which he holds directorships and memberships / chairmanships of Board Committees, shareholding and relationships between directors inter-se as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges, are provided in the Annexure forming part of this notice.

Keeping in view their vast expertise and knowledge, it will be in the interest of the Company that Mr. Rama Kant Dwivedi be appointed as an Independent Directors. Copy of the draft letter for appointment of Mr. Rama Kant Dwivedi as an Independent Director setting out the terms and conditions and other relevant documents are available for inspection by members at the Registered Office of the Company during business hours on all days except Saturdays, Sundays and Public holidays up to the date of the Annual General Meeting and is also available on the website of the Company at [www.cosmofilms.com](http://www.cosmofilms.com)

This Statement may also be regarded as a disclosure under Clause 49 of the Listing Agreement with the Stock Exchanges. Save and except Mr. Rama Kant Dwivedi, none of the other Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution set out at Item No. 8 respectively of the Notice.

The Board commends the Ordinary Resolution set out at Item No. 8 of the Notice for approval by the shareholders.

#### **ITEM NO. 9**

The Board of Directors of the Company appointed, pursuant to the provisions of Section 161(1) of the Act and the Articles of Association of the Company, Mr. Ashish Guha as an Additional Director of the Company with effect from August 12, 2014.

In terms of the provisions of Section 161(1) of the Act, Mr. Ashish Guha would hold office up to the date of the ensuing Annual General Meeting.

The Company has received a notice in writing from a member alongwith the deposit of requisite amount under Section 160 of the Act proposing the candidature of Mr. Ashish Guha for the office of Director of the Company.

Mr. Ashish Guha is not disqualified from being appointed as a Director in terms of Section 164 of the Act and has given his consent to act as a Director.

Section 149 of the Act inter alia stipulates the criteria of independence to be adopted to appoint an independent director on its Board. As per the said Section 149, an independent director can hold office for a term up to 5 (five) consecutive years on the Board of a company and shall not be included in the total number of directors for retirement by rotation.

The Company has received a declaration from Mr. Ashish Guha that he meets the criteria of independence as prescribed both under sub-section (6) of Section 149 of the Act and under Clause 49 of the Listing Agreement. Mr. Ashish Guha possesses appropriate skills, experience and knowledge, inter alia, in the field of Management.

In the opinion of the Board, Mr. Ashish Guha fulfills the conditions for their appointment as an Independent Director as specified in the Act and the Listing Agreement. Mr. Ashish Guha is independent of the management.

Brief resume of Mr. Ashish Guha, nature of his expertise in specific areas and names of companies in which he holds directorships and memberships / chairmanships of Board Committees, shareholding and relationships between directors inter-se as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges, are provided in the Annexure forming part of this notice.

Keeping in view his vast expertise and knowledge, it will be in the interest of the Company that Mr. Ashish Guha be appointed as an Independent Director. Copy of the draft letter for appointment of Mr. Ashish Guha as an Independent Director setting out the terms and conditions and other relevant documents are available for inspection by members at the Registered Office of the Company during business hours on all days except Saturdays, Sundays and Public holidays up to the date of the Annual General Meeting and is also available on the website of the Company at [www.cosmofilms.com](http://www.cosmofilms.com)

This Statement may also be regarded as a disclosure under Clause 49 of the Listing Agreement with the Stock Exchanges. Save and except Mr. Ashish Guha, none of the other Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution set out at Item No. 9 respectively of the Notice.

The Board commends the Ordinary Resolution set out at Item No. 9 of the Notice for approval by the shareholders.

#### **ITEM NO.10**

The Board of Directors of the Company appointed, pursuant to the provisions of Section 161(1) of the Act and the Articles of Association of the Company, Ms. Alpana Parida as an Additional Director of the Company with effect from February 14, 2014.

In terms of the provisions of Section 161(1) of the Act, Ms. Alpana Parida would hold office up to the date of the ensuing Annual General Meeting.

The Company has received a notice in writing from a member alongwith the deposit of requisite amount under Section 160 of the Act proposing the candidature of Ms. Alpana Parida for the office of Director of the Company.

Ms. Alpana Parida is not disqualified from being appointed as a Director in terms of Section 164 of the Act and has given her consent to act as a Director. Ms. Alpana Parida possesses appropriate skills, experience and knowledge, inter alia, in the field of Marketing and Branding.

Brief resume of Ms. Alpana Parida, nature of her expertise in specific areas and names of companies in which she holds directorships and memberships / chairmanships of Board Committees, shareholding and relationships between directors inter-se as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges, are provided in the Annexure forming part of this notice.

Keeping in view her vast expertise and knowledge, it will be in the interest of the Company that Ms. Alpana Parida is appointed as Director.

Save and except Ms. Alpana Parida, none of the other Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution set out at Item No. 10 of the Notice.

The Board commends the Ordinary Resolution set out at Item No. 10 of the Notice for approval by the shareholders.



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#### ITEM NO.11

The term of Mr. Ashok Jaipuria as Managing Director, expired on April 01, 2014. In the Meeting of the Board of Directors of the Company held on February 14, 2014 the Board of Directors reappointed Mr. Ashok Jaipuria for further period of five years, effective from April 02, 2014 on the following terms & conditions

**Salary:** Upto Rs. 450000 per month

The Board of Directors in its absolute discretion and from time to time, will fix the salary payable to the Chairman & Managing Director.

#### **Perquisites:**

Perquisites (evaluated as per Income Tax Rules, wherever applicable, and at actual cost to the Company in other cases) like accommodation (furnished or otherwise ) or house rent allowance in lieu thereof; maintenance of accommodation including furniture, fixtures and furnishings, reimbursement of expenses/or allowances for utilization of gas, electricity, water, furnishing and repairs, medical reimbursement, premium on personal accident policy, leave travel concession for self and his family including dependents; club fees (maximum of four clubs including admission and membership fees), medical insurance, use of car and telephone at residence or reimbursement of expenses in lieu thereof, leave with full pay and allowance and the right to accumulate in accordance with the rules of the Company , provident fund , superannuation fund, gratuity and other retirement benefits. The Board of Directors in its absolute discretion may vary the perquisites payable to the Managing Director.

#### **Commission:**

In addition to the salary, perquisites and allowances as above, the Managing Director shall also be entitled to receive commission, as may be determined by the Board of Directors.

In the event of absence or inadequacy of net profit in any financial year, the remuneration payable to the Managing Director, shall be governed by Section II of Part II of Schedule V of the Companies Act, 2013 or any modification or reenactment or substitution thereof from time to time.

The above remuneration is within the ceiling laid down in section 196, 197 read with Schedule V to the Companies Act, 2013 as modified by the circulars issued by the Company Law Board/ Ministry of Corporate Affairs, from time to time.

Mr. Ashok Jaipuria satisfy all the conditions set out in Part-I of Schedule V of the Act as also conditions set out under sub-section (3) of section 196 of the Act for being eligible for their re-appointment. He is not disqualified from being appointed as Directors in terms of Section 164 of the Act.

The above may be treated as a written memorandum setting out the terms of re-appointment of Mr. Ashok Jaipuria under section 190 of the Act.

Brief resume of Mr. Ashok Jaipuria, nature of his expertise in specific functional areas, names of companies in which he holds directorships and memberships / chairmanships of Board Committees, shareholding and relationships amongst directors inter-se as stipulated under Clause 49 of Listing Agreement with the Stock Exchanges, , are provided in the Annexure forming part of this notice.

Mr. Ashok Jaipuria is interested in the resolution set out respectively at Item No. 11 of the Notice, which pertains to his re-appointment and remuneration payable to him.

The relatives of Mr. Ashok Jaipuria may be deemed to be interested in the resolution set out at Item Nos. 11 of the Notice, to the extent of their shareholding interest, if any, in the Company.

Save and except the above, none of the other Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in these resolutions.

The Board commends the Ordinary Resolutions set out at Item No. 11 of the Notice for approval by the shareholders.



The statement as required under Section II, Part II of the Schedule V of the Companies Act, 2013 with reference to item no. 11 is provided in Item no. 14

#### ITEM No.12

Mr. Anil Kumar Jain is presently acting as Director- Corporate Affairs of the Company. The Board of Directors subject to the approval of Shareholders in its meeting held on August 12, 2014 and on the recommendation of HR, Nomination & Remuneration Committee reappointed Mr. Anil Kumar Jain for a period of five years w.e.f. October 01, 2014 in the same capacity and on the same terms & conditions as follows-

- I. **Salary:** As may be fixed by the Board from time to time but not exceeding a sum of Rs. 1,50,00,000 (Rupees One Crore Fifty lacs) per annum.
- II. **Perquisites and allowances:** Perquisites (evaluated as per Income Tax Rules, wherever applicable, and at actual cost to the Company in other cases) like accommodation (furnished or otherwise ) medical reimbursement, leave travel allowance, premium on personal accident policy, medical insurance, use of car, mobile phone, leave with full pay and allowance and the right to accumulate in accordance with the rules of the Company , provident fund , superannuation fund, gratuity and other retirement benefits. The Board of Directors in its absolute discretion may vary the perquisites payable to the Whole time Director.
- III. **Other Terms:**
  - A. **Minimum Remuneration:** In the event of absence or inadequacy of net profits in any financial year, the Company do pay to Mr. Anil Kumar Jain, Whole-time Director remuneration by way to salary, perquisites and allowance not exceeding the ceiling limit specified under section II of part II of Schedule V to the Companies Act, 2013 or any statutory modification thereof.
  - B. **Reimbursement of expenses in connection with Company's business:** Mr. Anil Kumar Jain Whole-time director shall also be entitled for the reimbursement of actual entertainment, travelling, boarding and lodging expenses incurred by him in connection with the Company's business and such other benefits/ amenities and other privileges, as from time to time, be available to other senior executives of the Company.

The above remuneration is within the ceiling laid down in section 196 and 197 read with Schedule V to the Companies Act, 2013 as modified by the circulars issued by the Company Law Board/ Ministry of Corporate Affairs from time to time.

Mr. Anil Kumar Jain satisfy all the conditions set out in Part-I of Schedule V of the Act as also conditions set out under sub-section (3) of section 196 of the Act for being eligible for their re-appointment. He is not disqualified from being appointed as a Director in terms of Section 164 of the Act.

The above may be treated as a written memorandum setting out the terms of re-appointment of Mr. Anil Kumar under section 190 of the Act.

Brief resume of Mr. Anil Kumar Jain, nature of his expertise in specific functional areas, names of companies in which he holds directorships and memberships / chairmanships of Board Committees, shareholding and relationships amongst directors inter-se as stipulated under Clause 49 of Listing Agreement with the Stock Exchanges, , are provided in the Annexure forming part of this notice.

Mr. Anil Kumar Jain is interested in the resolution set out respectively at Item No. 12 of the Notice, which pertains to his re-appointment and remuneration payable to him.

The relatives of Mr. Anil Kumar Jain may be deemed to be interested in the resolution set out at Item Nos. 12 of the Notice, to the extent of their shareholding interest, if any, in the Company.

Save and except the above, none of the other Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in these resolutions.

The Board commends the Ordinary Resolution set out at Item No. 12 of the Notice for approval by the shareholders.



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The statement as required under Section II, Part II of the Schedule V of the Companies Act, 2013 with reference to item no. 12 is provided in Item no. 14

#### ITEM NO.13

At the 34<sup>th</sup> Annual General Meeting (AGM) of the Company held on 13<sup>th</sup> July, 2011 the shareholders had approved the appointment and terms of remuneration of Mr. Anil Kumar Jain as Director- Corporate Affairs of the Company with effect from May 24, 2011. The Company has incurred losses of Rs 5.50 crores during the year ended March 31, 2014.

As the profits of the Company are inadequate as noted from the results for financial year commencing from 1<sup>st</sup> April, 2013, the payment of existing remuneration to Mr. Anil Kumar Jain shall be subject to the approval of Central Government, as required under Schedule XIII to the Companies Act, 1956 (including any statutory modification(s) or reenactment thereof for the time being in force). A Special Resolution is required to be passed at a Annual General Meeting of the Company for payment of such remuneration for the period 1<sup>st</sup> April, 2013 to 31<sup>st</sup> March 2014. The Board at its meeting held on May 20, 2014 have, pursuant to recommendation of Remuneration Committee, approved the payment of same remuneration for the period 1<sup>st</sup> April, 2013 to 31<sup>st</sup> March 2014 in the event of no profit or inadequate profit in any financial year. The salary, perquisites and allowances as mentioned below are the same as approved by the shareholders at their AGM held on 13<sup>th</sup> July, 2011

- I. **Salary:** As may be fixed by the Board from time to time but not exceeding a sum of Rs. 1,50,00,000 (Rupees One Crore Fifty lacs) per annum.
- II. **Perquisites and allowances:** Perquisites (evaluated as per Income Tax Rules, wherever applicable, and at actual cost to the Company in other cases) like accommodation (furnished or otherwise ) medical reimbursement, leave travel allowance, premium on personal accident policy, medical insurance, use of car, mobile phone, leave with full pay and allowance and the right to accumulate in accordance with the rules of the Company , provident fund , superannuation fund, gratuity and other retirement benefits. The Board of Directors in its absolute discretion may vary the perquisites payable to the Whole time Director.
- III. **Other Terms:**
  - A. **Minimum Remuneration:** In the event of absence or inadequacy of net profits in any financial year, the Company do pay to Mr. Anil Kumar Jain, Whole-time Director remuneration by way to salary, perquisites and allowance not exceeding the ceiling limit specified under section II of part II of Schedule XIII to the Companies Act, 1956 or any statutory modification thereof.
  - B. **Reimbursement of expenses in connection with Company's business:** Mr. Anil Kumar Jain Whole-time director shall also be entitled for the reimbursement of actual entertainment, travelling, boarding and lodging expenses incurred by him in connection with the Company's business and such other benefits/ amenities and other privileges, as from time to time, be available to other senior executives of the Company.

The above remuneration is within the ceiling laid down in section 198, 269 and 309 read with Schedule XIII to the Companies Act, 1956 as modified by the circulars issued by the Company Law Board/ Ministry of Corporate Affairs from time to time.

Mr. Anil Kumar Jain is interested in the resolution set out respectively at Item No. 13 of the Notice, which pertains to the remuneration payable to him.

The relatives of Mr. Anil Kumar Jain may be deemed to be interested in the resolutions set out at Item No. 13 of the Notice, to the extent of their shareholding interest, if any, in the Company.

Save and except the above, none of the other Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in these resolutions.

The Board commends the Special Resolution set out at Item No. 13 of the Notice for approval by the shareholders.

The statement as required under Clauses 1(B) and 1(c) of Section II, Part II of the Schedule XIII of the Companies Act, 1956 with reference to item no. 13 is as follows-

**I. General Information :**

- 1) Nature of Industry : Manufacturers of Bi-axially Oriented Polypropylene Films (BOPP)
- 2) Date or expected date of commencement of commercial production : Existing Company, already commenced from 1981.
- 3) In case of new Companies, Expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus : Existing Company, Not applicable;

**4) Financial performance based on given indicators: (Rs. In crores)**

Particulars	Year ended 31.03.2014	Year ended 31.03.2013
Net Sales	1456.50	1248.50
Other income	18.62	25.12
Profit before interest, depreciation and tax	115.42	106.71
Finance Cost (including Interest)	43.22	29.01
Depreciation	45.32	38.81
Exceptional Item	(28.68)	(17.22)
Profit before Tax	(1.80)	21.67
Provision for		
- Current Tax	4.12	8.29
- Deferred tax	(0.42)	2.05
Profit after Tax	(5.50)	11.33
Extraordinary Item	-	-
Profit after tax including extraordinary item	(5.50)	11.33
Minority Interest	-	-
<b>APPROPRIATIONS</b>		
Less:		
Dividend-Equity shares	1.94	4.86
Dividend Tax	0.33	0.83
General Reserve	-	1.41

- 5) Export performance and net foreign exchange collaborations : **2013-14** **2012-13**  
538.86 Cr 507.74 Cr
- 6) Foreign Investment of Collaborators : **NIL**

**II. Information about the Appointee Mr. Anil Kumar Jain**

(1) Background Details	:	Mr. Jain is a Commerce Graduate from Meerut University and an AICWA from ICWAI and a Certified Information System Auditor from Information System Audit and Control Association, USA.
(2) Past Remuneration	:	As may be fixed by the Board from time to time but not exceeding a sum of Rs. 1,50,00,000/- per annum plus perquisites and allowances as more fully described in the statement to the notice.
(3) Recognition or awards	:	-



(4) Job Profile and his suitability	:	Mr. Jain has over four decades of experience in Finance and Accounts and General Management functions in industrial enterprises in India. He is the Whole-time Director (Director-Corporate Affairs) of Cosmo Films Ltd. He has previously worked with Mawana Sugars Ltd. and A.F. Ferguson & Co. Ltd. and National Mineral Development Corporation Ltd
(5) Remuneration Proposed	:	No change in remuneration. Same as past remuneration details given in point no. 2
(6) Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person (in case expatriates the relevant details would be w.r.t. the country of his origin).	:	The remuneration proposed to be paid to Mr. Anil Kumar Jain is in line with peers in comparable company, keeping in view his job profile, the size of operations and complexity of business of company.
(7) Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel, if any	:	Mr. Jain is a non-promoter director holding 7000 shares in the Company. Apart from receiving remuneration as stated above and dividend as a member of the Company, he does not receive any emoluments from the Company. No managerial personnel have any relationship with Mr. Anil Kumar Jain.

### III. Other Information

(1) Reasons for loss or inadequate profits	:	<p>1. Foreign Exchange Fluctuations: Unfavorable Exchange rate was one of the key reasons for the losses.</p> <p>2. Increase in price of Raw material affected the profitability of the business.</p> <p>3. Competitive Scenario: Current year witnessed tough competition in the Domestic and International markets.</p>
(2) Steps taken or proposed to be taken for improvement	:	Company has taken partial hedge to address foreign currency risk. Several other steps have also been initiated for improving margins and reducing costs.
(3) Expected increase in productivity and profits in measurable terms	:	Profitability is expected to increase by more than double as compared to profits earned in Financial Year 2013-14

### IV. Disclosures

(1) The Shareholders of the Company shall be informed of the remuneration package of the managerial person	:	As more fully described in the statement to notice.
(2) The following disclosures shall be mentioned in the Board of Director's report under "Corporate Governance", if any attached to the Annual Report:-	:	The requisite details of remuneration etc. of Directors are included in the Corporate Governance Report, forming part of the Annual Report of the Company.

<p>(i) All elements of remuneration package such as salary, benefits, bonuses, stock options, pension, etc. of all the directors;</p> <p>(ii) Details of fixed components and performance linked incentives along with the performance criteria</p> <p>(iii) Service contracts, notice period severance fees;</p> <p>(iv) Stock option details, if any, and whether the same has been issued at a discount as well as the period over which accrued and over which exercisable;</p>	
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#### ITEM No.14

As per the provisions of Schedule V of Companies Act, 2013 remuneration payable by the Companies having no profit or inadequate profits without Central Government approval will be governed by Section II Part II of Schedule V of Companies Act, 2013. The limits specified in Part II of Schedule V of the Act are required to be approved via Special Resolution.

Board hereby accords the approval of the members to pay remuneration to Managing Personnel as per the above limits provided under Section 196 and 197 read with Schedule V of the Companies Act, 2013.

Mr. Ashok Jaipuria and Mr. Anil Kumar Jain are interested in the resolutions set out respectively at Item No. 14 of the Notice, which pertains to the remuneration payable to Managing Director/ Whole Time Director.

The relatives of Mr. Ashok Jaipuria and Mr. Anil Kumar Jain may be deemed to be interested in the resolutions set out at Item No. 14 of the Notice, to the extent of their shareholding interest, if any, in the Company.

Save and except the above, none of the other Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in these resolutions.

The Board accordingly recommends the resolution as set out in Item no. 14 of the accompanying notice for the approval of shareholders by way of Special Resolution.

The statement as required under Section II, Part II of the Schedule V of the Companies Act, 2013 with reference to item no. 14 is as follows-

#### I. General Information :

- 1) Nature of Industry : Manufacturers of Bi-axially Oriented Polypropylene Films (BOPP)
- 2) Date or expected date of commencement of commercial production : Existing Company, already commenced from 1981.
- 3) In case of new Companies, Expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus : Existing Company, Not applicable;
- 4) Financial performance based on given indicators



COSMO FILMS

Particulars	Year ended 31.03.2014	Year ended 31.03.2013
Net Sales	1456.50	1248.50
Other income	18.62	25.12
Profit before interest, depreciation and tax	115.42	106.71
Finance Cost (including Interest)	43.22	29.01
Depreciation	45.32	38.81
Exceptional Item	(28.68)	(17.22)
Profit before Tax	(1.80)	21.67
Provision for		
- Current Tax	4.12	8.29
- Deferred tax	(0.42)	2.05
Profit after Tax	(5.50)	11.33
Extraordinary Item	-	-
Profit after tax including extraordinary item	(5.50)	11.33
Minority Interest	-	-
<b>APPROPRIATIONS</b>		
Less:		
Dividend-Equity shares	1.94	4.86
Dividend Tax	0.33	0.83
General Reserve	-	1.41

(1)	Background Details	Mr. Ashok Jaipuria is a Degree Holder in Associate of Arts in Business Administration and Diploma holder in Marketing Sciences.	Mr. Jain is a Commerce Graduate from Meerut University and an AICWA from ICWAI and a Certified Information System Auditor from Information System Audit and Control Association, USA.
(2)	Past Remuneration	As may be fixed by the Board from time to time but not exceeding a sum of Upto Rs. 450000 per month plus perquisites and allowances as more fully described in the statement to the notice.	As may be fixed by the Board from time to time but not exceeding a sum of Rs. 1,50,00,000/- per annum plus perquisites and allowances as more fully described in the statement to the notice.
(3)	Recognition or awards	-	-
(4)	Job Profile and his suitability	Mr. Jaipuria has more than 40 years of experience of the corporate world. He is a Member of the Executive Committee of the Federation of Indian Chamber of Commerce and Industry (FICCI) and President of The Golf Foundation - a charitable society formed for helping under privileged potential golfers. He is also a member of the Board of Governors of IIT- Patna and among the Board of Directors of DPS, Gurgaon.	Mr. Jain has over four decades of experience in Finance and Accounts and General Management functions in industrial enterprises in India. He is the Whole-time Director (Director-Corporate Affairs) of Cosmo Films Ltd. He has previously worked with Mawana Sugars Ltd. and A.F. Ferguson & Co. Ltd. and National Mineral Development Corporation Ltd
(5)	Remuneration Proposed	No Change in proposed remuneration. Same as mentioned in point 2 above.	No change in remuneration. Same as mentioned in point 2 above.

(6)	C o m p a r a t i v e remuneration profile with respect to industry, size of the Company, profile of the position and person (in case expatriates the relevant details would be w.r.t. the country of his origin).	The remuneration proposed to be paid to Mr. Ashok Jaipuria is in line with peers in comparable company, keeping in view his job profile, the size of operations and complexity of business of company.	The remuneration proposed to be paid to Mr. Anil Kumar Jain is in line with peers in comparable company, keeping in view his job profile, the size of operations and complexity of business of company.
(7)	Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel, if any	Mr. Ashok Jaipuria is a promoter director holding 470161 shares in the Company. Apart from receiving remuneration as stated above and dividend as a member of the Company, he does not receive any emoluments from the Company. No managerial personnel have any relationship with Mr. Ashok Jaipuria	Mr. Jain is a non-promoter director holding 7000 shares in the Company. Apart from receiving remuneration as stated above and dividend as a member of the Company, he does not receive any emoluments from the Company. No managerial personnel have any relationship with Mr. Anil Kumar Jain.

### III. Other Information

(1) Reasons for loss or inadequate profits	:	<p>1. Foreign Exchange Fluctuations: Unfavorable Exchange rate was one of the key reasons for the losses.</p> <p>2. Increase in price of Raw material affected the profitability of the business.</p> <p>3 Competitive Scenario: Current year witnessed tough competition in the Domestic and International markets.</p>
(2) Steps taken or proposed to be taken for improvement	:	Company has taken partial hedge to address foreign currency risk. Several other steps have also been initiated for improving margins and reducing costs.
(3) Expected increase in productivity and profits in measurable terms	:	Profitability is expected to increase by more than double as compared to profits earned in Financial Year 2013-14

### IV. Disclosures

<p>(1) The following disclosures shall be mentioned in the Board of Director's report under "Corporate Governance", if any attached to the Annual Report:-</p> <p>(i) All elements of remuneration package such as salary, benefits, bonuses, stock options, pension, etc. of all the directors;</p> <p>(ii) Details of fixed components and performance linked incentives along with the performance criteria</p> <p>(iii) Service contracts, notice period severance fees;</p>	:	The requisite details of remuneration etc. of Directors are included in the Corporate Governance Report forming part of the Annual Report of the Company.
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COSMO FILMS

(iv) Stock option details, if any, and whether the same has been issued at a discount as well as the period over which accrued and over which exercisable;		
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#### ITEM NO.15

Members of the Company had approved creation of Charge, Mortgage on the assets of the Company by passing an Ordinary Resolution via Postal Ballot (results whereof were announced at AGM held on July 13, 2011). Under Section 180 of Companies Act 2013 the same to be approved by shareholders by passing Special Resolution.

The Board commends the Special Resolution set out at Item no. 15 of the notice for the approval by the Shareholders.

None of the Directors or Key Managerial Personnel (KMP) of the Company or their relatives are concerned or interested, financial or otherwise, in the resolution set out at Item No. 15

#### ITEM NO.16

Members of the Company had approved the borrowing powers of the Company by passing an Ordinary Resolution in AGM of the Company held on July 13, 2011. Companies Act 2013 requires the limits to be approved via Special Resolution. Further to address various growth opportunities & expansion plans of the Company the borrowing limits of the Company are required to be increased from 1000 crores up to an amount not exceeding 1500 crores.

The Board accordingly recommends increase in the borrowing powers from 1000 crores to 1500 crores as set out in Item no. 16 of the accompanying notice for the approval of shareholders by way of Special Resolution.

None of the Directors or Key Managerial Personnel (KMP) of the Company or their relatives are concerned or interested, financial or otherwise, in the resolution set out at Item No. 16

#### ITEM NO.17

The Board, on the recommendation of the Audit Committee, has approved the appointment and remuneration of the Cost Auditors to conduct the audit of the cost records of the Company for the financial year ending March 31, 2015 as per the following detail. In accordance with the provisions of Section 148 of the Act read with the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditors has to be determined by the shareholders of the Company.

Name of the Cost Auditor	Industry	Audit fees ( ₹ in lakhs)
Jayant B. Galande	Organic & Inorganic Chemicals	2 Lacs

Accordingly, consent of the members is sought for passing an Ordinary Resolution as set out at Item No. 17 of the Notice for ratification of the remuneration payable to the Cost Auditors for the financial year ending March 31, 2015.

None of the Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution set out at Item No. 17 of the Notice.

The Board commends the Ordinary Resolution set out at Item No. 17 of the Notice for approval by the shareholders.

#### ITEM No. 18

The existing Articles of Association (AoA) are based on the Companies Act, 1956 and several regulations in the existing AoA contain references to specific sections of the Companies Act, 1956 and some regulations in the existing AoA are no longer in conformity with the Act.

The New Act is now largely in force. However, substantive sections of the Act which deal with the general working of companies stand notified. With the coming into force of the Act several regulations of the existing AoA of the Company require alteration or deletions in several articles. Given this position, it is considered expedient to wholly replace the existing AoA by a new set of Articles. The new AoA to be substituted in place of the existing AoA are based on Table 'F' of the Act which sets out the model articles of association for a company limited by shares.

The proposed new draft AoA is being uploaded on the Company's website for perusal by the shareholders.

None of the Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the Special Resolution set out at Item No. 18 of the Notice.

The Board commends the Special Resolution set out at Item No. 18 of the Notice for approval by the shareholders.

**ITEM No. 19**

As per the provisions of Companies Act, 2013 the Board may contribute to bona fide charitable and other funds upto five per cent of its average net profits for the three immediately preceding financial years. For making contribution over & above this limit, shareholder's approval is required.

In order to sustain minimum contribution to committed charitable purposes in the years of lower profit, it is proposed to obtain members approval for contributing amount upto Rs 1 crore, in a financial year.

Accordingly, it is proposed to obtain members approval by way of Ordinary resolution for contributing upto five percent of the average net profits of the company for the three immediately preceding financial years or Rs.1 crore whichever is higher.

None of the Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the Ordinary Resolution set out at Item No. 19 of the Notice.

The Board commends the Ordinary Resolution set out at Item No. 19 of the Notice for approval by the shareholders.

**New Delhi  
12 August, 2014**

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

Head Office:  
1008, DLF Tower-A  
Jasola District Centre,  
New Delhi- 110025  
CIN:- L92114DL1976PLC008355  
e-mail:- investor.relations@cosmofilms.com

**Jyoti Dixit  
Company Secretary  
Membership No. F6229**



COSMO FILMS

**The instructions for members for voting electronically are as under:-**

- (i) The Voting period begins on Wednesday, 17th September, 2014 from 10:00 a.m. (IST) and ends on Friday, 19th September, 2014 06:00 p.m. During the period shareholders' of the Company holding shares either in physical form or dematerialized form, as on the cut off date i.e. Friday, 22 August, 2014, may cast their vote electronically. The e voting module shall be disabled by CDSL for voting thereafter.
- (ii) Log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com) during the voting period.
- (iii) Click on "Shareholders" tab.
- (iv) Now enter your User ID:-
  - (a) For CDSL : 16 digits beneficiary ID
  - (b) For NSDL : 8 Character DP ID followed by 8 Digits Client ID
  - (c) Members holding shares in physical form should enter Folio Number registered with the Company
- (v) Next enter the image verification code / captcha code as displayed and Click on Login.
- (vi) If you are holding shares in Demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any Company, then your existing password is to be used.
- (vii) If you are a first time user follow the steps given below. (Applicable for the Members holding shares in demat form and in physical form)
- (viii) Now, fill up the following details in the appropriate boxes:

PAN	Enter your 10 digit alpha-numeric PAN issued by Income Tax Department when prompted by the system while e-voting (Applicable for both demat shareholders as well as physical shareholders) <ul style="list-style-type: none"><li>Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the demat account / folio no. in the PAN field.</li><li>In case the folio no. is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ram Kumar with folio no. 100 then enter RA00000100 in the PAN field.</li></ul>
DOB	Enter the Date of Birth as recorded in your demat account or in the Company records for the said demat account or folio in dd/mm/yyyy format.
Dividend Details	Enter the Dividend Bank Details as recorded in your demat account or in the Company records for Bank the said demat account or folio. <ul style="list-style-type: none"><li>Please enter the DOB or Dividend Bank Details, in order to login. If the details are not recorded with the depository or Company please enter the <b>number of shares held by you as on Friday, 22nd August, 2014</b> in the <b>Dividend Bank Details</b> field.</li></ul>

- (ix) After entering these details appropriately, click on "SUBMIT" tab.
- (x) Members holding shares in physical form will then reach directly the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field.. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that

company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

- (xi) For members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this notice.
- xii) Click on the relevant EVSN of “**Cosmo Films Limited**” on which you choose to vote.
- (xiii) On the voting page, you will see **Resolution Description** and against the same the option “YES/NO” for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xiv) Click on the “**Resolutions File Link**” if you wish to view the entire Resolutions.
- (xv) After selecting the resolution you have decided to vote on, click on “**SUBMIT**”. A confirmation box will be displayed. If you wish to confirm your vote, click on “OK”, else to change your vote, click on “CANCEL” and accordingly modify your vote.
- (xvi) Once you “**CONFIRM**” your vote on the resolution, you will not be allowed to modify your vote.
- (xvii) You can also take print out of the voting done by you by clicking on “**Click here to print**” option on the Voting Page.
- (xviii) If Demat account holder has forgotten the changed password then enter the User ID and image verification code/captcha code and click on **Forgot Password** & enter the details as prompted by the system.
- (xix) **Note for Institutional Shareholders :**
  - § Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to log on to <https://www.evotingindia.com> and register themselves as **Corporates**.
  - § They should email a scanned copy of the Registration Form bearing the stamp and sign of the entity to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com)
  - § After receiving the login details they have to create a user who would be able to link the account(s) which they wish to vote on.
  - § The list of accounts should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
  - § They should upload a scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, in PDF format in the system for the scrutinizer to verify the same.
- (xx) The voting rights of shareholders shall be in proportion to their share of the paid up equity share capital of the Company.
- (xxi) The Board of Directors of the Company at their meeting held on 12<sup>th</sup> August, 2014 has appointed Mr. Sanjiv Aggarwal, Practicing Chartered Accountant (FCA No. 85128) as the Scrutinizer to scrutinize the e-voting process in fair and transparent manner whose e-mail is [bkshroffdelhi@yahoo.com](mailto:bkshroffdelhi@yahoo.com)
- (xxii) The Results declared along with the Scrutinizer’s Report shall be placed on the Company’s website [www.cosmofilms.com](http://www.cosmofilms.com) and on the website of CDSL within two (2) days of passing of the resolution at the AGM of the Company and communicated to Stock Exchanges.
- (xxiii) In case of members receiving the physical copy, they are requested to follow all steps from serial no. (ii) to (xix).
- (xxiv) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions (“FAQs”) and e-voting manual available at [www.evotingindia.com](http://www.evotingindia.com) under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).



COSMO FILMS

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COSMO FILMS

## COSMO FILMS LTD

(CIN L92114DL1976PLC008355)

1008, DLF TOWER-A, JASOLA DISTRICT CENTRE, NEW DELHI- 110025

### PROXY FORM

[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of Companies (Management and Administration) Rules, 2014]

Name of the members: Registered Address:	e-mail Id: Folio No/ *Client Id:*DP id:
---	--

I/ We, being the member(s) of \_\_\_\_\_ shares of Cosmo Films limited, hereby appoint:

- 1) \_\_\_\_\_ of \_\_\_\_\_ having e-mail id \_\_\_\_\_ or failing him
- 2) \_\_\_\_\_ of \_\_\_\_\_ having e-mail id \_\_\_\_\_ or failing him
- 3) \_\_\_\_\_ of \_\_\_\_\_ having e-mail id \_\_\_\_\_ or failing him

and whose signature(s) are appended below as my/our proxy to attend and vote (on a poll) for me/ us and on my/our behalf at the **37<sup>th</sup> Annual General Meeting** of the Company, to be held on Thursday, September 25, 2014 at 4:00 P.M. at Shah Auditorium, 2, Raj Niwas Marg, Civil Lines, Delhi- 110054 and at any adjournment thereof in respect of such resolutions as are indicated below:

\*\* I wish my above Proxy to vote in the manner as indicated in the box below:

Resolutions	For	Against
1. Consider and adopt the Audited Profit & Loss Account for the year ended March 31, 2014, and the Balance Sheet as at that date and the Report of the Board of Directors and the Auditors of the Company thereon		
2. Declaration of Dividend on Equity Shares		
3. Re-appointment of Mr. Rajeev Gupta who retires by rotation		
4. Appointment of the Auditors and fixing their remuneration		
5. Appointment of Mr. Har Kishanlal Agrawal as an Independent Director		
6. Appointment of Mr. Suresh Rajpal as an Independent Director		
7. Appointment of Mr. R Vasudevan as an Independent Director		
8. Appointment of Mr. Rama Kant Dwivedi as Independent Director		
9. Appointment of Mr. Ashish Guha as Independent Director		
10. Appointment of Ms. Alpana Parida as Director		
11. Reappointment of Mr. Ashok Jaipuria as Managing Director		
12. Reappointment of Mr. Anil Kumar Jain as a Whole-time Director		
13. Approval of remuneration of Mr. Anil Kumar Jain for the period from April 01, 2013 to March 31, 2014		
14. Approval of payment of Managerial Remuneration in case of no profit or inadequate profit		
15. Creation of Charge, Mortgage etc.		
16. Approval of the borrowing limits		
17. Approval of the remuneration of Cost Auditors		
18. Adoption of new Articles of Association of the Company		
19. Approval of limits of contribution by the Company to any bonafide and Charitable funds etc.		

\* Applicable for investors holding shares in electronic form.

Signed this \_\_\_\_\_ day of \_\_\_\_\_, 2014

\_\_\_\_\_  
Signature of shareholder

**Affix Revenue Stamp**

\_\_\_\_\_  
Signature of first proxy holder

\_\_\_\_\_  
Signature of Second proxy holder

\_\_\_\_\_  
Signature of third proxy holder

#### Notes:

- (1) This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company not less than 48 hours before the commencement of the meeting.
- (2) It is optional to put a 'X' in the appropriate column against the Resolutions indicated in the Box, if you leave the 'For' or 'Against' column blank against any or all Resolutions, your Proxy will be entitled to vote in the manner as he/she thinks appropriate.
- (3) Please complete all details including details of member(s) in above box before submission.
- (4) For the Resolutions, Explanatory Statement and Notes, please refer to the Notice of the 37<sup>th</sup> Annual General Meeting.







**COSMO FILMS LTD**  
**(CIN L92114DL1976PLC008355)**  
1008, DLF TOWER-A, JASOLA DISTRICT CENTRE, NEW DELHI- 110025

**ATTENDANCE SLIP**  
37<sup>th</sup> Annual General Meeting – 25<sup>TH</sup> September, 2014

DP id*	Folio No.
Client id*	No. of Shares

NAME AND ADDRESS OF THE SHAREHOLDER

I hereby record my presence at the **37<sup>th</sup> Annual General Meeting** of the Company held on Thursday, September 25, 2014 at 4:00 P.M at Shah Auditorium, 2, Raj Niwas Marg, Civil Lines, Delhi- 110054

\_\_\_\_\_  
Signature of Shareholder/ Proxy

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

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

## This image shows a full page of blank white paper with horizontal ruling lines. The lines are evenly spaced and run across the width of the page, providing a template for writing or drawing. There are no margins, text, or other markings on the page.

## This image shows a single sheet of white paper with horizontal blue or grey 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.

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COSMO FILMS

POWER OF PERSISTENCE

COSMO FILMS LIMITED  
ANNUAL REPORT 2013-14

## 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 the 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 22551888, 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 99455

# 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)*

Rajeev Gupta

*B.E. & MBA*

R. Vasudevan (Independent)

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

Suresh Rajpal (Independent)

*B.E. (Electrical), MBA*

Alpana Parida

*Graduate from IIM, Ahmedabad  
Degree in Economics from University of Delhi*

Ramakant Dwivedi (Independent)

*M.B.A. (F.M.S., University of Delhi)  
Ph.D. (Management), Fellow Institution of Engineers (India)*

Ashish Guha (Independent)

*Honours Graduate in Economics  
Alumnus of London Business School (Management Development Programme)*

## Management Team

Ashok Jaipuria	Chairman & Managing Director
A. K. Jain	Director- Corporate Affaires
Pankaj Poddar	Chief Executive Officer
Tanuj Agarwal	Senior Vice President – International Operations
Neeraj Jain	Chief Financial Officer
Janardan Gupta	Vice President –Commercial & Special Assignments
Sanjay Chincholikar	Vice President – Global Head Lamination Films
A.K.Pathak	Vice President-Manufacturing
Deep Chowdhury	General Manager – Global Controller
R. K. Gupta	General Manager – Commercial
S. C. Maity	General Manager – Manufacturing (Shendra Unit)
N. R. More	General Manager – Engineering
Shailesh Verma	General Manager-Global Head Packaging Films
S. K. Dutta	General Manager- Global Head Speciality Films
Rajeev Joshi	Head HR
Jagdeep Kumar	Deputy General Manager - Information Technology
Jyoti Dixit	Company Secretary

## Auditors

M/s Walker Chandiok & Co. LLP  
(formerly Walker, Chandiok & Co.)  
Chartered Accountants

## Bankers & Financial Institutions

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

# OUR FACTORY



CFL Plant



shendra



shendra

## DIRECTORS' REPORT

Your Directors present the 37<sup>th</sup> Annual Report and the Audited Accounts for the year ended March 31, 2014.

(₹. in crores)

<b>FINANCIAL RESULTS</b>	<b>Standalone</b>		<b>Consolidated</b>	
	<b>2013-14</b>	<b>2012-13</b>	<b>2013-14</b>	<b>2012-13</b>
Net Sales	1250.14	1028.76	1456.50	1248.50
Other income	13.93	17.18	18.62	25.12
Profit before interest, depreciation and tax	110.97	81.61	115.42	106.71
Finance Cost (including Interest)	40.19	22.74	43.22	29.01
Depreciation	40.34	33.17	45.32	38.81
Exceptional Item	(20.50)	(5.75)	(28.68)	(17.22)
Profit before Tax	9.94	19.95	(1.80)	21.67
Provision for				
– Current Tax	1.17	2.16	4.12	8.29
– Deferred tax	0.69	3.66	(0.42)	2.05
Profit after Tax	8.08	14.13	(5.50)	11.33
Extraordinary Item	-	-	-	-
Profit after tax including extraordinary item	8.08	14.13	(5.50)	11.33
Minority Interest	-	-	-	-
<b>APPROPRIATIONS</b>				
Less:				
Dividend-Equity shares	1.94	4.86	1.94	4.86
Dividend Tax	0.33	0.83	0.33	0.83
General Reserve	-	1.41	-	1.41

## DIVIDEND

Equity dividend of Re. 1 per share (Previous Year Rs. 2.5/- per share) has been recommended by the Board of Directors for the year ended March 31, 2014 amounting to Rs. 1.94 Crores (Previous Year Rs. 4.86 Crores) on the equity share capital.

## OPERATIONS

On year to year basis net sales has increased by 21.50% on standalone and by 16.60% on consolidated basis. Operational Profits of the Company has registered an increase of 35.90% on standalone basis and 8.16% on consolidated basis. The Company has commissioned production from its new plant located at Shendra, SEZ, Aurangabad during the year.

The capacity addition in the industry along with unexpected increase in raw material cost has impacted margins during financial year 2013-2014. 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

The Company continues to maintain its position of largest BOPP film exporter from India. Exports registered an increase of 6.13% from Rs. 508 crores in 2012-13 to Rs. 539 crores in 2013-14.

## R & D

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

## DIRECTORS

Mr. Ashok Jaipuria, Chairman & Managing Director of the Company subject to the approval of shareholders is re-appointed for a tenure of five years w.e.f April 02, 2014. Mr. Anil Kumar Jain, Director –Corporate Affairs subject to the approval of shareholders is re-appointed for a tenure of five years w.e.f October 01, 2014. Mr. Rajeev Gupta, Director of the Company, retire by rotation and being eligible offer himself for reappointment at the ensuing Annual





General Meeting. Mr. H.K. Agrawal, Mr. Suresh Rajpal and Mr. R. Vasudevan, Independent Directors of the Company subject to the approval of shareholders are re-appointed for a tenure of five years upto the conclusion of 42<sup>nd</sup> Annual General Meeting of the Company in the calendar year 2019. The appointment of Ms. Alpana Parida, who was appointed as Additional Director is being reconfirmed as Director of the Company. Mr. Ramakant Dwivedi and Mr. Ashish Guha who were appointed as Additional Directors of the Company and subject to the approval of shareholders be reconfirmed as Directors of the Company in Independent Capacity for a tenure of five years.

The Company has received declarations from all the Independent Directors of the Company confirming that they meet with the criteria of independence as prescribed both under sub-section (6) of Section 149 of the Companies Act, 2013 and under Clause 49 of the listing Agreement with the Stock Exchanges.

#### **FIXED DEPOSIT**

The Company has stopped accepting fixed deposits since 17<sup>th</sup> 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 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, 2014 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, Chandiok & 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 141(3)(g) of the Companies Act, 2013. The Board has proposed to appoint M/s. Walker, Chandiok & 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:** August 12, 2014

**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, 2014.**

#### **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) Use of natural lights for plant lighting.
- ii) Installation of reactive capacitor banks to improve power factor.
- iii) Oil heating system introduced in place of Electrical heating for coating line.
- iv) Modified chilling circuits & eliminated primary pumping
- v) Installation of LED lights for plant lighting.

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

Use of Briquettes/coal based thermal fluid heating system.

##### **(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

**(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	3.56
(c) Total	3.56
(d) Total R & D expenditure as percentage of net sales	0.28

**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:  
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 ₹ 539 crores in 2013-14 against ₹508 crores in 2012-13.

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

The Company's foreign exchange earnings were ₹ 539 Crores (Previous Year ₹ 508 Crores). The total foreign exchange utilized during the year amounted to ₹314.15crores (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

August 12, 2014  
New Delhi

## MANAGEMENT DISCUSSION & ANALYSIS REPORT

Cosmo Films, being a professionally managed Public Limited Company has a strong presence in flexible packaging films. In speciality films segment beside thermal films, wet lamination, synthetic paper, high barrier films, coated films are key products. Cosmo is the largest producer of thermal lamination films in the world. In commodity, Cosmo manufactures tape and textile films as well as packaging films. Within the packaging segment, company manufactures films such as heat sealable, plain, metallized, opaque films as well as speciality films such as stable slip film, low SIT films, high hot tack films, low COF films and extrusion coatable metallized films. In labels Cosmo has almost a complete range of films for wrap-around, in-mould and self adhesive applications in transparent, metallized and opaque which can work with almost all kinds of printing inks.

With the commissioning of Company's new plant at Shendra SEZ, Aurangabad Company has grown exponentially.

### **ECONOMIC OVERVIEW & INDUSTRY SCENARIO**

India-one of the fastest growing economies of the world, is all set to attain the premier status. India is a favoured destination for overseas investors and offers the advantages of an open economy, increasing liberalization, a stable democratic political scenario, highly skilled work force with fluency in English. Various overseas players wish to explore the Indian market and invest in opportunities thrown open by the country, projected to be world number 3 in plastic consumption. This seems a very achievable position as since the past decade, the Indian plastic industry continues to grow at double digit figures.

The historical growth of the plastic industry over the last few decades is at an impressive 12-14% which is almost twice the GDP growth. The major driver of this growth is the increased standard of living of people in India (housing the second largest population in the world)

Demand for packaged foods, and the subsequent need for BOPP film packaging, has weathered the recession relatively well, facilitating world BOPP film demand growth of an average 6.1% per annum over the last five years, to reach over 6.7 million tonnes (291 BOPP producers in the world) in 2012.

Independent research forecasts indicate world demand for BOPP films will continue to grow by an average of 6.6% per annum to reach 8.3 million tonnes by 2016. Growth in Asian demand is expected to account for a vast majority of the predicted world growth over the next five years.

### **KEY RISKS AND CONCERNS**

#### **Foreign Exchange Risk:**

Company is engaged in import and export activities and Foreign Currency Loans also exist in its operational requirement purview. As this risk usually affects businesses that export and/or import, it may have an impact on the working of the organization. To reduce such risk, the Company has implemented a foreign exchange risk management policy and take hedges in accordance with the policy.

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

The capacity addition in the industry along with increase in raw material cost has impacted margins during financial year 2013-14. 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 16.60% Y-o-Y with Net Sales of Rs. 1456.50Cr as against Rs. 1248.50Cr in FY'13. (Consolidated No's) On Standalone basis the turnover increased by around 21.52%—Rs.1250.14Cr in FY 2013-14 as compared to Rs.1028.76Cr in FY 2012-13.

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 efficient Internal Audit System with established adequate internal controls, for assuring achievement of the organization's objectives in operational effectiveness and efficiency, reliable financial reporting, and compliance with various laws, regulations and policies. Internal Control helps the organization in directing, monitoring, measuring as well as protecting its resources. The Internal Audit within the organization is carried out by Internal Auditors and covers all the key areas of the Company's business.



COSMO FILMS

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#### **INDUSTRIAL RELATIONS AND HUMAN CAPITAL**

Industrial Relations involves all aspects of legal compliance that are required to be met by the organisation. There were gracious industrial relations across the Company, with least turnover in staff, no labour unrests or strikes during the period under review. Management of the outcomes of Performance Appraisals, provision of Employee Assistance Programmes, Counselling, Dispute Resolution, Outplacement services and assessment of Education, Training & Development needs of the employees form the core of employee relationship with the management. The efficiency and effectiveness of the Management in these areas help in the smooth operation of organisations as well as in transition into new environments whenever organisational change occurs.

#### **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, 2014 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 2014)
				Chairmanship	Membership	Total	
Mr. Ashok Jaipuria	Promoter Director	Chairman & Managing Director	2	Nil	2	2	470161
Mr. A. K. Jain	Executive Director	Whole Time Director	2	Nil	4	4	7000
Mr. H. K. Agrawal	Independent Non-Executive Director	Director	Nil	1	2	3	1000
Ms. Alpana Parida*	Independent Non-Executive Director	Director	Nil	Nil	Nil	Nil	Nil
Mr. Rajeev Gupta	Independent Non-Executive Director	Director	5	1	1	2	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	1	Nil	1	Nil

\*Appointed as an additional Director w.e.f 14<sup>th</sup> February 2014

#### 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 27<sup>th</sup> May, 2013, 13<sup>th</sup> August, 2013, 12<sup>th</sup> November, 2013, and 14<sup>th</sup> February, 2014 during the financial year ended 31<sup>st</sup> March, 2014. The maximum time gap between any two meetings was not more than one hundred twenty days.

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

Name of the Director	Number of Board Meetings held during tenure of Directors and attended by them		Attendance at last AGM held on 25 <sup>th</sup> September, 2013
	Held	attended	
Mr. Ashok Jaipuria	4	4	No
Mr. A.K. Jain	4	3	Yes
Mr. H. K. Agrawal	4	3	Yes
Mr. Rajeev Gupta	4	3	No
Mr. Badri Agarwal	4	3	No
Mr. R Vasudevan	4	1	No
Mr. Suresh Rajpal	4	3	No
Ms Alpana Parida*	1	1	No
Dr. Surinder Kapur**	2	0	No

\*Appointed as an Additional Director w.e.f. 14<sup>th</sup> February, 2014

\*\*Ceased to be a Director of the Company w.e.f. —17<sup>th</sup> October 2013

### 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.

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

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

#### 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.

## 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
- Stake Holders Relationship Committee

### 1. AUDIT COMMITTEE

#### ➤ Terms of reference

As a measure of good Corporate Governance and to

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

Time Finance Director, or any other person heading the finance function or discharging that function) after assessing the qualifications, experience & background etc of the candidate.

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

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

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

➤ **Composition of Audit Committee**

The Audit Committee, as on March 31, 2014, consisted of the following five (5) Directors who are eminent professionals and possess sound knowledge in finance:

Chairman	:	Mr. H. K Agrawal
Members	:	Mr. Rajeew Gupta, Mr. Badri Agarwal, Mr. R Vasudevan and Mr. A. K. Jain

➤ **Meetings and attendance during the year**

The Audit Committee met four times during the financial year from April 1, 2013 to March 31, 2014:



COSMO FILMS

1. May 27, 2013	3. November 12, 2013
2. August 13, 2013	4. February 14, 2014

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

Names of the Audit Committee members	Number of Audit Committee Meetings	
	Held during the tenure of Directors	Attended
Mr. H K Agrawal	4	3
Mr. Rajeev Gupta	4	3
Mr. Badri Agarwal	4	3
Mr. R Vasudevan	4	1
Mr. A.K. Jain	4	3

## 2. STAKEHOLDERS RELATIONSHIP COMMITTEE (SRC)

### > Terms of reference

This Committee was constituted specifically to review compliance of rules and regulations, to redress shareholder's grievance and to provide suggestions and further in pursuant to section 178(5) of Companies Act, 2013, the earlier Share Transfer and Investor Grievance Committee was reconstituted to be called as "STAKEHOLDERS RELATIONSHIP COMMITTEE". 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 Stakeholders Relationship 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 Stake Holders Relationship Committee

The Stake Holders Relationship Committee is headed by an Independent Director and presently consisted of the following members as on March 31, 2014:

Chairman	: Mr. R Vasudevan
Members	: Mr. H. K. Agrawal Mr. A. K. Jain

### > Meetings and attendance during the year

The Share Transfer and Investor Grievance Committee met four times during the financial year from April 1, 2013 to March 31, 2014:

1 May 27, 2013	3 November 11, 2013
2 August 13, 2013	4 February 14, 2014

The attendance record of the members of "Stakeholders Relationship Committee" previously known as "Share Transfer and Investor Grievance Committee" is given in following table:

Names of the SRC members	Number of SRC Meetings	
	Held during the tenure of Directors	Attended
Mr. H. K. Agrawal	4	3
Mr. R Vasudevan	4	1
Mr. A. K. Jain	4	4

### > Compliance Officer

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

### > Shareholders' Complaints etc. received during the FY- 2013-14

During the year from April 1, 2013 to March 31, 2014 the Company received 33 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, 2014, no complaint was pending for redressal and there were no pending share transfers as on March 31, 2014.

## 3. HR NOMINATION AND REMUNERATION COMMITTEE

### > Composition of Remuneration Committee

Earlier Remuneration Committee has been renamed as HR, Nomination and Remuneration Committee w.e.f 14<sup>th</sup> February 2014 and is headed by an Independent Director and consists of the following members:



- > Chairman : Mr. Suresh Rajpal
- > Members : Ms. Alpana Parida  
Mr. H. K. Agarwal  
Mr. A. K. Jain

- > **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, 2013 to March 31, 2014:

- > **Remuneration to Non-Executive Directors**

S. No.	Name of the Director	Sitting Fees
1	Mr. H. K. Agrawal	90,000
2	Mr. Rajeev Gupta	60,000
3	Mr. Badri Agarwal	60,000
4	Mr. R. Vasudevan	30,000
5	Mr. Suresh Rajpal	30,000
6	Ms. Alpana Parida	10,000
7	Dr. Surinder Kapur	Nil

- > **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	0.26	-	0.05	-	0.30
*2.	Mr. A. K. Jain	Whole Time Director	0.93	-	0.10	-	1.03

\*Note: Excess remuneration of Rs. 0.73 crore was paid during the year to the Whole Time Director over the maximum remuneration payable under Companies Act, 1956. The Board of Directors resolved to seek the approval for such excess remuneration from the shareholders and Central Government. Till these approvals are obtained, the said Director shall hold such excess remuneration in trust.

#### 4. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

- > **Composition of CSR Committee**  
In accordance with the provisions of Companies Act, 2013, a CSR committee has been constituted to formulate and recommend to the Board a CSR policy to indicate the activities to be undertaken,

to recommend the amount of expenditure to be incurred on certain activities and to monitor CSR policy from time to time.

- > Chairman : Mr. Ashok Jaipuria
- > Members : Mr. A.K. Jain  
Ms. Alpana Parida  
Mr. Rajeev Gupta

#### D. GENERAL BODY MEETINGS:

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

Year	Place	Date	Time
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.
2012-13	Shah Auditorium, 2, Raj Niwas Marg, Civil Lines, Delhi -110054	25/09/2013	10:30 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 2013-14.

#### 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, 2014 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 2014. 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.

**HR, Nomination and Remuneration Committee:** The Board has a HR, Nomination and 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, 2014 to March 31, 2015 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, 2014.	August, 2014
Financial results for the 2 <sup>nd</sup> quarter and half year ending September 30, 2014.	November, 2014
Financial results for the 3 <sup>rd</sup> quarter and nine months ending December 31, 2014.	February, 2015
Financial results for the last quarter and financial year ending March 31, 2015.	May, 2015

##### 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, 2014, if approved at the ensuing Annual General Meeting, will be paid on or before October 24, 2014.

## 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, 2014 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 2013-14 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, 2014

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

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

Particulars	March 31, 2014		March 31, 2013	
	No. of Shares	% (Holding)	No. of Shares	% (Holding)
Promoters	8328439	42.84	8328439	42.84
Institutional Investors	10880	.06	62762	0.32
Bodies Corporate	1317110	6.78	1244211	6.40
Others	9783647	50.32	9804664	50.44
<b>Total</b>	<b>19440076</b>	<b>100</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, 2014				March 31, 2013			
	No. of	% of	No. of	% of share	No. of	% of	No. of	% of share
	Shareholders		shares	Capital	Shareholders		shares	Capital
1-500	19909	87.099	2642082	13.591	20938	87.695	2777132	14.285
501-1000	1564	6.842	1233753	6.346	1561	6.538	1235082	6.353
1001-2000	691	3.023	1041281	5.356	673	2.819	1001661	5.153
2001-3000	256	1.12	655448	3.372	259	1.085	662466	3.408
3001-4000	103	.451	369375	1.9	104	0.436	371750	1.912
4001-5000	92	.402	434997	2.238	96	0.402	455830	2.345
5001-10000	142	.621	1064395	5.475	142	0.595	1058517	5.445
10001 and above	101	.442	11998745	61.722	103	0.431	11877638	61.099
<b>Total</b>	<b>22858</b>	<b>100</b>	<b>19440076</b>	<b>100.000</b>	<b>23876</b>	<b>100.00</b>	<b>19440076</b>	<b>100.00</b>



COSMO FILMS

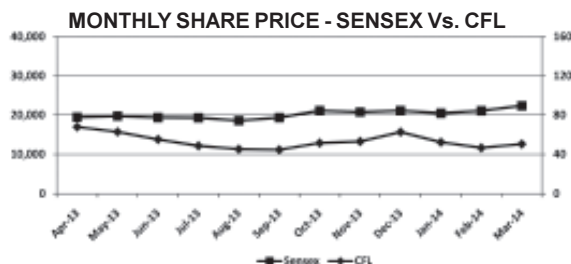
#### 10. MARKET PRICE DATA

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

MONTH	BSE		NSE	
	HIGH (₹)	LOW (₹)	HIGH (₹)	LOW (₹)
Apr-13	73.5	66.15	73.4	66.5
May-13	70.65	62.6	70.7	62.8
Jun-13	63	53.10	62.95	52.65
Jul-13	57.4	48	57	48.10
Aug-13	52.5	44.2	52.5	44.3
Sep-13	52.4	44.15	52	44.5
Oct-13	60.7	44.35	60.3	44.8
Nov-13	56.85	50	56.95	50.8
Dec-13	65.35	51	65.4	52.35
Jan-14	63	50.7	63	50.65
Feb-14	54.9	45.3	53.9	45.60
Mar-14	52.5	45.5	52.9	45.4

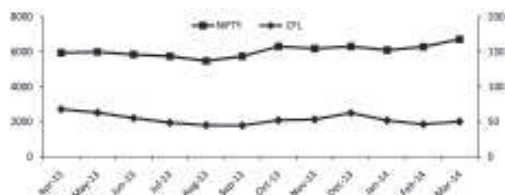
#### 11. SHARE PERFORMANCE IN COMPARISON TO BSE SENSEX AND NSE NIFTY

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



##### 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, 2014, 96.45% (i.e. 187, 49, 515 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

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**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 2013-14.

**Ashok Jaipuria**  
**Chairman & Managing Director**

**August 12, 2014**  
**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 2013-14 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 2013-14 which are fraudulent, illegal or violative of the Company's code of conduct.
- (c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- (d) We have indicated to the auditors and the Audit Committee:
  - (i) Significant changes in internal control over financial reporting during the year;
  - (ii) Significant changes in accounting policies during the year and the same has been disclosed in the notes to the financial statements; and
  - (iii) Instances of significant fraud, if any, of which we have become aware and the involvement therein of the management or an employee having a significant role in the company's internal control system over financial reporting.

Neeraj Jain  
Chief Financial Officer

Pankaj Poddar  
Chief Executive Officer

New Delhi  
August 12, 2014

#### 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  
August 12, 2014



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, 2014 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  
August 12, 2014

**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. A.K. Jain	Director- Corporate Affairs	1,03,11,980	B.Com (Hons), AICWA,CISA	44	01.09.2008	63	Mawana Sugars Ltd	Senior Vice President
Mr. Pankaj Poddar	Chief Executive Officer	1,15,63,318	B.Com.,CA, PGDBM	17	02.07.2011	38	Avon Beauty Products	Director- Finance
Mr. Tanuj Agarwal	Sr. Vice President- International Operations	72,17,766	B.Com, DBF(ICFAI) & MBA	16	05.07.2010	39	Dalmia Cement Group	Assistant Executive Director



## CORPORATE SOCIAL RESPONSIBILITY

Education transforms lives. Institutions which ensure quality education can exert powerful social economic transformations and it empowers people. It is all about human dignity, peace and sustainable development.

The Company's CSR arm 'Cosmo Foundation' have been of the firm belief to consistently make effort to add value to mainstream education with a passion, optimum utilization of local resources and building partnerships at grass roots which will have a life changing impact.

Cosmo Foundation was established in the year 2008 and has built in partnership with sixteen Government & Grant-in-aid Schools spread across 10 villages in the Karjan Block of Gujarat covering around 2500 students, who are receiving quality education, which will have a strong foundation for higher education and whose empowerment will have a very positive impact to the society

- **Basic Computer Literacy** on Windows and ubuntu Linux operating system was imparted to 1556 students from class 1 to 12 under this program. Government of Gujarat has provided computer sets, local schools provide space and electricity and we provide trained computer teachers, curriculum, periodic planning, monitoring and assessment support etc.
- 202 Students were offered basic certificate course in computer technology and 50 students were offered Basic English Course during summer holidays. It helps in pursuing higher education and employment opportunities
- **Cosmo Gyan Vihar Kendra** – a program to introduce school readiness and improve reading, writing, arithmetic skills among primary school students. This is implemented in partnership with 7 Government Primary Schools. 500 students were enrolled from class 1 to 8.
- **Basic English Learning** for students of Class 5<sup>th</sup> to 8<sup>th</sup> in Government primary schools. Our Teachers

would focus on building language comfort, phonetics, word-vocabulary, communication and pedagogic exercises. 325 students were covered in this program. Exam oriented inputs were given to 180 students representing from class 9<sup>th</sup> & 10<sup>th</sup>.

- As part of Recognition, we have Awarded laptops to three best performer students in computer education and consolation prize of educational books to 17 students.
- With an aim to enhance importance of education and widen exposure, visit of select students from Government schools were organized to the manufacturing site of Cosmo Films. 60 students and 12 teachers visited this year.
- Book Fair and Children's Fair were organized to promote reading habits, joyful learning and creativity among young children. 600 students, parents and teachers from Government schools participated in these events.

Gujarat faced worst floods due to heavy rainfall during 23<sup>rd</sup> - 26<sup>th</sup> September 2013. Karjan town and villages were adversely affected. We had initiated flood relief measures with local youth in six villages, made donations towards community kitchen to support 250 flood affected families and provided educational support to 125 students who lost their books in floods.

Sponsored Shahid Bhagat Singh 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.

We had also initiated Impact Evaluation of Cosmo Foundation by an external Agency with an aim to assess the impact of all these programs on learners and to understand the perceptions of parents and village community towards philanthropic and developmental initiatives of Cosmo Films.

Employee Involvement – Cosmo encourages its employees to not only contribute monetarily towards the betterment of the society but also participate voluntarily in the process by mentoring etc....

With reference to the notified CSR norms under the recently passed Companies Act, Cosmo Films has made all statutory compliances with robust systems and processes implementing CSR programs through Cosmo Foundation since the year 2008.





## 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 31 March 2014, 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 notified under Companies Act, 1956 ("the Act") reads with the General Circular 15/2013 dated 13 September 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013. 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 but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. 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 31 March 2014;
  - 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 notified under the Companies Act, 1956 read with the General Circular 15/2013 dated 13 September 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013 ; and
- e. on the basis of written representations received from the directors, as on 31 March 2014 and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2014 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act.

**For Walker Chandiook & Co LLP**  
*(formerly Walker, Chandiook & Co)*  
Chartered Accountants  
Firm Registration No.: 001076N

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

**Place:** New Delhi  
**Date:** 20 May 2014

**Annexure to the Independent Auditors' Report of even date to the members of Cosmo Films Limited, on the financial statements for the year ended 31 March 2014**

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.

- (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.
- (e) 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 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:
- (xi) The Company has not defaulted in repayment of dues to any bank or financial institution during the year. The Company did not have any outstanding debentures during the year.
- (xii) The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Accordingly, the provisions of clause 4(xii) of the Order are not applicable.
- (xiii) In our opinion, the Company is not a chit fund or a nidhi/ mutual benefit fund/ society. Accordingly, 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

Name of the statute	Nature of dues	Amount (₹ in crores)	Period to which the amount relates	Forum where dispute is pending
Central Excise & Custom Act	Excise duty	5.88	1988-89 to 1994-95, 1997-98 to 2001-02, 2003-04 to 2007-08	Appellate Tribunal
	Excise duty	1.46	2008-09 and 2009-10	Commissioner Appeals
	Excise duty	0.44	1994-95 to 1997-98, 2005-06	High Court
	Service tax	0.12	2005-06 to 2010-11	Commissioner Appeals
Maharashtra VAT Act	Sales tax	3.45	2008-09	Commissioner of Sales Tax (Appeal)
Income Tax Act, 1961	Income tax & Penalty	1.07	1997-98	High Court
	Income tax & Penalty	₹4.83 (paid under dispute ₹ 4.83)	2002-03	Hon'ble Supreme Court of India
	Income Tax & Penalty	₹2.98 (paid under dispute ₹ 2.98)	2008-09	Income Tax Appellate Tribunal

- (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.
- to us in this regard, the terms and conditions of the above are not, *prima facie*, prejudicial to the interests of the Company.

- (xvi) In our opinion, the 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 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) According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year, *except for an instance of fraud (as described in note 41 to the financial statements)* perpetrated by an outside party with respect to misappropriation of funds aggregating to ' 0.15 crores receivable from one of the customers of the Company. The Company has filed complaint with Cyber Crime cell and is in the process of recovering these amounts.

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

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

**Place:** New Delhi  
**Date:** 20 May 2014





**COSMO FILMS**

**Balance Sheet as at 31 March, 2014**

(All amounts in ₹ crores, unless stated otherwise)

Particulars	Notes	As at 31 March 2014	As at 31 March 2013
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' funds</b>			
Share capital	2	19.44	19.44
Reserves and surplus	3	355.85	349.49
		<b>375.29</b>	<b>368.93</b>
<b>Non-current liabilities</b>			
Long-term borrowings	4	306.83	227.87
Deferred tax liabilities (net)	5	70.40	69.71
		<b>377.23</b>	<b>297.58</b>
<b>Current liabilities</b>			
Short-term borrowings	6	201.86	196.30
Trade payables	7	116.57	89.46
Other current liabilities	8	67.51	44.29
Short-term provisions	9	2.27	6.30
		<b>388.21</b>	<b>336.35</b>
<b>TOTAL</b>		<b>1,140.73</b>	<b>1,002.86</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Fixed assets	10		
Tangible assets		569.25	367.08
Intangible assets		5.79	6.54
Capital work in progress		1.58	157.70
Non current investments	11	166.28	165.99
Long term loans and advances	12	4.64	14.52
Other non current assets	13	0.15	0.14
		<b>747.69</b>	<b>711.97</b>
<b>Current assets</b>			
Inventories	14	137.16	79.57
Trade receivables	15	136.36	114.50
Cash and bank balances	16	44.24	13.88
Short term loans and advances	17	73.86	82.50
Other current assets	18	1.42	0.44
		<b>393.04</b>	<b>290.89</b>
<b>TOTAL</b>		<b>1,140.73</b>	<b>1,002.86</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 LLP**  
(formerly Walker, Chandio & Co)  
Chartered Accountants

per **Neeraj Goel**  
Partner

**Place :** Delhi  
**Date :** 20 May 2014

**H K Agrawal**  
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, 2014**  
*(All amounts in ₹ crores, unless stated otherwise)*

Particulars	Notes	As at 31 March 2014	As at 31 March 2013
<b>INCOME</b>			
Revenue from operations (gross)	19	1,331.89	1,094.81
Less : Excise duty		(75.20)	(52.93)
<b>Revenue from operations (net)</b>		<b>1256.69</b>	<b>1,041.88</b>
Other income	20	7.38	4.06
<b>Total income</b>		<b>1,264.07</b>	<b>1,045.94</b>
<b>EXPENSES</b>			
(Increase)/decrease in inventories of finished goods	21	(39.18)	4.76
Cost of materials consumed		925.61	706.68
Employee benefit expenses	22	54.63	46.30
Finance costs	23	40.19	22.74
Depreciation and amortisation expense	10	40.34	33.17
Other expenses	24	212.04	206.59
<b>Total expenses</b>		<b>1,233.63</b>	<b>1,020.24</b>
<b>Profit before tax and exceptional items</b>		<b>30.44</b>	<b>25.70</b>
Exceptional items	25	(20.50)	(5.75)
<b>Profit before tax</b>		<b>9.94</b>	<b>19.95</b>
<b>Tax expense:</b>			
Current tax			
-Current year		1.92	4.11
-MAT credit entitlement		(1.06)	(1.40)
-Earlier years		0.31	(0.55)
Deferred tax			
-Current year		0.69	2.49
-Earlier years		-	1.17
<b>Profit for the year</b>		<b>8.08</b>	<b>14.13</b>
Earnings per equity share (₹):	26		
-Basic		4.16	7.27
-Diluted		4.16	7.27
<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 Chandiok & Co LLP**  
*(formerly Walker, Chandiok & Co)*  
Chartered Accountants

per **Neeraj Goel**  
Partner

**Place :** Delhi  
**Date :** 20 May 2014

**H K Agrawal**  
Director

**Neeraj Jain**  
Chief Financial Officer

**Ashok Jaipuria**  
Chairman &  
Managing Director

**Jyoti Dixit**  
Company Secretary



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**STATEMENT OF CASH FLOW FOR THE YEAR ENDED 31 MARCH 2014**

(All amounts in ₹ crores, unless stated otherwise)

Particulars	Year ended 31 March 2014	Year ended 31 March 2013
<b>A. Cash flow from operating activities:</b>		
Profit before tax	9.94	19.95
Adjustments for:		
Depreciation and amortisation expenses	40.34	33.17
Interest expense	33.98	19.24
Interest income	(2.52)	(2.40)
Unrealised gain on exchange fluctuation	4.98	2.17
Profit on sale of fixed assets (net)	(4.50)	(1.31)
Bad debt written off	-	0.94
Provision for bad and doubtful debts/advances	(0.30)	0.28
Liability no longer required written back	(1.27)	(9.48)
<b>Operating profit before working capital changes</b>	<b>80.65</b>	<b>62.56</b>
<b>Adjustments for changes in working capital :</b>		
- Movement in trade receivables	(21.57)	(10.44)
- Movement in other receivables	2.79	(3.50)
- Movement in inventories	(57.59)	17.14
- Movement in trade and other payables	40.49	23.73
<b>Cash generated from operations</b>	<b>44.77</b>	<b>89.49</b>
Income tax refund received/(paid)	9.25	(5.12)
<b>Net cash generated from operating activities</b>	<b>54.02</b>	<b>84.37</b>
<b>B. Cash flow from investing activities:</b>		
Purchase of fixed assets and capital work in progress	(78.63)	(159.04)
Proceeds from sale of fixed assets	5.23	3.31
Purchase of investments	(0.29)	(45.00)
Proceed on maturity of fixed deposits (net)	1.70	18.30
Interest received	2.04	2.59
<b>Net cash used in investing activities</b>	<b>(69.95)</b>	<b>(179.84)</b>
<b>C. Cash flow from financing activities:</b>		
Proceeds from long term borrowings	118.43	121.52
Repayment of long term borrowings	(34.10)	(30.70)
Proceeds from short term borrowings (net)	5.56	27.92
Interest paid	(36.21)	(18.75)
Dividend paid	(4.86)	(9.72)
Dividend tax paid	(0.83)	(1.58)
<b>Net cash generated in financing activities</b>	<b>47.99</b>	<b>88.69</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>32.06</b>	<b>(6.78)</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>7.18</b>	<b>13.96</b>
<b>Cash and cash equivalents at the end of the year (refer note 16)</b>	<b>39.24</b>	<b>7.18</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 Chandiok & Co LLP  
(formerly Walker, Chandiok & Co)  
Chartered Accountants

per Neeraj Goel  
Partner

Place : Delhi  
Date : 20 May 2014

H K Agrawal  
Director

Neeraj Jain  
Chief Financial Officer

Ashok Jaipuria  
Chairman &  
Managing Director

Jyoti Dixit  
Company Secretary

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014**

(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 of the company have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The company has prepared these financial statements to comply in all material respects with the accounting standards notified under the Companies (Accounting Standards) Rules, 2006, (as amended) and the relevant provisions of the Companies Act, 1956 read with the General Circular 15/2013 dated 13 September 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013. The financial statements have been prepared on an accrual basis and under the historical cost convention. The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year.

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the revised schedule VI to the Act.

**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.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014***(continued...)***f) Inventories**

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

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

**g) Depreciation**

Depreciation on fixed assets is provided on straight line method (SLM) at rates which are either greater than or equal to the corresponding rates in Schedule XIV to the 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 2014***(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.

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

**k) Employees benefits****Provident fund**

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



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## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

(continued..).

### **Gratuity**

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

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

### **Compensated absences**

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

### **l) Taxation**

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

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

### **m) Revenue recognition**

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

#### **Sales**

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

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

#### **Interest**

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

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014***(Continued...)***Dividend**

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

**Export benefits/incentives**

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

**n) Borrowing costs**

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

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

Basic earnings per share 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.

**r) Cash and cash equivalents**

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



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**NOTES OF THE FINANCIAL STATEMENTS for the year ended 31 March 2014***(All amounts in ₹ crores, unless stated otherwise)***2 SHARE CAPITAL**

Particulars	As at 31 March 2014		As at 31 March 2013	
	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 2014 the amount of per share dividend recognised as distributions to equity shareholders was ₹ 1 (previous year ₹ 2.50 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 2014		As at 31 March 2013	
	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	2,895,104	14.89%	2,271,104	11.68%



**NOTES OF THE FINANCIAL STATEMENTS for the year ended 31 March 2014**  
*(All amounts in ₹ crores, unless stated otherwise)*

**3 RESERVES AND SURPLUS**

Particulars	As at 31 March 2014	As at 31 March 2013
<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	286.04	284.63
Add: Transferred from surplus in statement of profit and loss	-	1.41
<b>Balance at the end of the year</b>	<b>286.04</b>	<b>286.04</b>
<b>Hedging reserve</b>		
Balance at the beginning of the year	(2.10)	(4.73)
Add : Amount recognised during the year	1.28	2.63
<b>Balance at the end of the year</b>	<b>(0.82)</b>	<b>(2.10)</b>
<b>Foreign currency monetary item translation difference account</b>		
Balance at the beginning of the year	(5.77)	(5.36)
Add : Amounts recognised during the year	(5.71)	(2.87)
Less : Amounts amortised during the year	4.98	2.46
<b>Balance at the end of the year</b>	<b>(6.50)</b>	<b>(5.77)</b>
<b>Surplus as per Statement of profit and loss</b>		
Balance at the beginning of the year	36.74	29.71
Add: Profit for the year	8.08	14.13
Less : Proposed dividends on equity shares	(1.94)	(4.86)
Less : Tax on dividends distributed during the year	(0.33)	(0.83)
Less : Transfer to general reserve	-	(1.41)
<b>Balance at the end of the year</b>	<b>42.55</b>	<b>36.74</b>
<b>Total</b>	<b>355.85</b>	<b>349.49</b>

**4 LONG TERM BORROWINGS**

Particulars	As at 31 March 2014		As at 31 March 2013	
	Non current	Current	Non current	Current
<b>Secured</b>				
<b>Term loans</b>				
Foreign currency loans (note a)	229.85	35.09	205.13	21.45
Rupee term loans (note b)	76.50	16.67	22.50	11.79
Vehicle loans (note c)	0.48	0.75	0.24	0.49
	<b>306.83</b>	<b>52.51</b>	<b>227.87</b>	<b>33.73</b>

**Notes:**

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



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**NOTES OF THE FINANCIAL STATEMENTS for the year ended 31 March 2014**

*(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 of 2.5 years from the date of loan. The loan has been repaid in full during financial year 2013-14.
  - (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 10,000,000 taken from IFC Bank during the financial year 2011-12 and 2013-14 and carries interest @ Libor+400 bps per annum. The loan is repayable in 17 semi-annual installments after moratorium of 2.5 years from the date of loan.
  - (v) Loan of EURO 9,793,450 taken from Landesbank Baden Wurttemberg Bank (LBBW) during the financial year 2012-13 and 2013-14 and carries interest @ Euribor+105 bps per annum. The loan is repayable in 17 equal semi annual installments starting after six month from the signing of final acceptance certificate for start of commercial production.
  - (vi) Loan of USD 7,000,000 taken from DBS Bank Limited during the financial year 2012-13 and carries interest @ Libor+225 bps per annum. The loan is repayable in 8 equal semi-annual installments of USD 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. The loan has been repaid in full during financial year 2013-14.
  - (iii) Loan of ₹ 300,000,000 taken from SBI during the financial year 2012-13 and 2013-14 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.
  - (iv) Loan of ₹ 600,000,000 taken from SBI during the financial year 2013-14 and carries interest @ base rate+ 2.3% per annum. The loan is repayable after a moratorium of 24 month from the date of disbursement in 24 equal quarterly installments of ₹ 25,000,000.
- 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). The loan has been repaid and security released during financial year 2013-14.
  - (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.

**NOTES OF THE FINANCIAL STATEMENTS for the year ended 31 March 2014**
*(All amounts in ₹ crores, unless stated otherwise)*
*Continued...*

- (v) Foreign currency loan from Landesbank Baden Wurttemberg Bank (LBBW) taken in financial year 2012-13 and 2013-14 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). The loan has been repaid and security released during financial year 2013-14.
  - (ix) Rupee term loan of ₹ 30 crores 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) Rupee term loan of ₹ 60 crores 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.
- e) Current maturities of long term borrowings are disclosed under the head other current liabilities.

**5. DEFERRED TAX LIABILITIES (NET)**

Particulars	As at 31 March 2014	As at 31 March 2013
<b>Deferred tax liability</b>		
Fixed assets: Impact of difference between tax depreciation and depreciation charged in the books.	89.35	71.74
<b>Gross deferred tax liability</b>	<b>89.35</b>	<b>71.74</b>
<b>Deferred tax assets</b>		
Provision for bad and doubtful debts	0.24	0.32
Tax impact of other expenses charged in the financial statement but allowable as deductions in future years under income tax	1.90	1.71
Unabsorbed losses	16.81	-
<b>Gross deferred tax assets</b>	<b>18.95</b>	<b>2.03</b>
<b>Deferred tax liabilities (net)</b>	<b>70.40</b>	<b>69.71</b>

**7. SHORT TERM BORROWINGS**

Particulars	As at 31 March 2014	As at 31 March 2013
<b>Secured</b>		
<b>From banks</b>		
Cash credits/ working capital demand loans (note a)	201.86	195.83
Overdraft (note b)	-	0.47
<b>Total</b>	<b>201.86</b>	<b>196.30</b>



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## NOTES OF THE FINANCIAL STATEMENTS for the year ended 31 March 2014

(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 ₹ 15 crores sanctioned by CITI Bank is repayable on demand and carries interest as mutually decided. The loan has been repaid in financial year 2013-14.
  - (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+2.35% per annum.
  - (vi) Cash credit/working capital demand of ₹ 65 crores sanctioned by Union Bank of India is repayable on demand and carries interest @ base rate+2% 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) Cash credit/working capital demand of ₹ 50 crores sanctioned by IDBI Bank is repayable on demand and carries interest @ base rate+2.5 per annum.
  - (ix) Cash credit of ₹ 50 crores sanctioned by State Bank of India is repayable on demand and carries interest @ base rate+0.5% per annum.
  - (x) 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.

### 7. TRADE PAYABLES

Particulars	As at 31 March 2014	As at 31 March 2013
Due to Micro, Small and Medium Enterprises *	-	-
Total outstanding dues to units other than Micro, Small and Medium Enterprises**	85.98	66.19
Employee related payables	1.03	2.07
Other accrued liabilities	29.56	21.20
<b>Total</b>	<b>116.57</b>	<b>89.46</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 ₹ 4.74 crores (previous year ₹ 15.18 crores)) being the liabilities to be paid out of the undrawn sanctioned long term loans.

**NOTES OF THE FINANCIAL STATEMENTS for the year ended 31 March 2014**  
*(All amounts in ₹ crores, unless stated otherwise)*

Continued...

**8. OTHER CURRENT LIABILITIES**

Particulars	As at 31 March 2014	As at 31 March 2013
Current maturities of long term debt (refer note 4)	52.51	33.73
Interest accrued but not due on borrowings	4.16	3.80
Statutory dues payable	1.69	1.23
Advance received from customers	9.09	5.47
Others	0.06	0.06
	<b>67.51</b>	<b>44.29</b>

**9. SHORT TERM PROVISIONS**

Particulars	As at 31 March 2014	As at 31 March 2013
Employee benefit payable	-	0.61
<b>Others</b>		
Proposed dividend (note a)	1.94	4.86
Provision for taxes on proposed dividend	0.33	0.83
<b>Total</b>	<b>2.27</b>	<b>6.30</b>

**Notes:**

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

Dividends proposed to		
-Equity shareholders	1.94	4.86
Proposed dividend per share		
-Equity shareholders (₹)	1.00	2.50

**NOTES OF THE FINANCIAL STATEMENTS for the year ended 31 March 2014***(All amounts in ₹ crores, unless stated otherwise)***10 FIXED ASSETS**

Particulars	Tangible fixed assets							Total	Intangible Fixed assets	Capital work in progress
	Land freehold	Land leasehold	Buildings	Plant and equipment	Furniture and fixtures	Vehicles	Office equipment		Software	
<b>Gross block</b>										
<b>Balance as at 1 April 2012</b>	<b>0.56</b>	<b>1.20</b>	<b>74.16</b>	<b>536.56</b>	<b>4.03</b>	<b>6.53</b>	<b>11.37</b>	<b>634.41</b>	<b>7.66</b>	<b>3.80</b>
Additions	-	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
<b>Balance as at 31 March 2013</b>	<b>0.56</b>	<b>8.42</b>	<b>75.59</b>	<b>558.00</b>	<b>5.51</b>	<b>6.34</b>	<b>12.06</b>	<b>666.48</b>	<b>8.34</b>	<b>157.70</b>
Additions	-	1.91	40.53	199.17	0.77	1.43	2.77	246.58	-	69.35
Disposals	(0.31)	-	-	(0.34)	-	(0.54)	(0.02)	(1.21)	-	(239.86)
Other adjustments:										
- Borrowing costs	-	-	-	-	-	-	-	-	-	2.60
- Foreign exchange fluctuation	-	-	-	(4.10)	-	-	-	(4.10)	-	11.79
<b>Balance as at 31 March 2014</b>	<b>0.25</b>	<b>10.33</b>	<b>116.12</b>	<b>752.73</b>	<b>6.28</b>	<b>7.23</b>	<b>14.81</b>	<b>907.75</b>	<b>8.34</b>	<b>1.58</b>
<b>Accumulated depreciation and amortisation</b>										
<b>Balance as at 1 April 2012</b>	-	<b>0.09</b>	<b>16.60</b>	<b>239.83</b>	<b>1.85</b>	<b>1.94</b>	<b>8.18</b>	<b>268.49</b>	<b>0.51</b>	-
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)	-	-
<b>Balance as at 31 March 2013</b>	-	<b>0.09</b>	<b>18.88</b>	<b>267.25</b>	<b>2.10</b>	<b>2.15</b>	<b>8.93</b>	<b>299.40</b>	<b>1.80</b>	-
Depreciation and amortisation expense	-	0.15	3.24	33.96	0.29	0.65	1.30	39.59	0.75	-
Adjusted on disposal of assets	-	-	-	(0.22)	-	(0.24)	(0.03)	(0.49)	-	-
<b>Balance as at 31 March 2014</b>	-	<b>0.24</b>	<b>22.12</b>	<b>300.99</b>	<b>2.39</b>	<b>2.56</b>	<b>10.20</b>	<b>338.50</b>	<b>2.55</b>	-
<b>Net block</b>										
<b>Balance as at 31 March 2013</b>	<b>0.56</b>	<b>8.33</b>	<b>56.71</b>	<b>290.75</b>	<b>3.41</b>	<b>4.19</b>	<b>3.13</b>	<b>367.08</b>	<b>6.54</b>	<b>157.70</b>
<b>Balance as at 31 March 2014</b>	<b>0.25</b>	<b>10.09</b>	<b>94.00</b>	<b>451.74</b>	<b>3.89</b>	<b>4.67</b>	<b>4.61</b>	<b>569.25</b>	<b>5.79</b>	<b>1.58</b>

**Note:****a) Capitalisation of foreign exchange differences**

The foreign exchange difference capitalized during the year ended 31 March 2014 was ₹ 7.69 crores (previous year ₹ 4.13 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 ₹ 7.69 crores

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

**NOTES OF THE FINANCIAL STATEMENTS for the year ended 31 March 2014**
*(All amounts in ₹ crores, unless stated otherwise)*
**11. NON CURRENT INVESTMENT**

Particulars	As at 31 March 2014	As at 31 March 2013
<b>Unquoted, trade investments (valued at cost unless otherwise stated)</b>		
<b>Investment in equity instruments</b>		
In subsidiary - CF Global Holdings Limited	162.07	161.78
Others - Gupta Energy Private Limited	4.21	4.21
	<b>166.28</b>	<b>165.99</b>

**Details of trade investments (unquoted)**

Name of the body corporate	No. of shares		Face value	Partly paid/ Fully paid	Amount	Amount
	31 March 2014	31 March 2013			31 March 2014	31 March 2013
<b>Equity</b>						
CF Global Holdings Limited	33,050,000	33,000,000	USD 1	Fully paid	162.07	161.78
Gupta Energy Private Limited *	294,252	294,252	₹ 10	Fully paid	4.21	4.21
	<b>33,344,252</b>	<b>33,294,252</b>			<b>166.28</b>	<b>165.99</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.

**12 LONG TERM LOANS AND ADVANCES**

Particulars	As at 31 March 2014	As at 31 March 2013
<b>Secured</b>		
Capital advances *	-	4.81
<b>Unsecured, considered good</b>		
Capital advances	2.94	7.32
Security deposits	0.61	1.25
Loans and advance to related parties (refer note 30)	0.51	-
Prepaid expenses	0.24	0.62
Others	0.34	0.52
<b>Total</b>	<b>4.64</b>	<b>14.52</b>

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

**13 OTHER NON CURRENT ASSETS**

Particulars	As at 31 March 2014	As at 31 March 2013
Pledged deposits (note a)	0.15	0.14
<b>Total</b>	<b>0.15</b>	<b>0.14</b>

**Note:**

a) Pledged deposits represent ₹ 0.15 crores (previous year ₹ 0.14 crores) pledged with sales tax authorities.



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**NOTES OF THE FINANCIAL STATEMENTS for the year ended 31 March 2014**  
(All amounts in ₹ crores, unless stated otherwise)

**14. INVENTORIES**

Particulars	As at 31 March 2014	As at 31 March 2013
Raw material (including material in transit ₹10.73 crores) (previous year ₹1.93 crores)	49.17	30.13
Finished goods (including goods in transit ₹ 39.92 crores) (previous year ₹19.28 crores)	77.61	38.43
Stores and spares	10.38	11.01
<b>Total</b>	<b>137.16</b>	<b>79.57</b>

**15. TRADE RECEIVABLES**

Particulars	As at 31 March 2014	As at 31 March 2013
<b>Trade receivables outstanding for a period exceeding six months from the date they are due for payment</b>		
Unsecured, considered good	0.47	1.38
Unsecured, considered doubtful	0.72	0.91
	1.19	2.29
Less : Allowances for bad and doubtful debts	(0.72)	(0.91)
	<b>0.47</b>	<b>1.38</b>
<b>Trade receivables outstanding for a period less than six months from the date they are due for payment</b>		
Unsecured, considered good	135.89	113.12
Unsecured, considered doubtful	-	0.10
	<b>135.89</b>	<b>113.22</b>
Less : Allowances for bad and doubtful debts	-	(0.10)
	<b>135.89</b>	<b>113.12</b>
<b>Total</b>	<b>136.36</b>	<b>114.50</b>

**16. CASH AND BANK BALANCES**

Particulars	As at 31 March 2013	As at 31 March 2012
<b>Cash and cash equivalents</b>		
Cash in hand	0.06	0.01
Cheques and drafts in hand	5.28	2.71
Balances with banks		
- in current accounts	17.05	1.96
- in deposit account with original maturity upto 3 months	16.85	2.50
	<b>39.24</b>	<b>7.18</b>



**NOTES OF THE FINANCIAL STATEMENTS for the year ended 31 March 2014**
*(All amounts in ₹ crores, unless stated otherwise)*
*Continued...*

<b>Other bank balances</b>		
Deposits with maturity more than 3 months but less than 12 months (note a)	5.00	6.70
	<b>5.00</b>	<b>6.70</b>
<b>Total</b>	<b>44.24</b>	<b>13.88</b>

**Note:**

a) Includes deposit of ₹ 5 crores (previous year ₹ 5 crores) pledged against overdraft facility.

**17. SHORT TERM LOANS AND ADVANCES**

Particulars	As at 31 March 2014	As at 31 March 2013
<b>Unsecured, considered good</b>		
Advances to vendors	1.35	1.65
Tax recoverable (net of provision)	15.12	26.29
Loans and advances to related party (refer note 30)	-	0.44
MAT credit entitlement	2.15	1.40
Deposits with excise and other tax authorities	13.28	10.07
Export benefit recoverable	20.67	28.40
Discount recoverable	12.73	6.92
Prepaid expenses	3.11	4.66
Others (note a and b)	5.45	2.67
<b>Total</b>	<b>73.86</b>	<b>82.50</b>

**Note:**

- a) Includes ₹ 0.03 crores being the excess of remuneration paid during the year to Chairman and Managing Director over the maximum remuneration payable under Companies Act, 1956 based on net profits for the year. The amount has been refunded subsequently on 15 May 2014.
- b) Includes ₹ 0.73 crores being the excess of remuneration paid during the year to Whole-time Director over the maximum remuneration payable under Companies Act, 1956 based on net profits for the year. The Board of Directors have resolved to seek approval for this excess remuneration from the shareholders and the Central Government. Till these approvals are obtained, the amount is held in trust by the Whole-time Director for the Company.

**18. OTHER CURRENT ASSETS**

Particulars	As at 31 March 2014	As at 31 March 2013
<b>Unsecured, considered good</b>		
Interest receivable	0.92	0.44
Others	0.50	-
<b>Total</b>	<b>1.42</b>	<b>0.44</b>



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## NOTES OF THE FINANCIAL STATEMENTS for the year ended 31 March 2014

(All amounts in ₹ crores, unless stated otherwise)

### 19. REVENUES

Particulars	Year ended 31 March 2013	Year ended 31 March 2012
<b>Revenue from operations</b>		
Sale of products (including export benefits of ₹ 21.16 crores previous year ₹ 27.46 crores)	1,325.34	1,081.69
Other operating revenues (note a)	6.55	13.12
<b>Revenue from operations (gross)</b>	<b>1,331.89</b>	<b>1,094.81</b>
Less : Excise duty	(75.20)	(52.93)
<b>Revenue from operations (net)</b>	<b>1,256.69</b>	<b>1,041.88</b>

**Note :**

- (a) Includes ₹ 0.65 crores (previous year ₹ 9.26 crores) write back of old sales tax liabilities on account of favorable order from sales tax tribunal.

#### Details of products sold

Particulars	Year ended 31 March 2014	Year ended 31 March 2013
<b>Manufactured goods</b>		
- Packaging films	1,304.18	1,054.22
- Others	21.16	27.47
<b>Total</b>	<b>1,325.34</b>	<b>1,081.69</b>

### 20. OTHER INCOME

Particulars	Year ended 31 March 2014	Year ended 31 March 2013
Interest income	2.52	2.40
Insurance and other claims	0.36	0.35
Profit on sale of assets (net) (note a)	4.50	1.31
<b>Total</b>	<b>7.38</b>	<b>4.06</b>

**Note:**

- a) Profit on sale of assets for the year ended 31 March 2014 includes ₹ 4.05 crores (previous year ₹ Nil) profit from sale of land.

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

Particulars	Year ended 31 March 2014	Year ended 31 March 2013
Opening stock of finished goods	38.43	43.19
Closing stock of finished goods	77.61	38.43
<b>(Increase)/decrease in inventories of finished goods</b>	<b>(39.18)</b>	<b>4.76</b>

**NOTES OF THE FINANCIAL STATEMENTS for the year ended 31 March 2014**
*(All amounts in ₹ crores, unless stated otherwise)*
*Continued...*
**Details of finished goods**

Particulars	Year ended 31 March 2014	Year ended 31 March 2013
<b>Finished goods</b>		
-Packaging films	77.61	38.43
<b>Total</b>	<b>77.61</b>	<b>38.43</b>

**22. EMPLOYEE BENEFIT EXPENSES**

Particulars	Year ended 31 March 2014	Year ended 31 March 2013
Salaries, wages and bonus	48.37	44.44
Gratuity expense (refer note 29)	1.45	(2.48)
Contribution to provident and other funds	3.41	3.17
Staff welfare expenses	1.40	1.17
<b>Total</b>	<b>54.63</b>	<b>46.30</b>

**Note:**

- a) Employee benefit expenses includes research and development expenses (refer note 28)

**23. FINANCE COSTS**

Particulars	Year ended 31 March 2014	Year ended 31 March 2013
Interest expenses	33.98	19.24
Bank charges	6.21	3.50
	<b>40.19</b>	<b>22.74</b>

**24. OTHER EXPENSES**

Particulars	Year ended 31 March 2014	Year ended 31 March 2013
Stores, spares and packing material consumed	46.95	44.50
Power, water and fuel	85.87	85.76
Excise duty on internal consumption/change in finished goods inventory	6.93	5.43
Other manufacturing expenses	0.67	0.82
Rent	1.28	1.15
Repairs and maintenance		
- Buildings	0.39	0.54
- Plant and equipment	8.63	6.09
- Others	1.71	0.85
Insurance	0.97	0.68
Rates and taxes	0.29	0.13
Printing and stationary	0.41	0.41



COSMO FILMS

## NOTES OF THE FINANCIAL STATEMENTS for the year ended 31 March 2014

(All amounts in ₹ crores, unless stated otherwise)

Continued...

Training and recruitment expenses	0.26	0.49
Travelling and conveyance	3.97	4.34
Vehicle running and maintenance	2.76	2.29
Communication expenses	1.38	1.43
Legal and professional charges	4.28	3.50
Payment for audit fees	0.39	0.39
Directors' fees	0.03	0.05
Charity and donations	0.37	0.32
Miscellaneous expenses	1.68	1.25
Bad debts written off	-	0.94
Provision for bad debts	(0.30)	0.28
Freight and forwarding	42.33	42.39
Other selling expenses	0.79	1.51
Sales tax payments	-	1.05
<b>Total</b>	<b>212.04</b>	<b>206.59</b>

### Note:

- a) Other expenses includes research and development expenses (refer note 28).

## 25. EXCEPTIONAL ITEMS

Exceptional items represents net loss on foreign currency transaction and translation amounting to ₹ 20.50 crores (previous year loss ₹ 5.75 crores).

## 26. EARNING PER SHARE

Particulars	Year ended 31 March 2014	Year ended 31 March 2013
a) Net profit after tax as per statement of profit and loss attributable to equity shareholders (₹ in crores)	8.08	14.13
b) Weighted average number of equity shares	19,440,076	19,440,076
c) Basic EPS (₹)	4.16	7.27
d) Diluted EPS (₹)	4.16	7.27
e) Nominal value per equity share (₹)	10.00	10.00

## 27. Contingent liabilities and commitments

### (i) Contingent liabilities

Particulars	As at 31 March 2014	As at 31 March 2013
a) Disputed demands for income tax (refer note f below)	4.83	4.83
b) Disputed demands for excise and custom duty and service tax	3.81	3.97
c) Disputed demands for labour/employee dispute	4.15	1.18
d) Claims against the Company not acknowledged as debts	0.12	0.12
e) Discounting of export customer invoices (refer note g below)	25.14	25.02

**NOTES OF THE FINANCIAL STATEMENTS for the year ended 31 March 2014**
*(All amounts in ₹ crores, unless stated otherwise)*
*Continued...*

- 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. The Company has filed a special leave petition against the order of Hon'ble Court which has been accepted by Supreme Court and is pending. Based on the legal opinion taken from an independent expert, the management is of the view that it is more likely than not that matter will be decided in favour of the Company.
- g) It represents discounted debtors amount to ₹ 12.46 crores (previous year ₹ 10.64 crores) against letter of credit and other discounted debtors of ₹ 12.68 crores (previous year ₹ 14.38 crores) which has 90% credit insurance coverage from ECGC. All the discounted invoices have been reduced from Trade Receivables in note 15.
- h) The Company has given corporate guarantee for term loan facility of ₹ 8.41 crores (previous year ₹ 7.61) availed by its step down subsidiary.

**(ii) Commitments**
**a) Capital and Other Commitment**

The Company has the following commitments :

Particulars	As at 31 March 2014	As at 31 March 2013
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	4.94	36.00
Letter of credit opened for which the material has not been shipped as on the date of the balance sheet.	25.40	19.44

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

Particulars	As at 31 March 2014	As at 31 March 2013
Unpaid dividend	0.84	0.86

**28 Research and development expenditure**

Particulars	As at 31 March 2014	As at 31 March 2013
Employee benefit expenses	1.01	1.24
Materials and consumables	1.76	1.71
Others	0.54	0.37
<b>Total research and development expenditure</b>	<b>3.31</b>	<b>3.32</b>

**29. 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.



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**NOTES OF THE FINANCIAL STATEMENTS for the year ended 31 March 2014**

(All amounts in ₹ crores, unless stated otherwise)

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

Particulars	Year ended 31 March 2014	Year ended 31 March 2013
Discount rate	8.00%	8.00%
Salary escalation	7.00%	7.00%

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

Particulars	Year ended 31 March 2014	Year ended 31 March 2013
Present value of obligations as at beginning of year	8.42	10.15
Interest cost	1.11	0.81
Current service cost	0.61	0.92
Benefits paid	(0.65)	(0.33)
Actuarial loss/(gain) on obligations	0.65	(3.13)
<b>Present value of obligations as at end of year</b>	<b>10.14</b>	<b>8.42</b>

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

Particulars	Year ended 31 March 2014	Year ended 31 March 2013
Fair value of plan assets at beginning of year	10.69	11.68
Expected return on plan assets	0.92	1.08
Contributions	-	0.01
Benefits paid	(0.65)	(2.08)
<b>Fair value of plan assets at the end of year</b>	<b>10.96</b>	<b>10.69</b>

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

Particulars	Year ended 31 March 2014	Year ended 31 March 2013
Present value of obligations as at the end of year	10.14	8.42
Fair value of plan assets as at the end of the year	10.96	10.69
Funded status	0.82	2.27
<b>Net asset recognized in balance sheet</b>	<b>0.82</b>	<b>2.27</b>

**NOTES OF THE FINANCIAL STATEMENTS for the year ended 31 March 2014**  
*(All amounts in ₹ crores, unless stated otherwise)*

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

Particulars	Year ended 31 March 2014	Year ended 31 March 2013
Current service cost	0.61	0.92
Interest cost	1.11	0.81
Expected return on plan assets	(0.92)	(1.08)
Net actuarial loss/(gain) recognized in the year	0.65	(3.13)
<b>Expenses recognized in statement of profit and loss</b>	<b>1.45</b>	<b>(2.48)</b>

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

Particulars	31 March 2014	31 March 2013	31 March 2012	31 March 2011	31 March 2010
Defined benefit obligation	10.14	8.42	10.15	8.46	7.58
Plan asset	10.96	10.69	11.68	9.26	7.29
<b>(Surplus) / deficit</b>	<b>(0.82)</b>	<b>(2.27)</b>	<b>(1.53)</b>	<b>(0.80)</b>	<b>0.29</b>
Net actuarial loss/(gain) recognized in the year	0.65	(3.13)	0.61	0.12	1.38

**30. Related party disclosure**

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

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

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

- CF Global Holdings Limited, Mauritius
- 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:**

- Sunrise Manufacturing Company Private Limited

**C. Key management personnel**

- Mr. Ashok Jaipuria Chairman and Managing Director



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## NOTES OF THE FINANCIAL STATEMENTS for the year ended 31 March 2014

(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 2014	31 March 2013	31 March 2014	31 March 2013	31 March 2014	31 March 2013	31 March 2014	31 March 2013
<b>Purchase of goods</b>								
CF (Netherlands) Holdings Limited BV., Netherlands	0.04	-	-	-	-	-	0.04	-
Cosmo Films Inc., USA	0.62	0.15	-	-	-	-	0.62	0.15
<b>Investment made</b>								
CF Global Holdings Limited, Mauritius	0.29	40.79	-	-	-	-	0.29	40.79
<b>Sales</b>								
Cosmo Films Inc. USA	59.80	62.97	-	-	-	-	59.80	62.97
CF (Netherlands) Holdings Limited BV., Netherlands	-	12.03	-	-	-	-	-	12.03
Cosmo Films Korea Limited, Korea	0.14	0.24					0.14	0.24
Cosmo Films Japan (GK)	0.82	0.56					0.82	0.56
Cosmo Films (Singapore) Pte. Limited, Singapore	0.32	4.87	-	-	-	-	0.32	4.87
<b>Other operating revenues</b>								
Cosmo Films Inc., USA	0.45	-	-	-	-	-	0.45	-
Cosmo Films Korea Limited, Korea	0.24	-	-	-	-	-	0.24	-
Cosmo Films Japan (GK)	0.19	-	-	-	-	-	0.19	-
<b>Reimbursement of Expenses paid (net)</b>								
Cosmo Films Inc., USA	0.31	-	-	-	-	-	0.31	-
Cosmo Films Japan (GK)	0.56	-	-	-	-	-	0.56	-
<b>Rent paid</b>								
Sunrise Manufacturing Company Private Limited	-	-	1.00	0.89	-	-	1.00	0.89
<b>Security deposit/advance rent paid</b>								
Sunrise Manufacturing Company Private Limited	-	-	0.07	-	-	-	0.07	-
<b>Remuneration</b>								
Mr. Ashok Jaipuria	-	-	-	-	0.30	1.03	0.30	1.03
<b>Purchase of fixed assets</b>								
CF (Netherlands) Holdings Limited BV., Netherlands	-	7.74					-	7.74



**NOTES OF THE FINANCIAL STATEMENTS for the year ended 31 March 2014**  
*(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 2014	31 March 2013	31 March 2014	31 March 2013	31 March 2014	31 March 2013
<b>1. Investments</b>						
- Cosmo Films Inc., USA	37.16	27.59	-	-	-	-
- CF (Netherlands) Holdings Limited BV., Netherlands	-	0.01	-	-	-	-
- Cosmo Films Korea Limited, Korea	0.06	-	-	-	-	-
- Cosmo Films Japan (GK)	0.05	0.36				
<b>2. Trade payables</b>						
- CF (Netherlands) Holdings Limited BV., Netherlands	-	0.17	-	-	-	-
- Cosmo Films Japan (GK)	0.21	0.21				
<b>3. Loans and advance</b>						
- Sunrise Manufacturing Company Private Limited	-	-	0.51	0.44	-	-
<b>4. Managerial remuneration recoverable*/(payable)</b>						
- Mr. Ashok Jaipuria	-	-	-	-	0.03	(0.75)

\* recovered subsequently.

**31. Derivative instruments and unhedged foreign currency exposure**

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

Currency	No. of contracts		Amount		Notional gain/(loss)	
	31 March 2014	31 March 2013	31 March 2014	31 March 2013	31 March 2014	31 March 2013
EURO	4	-	468,848	-	(0.23)	-
USD	53	-	13,364,580	-	(3.46)	-



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**NOTES OF THE FINANCIAL STATEMENTS for the year ended 31 March 2014***(All amounts in ₹ crores, unless stated otherwise)*

Continued...

**Notes:**

- i) 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, 2014 is estimated at ₹ 0.81 crores (previous year ₹ 2.10 crores).
- ii) The 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 previous year. In accordance with Accounting Standard 30, "Financial Instruments - recognition and measurement" the mark to market gain as on 31 March 2014 is estimated at ₹ 4.99 crores (previous year loss ₹ 0.85 crores).

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

Currency	31 March 2014		31 March 2013	
	Foreign currency	Local currency (₹)	Foreign currency	Local currency (₹)
USD	(33,252,642)	(199.91)	(39,830,602)	(216.72)
EURO	(8,797,411)	(72.68)	(12,582,801)	(87.55)
GBP	341,602	3.41	(47,190)	(0.39)

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

- 32 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.

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

Particulars	Year ended 31 March 2014	Year ended 31 March 2013
Polymer (Homopolymer repol and EVA)	770.19	579.07
Others	155.42	127.61
<b>Total</b>	<b>925.61</b>	<b>706.68</b>

**NOTES OF THE FINANCIAL STATEMENTS for the year ended 31 March 2014**  
*(All amounts in ₹ crores, unless stated otherwise)*

**34. Imported and indigenous consumption**

		Indigenous		Imported		Total
		Value		Value		Value
		Amount	%	Amount	%	Amount
Raw materials and components	2013-14	716.13	77%	209.48	23%	925.61
	2012-13	509.70	72%	196.98	28%	706.68
Stores and spares	2013-14	42.71	91%	4.24	9%	46.95
	2012-13	41.81	94%	2.69	6%	44.50

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

Particulars	Year ended 31 March 2014	Year ended 31 March 2013
Raw materials	213.20	196.82
Components and spare parts	6.42	3.86
Capital goods	10.12	101.78
<b>Total</b>	<b>229.74</b>	<b>302.46</b>

**36. Payments to auditors**

Particulars	Year ended 31 March 2014	Year ended 31 March 2013
For statutory audit including limited reviews	0.34	0.34
For tax audit	0.03	0.03
For reimbursement of expenses	0.02	0.02
For certification services	0.01	-
<b>Total</b>	<b>0.40</b>	<b>0.39</b>

**37. Expenditure in foreign currency**

Particulars	Year ended 31 March 2014	Year ended 31 March 2013
Services of foreign technicians	0.69	0.32
Sales commission	5.94	4.17
Interest on foreign currency loan	8.16	5.26
Others	0.63	1.94
<b>Total</b>	<b>15.42</b>	<b>11.69</b>

**38. Earnings in foreign exchange**

Particulars	Year ended 31 March 2014	Year ended 31 March 2013
Export of goods calculated on F.O.B basis (including deemed exports)	538.86	507.74



COSMO FILMS

## NOTES OF THE FINANCIAL STATEMENTS for the year ended 31 March 2014

(All amounts in ₹ crores, unless stated otherwise)

### 39. Dividend remitted in foreign currency

Particulars	Year ended 31 March 2014	Year ended 31 March 2013
Period to which is relates	2012-13	2011-12
Number of non - resident shareholders	38	39
Number of shares held on which dividend was due Equity	7,940	8,700
Amount remitted * ₹ 19,850 (# Previous year ₹ 40,200)	*	*

40. 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.

41. During the year, the Company became aware of an instance of fraud perpetrated against the Company by an outside party with respect to non receipt of collection of ₹ 0.15 crore (approx.) from an overseas customer whereas same has been claimed as remitted by the customer. The internal examination of the matter by the Company did not reveal any involvement of the present employees of Company. However, the Company has filed its complaint with Cyber Crime cell of Delhi Police which was pending as on 31 March 2014 and all necessary steps are being taken to ensure proper recovery of such amount.

### 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 LLP  
(formerly Walker, Chandio & Co)  
Chartered Accountants

H K Agrawal  
Director

Ashok Jaipuria  
Chairman &  
Managing Director

per Neeraj Goel  
Partner

Neeraj Jain  
Chief Financial Officer

Jyoti Dixit  
Company Secretary

Place : Delhi  
Date : 20 May 2014

## FINANCIAL INFORMATION OF SUBSIDIARY COMPANIES

Subsidiary	Reporting Currency	Closing exchange rate agst Indian Rupee as on 31 <sup>st</sup> March, 2014	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)	60.1000	198.63	(0.41)	198.25	0.03	0.00	0.00	(0.09)	(0.09)	0.00	Mauritius
	USD 000's		33050	(68)	32986	5	0.00	0.00	(14)	(14)	0.00	
CF (Mauritius) Holdings Ltd.	INR (in Cr)	60.1000	3.01	(0.14)	196.59	193.72	0.00	0.00	(0.04)	(0.04)	0.00	Mauritius
	USD 000's		500	(23)	32711	32234	0.00	0.00	(7)	(7)	0.00	
Cosmo Films ( Netherlands) Cooperatief .U.A	INR (in Cr)	82.5800	197.86	(0.05)	197.87	0.06	0.00	0.00	(0.00)	(0.00)	0.00	Netherland
	Euro 000's		23960	(6)	23961	7	0.00	0.00	(0)	(0)	0.00	
CF ( Netherlands) Holdings Limited B.V	INR (in Cr)	82.5800	197.85	(31.13)	167.00	0.27	0.00	0.87	(7.28)	(7.37)	0.00	Netherland
	Euro 000's		23959	(3769)	20223	33	0.00	102	(862)	(872)	0.00	
Cosmo Films (Japan) GK	INR (in Cr)	0.5883	8.82	25.18	49.21	15.21	0.00	68.52	4.46	2.82	0.00	Japan
	JPY 000's		150000	428007	836481	258475	0.00	1137674	74122	46806	0.00	
Cosmo Films (Singapore) Pte Ltd.	INR (in Cr)	47.7000	0.24	0.83	1.16	0.09	0.00	2.26	0.88	0.91	0.00	Singapore
	S\$ 000's		50	174	244	19	0.00	462	181	185	0.00	
Cosmo Films Korea Ltd.	INR (in Cr)	0.0564	11.28	10.93	43.54	21.33	0.00	61.73	2.20	2.08	0.00	Korea
	KRW 000's		2000000	1938646	7719686	3781039	0.00	10643454	380074	358405	0.00	
Cosmo Films Inc	INR (in Cr)	60.1000	72.12	(51.66)	119.00	98.54	0.00	187.13	13.94	13.94	0.00	USA
	USD 000's		12000	(8596)	19800	16396	0.00	30344	2261	2261	0.00	



COSMO FILMS

## 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 31 March 2014, 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 but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. 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 31 March 2014;
  - ii) in the case of the Consolidated Statement of Profit and Loss, of the loss 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 ₹ 213.30 crores as at March 31, 2014; total revenues (after eliminating intra-group transactions) of ₹ 273.52 crores and net cash flows aggregating to ₹ (9.35) 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 Chandiok & Co LLP**  
(formerly Walker, Chandiok & Co)  
Chartered Accountants  
Firm Registration No.: 001076N

per **Neeraj Goel**  
Partner

**Place:** New Delhi  
**Date:** 20 May 2014

Membership No. 099514

**Consolidated Balance Sheet** as at 31 March, 2014  
(All amounts in ₹ crores, unless stated otherwise)

Particulars	Notes	As at 31 March 2014	As at 31 March 2013
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' funds</b>			
Share capital	2	19.44	19.44
Reserves and surplus	3	340.54	327.10
		<b>359.98</b>	<b>346.54</b>
<b>Non-current liabilities</b>			
Long-term borrowings	4	317.56	248.68
Deferred tax liabilities (net)	5	51.47	53.66
Long-term provisions	6	0.13	0.13
		<b>369.16</b>	<b>302.47</b>
<b>Current liabilities</b>			
Short-term borrowings	7	207.75	205.50
Trade payables	8	132.32	104.08
Other current liabilities	9	77.52	66.97
Short-term provisions	10	4.03	6.30
		<b>421.62</b>	<b>382.85</b>
<b>TOTAL</b>		<b>1,150.76</b>	<b>1,031.86</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Fixed assets	11		
Tangible assets		631.18	432.88
Intangible assets		5.79	6.55
Capital work in progress		1.58	157.70
Non current investments	12	4.21	4.21
Long term loans and advances	13	31.69	33.93
Other non current assets	14	0.15	0.14
		<b>674.60</b>	<b>635.41</b>
<b>Current assets</b>			
Inventories	15	202.44	151.33
Trade receivables	16	138.26	128.78
Cash and bank balances	17	59.97	34.07
Short term loans and advances	18	74.07	81.83
Other current assets	19	1.42	0.44
		<b>476.16</b>	<b>396.45</b>
<b>TOTAL</b>		<b>1,150.76</b>	<b>1,031.86</b>
<b>Statement on significant accounting policies</b>	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 Chandiok & Co LLP**  
(formerly *Walker, Chandiok & Co*)  
Chartered Accountants

per **Neeraj Goel**  
Partner

**Place :** Delhi  
**Date :** 20 May 2014

**H K Agrawal**  
Director

**Neeraj Jain**  
Chief Financial Officer

**Ashok Jaipuria**  
Chairman &  
Managing Director

**Jyoti Dixit**  
Company Secretary



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**Consolidated Statement of profit and loss for the year ended 31 March, 2014**

(All amounts in ₹ crores, unless stated otherwise)

Particulars	Notes	As at 31 March 2014	As at 31 March 2013
<b>INCOME</b>			
Revenue from operations (gross)	20	1,543.56	1,318.55
Less : Excise duty		(75.20)	(52.93)
<b>Revenue from operations (net)</b>		<b>1,468.36</b>	<b>1,265.62</b>
Other income	21	6.77	8.00
<b>Total income</b>		<b>1,475.13</b>	<b>1,273.62</b>
<b>EXPENSES</b>			
(Increase)/decrease in inventories of finished goods	22	(33.50)	4.89
Cost of materials consumed		1,030.74	821.38
Purchases of traded goods		5.39	4.82
Employee benefit expenses	23	97.93	90.34
Finance costs	24	43.22	29.01
Depreciation and amortisation expense	11	45.32	38.81
Other expenses	25	259.15	245.48
<b>Total expenses</b>		<b>1,448.25</b>	<b>1,234.73</b>
<b>Profit before tax and exceptional items</b>		<b>26.88</b>	<b>38.89</b>
Exceptional items	26	(28.68)	(17.22)
<b>Profit/(loss) before tax</b>		<b>(1.80)</b>	<b>21.67</b>
<b>Tax expense:</b>			
Current tax			
-Current year		4.93	10.24
-MAT credit entitlement		(1.06)	(1.40)
-Earlier years		0.25	(0.55)
Deferred tax			
-Current year		(0.42)	0.87
-Earlier years		-	1.18
<b>Profit/(loss) for the year</b>		<b>(5.50)</b>	<b>11.33</b>
Earning/(loss) per equity share (₹):	27		
-Basic		(2.83)	5.83
-Diluted		(2.83)	5.83
<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 Chandiok & Co LLP  
(formerly Walker, Chandiok & Co)  
Chartered Accountants  
per **Neeraj Goel**  
Partner

**H K Agrawal**  
Director  
  
**Neeraj Jain**  
Chief Financial Officer

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

Place : Delhi  
Date : 20 May 2014



**CONSOLIDATED STATEMENT OF CASH FLOW FOR THE YEAR ENDED 31 MARCH 2014**  
**(All amounts in ₹ crores, unless stated otherwise)**

Particulars	Year ended 31 March 2014	Year ended 31 March 2013
<b>A. Cash flow from operating activities:</b>		
Profit/(loss) before tax	(1.80)	21.67
Adjustments for:		
Depreciation and amortisation expenses	45.32	38.81
Impairment of land and building	-	4.82
Interest expense	36.38	24.75
Interest income	(2.52)	(2.40)
Unrealised gain on exchange fluctuation (net)	4.97	2.46
Profit on sale of fixed assets (net)	(3.48)	(2.98)
Bad debt written off	0.22	0.94
Provision for bad and doubtful debts/advances	1.45	0.52
Liability no longer required written back	(1.27)	(11.55)
<b>Operating profit before working capital changes</b>	<b>79.27</b>	<b>77.04</b>
<b>Adjustments for changes in working capital :</b>		
- Movement in trade receivables	(11.14)	0.56
- Movement in other receivables	(3.72)	(5.02)
- Movement in inventories	(51.11)	22.62
- Movement in trade and other payables	43.55	8.70
<b>Cash generated from operations</b>	<b>56.85</b>	<b>103.90</b>
Income tax refund received/ (paid)	2.49	(10.03)
<b>Net cash generated from operating activities</b>	<b>59.34</b>	<b>93.87</b>
<b>B. Cash flow from investing activities:</b>		
Purchase of fixed assets and capital work in progress	(88.83)	(170.97)
Proceeds from sale of fixed assets	13.30	11.22
Purchase of investments	-	(4.21)
Proceed on maturity of fixed deposits (net)	1.70	18.30
Interest received	2.04	2.94
<b>Net cash used in investing activities</b>	<b>(71.79)</b>	<b>(142.72)</b>
<b>C. Cash flow from financing activities:</b>		
Proceeds from long term borrowings	126.72	117.06
Repayment of long term borrowings	(64.55)	(58.45)
Proceeds from short term borrowings (net)	2.24	14.27
Interest paid	(39.34)	(25.64)
Dividend paid	(4.86)	(9.72)
Dividend tax paid	(0.83)	(1.58)
<b>Net cash generated in financing activities</b>	<b>19.38</b>	<b>35.94</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>6.93</b>	<b>(12.91)</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>27.37</b>	<b>36.42</b>
<b>Effect of change in exchange rate on cash and cash equivalents</b>	<b>20.67</b>	<b>3.86</b>
<b>Cash and cash equivalents at the end of the year (refer note 17)</b>	<b>54.97</b>	<b>27.37</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 Chandiook & Co LLP  
(formerly Walker, Chandiook & Co)  
Chartered Accountants

per Neeraj Goel  
Partner

Place : Delhi

Date : 20 May 2014

H K Agrawal  
Director

Neeraj Jain  
Chief Financial Officer

Ashok Jaipuria  
Chairman &  
Managing Director

Jyoti Dixit  
Company Secretary



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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

(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 of the company have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The company has prepared these financial statements to comply in all material respects with the accounting standards notified under the Companies (Accounting Standards) Rules, 2006, (as amended) and the relevant provisions of the Companies Act, 1956 read with the General Circular 15/2013 dated 13 September 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013. The financial statements have been prepared on an accrual basis and under the historical cost convention. The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year.

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the revised schedule VI to the Act.

#### 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.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014**  
*(Continued...)*

**e) Fixed assets**

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

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

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

**f) Investments**

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

**g) Inventories**

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

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

**h) Depreciation and amortization**

Depreciation on fixed assets is provided on straight line method (SLM) at rates which are 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



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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

(Continued...)

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

### i) Research and development

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

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

### j) Foreign currency transactions

#### Initial recognition

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

#### Conversion

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

#### Exchange differences

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

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

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

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

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

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014***(Continued...)*

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

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

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

**l) Employees benefits****Provident fund**

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

**Gratuity**

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

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

**Compensated absences**

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

**m) Taxation**

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



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014**

*(Continued...)*

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

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

**n) Revenue recognition**

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

**Sales**

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

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

**Interest**

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

**Dividend**

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

**Export benefits/incentives**

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

**o) Borrowing costs**

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

**p) Earnings per share (EPS)**

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014***(Continued...)*

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

**q) Impairment of assets**

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

**r) Provisions and contingent liabilities**

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

**s) Cash and cash equivalents**

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



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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March 2014**

(All amounts in ₹ crores, unless stated otherwise)

**2 SHARE CAPITAL**

Particulars	As at 31 March 2014		As at 31 March 2013	
	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 2014 the amount of per share dividend recognised as distributions to equity shareholders was ₹ 1 (previous year ₹ 2.50 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 2014		As at 31 March 2013	
	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	2,895,104	14.89%	2,271,104	11.68%



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March 2014**  
*(All amounts in ₹ crores, unless stated otherwise)*

**3. RESERVES AND SURPLUS**

Particulars	As at	As at
	31 March 2014	31 March 2013
<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>Foreign currency translation reserve</b>	<b>25.69</b>	<b>5.02</b>
<b>General reserve</b>		
Balance at the beginning of the year	274.07	272.66
Add: Transferred from surplus in statement of profit and loss	-	1.41
<b>Balance at the end of the year</b>	<b>274.07</b>	<b>274.07</b>
<b>Hedging reserve</b>		
Balance at the beginning of the year	(2.10)	(4.73)
Add : Amount recognised during the year	1.29	2.63
<b>Balance at the end of the year</b>	<b>(0.81)</b>	<b>(2.10)</b>
<b>Foreign currency monetary item translation difference account</b>		
Balance at the beginning of the year	(5.77)	(5.36)
Add : Amounts recognised during the year	(5.71)	(2.87)
Less : Amounts amortised during the year	4.97	2.46
<b>Balance at the end of the year</b>	<b>(6.51)</b>	<b>(5.77)</b>
<b>Surplus as per Consolidated statement of profit and loss</b>		
Balance at the beginning of the year	21.30	17.07
Add: Profit for the year	(5.50)	11.33
Less : Proposed dividends on equity shares	(1.94)	(4.86)
Less : Tax on dividends distributed during the year	(0.33)	(0.83)
Less : Transfer to general reserve	-	(1.41)
<b>Balance at the end of the year</b>	<b>13.52</b>	<b>21.30</b>
<b>Total</b>	<b>340.54</b>	<b>327.10</b>

**4. LONG TERM BORROWINGS**

Particulars	As at 31 March 2014		As at 31 March 2013	
	Non current	Current	Non current	Current
<b>Secured</b>				
<b>Term loans</b>				
Foreign currency loans (note a)	240.58	44.15	225.94	42.61
Rupee term loans (note b)	76.50	16.67	22.50	11.79
Vehicle loans (note c)	0.48	0.75	0.24	0.49
	<b>317.56</b>	<b>61.57</b>	<b>248.68</b>	<b>54.89</b>



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March 2014**

(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 of 2.5 years from the date of loan. The loan has been repaid in full during financial year 2013-14.
- (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 10,000,000 taken from IFC Bank during the financial year 2011-12 and carries interest @ Libor+400 bps per annum. The loan is repayable in 17 semi-annual installments after moratorium of 2.5 years from the date of loan.
- (v) Loan of EURO 9,793,450 taken from Landesbank Baden Wurttemberg Bank (LBBW) during the financial year 2012-13 and 2013-14 and carries interest @ Euribor+105 bps per annum. The loan is repayable in 17 equal semi annual installments starting after six month from the signing of final acceptance certificate for start of commercial production.
- (vi) Loan of USD 7,000,000 taken from DBS Bank Limited during the financial year 2012-13 and carries interest @ Libor+225 bps per annum. The loan is repayable in 8 equal semi-annual installments of USD from April-2015. The loan has been fully hedged into an equivalent Rupee loan with fixed rate of interest.
- (vii) Loan of USD 45,000,000 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 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 of 2 years in 14 quarterly installments. The loan has been repaid during financial year 2013-14.

**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. The loan has been repaid in full during financial year 2013-14.
- (iii) Loan of ₹ 300,000,000 taken from SBI during the financial year 2012-13 and 2013-14 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.

# **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March 2014**

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

- (iv) Loan of ₹ 600,000,000 taken from SBI during the financial year 2013-14 and carries interest @ base rate+ 2.3% per annum. The loan is repayable after a moratorium of 24 month from the date of disbursement in 24 equal quarterly installments of ₹ 25,000,000.
- 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). The loan has been repaid and security released during financial year 2013-14.
  - (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 and 2013-14 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). The loan has been repaid and security released during financial year 2013-14.
  - (x) Rupee term loan of ₹ 30 crores 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) Rupee term loan of ₹ 60 crores 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.
  - (xii) 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.



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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March 2014***(All amounts in ₹ crores, unless stated otherwise)***5 DEFERRED TAX LIABILITIES (NET)**

Particulars	As at 31 March 2014	As at 31 March 2013
<b>Deferred tax liability</b>		
Fixed assets: Impact of difference between tax depreciation and depreciation charged in the books	98.75	80.23
Acquisition gain	0.14	1.13
Others	0.35	0.31
<b>Gross deferred tax liability</b>	<b>99.24</b>	<b>81.67</b>
<b>Deferred tax assets</b>		
Unabsorbed losses	41.53	22.36
Provision for bad and doubtful debts	0.78	0.74
Tax impact of other expenses charged in the financial statement but allowable as deductions in future years under income tax	5.46	4.91
<b>Gross deferred tax assets</b>	<b>47.77</b>	<b>28.01</b>
<b>Deferred tax liabilities (net)</b>	<b>51.47</b>	<b>53.66</b>

**6. LONG TERM PROVISIONS**

Particulars	As at 31 March 2014	As at 31 March 2013
Employee benefit payable	0.13	0.13
<b>Total</b>	<b>0.13</b>	<b>0.13</b>

**7. SHORT TERM BORROWINGS**

Particulars	As at 31 March 2014	As at 31 March 2013
<b>Secured</b>		
<b>From banks</b>		
Cash credits/ working capital demand loans (note a)	207.75	205.03
Overdraft (note b)	-	0.47
<b>Total</b>	<b>207.75</b>	<b>205.50</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March 2014**

(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 ₹ 15 crores sanctioned by CITI Bank is repayable on demand and carries interest as mutually decided. The loan has been repaid in financial year 2013-14.
  - (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+2.35% per annum.
  - (vi) Cash credit/working capital demand of ₹ 65 crores sanctioned by Union Bank of India is repayable on demand and carries interest @ base rate+2% 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) Cash credit/working capital demand of ₹ 50 crores sanctioned by IDBI Bank is repayable on demand and carries interest @base rate+2.5% per annum.
  - (ix) Cash credit of ₹ 50 crores sanctioned by State Bank of India is repayable on demand and carries interest @ base rate+0.5% per annum.
  - (x) 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.
  - (xi) 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.
- 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 @ 11.5% per annum.



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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March 2014

(All amounts in ₹ crores, unless stated otherwise)

### 8. TRADE PAYABLES

Particulars	As at 31 March 2014	As at 31 March 2013
Due to Micro, Small and Medium Enterprises *	-	-
Total outstanding dues to units other than Micro, Small and Medium Enterprises **	98.90	77.01
Employee related payables	1.54	3.20
Other accrued liabilities	31.88	23.87
<b>Total</b>	<b>132.32</b>	<b>104.08</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 ₹ 4.74 crores (previous year ₹ 15.18 crores) being the liabilities to be paid out of the undrawn sanctioned long term loans.

### 9. OTHER CURRENT LIABILITIES

Particulars	As at 31 March 2014	As at 31 March 2013
Current maturities of long term debt (refer note 4)	61.57	54.89
Interest accrued but not due on borrowings	4.30	4.67
Statutory dues payable	2.32	1.88
Advance received from customers	9.27	5.47
Others	0.06	0.06
	<b>77.52</b>	<b>66.97</b>

### 10. SHORT TERM PROVISIONS

Particulars	As at 31 March 2014	As at 31 March 2013
Employee benefit payable	1.76	0.61
<b>Others</b>		
Proposed dividend (note a)	1.94	4.86
Provision for taxes on proposed dividend	0.33	0.83
<b>Total</b>	<b>4.03</b>	<b>6.30</b>

#### Notes:

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

Dividends proposed to		
-Equity shareholders	1.94	4.86
Proposed dividend per share		
-Equity shareholders (₹)	1.00	2.50

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March 2014

(All amounts in ₹ crores, unless stated otherwise)

## 11 FIXED ASSETS

Particulars	Tangible fixed assets							Intangible fixed assets	Capital work in progress
	Land freehold	Land leasehold	Buildings	Plant and equipment	Furniture and fixtures	Vehicles	Office equipment		
<b>Gross block</b>									
<b>Balance as at 1 April 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>4.02</b>
Additions (note b)	-	7.22	2.91	19.96	1.49	0.81	0.84	33.23	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>157.70</b>
Additions	-	1.91	40.57	199.80	0.79	1.43	2.87	247.37	69.35
Disposals	(6.60)	-	(3.54)	(1.12)	-	(0.76)	(0.02)	(12.04)	(239.86)
Other adjustments:									
- Borrowing costs	-	-	-	-	-	-	-	-	2.60
- Foreign exchange fluctuation	-	-	-	(4.10)	-	-	-	(4.10)	11.79
- Translation adjustment	2.74	-	3.17	4.46	0.05	0.03	0.26	10.71	-
<b>Balance as at 31 March 2014</b>	<b>13.17</b>	<b>10.59</b>	<b>138.36</b>	<b>792.19</b>	<b>7.45</b>	<b>7.51</b>	<b>18.00</b>	<b>987.27</b>	<b>1.58</b>
<b>Accumulated depreciation and amortisation</b>									
<b>Balance as at 1 April 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>
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>
Depreciation and amortisation expense	-	0.15	4.50	37.17	0.33	0.71	1.70	44.56	0.76
Adjusted on disposal of assets	-	-	(1.18)	(0.60)	-	(0.42)	(0.02)	(2.22)	-
Translation adjustment	-	-	0.40	0.72	0.02	-	0.16	1.30	-
<b>Balance as at 31 March 2014</b>	<b>-</b>	<b>0.24</b>	<b>25.78</b>	<b>311.11</b>	<b>3.31</b>	<b>2.74</b>	<b>12.91</b>	<b>356.09</b>	<b>2.56</b>
<b>Net block</b>									
<b>Balance as at 31 March 2013</b>	<b>17.03</b>	<b>8.59</b>	<b>76.10</b>	<b>319.33</b>	<b>3.65</b>	<b>4.36</b>	<b>3.82</b>	<b>432.88</b>	<b>157.70</b>
<b>Balance as at 31 March 2014</b>	<b>13.17</b>	<b>10.35</b>	<b>112.58</b>	<b>481.08</b>	<b>4.14</b>	<b>4.77</b>	<b>5.09</b>	<b>631.18</b>	<b>1.58</b>

### Note:

#### a) Capitalization of foreign exchange differences

The foreign exchange difference capitalized during the year ended 31 March 2014 was ₹ 7.69 crores (previous year: ₹ 4.13 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 ₹ 7.69 crores

#### b) Additions include ₹ Nil (previous year ₹ 0.31 crores) 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.





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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March 2014

(All amounts in ₹ crores, unless stated otherwise)

### 12. NON CURRENT INVESTMENTS

Particulars	As at 31 March 2014		As at 31 March 2013			
Unquoted, trade investments (valued at cost unless otherwise stated) Investment in equity instruments - Gupta Energy Private Limited						
	4.21		4.21			
	4.21		4.21			
Details of trade investments (unquoted)						
Name of the body corporate	No. of shares		Face value	Partly paid/ Fully paid	Amount	Amount
	31 March 2014	31 March 2013			31 March 2014	31 March 2013
Equity						
Gupta Energy Private Limited *	294,252	294,252	₹ 10	Fully paid	4.21	4.21
	294,252	294,252			4.21	4.21

\*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 31 March 2014	As at 31 March 2013
<b>Secured</b>		
Capital advances (note a)	-	4.81
<b>Unsecured, considered good</b>		
Capital advances	28.33	24.30
Security deposits	0.61	1.24
Loans and advance to related parties (refer note 32)	0.51	-
Prepaid expenses	0.24	0.62
Others	2.00	2.96
<b>Total</b>	<b>31.69</b>	<b>33.93</b>

#### Note:

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

### 14. OTHER NON CURRENT ASSETS

Particulars	As at 31 March 2014	As at 31 March 2013
Pledged deposits (note a)	0.15	0.14
<b>Total</b>	<b>0.15</b>	<b>0.14</b>

Note: (a) Pledged deposits represent ₹ 0.15 crores (Previous Year ₹ 0.14 crore) pledged with sales tax authorities.



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS** for the year ended 31 March 2014  
*(All amounts in ₹ crores, unless stated otherwise)*

**15. INVENTORIES**

Particulars	As at 31 March 2014	As at 31 March 2013
Raw material (including material in transit ₹ 10.73 crores) (previous year ₹ 1.93 crores)	55.09	36.45
Finished goods (including goods in transit ₹ 49.42 crores) (previous year ₹ 29.86 crores)	136.62	103.12
Stores and spares	10.73	11.76
<b>Total</b>	<b>202.44</b>	<b>151.33</b>

**16. TRADE RECEIVABLES**

Particulars	As at 31 March 2014	As at 31 March 2013
<b>Trade receivables outstanding for a period exceeding six months from the date they are due for payment</b>		
Unsecured, considered good	0.85	1.38
Unsecured, considered doubtful	2.37	2.06
	3.22	3.44
Less : Allowances for bad and doubtful debts	(2.37)	(2.06)
	<b>0.85</b>	<b>1.38</b>
<b>Trade receivables outstanding for a period less than six months from the date they are due for payment</b>		
Unsecured, considered good	137.41	127.40
Unsecured, considered doubtful	1.00	0.10
	<b>138.41</b>	<b>127.50</b>
Less : Allowances for bad and doubtful debts	(1.00)	(0.10)
	<b>137.41</b>	<b>127.40</b>
<b>Total</b>	<b>138.26</b>	<b>128.78</b>

**17. CASH AND BANK BALANCES**

Particulars	As at 31 March 2014	As at 31 March 2013
<b>Cash and cash equivalents</b>		
Cash in hand	0.09	0.05
Cheques and drafts in hand	5.28	2.73
Balances with schedule banks		
- in current accounts	17.05	1.96
- in deposit account with original maturity upto 3 months	16.85	2.50
Balances with other banks		
- in current accounts	15.70	20.13
	<b>54.97</b>	<b>27.37</b>



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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March 2014

(All amounts in ₹ crores, unless stated otherwise)

<b>Other bank balances</b>		
Deposits with maturity more than 3 months but less than 12 months (note a)	5.00	6.70
	<b>5.00</b>	<b>6.70</b>
<b>Total</b>	<b>59.97</b>	<b>34.07</b>

### Note:

- a) Includes deposit of ₹ 5 crores (previous year ₹ 5 crores) pledged against overdraft facility.

## 18. SHORT TERM LOANS AND ADVANCES

Particulars	As at 31 March 2014	As at 31 March 2013
<b>Unsecured, considered good</b>		
Advances to vendors	1.41	1.65
Tax recoverable (net of provision)	13.72	22.85
Loans and advances to related party (refer note 32)	-	0.44
MAT credit entitlement	2.15	1.40
Deposits with excise and other tax authorities	13.28	10.07
Export benefit recoverable	20.67	28.40
Discount recoverable	12.73	6.93
Prepaid expenses	4.00	6.44
Others (note a and b)	6.11	3.65
<b>Total</b>	<b>74.07</b>	<b>81.83</b>

### Note:

- a) Includes ₹ 0.03 crores being the excess of remuneration paid during the year to Chairman and Managing Director over the maximum remuneration payable under Companies Act, 1956 based on net profits for the year. The amount has been refunded subsequently on 15 May 2014.
- b) Includes ₹ 0.73 crores being the excess of remuneration paid during the year to whole-time Director over the maximum remuneration payable under Companies Act, 1956 based on net profits for the year. The Board of Directors have resolved to seek approval for this excess remuneration from the shareholders and the Central Government. Till these approvals are obtained, the amount is held in trust by the whole-time Director for the Company.

## 19. OTHER CURRENT ASSETS

Particulars	As at 31 March 2014	As at 31 March 2013
<b>Unsecured, considered good</b>		
Interest receivable	0.92	0.44
Others	0.50	-
<b>Total</b>	<b>1.42</b>	<b>0.44</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March 2014**  
*(All amounts in ₹ crores, unless stated otherwise)*

**20. REVENUES**

Particulars	Year ended 31 March 2014	Year ended 31 March 2013
<b>Revenue from operations</b>		
Sale of products (including export benefits of ₹ 21.16 crores previous year ₹ 27.46 crores)	1,531.70	1,301.43
Other operating revenues (note a)	11.86	17.12
<b>Revenue from operations (gross)</b>	<b>1,543.56</b>	<b>1,318.55</b>
Less : Excise duty	(75.20)	(52.93)
<b>Revenue from operations (net)</b>	<b>1,468.36</b>	<b>1,265.62</b>

**Note :**

(a) Includes ₹ 0.65 crores (previous year ₹ 9.26 crores) write back of old sales tax liabilities on account of favorable order from sales tax department.

**Details of products sold**

Particulars	Year ended 31 March 2014	Year ended 31 March 2013
<b>Manufactured goods</b>		
- Packaging films	1,510.54	1,273.96
- Others	21.16	27.47
<b>Total</b>	<b>1,531.70</b>	<b>1,301.43</b>

**21. OTHER INCOME**

Particulars	Year ended 31 March 2014	Year ended 31 March 2013
Interest income	2.52	2.40
Profit on sale of assets (net) (note a)	3.48	2.98
Insurance and other claims	0.38	0.29
Miscellaneous receipts	0.39	0.26
Liabilities no longer required written back	-	2.07
<b>Total</b>	<b>6.77</b>	<b>8.00</b>

**Note:**

a) Profit on sale of assets for the year ended 31 March 2014 includes ₹ 4.05 crores (previous year ₹ Nil) profit from sale of land.

**22. (INCREASE) / DECREASE IN INVENTORIES OF FINISHED GOODS**

Particulars	Year ended 31 March 2014	Year ended 31 March 2013
Opening stock of finished goods	103.12	108.01
Closing stock of finished goods	136.62	103.12
<b>(Increase)/decrease in inventories of finished goods</b>	<b>(33.50)</b>	<b>4.89</b>



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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March 2014

(All amounts in ₹ crores, unless stated otherwise)

### Details of finished goods

Particulars	Year ended 31 March 2014	Year ended 31 March 2013
<b>Finished goods</b>		
-Packaging films	126.29	92.89
-Equipments	10.33	10.23
<b>Total</b>	<b>136.62</b>	<b>103.12</b>

### 23. EMPLOYEE BENEFIT EXPENSES

Particulars	Year ended 31 March 2014	Year ended 31 March 2013
Salaries, wages and bonus	90.63	85.86
Gratuity expense (refer note 30)	1.45	(2.48)
Contribution to provident and other funds	3.92	5.24
Staff welfare expenses	1.93	1.72
<b>Total</b>	<b>97.93</b>	<b>90.34</b>

#### Note:

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

### 24. FINANCE COSTS

Particulars	Year ended 31 March 2014	Year ended 31 March 2013
Interest expenses	36.38	24.75
Bank charges	6.84	4.26
	<b>43.22</b>	<b>29.01</b>

### 25. OTHER EXPENSES

Particulars	Year ended 31 March 2014	Year ended 31 March 2013
Stores, spares and packing material consumed	52.76	49.22
Power, water and fuel	89.28	89.69
Excise duty on internal consumption/change in finished goods inventory	6.93	5.43
Other manufacturing expenses	1.01	1.13
Rent	9.41	8.35
Repairs and maintenance		
- Buildings	0.59	0.74
- Plant and equipment	10.63	8.83
- Others	3.32	2.03
Insurance	2.68	2.46
Rates and taxes	0.94	0.70
Printing and stationery	0.82	0.77
Training and recruitment expenses	0.60	0.49
Travelling and conveyance	7.98	7.84

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March 2014**  
*(All amounts in ₹ crores, unless stated otherwise)*

*continued*

Vehicle running and maintenance	2.76	2.29
Communication expenses	2.38	2.35
Legal and professional charges (including statutory audit fees)	7.81	3.04
Directors' fees	0.03	0.05
Charity and donations	0.37	0.32
Bad debts written off	0.22	0.94
Provision for bad debts	1.45	0.52
Freight and forwarding	53.29	53.33
Claims paid	-	0.21
Others	3.89	4.75
<b>Total</b>	<b>259.15</b>	<b>245.48</b>

**Note:**

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

**26. EXCEPTIONAL ITEMS**

Particulars	Year ended 31 March 2014	Year ended 31 March 2013
Loss due to exchange rate fluctuation on foreign currency transactions	(28.68)	(7.51)
Impairment of land and building	-	(4.82)
Severance pay	-	(4.89)
<b>Total</b>	<b>(28.68)</b>	<b>(17.22)</b>

**27. EARNING PER SHARE**

Particulars	Year ended 31 March 2014	Year ended 31 March 2013
a) Net profit/(loss) after tax as per statement of profit and loss attributable to equity shareholders (₹ in crores)	(5.50)	11.33
b) Weighted average number of equity shares	19,440,076	19,440,076
c) Basic EPS (₹)	(2.83)	5.83
d) Diluted EPS (₹)	(2.83)	5.83
e) Nominal value per equity share (₹)	10.00	10.00

**28. CONTINGENT LIABILITIES AND COMMITMENTS**

**(i) Contingent liabilities**

Particulars	As at 31 March 2014	As at 31 March 2013
a) Disputed demands for income tax (refer note f below)	4.83	4.83
b) Disputed demands for excise and custom duty and service tax	3.81	3.97
c) Disputed demands for labour/employee dispute	4.15	1.18
d) Claims against the Company not acknowledged as debts	0.12	0.12
e) Discounting of export customer invoices (refer note g below)	43.83	35.71



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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March 2014***(All amounts in ₹ crores, unless stated otherwise)*

- 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. The Company has filed a special leave petition against the order of Hon'ble Court which has been accepted by Supreme Court and is pending. Based on the legal opinion taken from an independent expert, the management is of the view that it is more likely than not that matter will be decided in favour of the Company.
- g) It represents discounted debtors amount to ₹ 12.46 crores (previous year ₹ 10.64 crores) against letter of credit and other discounted debtors of ₹ 31.37 crores (previous year ₹ 25.07 crores). Other discounted debtors amounting to ₹ 12.68 crores (previous year ₹ 14.38 crores) has 90% credit insurance coverage from ECGC. All the discounted invoices have been reduced from Trade Receivables in note 16.

**(ii) Commitments****a) Capital and Other Commitment**

The Company has the following commitments :

Particulars	As at 31 March 2014	As at 31 March 2013
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	4.94	36.00
Letter of credit opened for which the material has not been shipped as on the date of the balance sheet.	25.40	19.44

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

Particulars	As at 31 March 2014	As at 31 March 2013
Unpaid dividend	0.84	0.86

**29. RESEARCH AND DEVELOPMENT EXPENDITURE**

Particulars	As at 31 March 2014	As at 31 March 2013
Employee benefit expenses	1.01	1.24
Materials and consumables	1.76	1.71
Others	0.54	0.37
<b>Total research and development expenditure</b>	<b>3.31</b>	<b>3.32</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 TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March 2014**  
*(All amounts in ₹ crores, unless stated otherwise)*

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

Particulars	Year ended 31 March 2014	Year ended 31 March 2013
Discount rate	8.00%	8.00%
Salary escalation	7.00%	7.00%

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

Particulars	Year ended 31 March 2014	Year ended 31 March 2013
Present value of obligations as at beginning of year	8.42	10.15
Interest cost	1.11	0.81
Current service cost	0.61	0.92
Benefits paid	(0.65)	(0.33)
Actuarial loss/(gain) on obligations	0.65	(3.13)
<b>Present value of obligations as at end of year</b>	<b>10.14</b>	<b>8.42</b>

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

Particulars	Year ended 31 March 2014	Year ended 31 March 2013
Fair value of plan assets at beginning of year	10.69	11.68
Expected return on plan assets	0.92	1.08
Contributions	-	0.01
Benefits paid	(0.65)	(2.08)
<b>Fair value of plan assets at the end of year</b>	<b>10.96</b>	<b>10.69</b>

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

Particulars	Year ended 31 March 2014	Year ended 31 March 2013
Present value of obligations as at the end of year	10.14	8.42
Fair value of plan assets as at the end of the year	10.96	10.69
Funded status	0.82	2.27
<b>Net asset recognized in balance sheet</b>	<b>0.82</b>	<b>2.27</b>

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

Particulars	Year ended 31 March 2014	Year ended 31 March 2013
Current service cost	0.61	0.92
Interest cost	1.11	0.81
Expected return on plan assets	(0.92)	(1.08)
Net actuarial loss/(gain) recognized in the year	0.65	(3.13)
<b>Expenses recognized in statement of profit and loss</b>	<b>1.45</b>	<b>(2.48)</b>



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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March 2014

(All amounts in ₹ crores, unless stated otherwise)

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

Particulars	31 March 2014	31 March 2013	31 March 2012	31 March 2011	31 March 2010
Defined benefit obligation	10.14	8.42	10.15	8.46	7.58
Plan asset	10.96	10.69	11.68	9.26	7.29
<b>(Surplus) / deficit</b>	<b>(0.82)</b>	<b>(2.27)</b>	<b>(1.53)</b>	<b>(0.80)</b>	<b>0.29</b>
Net actuarial loss/(gain) recognized in the year	0.65	(3.13)	0.61	0.12	1.38

### 31. SEGMENT REPORTING

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

- Business segment has been disclosed as the primary segment. The company is organised into two business segments namely Packaging Films and Others (Equipments and Parts).
- Secondary segment reporting is performed on the basis of location of all customers. The location of customers is classified into two geographic segments namely in India and outside India.

#### Business segment Year ended 31 March 2014

Particulars	Packaging Films	Others	Total
<b>Revenue</b>			
External sales	1,448.57	7.93	1,456.50
Other operating revenue	11.86	-	11.86
Other income	6.77	-	6.77
<b>Total revenue</b>	<b>1,467.20</b>	<b>7.93</b>	<b>1,475.13</b>
<b>Results</b>			
Segment result	40.17	(0.84)	39.33
Unallocated corporate expenses	-	-	2.09
<b>Operating profit</b>	<b>40.17</b>	<b>(0.84)</b>	<b>41.42</b>
Interest expenses and bank charges	-	-	(43.22)
<b>Profit before tax</b>	<b>40.17</b>	<b>(0.84)</b>	<b>(1.80)</b>
Income taxes	-	-	(3.70)
<b>Profit for the year</b>	<b>40.17</b>	<b>(0.84)</b>	<b>(5.50)</b>
<b>Other information</b>			
Segment assets	1,039.22	10.33	1,049.55
Unallocated corporate assets	-	-	101.22
<b>Total assets</b>	<b>1,039.22</b>	<b>10.33</b>	<b>1,150.77</b>
Segment liabilities	732.73	-	732.73
Unallocated corporate liabilities	-	-	58.05
<b>Total liabilities</b>	<b>732.73</b>	<b>-</b>	<b>790.78</b>
Capital expenditure	97.86	-	97.86
Depreciation and amortisation	45.32	-	45.32



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March 2014**  
*(All amounts in ₹ crores, unless stated otherwise)*

**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>1,264.49</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 and exceptional items</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	-	-	64.02
<b>Total liabilities</b>	<b>621.30</b>	<b>-</b>	<b>685.32</b>
Capital expenditure	191.03	-	191.03
Depreciation and amortisation	38.81	-	38.81

**Business segment / geographical segment**

**Year ended 31 March 2014**

Particulars	Revenue	Segment assets	Capital expenditure
In India	643.96	937.46	86.36
Outside India	812.54	213.30	11.50
<b>Total</b>	<b>1,456.50</b>	<b>1,150.76</b>	<b>97.86</b>

**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>



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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March 2014

(All amounts in ₹ crores, unless stated otherwise)

### 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

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

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

- a) Sunrise Manufacturing Company Private Limited

#### 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 2014	31 March 2013	31 March 2014	31 March 2013	31 March 2014	31 March 2013
<b>Rent paid</b>						
Sunrise Manufacturing Company Private Limited	-	-	1.00	0.89	1.00	0.89
<b>Security deposit/advance rent paid</b>						
Sunrise Manufacturing Company Private Limited	-	-	0.07	-	0.07	-
<b>Remuneration</b>						
Mr. Ashok Jaipuria	0.30	1.03	-	-	0.30	1.03
<b>iii) Outstanding balances :</b>						
<b>Loans and advance</b>						
- Sunrise Manufacturing Company Private Limited	-	-	0.51	0.44	0.51	0.44
<b>Managerial remuneration recoverable/(payable)*</b>						
-Mr. Ashok Jaipuria	0.03	(0.75)	-	-	0.03	(0.75)

\* recovered subsequently.

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

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

Currency	No. of contracts		Amount		Notional gain/(loss)	
	31 March 2014	31 March 2013	31 March 2014	31 March 2013	31 March 2014	31 March 2013
EURO	4	-	468,848	-	(0.23)	-
USD	53	-	13,364,580	-	(3.46)	-

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March 2014**
*(All amounts in ₹ crores, unless stated otherwise)*
**Notes:**

- i) 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 2014 is estimated at ₹ 0.81 crores (previous year ₹ 2.10 crores).
- ii) The 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 previous year. In accordance with Accounting Standard 30, "Financial Instruments - recognition and measurement" the mark to market gain as on 31 March 2014 is estimated at ₹ 4.99 crores (previous year loss ₹ 0.85 crores).

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

Currency	31 March 2014		31 March 2013	
	Foreign currency	Local currency (₹)	Foreign currency	Local currency (₹)
USD	(26,133,050)	(157.87)	(48,410,094)	(263.38)
EURO	(8,797,411)	(72.65)	(12,558,304)	(87.38)
GBP	341,602	3.41	(47,190)	(0.39)
CAD	611,469	3.32	567,075	3.14
SGD	153,007	0.73		

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

34. 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.
35. 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.
36. During the year, the Company became aware of an instance of fraud perpetrated against the Company by an outside party with respect to non receipt of collection of ₹ 0.15 crore (approx.) from an overseas customer whereas same has been claimed as remitted by the customer. The internal examination of the matter by the Company did not reveal any involvement of the present employees of Company. However, the Company has filed its complaint with Cyber Crime cell of Delhi Police which was pending as on 31 March 2014 and all necessary steps are being taken to ensure proper recovery of such amount.



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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March 2014**

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

**37. Previous years figures**

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

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

For **Walker Chandiok & Co LLP**  
*(formerly Walker, Chandiok & Co)*  
Chartered Accountants

per **Neeraj Goel**  
Partner

**Place :** Delhi  
**Date :** 20 May 2014

**H K Agrawal**  
Director

**Neeraj Jain**  
Chief Financial Officer

**Ashok Jaipuria**  
Chairman &  
Managing Director

**Jyoti Dixit**  
Company Secretary

## This image shows a single sheet of white paper with horizontal blue or grey ruling lines. The lines are evenly spaced and run across the width of the page. There are approximately 20 lines visible. The paper has a slight shadow on the right side, suggesting it's resting on a surface. There is no handwriting or other markings on the paper.

## This image shows a full page of blank, lined paper. It features approximately 20 evenly spaced horizontal grey lines across its entire width, providing a template for writing or drawing. The margins are consistent on all sides.



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