

CFL/SEC/2022-23/JUN/ 02

June 02, 2022

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

Dear Sir,

Please find enclosed herewith Annual Report for the Financial Year 2021-22 as required under Regulation 34 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

You are requested to take the same on your records.

Thanking You

Yours faithfully  
For **Cosmo Films Limited**

  
**Jyoti Dixit**  
Company Secretary & Compliance Officer

Encl: Annual Report

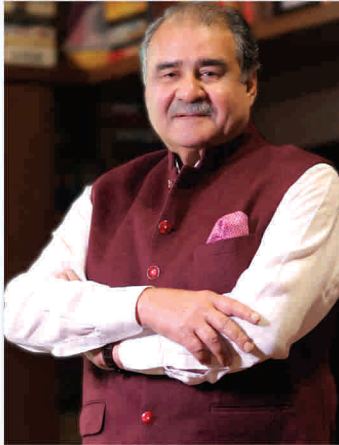


ANNUAL REPORT

2021-22

**Growing**  
**with Innovation**  
**and Empathy**

## CHAIRMAN'S MESSAGE



All through our journey, we have prided ourselves in our ability to provide industry first niche solutions in the areas of packaging, lamination, industrial and labelling applications. Delivering the finest product and service experience, backed by innovation, people and processes. This is the philosophy Cosmo is committed to while embarking on a journey towards a sustainable future focusing on environmental sustainability, good governance, people and societal initiatives.

The year 2021-22 was both a challenging year due to pandemic impact and a year with ample opportunities as well. Our core spirit to do more and serve more helped us traverse the crisis with confidence, which truly tested our grit. Cosmo stood out these tough times with extraordinary resilience and adaptability. We were quick to adapt to the emerging realities, backed by the relentless support of our dynamic workforce.

### **Our Industry**

Over the last few years and especially during pandemic times, the packaging industry has emerged as an important sector driving technology and innovation growth in the country and adding value to the various manufacturing sectors including FMCG, textile, pharma and agriculture. The Indian Packaging industry as well as flexible packaging industry is expected to register a CAGR of double digit growth during 2022-2027. Cosmo has accordingly tapped these opportunities and has planned for about 60% capacity increase over next three years in phases. The focus remain on value add research and innovation based products.

### **Our Results**

Product-process innovation, focus on value add films and the scaling of efficiencies are helping us stay ahead of the curve. In the past financial year, we registered sales of ₹ 3,038 crores with specialty films growth by 17%. The consolidated EBITDA for the year has increased by 44% to ₹ 620 crores. The EPS has grown by 74% to ₹ 222 per share. Net debt has come down to ₹ 303 crores with less than 0.5 times to EBITDA reflecting strong financials. Credit rating agency CRISIL has upgraded Company's long term credit rating to **AA-** with a stable outlook re-affirming strong financials. FY22 ROCE and ROE stands at 29% and 39% respectively.

### **The Future**

In the coming years, your Company will continue to focus on growth and a proactive approach to develop low carbon products and sustainable solutions.

The Company's growth during coming years will be driven by Films Division (about 60% capacity addition from Specialized Polyester line, largest CPP and BOPP line in next three years) as well as growth into consumer care, specialty chemicals & Pet care business under brand Zigly.

Some of the Company's key projects in pipeline includes Specialized BOPET line (Shrink labels and other high end specialty) expected to start operations from Q2, FY23. The Company has placed order for new BOPP line which will be World's largest production capacity line and is expected to commence commercial production during FY25. The Company has also announced CPP line which will commence commercial production in about two years. This will also promote sustainability as it will offer mono-layered structure. Some of the key products which will drive speciality sales growth include Synthetic Paper, Coating, technical films and thermal lamination. New products such as Direct Thermal Printable films also to contribute.



Pilot launch of our petcare division under brand name Zigly has delivered better than the forecast and the Company looks forward to rolling out its digital first Omni channel business model. The Company now plans to enhance presence by increasing online sales including launch of App and open new stores during FY23.

Textile Chemicals business which started commercial production in FY22 has taken off well. The Company has commercialized 50+ products and has started supplies to 40+ customers. Masterbatch line has been utilized more than 50% during FY22 and we expect to enhance capacity utilization significantly during FY23. The business is PAT positive in first year of operations. FY23 will be year of scale up the operations for masterbatch and textile chemicals.

The Company further accelerated its sustainability initiatives a) by investing in various commitments across climate change b) development of sustainable packaging c) reduction in carbon emission d) rain water harvesting e) using green energy f) offering mono-material poly-olefin films for ease of recycling g) manufacturing Oxo-Biodegradable Films h) using water based coatings i) constant monitoring of parameters like noise, illumination, ventilation and air quality.

### **Cosmo First**

Considering that Company's business activities have expanded beyond films into specialty chemicals (master batches, coatings, textile chemicals and soon-to-launch adhesives), D2C Pet care and soon-to-launch films for consumer applications, the Board of Directors of the Company at its meeting held on 9th May 2022 have recommended change in name of the Company from "Cosmo Films Limited" to "**Cosmo First Limited**", subject to shareholders approval. Cosmo First Limited stands for four-decade young Indian business conglomerate that thrives on innovation to unlock value in diverse sunrise sectors such as Films, Consumer care, Speciality Chemicals and D2C Pet Care.

All through our journey, we have prided ourselves in our ability to provide **industry first niche solutions** in the areas of packaging, lamination, industrial and labelling applications. We have made inspired diversifications into Speciality Chemicals, Consumer care and D2C retail, aiming to be a pioneer in previously fragmented industries.

### **Giving Back to the Society**

CSR Wing of the Company-Cosmo foundation has been making relentless efforts from more than a decade in improving education in the rural areas and contribute to the environment. 40,000 Fruit Bearing Saplings were planted in the farm lands of 115 farmers, 19 villages and 148 Arc of land in Karjan and Gangapur blocks which would improve the livelihood of the farmers along with post maintenance support for the next three years.

Our existing programs of Computer Literacy, Foundational Literacy, Basic English Learning, and Life Skill Education were rigorously executed both in digital and offline classes. In 2008 Cosmo Foundation started intervention with 5 schools, 5 villages and 876 students. At present we have partnership with 43 Government schools across 29 villages, 112 extended villages impacting 47000 students. With the aim of making digital services available free of cost to the villagers, 'Cosmo E-Service and E-Resource Station' was set up in villages near Karjan area.

In response to the pandemic, Cosmo foundation organised mega vacation camps across different locations. We supported Leprosy patients with medical equipment at Leprosy colony and Safdarjung Hospital in New Delhi.
















I would like to reinforce that Cosmo Films' management team stays committed to the highest standards of corporate governance, operational excellence and financial discipline for long term shareholder value creation. I look forward to the many milestones that Cosmo aims to conquer in pursuit of its corporate mission.

**Ashok Jaipuria**

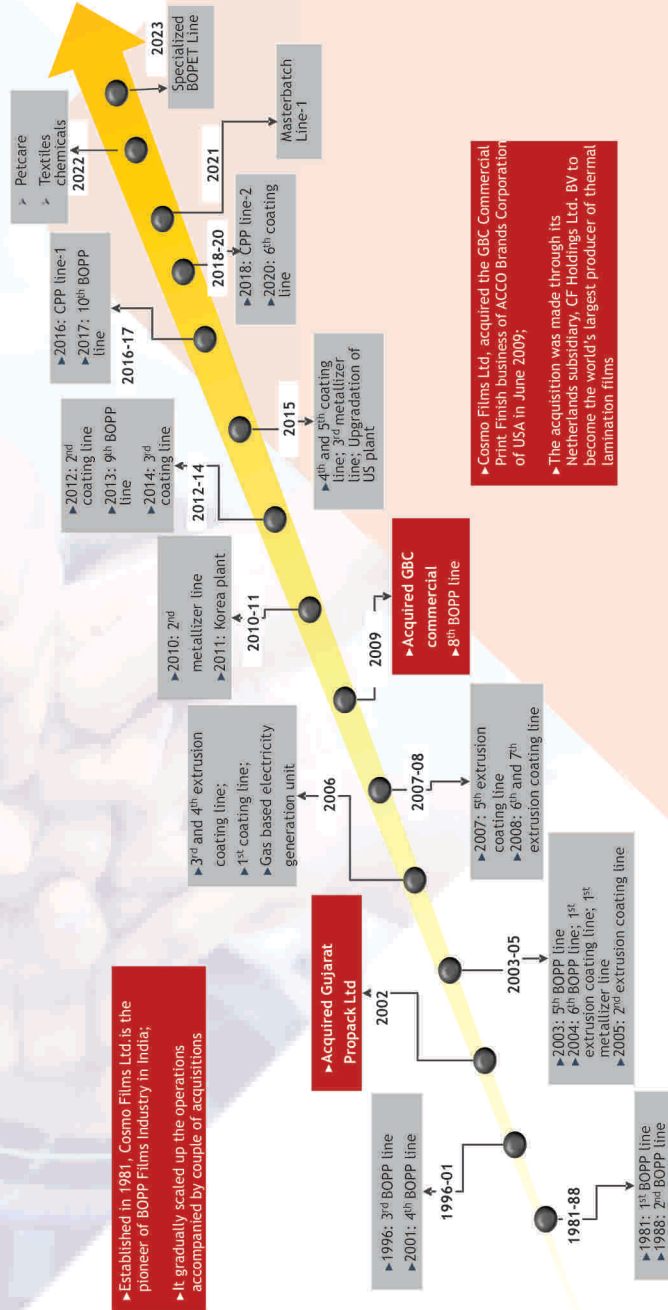
Chairman and Managing Director



# 2022 ANNUAL REPORT

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# MILESTONES



► Established in 1981, Cosmo Films Ltd. is the pioneer of BOPET Films Industry in India;  
► It gradually scaled up the operations accompanied by couple of acquisitions

► Cosmo Films Ltd. acquired the GBC Commercial Print Finish business of ACCO Brands Corporation of USA in June 2009;  
► The acquisition was made through its Netherlands subsidiary, CF Holdings Ltd. BV to become the world's largest producer of thermal lamination films

## Sustainable Manufacturing Practices

Recycling of manufacturing waste for further film production as well as packing materials such as cores, hollow sheets etc.

Constant monitoring of parameters like noise, illumination, ventilation, air quality etc.

All plants use some amount of solar power as a source of energy.



Continuous efforts to reduce water usage, waste generation and GHG emissions.

Rain water harvesting and reuse of effluent treated water.



## Sustainable Product Practices

Offer mono-material poly-olefin films for ease of recycling.

Designed heat resistant BOPP films replacing BOPET; mostly used in print layer, giving last push to creation of mono-material structures.

Company has been partnering with some of the best global brands to offer structure rationalization.

Both BOPP and CPP films offer better yield, hence enabling reduced consumption of plastics.



UV stabilized Synthetic Paper can be used to replace PVC in outdoor promotional applications for shorter duration requirements up to one year.

Use of Water Based Coatings.

Offer Oxo-Biodegradable Films.

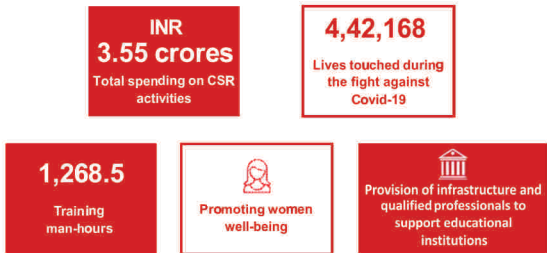
Offer a suitable substitute for aluminum foil in form of its Ultra-High Barrier Films.

# ESG Initiatives

## Environmental



## Social



## Governance



## MANUFACTURING FOOTPRINT

### Waluj, Aurangabad, India

BOPP- 5 lines  
Thermal- 2 lines  
Coating -3 lines  
Metalizing- 1 line  
CPP- 1 line



### Shendra, Aurangabad, India

BOPP- 1 line  
Thermal- 5 lines  
Coating- 2 lines  
Metalizing- 1 line



### Karjan, Vadodara, India

BOPP- 3 lines  
Coating - 1 line  
Metalizing - 2 lines  
CPP - 1 line  
CSP - 1 line



### Asan, Korea

Thermal- 1 line

### TOTAL INSTALLED CAPACITY

**BOPP** - 1,96,000 TPA (9 lines)  
**Thermal** - 40,000 TPA (8 lines)  
**Coating** - 20,000 TPA (6 lines)  
**Metalizing** - 22,000 TPA (4 lines)  
**CPP** - 10,000 TPA (2 lines)  
**CSP** - 7,200 TPA (1 line)



# PRODUCT PORTFOLIO

## Packaging Films

### Printing And Pouching Films

- ✓ Anti-fog films / Keep Fresh Anti fog film
- ✓ Low COF & Stable COF films
- ✓ Cast Polypropylene(CPP) Films
- ✓ Thin metalized films
- ✓ Cold Seal Films
- ✓ Low SIT Films
- ✓ Low SIT metalized BOPP film
- ✓ Pearlised BOPP Film for Wet Tissue Packaging
- ✓ Teplor Heat Resistant BOPP Film



### Metalized Barrier Films

- ✓ High Moisture Barrier Films
- ✓ High Seal Strength Barrier Films(HSS)
- ✓ High Speed Barrier Films with High Hot Tack (HSB)
- ✓ Ultra High Barrier Films (UHB)
- ✓ Metallized High Barrier and High Hot Tack CPP Film

### TRANSPARENT BARRIER FILMS

- ✓ Aroma Barrier Films
- ✓ Aroma & Oxygen Barrier Films (AOB)

### OVERWRAP FILMS

- ✓ Overwrap Films

## Lamination Films

### Standard Range

- ✓ Thermal lamination films - BOPP
- ✓ Thermal lamination films - PET
- ✓ Wet lamination films - BOPP
- ✓ Thermal lamination Glueable/Stampable (GS) Film
- ✓ Anti-Viral and Anti-Bacterial Lamination Film



### Special Application Lamination Films

- ✓ Insulation Films - Thermal BOPP
- ✓ Mapped and Matched films - Thick PET

### Premium Lamination Films

- ✓ Velvet / Black Velvet Lamination Films
- ✓ Scuff Free Matte Lamination Films
- ✓ Digital Lamination Films

# PRODUCT PORTFOLIO

## Label Films

- ✓ Wrap Around Label Films
- ✓ In Mould Label Films
- ✓ PS Labelstock Films
- ✓ HP-Indigo Films
- ✓ DTP Films



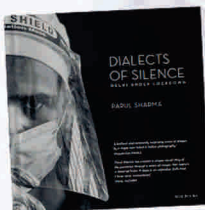
## Industrial Films

### Synthetic Paper

- ✓ Standard Synthetic Paper
- ✓ Top Coated Synthetic Paper
- ✓ Both Side Coated Synthetic Paper
- ✓ Laser Printable (Dry Toner) Both Sides Coated White Synthetic Paper
- ✓ High Tear Resistance Non Coated Synthetic Paper
- ✓ 100% Opaque Synthetic Paper



### Tapes & Textiles Film



# Keeping Ahead With Category First Innovations

## Enhanced Barrier Metalized BOPP Film

Cosmo Films Ltd. launched Enhanced Barrier Metalized BOPP Film specially designed for packaging applications with very high moisture and good oxygen barrier properties and high metal bond. A film specially innovated for applications like flexible packaging for lamination, packaging of biscuits, snacks, bakery products, chocolates and personal care products like shampoo sachets. The film can be used as a sandwich layer in multilayer lamination structures. The end pack can be used for all food and personal care applications where moisture barrier is of utmost importance.

## White Cast Polypropylene (CPP) Film

Cosmo Films launched a white Cast Polypropylene (CPP) Film with high Coefficient of Friction (COF). A film specially innovated to address the issue of slippage of layers over each other, it has a seal strength of more than 1,800 gf/inch with a seal initiation temperature of 95°C. It helps in achieving uniform sealing area of the final pouches as it helps in preventing the issue of inter-layer slippage. Film-to-film coefficient of friction range is more than 0.4 while film-to-metal coefficient of friction range lies between 0.3 to 0.4.

## High Scratch Resistant Metalized Top Coated Face Stock Film, Designed for Pressure Sensitive Label Stock Applications

Cosmo Films launched a High Scratch Resistant Metalized Film that serves a dual purpose of scratch resistance and maintains the aesthetic look of the product. This bi-axially oriented polypropylene metalized film, forms a receptive coating on the metallized side rendering a sparkling metallic appearance. Specially designed for pressure

sensitive label stock applications, the film delivers spectacular print performance across a wide variety of printing processes like flexography, silkscreen, foiling and many more. With wide compatibility with ink systems including water-based and UV-based, it gives high stiffness for conversion and dispensing.

## Direct Thermal Label Films - BOPP based films with a proprietary coating

Cosmo Films launched Direct Thermal Label (DTL) Films, BOPP based films with a proprietary coating which enables the formation of an image or impression on the films upon contact with the heated print head of a thermal printer. A film specially designed for niche applications like information labelling (airport baggage tags etc.), manufacturing tracking, weight and price labelling with a potential to grow in many new applications DTL is one of the specialty films offered by Cosmo Films. A non-tearable, cost effective and extremely easy to use film offers a marvelous paper like matte finish producing a fine and sharp dark image on printing.

## CSPR-2 (M) O BTC - A non-tearable and co-extruded 100% Opaque Synthetic Paper

Cosmo Films has launched a 100% Opaque Synthetic Paper (OSP) which is specially designed for a dangler application. A non tearable, co-extruded, white opaque and both sides matte coated film which resembles paper in appearance is best suited for outdoor applications where printing is done on both sides and requires 100% opacity. With remarkable moisture resistance, this white opaque paper yields superior ink adhesion and exceptional colour reproducibility.



## RECENT ACHIEVEMENTS

### 2021-2022

- Cosmo Films bagged the SIES SOP Star Award under the Packaging Materials & Components for One side printable & other side Barrier coated Facestock Film
- Cosmo Films won the SIES SOP Star Awards under the Packaging Materials & Components category for its Liner less Label Films and Both side Top Coated Film
- Cosmo Films won the IFCA Star Award under the Innovations In Structure category for its CPP Specialized Film
- Cosmo Films won the IFCA Star Award under the Innovations category for its Heat Resistant BOPP Film
- Cosmo Films won the National Level Scale Award (Exemplary Position) for Supply Chain and Logistics Excellence under Chemicals Category at the CII Conference in Bangalore in 2021.



### 2020-2021

- Cosmo Films has bagged the WordStar Global Packaging Award 2021 in the Packaging Materials & Components category for our CPP High Barrier Films.
- IFCA Star Awards for Inherently Printable Label Films and Laser Printable CSP Films in the categories of R&D Achievement and Innovations/Creativity respectively in February 2020.



- Cosmo Films has received the Best exporter award in Aurangabad region under Nagpur Custom Commissionerate.
- SIES SOP Star Awards 2020 for its Barrier Coated Label Film in the Ancillary Packaging Materials Category.
- Cosmo Films Waluj plant bagged CII National 5'S Excellence Awards 2020.
- Cosmo Films has bagged the WordStar Packaging Award 2021 in the Beverages category for Serializable Conduction Sealing Film.

# MEDIA COVERAGE



**Mr. Ashok Jaipuria, Founder, Chairman & Managing Director, Cosmo Films speaks in detail about the company's key offerings, Indian market, growth plans and future course in an exclusive interview.**

**Keynotes:**

- The demand post-pandemic shifts towards hygienic packaging and packaged food items.
- Packaging industry brings in a lot of perspective in terms of sustainability with efficiency.
- Cosmo Films speciality packaging films including barrier films and heat resistant films protect the food inside the package and provide a higher shelf life.



Cosmo Films was established in 1981 with a vision to create a

**Cosmo Films announces CPP film expansion**

By Rahul Kumar 05 Apr 2022

Cosmo Films has set up a CPP film production line at Aurangabad with an annual 35,000 MT. The CPP line will require investment of about Rs. 140-crore to be funded accruals and debts, and is expected to commence commercial production in two years.

**IF I'M NOT BETTER THAN PROBLEMS: ASHOK J.**

**Managing business environment volatility is expected to remain a challenge next year: Cosmo Films CFO**

Cosmo Films plan on Rs. 1000 crores in books over the next four years. Nitesh Jain, CFO of the firm shares that it is on the back of robust cash generation expected from operations in coming years which should further increase the capacity - the expansion in specialized BOPET line and BOPP line will add close to 50% capacity to company's existing capacity base. While robust earning is focusing the growth of the company in FY22.

Vandana Kawan - ETOP - Updated: December 02, 2021, 12:08:57



By Nikhil Agarwal and Vandana Kawan

In an interview with Nitesh Jain, CFO of Cosmo Films discusses the organization's expansion strategy and financial outcomes expected.

The Delhi-based films and packaging manufacturer



**Aiding the fight against Covid-19 for a healthier nation**

The pandemic has been one of the most challenging times humanity has witnessed. And Cosmo Foundation, a key CSR initiative of Cosmo Films Ltd, has emerged as a painkiller through its key initiatives in the fields of education, skill development, environment and health and hygiene.

There have been efforts in all directions to reach every remote location and lend a helping hand. **YAMINI JAIPURIA**, Managing trustee at Cosmo Foundation more individuals and healthcare institutions within its reach. Cosmo Foundation has conducted several vaccination drives for frontline workers, elderly inmates, educators, police personnel and their families. Recently it held a vaccination drive on June 26, for more than 400 personnel of Delhi Traffic Police. It also supplied oxygen concentrators to hospitals and provided digital education to 30,000 children. With the vision of a healthy, educated and developed India, the foundation has touched more than 5 lakh lives and continues to do so effortlessly in all fields.





## 10 - Year Consolidated Financial Highlights

(All amounts in ₹ crores, unless otherwise stated)

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
<b>Results</b>										
Net Sales	3,038	2,285	2,204	2,157	1,967	1,696	1,621	1,647	1,468	1,266
EBITDA	620	430	280	181	168	169	190	113	87	89
as % of Sales	20%	19%	13%	8%	9%	10%	12%	7%	6%	7%
Profit before Tax	517	329	163	72	64	91	124	38	-2	22
as % of Sales	17%	14%	7%	3%	3%	5%	8%	2%	0%	2%
Profit after Tax	397	237	113	61	64	86	96	28	-6	11
as % of Sales	13%	10%	5%	3%	3%	5%	6%	2%	0%	1%

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
<b>Balance Sheet and Cash flow statement</b>										
Shareholders Fund	1191	854	741	680	620	573	456	381	360	347
Return on Average Equity (%)	19%	15%	8%	5%	5%	8%	11%	4%	1%	2%
Capital Expenditure	283	75	50	91	77	224	88	48	89	166
as % of Sales	9%	3%	2%	4%	4%	13%	5%	3%	6%	13%

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
<b>Data per Share</b>										
Earnings per share (₹)	221.6	127.0	59.2	31.9	33.6	44.7	49.5	14.2	-2.8	5.8
Dividend per share (₹)	35.0	25.0	15.0	6.0	6.0	10.0	10.0	3.5	1.0	2.5
Market capitalisation, March ended as per BSE	3148	1127	405	377	480	725	566	150	98	135



# Our Vision And Mission



## Vision

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



## Mission

**For Customers:**

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

**For Employees:**

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

**For Shareholders:**

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

**For Vendors:**

*To create symbiotic relationships that drives mutual growth.*

**For Community:**

*To contribute to strengthen community growth through education and sustainable green practices.*

## DIRECTORS' PROFILE



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

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



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

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



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

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



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

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



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

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



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

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



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

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



**Mr. Rakesh Nangia**  
*Independent Director*

Mr. Rakesh Nangia is a well known tax veteran, having close to 4 decades of experience in advising Fortune 500 multinationals and Indian Business houses on a wide range of matters. He is currently the Founder and Managing Partner of Nangia & Co LLP and Chairman of Nangia Andersen Consulting Pvt. Ltd. He has been the National President of The Indo-Canadian Business Chamber and presently serves as the Co-Chairman at ASSOCHAM's International tax council. He is also associated with the Indo-American chamber for commerce. He is a council member of PHD chambers, member of CII's national committee on Taxation and member of FICCI's Council for Taxation. He has also been ranked as the top Tax Leader in India 2015 by International Tax Review, UK.



**Mr. Arjun Singh**  
*Independent Director*

Mr. Arjun Singh is currently the Managing Director for Asia and the head of Envestnet | Yodlee's growing operations in India. With more than 25 years of experience of running and growing businesses, he has held senior roles at Aon Hewitt in Asia, WNS, ABN AMRO Bank in Amsterdam, GE Capital Information Services, and ANZ Grindlays Bank in Delhi and Melbourne. Under his leadership, the Envestnet | Yodlee India operation has grown to over fourteen hundred employees, with continually expanding international sales.

He has done MBA from IIM Calcutta and a Bachelor's degree in chemical engineering from IIT, Bombay. He is passionate about education and is a trustee at the Om Foundation School for underprivileged children, and was a Board member of the Welham Girls School. He is also on the Advisory Board for SHRM in India.



## CORPORATE INFORMATION

### BOARD OF DIRECTORS

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

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

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

**Mrs. Alpana Parida**  
Independent Director

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

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

**Mr. Anil Wadhwa**  
Independent Director

**Mr. Rakesh Nangia**  
Independent Director

**Mr. Arjun Singh\***  
Independent Director

### GROUP CHIEF EXECUTIVE OFFICER

Mr. Pankaj Poddar

### GROUP CHIEF FINANCIAL OFFICER

Mr. Neeraj Jain

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

Mr. Sanjay Chincholikar

### COMPANY SECRETARY & COMPLIANCE OFFICER

Ms. Jyoti Dixit

### AUDITORS

M/s. S.N. Dhawan & Co. LLP  
Chartered Accountants

### BANKERS

Axis bank Ltd.

Bajaj Finance Ltd.

Bank of Baroda Ltd.

Development Bank of Singapore (DBS Bank India Limited)

Export Import Bank of India

HDFC Bank Limited

ICICI Bank Limited

IDBI Bank Limited

IDFC First Bank Ltd

IndusInd Bank Limited

Landesbank Baden – Wurttemberg

State Bank of India

SVC Bank

Union Bank of India

Yes Bank Limited

### REGISTRAR & SHARE TRANSFER AGENT

M/s. Alankit Assignments Ltd.

4E/2, Alankit House,

Jhandewalan Extension,

New Delhi – 110055

\*Appointed as Director w.e.f. 27<sup>th</sup> October, 2021



## CORPORATE INFORMATION

### REGISTERED OFFICE

1008, DLF Tower A, Jasola District Centre, New Delhi – 110025

Tel: +91 11 49 49 49 49

Fax: +91 11 49 49 49 50

Website: [www.cosmofilms.com](http://www.cosmofilms.com)

### PLANTS

#### MAHARASHTRA

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

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

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

#### KOREA

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

#### GUJARAT

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

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

## SUBSIDIARIES

### INDIA

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

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

### USA

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

### 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

### NETHERLANDS

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

### THAILAND

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

### SINGAPORE

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

### POLAND

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

## SALES OFFICE

### NEW DELHI

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

### MUMBAI

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

### CHENNAI

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

### AURANGABAD

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

### VADODARA

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

### USA

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

### KOREA

Cosmo Films Korea Limited  
811, Sineon-Ri, Dogo-Myeon, Asan-Si,  
Choongnam, 336-914 South Korea  
Tel: +82-41-531-1830  
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## MANAGEMENT DISCUSSION & ANALYSIS

While the scenario outside has been grim, we have ensured a robust business performance in FY 2021-22 for the company. We have been able to capitalise on the robust demand for flexible packaging due to heightened awareness levels about hygiene and cleanliness. With the world economy opening up we are confident of even better performance in future. While the demand remains robust, operational challenges on account of logistics have been managed during Financial Year 2021-22 to provide excellent business performance.

Established in 1981 Cosmo Films is the pioneer of BOPP Films Industry in India. Your Company is world's largest producer of thermal lamination films and second largest in speciality label films. The Company has strong R&D focus with a state of the art R&D centre in Aurangabad. We have six registered patents; seven in pipeline and another seven are being applied. Cosmo believe that excellence in corporate governance and a culture of professional management brings the best and provides competitive advantage in the market place in long term. The Company has a well-diversified business model in terms of markets and products to fulfilment and evolving customer needs. We have created our market positioning with good mix of speciality and commodity films. We have a unique combination of wide product portfolio under one roof, customised innovation, always ahead in product development curve, allocation flexibility in job line, scale, global reach and global warehousing facility. This also helps us de-risk the business to a large extent from possible uncertainties in the business environment. By remaining focused on our strategy and our unique value proposition for customers, with our capable and experienced team along with a people first approach the Company will continue to grow and drive long term value creation for shareholders and other stakeholders.

### 1. Macroeconomic Overview

#### Global Economy

For the past three years the entire world has been grappling to reduce the impact of Covid-19 pandemic. The slowdown in the impact of the pandemic, vaccination drives, supportive macro-economic policies and favorable financial conditions all over the globe proved to be catalyst for global resumption of work and the economy. The global economy was on the verge of recovery post severe two years of the Covid 19 pandemic but sudden escalation of Russia – Ukraine has given birth to geopolitical insatiability and has set back the growth of the global economy. The war has disrupted the

already strained global supply chain and has increased inflationary pressures as both these countries account for large share of global energy exports as well as exports of a range of metals, food staples and agricultural inputs.

The World Bank has slashed the global economy growth to 3.2% from its earlier estimate of 4.1% on account of the ongoing war, peaked inflation and nagging effects of the pandemic. (Source: World Bank Economic Outlook). The International Monetary Fund (IMF) stated in its latest report that Global growth is projected to slow from an estimated 6.1 percent in 2021 to 3.6 percent in 2022 and 2023. (Source: IMF World Economic Outlook)

#### Indian Economy

The Indian economy is on the recovery path despite global headwinds. The country experienced third wave of pandemic owing to the Omicron virus starting from December, 2021 but it was less severe as compared to earlier two waves and this indicates that we are entering the endemic stage. The possibilities of fourth wave hitting India remains low due to improved immunity and high vaccine coverage.

Secondly, the Russia-Ukraine war which started in February, 2022 disrupted global supply chain causing oil and commodity prices to move up sharply which has hit the emerging and developing countries. Though the India has not been an exception to the war effect but it has remained in better shape compared to its other counterparts. The GST collections are at all-time high ₹ 1.68 lakh crore in April, 2022 indicating strong economic activity, the country's merchandise exports spurt to a record high of USD 418 billion in the financial year 2021-22, the rupee has been one of the more stable currencies against the dollar in last 12 months.

International Monetary Fund (IMF) in its latest report has downgraded India's growth to 8.2% for FY23 from 9% estimated in January, 2022 due to Russia Ukraine war which would result in weaker domestic demand as higher oil prices are expected to weigh on private consumption and investment - and a drag from lower net exports.

### 2. Industry Scenario

The packaging industry has evolved significantly in the past two years of the pandemic. Through the different phases of the pandemic new trends have emerged and adopted by various companies in the



packaging industry. From smart packaging to sustainable and safe packaging with innovation and artistic touch, the packaging trends have gained a lot of prominence in the food, pharmaceutical, beverage, cosmetic and other FMCG industries. The large FMCG players globally have announced moving to sustainable packaging in a phased manner. Your Company has taken several initiatives to lead on providing sustainable packaging solutions.

The global Packaging market valued at USD 1002 billion in 2021, is expected to reach USD 1275 billion by 2027, registering a CAGR of 4% in the forecast period <sup>(1)</sup>. The global flexible packaging market which stood at USD 125 billion in 2021, is expected to reach USD 164 billion by 2027, which is a CAGR of 4.5% in the forecast period <sup>(2)</sup>. Along with flexible packaging options, the use of more easily recyclable and sustainable packaging solutions will rise in the near future.

The Indian Packaging industry, which is one of the largest globally, is expected to register a CAGR of 27% during 2022-2027 <sup>(3)</sup>. The flexible packaging market in India is set to grow by at a CAGR of about 11% during 2021-2025 <sup>(4)</sup>. End-user industries like pharmaceutical, food processing, personal care are expanding with huge investments from large multinational corporations. This has resulted in developing cheaper and sustainable packaging solutions which is fueling the expansion in the packaging sector. Additionally, factors like increase in the working population that require instant food solutions with higher shelf-life have forced packaging companies to come up with innovative and durable packaging solutions.

The Covid-19 pandemic has resulted in rapid expansion of online shopping and e-commerce sector which has given a sudden push to the packaging sector. According to the Indian Institute of Packaging (IIP), the packaging consumption in India has increased by 200% in the past decade. With growing awareness, the requirement for eco-friendly and sustainable packaging is steadily on the rise. With several billion parcels delivered every year, the threat of packaging waste is increasing due to which, the need for recyclable packaging material is on the rise.

In the current era, this dramatic shift to online shopping, increased global regulation of packaging waste, and the acceleration of consumers' sustainability concerns have all forced a rapid pace of change. Addressing these concerns, whilst maintaining the market standards, many FMCG companies and packaging manufacturers are reconsidering sustainable packaging solutions to enhance their image as a responsible brand.

Global BOPP demand is estimated to be approx. 8.5 million (+) MT per annum. The global demand and supply are broadly balanced. Currently India BOPP production capability is estimated at approximately 700k MT per annum. India domestic BOPP consumption is approximately 550k MT per annum and remaining is exported. Indian BOPP Industry has been growing at almost double of the India's GDP growth rate over long term. Strong domestic and global demand is helping efficient capacity utilization. India's strong BOPP film demand is supported by:

- low packaged food penetration in India and rising personal disposable income.
- Investment in organized retail industry and change in pack format from rigid to flexible is going further add to increasing demand.
- Based on capacity addition announced in India, broadly Industry demand and supply are expected to remain balanced in next a couple of years.

### 3. Business Segments and Performance

The company offers widest product portfolio under one roof. With four state of the art manufacturing facilities spread across India (3), and Korea (1), the company has annual installed capacity of:

- BOPP Films: 196K MT
- Thermal Films: 40K MT
- Coated Speciality Films: 20K MT
- Metalized Films: 22K MT
- CPP Films: 10K MT
- Master batches: 10k MT

The major segments are Speciality Films, BOPP films, Speciality Chemicals and the company has

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Source: 1. Mordor Intelligence LLP - <https://www.globenewswire.com>  
2. Research & Markets - <https://www.researchandmarkets.com>  
3. Mordor Intelligence LLP - <https://www.mordorintelligence.com>  
4. Report Linker - <https://www.reportlinker.com>

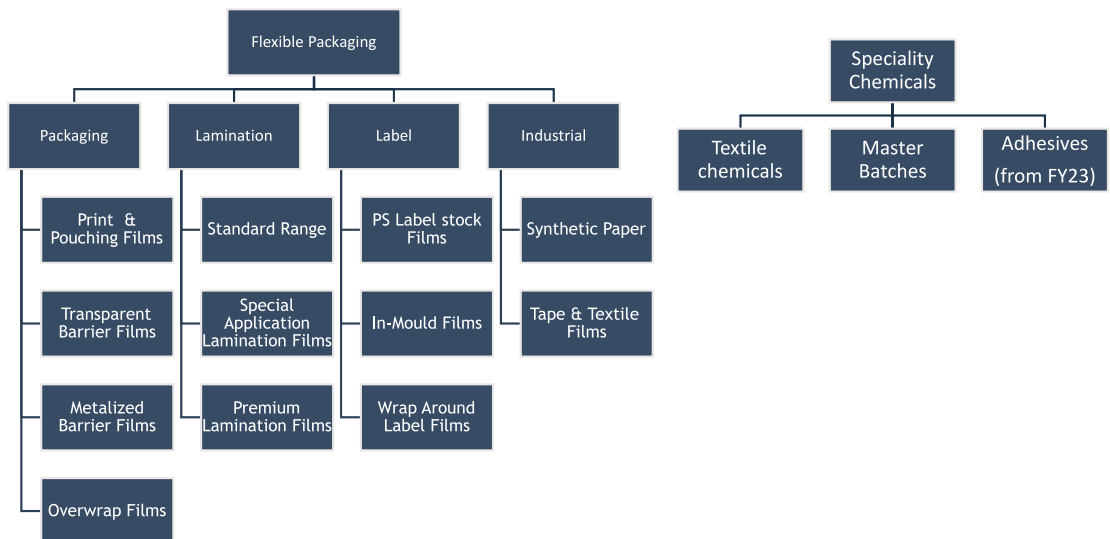
also forayed in D2C pet care business under brand “ZIGU”. The company offers a comprehensive range of BOPP Films for flexible packaging, lamination, labelling and industrial applications, including speciality films such as high barrier films, velvet thermal lamination films and direct thermal printable films. In addition to being a market leader in the BOPP sector, Cosmo has emerged as a complete film solutions provider with more offerings and value added services. Cosmo films is amongst the top 4 players in BOPP speciality films. In speciality label Films, we are second largest player in the world and are the largest supplier of thermal lamination films in the world.

The speciality films sales have grown YoY in the last 3 years with 18% growth rate. The Company’s speciality films sales stand at 70% during FY22. We are in process of ordering several other value add assets for further growth in the speciality sales and is looking for 80% run rate target from speciality by end of FY23. Some of the key products which will drive speciality sales growth include CSP, Coating, technical films and thermal lamination. New products such as DTP films also to contribute.

The Company is going to launch heat control film for offices and homes during FY23 which has significant potential.

India’s pet care market is expected to grow at a value of INR 7,500 Crores by the end of the forecasted period (2021-2026), on account of rising nuclear families, double-income households, and change in lifestyle, urbanization, and increasing pet ownership<sup>(1)</sup>

There are no large scale organized players in India offering end to end comprehensive solution to the customers. The Industry size, low penetration and high potential for growth provides a clear business opportunity. To tap the opportunity, the company planned a structured technology savvy platform to address all needs of pets. Accordingly, the Company launched Pet care in Q2, FY22 with simultaneous launch of website, first mobile van and its flagship stores under the brand name “ZIGU” which provides a unique value proposition to Pet Parents with Omni-channel presence. D2C Omni channel business model is required to address pets need at every stage of life. The company plans to launch 15-20 nos experience centers during FY23 and enhance online presence.



Source: 1. Research & Markets - <https://www.globenewswire.com>

#### 4. Discussion on financial performance

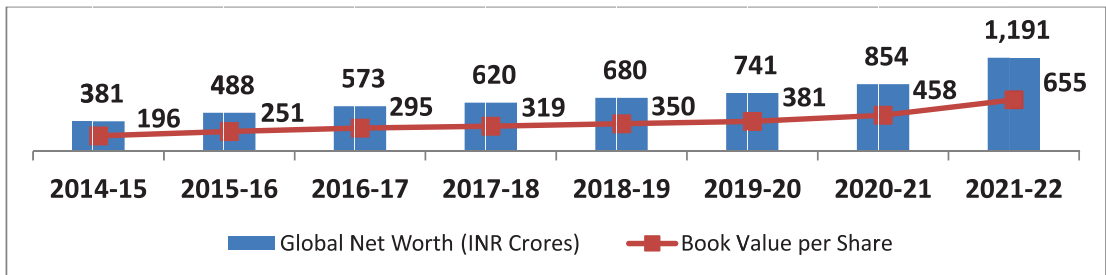
We are pleased to report another year of spectacular performance. During the FY 2021-22 the Company registered sales of ₹ 3038 crores on consolidated basis, with speciality business registering a volume growth by 17%. With an increase of 44%, the Company has posted record EBITDA of ₹ 620 crores during FY 2021-22 against ₹ 430 crores in the FY 2020-21. The enhanced EBITDA is primarily due to higher speciality sales, better operating margins from last year and good performance by subsidiaries. De-bottlenecking one large production line to enable speciality films production also contributed to the enhanced EBITDA. The speciality films sales have grown year-on-year reaffirming the Company's growth strategy through continuous investment in R&D, Sales & Marketing, Employee practices, Quality and Customer satisfaction.

During the FY 2021-22, PAT has an impressive growth of 65% and EPS increased by 74% to ₹ 222

per share. Net debt has come down to ₹ 303 crores with less than 0.5 times to EBITDA reflecting strong financials. Credit rating agency CRISIL has upgraded Company's long term credit rating to **AA-** with a stable outlook re-affirming strong financials. FY22 ROCE and ROE stands at 29% and 39% respectively.

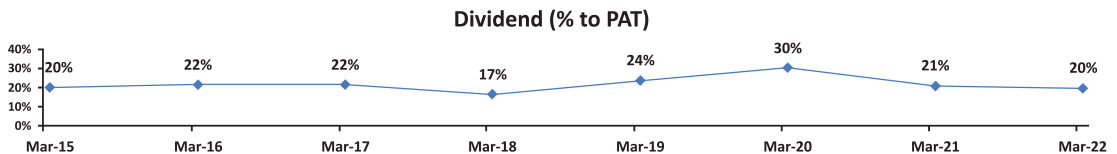
During the year under review, your Company incurred capital expenditure of ₹ 283 crores primarily on specialized BOPET line and value add capacity increase as compared to ₹ 75 crores for FY 2021. The Company continues to strengthen its exports through brand visibility initiatives taken during the year. Exports during the year increased to ₹ 1292 Crores from ₹ 874 Crores in Financial Year 2021-22. Operational Performance of Subsidiaries has improved significantly during the year which is getting reflected in consolidated EBITDA. Subsidiary's EBITDA stood at ₹ 94 Crores against EBITDA at ₹ 32 Crores for the last financial year 2021-22.

#### Consolidated net worth and book value per share



During the year, the Board of Directors declared total dividend of ₹ 35/- (350%) per Equity share of ₹ 10/- each.

#### Consistent dividend payout record



Dividend include DDT

#### 5. Key Financial Indicators

In accordance with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") the Company is required to give details of significant changes (i.e. change of

25% or more as compared to the immediately previous financial year) in key financial ratios.

There is no significant change (i.e. 25% or more) in key financial ratios viz. Current Ratio, Debt Equity Ratio, Inventory Turnover, Operating Profit Margin & Net Profit Margin.

Ratio	FY 2021-22	FY 2020-21	% Change	Explanation
Debtor Turnover Ratio (in times)	14.70	11.74	25.20%	Improved due to reduction in number of receivable days outstanding.
Interest Coverage Ratio (in times)	14.05	10.31	36.28%	Increase in interest coverage ratio is due to decrease in net debt and increase in profitability.

## 6. Change in Return on Net Worth

The Return on Net worth for the financial year 2021-22 stood at 39% as compared to last year at 30% on account of increase in PAT.

## 7. Liquidity

During the year ended 31<sup>st</sup> March, 2022, the consolidated Net Debt reduced to ₹ 303 crores from ₹ 438 crores last year mainly due to higher cash generation from operations. The Company has been carrying close to ₹ 507 crores of cash and cash equivalents including liquid investments at 31<sup>st</sup> March, 2022 at consolidated level. The Net Debt to Equity ratio is less than 0.5 times at consolidated level.

## 8. R&D & New Product Development

The Company takes pride in its continuous research and development which focus on providing innovative solutions as opposed to simply producing commodity films. With these consistent efforts in research and development activities, Cosmo is well placed to benefit from accelerated growth and drive new product development globally. During the year under review, your Company incurred expenditure on Research and Development (R&D) of ₹ 14.30 crores as compared to ₹ 7.60 crores during last year. Our R&D labs, one in India and another one in USA have most sophisticated equipment and instruments. The team is also driving several sustainability projects.

We have six registered patents; seven in pipeline and another seven are being applied. R&D Team keeps the Company ahead in Product Development Curve. The R&D team consists of 30+ scientists, technologist from renowned universities in the USA and Europe with global experience in Packaging, Polymer Engineering and Biopolymers. The Company has plan to further increase the strength of R&D Team.

### Achievements:

#### Films Business

- Established in house coating manufacturing facility with a capacity of 2400 MT per year;
- 5 new coatings started;
- Launched a heat resistant BOPP based film called TeploR, to replace BOPET films;
- The identification of technical (product/applications) growth areas through customer activities, exhibitions, publications and technical interactions;
- Increasing the occupancy of value adds in the product baskets;
- Efforts towards down gauging in products;
- Reducing consumption of raw materials & fuel thereby reducing the carbon footprint;
- Support water based printing and complete replacement of solvent based coatings with water based coatings.

#### Master Batches

- Established 11 new in house master batches for BOPP and CPP Applications.
- Established 3 master batches for customers in blown film and for extrusion coating applications.

#### Textile Chemicals

- Launched 56 new products for the pre-treatment, dyeing and finishing processes for textiles.
- Most of the products are GOTS and ZDHC certified and catering to all small scale to corporate textile manufacturers.

#### The New Product Development

The Company has developed several new products during the financial year. To name a few:



Packaging Films	Lamination Films	Industrial Films	Label Films
<ul style="list-style-type: none"> <li>Enhanced Barrier Metalized BOPP Film</li> <li>White Cast Polypropylene(CPP) Film</li> </ul>	<ul style="list-style-type: none"> <li>Fragranced Lamination Films</li> <li>Antimicrobial Thermal Lamination Film</li> </ul>	<ul style="list-style-type: none"> <li>100% Opaque Synthetic Paper</li> <li>High Tear Resistant Synthetic Paper(CSP)</li> </ul>	<ul style="list-style-type: none"> <li>Direct Thermal Printable Film</li> <li>High Scratch Resistant Metalized Film</li> </ul>

## 9. Sustainability / ESG Initiatives



### Environment

Cosmo Films has been working on several sustainability projects. Notably, while the use of plastic packaging and other products has soared, the demand has been rising for more sustainable solutions across the board. We see the rising awareness on sustainable packaging requirements as opportunity as we deliver on the sustainability requirements through our products and manufacturing processes. The sustainability highlights on environmental sustainability are:

Following are some of the sustainability focus areas for the Company:

#### 1. Offer mono layered structure for ease of recycling

Company has been partnering with some of the best global brands to offer structure rationalization & recyclability solutions in categories such as biscuits, noodles, tea and coffee sachets, soap wrapper, just to name a few. The Company shall continue to invest in R&D and grow its speciality film portfolio offering sustainable solutions for a better tomorrow.

- Offer Oxo-Biodegradable Films
- Use of Water Based Coatings
- Innovated heat resistant BOPP film to facilitate mono material structure

#### 5. Several sustainability initiatives towards:

- All plants using some renewable power
- Reduced power consumption through efficiency improvements
- Rain water harvesting and reuse of effluent treated water
- Continuous efforts to reduce water usage and increase in re-usage
- GHG emissions reduction
- Recycling of manufacturing waste
- Constant monitoring of parameters like noise, illumination, ventilation, air quality etc.
- Rationalization of containers & trucks space to optimize loading etc.
- Waste elimination and recycling of waste

#### 6. Tree plantation – 40000 fruit bearing saplings were planted in the farm lands of 9 farmers in Gangapur block, Aurangabad, Maharashtra which would improve the livelihood of the farmers along with post maintenance support for next three years. The target is to plant one lakh trees.

The Company's sustainability initiative is not only contributing to environment sustainability but also contributing towards cost optimisation.

**Social**

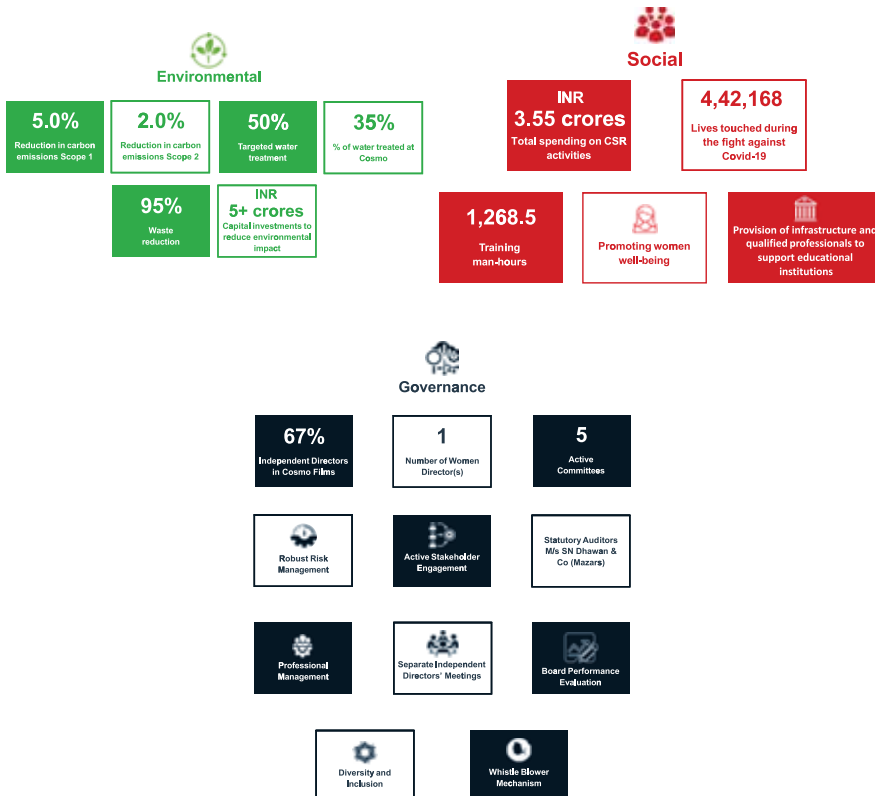
As a leading manufacturer in packaging films and materials, Cosmo Films acts as a socially responsible corporate citizen. We are not just committed to providing a conducive environment to all our stakeholders, we also believe in advocating for positive change in our world. This requires action and engagement beyond the confines of our facilities and mills. From providing food to those less privileged to preserving the environment to investing in the education of tomorrow's leaders, we are committed to actively championing the vitality of our communities

**Governance**

At Cosmo Films Limited, we act ethically and responsibly not only because it allows us to run a fair business, but also because it is the right thing to do. We consider risks and opportunities related to our economic, social, and environmental impacts on an ongoing basis as part of our strategic planning, risk management, and governance approach.

The Board of Directors has the overall responsibility of adhering to the best practices in relation to corporate governance and the senior management of the Company supports the Board in discharging these responsibilities. The Board and senior management adopt a consultative approach and receive inputs from all the stakeholders, including the shareholders, employees, vendors and suppliers, customers, community representatives, government authorities, and industry representatives.

For Cosmo Films, 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. The philosophy of corporate governance as manifested in the Company's functioning is to achieve business excellence by enhancing shareholder value. We are committed to transparency and business ethics in discharging our corporate responsibilities.



## 10. Quality Performance

We are proud of the quality systems the company has adopted. Some of the initiatives undertaken during the year are:

- Implemented Six Sigma System at the organizational level to improve quality culture.
- 15 people trained as six sigma green belts last year, completed 10 projects covering quality, cost reduction and process improvements.
- Second batch of six sigma underway, new projects initiated.
- Implementation of 5S at shop floor is underway to make Cosmo shop floors world class.
- Taken initiatives like double door system on each door, automating door closures etc.
- Green rating awarded by EcoVadis Sustainability Ratings.
- Initiated lean manufacturing from our Karjan unit which shall be horizontally deployed at all three locations.
- Initiated small quality improvement projects with lower level cross functional teams to reduce customer quality complaints.
- Started shop floor technical training for sales & marketing team for better understanding of product applications and manufacturing processes.
- Got A grade rating from two of major customers during plant quality audit.
- Customer complaint weekly QA meeting has been started and has been adding value to the quality management system.
- Initiated sharing product success stories for publishing on social media.
- Developed online COA (Certificate of analysis) generation application in SAP for all three units to provide system generated COAs to customers.

## 11. Awards & Accolades

Cosmo Films continues to earn award and accolades during FY 2021-22

- SIES SOP Star Award under the Packaging Materials & Components for One side printable & other side Barrier coated Face stock Film;
- SIES SOP Star Awards under the Packaging

Materials & Components category for its Liner less Label Films and both side Top Coated Film;

- IFCA Star Award under the Innovations in Structure category for its CPP Specialized Film;
- IFCA Star Award under the Innovations category for its Heat Resistant BOPP Film;
- National Level Scale Award (Exemplary Position) for Supply Chain and Logistics Excellence under Chemicals Category at the CII Conference in Bangalore in 2021.

## 12. Internal Control Systems, Risks & Mitigation Strategy

At Cosmo Films, Risk Management, Internal Control Systems and Internal Audit functions complement each other to form an elaborate risk management system that evaluates the efficacy of the framework relating to risk identification and mitigation.

### Internal Control Systems

The company has put in place systems and controls across the Company covering various financial and operational functions. The company's internal control environment ensures efficient conduct of operations, security of assets, prevention and detection of frauds/errors, accuracy and completeness of accounting records and the timely preparation of reliable financial performance. The Company through its own Internal Audit Department is responsible for providing assurance on compliance with operating procedures, internal policies and legal requirement as well as suggesting improvements to systems and processes. The company has also identified and documented key internal financial controls for critical processes across all plants, warehouses and offices wherein financial transactions are undertaken. The financial controls are evaluated for operating effectiveness through management's ongoing monitoring and review processes and independent review by internal audit.

### Risks & Mitigation Strategy

The Company strives to adopt a de-risking strategy in its operations while making growth investments. This involves setting up and monitoring risks on a regular basis. Cosmo Films has Risk Management Committee in line with the requirement of Regulation 21 of the Listing Regulations. The Company applies Risk Management in a well-defined, integrated framework, which promotes awareness of risks and

an understanding of the Company's risk tolerances. The management monitors the internal control system, designed to identify, assess, monitor and manage risks, associated with the Company. The risk management framework incorporates both financial and non-financial risks.

The following factors, could adversely affect the Company's consolidated financial position, results of operations or cash flows.

#### **1. Strategic Risks**

Strategic risks can be in form of changes in consumer demand, competition, intellectual property challenges and key customer attrition. Our risk mitigation activities include staying ahead in the new product development curve, relying on the patent, trademark, copyright and trade secret laws of the countries in which we operate and non-disclosure agreements. Our Key Account Team works with the purpose to maintain good customer relationships and keep the attrition at manageable level.

#### **2. Operational Risks**

Operations risks include gap in demand and supply, attracting and retaining key personnel, global health outbreaks and information technology. The risk of demand and supply gap is mitigated through the capacity addition at the right time, de-bottlenecking of production lines including shifting of product mix to speciality products. We strive to nurture a working environment that fosters personal and professional growth to attract and retain key personnel. A failure or disruption in our information technology systems could disrupt our operations, compromise customer, employee, vendor and other data and could negatively affect our business. Although we attempt to mitigate these risks by employing a number of measures, our systems and networks remain potentially vulnerable to advanced and persistent threats.

#### **3. Financial Risks**

Financial risks include exchange rate risks, interest rate risks and internal control risks. Regarding exchange rate risks, the Company has entered into various derivative contracts including foreign exchange forward contracts, currency options, cross currency swaps and interest rate swaps which are used to manage

and hedge foreign currency exchange risks and interest rate risks. The Company's policy is to minimise interest rate cash flow risk exposures on long-term financing. The Company is exposed to changes in market interest rates through bank borrowings at variable interest rates. The company have in all material respects, adequate internal financial controls with reference to financial statements, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance note issued by the ICAI.

#### **4. Legal and Compliance Risks**

Various regulations and legislations have been passed and anticipated in various countries in response to concerns regarding safety, Greenhouse Gas Emissions, climate change and plastic recycling. We take proactive actions, so that our operations and products are not in violation of any safety, health or environment regulations. Regarding patents and proprietary technology the legal and R&D functions of the company ensure that all our patents and proprietary technology is protected in various geographies. Also the company has adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

### **13. Opportunities:**

#### **1. Innovative Packages**

Brands are well personified assets and enjoy an image that the marketers are very conscious and sensitive about. Several FMCG companies world over are opting to give their packaging designs a fresher look in line with the attributes that their brand stands tall for. One must not forget that 'Good packaging protects your product while Great packaging protects your brand'. Cosmo is well geared towards developing innovative packages that are aimed at attracting customers to drive sales.

#### **2. E-commerce everywhere**

The already fast rise in e-commerce has got a big boost due to pandemic as the consumer is preferring to buy products in a hygienic



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

### 3. Digitalization and Internet of Things (IoT)

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

### 4. Sustainable Packaging Solutions

Sustainable packaging solutions are the biggest opportunity for us and we are working very hard to achieve that. We see the rising awareness on sustainable packaging requirements as opportunity as we deliver on the sustainability requirements through our products and manufacturing processes. We know consumers increasingly demand packaging that is more sustainable, and we work with our customers to ensure that our products meet the sustainability requirements. Company has been partnering with some of the best global brands to offer structure rationalization & recyclability solutions in categories such as biscuits, noodles, tea and coffee sachets, soap wrapper, just to name a few. The Company shall continue to invest in R&D and grow its speciality film portfolio offering sustainable solutions for a better tomorrow. We have developed Oxo-Biodegradable Films, increased the use of water based coatings and innovated heat resistant BOPP film to facilitate mono material structure. The monolayered structure enhances the recyclability and eases out the recycling process so that environmental impact are minimized. Our hard work continues with our R&D team focussed on continuous research and development providing innovative solutions towards providing sustainable packaging solutions.”

### 14. Human Resources and Industrial Relations

Cosmo considers people, its biggest assets and ‘Believing in People’ is at the heart of its human

resource strategy. Concerted efforts have been put in talent management and succession planning practices, strong performance management and learning and training initiatives to ensure that the Company consistently develops inspiring, strong and credible leadership. We leverage human capital for competitiveness by nurturing knowledge, entrepreneurship and creativity. Cosmo strive to encourage diversity in workforce and believes in building the career of its employees through focussed interventions. Learning opportunities contribute to better employee engagement, increased productivity, reduced employee turnover and add to a more positive culture.

Labour relations remained conducive across all India operations. The plants in India created multiple opportunities to promote open and supportive work environment and enhance participative decision-making. We continued imparting teambuilding and collaboration training to our workmen to enhance the team cohesiveness.

The total employee strength as on 31<sup>st</sup> March, 2022 was 1039.

### 15. Outlook

The Company plans to change the packaging landscape by creating sustainable and intelligent packaging solutions. We anticipate that at-home food consumption and snacking could remain at higher levels than prior to the coronavirus outbreak for several more months, as more people permanently join the home-office trend. Because of this, flexible packaging will continue to be the key end-use sector for BOPP film.

On the R&D front, the Company’s focus shall continue to be on improving speciality films. R&D efforts particularly on sustainability which would yield results in coming years. These actions would continue to de-commoditize business model and would contribute in long term sustainable growth. Some of the new growth areas in speciality films being worked on include:

1. Synthetic Paper – Durable alternate to paper. Global 100 Thousand MT market (India 6 Thousand MT) - immense potential to grow,
2. Sustainable solutions,
3. Direct Thermal Printable Film (Cosmo is the first BOPP film producer to launch this film),
4. Sustainable PVC free solutions for graphic applications and

5. Shrink Label film
6. Heat Control film

In the Speciality Chemicals – Textile Applications & Adhesive segment we plan to cater to niche speciality focused either to address current problem area for the Industry or significantly better product compared to currently available. Forayed into the FMCG industry with the launch of 'Fabritizer', a product which assures a 99.9% protection against viruses and bacteria on clothes. In the adhesives segment Cosmo plans to launch products in niche areas. The target to reach 10% of Company's consolidated revenue in 3-5 years from speciality chemicals with consistent 25%-30% ROCE.

Company's future capex strategy is aligned with target to increase speciality business to 80% by 2023 and launch of BOPET line during FY23. These will majorly de-commoditise the business model. The strategy for Flexible Packaging Business is the transformation into primarily speciality films company with consistent 20% + ROCE. Newer growth areas for Speciality are Synthetic Paper, Master batches and Textile Applications & Adhesive. For Speciality Chemicals the way forward is 20% revenue with 25%+ ROCE in about 5 years. For pet care the focus would be on scale-up and demerging the business vertical in medium term to drive shareholders' valuation. Going forward B2B segment (speciality films, packaging films, specialized BOPET line, speciality chemicals) and B2C segments (D2C Pet Care and selective Speciality chemicals) will drive growth.

Our Sustainable solutions future pipeline include Direct Thermal Printable Film (first BOPP film producer to launch), Sustainable PVC free solutions

for graphic applications, Heat reduction film, Shrink Label film

Our continued success confirms our strategy is sound, resilient and working. Cosmo Films finishes the year having made considerable progress towards our vision of "To be the most preferred global brand offering value added Oriented films for packaging, labels, lamination and industrial applications". Looking ahead, our unique combination of scale, footprint, segment participation and capabilities pave the way for further growth and value creation for shareholders.

## 16. Cautionary Statement

This report will include "Forward Looking Statements," such as statements about the implementation of strategic plans and other statements about Cosmo Films' potential business developments and financial results. Although these Forward-Looking Statements reflect the Company's current evaluation and potential expectations for the development of the Company's business, variety of risks, uncertainties, and other unknown factors that could cause actual developments and outcomes to vary materially from those expected. General market, macroeconomic, governmental, and regulatory patterns, changes in currency exchange and interest rates, competitive pressures, and technical advances, changes in the financial conditions of third parties doing business with the Company, regulatory developments, and other main factors that may have an effect on the Company's business and financial results. Cosmo Films disclaims any duty to update or amend any forward-looking statements to represent events or circumstances that might occur in the future.

## DIRECTOR'S REPORT

Your Directors are pleased to present their 45<sup>th</sup> Annual Report together with the Audited Statement of Accounts of the Company for the year ended 31<sup>st</sup> March, 2022.

### 1. Summary Financial Results

The Financial Results of the Company for the year ended 31<sup>st</sup> March, 2022, were as follows: (₹ in Cr)

Particulars	Standalone		Consolidated	
	Year Ended 31 <sup>st</sup> March 2022	Year Ended 31 <sup>st</sup> March 2021	Year Ended 31 <sup>st</sup> March 2022	Year Ended 31 <sup>st</sup> March 2021
<b>Net Sales</b>	<b>2,824</b>	<b>2,083</b>	<b>3,038</b>	<b>2,285</b>
Other Income	46	36	48	38
<b>Profit before Interest, Depreciation and Tax</b>	<b>526</b>	<b>398</b>	<b>620</b>	<b>430</b>
Finance Cost	37	40	40	42
Depreciation	58	53	63	59
<b>Profit before Tax</b>	<b>430</b>	<b>305</b>	<b>517</b>	<b>329</b>
<b>Provision for Taxation</b>				
- Current Tax	75	53	80	56
- Deferred Tax	42	36	40	36
<b>Profit After Tax</b>	<b>313</b>	<b>216</b>	<b>397</b>	<b>237</b>
<b>Earnings per Equity Share</b>				
Basic	174.81	115.57	221.56	127.02
Diluted	171.21	114.39	216.99	125.72
<b>Appropriations:</b>				
Dividend-Equity Shares	64	45	64	45

### 2. Overview of Performance

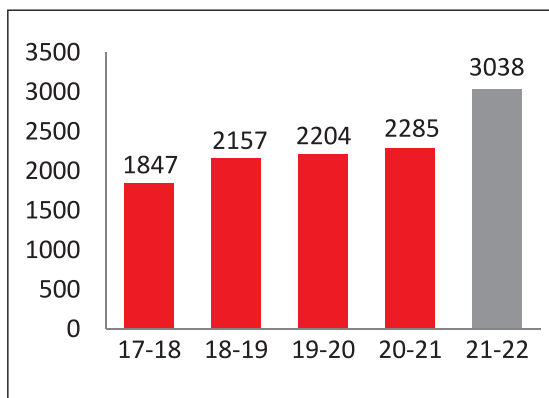
During the financial year 2022, on consolidated basis the Company registered sales of ₹ 3,038 crores with more than 17% volume growth of speciality sales. Consolidated EBITDA for the year increased by 44% to ₹ 620 crores against ₹ 430 crores in financial year 2021 primarily due to higher speciality sales by more than 17%, better BOPP films margins due to balanced demand and supply scenario, operational efficiency and better performance by subsidiaries. Your Company has registered 74% growth in EPS during the year. Company's net debt has reduced to ₹ 303 crores from ₹ 438 crores as on 31<sup>st</sup> March, 2022 with 0.5 times net debt/EBITDA ratio.

On Standalone basis, the Company registered sales of ₹ 2,824 crores with double digit volume growth of speciality sales. Standalone EBITDA for the year increased to ₹ 526 crores against ₹ 398 crores in financial year 2021 primarily due to higher speciality sales, better BOPP films

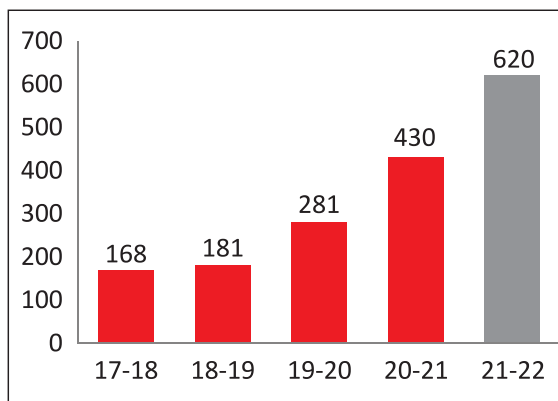
margins due to balanced demand and supply scenario and operational efficiency.

As on 31<sup>st</sup> March, 2022, Return on Capital employed stands at 29% and Return on Equity is 39%.

**Consolidated  
Net Sales (₹ in Cr)**



**Consolidated  
EBITDA (₹ in Cr)**



In coming years, **B2B segments** (focus towards growing speciality sales, specialized BOPET line, world's largest BOPP and CPP lines) and **B2C segments** (D2C Petcare and specific speciality chemicals) will drive growth.

The Indian Packaging industry, which is one of the largest globally, is expected to register a CAGR of 27% during 2022-2027<sup>(1)</sup>. The flexible packaging market in India is expected to grow at a CAGR of almost 11% during 2021-2025<sup>(2)</sup>.

To tap this opportunity, Company invested in specialized BOPET line likely to be commissioned in FY 2023 and a CPP line, BOPP line expected to be commissioned in FY 2025.

**The Company launched several new products during the financial year including Antimicrobial Thermal Lamination Film, Enhanced Barrier Metalized BOPP Film, High Gloss Metalized Label Film, Direct Thermal Printable Film, High Scratch Resistant Metalized Film, Laser Printable (Dry Toner) both side Coated White Synthetic Paper, and 100% Opaque Synthetic Paper.**

The Company's focus shall continue to be on improving speciality films, R&D efforts particularly on sustainability which would yield results in coming years. These actions would continue to de-commoditize business model and would contribute in long term sustainable growth. Some of the new growth areas in speciality films being worked on include-

1. Synthetic Paper – Durable alternate to paper. Global 100 Thousand MT market (India 6 Thousand MT) - immense potential to grow,
2. Sustainable solutions,
3. Direct Thermal Printable Film (Cosmo is the first BOPP film producer to launch this film),
4. Sustainable PVC free solutions for graphic applications and
5. Shrink Label film
6. Heat Reduction film.

**The speciality films sales have grown YoY in the last 3 years with 18% growth rate. The Company's speciality films sales stand at 70% during FY22. We are in process of ordering several other value add assets for further growth in the speciality sales and are looking for 80% run rate target from speciality by end of FY23.**

Company is currently having six registered patents; seven in pipeline and another seven are being applied.

India's pet care market is expected to grow at a value of ₹ 7,500 Crores by the end of the forecasted period (2021-2026), on account of rising nuclear families, double-income households, and change in lifestyle, urbanization, and increasing pet ownership<sup>(3)</sup> There are no large scale organized players in India offering end to end comprehensive solution to the customers. The Industry size, low penetration and high potential for growth provides a clear business opportunity. **The Company launched Pet care with simultaneous launch of website, first mobile van and first experience center (retail store) during FY22 under the brand name Zidu.** Apart from being a retail outlet for goods and services, it provided vet consultation, diagnostic lab facilities and cafeteria. Facilities had also been built for imparting training to service providers. E-commerce website had been launched. Mobile app was being developed and expected to be launched soon. With this our offerings would be omni-channel. Product offering through stores and e-commerce also included designer clothing line for Pets under private label Beboji. For pet care the focus would be on scale-up and demerging the business vertical in medium term to drive shareholders' valuation.

Source: (1) Mordor Intelligence LLP - <https://www.mordorintelligence.com>

(2) Report Linker - <https://www.reportlinker.com>

(3) Research & Markets - <https://www.globenewswire.com>



In the Speciality Chemicals – Textile Applications & Adhesive segment we plan to cater to niche speciality focused either to address current problem area for the Industry or significantly better product compared to currently available. The way forward is 20% revenue with 25%+ ROCE in about 5 years. The performance of Speciality Chemicals business is captured in detail under the head 'Details of Subsidiaries' of this report.

To sum up, in the coming years the Company growth will be driven by specialized polyester line (commissioning in FY 2023) and new BOPP line (commissioning in FY 2025), continuing focus on speciality sales and diversification into speciality chemicals and Petcare business

### 3. Sustainability

The Company is aggressively working on several sustainability projects including but not limited to:

- Offer mono-material poly-olefin films for ease of recycling,
- Designed heat resistant BOPP films replacing BOPET; mostly used in print layer, giving last push to creation of mono-material structures,
- Company has been partnering with some of the best global brands to offer structure rationalization for some time now,
- Both BOPP and CPP films offer better yield, hence enabling reduced consumption of plastics,
- Offer a suitable substitute for aluminum foil in form of its Ultra-High Barrier Films,
- Offer Oxo-Biodegradable Films,
- Use of Water Based Coatings,
- Reutilization of reprocessed granules from waste material as input for film production,
- Continuous efforts to reduce water usage, waste generation and GHG emissions,
- Constant monitoring of parameters like noise, illumination, ventilation, air quality etc,
- Rain water harvesting and reuse of effluent treated water,
- All plants have partially shifted to the use of solar and wind power as a source of energy for all electrical purposes.

These steps will not only contribute to the environment but will also rationalize costs in coming quarters.

### 4. Exports

The Company continues to strengthen its exports through brand visibility initiatives taken during the year. **Exports during the year increased to ₹ 1,292 Crores from ₹ 874 Crores in financial year 2021.**

### 5. Details of Subsidiaries

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

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

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

The subsidiaries of Cosmo Films Limited as on 31<sup>st</sup> March, 2022 are listed hereunder:

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

*\*Incorporated as wholly-owned subsidiary on 29<sup>th</sup> June, 2021*

**Operational Performance of Subsidiaries has improved significantly during financial year 2022 which is getting reflected in consolidated EBITDA. Subsidiary's EBITDA stood at ₹ 94 Crores against EBITDA at ₹ 32 Crores last year.**

Growth in operational subsidiaries shall be key focus area for the Company in financial year 2023.

The vision behind establishing Cosmo Speciality Chemicals Private Limited was acquiring textile

auxiliary market in India and abroad by providing the most competitive quality products through innovations based on sustainable science. Its operational highlights are as follows:-

- **Textile Chemicals business which started commercial production in Q2 FY22 has taken off well. Within the first three months, the Company has commercialized 56 products and has started supplies to 40+ customers.** The Company continues to conduct extensive trials with the customers and expects to add many more customers in the coming month.
- New R&D laboratories are operational for Textile and Adhesive developmental work. The Company's R&D has successfully completed the development of 20+ other textile chemical products, each with specific USPs. Some recently developed products include low temperature soaping agent, soft fill silicon, eco clay – environment friendly wetting agent etc. The Company plans to further enhance R&D capability.
- Masterbatch production unit is fully operational and has successfully produced various master batches for in-house and external customers. Its consumption is growing continuously. Some recently developed masterbatches include white masterbatch, anti-stat (with 30% concentration), master batch for blown films etc.
- Adhesive line had been delayed due to delay in government approvals (mainly covid disruptions). Company will start test marketing soon based on products sourced on job work basis.

## 6. Share Capital

During the year under review, there was no change in the Company's issued, subscribed and paid-up equity share capital. On 31<sup>st</sup> March, 2022, it stood at ₹ 18.17 Cr divided into 18,17,27,150 equity shares of ₹ 10/- each.

## 7. Reserve

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

## 8. Dividend

During the year, the Board of Directors declared total dividend of ₹ 35/- (350%) per Equity share of ₹ 10/-

each. First Interim Dividend of ₹ 25/- (250%) and Second Interim Dividend of ₹ 10/- (100%) declared on 16<sup>th</sup> September, 2021 and 25<sup>th</sup> January, 2022 respectively which has been paid.

The first and the second Interim Dividend so declared is the Dividend on the Equity Shares of the Company for the Financial Year ended 31<sup>st</sup> March, 2022.

In terms of Regulation 43A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") the Dividend Distribution Policy is available on the Company's website at <https://www.cosmofilms.com/policies>

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

The Company takes pride in its continuous research and development which focus on providing innovative solutions as opposed to simply producing commodity films. With these consistent efforts in research and development activities, Cosmo is well placed to benefit from accelerated growth and drive new product development globally. **During the year under review, your Company incurred expenditure on Research and Development (R&D) of ₹ 14.30 Cr as compared to ₹ 7.60 Cr for financial year 2021.**

R&D few focus areas include—:

### Films Business-

- Established in house coating manufacturing facility with a capacity of 2400 MT per year;
- 5 new coatings started;
- Launched a heat resistant BOPP based film called TeploR, to replace BOPET films;
- The identification of technical (product/applications) growth areas through customer activities, exhibitions, publications and technical interactions;
- Increasing the occupancy of value adds in the product baskets;
- Efforts towards down gauging in products;
- Reducing consumption of raw materials & fuel thereby reducing the carbon footprint;
- Support water based printing and complete replacement of solvent based coatings with water based coatings.

### Master Batches

- Established 11 new in house master batches for BOPP and CPP Applications including speciality additive master batches and matte compound.
- Established 3 master batches for customers in blown film and for extrusion coating applications.

### Textile Chemicals

- Launched 56 new products for the pre-treatment, dyeing and finishing processes for textiles.
- Most of the products are GOTS and ZDHC certified and catering to all small scale to corporate textile manufacturers.

## 10. Capital Expenditure

Your Company has four state of the art manufacturing facilities spread across India (3) and Korea (1), with a total installed capacity of 196,000 MT per annum of BOPP films, 40,000 MT per annum of Thermal Lamination Films, 22,000 MT per annum of Metalized Films, 20,000 MT per annum of Coated Films and 10,000 MT per annum of CPP Films. During the year under review, your Company incurred capital expenditure of ₹ 282.97 Cr as compared to ₹ 74.57 Cr for Financial Year 2021.

The capital expenditure incurred during Financial Year 21-22 shall facilitate enhanced sale of speciality films, sustainability initiatives and solar power as a source of energy.

## 11. Corporate Governance

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

A separate section on Corporate Governance forming part of the Directors' Report and the certificate from the Practicing Company Secretary confirming compliance of the Corporate Governance norms as stipulated in the Listing Regulations is included in the Annual Report in **Annexure – A**.

## 12. Internal Financial Control and its Adequacy

The Board has adopted policies and procedures for ensuring the orderly and efficient conduct of its business, including adherence to Company's

policies, safeguarding of its assets, prevention and detection of fraud, error reporting mechanisms, accuracy and completeness of the accounting records, and timely preparation of reliable financial disclosures.

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

## 13. Risk Management

Cosmo has a robust process in place to identify key risks across the organisation and prioritise relevant action plans to mitigate these risks. The Company has constituted a Risk Management Committee which has been entrusted with the responsibility to assist the Board in (a) approving the Company's Risk Management Framework and (b) Overseeing all the risks that the organization faces such as strategic, financial, liquidity, security, regulatory, legal, reputational and other risks that have been identified and assessed to ensure that there is a sound Risk Management Policy in place to address such concerns / risks. The Risk Management process covers risk identification, assessment, analysis and mitigation. Incorporating sustainability in the process also helps to align potential exposures with the risk appetite and highlight risks associated with chosen strategies

The risk management procedure is reviewed by the Audit Committee and Board of Directors on regular basis at the time of review of quarterly financial results of the Company. The Audit Committee has additional oversight in the area of financial risks and controls. Major risks identified by the business and functions are systematically addressed through mitigating actions on a continuing basis.

A report on the various risks that may pose challenge to your Company are set out as a part of Management, Discussion and Analysis section of this report. Details of the composition of the Risk Management Committee, Meetings held, attendance

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

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

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

#### **15. Diversity of the Board**

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

#### **16. Directors**

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

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

##### **(b) Appointment and Re-appointment- Other Directors**

Mr. A. K. Jain, Executive Director retires by rotation and being eligible offer himself for re-appointment at the ensuing Annual General Meeting.

Mr. Arjun Singh has been appointed as Additional Director under the category of Independent Director w.e.f. 27<sup>th</sup> October, 2021 for a period of 5 years subject to the approval of shareholders at the 45<sup>th</sup> Annual General Meeting

The details of the proposed appointment/reappointment of Directors are mentioned in the Explanatory Statement under Section 102 of the Companies Act, 2013 of the Notice of 45<sup>th</sup> Annual General Meeting (AGM) of your Company.

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

Mr. Har Kishanlal Agrawal, is acting as Independent Director of the Company. His present tenure of five years is from 25<sup>th</sup> July, 2019 to 24<sup>th</sup> July, 2024.

Mr. Hoshang Noshirwan Sinor, is acting as Independent Director of the Company. His present tenure of five years is from 22<sup>nd</sup> May, 2020 to 21<sup>st</sup> May, 2025.

Ms. Alpana Parida Shah, is acting as Independent Director of the Company. Her present tenure of five years is from 15<sup>th</sup> May, 2019 to 14<sup>th</sup> May, 2024.

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

Mr. Rakesh Nangia, is acting as Independent Director of the Company. His present tenure of five years is from 10<sup>th</sup> November, 2020 to 9<sup>th</sup> November, 2025.

Mr. Pratip Chaudhuri, is acting as Non Independent Non Executive Director of the Company. He is covered under the category of director liable to retire by rotation.

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

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

#### **17. Statement of Board of Directors**

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

#### **18. Key Managerial Personnel**

During the year under review, there was no change in KMP of the Company. The following personnel's continue as KMPs as per the definition under Section 2(51) and Section 203 of the Companies Act, 2013:

1. Mr. Ashok Jaipuria, Chairman & Managing Director
2. Mr. A. K. Jain, Director - Corporate Affairs



3. Mr. Pankaj Poddar, Chief Executive Officer
4. Mr. Neeraj Jain, Chief Financial Officer
5. Ms. Jyoti Dixit, Company Secretary

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

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

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

The induction programme includes:

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

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

### **20. Remuneration Policy**

Your Company is driven by the need to foster a culture of leadership with mutual trust. Cosmo's remuneration policy, which is aligned to this philosophy, is designed to attract, motivate, retain manpower and improve productivity by creating a congenial work environment, encouraging initiative, personal growth and teamwork besides offering appropriate remuneration package. Pursuant to the applicable provisions of the Companies Act, 2013 and the Listing Regulations, the Board, in consultation with its HR, Nomination &

Remuneration Committee, has formulated a framework containing, inter-alia, the criteria for performance evaluation of the entire Board of the Company, its Committees and Individual Directors, including Independent Directors.

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

Disclosure of details of payment of remuneration to Managerial Personnel under Schedule V(C)(6) of Listing Regulations forms part of the Corporate Governance Report.

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

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

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

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

### **22. Board and Committee Meetings**

During Financial Year 2022, Six (6) meetings of the Board of Directors and Five (5) Audit Committee meetings were held. The intervening gap between the meetings was within the period prescribed under

the Companies Act, 2013 and Listing Regulations. Details of the composition of the Board and its Committees and of the Meetings held, attendance of the Directors at such Meetings and other relevant details are provided in the Corporate Governance Report.

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

## 23. Auditors

### (a) Statutory Auditors

M/s. S.N. Dhawan & Co. LLP, Chartered Accountants (ICAI Firm Registration No. 000050N/N500045) were appointed as the statutory auditors of the Company in the 43<sup>rd</sup> Annual General Meeting held on 7<sup>th</sup> August, 2020, to hold office for a period of five consecutive years from the conclusion of the 43<sup>rd</sup> Annual General till the conclusion of the 48<sup>th</sup> Annual General Meeting to be held in the year 2025. The Statutory Auditors have confirmed they are not disqualified from continuing as Auditors of the Company.

There are no observations (including any qualification, reservation, adverse remark or disclaimer) of the Auditors in their Audit Report that may call for any explanation from the Directors. Further, the notes to accounts referred to in the Auditor's Report are self-explanatory. During the year, the Auditor had not reported any matter under Section 143 (12) of the Companies Act, 2013, therefore no detail is required to be disclosed under Section 134(3) of the Companies Act, 2013.

### (b) Cost Auditors

Mr. Jayant B. Galande, Cost Accountants were appointed as Cost Auditors of the Company for the Financial Year 2023. In accordance with the provisions of Section 148 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, since the remuneration payable to the Cost Auditors is required to be ratified by the shareholders, the Board recommends the same for approval by shareholders at the ensuing AGM.

In terms of the Section 148 of the Companies Act, 2013 ('the Act') read with Rule 8 of the Companies (Accounts) Rules, 2014, it is stated

that the cost accounts and records are made and maintained by the Company as specified by the Central Government under sub-section (1) of Section 148 of the Companies Act, 2013.

During the year, the Auditor had not reported any matter under Section 143 (12) of the Companies Act, 2013, therefore no detail is required to be disclosed under Section 134(3) of the Companies Act, 2013.

### (c) Secretarial Auditors

The Company had appointed M/s. BLAK & Co., Company Secretaries, New Delhi, to conduct its Secretarial Audit for the Financial Year 2022. The Secretarial Audit report is annexed herewith as **Annexure - B** to this report. There are no qualifications, reservations or adverse remarks made by Secretarial Auditor in his report. During the year, the Auditor had not reported any matter under Section 143 (12) of the Companies Act, 2013, therefore no detail is required to be disclosed under Section 134(3) of the Companies Act, 2013.

## 24. Related Party Transaction

With reference to Section 134(3)(h) of the Companies Act, 2013, all contracts and arrangements with related parties under Section 188(1) of the Companies Act, 2013, entered into by the Company during the Financial Year, were in the ordinary course of business and on an arm's length basis. The details of the related party transactions as required under Accounting Standard are set out in Note 45 to the standalone financial statements forming part of this Annual Report.

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

No Material Related Party Transactions (i.e. transactions amounting to ten percent or more of the annual consolidated turnover as per the last

audited financial statements) were entered during the year by your Company except the sale to its wholly owned subsidiary- Cosmo Films Inc. As per Listing Regulations, transactions entered into between a holding company and its wholly owned subsidiary whose accounts are consolidated with such holding company and placed before the shareholders at the general meeting for approval are exempt from obtaining shareholders' approval. The disclosure of Related Party Transactions as required under section 134(3)(h) of the Companies Act, 2013, in Form AOC – 2 is attached as **Annexure – C**.

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

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

#### **26. Business Responsibility Report**

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

#### **27. Deposits**

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

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

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

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

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

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

During the year under review, no significant / material orders were passed by the regulators or the Courts

or the Tribunals impacting the going concern status and the Company's operations in future.

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

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

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

There were no other material changes / commitments affecting the financial position of the Company or that may require disclosure, between 31<sup>st</sup> March, 2022 and the date of Board's Report.

#### **33. Listing with Stock Exchanges**

The Company confirms that it has paid the Annual Listing Fees for the year Financial Year 2022 to the NSE and the BSE where the Company's equity shares are listed.

#### **34. Annual Return**

Pursuant to the provisions of section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014, the Annual Return of the Company is available on the website of the Company at the link: <https://www.cosmofilms.com/notifications-notices>

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

Details of Unclaimed Dividend and Shares transferred to IEPF during Financial Year 2021-22 are given in Corporate Governance Report.

#### **36. Corporate Social Responsibility**

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

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

The initiatives undertaken by your Company during the year have been detailed in CSR Section of this

Annual Report. The Annual Report on CSR activities in accordance with the Companies (Corporate Social Responsibility Policy) Rules, 2014, is set out herewith as **Annexure - E** to this Report.

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

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

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

The information required pursuant to Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is also enclosed as **Annexure - F** to this Report.

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

### **39. Employee Stock Options**

The Company has an Employee Stock Option Plan for the Employees of the Company and its Subsidiaries named as Cosmo Films Shares Based Employee Benefit Scheme, 2021 ("CF SBEB Scheme"). The Plan is in compliance with the SEBI (Share Based Employee Benefits) Regulations, 2014 and is administered by the HR, Nomination and Remuneration Committee of the Board constituted by the Company pursuant to the provision of Section

178 of the Companies Act, 2013 and Listing Regulations

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

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

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

- I. In preparation of the annual accounts, applicable accounting standards have been followed along with proper explanation relating to material departures.
- II. Accounting policies selected were applied consistently. Reasonable and prudent judgments and estimates are made so as to give a true and fair view of the state of affairs of the Company as of 31<sup>st</sup> March, 2022 and of the profits of the Company for the year ended on that date.
- III. Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- IV. The annual accounts of the Company have been prepared on a going concern basis.
- V. Proper Internal Financial Controls were in place and that the Financial Controls were adequate and were operating effectively.
- VI. Systems to ensure compliance with the provisions of all applicable laws were in place and were adequate and operating effectively.

### **41. Awards & Accolades**

**During the Year, Company has bagged:**

- **the SIES SOP Star Award under the Packaging Materials & Components for One side printable & other side Barrier coated Face stock Film;**
- **the SIES SOP Star Awards under the Packaging Materials & Components category for its Liner less Label Films and both side Top Coated Film;**



- **the IFCA Star Award under the Innovations in Structure category for its CPP Specialized Film;**
- **the IFCA Star Award under the Innovations category for its Heat Resistant BOPP Film;**
- **the National Level Scale Award (Exemplary Position) for Supply Chain and Logistics Excellence under Chemicals Category at the CII Conference in Bangalore in 2021.**

#### **42. Secretarial Standards**

During the Financial year 2022, the Company has complied with applicable Secretarial Standards issued by the Institute of the Company Secretaries of India.

#### **43. Acknowledgement**

Your Directors would also like to extend their gratitude for the co-operation received from financial institutions, the Government of India and regulatory

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

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

**Ashok Jaipuria**  
**Chairman**

**Date: May 09, 2022**

**Place: New Delhi**

**Annexure-A**

**CERTIFICATE ON CORPORATE GOVERNANCE**

To  
The Members of  
**Cosmo Films Limited**  
1008, DLF Tower-A, Jasola District Centre,  
New Delhi - 110025

1. We have examined the compliance of conditions of Corporate Governance by Cosmo Films Limited (the Company) for the year ended on March 31, 2022, as stipulated in Regulation 17 to 27 and clause (b) to (i) of Regulation 46(2) and para C, D and E of schedule V of the Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulation, 2015 as amended ("SEBI Listing Regulation")

**MANAGEMENT'S RESPONSIBILITY**

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

**OUR RESPONSIBILITY**

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

**OPINION**

5. Based on our examination of the relevant records and according to the information and explanations provided to us and the representations provided by the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C and D of Schedule V of the Listing Regulations during the year ended 31<sup>st</sup> March, 2022.
6. We further state that such compliance is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

**for BLAK & CO.**  
Company Secretaries

**(Archana Bansal)**

Mg. Partner

M.No. - A17865

COP No.- 11714

UDIN: 017865D000289829

Place : Ghaziabad, NCR

Date : 09/05/2022

## Annexure B

### SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> MARCH, 2022

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

To,  
The Members,

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

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

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, We hereby report that in our opinion, the company has, during the audit period covering the financial year ended on 31<sup>st</sup> March, 2022, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31<sup>st</sup> March, 2022 according to the provisions of applicable following laws:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
  - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018; **(Not applicable to the Company during the Audit Period)**
  - d) Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
  - e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; **(Not applicable to the Company during the Audit Period)**
  - f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client; **(Not applicable to the Company during the Audit Period)**
  - g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; **(Not applicable to the Company during the Audit Period)** and
  - h) The Securities and Exchange Board of India (Buyback of Securities) Regulations 2018 **(Not applicable to the Company during the Audit Period)**

**(vi) The other laws as may be applicable specifically in case of the Company on the basis of documents/information produced before us:**

- a) Goods & Service Tax Act, 2017
- b) Custom Act, 1962
- c) Income Tax Act, 1961 and Indirect Tax Laws
- d) Indian Contract Act, 1872
- e) Indian Stamp Act, 1999
- f) Limitation Act, 1963
- g) Negotiable Instrument Act, 1981
- h) Registration Act, 1908
- i) Sale of Goods Act, 1930
- j) Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013
- k) Transfer of Property Act, 1882
- l) Weekly Holidays Act, 1942
- m) Legal Metrology Act, 2009,

**(vii) Following Labour laws as applicable to the Company;**

- i. The Factories Act 1948 and rules made thereunder
- ii. Payment of wages Act, 1936 and rules made thereunder,
- iii. Minimum wages Act, 1948 and rules made thereunder,
- iv. Employees State Insurance Act, 1948 and rules made thereunder,
- v. Employee Compensation Act, 1923,
- vi. Equal Remuneration Act, 1976,
- vii. Contract Labour (Abolition & Regulation) Act, 1970,
- viii. Payment of Bonus Act, 1965 and rules made thereunder,
- ix. Payment of Gratuity Act, 1972 and rules made thereunder,
- x. The Apprentices Act, 1961,
- xi. Industrial Disputes Act, 1947 and rules made thereunder,
- xii. Fatal Accident Act, 1955
- xiii. The Equal remuneration Act, 1976 and rules made thereunder,
- xiv. The Employee Compensation Act, 1923 and rules made thereunder,
- xv. Maternity Benefit Act, 1961 and rules made thereunder
- xvi. The Bombay Shop & Establishment Act, 1948
- xvii. The Air (Prevention and Control of Pollution) Act, 1981 and rules made thereunder,
- xviii. The Water (Prevention and Control of Pollution) Act, 1974 and rules made thereunder,
- xix. Hazardous Waste (Management and Handling) Rules, 1989 and Amendment Rules, 2003,
- xx. Environment Protection Act, 1986,
- xxi. Industrial Employment (Standing Orders) 1946,
- xxii. Trade Union Act, 1946/,
- xxiii. Employees Provident Fund Act 1952 and EPS 1995
- xxiv. All other labour laws applicable to the industries.



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

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

During the Audit period under review, the Company has complied with provisions of the Act, Rules, Regulations, Guidelines, standard etc mentioned above.

**We further report that:**

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

**We further report that:**

Based upon compliance mechanism established by the Company and on the basis of compliance certificate issued by the management of the Company and taken on record by the Board of directors of the Company, there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

**We further report that:**

During the audit period no specific events / actions having a major bearing, except as reported hereinabove below on the company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc.-

**for BLAK & CO.**  
Company Secretaries

**(Archana Bansal)**  
Mg. Partner

M.No. - A17865  
COP No.- 11714

UDIN: 017865D000289829

Place : Ghaziabad, NCR  
Date : 09/05/2022

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

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

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

**for BLAK & CO.**  
Company Secretaries

**(Archana Bansal)**

Mg. Partner

M.No. - A17865

COP No.- 11714

UDIN: 017865D000289829

Place : Ghaziabad, NCR

Date : 09/05/2022

**Annexure C**  
**FORM NO. AOC-2**

(Pursuant to clause (h) of sub-section (3) of section 134 of the Companies Act, 2013 and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto

**1. Details of contracts or arrangements or transactions not at arm's length basis:**

There are no contract/arrangements entered into by the Company with related parties referred to in sub-section (1) of Section 188 of the Companies Act, 2013 which are not at arm's length basis.

**2. Details of material contracts or arrangement or transactions at arm's length basis:**

(a)	(b)	(c)	(d)	(e)	(f)
Name of the related party and nature of relationship	Nature of contracts/ arrangements/ transactions	Duration of the contracts/ arrangements/ transactions	Salient terms of the contracts or arrangements or transactions including the value, if any	Date of approval by the Board, if any	Amount paid as advances, if any
Cosmo Films Inc. Wholly-owned step down Subsidiary Company	Sale of Goods	On-going	The related party transactions entered during the year were in the ordinary course of business and on arm's length basis. Amount - ₹ 337.10 Crores	NA	Nil

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

Place : New Delhi  
 Date : May 09, 2022

Ashok Jaipuria  
 Chairman

**Annexure - D**

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

**A. CONSERVATION OF ENERGY**

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

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

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

- (i) Utilization of CT water for Lines, Chill Roll water Bath instead of Chilled Water. The aim is to utilize CT water in place of Chilled water to reduce chilling load on Chillers resulting in energy saving.
- (ii) Installation of Inverters for Blowers. The theme behind this project is to run blowers at variable speed instead of fixed speed as per process requirement to save energy.
- (iii) Contract Demand reduction - The theme behind this project is to reduce partial Contract demand to match optimum load requirement & to avail Load factor incentive in monthly Electricity bill.
- (iv) Incorporated interlock such that Chill Roll & Water bath is "OFF" during plant stoppage - The theme behind this project is to stop wastage of power during plant stoppage.
- (v) FCU for Panel room - The theme behind this project is to replace Air-conditioned load with low consumption FCU Unit without affecting cooling performance.
- (vi) Energy Saving in Air Compressor by optimizing operational parameters.
- (vii) Energy Saving from Chiller Cooling Tower Pump by reducing Flow
- (viii) Centralized Chilling system for coating plants.
- (ix) Improving equipment efficiency.
- (x) Optimum loading of power & distribution transformer to reduce the Load losses
- (xi) Energy Efficient heating system for EREMA recycling plant.
- (xii) Energy Efficient heating system for NGR recycling plant.
- (xiii) Installation of LED Lighting (Indoor & Outdoor).
- (xiv) SEZ - Optimization of FO Consumption
- (xv) Use of day light for illumination.

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

- i) Converted electrical heating into oil heating.
- ii) Converted gas based heating to FO/Coal based heating.
- iii) Installation of Solar Generation plant - The aim is to utilize Solar Energy for power generation thus reduction in unit cost & support to green environment
- iv) Use of Wind Energy - The aim is to utilize wind Energy for power generation thus reduction in unit cost & support to green environment

**(iii) Capital investment on energy conservation equipments during the year: ₹ 1.40 Crores**

**B. TECHNOLOGY ABSORPTION**

**(i) Efforts made towards technology absorption :**

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



The technology absorption efforts made by the company during the year are listed below:

- i) Metalizer up gradation - The theme behind this project is to upgrade Electronic & Mechanical so as to reduce vacuum cycle time / increase up time & productivity of plant
  - ii) Installation of Induction heaters for barrel heating at NGR - The theme behind this project is to convert conventional electrical heating by use of Induction heating cause less energy consumption.
  - iii) Modifications in Heating system(Extrusion)
  - iv) Automation of Raw material feeding System
  - v) Upgradation of AHU cooling system
- (ii) The benefits derived are like product improvement, cost reduction, product development, import substitution and Growth in business
- (iii) In case of imported technology (Imported during the last 3 years reckoned from the beginning of the financial year)
- (a) Details of Technology Imported
  - (b) Year of Import
  - (c) Whether the technology been fully absorbed
  - (d) If not fully absorbed, areas where this has not taken place, and reasons thereof
- N.A. (The Company has not imported any technology)**
- (iv) Expenditure incurred on Research and Development: ₹ 14.30 Crores.  
R & D expenditure as percentage of net sales: 0.42%

#### **C. FOREIGN EXCHANGE EARNINGS AND OUTGO**

The Company's foreign exchange earnings were ₹ 1292 Crores (Previous Year ₹ 928 Crores). The total foreign exchange utilized during the year amounted to ₹ 739 Crores (Previous Year ₹ 284 Crores).

## Annexure - E

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

[Pursuant to clause (o) of sub-section (3) of section 134 of the Companies Act, 2013 and Rule 9 of the Companies (Corporate Social Responsibility) Rules, 2014]

#### 1. Brief outline on CSR Policy of the Company

Cosmo Films is committed to sustainable development of all sections of society and preservation of Environment. CSR Projects of the Company are primarily related to education, environment including plantation drive, life skill education, green and clean initiatives and covid relief activities.

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

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

Sl. No.	Name of Director	Designation/Nature of Directorship	Number of Meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1.	Mr. Anil Wadhwa	Chairman/Non-Executive Independent Director	1	1
2.	Mr. Ashok Jaipuria	Member/Executive Director	1	1
3.	Mr. A. K. Jain	Member/Executive Director	1	1
4.	Ms. Alpana Parida	Member/Non-Executive Independent Director	1	1

3. Web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the Board are disclosed on the website of the company: <https://www.cosmofilms.com/policies> and <https://www.cosmofilms.com/board-committees>

4. Details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, if applicable (attach the report): **NOT APPLICABLE**

5. Amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any: **NOT APPLICABLE**

(₹ in Crores)

Sl. No.	Financial Year	Amount available for set-off from preceding financial years (in ₹)	Amount required to be set-off for the financial year, if any (in ₹)

6. Average net profit of the company as per section 135(5): **₹ 177.42 Crores.**

7. (a) Two percent of average net profit of the company as per section 135(5): **₹ 3.55 Crores.**

(b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years: **₹ NIL**

(c) Amount required to be set off for the financial year, if any: **₹ NIL**

(d) Total CSR obligation for the financial year (7a+7b-7c): **₹ 3.55 Crores.**

8. (a) CSR amount spent or unspent for the financial year: (₹ in Crores)

Total Amount Spent for the Financial Year	Amount Unspent				
	Total Amount transferred to Unspent CSR Account as per section 135(6)		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5)		
	Amount	Date of transfer	Name of the Fund	Amount	Date of transfer
₹ 2.80	₹ 0.75	27 <sup>th</sup> April, 2022		NIL	

(b) Details of CSR amount spent against ongoing projects for the financial year:

(₹ in Crores)

(1) S. No	(2) Name of the Project	(3) Item from the list of activities in Schedule VII to the Act	(4) Local area (Yes/No)	(5) Location of the Project		(6) Project duration	(7) Amount allocate for the project	(8) Amount spent in the current financial Year	(9) Amount transferred to Unspent CSR Account for the project as per Section 135(6)	(10) Mode of Implementation Direct (Yes/No)	(11) Mode of Implementation- Through Implementing Agency	
				State	District						Name	CSR Registration No.
1.	Cosmo Tree Plantation Drive	Environment Sustainability	Yes	Gujarat Maharashtra, Delhi	Vadodara Aurangabad Delhi	3 years	1.71	0.75	0.75	By Cosmo Foundation with its implementing partner	Centre For Environment & Education (CEE) and PRAYAS Youth Foundation	AAATN05 49BF 20214 AACTP5 556CE 20177

- Name of implementing agency is **Centre For Environment & Education** which is a registered trust under 12AA.
- Name of implementing agency is **PRAYAS Youth Foundation** which is a registered trust under 12AA.

(c) Details of CSR amount spent against other than ongoing projects for the financial year: (₹ in Crores)

(1) S. No	(2) Name of the Project	(3) Item from the list of activities in Schedule VII to the Act	(4) Local area (Yes/No)	(5) Location of the Project		(6) Amount spent for the project	(7) Mode of Implementation-Direct (Yes/No)	(8) Mode of Implementation- Through Implementing Agency	
				State	District			Name	CSR Registration No.
1.	Cosmo Educational Programs	Promoting Education	Yes	Gujarat Maharashtra New Delhi	Vadodara Aurangabad Delhi	1.85	Direct	Cosmo Foundation	CSR00007606
2.	Response to COVID - 19 and philanthropic support to organizations.	Disaster relief COVID-19	Yes	Gujarat Maharashtra New Delhi	Vadodara Aurangabad Delhi	0.54	Direct	Cosmo Foundation	CSR00007606
3.	Construction of Sanitation blocks at Govt schools	Preventive Healthcare	Yes	Gujarat Maharashtra	Vadodara Aurangabad	0.59	Direct	Cosmo Foundation	CSR00007606
4.	Maintenance of Garden and cleanliness	Environment Sustainability	Yes	Gujarat	Vadodara	0.02	Direct	Cosmo Foundation	CSR00007606
						3.00*			

\* includes ₹ 0.95 Cr. spent by the foundation out of contribution received from third parties and the surplus carried forward from previous years.

(d) Amount spent in Administrative Overheads: ₹ NIL

(e) Amount spent on Impact Assessment, if applicable: ₹ NIL

(f) Total amount spent for the Financial Year (8b+8c+8d+8e): ₹ 2.80 Crores

**(g) Excess amount for set off, if any** **(₹ in Crores)**

Sl. No.	Particulars	Amount
i.	Two percent of average net profit of the company as per section 135(5)	Nil
ii.	Total amount spent for the Financial Year	Nil
iii.	Excess amount spent for the financial year [(ii)-(i)]	Nil
iv.	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	Nil
v.	Amount available for set off in succeeding financial years [(iii)-(iv)]	Nil

**9. (a) Details of Unspent CSR amount for the preceding three financial years:**

Sl. No.	Preceding Financial Year	Amount transferred to Unspent CSR Account under section 135 (6)	Amount spent in the reporting Financial Year	Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(6)			Amount remaining to be spent in Succeeding financial years
				Name of the Fund	Amount	Date of transfer	
1	2018-19	NIL	NIL	NIL	NIL	NIL	
2	2019-20	NIL					
3	2020-21	NIL					

**(b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s):**  
**NOT APPLICABLE**

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
S. No	Project ID	Name of the Project	Financial Year in which the project was Commenced	Project Duration	Total amount allocated for the project	Amount spent on the project in the reporting Financial Year	Cumulative amount spent at the end of reporting Financial Year	Status of the project- Completed/ Ongoing

**10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year: (asset-wise details):** **NOT APPLICABLE**

**11. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per section 135(5):** **Not Applicable as the total spent including the amount transferred to unspent CSR account equals to two percent of the average net profit as per section 135(5).**

**Ashok Jaipuria**  
 (Chairman & Managing Director)  
 DIN:00214707

**Anil Wadhwa**  
 (Chairman-CSR Committee)  
 DIN: 08074310

**Annexure - F**

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

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

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

Name of the Director	Ratio
1. Mr. Ashok Jaipuria	723.40
2. Mr. A. K. Jain	71.00

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

Name	Designation	% increase
Mr. Ashok Jaipuria	Chairman & Managing Director	71%
Mr. A. K. Jain	Whole Time Director	30%
Mr. Pankaj Poddar	Chief Executive Officer	43%
Mr. Neeraj Jain	Chief Financial Officer	25%
Ms. Jyoti Dixit	Company Secretary	9%

3. **Percentage increase in the median remuneration of all employees in the Financial Year 2021-22: 9.30%**
4. **Number of Permanent employees on the rolls of Company as on 31<sup>st</sup> March, 2022: 1039**
5. **Average percentage increase made in salary of employees other than the Managerial Personnel in the last Financial Year and its comparison with the percentage increase in the Managerial Remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the Managerial Remuneration:**

Average increase in remuneration for Employees other than Managerial Personnel and for Managerial Personnel is 9% and 66% respectively. The increase in remuneration of managerial personnel is due to increase in profit linked variable component.

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

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

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

**General Note:**

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



## REPORT ON CORPORATE GOVERNANCE

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

### COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

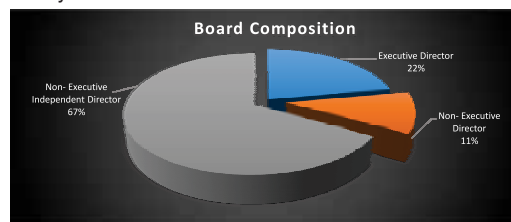
For Cosmo, maintaining the highest standards of corporate governance is not a matter of mere form but also of substance. It is an article of faith, a way of life, and an integral part of the Company's core values. Your company is committed for adopting best global practice of Corporate Governance. The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

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

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

The Company is managed and controlled through a professional body of Board of Directors, which comprise of an optimum combination of Executive and

Non-Executive Independent Directors headed by the Chairman. The strength of Board of Directors is Nine (9), out of which two (2) are Executive Directors, One (1) is Non-Independent Non-Executive Director and Six (6) are Independent Non-Executive Directors. Therefore, more than half of the Board comprises of Independent Directors. The Company's Board consists of eminent persons with considerable professional expertise and experience. The independent directors do not have any pecuniary relationship or transactions with the company, promoters, and management, which may affect independence or judgement of the Directors in any manner.



- i. The composition of the Board of Directors of the Company is in conformity with the provisions of Regulation 17 of Listing Regulations. The structure of the Board and record of other Directorships, Committee memberships & Chairmanships and shareholding in the Company as on 31<sup>st</sup> March, 2022 is as under:

Name of the Director	DIN	Category	Designation	No. of other Directorships Held	Total No. of other Chairmanships/ Memberships of Board Level Committees			Shareholding (as on 31 <sup>st</sup> March, 2022)
					Chairmanship	Membership	Total	
Mr. Ashok Jaipuria	00214707	Promoter Director	Chairman & Managing Director	2	NIL	NIL	NIL	272684
Mr. A. K. Jain	00027911	Executive Director	Whole Time Director	1	1	1	2	6500
Ms. Alpana Parida	06796621	Independent Non-Executive Director	Director	4	1	3	4	Nil
Mr. H. K. Agrawal	00260592	Independent Non-Executive Director	Director	NIL	NIL	NIL	NIL	1000
Mr. H. N. Sinor	00074905	Independent Non-Executive Director	Director	1	NIL	1	1	Nil
Mr. Pratip Chaudhuri	00915201	Non-Independent Non- Executive Director	Director	5	NIL	4	4	Nil
Mr. Anil Wadhwa	08074310	Independent Non-Executive Director	Director	2	1	3	4	Nil
Mr. Rakesh Nangia	00147386	Independent Non-Executive Director	Director	NIL	NIL	NIL	NIL	21480
Mr. Arjun Singh	01942319	Independent Non-Executive Director	Director	NIL	NIL	NIL	NIL	NIL

#### Notes:

- i. The Directorships held by Directors as mentioned above, do not include Alternative Directorship, Directorships in Foreign Companies, Companies registered under Section 8 of Companies Act, 2013 and Private Limited Companies.

- II. Membership(s) / Chairmanship(s) of only the Audit Committee and Stakeholders Relationship Committee of all Public Limited Companies have been considered.
- III. None of the Directors is a member of more than 10 Board-level committees of public Companies in which they are Directors, nor is chairman of more than 5 such committees.
- IV. None of the Independent Directors of the Company serves as an Independent Director in more than seven Listed Companies and where any Independent Director is serving as whole-time director in any listed company, such director is not serving as Independent Director in more than three listed companies.
- V. None of the Directors had any relationships inter-se.

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

Name of the Director	DIN	Name of listed entities in which the concerned Director is a Director	Category of Directorship
Mr. Ashok Jaipuria	00214707	Somany Home Innovation Limited	Independent Non- Executive Director
Mr. A. K. Jain	00027911	-	-
Ms. Alpana Parida	06796621	GRP Limited	Independent Non- Executive Director
		FSN E-Commerce Ventures Limited	Independent Non- Executive Director
Mr. H. K. Agrawal	00260592	-	-
Mr. H. N. Sinor	00074905	Themis Medicare Limited	Independent Non- Executive Director
Mr. Pratip Chaudhuri	00915201	CESC Limited	Independent Non- Executive Director
		Firstsource Solutions Limited	Independent Non- Executive Director
		Muthoot Finance Limited	Independent Non- Executive Director
		Spencer's Retail Limited	Independent Non- Executive Director
Mr. Anil Wadhwa	08074310	AGI Greenpac Limited (Formerly known as HSIL Limited)	Independent Non- Executive Director
		Jindal Steel & Power Limited	Independent Non- Executive Director
Mr. Rakesh Nangia	00147386	-	-
Mr. Arjun Singh	01942319	-	-

**iii. Skills/ Expertise/ Competencies Matrix of the Board of Directors**

The core skills/ expertise/ competencies as identified by the Board of Directors as required in the context of the Company's business(es) and sector(s) for it to

function effectively and those actually available with the Board of Directors are given below.

The matrix below highlights the skills and expertise, which are currently available with the Board of Directors of the Company.

Skills/Expertise/Competencies	Mr. Ashok Jaipuria	Mr. A. K. Jain	Mr. H.K. Agrawal	Mr. H.N. Sinor	Mr. Pratip Chaudhuri	Ms. Alpana Parida	Mr. Anil Wadhwa	Mr. Rakesh Nangia	Mr. Arjun Singh
Business accumen and experience	✓	✓	✓	✓	✓	✓	✓	✓	✓
Strategic thinking and planning	✓	✓	✓	✓	✓	✓	✓	✓	✓
Financial and risk management	✓	✓	✓	✓	✓	✓	✓	✓	✓
People management and leadership	✓		✓	✓	✓	✓	✓	✓	✓
Digital technology and e-commerce	✓	✓				✓			✓
Corporate governance, legal and regulatory	✓	✓	✓	✓	✓	✓	✓	✓	
Corporate social responsibility(CSR) and ESG	✓				✓	✓	✓	✓	✓

**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 Six times on 20<sup>th</sup> May, 2021, 04<sup>th</sup> August, 2021, 16<sup>th</sup> September,

2021, 27<sup>th</sup> October, 2021, 25<sup>th</sup> January, 2022 & 30<sup>th</sup> March, 2022 during the Financial Year ended 31<sup>st</sup> March, 2022. 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 23 <sup>rd</sup> July, 2021
	Held	Attended	
Mr. Ashok Jaipuria	6	6	Yes
Mr. A.K. Jain	6	6	Yes
Ms. Alpana Parida	6	6	No
Mr. H.N. Sinor	6	6	Yes
Mr. H. K. Agrawal	6	6	Yes
Mr. Pratip Chaudhuri	6	6	Yes
Mr. Anil Wadhwa	6	6	Yes
Mr. Rakesh Nangia	6	6	Yes
Mr. Arjun Singh*	3	2	NA

*\*Mr. Arjun Singh appointed as Additional Director w.e.f. 27<sup>th</sup> October, 2021*

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

The Board has unfettered and complete access to any information within the Company and to any employee of the Company. Necessary information as mentioned in Schedule II of Listing Regulations has been regularly placed before the Board for its consideration.

**C. FAMILIARISATION PROGRAMME FOR DIRECTORS**

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

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

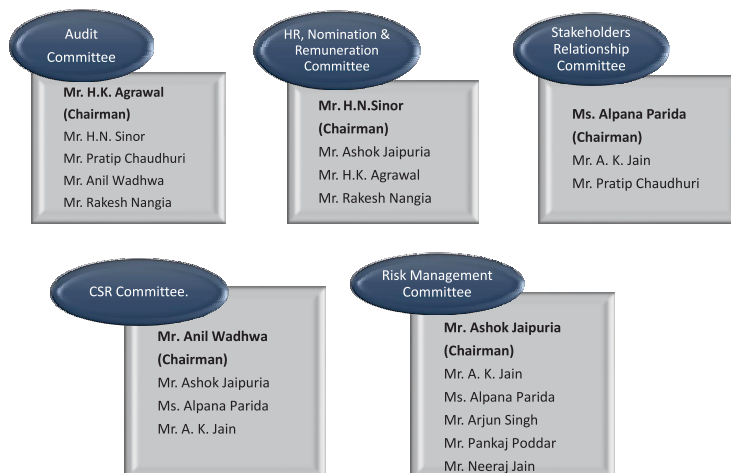
The induction programme includes:

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

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

**D. BOARD LEVEL COMMITTEES**

In accordance with the Companies Act, 2013 and Listing Regulations on Corporate Governance, the following committees were in operation:



## 1. AUDIT COMMITTEE

- Terms of reference**

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

- Meetings and attendance during the year**

The Audit Committee met Five times during the financial year from 01<sup>st</sup> April, 2021 to 31<sup>st</sup> March, 2022:

1. 16 <sup>th</sup> April, 2021	2. 20 <sup>th</sup> May, 2021
3. 4 <sup>th</sup> August, 2021	4. 27 <sup>th</sup> October, 2021
5. 25 <sup>th</sup> January, 2022	

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 Members	Attended
Mr. H.K. Agrawal	5	5
Mr. H.N. Sinor	5	5
Mr. Pratip Chaudhuri	5	5
Mr. Anil Wadhwa	5	5
Mr. Rakesh Nangia	5	4

## 2. STAKEHOLDERS RELATIONSHIP COMMITTEE

- Terms of reference**

Terms of reference of the Stakeholders Relationship Committee are as per the guidelines set out in the Listing Regulations and Companies Act, 2013 which inter-alia include looking into the investor's complaints on transfer of shares, non-receipt of declared dividends etc. and redressal thereof. To expedite the process of share transfers the Board has delegated the power of share transfer to M/s Alankit Assignments Limited viz. Registrar and Share Transfer Agent who attend the share transfer formalities at least once in a fortnight.

- Meetings and attendance during the year**

The Stakeholders Relationship Committee met four times during the financial year from 01<sup>st</sup> April, 2021 to 31<sup>st</sup> March, 2022:

1. 20 <sup>th</sup> May, 2021	2. 04 <sup>th</sup> August, 2021
3. 27 <sup>th</sup> October, 2021	4. 25 <sup>th</sup> January, 2022

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

Names of the Stakeholders Relationship Committee Members	Number of Meetings	
	Held during the tenure of Members	Attended
Ms. Alpana Parida	4	4
Mr. Pratip Chaudhuri	4	4
Mr. A. K. Jain	4	4

- Compliance Officer**

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

- Shareholders' Complaints etc. received during the FY- 2021-22**

During the year from 01<sup>st</sup> April, 2021 to, 31<sup>st</sup> March, 2022 the Company received 3 complaints from various Investors / Shareholders. The same were attended to the satisfaction of the Investors. At the end of 31<sup>st</sup> March, 2022, no complaint was pending for redressal.

## 3. HR, NOMINATION AND REMUNERATION COMMITTEE

- Terms of reference**

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

The terms of the reference of HR, Nomination and Remuneration Committee covers the areas mentioned under Part D of Schedule II of Listing Regulations as well as section 178 of the Companies Act, 2013.

- **Meetings and attendance during the year**

The HR, Nomination & Remuneration Committee met Six times during the financial year from 01<sup>st</sup> April, 2021 to 31<sup>st</sup> March, 2022

1. 20 <sup>th</sup> May, 2021	2. 04 <sup>th</sup> August, 2021
3. 16 <sup>th</sup> September, 2021	4. 27 <sup>th</sup> October, 2021
5. 08 <sup>th</sup> December, 2021	6. 30 <sup>th</sup> March, 2022

The attendance record of the HR, Nomination & Remuneration Committee Members is given in following table:

Names of the HR, Nomination and Remuneration Committee Members	Number of Meetings	
	Held during the tenure of Directors	Attended
Mr. H.N. Sinor	6	6
Mr. Ashok Jaipuria	6	6
Mr. H. K. Agrawal	6	6
Mr. Pratip Chaudhuri*	3	3
Mr. Rakesh Nangia	6	5

\* *Mr. Pratip Chaudhuri ceased to be member of the Committee w.e.f 16<sup>th</sup> September, 2021*

- **Compliance Officer**

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

- **Remuneration Policy**

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

The Non-Executive Directors are paid remuneration by way of Commission and Sitting Fees. The Non-Executive Directors are paid sitting fees for each meeting of the Board or Committee of Directors attended by them. The total amount of sitting fees paid during the Financial Year 2021-2022 was ₹ 34.50 Lakhs. The Non-Executive Independent Directors do not have any material pecuniary relationship or transactions with the Company.

**B. Remuneration to Executive Directors**

The appointment and remuneration of Executive Directors including Chairman and Managing Director and Whole-time Director is governed by the recommendation of the HR, Nomination and Remuneration Committee, resolutions passed by the Board of Directors and shareholders of the Company. The remuneration package of Chairman and Managing Director and Whole-time Director comprises of salary,

perquisites, allowances, and contributions to Provident and other Retirement Benefit Funds as approved by the shareholders at the General Meetings.

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

- **Remuneration Paid to Directors**

Following tables gives the details of remuneration paid to directors, during the year from 01<sup>st</sup> April, 2021 to 31<sup>st</sup> March, 2022:

- **Remuneration to Non- Executive Directors**

S. No.	Name of Director	Sitting Fees (₹)	Commission (₹)
1.	Mr. H.K. Agrawal	5,75,000	30,00,000
2.	Mr. Pratip Chaudhuri	6,75,000	30,00,000
3.	Mr. H.N Sinor	6,00,000	30,00,000
4.	Ms. Alpana Parida	5,00,000	30,00,000
5.	Mr. Anil Wadhwa	4,50,000	30,00,000
6.	Mr. Rakesh Nangia	5,25,000	30,00,000
7.	Mr. Arjun Singh*	1,25,000	12,82,192

\* *Mr. Arjun Singh appointed as additional Director w.e.f. 27<sup>th</sup> October, 2021*

- **Remuneration to Executive Directors\***

Sl. No.	Particulars	Designation	Salary (₹)	Commission (₹)	Contribution to provident & Superannuation Funds (₹)	Total Amount (₹)
1	Mr. Ashok Jaipuria	Chairman & Managing Director	7,50,00,000	28,75,18,348	2,02,50,000	38,27,68,348
2.	Mr. A. K. Jain	Whole time Director	3,55,81,972	-	12,57,834	3,68,39,806

\*This does not include value of perquisites

The Company under the Cosmo Films Share Based Employee Benefits Scheme, 2021 (erstwhile known as Cosmo Films Employee Stock Plan 2015) granted 79100- stock options to Mr. A.K. Jain, Executive Director in four installments. These Options vested after 3 years from the respective granting date. These options were exercisable within ten years from the date of vesting of the options. Out of these 27000 options were exercised during the financial year and 52100 are outstanding as on 31<sup>st</sup> March, 2022.

**4. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE**

The Corporate Social Responsibility (CSR) Committee has been constituted by the Board in compliance with the requirements of Section 135 of the Companies Act, 2013.



• **Terms of reference**

The terms of reference of the CSR Committee are:

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

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

• **Meetings and attendance during the year**

The Corporate and Social Responsibility Committee met once on 29<sup>th</sup> September, 2021 during the Financial Year from 01<sup>st</sup> April, 2021 to 31<sup>st</sup> March, 2022.

Names of the Corporate Social Responsibility Members	Number of Meetings	
	Held during the tenure of Directors	Attended
Mr. Anil Wadhwa	1	1
Mr. Ashok Jaipuria	1	1
Ms. Alpana Parida	1	1
Mr. A. K. Jain	1	1

**5. RISK MANAGEMENT COMMITTEE**

• **Terms of reference**

The Company has constituted the Risk Management Committee on 20<sup>th</sup> May, 2021, which comprises of four directors and two members. The Terms of reference of the Risk Management Committee are in conformity with the provisions of Regulation 21 of Listing Regulations, and includes monitoring and reviewing of risk management plan and reporting the same to the Board of Directors periodically as it may deem fit, in addition to any other terms as may be referred by the Board of Directors, from time to time.

• **Meetings and attendance during the year**

The Risk Management Committee met two times

during the financial year from 01<sup>st</sup> April, 2021 to 31<sup>st</sup> March, 2022:

1. 26 <sup>th</sup> October, 2021	2. 30 <sup>th</sup> March, 2022
-----------------------------------	---------------------------------

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

Names of the Risk Management Committee Members	Number of Meetings	
	Held during the tenure of Directors	Attended
Mr. Ashok Jaipuria	2	2
Mr. A. K. Jain	2	2
Ms. Alpana Parida	2	2
Mr. Arjun Singh*	1	0
Mr. Pankaj Poddar	2	2
Mr. Neeraj Jain	2	2

*\* Mr. Arjun Singh appointed as the member of the Committee w.e.f. 27<sup>th</sup> October, 2021*

**E. INDEPENDENT DIRECTORS:**

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

**a) Training of Independent Directors**

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

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

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

The Board evaluates the performance of Non-Executive and Independent Directors every year. All the Non-Executive and Independent Directors are eminent personalities having wide experience in the field of business, industry and administration.

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

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

The Independent Directors held a Meeting on

30<sup>th</sup> March, 2022 without the attendance of Non-Independent Directors and members of Management. Majority of the Independent Directors were present at the meeting. The following issues were discussed in detail:

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

## F. GENERAL BODY MEETINGS

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

Year	Place	Date	Time	Special Resolution Passed
2018-19	Lakshmiptat Singhania Auditorium, PHD Chamber of Commerce and Industry, PHD House, 4/2 Siri Institutional Area, August Kranti Marg, New Delhi 110016	25 <sup>th</sup> July, 2019	11:30 A.M.	Special Resolutions were Passed
2019-20	Through Video Conferencing (Deemed venue of the meeting: 1008, DLF Tower-A, Jasola District Centre, New Delhi-110025	07 <sup>th</sup> August, 2020	3:00 P.M.	Special Resolutions were Passed
2020-21	Through Video Conferencing (Deemed venue of the meeting: 1008, DLF Tower-A, Jasola District Centre, New Delhi-110025	23 <sup>rd</sup> July, 2021	3:00 P.M.	Special Resolutions were Passed

### II. Postal Ballot

During the financial year ended 31<sup>st</sup> March, 2022, no resolution was passed through postal ballot.

## G. AFFIRMATIONS AND DISCLOSURES:

### Compliance with Mandatory requirements of Listing Regulations

The Company has complied with all the applicable mandatory requirements of Listing Regulations.

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

All such transactions were reviewed and approved

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

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

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

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

2. The Company has complied with the requirements of stock exchanges or SEBI on matters related to Capital Markets, as applicable. Neither were any penalties imposed, nor were any strictures passed by Stock Exchange or SEBI or any statutory authority on any capital market related matters during the last three years. The Company received a letter from SEBI dated 26<sup>th</sup> July, 2021 seeking several information and documents. The information was duly submitted within the prescribed timeline.
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 2022. A declaration to this effect, signed by the Chief Executive Officer is annexed to this report.
4. **Whistleblower Policy:** The Company has a vigil mechanism/whistle blower policy. No personnel of the Company has been denied access to the Audit committee and whistle blower mechanism enabling stakeholders, including individual employees and their representative bodies, to freely communicate their concerns about illegal or unethical practices.
5. **Policy on Material Subsidiaries:** The Company

has framed a Policy for determining Material Subsidiaries and the same is available on the website of the Company at [www.cosmofilms.com](http://www.cosmofilms.com). weblink of the same is given below:

[http://www.cosmofilms.com/uploads/policy/Policy\\_For\\_Determining\\_Material\\_Subsiadiaries.pdf](http://www.cosmofilms.com/uploads/policy/Policy_For_Determining_Material_Subsiadiaries.pdf)

6. During the Financial Year ended 31<sup>st</sup> March, 2022 the Company did not engage in commodity hedging activities.
7. During the Financial Year ended 31<sup>st</sup> March, 2022, the Company did not raised any funds through preferential allotment or qualified institutions placement as specified under Regulation 32(7A) of the Listing Regulations.
8. During the Financial Year ended 31<sup>st</sup> March, 2022 the Company has not issued any debt instruments or fixed deposit programme involving mobilization of funds, whether in India or abroad.
9. A certificate from a company secretary in practice confirming that none of the Directors on the Board of the company have been debarred or disqualified from being appointed or continuing as Directors of companies by the Board/Ministry of Corporate Affairs or any such statutory authority, is annexed to this report.
10. There have been no instances of non-acceptance of any recommendations of any of the Committee by the Board during the Financial Year under review.
11. Total fees of ₹ 80 Lakh for financial year 2021-2022, for all services, was paid by the Company and its subsidiaries, on a consolidated basis, to the statutory auditor and all entities in the network firm/network entity of which the statutory auditor is a part.
12. During the year from 01<sup>st</sup> April, 2021 to 31<sup>st</sup> March, 2022 the Company has not received any complaint under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. At the end of 31<sup>st</sup> March, 2022, no complaint was pending for redressal.
13. The necessary certificate under Part B of Schedule II of Listing Regulations, is annexed to this report.
14. The Company Secretary has a key role to play in ensuring the Board procedures and statutory compliances are properly followed. A certificate from the Company Secretary indicating the compliance of Companies Act, 2013 and Listing Regulations has been annexed to this report.
15. **Management Discussion and Analysis Report:** The Management Discussion and Analysis has

been discussed in detail separately in this Annual Report.

16. **Compliance Certificate from Practicing Company Secretary:** Certificate from Practicing Company Secretary confirming compliance with conditions of Corporate Governance as stipulated in Part C of Schedule V of Listing Regulations, is annexed to this report.
17. Other disclosures as required under Listing Regulations has been given at relevant places in the Annual Report.
18. Non-mandatory requirements—Adoption of non-mandatory requirements of the Listing Regulations is being reviewed by the Board from time to time.
19. The Company has fully complied with the applicable requirements specified in Reg. 17 to 27 and clause (b) to (i) of sub-regulation (2) of regulation 46 of the Listing Regulations.
20. There has been no instance of non-compliance of any requirement of Corporate Governance Report.
21. The Company has not given any loan and advance to firms/companies in which Directors are interested.

#### **H. MEANS OF COMMUNICATION / INVESTORS' COMMUNICATION**

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

#### **I. INFORMATION TO SHAREHOLDERS**

1. **REGISTERED AND CORPORATE OFFICE**  
1008, DLF Tower-A, Jasola District Centre, 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 01<sup>st</sup> April, 2021 to 31<sup>st</sup> March, 2022 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 30 <sup>th</sup> June, 2022.	August, 2022
Financial results for the 2 <sup>nd</sup> quarter and half year ending 30 <sup>th</sup> September, 2022	November, 2022
Financial results for the 3 <sup>rd</sup> quarter and nine months ending 31 <sup>st</sup> December, 2022	February, 2023
Financial results for the last quarter and financial year ending 31 <sup>st</sup> March, 2023	May, 2023

### 4. WEBSITE

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

### 5. DIVIDEND

The Board has declared First Interim Dividend of ₹ 25/-per Equity Share and second Interim Dividend of ₹ 10/- per Equity Shares for the Financial Year 2021-2022 on 16<sup>th</sup> September, 2021 and 25<sup>th</sup> January, 2022 respectively, which has been paid to the shareholders.

- **UNPAID/UNCLAIMED DIVIDENDS**

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

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

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

Particulars	31 <sup>st</sup> March, 2022		31 <sup>st</sup> March, 2021	
	No. of Shares	% (Holding)	No. of Shares	% (Holding)
Promoters	8012737	44.09	8038337	44.23
Institutional Investors	1304942	7.18	929293	5.11
Bodies Corporate	791624	4.36	797934	4.39
Others	8063412	44.37	8407151	46.27
<b>Total</b>	<b>18172715</b>	<b>100</b>	<b>18172715</b>	<b>100</b>

from the Authority.

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

In terms of the provisions of Investor Education and Protection Fund (Accounting, Audit, Transfer and Refund) Rules, 2016, ₹ 391,932/- of unpaid / unclaimed dividend (unpaid since FY 2013-14) and 8631 shares were transferred during the financial year 2021-22 to the Investor Education and Protection Fund.

### 6. LISTING ON STOCK EXCHANGES

The names of the stock exchanges at which Company's shares are listed as on 31<sup>st</sup> March, 2022 and details of "Stock Codes" are as mentioned below:

Name of the Stock Exchange	Stock Code
BSE 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 **INE757A01017**.

### 8. ANNUAL LISTING FEE

Annual Listing Fee for the year 2021-22 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 31<sup>st</sup> March, 2022

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

• **Distribution of shareholding according to the number of shares:**

Distribution of the Shareholding according to type of shareholders								
No. of Equity Shares	31 <sup>st</sup> March, 2022				31 <sup>st</sup> March, 2021			
	No. of	% of	No. of	% of share	No. of	% of	No. of	% of share
	Shareholders		shares	Capital	Shareholders		shares	Capital
1-500	36258	93.77	2598594	14.30	23899	90.41	2477612	13.63
501-1000	1254	3.24	936304	5.15	1356	5.13	1017744	5.60
1001-2000	563	1.46	819457	4.51	576	2.18	839322	4.62
2001-3000	199	0.51	506210	2.79	208	0.79	525275	2.89
3001-4000	72	0.19	259376	1.43	78	0.30	276077	1.52
4001-5000	65	0.17	297532	1.64	75	0.28	342810	1.89
5001-10000	121	0.31	864455	4.76	114	0.43	830183	4.57
10001 and above	133	0.34	11890787	65.43	129	0.49	11863692	65.28
<b>Total</b>	<b>38665</b>	<b>100.00</b>	<b>18172715</b>	<b>100.00</b>	<b>26435</b>	<b>100.00</b>	<b>18172715</b>	<b>100.000</b>

**10. MARKET PRICE DATA**

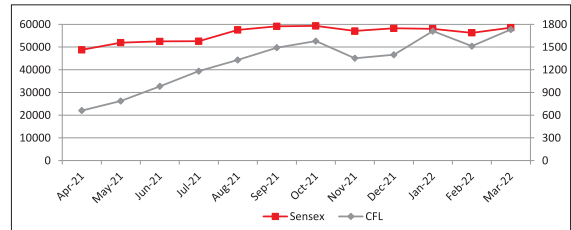
Monthly high and low prices of equity shares of the company traded at BSE Limited and National Stock Exchange of India Limited are given below:

MONTH	BSE		NSE	
	HIGH (₹)	LOW (₹)	HIGH (₹)	LOW (₹)
Apr-21	725.00	608.75	726.05	607.25
May-21	840.00	651.00	840.65	651.00
Jun-21	988.00	776.00	987.00	778.00
Jul-21	1,260.00	957.95	1,259.90	971.00
Aug-21	1,475.00	1,125.00	1,483.50	1,125.05
Sep-21	1,608.95	1,260.00	1,610.85	1,270.05
Oct-21	1,678.00	1,380.00	1,679.00	1,383.65
Nov-21	1,678.95	1,335.00	1,679.00	1,335.10
Dec-21	1,533.00	1,277.45	1,534.45	1,298.00
Jan-22	1,888.00	1,392.65	1,889.00	1,391.00
Feb-22	1,800.55	1,458.65	1,802.90	1,460.00
Mar-22	1,817.20	1,498.85	1,818.00	1,499.10

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

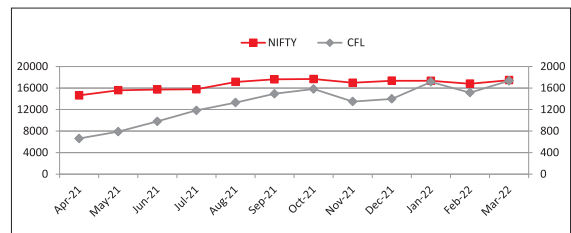
**a. COMPANY'S SHARE PRICE MOVEMENT VIS A VIS BSE SENSEX**

**MONTHLY SHARE PRICE - SENSEX Vs. CFL**

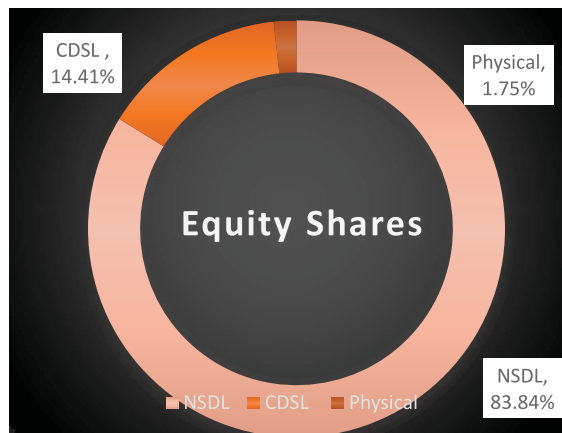


**b. COMPANY'S SHARE PRICE MOVEMENT VIS A VIS NIFTY**

**MONTHLY SHARE PRICE - NIFTY Vs. CFL**







## 12. DEMAT

Your Company's equity shares are compulsorily traded in dematerialised form by all categories of investors. Equity shares of your Company are available for trading in the depository systems of both the Depositories viz. The National Securities Depositories Limited (NSDL) and the Central Depositories Service (India) Limited (CDSL).

As on 31<sup>st</sup> March, 2022 98.25% (i.e 1,78,54,389 Equity Shares) of the total Equity Share Capital (i.e. 1,81,72,715 equity shares) were held in demat form.

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

There were no outstanding GDRs/ ADRs/ Warrants or any convertible instruments as on 31<sup>st</sup> March, 2022.

## 14. REGISTRAR AND SHARE TRANSFER AGENT

### M/s Alankit Assignments Limited

4E/2, Alankit House,  
Jhandewalan Extension  
New Delhi 110 055

E-mail: [rta@alankit.com](mailto:rta@alankit.com)

Ph: +91 11 42541234

Fax: +91 11 011-42541967

Contact Person: Mr. Vijay Pratap Singh

## 15. SHARE TRANSFER SYSTEM

In terms of the Listing Regulations, equity shares of the Company can only be transferred in

dematerialised form. Requests for dematerialisation of shares are processed and confirmation thereof is given to the respective depositories i.e. National Securities Depository Limited (NSDL) and Central Depository Services India Limited (CDSL), within the statutory time limit from the date of receipt of share certificates/ letter of confirmation after due verification.

## 16. PLANT LOCATIONS

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

## 17. 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,

New Delhi 110 025

E-mail: [investor\\_relations@cosmofilms.com](mailto:investor_relations@cosmofilms.com)

Ph: +91-11-49494949

Fax: +91-11-49494950

**OR**

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

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

Mr. Neeraj Jain

Chief Financial Officer

Cosmo Films Limited

1008, DLF Tower-A,

Jasola District Centre,

New Delhi 110 025

E-mail: [neeraj.jain@cosmofilms.com](mailto:neeraj.jain@cosmofilms.com)

## 18. Credit Rating

The Company has been awarded long term rating of AA- and short term rating of A1+ by CRISIL. It indicates a stable outlook for the Company. The rating reflects that the Company has serviced its financial obligations on time. The details of the Credit Rating are available on the website of the Company at <https://www.cosmofilms.com>.

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

To  
The Board of Directors  
Cosmo Films Limited  
1008, DLF Tower-A,  
Jasola District Centre,  
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 2021-22

**09<sup>th</sup> May 2022**  
**New Delhi**

**Pankaj Poddar**  
**Chief Executive Officer**

**CERTIFICATE PURSUANT TO REGULATION 17(8) OF THE  
SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015  
FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2022**

**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 2021-22 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 2021-22 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**

**09<sup>th</sup> May 2022  
New Delhi**

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**CERTIFICATE FROM THE COMPANY SECRETARY**

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

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

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

**09<sup>th</sup> May 2022**  
**New Delhi**

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

**CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS**

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

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

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

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal ([www.mca.gov.in](http://www.mca.gov.in)) as considered necessary and explanations furnished to us by the Company & its officers, We hereby certify that none of the Directors on the Board of the Company as stated below for the Financial year ended on 31<sup>st</sup> March, 2022 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such other Statutory Authority.

S.No.	Name of Director	DIN	Date of appointment
01	ASHOK JAIPURIA	00214707	10/10/1976
02	ANIL KUMAR JAIN	00027911	24/05/2011
03	HOSHANG NOSHIRWAN SINOR	00074905	22/05/2015
04	HAR KISHANLAL AGRAWAL	00260592	13/01/2000
05	PRATIP CHAUDHURI	00915201	10/11/2014
06	ALPANA PARIDA SHAH	06796621	14/02/2014
07	ANIL WADHWA	08074310	23/05/2018
08	RAKESH KUMAR NANGIA	00147386	10/11/2020
09.	ARJUN SINGH	01942319	27/10/2021

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

**for BLAK & CO.**  
Company Secretaries

**(Archana Bansal)**

Mg. Partner

M.No. – A17865

COP No.- 11714

UDIN- 17865D000289796

**Place:** Ghaziabad, NCR

**Date:** 09.05.2022



## BUSINESS RESPONSIBILITY REPORT

### SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

1	Corporate Identity Number (CIN) of the Company	L92114DL1976PLC008355
2	Name of the Company	Cosmo Films Limited
3	Registered address	1008, DLF Tower-A, Jasola District Centre, New Delhi 110025
4	Website	<a href="http://www.cosmofilms.com">www.cosmofilms.com</a>
5	E-mail id	<a href="mailto:investor.relations@cosmofilms.com">investor.relations@cosmofilms.com</a>
6	Financial Year reported	2021-22
7	Sector(s) that the Company is engaged in (industrial activity code-wise)	Manufacture of Semi-Finished Products of Plastics (i.e. Films)-NIC Code – 22201
8	List three key products/services that the Company manufactures/provides (as in balance sheet)	Packaging Films Lamination Films Label Films Industrial Films
9	Total number of locations where business activity is undertaken by the Company	
	A Number of International Locations (Provide details of major 5)	The Company has business activities in 9 international locations, including a manufacturing facility in Korea. The major one are USA, South Korea, Japan, Canada and Germany.
	B Number of National Locations	The Company has 3 state-of-the-art manufacturing facilities located at in the state of Maharashtra and Gujarat. The registered office of the company is located in Delhi and have 4 sales offices in India.
10	Markets served by the Company – Local/State/National/International	Company serves both national and international markets and export to more than 80 countries.

### SECTION B: FINANCIAL DETAILS OF THE COMPANY

1	Paid up Capital	₹ 18 Crores
2	Total Turnover	₹ 3038 Crores
3	Total profit after taxes	₹ 397 Crores
4	Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%)	The Company's total spending on CSR for the financial year 2021-22 is ₹ 2.80 Crores. The Company has transferred ₹ 0.75 Cr to Unspent CSR Account with respect to ongoing projects. The total spent including the amount transferred to unspent CSR account equals to 2% of average net profit as per section 135(5) of the Companies Act, 2013.
5	List of activities in which expenditure in 4 above has been incurred	The Cosmo Foundation has been the means through which we deliver our commitment towards sustainable development. Cosmo CSR Programs are managed under close directives and consistent monitoring of the Board of Trustees of Cosmo Foundation and CSR Committee of the Cosmo Films. The Cosmo Foundation aims to empower local communities by assisting them in attaining their potential. As an extension of our existing programs on computer literacy, basic English learning,

		<p>and clean and green initiatives, we also engaged ourselves in providing resources to the poor who were impacted the most by the pandemic.</p> <p>During the year under review, the Company has carried out activities primarily related to:</p> <ul style="list-style-type: none"> <li>• Response to Covid 19 &amp; Health Needs</li> <li>• Basis English Communication Program for girls</li> <li>• Supporting Leprosy patients</li> <li>• Preventive Health Awareness and behaviour change programs</li> <li>• Education - Blended learning approach</li> <li>• Cosmo E-Service and E-Resource Station'</li> <li>• Model Villages</li> <li>• Make love Not Scars campaign for rehabilitation of acid attack survivors</li> <li>• Planting of 40,000 Fruit Bearing Saplings</li> <li>• Planting of 15,000 saplings for Miyawaki forest</li> <li>• Maintaining garden at Karjan Highway and Aurangabad airport</li> <li>• Construction of toilets in schools</li> </ul> <p>Details of CSR policy and activities under section 135 of The Companies Act, 2013 has been attached as Annexure in the Board's Report</p>
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### SECTION C: OTHER DETAILS

1	Does the Company have any Subsidiary Company/ Companies?	Yes, Cosmo Films has 7 overseas subsidiaries including 6 step down subsidiaries and 2 Indian subsidiary
2	Do the Subsidiary Company/Companies participate in the BR Initiatives of the parent Company? If yes, then indicate the number of such Subsidiary Company(s):	Yes, all the subsidiary companies participate in BR initiatives as applicable to them. Our subsidiaries share our vision and values, are responsible businesses and adhere to the local laws applicable to them.
3	Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30- 60%, More than 60%]:-	At present, the BR initiatives have been undertaken at company level. Several stakeholders engage with the Company in the course of its business such as suppliers, distributors, customers, government agencies, similar economic groups and other entities. The Company promotes BR initiatives across its value chain.

## SECTION D: BR INFORMATION

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

#### a) Details of the Director/Director responsible for implementation of the BR policy/policies

#### b) Details of BR Head

1	DIN Number	00027911
2.	Name	Mr. A. K. Jain
3.	Designation	Director Corporate Affairs
4.	Telephone number	011 43444106
5.	e-mail id	anil.jain@cosmofilms.com

## PRINCIPLES OF RESPONSIBLE BUSINESS CONDUCT

Principle	Policies
<b>Principle 1:</b> Businesses should conduct and govern themselves with Ethics, Transparency and Accountability.	Code of Conduct Whistle Blower Policy
<b>Principle 2 :</b> Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle.	Sustainability Policy Quality Policy Product Safety and Hygiene Policy
<b>Principle 3 :</b> Businesses should promote the wellbeing of all employees.	HR Policy POSH Policy
<b>Principle 4 :</b> Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.	CSR Policy
<b>Principle 5 :</b> Businesses should respect and promote human rights.	Code of Conduct, HR Policy
<b>Principle 6 :</b> Business should respect, protect, and make efforts to restore the environment.	Sustainability Policy, Environmental Policy
<b>Principle 7 :</b> Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner.	Code of Conduct
<b>Principle 8 :</b> Businesses should support inclusive growth and equitable development.	CSR Policy
<b>Principle 9 :</b> Businesses should engage with and provide value to their customers and consumers in a responsible manner.	Quality Policy

**2. Principle-wise (as per NVGs) BR Policy/policies (Reply in Y/N)**
**(a) Details of compliance (Reply in Y/N)**

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

**Notes**

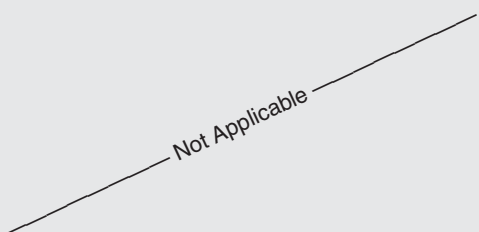
\* All the policies have been formulated in consultation with Internal stakeholders. While there may not be formal consultation with all the external stakeholders, relevant policies / procedures have been evolved over a period of time by taking inputs from concerned stakeholders.

\*\* All policies conform to the applicable laws of the country, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, and National Guidance on Responsible Business Conduct, ISO 9001: 2015 (Quality Management Systems), ISO 14001 : 2015 (Environmental Management System)

\*\*\* The Whistle Blower Mechanism adopted by the Company, provides employees / Customers / Vendors / contractors etc. to report any concerns or grievances pertaining to any potential or actual violation of Company's Code of Conduct or any unethical behavior.

\*\*\*\* The policies are evaluated internally. They are also evaluated for ISO and BRC Certification.

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

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

**2. Governance related to BR**

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

The Board of Directors of the Company, either directly or through its Committees, assesses various initiatives forming part of the BR performance of the Company on a periodic basis. BR performance is reviewed by the Director responsible for BR / BR Head annually and as and when required. In addition, CSR committee of the Board reviews the implementation of CSR projects/programs/activities at least once a year.

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

The Company publishes the information on BR in Business Responsibility Reporting, which forms part of the Annual Report of the Company for the FY 2021-22. The company has also published a standalone sustainability report for the FY 2020-21.

consistency, innovation and trust are deeply embedded in our corporate culture and governance systems. We have a comprehensive governance framework that builds transparency, accountability, compliance focus and risk management into all our business endeavours. The Company has a "Code of Conduct Policy" (CODE) to conduct its business with honesty and integrity and in compliance with all applicable legal and regulatory requirements. This Code sets out the fundamental standards to be followed by all employees of the Company. The Code is also to act as a deterrent from unethical doings and to promote ethical values and is the manifestation of the Company's commitment to successful operation of the Company's business in the best interest of the shareholders, creditors, employees, other business associates and stakeholders. The Code of Conduct explicitly guides our people on ethical dealings with external stakeholders. The Code is the manifestation of the Company's commitment to successful operation of the Company's business in the best interest of the shareholders, creditors, employees, other business associates and stakeholders.

**Whistle Blower Policy:** The policy provides a platform for the employees and business associates of the Company for reporting any suspected violation of CODE and/or suspected improper activities. The policy has provisions to ensure protection of the whistleblower.

The leadership, including the Board of Directors, bring to the table, a wealth of experience, international exposure and the spirit of entrepreneurship to strategically develop and implement policies with ethics, accountability and transparency that leads to sustainable growth. Our

**SECTION E: PRINCIPLE-WISE PERFORMANCE**

**Principle 1**

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

At Cosmo Films, our values of quality, reliability,



Directors are at the forefront of driving our commitment to business ethics and sustainable business practices. The Board collectively spearheads compliance and drives action on our strategic objectives.

The CoC and other corporate policies are periodically updated based on the emerging requirements and stakeholder feedback

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

During the year under review, there were no cases on the violation of the Company's Code of Conduct or Whistle Blower Policy.

### Principle 2

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

The Company is strategically focusing on development of products that supports our customers in being environment friendly. Our sustainability initiatives include green product packaging solutions and Green Manufacturing Practices. Under the green product packaging solutions:

- We offer mono-material poly-olefin films for ease of recycling
  - Designed heat resistant BOPP films replacing BOPET; mostly used in print layer, giving last push to creation of mono-material structures
  - Company has been partnering with some of the best global brands to offer structure rationalization for some time now
  - Both BOPP and CPP films offer better yield, hence enabling reduced consumption of plastics
  - Offer a suitable substitute for aluminum foil in form of its Ultra-High Barrier Films
  - Offer Oxo-Biodegradable Films
  - Use of Water Based Coatings
- Our Green Manufacturing Practices include:
- ISO 14001 accredited organization
  - Reutilization of reprocessed granules from waste material as input for film production

- Continuous efforts to reduce water usage, waste generation and GHG emissions
- Constant monitoring of parameters like noise, illumination, ventilation, air quality etc.
- Rain water harvesting and reuse of effluent treated water
- All plants have partially shifted to the use of solar and wind power as a source of energy for all electrical purposes.

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

- A. Reduction during sourcing/production/distribution achieved since the previous year throughout the value chain?

Apart from providing films designed for recyclability, the Company follows a multi-pronged strategy to enable sustainable growth. This includes following Green Manufacturing practices, best Energy Management practices and well defined Environment Health and Safety systems. The Company is partnering with leading global brands to offer structure rationalization and recyclability solutions. Cosmo's products comply with all the requirements of BRC Global Standard for Packaging and Packaging Materials for direct food contact and non-food applications.

- B. Reduction during usage by consumers (energy, water) has been achieved since the previous year?

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

3. Does the Company have procedures in place for sustainable sourcing (including transportation)? If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof, in about 50 words or so.

Yes, Procurement practices and selection criteria by the Company are focused on protection of environment, societal interest and cost effective procurement seeking resources efficiency, improving the quality of products and services and ultimately optimising the cost. The Company has

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

4. Has the company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work? If yes, what steps have been taken to improve their capacity and capability of local and small vendors?

The Company has consistently increased the breadth of vendors across goods and services through vendor base enhancement. The objective is to focus on indigenous suppliers, mutual collaboration and partnership for long term growth. The Company has always given preference to local vendors when it comes to sourcing materials. Most of packaging materials, engineering stores and spares and services like security, canteen, employee transportation, housekeeping, repairs & maintenance, material movement etc. are sourced from local vendors/contractors. Temporary and contractual hires are coming from neighboring areas

and are given training by the Company in various fields to improve their capabilities.

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

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

**Principle 3**

Employees are the most valuable assets of an organisation. They determine its success or failure. Culturally the employees come from diverse backgrounds, but they are united with our common purpose and values. We nurture them by ensuring safe working conditions, providing advanced learning options and furthering career growth opportunities. Active engagement with employees across hierarchies enables camaraderie and feedback. Our evolving HR policies focus on 360° developments of our employees and cover all requisites, right from recruitment.

1	Please indicate the Total number of employees.	1039
2	Please indicate the Total number of employees hired on temporary/contractual/casual basis.	1407
3	Please indicate the Number of permanent women employees.	64
4	Please indicate the Number of permanent employees with disabilities	0
5	Do you have an employee association that is recognized by management.	Yes
6	What percentage of your permanent employees is members of this recognized employee association?	8%

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

No complaints relating to child labour, forced labour, involuntary labour, sexual harassment has been received during the last financial year ending on March 31, 2022.

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

Category of Employees	Safety Training - % Employees covered	Skill Upgradation Training - % Employees covered
(a) Permanent Employees	55%	82%
(b) Permanent Women Employees	23%	94%
(c) Casual / Temporary / Contractual Employees	53%	0%
(d) Employees with Disabilities	NA	NA

**Principle 4**

1. Has the company mapped its internal and external stakeholders? Yes/No.

The Covid catastrophe has moulded Cosmo Foundation for rethinking and re-designing to fit the felt need and made it possible to touch 4,50,000 lives with Covid relief, health awareness and vaccination, educational and environmental initiatives. While no formal stakeholder mapping exercise has been done the company considers employees, customers, suppliers, investors and analysts, shareholders, regulatory bodies and community around our plants as stakeholders for the organization.

2. Out of the above, has the company identified the disadvantaged, vulnerable & marginalized stakeholders.

Yes, the community around our plants particularly school going children, village youths and family belonging to underprivileged section are identified as vulnerable and marginalised stakeholders by the organization. During Covid pandemic the stranded migrant laborers, daily wagers, migrant farm laborers, elderly abandoned, pregnant women, needy residents of red zone areas, construction workers, across villages in Gujarat and Maharashtra, Gurgaon, Haryana, New Delhi city and Kishangarh & Navalgarh of Rajasthan were considered disadvantaged, vulnerable and marginalised stakeholders

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

Yes. Our footprints are in neighboring villages of Waluj and Karjan manufacturing units of Cosmo Films in Aurangabad District of Maharashtra and

Vadodara District of Gujarat as well as in New Delhi where our corporate office is located. We are present in 43 Government schools located in 29 villages and our extended outreach to 112 villages catering to the 10,000 students. The year went off with interventions to restore, re-invent and channelize the digitalization into the new normal. Cosmo Foundation rigorously executed our existing programs of Computer Literacy, Foundational Literacy, Basic English Learning, and Life Skill Education in a hybrid mode. Alongside initiated new projects like Cosmo Tree Plantation Drive, Miyawaki Forest and Construction of School Sanitation Blocks. Massive Covid relief & awareness and behaviour change programs were executed. COVID-19 has led disruptions to the lives of many individuals and organizations. In this scenario CF provided health, medical and educational support to the children with HIV, acid attack survivors, physically challenged and engaged in a massive free-of-cost vaccination drive.

Cosmo CSR Programs are managed under close directives and consistent monitoring of the Board of Trustees of Cosmo Foundation and CSR Committee of Cosmo Films. The program execution has been taken care of by the team of professionals and community-based youth trained and placed as teachers. The details of our work with the disadvantages, vulnerable and marginalised stakeholders have been reported in the Annexure of the Board's report.

**Principle 5**

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

The Company understands and continuously strives to promote human rights as mentioned in the Constitution of India in the provisions of Fundamental Rights and Directive Principles of State

Policy and also the guidelines of the International Bill of Human Rights. While, the company's human rights policy is applicable to the company only, we promote the awareness and realization of human rights across our value chain and among our stakeholders.

2. How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management in 50 words or so.

No complaint was pending in the past and further, no complaint was received pertaining to human rights violation during the financial year 2021-22.

### Principle 6

We actively work towards minimizing our environmental carbon footprint and contributing to global climate action efforts. We ensure strict adherence to all applicable environmental laws and regulations in our geographies of operation. While we ensure compliance, it is our constant endeavour to embrace a beyond compliance and proactive approach to environmental management. Our environmental management system based on the concept of continuous improvement anchors our environmental stewardship. Our facilities are ISO 14001:2015 (EMS) certified.

1. Does the policy related to Principle 6 cover only the company or extends to the Group/ Joint Ventures / Suppliers / Contractors / NGOs / others.

Environment Policy covers all manufacturing sites and own employees and contractors of the Company. We encourage Suppliers and others in our value chain to adopt policies to minimize the environmental impact.

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

Yes, the Company has strategies to address global environmental issues. Cosmo Films is an ISO 14001 accredited organization with long standing and well established Environment, Health and Safety systems. The Company also has a Environmental Management Policy, Quality Management System that covers the aspects of environment conservation. Various sustainability initiatives taken by the Company includes product innovation, process design, energy management, waste reduction, emission reduction, and water management.

Cosmo's products comply with all the requirements of BRC Global Standard for Packaging and Packaging Materials for direct food contact and non-food applications.

3. Does the company identify and assess potential environmental risks? Y/N

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

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

No, the company does not have any project related to Clean Development Mechanism

5. Has the company undertaken any other initiatives on - clean technology, energy efficiency, renewable energy, etc. Y/N. If yes, please give hyperlink for web page etc.

Yes, continuous efforts are being made to reduce water usage, waste generation and GHG emissions. Our initiatives on innovations in product portfolio like oxo-biodegradable films, water based coatings, supporting water based printing and down gauging Monitoring & Management of plant environment parameters like noise, illumination, ventilation, air quality etc. shows our commitment towards sustainability.

Cosmo Films is committed to be an energy efficient manufacturer and continuously reduce resources and power consumption through several initiatives. Combining effective strategy with practical measures is key to achieving successful energy management. We focus on reducing our energy consumption by being energy efficient. There are several initiatives that were undertaken during the reporting period in the Indian Operations which resulted in energy savings. We are continuously making efforts to achieve energy efficiency through improvements in

our process design, conversion and retrofitting of equipment and use of energy efficient equipment. We have installed rooftop and on ground solar power plants and entered into wind power purchase agreement. We saved 1454747 KWH from energy efficiency and retrofitting of energy efficient equipment. We also utilized 3552573 KWH of solar energy from solar panels installed at Waluj and Shendra plants. We have been replacing HPMV lamps with environmentally friendly and energy efficient light source like LED. Also, our plants are designed to maximize the natural light usage, resulting in lower power consumption.

Our other environment Initiatives are:

- Rain water harvesting and effluent / sewage treatment plant (ETP & STP) are working in all manufacturing units.
- 40000 fruit bearing saplings were planted in the farm lands of 115 farmers, 19 villages and 148 Acre of land in Karjan and Gangapur blocks, which would improve the livelihood of the farmers along with post maintenance support for next three years.
- 15000 Saplings are being planted in Miyawaki forest in army cantonment areas of New Delhi
- Maintaining gardens at Karjan Highway and Aurangabad airport with an aim to promote green and clean environment and beautification of town.

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

Yes, the emissions/waste generated by the Company for financial year 2021-22 are within permissible limits given by CPCB/SPCB(s) of the respective units. The manufacturing locations of the company have obtained the respective state government consents to operate. The emissions of air, water and solids are covered in this consent.

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

No show cause / legal notices have been received CPCB/SPCB which are pending as on end of Financial Year.

### Principle 7

We live in a dynamic world with unpredictable disruptions, technology changes and evolving research. We share

our experience and leverage our leadership position to provide incisive insights and detailed inputs to key decision makers in planning better policies for the customers. Along with that, we also learn from the best practices of others in the industry. We collaborate with various trade and industry associations.

1. Is your company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with:

Yes, Cosmo Films Limited is a member of following bodies:

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

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

Yes, the Company through various Industry associations, participates in advocating matters for the advancement of the Industry and Public Good. The Company has a Code of Conduct Policy to ensure that the highest standards of business conduct are followed while engaging with aforesaid Trade associations/Industry bodies.

### Principle 8

Equitable development is an approach for meeting the needs of underserved communities through policies and programmes that reduce disparities while fostering places that are healthy and vibrant. Our community development programmes are intended to contribute towards a better quality of life for the people and uplift the marginalised sections of the society. We are guided by our comprehensive Corporate Social Responsibility (CSR) Policy which has also been posted on our website.

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

The Company has specified issue based development projects in pursuit of its policy on



inclusive growth and equitable development. We strongly believe in growing together responsibly leading to success of our business. We aim at balancing the needs and address the concerns of our stakeholders and endeavor to take into the consideration the impact we have on the environment, society and the community. We are committed to giving back to the society within which it operates and flourishes and as part of this principle, we have chosen our initiatives under our CSR Programs. The Company carries out various CSR initiatives through its CSR wing Cosmo foundation. All the CSR initiatives are developed and implemented in participation of the local community to optimize the benefits where these are needed most. Details of the specified programs are available on the Company's website. <https://www.cosmofilms.com/cosmo-foundation-initiatives>. Please refer to CSR Report in Annexure to the Board's Report for details on CSR activities.

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

Most of the programs are executed through own foundation namely Cosmo Foundation set up in 2008. Need based collaborative partnerships are formed with the government agencies, district authorities, village panchayats, NGOs and like-minded stakeholders for its CSR initiatives.

3. Have you done any impact assessment of your initiative?

We undertake periodic community need assessments to identify areas of impact and further strengthen the objectives of our CSR programmes. Furthermore, projects are monitored by our CSR team through site visits, reports from implementation partners and village-level project committees.

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

During the financial year 2021-22, the Company spent INR 3.55 Cr towards CSR initiatives. Details of the projects are available in Annexure E to the Board's Report.

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

Each of the projects is having an outcome which is

acknowledged by the community. The Company works with partners who have a grass root understanding of the community that makes the projects successful, both in the short term and long term. Most of the Company's CSR programs are long term in nature and the Company also work with the Government in creating a sustainable engagement. Local community participation is fundamental to Cosmo Foundation programs. Almost all of Cosmo Foundation functionaries whether be computer teacher, Bal Mitras (teachers engaged in imparting basic education) or the program coordinators come from local villages. Many of them have been the past beneficiaries of Cosmo Foundation programs.

### Principle 9

All our operations and efforts finally result in a brand trusted worldwide by our customers. State-of-the-art plants, cutting-edge technology, robust processes and comprehensive policies deliver products that provide unmatched value proposition. We engage with our customers who are spread globally, through a two-way interactive process:

We disclose detailed information about all our products, complying with all applicable labelling codes and specifications. We also deal with customers in a transparent and ethical manner, eliminating any form of miscommunication or misunderstanding. Our employees' engagement with the customer is governed through our Code of Conduct.

Our consistent engagement provides us with valuable feedback from customers and helps us identify and address issues, if any. Our team continues to seek suggestions in person from our customers.

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

About 5% of customers' complaints were under analysis / resolution as on 31<sup>st</sup> March, 2022.

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

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

3. Is there any case filed by any stakeholder against the company regarding unfair trade practices,

irresponsible advertising and/or anti-competitive behavior during the last five years and pending as on end of financial year. If so, provide details thereof, in about 50 words or so.

There are no cases received in the last 5 years or pending with regard to unfair trade practices, irresponsible advertising and/or anticompetitive

behavior as on 31<sup>st</sup> March 2022.

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

Customer satisfaction is the key priority of the Company. Customer feedback is taken after sales. Customer satisfaction trends are satisfactory.

**CF Cosmo Foundation**  
A Community outreach initiative of  
**Cosmo Films Limited**

**Corporate Social Responsibility  
at Cosmo Films Limited**

The financial year 2021 – 2022 has been marked as a fusion of innovation, unimaginable resilience, and compassion in a multitudinous manner. The covid catastrophe has moulded CF for rethinking and re-designing to fit the felt need and made it possible to touch **4,42,168 lives with covid relief, health awareness and vaccination, educational and environmental initiatives.** Our footprints are in neighbouring villages of Waluj and Karjan manufacturing units of Cosmo Films in Aurangabad District of Maharashtra and Vadodara District of Gujarat as well as in New Delhi where our corporate

office is located. We are present in 43 Government schools located in 29 villages and our extended outreach to 112 villages catering to the 10,000 students.

The year went off with interventions to restore, re-invent and channelize the digitalization into the new normal. CF rigorously executed our existing programs of Computer Literacy, Foundational Literacy, Basic English Learning, and Life Skill Education in a hybrid mode. Alongside initiated new projects like Cosmo Tree Plantation Drive, Miyawaki Forest, Construction of School Sanitation Blocks, massive covid relief & awareness and behaviour



change programs. COVID-19 has led to disruptions to the lives of many in the second wave. CF sensitively gave health, medical and educational support to the children with HIV, acid attack survivors, physically challenged, etc., and engaged in a massive free-of-cost vaccination drive across the locations.

Cosmo CSR Programs are managed under close directives and consistent monitoring of the Board of Trustees of Cosmo Foundation and CSR Committee of Cosmo Films. The program execution has been taken care of by the team of professionals and community-based youth trained and placed as teachers. Our major interventions are -

### **Response to Covid 19 & Health Needs**

- **Mega Vaccination Camps - 3376** people have been vaccinated from various slums, Delhi Traffic Police Personnel & their families, ISKCON devotees, Leprosy patients, daily wage laborers, elderly, physically challenged in New Delhi. Massive awareness and registration drive across villages were done by Cosmo teachers in Karjan and Aurangabad. **27728** rural people benefitted. Hence CF ensured the total of 31104 vaccines across the location.
- Under the Covid Free Village Campaign, CF team relentlessly did a door-to-door survey and counseling of villagers for vaccination. Kothiya and Sandarana village of Karjan taluka got 100% vaccinated with both doses of vaccination. Covering a total population of **1400 +** community members.
- **5292** rural students were provided masks, sanitisers, soaps, napkins, hand gloves and **28** schools were provided automatic hand sanitization machines.

- Supported Leprosy patients with medical equipment (25 tricycles, wheelchairs, walkers, walking sticks, and movable shoulder back belts) at Leprosy colony and Safdarjung Hospital in New Delhi, **500 people benefitted**. Food For Life Campaign with **34,400 cooked meals** and **3,450 blankets** to COVID & cancer patients and needy people.
- Support for the daily living of the **25** children in NAZ Care Home with the ration, toiletries, clothes and footwear, stationery and electronic items in New Delhi for 4 months.
- Massive Awareness and behaviour change programs with **50,000 plus** students, parents, teachers, villagers, Panchayats on Mucormycosis, Dengue, mental-emotional wellness, cleanliness & hygiene, safe drinking water, precautions for malaria, and hygiene practice wellness, etc with wall paintings, puppet shows, webinars, jingles, audio-video aids, and quiz.

We have partnered with – ISKCON, National Service Scheme (NSS), SVC-Delhi University South Campus, Jullundhur Motor, South East Delhi Police, Earth Saviour Foundation, Delhiites Foundation & Kriti, Gram Panchayat, Public Health Centres, Aruna Kishor Foundation and many for relief distribution and vaccination drive.

### **Education**

- **Blended Learning Approach** is successfully continuing on the digital platforms as well as offline classes during the pandemic as per the situation. It includes WhatsApp groups and zoom classes, sheri shikshan (education at doorstep) CF left no stone unturned in running its educational activities and





keep rural children engaged in educational processes. The subjects covered were Foundational and digital literacy, Basic English, life skills and study skills, General knowledge and morals and happiness. The Post-Covid enrolment of students has increased in govt schools across locations and the reopening of schools certainly brought joy to students.

- **“Cosmo Basic English Learning Capsule”** an online portal to learn Basic English communication has taken its own momentum and deep thrust of learning English. Learners from diverse locations and various types of beneficiaries are engaged. 1050 users are enrolled with total of **17200** video viewership. Course for high school girls of Aurangabad was conducted on digital platform with the keen support of the Udayan Shalini Fellowship & Mentorship. **75** girls including Shalinis have joined this course.
- CF launched **‘Cosmo E-Service and E-Resource Station’** in Handod village of Karjan with the aim of making digital services available free of cost to the villagers. So far **1167** villagers benefitted with the services like - Aadhar cards, PAN cards, electricity bills, admission forms, E-Shram cards, scholarship forms, RTO license test, online exams, etc.
- Organised quizzes, puzzles, painting – essay- story writing - typing speed, elocution, toy making competitions with **1022 rural students** on the occasion festivals and national days. Received 10 prizes from participation in external competitions.
- Webinars, study circles, parents’ meetings and workshops were organized for rural teachers, parents, students, and community members on the Importance of online education, Technology, Cyber Security, creative learning, storytelling, healthy living in the new normal, etc during the onset of second-third wave and reopening of schools.
- **Digitize the Wise** - Digital Literacy for Senior Citizens in collaboration with Lagni Foundation was organized to teach senior citizens to learn a basic smartphone with an internet connection. More than **50** elderly citizens benefitted from various locations.
- **Model Village – Kagzipura** – CF supported INTACH to clean pond, construction of washing ghat and water purification facility at heritage village

Kagzipura Aurangabad. It will promote rural livelihood, conservation of art, culture and restoration of the heritage site of handmade papers. Alongside, CF started CGVK (Foundational Literacy) classes in Urdu Medium, constructed toilets for boys and girls and organized various motivational programs for rural children and the community.

- CF partnered with **“Make love Not Scars”** residential rehabilitation center for acid attack survivors and gifted tablets and laptops to digitally empower children of acid attack survivors.

### Environment

- **40,000 Fruit Bearing Saplings** were planted in the farm lands of **115** farmers, **19** villages and **148** acre of land in Karjan and Gangapur blocks which would improve the livelihood of the farmers along with post maintenance support for the next three years.
- CF is in the process to plant **15,000 saplings** for Miyawaki forest in army cantonment areas of New Delhi.
- Maintaining gardens at Karjan Highway and Aurangabad airport with an aim to promote a green and clean environment and beautification of the town.

### Sanitation and Cleanliness

- Constructed school sanitation blocks with **44 toilets** for boys and girls with **31 urinals** and **17 handwashing facilities** in Karjan and Aurangabad. **2062** students plus teachers get benefits through these facilities.
- Cleanliness and maintenance of Jasola district centre parking area in New Delhi.
- Formation of Swacchta Samiti in all CF affiliated schools was done followed by awareness and monitoring during the regular process.
- Training of **20** Cosmo teachers on **“Our Dream of Clean Toilet”**. Various aspects of toilet maintenance, the role of Swacchta Committee and accuracy and collation of checklist data, regular photo documentation were discussed.

### Awards and Recognition

- Gold Award in CSR COVID-19 Relief Project - CSR Health Impact Awards – 2021.

## INDEPENDENT AUDITOR'S REPORT

### To the Members of Cosmo Films Limited

Report on the Audit of the Standalone Financial Statements

#### Opinion

We have audited the standalone financial statements of **Cosmo Films Limited** ("the Company"), which comprise the Balance Sheet as at 31 March 2022, the Statement of Profit and Loss including Other Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and notes to the standalone financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2022, and its profit and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

#### Basis for Opinion

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

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined the matter described below to be the key audit matters to be communicated in our report:

Key audit matter	How our audit addressed the key audit matter
<p><b>Derivative financial instruments</b></p> <p>The Company has entered into various derivative contracts including foreign exchange forward contracts, currency options, cross currency swaps and interest rate swaps which are used to manage and hedge foreign currency exchange risks and interest rate risks.</p> <p>The Company has reported net derivative financial assets at fair value of ₹ 5.12 crores and net derivative financial liabilities at fair value of ₹ 7.04 crores as of 31 March 2022.</p> <p>The Company's accounting policy on derivatives is disclosed in note 1 (iii) I (iii) and related disclosures are included in note 47. The Company's significant judgements in applying accounting policy are disclosed in note 1 (iv).</p> <p>The fair value of the derivative financial instruments is based on year-end quotes received from counterparty banks. In respect of designated hedging relationships, the Company measures the effectiveness thereof using</p>	<p>We assessed the design and implementation and tested the operating effectiveness of the key controls over management's processes for valuation of derivative financial instruments. Our audit procedures included, but were not limited to, the following substantive procedures:</p> <ul style="list-style-type: none"> <li>• Obtained independent direct confirmations from banks to confirm the outstanding financial instruments in order to verify existence and rights.</li> <li>• Reviewed the hedging strategy of the Company, economic relationship and hedge ratio between hedged items and hedging instruments to assess the hedge effectiveness of derivative contracts to the extent hedge accounting is applied.</li> <li>• Inspected the underlying agreements and deal confirmations for the derivatives.</li> <li>• Assessed whether the accounting policy is consistent with the requirements of Indian</li> </ul>



<p>valuation models, such as hypothetical derivative method.</p> <p>Testing the fair valuation of derivative instruments and effectiveness of hedging relationships, where applicable, are complex exercises and hence required substantial involvement of senior personnel on the audit engagement with relevant experience.</p> <p>Accordingly, valuation of the derivative financial instruments and hedge accounting is determined to be a key audit matter.</p>	<p>Accounting Standard 109 'Financial Instruments'.</p> <ul style="list-style-type: none"> <li>Evaluated the appropriateness of disclosures in relation to financial risk management, derivative financial instruments and hedge accounting.</li> </ul> <p>We have also obtained written representations from management and those charged with governance on whether the significant assumptions used in valuation of derivatives are considered reasonable.</p>
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### **Information Other than the Standalone Financial Statements and Auditor's Report Thereon**

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

Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance, total comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards specified under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls,

that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

The Board of Directors are also responsible for overseeing the Company's financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and

appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with

governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in the Annexure A, a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - (c) The Balance Sheet, the Statement of Profit and Loss (including Other Comprehensive Income), Statement of Changes in Equity and the Statement of Cash Flows dealt with by this Report are in agreement with the books of account.
  - (d) In our opinion, the aforesaid standalone financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act.
  - (e) On the basis of the written representations received from the directors as on 31 March 2022 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2022 from being appointed as a director in terms of Section 164 (2) of the Act.
  - (f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in Annexure B.

- (g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of Section 197(16) of the Act, as amended:

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of Section 197 of the Act.

- (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements – Refer Note 40 to the standalone financial statements.

ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

iv. (a) The management has represented that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other persons or entities, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(b) The management has represented, that, to the best of its knowledge and

belief, no funds (which are material either individually or in the aggregate) have been received by the Company from any persons or entities, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

- (c) Based on the audit procedures performed that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e) contain any material misstatement.
- v. The dividend declared or paid during the year by the Company is in compliance with Section 123 of the Act.

For **S.N. Dhawan & CO LLP**

Chartered Accountants

Firm Registration No.: 000050N/N500045

**Rajeev Kumar Saxena**

Partner

Membership No.: 077974

UDIN: 22077974AIRHYI7692

**Place:** New Delhi

**Date:** 09 May 2022

## **ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT**

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of the Independent Auditor's Report of even date to the members of **Cosmo Films Limited** on the standalone financial statements as of and for the year ended 31 March 2022)

- i) a) A. The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment.

- B. The Company has maintained proper records showing full particulars of intangible assets.
- b) The Company has a regular program of physical verification of its property, plant and equipment under which property, plant and equipment 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. In accordance with this program, certain property, plant and equipment were verified during the year by engaging an outside expert and according to the information and explanations given to us, no material discrepancies were noticed on such verification.
- c) According to the information and explanations given to us and based on the examination of the title deeds and mortgage deeds provided to us, we report that, the title deeds of all the immovable properties which are included under the head of property, plant and equipment and investment properties (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee) are held in the name of the Company.
- d) The Company has not revalued its property, plant and equipment (including right-of-use assets) and intangible assets during the year. Accordingly, the provisions of clause 3(i)(d) of the Order are not applicable.
- e) There are no proceedings which have been initiated or are pending against the Company for holding benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) (as amended in 2016) and rules made thereunder. Accordingly, the provisions of clause 3(i)(e) of the Order are not applicable.
- ii) a) The management has conducted physical verification of inventory at reasonable intervals during the year, except for goods-in-transit. According to the information and explanations given to us and based on the audit procedures performed by us, we are of the opinion that the coverage and procedure of such verification by the management is appropriate and no material discrepancies of 10% or more in the aggregate for each class of inventory between physical inventory and book records were noticed on physical verification.
- b) In our opinion and according to the information

and explanations given to us, during the year, the Company has been sanctioned working capital limits in excess of ₹ 5 crores, in aggregate, from banks or financial institutions on the basis of security of current assets. The quarterly returns or statements filed by the Company with such banks or financial institutions on aggregate basis is, except for some immaterial differences are in agreement with the unaudited books of account of the Company.

- iii) a) According to the information and explanations given to us, the Company has made investments in, companies and granted loans, secured or unsecured to other parties, during the year, the details of which are as follows:

Particulars	Loans (₹ in crores)
Aggregate amount granted during the year	
- Director	2.40
- Chief Executive Officer	-
- Other employees	0.60
Balance outstanding as at balance sheet date in respect of above cases	
- Director	-
- Chief Executive Officer	7.24
- Other employees	1.15

The Company has not provided any advances in the nature of loans, secured or unsecured, guarantee or security to companies, firms, Limited Liability Partnerships (LLPs) or any other parties.

- b) In our opinion, the investments made and the terms and conditions of grant of all loans are not, *prima facie*, prejudicial to the Company's interest.
- c) In respect of aforesaid loans, the schedule of repayment of principal and payment of interest has been stipulated and repayments/receipts of the principal amount and the interest are regular.
- d) There is no overdue amount in respect of aforesaid loans granted to such other parties.
- e) There are no loans or advances in the nature of loans granted which has fallen due during the year, has been renewed or extended or fresh loans granted to settle the overdues of existing loans given to the same parties.

- f) The Company has not granted any loans or advances in the nature of loans which are either repayable on demand or without specifying any terms or period of repayment.
- iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the Act in respect of loans, investments, guarantees, and security, as applicable.
- v) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits during the year, had no unclaimed deposits at the beginning of the year and there are no amounts which are deemed to be deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.
- vi) We have broadly reviewed the books of account maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost records under sub-section (1) of Section 148 of the Act in respect of Company's products and are of the opinion that, *prima facie*, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- vii) (a) According to the information and explanations given to us, the Company is generally regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, duty of customs, duty of excise, cess, goods and services tax and other material statutory dues, as applicable, to the appropriate authorities. Further, no undisputed amounts payable in respect thereof were outstanding at the year-end for a period of more than six months from the date they become payable.
- (b) According to the information and explanations given to us, there are no statutory dues referred to in sub-clause (a) that have not been deposited with the appropriate authorities on account of any dispute except for the following cases:

Name of the statute	Nature of dues	Amount (₹ in crores)	Amount paid under Protest (₹ in crores)	Period to which the amount relates (Financial Year)	Forum where dispute is pending
Income-tax Act, 1961	Income tax	0.09	-	2016-17	Income Tax Appellate Tribunal
	Income tax	3.47	3.64	2012-13	Income Tax Appellate Tribunal
	Income tax	1.00	1.00	2011-12	Income Tax Appellate Tribunal
	Income tax	1.22	1.00	2010-11	Income Tax Appellate Tribunal
	Income tax	5.57	4.42	2009-10	Income Tax Appellate Tribunal
	Income tax	2.98	3.07	2008-09	Income Tax Appellate Tribunal
	Income tax	5.18	-	2007-08	Income Tax Appellate Tribunal
	Income tax	5.67	-	2006-07	Income Tax Appellate Tribunal
	Income tax	1.76	-	2005-06	High Court
	Income tax	0.68	-	2005-06	Income Tax Appellate Tribunal
	Income tax	0.82	-	2004-05	Income Tax Appellate Tribunal
	Income tax	0.61	-	2003-04	Income Tax Appellate Tribunal
	Income tax	4.71	4.71	2002-03	Hon'ble Supreme Court of India
Income tax	1.40	-	1997-98	High Court	
Central Excise Act, 1944	Excise duty	16.10	1.83	2005-06 to 2017-18	Appellate Tribunal
	Excise duty	0.75	-	2015-16 to 2017-18	Assistant Commissioner
	Service tax	0.99	0.12	2006-07, 2012-13 to 2017-18	Appellate Tribunal
	Service tax	1.65	0.10	2009-10 to 2014-15	Assistant Commissioner



- viii) In our opinion and according to the information and explanations given to us, there are no such transactions which were not recorded in the books of account earlier and have been surrendered or disclosed as income during the year in the tax assessments under the Income-tax Act, 1961 (43 of 1961). Accordingly, the provisions of clause 3(viii) of the Order are not applicable.
- ix) a) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of loans or other borrowings or in the payment of interest thereon to any lender.
- b) According to the information and explanations given to us and on the basis of our audit procedures, we report that the Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.
- c) In our opinion and according to the information and explanations given to us, the term loans were applied for the purposes for which the loans were obtained.
- d) According to the information and explanations given to us, and the procedures performed by us, and on an overall examination of the financial statements of the Company, we report that no funds raised on short-term basis have been used for long-term purposes by the Company.
- e) According to the information and explanations given to us and on an overall examination of the financial statements of the Company, we report that the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries.
- f) According to the information and explanations given to us and procedures performed by us, we report that the Company has not raised loans during the year on the pledge of securities held in its subsidiaries.
- x) a) In our opinion and according to the information and explanations given to us, the Company did not raise moneys by way of initial public offer or further public offer (including debt instruments) during the year. Accordingly, the provisions of clause 3(x)(a) of the Order are not applicable.
- b) During the year, the Company has not made any preferential allotment or private placement of shares or convertible debentures (fully, partially or optionally). Accordingly, provisions of clause 3(x)(b) of the order are not applicable.
- xi) a) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company or on the Company has been noticed or reported during the period covered by our audit.
- b) In our opinion and according to the information and explanations given to us, since no fraud by the Company or on the Company has been noticed or reported during the period covered by our audit, accordingly, the provisions of clause 3(xi)(b) of the Order are not applicable.
- c) As represented to us by the management, there are no whistle blower complaints received by the Company during the year.
- xii) The Company is not a Nidhi Company. Accordingly, provisions of clause 3(xii) of the Order are not applicable.
- xiii) In our opinion and according to the information and explanations given to us, all transactions with the related parties are in compliance with Sections 177 and 188 of Act, where applicable, and the requisite details have been disclosed in the financial statements etc., as required by the applicable accounting standards.
- xiv) a) In our opinion and based on our examination, the Company has an internal audit system commensurate with the size and nature of its business.
- b) We have considered the internal audit reports of the Company issued till date, for the period under audit.
- xv) In our opinion and according to the information and explanations given to us, the Company has not entered into any non-cash transactions with the directors or persons connected with them covered under Section 192 of the Act. Accordingly, provisions of clause 3(xv) of the Order are not applicable.
- xvi) a) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, provisions of clause 3(xvi)(a) of the Order are not applicable.

- b) The Company has not conducted non-banking financial or housing finance activities during the year. Accordingly, provisions of clause 3(xvi)(b) of the Order are not applicable.
- c) The Company is not a Core Investment Company (“CIC”) as defined in the regulations made by the Reserve Bank of India. Accordingly, provisions of clause 3(xvi)(c) of the Order are not applicable.
- d) Based on the information and explanations provided by the management, the Company does not have any CICs, which are part of the Company. Accordingly, provisions of clause 3(xvi)(d) of the Order are not applicable.
- xvii) The Company has not incurred cash losses in the financial year and in the immediately preceding financial year. Accordingly, provisions of clause 3(xvii) of the Order are not applicable.
- xviii) There has been no resignation of the statutory auditors during the year. Accordingly, provisions of clause 3 (xviii) of the Order are not applicable.
- xix) According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.
- xx) a) There are no unspent amounts towards Corporate Social Responsibility (“CSR”) on other than ongoing projects requiring a transfer to a Fund specified in Schedule VII to the Companies Act in compliance with second proviso to sub-section (5) of Section 135 of the said Act. Accordingly, reporting under clause 3(xx)(a) of the Order is not applicable.
- b) In respect of ongoing projects, the Company has transferred unspent amount to a special account, within a period of thirty days from the end of the financial year in compliance with Section 135(6) of the said Act.
- xxi) The reporting under clause 3(xxi) of the Order is not applicable in respect of audit of standalone financial statements. Accordingly, no comment in respect of the said clause has been included in this report.

For **S.N. Dhawan & CO LLP**  
Chartered Accountants  
Firm Registration No.: 000050N/N500045

**Rajeev Kumar Saxena**  
Partner  
Membership No.: 077974  
UDIN: 22077974AIRHYI7692

Place: New Delhi  
Date: 09 May 2022

## **ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT**

(Referred to in paragraph 2(f) under ‘Report on Other Legal and Regulatory Requirements’ section of the Independent Auditor’s Report of even date to the members of **Cosmo Films Limited** on the standalone financial statements as of and for the year ended 31 March 2022)

### **Independent Auditor’s report on the Internal Financial Controls with reference to financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)**

We have audited the internal financial controls with reference to financial statements of **Cosmo Films Limited** (“the Company”) as of 31 March 2022 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

### **Management’s Responsibility for Internal Financial Controls**

The Company’s management is responsible for

establishing and maintaining internal financial controls based on internal control with reference to the financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of the company's business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

### **Auditors' Responsibility**

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

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

We believe that the audit evidence we have obtained is

sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to financial statements.

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

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

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

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

### **Opinion**

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at 31 March 2022, based on the internal control with reference to the financial statements criteria established by the Company considering the essential

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components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over financial reporting issued by the Institute of Chartered Accountants of India.

For **S.N. Dhawan & CO LLP**  
Chartered Accountants  
Firm Registration No.: 000050N/N500045

**Rajeev Kumar Saxena**  
Partner  
Membership No.: 077974  
UDIN: 22077974AIRHYI7692

Place: New Delhi  
Date: 09 May 2022

**STANDALONE BALANCE SHEET as at 31 March 2022**

(All amounts in ₹ crores, unless otherwise stated)

Particulars	Note No.	As at 31 March 2022	As at 31 March 2021
<b>ASSETS</b>			
<b>Non-current assets</b>			
a) Property, plant and equipment	2	925.82	964.88
b) Capital work-in-progress	3	267.84	16.45
c) Investment property	4	8.06	-
d) Intangible assets	5	2.62	2.47
e) Right of use assets	6	7.66	-
f) Financial assets			
(i) Investments	7	155.73	137.42
(ii) Loans	8	6.04	6.15
(iii) Other financial assets	9	3.96	4.27
g) Income tax assets (net)		8.99	12.41
h) Other non-current assets	10	82.30	62.06
		<b>1,469.02</b>	<b>1,206.11</b>
<b>Current assets</b>			
a) Inventories	11	357.62	271.56
b) Financial assets			
(i) Investments	12	409.59	202.01
(ii) Trade receivables	13	197.90	186.36
(iii) Cash and cash equivalents	14	22.74	35.39
(iv) Bank balance other than (iii) above	15	15.11	11.43
(v) Loans	16	1.43	1.44
(vi) Other financial assets	17	23.91	52.67
c) Other current assets	18	45.98	56.05
		<b>1,074.28</b>	<b>816.91</b>
<b>Non-current assets classified as held for sale</b>	2	-	2.50
<b>TOTAL ASSETS</b>		<b>2,543.30</b>	<b>2,025.52</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
a) Equity share capital	19	18.17	18.17
b) Other equity	20	1,069.72	816.11
		<b>1,087.89</b>	<b>834.28</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
a) Financial liabilities			
(i) Borrowings	21	479.65	337.57
(ii) Lease liability		6.39	-
(iii) Other financial liabilities	22	-	0.06
b) Provisions	23	16.77	15.36
c) Deferred tax liabilities (net)	24	143.06	98.35
d) Other non-current liabilities	25	58.11	47.70
		<b>703.98</b>	<b>499.04</b>
<b>Current liabilities</b>			
a) Financial liabilities			
(i) Borrowings	26	269.40	372.14
(ii) Lease liability		1.72	-
(iii) Trade payables			
(a) Total outstanding dues to micro and small enterprises	27	11.00	2.41
(b) Total outstanding dues to creditors other than micro and small enterprises	27	330.97	196.24
(iv) Other financial liabilities	28	80.90	78.20
b) Other current liabilities	29	45.04	30.97
c) Provisions	30	12.40	12.24
		<b>751.43</b>	<b>692.20</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>2,543.30</b>	<b>2,025.52</b>
<b>Summary of significant accounting policies</b>	1		

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

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

 For **S.N. Dhawan & CO LLP**

Chartered Accountants

Firm Registration No.: 000050N/N500045

**Rajeev Kumar Saxena**

Partner

Membership No.: 077974

**For and on behalf of Board of Directors of Cosmo Films Limited**
**Har Kishanlal Agrawal**

Director

DIN: 00260592

**Ashok Jaipuria**

Chairman &amp; Managing Director

DIN: 00214707

**Pankaj Poddar**

Chief Executing Officer

Membership No.: 096861

**Neeraj Jain**

Chief Financial Officer

Membership No.: 097576

**Jyoti Dixit**

Company Secretary

Membership No.: F6229

**Place** : New Delhi

**Date** : 09 May 2022



**STANDALONE STATEMENT OF PROFIT & LOSS for the year ended 31 March, 2022**

(All amounts in ₹ crores, unless otherwise stated)

Particulars	Note No.	Year ended 31 March 2022	Year ended 31 March 2021
<b>Income</b>			
Revenue from operations	31	2,824.15	2,082.91
Other income	32	45.56	35.51
<b>Total income</b>		<b>2,869.71</b>	<b>2,118.42</b>
<b>Expenses</b>			
Cost of materials consumed		1,866.98	1,350.18
Change in inventory of finished goods and stock in trade	33	(32.82)	(52.54)
Employee benefits expense	34	173.88	152.20
Depreciation and amortisation expense	35	58.08	52.50
Finance costs	36	37.43	39.71
Allowance for expected credit losses		0.24	1.06
Other expenses	37	335.54	269.88
<b>Total expenses</b>		<b>2,439.33</b>	<b>1,812.99</b>
<b>Profit before tax</b>		<b>430.38</b>	<b>305.43</b>
<b>Tax expense</b>			
- Current tax	38	75.61	53.66
- Deferred tax expense/(credit)		41.83	36.22
<b>Total tax expense</b>		<b>117.44</b>	<b>89.88</b>
<b>Net profit for the year</b>		<b>312.94</b>	<b>215.55</b>
<b>Other comprehensive income</b>			
1) Items that will not be reclassified to profit or loss			
- Remeasurements of net defined benefit plans		0.09	(7.61)
- Tax on above items		(0.03)	2.66
2) Items that will be reclassified to profit or loss			
- Effective portion of gain/(loss) on hedging instrument in cash flow hedge		8.73	2.01
- Net changes in fair value of financial instruments carried at fair value through other comprehensive income		(2.00)	9.38
- Tax on above items		(2.85)	(3.44)
<b>Total other comprehensive income</b>		<b>3.94</b>	<b>3.00</b>
<b>Total comprehensive income</b>		<b>316.88</b>	<b>218.55</b>
<b>Earnings per equity share</b>	39		
- Basic		174.81	115.57
- Diluted		171.21	114.39
<b>Summary of significant accounting policies</b>	1		

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

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

For **S.N. Dhawan & CO LLP**

Chartered Accountants

Firm Registration No.: 000050N/N500045

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

**Rajeev Kumar Saxena**

Partner

Membership No.: 077974

**Har Kishanlal Agrawal**

Director

DIN: 00260592

**Ashok Jaipuria**

Chairman & Managing Director

DIN: 00214707

**Pankaj Poddar**

Chief Executing Officer

Membership No.: 096861

**Neeraj Jain**

Chief Financial Officer

Membership No.: 097576

**Jyoti Dixit**

Company Secretary

Membership No.: F6229

Place : New Delhi

Date : 09 May 2022

**STANDALONE STATEMENT OF CHANGES IN EQUITY for the year ended 31 March 2022**

(All amounts in ₹ crores, unless otherwise stated)

**A. Equity share capital**

Opening balance as at 1 April 2020	19.44
Changes during the year	(1.27)
<b>Closing balance as at 31 March 2021</b>	<b>18.17</b>
Changes during the year	-
<b>Closing balance as at 31 March 2022</b>	<b>18.17</b>

**B. Other equity**

	Reserves and surplus						Items of other comprehensive income			Treasury Shares	Total
	Retained earnings	Securities premium	Shares options outstanding account	Capital reserve	General reserve	Capital redemption reserve	Effective portion of cash flow hedges	Equity instruments through other comprehensive income	Debt instruments through other comprehensive income		
Balance as at 1 April 2020	412.81	31.26	6.26	3.32	290.08	-	(1.32)	-	(3.44)	(12.98)	725.99
Profit for the year	215.55	-	-	-	-	-	-	-	-	-	215.55
Other comprehensive income for the year	(4.95)	-	-	-	-	-	1.31	2.55	4.09	-	3.00
<b>Total comprehensive income for the year</b>	<b>210.60</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1.31</b>	<b>2.55</b>	<b>4.09</b>	<b>-</b>	<b>218.55</b>
<b>Transaction with owners</b>											
Buyback of equity share capital including expenses thereto	-	(31.26)	-	-	(58.02)	-	-	-	-	-	(89.28)
Transfer from general reserve on account of buyback of equity share capital	-	-	-	-	(1.27)	1.27	-	-	-	-	-
Equity dividend	(44.53)	-	-	-	-	-	-	-	-	-	(44.53)
Employee stock option expense	-	-	0.52	-	-	-	-	-	-	-	0.52
Transfer from share option outstanding on exercise and lapse	-	2.36	(2.43)	-	0.07	-	-	-	-	-	-
Sale of treasury shares	-	1.94	-	-	-	-	-	-	-	2.92	4.86
<b>Balance as at 31 March 2021</b>	<b>578.88</b>	<b>4.30</b>	<b>4.35</b>	<b>3.32</b>	<b>230.86</b>	<b>1.27</b>	<b>(0.01)</b>	<b>2.55</b>	<b>0.65</b>	<b>(10.06)</b>	<b>816.11</b>
<b>Balance as at 1 April 2021</b>	<b>578.88</b>	<b>4.30</b>	<b>4.35</b>	<b>3.32</b>	<b>230.86</b>	<b>1.27</b>	<b>(0.01)</b>	<b>2.55</b>	<b>0.65</b>	<b>(10.06)</b>	<b>816.11</b>
Profit for the year	312.94	-	-	-	-	-	-	-	-	-	312.94
Other comprehensive income for the year	0.06	-	-	-	-	-	5.72	(2.55)	0.71	-	3.94
<b>Total comprehensive income for the year</b>	<b>313.00</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5.72</b>	<b>(2.55)</b>	<b>0.71</b>	<b>-</b>	<b>316.88</b>
<b>Transaction with owners</b>											
Equity dividend	(62.70)	-	-	-	-	-	-	-	-	-	(62.70)
Employee stock option expense	-	-	4.75	-	-	-	-	-	-	-	4.75
Transfer from share option outstanding on exercise and lapse	-	2.50	(2.50)	-	-	-	-	-	-	-	-
Sale of treasury shares	-	0.62	-	-	-	-	-	-	-	(5.94)	(5.32)
<b>Balance as at 31 March 2022</b>	<b>829.18</b>	<b>7.42</b>	<b>6.60</b>	<b>3.32</b>	<b>230.86</b>	<b>1.27</b>	<b>5.71</b>	<b>-</b>	<b>1.36</b>	<b>(16.00)</b>	<b>1,069.72</b>

**Summary of significant accounting policies**

1

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

This is the Statement of Changes in Equity referred to in our report of even date.

 For **S.N. Dhawan & CO LLP**

Chartered Accountants

Firm Registration No.: 000050N/N500045

 For and on behalf of **Board of Directors of Cosmo Films Limited**
**Rajeev Kumar Saxena**

Partner

Membership No.: 077974

**Har Kishanlal Agrawal**

Director

DIN: 00260592

**Ashok Jaipuria**

Chairman &amp; Managing Director

DIN: 00214707

**Pankaj Poddar**

Chief Executing Officer

Membership No.: 096861

**Neeraj Jain**

Chief Financial Officer

Membership No.: 097576

**Jyoti Dixit**

Company Secretary

Membership No.: F6229

**Place** : New Delhi

**Date** : 09 May 2022

**CASH FLOW STATEMENT for the year ended 31 March 2022**

(All amounts in ₹ crores, unless otherwise stated)

Particulars	Year ended 31 March 2022	Year ended 31 March 2021
<b>A. Cash flow from operating activities</b>		
<b>Profit before tax</b>	<b>430.38</b>	<b>305.43</b>
<b>Adjustment for</b>		
Depreciation and amortisation expense	58.08	52.50
Finance costs	37.43	39.71
Gain on investments carried at fair value through profit and loss	(22.70)	(2.64)
Gain on investments carried at fair value through other comprehensive income	(0.33)	(3.71)
Dividend income	(0.33)	(0.11)
(Decrease)/ increase in allowance for expected credit losses	0.24	1.06
Interest Income	(14.28)	(15.70)
Grant income on export promotion capital goods	(2.92)	(2.90)
Liabilities no longer required written back	(0.72)	(0.55)
Loss on sale of property, plant and equipment	0.18	0.16
Profit on disposal of non current assets held for sale	(2.36)	(6.13)
Employee share based compensation	4.75	0.52
Unrealised gain on exchange fluctuation	(2.03)	(1.12)
Unrealised sales tax incentives	(5.63)	(14.99)
Gain on derivatives classified under other comprehensive income	6.75	-
<b>Operating profit before working capital changes</b>	<b>486.51</b>	<b>351.53</b>
<b>Adjustment for</b>		
Inventories	(86.06)	(100.97)
Trade receivables	(9.76)	(17.51)
Other financial assets	26.07	(13.82)
Loans	2.10	2.18
Other assets	2.21	9.11
Trade payables	143.20	53.75
Other financial liabilities	(1.16)	23.55
Other liabilities and provisions	20.50	17.21
<b>Cash flow from operating activities post working capital changes</b>	<b>583.61</b>	<b>325.03</b>
Income tax paid (net)	(72.19)	(51.56)
<b>Net cash flow from operating activities (A)</b>	<b>511.42</b>	<b>273.47</b>
<b>B. Cash flow from investing activities</b>		
Purchase of property, plant and equipment, intangible assets and capital work in progress (including capital advances)	(271.53)	(56.08)
Sale of property, plant and equipment	0.45	0.63
Proceeds from disposal of non current assets held for sale	0.18	10.58
Purchase of current and non-current investments (net)	(187.50)	(40.35)
Purchase of non-current investments in subsidiaries	(18.30)	(22.01)
Interest received	15.14	16.57
Dividend received	0.33	0.11
Investments in / (redemption of) fixed deposits (net)	(3.14)	20.94
Advance received against non-current assets held for sale	-	0.82
<b>Net cash flow used in investing activities (B)</b>	<b>(464.37)</b>	<b>(68.79)</b>
<b>C. Cash flow from financing activities</b>		
Proceeds from long term borrowings	289.37	124.15
Repayment of long term borrowings	(144.29)	(132.66)
(Repayment) of / proceeds from short term borrowings (net)	(99.18)	4.92
Sale/(acquisition) of treasury shares	(5.30)	4.86
Interest paid	(36.98)	(39.72)
Dividend and tax thereon paid	(62.70)	(44.53)
Buyback of equity shares including expenses and tax	-	(90.55)
Payment of lease liability	(0.62)	-
<b>Net cash flow used in financing activities (C)</b>	<b>(59.70)</b>	<b>(173.53)</b>
(Decrease)/Increase in net cash and cash equivalents (A+B+C)	(12.65)	31.15
Cash and cash equivalents at the beginning of the year (refer note 14)	35.39	4.24
<b>Cash and cash equivalents at the end of the year (refer note 14)</b>	<b>22.74</b>	<b>35.39</b>

**Summary of significant accounting policies**

1

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

This is the Statement of Cash Flows referred to in our report of even date.

 For **S.N. Dhawan & CO LLP**

Chartered Accountants

Firm Registration No.: 000050N/N500045

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

**Rajeev Kumar Saxena**

Partner

Membership No.: 077974

**Har Kishanlal Agrawal**

Director

DIN: 00260592

**Ashok Jaipuria**

Chairman &amp; Managing Director

DIN: 00214707

**Pankaj Poddar**

Chief Executing Officer

Membership No.: 096861

**Neeraj Jain**

Chief Financial Officer

Membership No.: 097576

**Jyoti Dixit**

Company Secretary

Membership No.: F6229

**Place** : New Delhi

**Date** : 09 May 2022

## **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION for the year ended 31 March 2022**

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

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

#### **i) Corporate information**

Cosmo Films Limited (the 'Company'), manufacturers of Bi-axially Oriented Polypropylene Films (BOPP) was incorporated in India in 1981, under the Companies Act, 1956. The Company is engaged in the production of flexible packaging films. Company's products majorly comprise of BOPP Films, Thermal Films and Coated Films. In India, the Company is currently having manufacturing facilities at Aurangabad and Shendra in Maharashtra and at Karjan in Gujarat. It also has its subsidiaries operating in different countries. During current financial year Company had made a foray into the Pet Care business with the launch of its platform ZIGLY which will offer pet parents the widest range of pet care products and services to give them an opportunity to choose from an amazing array of pet care options, ranging from pet food and treats to grooming supplies, health care products and much more.

#### **ii) Basis of preparation**

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) as notified by Ministry of Corporate Affairs pursuant to Section 133 of the Companies Act, 2013 read with Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time. These financial statements are separate financial statements of the Company. The Company has also prepared consolidated financial statements for the year ended 31 March 2022 in accordance with Ind AS 110 and the same were also approved for issue by the Board of Directors, along with these financial statements on 9 May 2022.

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

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

#### **iii) Significant accounting policies**

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

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

An asset is treated as current when it is:

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

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle,
- It is held primarily for the purpose of trading,

- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Company classifies all other liabilities as non-current.

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

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

## b) Property, plant and equipment

### *Recognition and initial measurement*

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

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

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

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

<b>Tangible assets</b>	<b>Useful life</b>
Building – Factory	30 years
Building – Non factory	60 years
Continuous process plant and machinery	25 years
Plant and Machinery used in generation, transmission and distribution of power	40 years
Other plant and machinery	15 years
Furniture and fittings	10 years
Vehicles	6-8 years
Office equipment	3-5 years

Cost of the leasehold land and leasehold improvements are amortised over the period of the lease.

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

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

### *De-recognition*

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

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

**c) Investment property**

*Recognition and initial measurement*

Investment properties are measured initially at cost, including transaction costs and where applicable, borrowing costs. Following initial recognition, investment properties are stated at cost less accumulated depreciation and accumulated impairment loss, if any. The Company measures investment property using cost-based measurement, the fair value of investment property is disclosed in the notes. Fair values are determined based on an annual evaluation performed by an accredited external independent valuer.

*Subsequent measurement (depreciation and useful lives)*

Subsequent to initial recognition, an expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred.

Investment properties are depreciated over the useful economic life and assessed for impairment whenever there is an indication that the investment properties may be impaired.

*De-recognition*

Investment properties are de-recognised either when they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period of derecognition.

**d) Intangible assets**

*Recognition and initial measurement*

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

*Subsequent measurement (depreciation and useful lives)*

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

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

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

Software Amortised over a period of 6 years

*De-recognition*

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



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

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

The 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 recognised in the Statement of Profit and Loss. If at the balance sheet date, there is an indication that a previously assessed impairment loss no longer exists then the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciated historical cost. Impairment losses previously recognised are accordingly reversed in the Statement of Profit and Loss.

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

**f) Borrowing costs**

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

**g) Inventory**

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

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

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

**h) Foreign currency translation**

*Functional and presentation currency*

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

*Transactions and balances*

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

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

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

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.

#### *Exchange differences*

As per the generally accepted accounting principles followed by the Company till 31 March 2017, exchange differences arising on translation/ settlement of longterm foreign currency monetary items pertaining to the acquisition of a depreciable asset were adjusted to the cost of the asset. Exchange differences arising on other long-term foreign currency monetary items existing as on 31 March 2017 are accumulated in the “Foreign Currency Monetary Item Translation Difference Account” and amortised over the remaining life of the concerned monetary item. The Company has elected to continue with the said policy on exchange differences arising on long term foreign currency monetary items existing on 31 March 2017, as allowed under Ind AS 101.

For this purpose, the Company treats a foreign monetary item as “long-term foreign currency monetary item”, if it has a term of 12 months or more at the date of its origination.

### **i) Leases**

#### **Transition**

Effective 1 April 2019, the Company adopted Ind AS 116 “Leases” and applied the standard to all lease contracts existing on 1 April 2019 using the modified retrospective method and elected to measure the right-of-use assets at an amount equal to the lease liability adjusted for any prepaid or accrued lease payments that existed at the date of transition.

#### **The Company as a lessee**

The Company’s leased asset classes primarily consist of leases for land and buildings. The Company assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether: (i) the contract involves the use of an identified asset (ii) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and (iii) the Company has the right to direct the use of the asset.

At the date of commencement of the lease, the Company recognises a right-of-use asset (“ROU”) and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease.

Certain lease arrangements includes the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised.

The right-of-use assets are initially recognised at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset.

The lease liability is initially measured at amortised cost at the present value of the future lease

payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates in the country of domicile of these leases. Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed payments) and variable payments based on an index or rate. Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. Lease liabilities are remeasured with a corresponding adjustment to the related right of use asset if the Company changes its assessment of whether it will exercise an extension or a termination option.

### **The Company as a lessor**

Leases for which the Company is a lessor is classified as a finance or operating lease. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

When the Company is an intermediate lessor, it accounts for its interests in the head lease and the sublease separately. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease.

For operating leases, rental income is recognised on a straight-line basis over the term of the relevant lease.

### **j) Fair value measurement**

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

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

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

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

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

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

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

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

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

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

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

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

**k) Revenue recognition - Sale of products and services**

Sales (including scrap sales) are recognised when control of products is transferred to the buyer as per the terms of the contract and are accounted for net of returns and rebates. Control of goods refers to the ability to direct the use of and obtain substantially all of the remaining benefits from goods. Sales, as disclosed, are exclusive of goods and services tax.

Income in respect of service contracts, which are generally in the nature of providing job work services, are recognised in Statement of Profit and Loss on completion of performance obligation.

The Company considers the terms of the contract and its customary business practices to determine the transaction price. The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties (for example, indirect taxes). The consideration promised in a contract with a customer may include fixed consideration, variable consideration (if reversal is less likely in future), or both. No element of financing is deemed present as the sales are largely made on advance payment terms or with credit term of not more than one year.

The transaction price is allocated by the Company to each performance obligation (or distinct good or service) in an amount that depicts the amount of consideration to which it expects to be entitled in exchange for transferring the promised goods or services to the customer.

For each performance obligation identified, the Company determines at contract inception whether it satisfies the performance obligation over time or satisfies the performance obligation at a point in time. If the Company does not satisfy a performance obligation over time, the performance obligation is satisfied at a point in time. A receivable is recognised when the goods are delivered as this is the case of point in time recognition where consideration is unconditional because only the passage of time is required.

The Company recognises contract liabilities for consideration received in respect of unsatisfied performance obligations and reports these amounts as other liabilities in the Balance Sheet. Similarly, if the Company satisfies a performance obligation before it receives the consideration, the Company recognises either a contract asset or a receivable in its Balance Sheet, depending on whether something other than the passage of time is required before the consideration is due.

**l) Financial instruments**

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

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

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

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

## Financial assets

### *Classification and subsequent measurement*

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

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

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

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest method. Effective interest rate (EIR) is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial assets. The future cash flows include all other transaction costs paid or received, premiums or discounts if any, etc.

**ii. Investments in equity instruments of subsidiaries** - Investments in equity instruments of subsidiaries existing as at 1 April 2016, the date of transition to Ind AS, are accounted for at fair value at such date, as per the exemptions available in Ind AS 101. Other investments in equity instruments of subsidiaries are accounted for at their cost.

**iii. Financial assets at fair value**

- **Investments in equity instruments other than above** – All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading are generally classified as at fair value through profit and loss (FVTPL). For all other equity instruments, the Company decides to classify the same either as at fair value through other comprehensive income (FVOCI) or fair value through profit and loss (FVTPL). The Company makes such election on an instrument by instrument basis. The classification is made on initial recognition and is irrevocable.

If the Company decides to classify an equity instrument as at FVOCI, then all fair value changes on the instrument, excluding dividends, are recognised in the other comprehensive income (OCI). There is no recycling of the amounts from OCI to profit or loss, even on sale of investment. However, the Company may transfer the cumulative gain or loss within equity. Dividends on such investments are recognised in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognised in profit or loss.

- **Mutual funds** – All mutual funds in scope of Ind-AS 109 are measured at fair value through profit and loss (FVTPL).
- **Bonds** – All bonds are in scope of Ind-AS 109 and measured at fair value. Bonds which are held for the purpose of both collecting contractual cash flows and selling financial assets are classified as at fair value through other comprehensive income (FVOCI). Bonds which are held for the purpose of trading are classified as at fair value through profit and loss (FVTPL).
- **Derivative assets** - All derivative assets are measured at fair value through profit and loss (FVTPL).

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

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

#### *Reclassification of financial assets*

The Company determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The Company's senior management determines change in the business model as a result of external or internal changes which are significant to the Company's operations. Such changes are evident to external parties. A change in the business model occurs when the Company either begins or ceases to perform an activity that is significant to its operations. If the Company reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The Company does not restate any previously recognised gains, losses (including impairment gains or losses) or interest.

### **Financial liabilities**

#### *Subsequent measurement*

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

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

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

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

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

### **Offsetting of financial instruments**

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

### **m) Hedge accounting**

The Company enters into certain derivative financial instruments to manage its exposure to risk arising from changes in interest rate and foreign exchange rates which are designated as cash flow hedges. Further, the Company has designated certain non-derivative financial instruments in cash flow hedging relationship to manage its exposure to risk arising from changes in foreign exchange rates.

At the inception of a hedge relationship, the Company documents the hedge relationship to which the Company wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess the effectiveness



of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's cash flows attributable to the hedged risk.

To qualify for hedge accounting, the hedging relationship must meet all of the following requirements:

- There is an economic relationship between the hedged item and the hedging instrument
- The effect of credit risk does not dominate the value changes that result from that economic relationship
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the entity actually hedges and the quantity of the hedging instrument that the entity actually uses to hedge that quantity of hedged item.

For the period under audit, the Company has designated certain forward currency contracts, cross currency swaps and foreign currency risk component of borrowings in foreign currencies as hedging instruments in cash flow hedge relationships. The forward currency contracts and cross currency swaps have been entered into to mitigate foreign currency exchange risk arising from financial liabilities denominated in foreign currencies. Further, foreign currency risk component of borrowings in foreign currencies are designated to hedge the foreign currency risk in certain highly probable sales transactions denominated in foreign currency.

Cash flow hedge reserve is adjusted to the lower of the following (in absolute amounts):

- (i) The cumulative gain or loss on the hedging instrument from inception of the hedge; and
- (ii) The cumulative change in fair value (present value) of the hedged item (i.e. the present value of the cumulative change in the hedged expected future cash flows) from inception of the hedge.

All derivative financial instruments used for hedge accounting are recognised initially at fair value and reported subsequently at fair value in the Balance Sheet. The portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised in other comprehensive income. Any ineffectiveness in the hedge relationship is recognised immediately in profit or loss.

At the time the hedged item affects profit or loss, any gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss and presented as a reclassification adjustment within other comprehensive income. However, if a non-financial asset or liability is recognised as a result of the hedged transaction, the gains and losses previously recognised in other comprehensive income are included in the initial measurement of the hedged item.

If a forecast transaction is no longer expected to occur, any related gain or loss recognised in other comprehensive income is transferred immediately to profit or loss. If the hedging relationship ceases to meet the effectiveness conditions, hedge accounting is discontinued and the related gain or loss is held in the cash flow hedge reserve until the forecast transaction occurs.

#### **n) Impairment of financial assets**

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

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

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

- All contractual terms of the financial assets (including prepayment and extension) over the expected life of the assets.

- Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

*Trade receivables*

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

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

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

*Other financial assets*

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

**o) Post- employment and other employee benefits**

**Defined contribution plan**

*Provident fund*

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

*Superannuation fund*

Superannuation is a post-employment benefit defined contribution plan under which the company pays specified contributions to the insurer. The company makes specified quarterly contributions to the superannuation fund. The contribution paid or payable is recognised as an expense in the period in which the services are rendered by the employee.

**Defined benefit plans**

The Company operates a defined benefit gratuity plan in India. The cost of providing benefits under the defined benefit plan is determined on the basis of actuarial valuation using the projected unit credit method. Gratuity fund is administered through Life Insurance Corporation of India.

Remeasurements, comprising of actuarial gains and losses, excluding amounts included in net interest on the net defined benefit liability are recognised immediately in the Balance Sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

## **Other employee benefits**

### *Compensated absences*

Liability in respect of compensated absences becoming due or expected to be availed within one year from the balance sheet date is recognised on the basis of undiscounted value of estimated amount required to be paid or estimated value of benefit expected to be availed by the employees. Liability in respect of compensated absences becoming due or expected to be availed more than one year after the balance sheet date is estimated on the basis of an actuarial valuation performed by an independent actuary using the projected unit credit method.

### **Other short term benefits**

Expense in respect of other short-term benefits is recognised on the basis of amount paid or payable for the period during which services are rendered by the employees.

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

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

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

Contingent liability is disclosed for:

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

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

## **q) Earnings per share**

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

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

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

## **r) Taxes**

### **Current income tax**

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

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

### **Deferred tax**

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

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

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

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

### **s) Government grants and subsidies**

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

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

### **t) Non-current assets held for sale**

An entity shall classify a non-current asset as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset is available for immediate sale in its present condition subject only to terms that are usual and customary for sale of such asset and its sale is highly probable. Management must be committed to sale which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets classified as held for sale are presented separately and measured at the lower of their carrying amounts immediately prior to their classification as held for sale and their fair value less costs to sell. However, some held for sale assets such as financial assets, assets arising from employee benefits and deferred tax assets, continue to be measured in accordance with the Company's relevant accounting policy for those assets. Once classified as held for sale, the assets are not subject to depreciation or amortisation.

### **u) Treasury shares**

Treasury shares are presented as a deduction from equity. The original cost of treasury shares and the proceeds of any subsequent sale are presented as movements in equity.

### **v) Segment reporting**

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

### **Identification of segments**

In accordance with Ind AS 108 – Operating Segment, the operating segments used to present segment information are identified on the basis of information reviewed by the Company's management to allocate resources to the segments and assess their performance. An operating segment is a component of the Company that engages in business activities from which it earns revenues and incurs expenses, including revenues and expenses that relate to transactions with any of the Company's other components. Results of the operating segments are reviewed regularly by the management team which has been identified as the chief operating decision maker (CODM), to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available.

### **Allocation of common costs**

Common allocable costs are allocated to each segment accordingly to the relative contribution of each segment to the total common costs.

### **Unallocated items**

Unallocated items include general corporate income and expense items which are not allocated to any business segment.

### **Segment accounting policies**

The Company prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the financial results of the Company as a whole.

#### **w) Cash and cash equivalents**

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

#### **x) Employee share based payments**

The Company has granted stock options/ restricted stock units under Cosmo Films Employees Stock Option Plan 2015/ Share Based Employee Benefit Scheme, 2021 to the employees of the Company and its subsidiaries. The fair value of options granted under Employee Stock Option Plan is recognised as an employee benefits expense with a corresponding increase in share options outstanding account. The total amount to be expensed is determined by reference to the fair value of the options. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the entity revises its estimates of the number of options that are expected to vest based on the non-market vesting and service conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to share options outstanding account. Upon exercise of share options, the proceeds received are allocated to share capital up to the par value of the shares issued with any excess being recorded as share premium.

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

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

**Allowance for expected credit losses** – The allowance for doubtful debts reflects management's estimate of losses inherent in its credit portfolio. This allowance is based on Company's estimate of the losses to be incurred, which derives from past experience with similar receivables, current and historical past due amounts, write-offs and collections, the careful monitoring of portfolio credit quality and current and projected economic and market conditions. The Company has also taken into account estimates of possible effect

from the pandemic relating to COVID-19. Should the present economic and financial situation persist or even worsen, there could be a further deterioration in the financial situation of the Company's debtors compared to that already taken into consideration in calculating the allowances recognised in the financial statements.

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

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

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

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

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

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

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

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

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

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On 23 March 2022, MCA amended the Companies (Indian Accounting Standards) Amendment Rules, 2022, applicable from 01 April 2022, as below:

**Ind AS 103 – Reference to Conceptual Framework**

The amendments specify that to qualify for recognition as part of applying the acquisition method, the identifiable assets acquired and liabilities assumed must meet the definitions of assets and liabilities in the Conceptual Framework for Financial Reporting under Indian Accounting Standards (Conceptual Framework)



issued by the Institute of Chartered Accountants of India at the acquisition date. These changes do not significantly change the requirements of Ind AS 103. The Company does not expect the amendment to have any significant impact in its financial statements.

#### **Ind AS 16 – Proceeds before intended use**

The amendments mainly prohibit an entity from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, an entity will recognise such sales proceeds and related cost in profit or loss. The Company does not expect the amendments to have any impact in its recognition of its property, plant and equipment in its financial statements.

#### **Ind AS 37 – Onerous Contracts – Costs of Fulfilling a Contract**

The amendments specify that the ‘cost of fulfilling’ a contract comprises the ‘costs that relate directly to the contract’. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts. The amendment is essentially a clarification and the Company does not expect the amendment to have any significant impact in its financial statements.

#### **Ind AS 109 – Annual Improvements to Ind AS (2021)**

The amendment clarifies which fees an entity includes when it applies the ‘10 percent’ test of Ind AS 109 in assessing whether to derecognise a financial liability. The Company does not expect the amendment to have any significant impact in its financial statements.

#### **Ind AS 106 – Annual Improvements to Ind AS (2021)**

The amendments remove the illustration of the reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives were described in that illustration. The Company does not expect the amendment to have any significant impact in its financial statements.

**NOTES OF THE FINANCIAL STATEMENTS for the year ended 31 March, 2022**

(All amounts in ₹ crores, unless otherwise stated)

**2 PROPERTY, PLANT AND EQUIPMENT**

Description	Own assets						Right of use assets	Leasehold improvements	Total
	Freehold land	Buildings	Plant and equipment	Furniture and fixtures	Vehicles	Office equipment	Leasehold land		
<b>Gross carrying value</b>									
As at 1 April 2020	16.88	187.29	1,181.01	10.33	12.77	22.02	100.86	-	1,531.16
Additions	2.08	0.53	35.10	0.10	3.42	2.55	-	-	43.78
Disposals	-	-	(1.93)	-	(1.80)	(0.24)	-	-	(3.97)
Transferred to assets classified as held for sale	-	-	-	-	-	-	(0.12)	-	(0.12)
Foreign exchange fluctuation	-	-	1.49	-	-	-	-	-	1.49
<b>As at 31 March 2021</b>	<b>18.96</b>	<b>187.82</b>	<b>1,215.67</b>	<b>10.43</b>	<b>14.39</b>	<b>24.33</b>	<b>100.74</b>	<b>-</b>	<b>1,572.34</b>
Additions	-	3.60	16.02	0.67	2.55	1.53	-	1.80	26.16
Disposals/adjustments	-	-	(0.16)	(0.47)	(0.88)	(3.51)	-	-	(5.02)
Transferred to investment property	-	(3.50)	-	-	-	-	(4.85)	-	(8.35)
Foreign exchange fluctuation	-	-	(0.15)	-	-	-	-	-	(0.15)
<b>As at 31 March 2022</b>	<b>18.96</b>	<b>187.92</b>	<b>1,231.38</b>	<b>10.63</b>	<b>16.06</b>	<b>22.34</b>	<b>95.89</b>	<b>1.80</b>	<b>1,584.98</b>
<b>Accumulated depreciation</b>									
As at 1 April 2020	-	46.89	472.70	7.60	6.34	18.95	5.19	-	557.67
Charge for the year	-	5.04	42.11	0.71	1.45	1.17	1.45	-	51.93
Transferred to assets classified as held for sale	-	-	-	-	-	-	(0.02)	-	(0.02)
Disposals	-	-	-	-	(1.02)	(0.98)	(0.12)	-	(2.12)
<b>As at 31 March 2021</b>	<b>-</b>	<b>51.93</b>	<b>514.81</b>	<b>8.31</b>	<b>6.77</b>	<b>19.14</b>	<b>6.50</b>	<b>-</b>	<b>607.46</b>
Charge for the year	-	4.89	44.74	0.68	1.79	2.49	1.51	0.17	56.27
Transferred to investment property	-	-	-	-	-	-	(0.19)	-	(0.19)
Disposals/adjustments	-	-	(0.14)	(0.45)	(0.36)	(3.43)	-	-	(4.38)
<b>As at 31 March 2022</b>	<b>-</b>	<b>56.82</b>	<b>559.41</b>	<b>8.54</b>	<b>8.20</b>	<b>18.20</b>	<b>7.82</b>	<b>0.17</b>	<b>659.16</b>
<b>Net carrying amount as at 31 March 2021</b>	<b>18.96</b>	<b>135.89</b>	<b>700.86</b>	<b>2.12</b>	<b>7.62</b>	<b>5.19</b>	<b>94.24</b>	<b>-</b>	<b>964.88</b>
<b>Net carrying amount as at 31 March 2022</b>	<b>18.96</b>	<b>131.10</b>	<b>671.97</b>	<b>2.09</b>	<b>7.86</b>	<b>4.14</b>	<b>88.07</b>	<b>1.63</b>	<b>925.82</b>

**Note:**

- a) Additions include ₹ 1.63 crores (31 March 2021: ₹ 0.01 crores) towards assets located at research and development facilities.
- b) **Contractual obligation**  
Refer note 40 (B) for disclosure of contractual commitments for the acquisition of property, plant and equipment.
- c) **Property, plant and equipment pledged as security**  
Refer note 21 and 26 for information on property, plant and equipment pledged as security by the Company.
- d) During year ended 31 March 2020, the Company had executed an agreement for transfer of ₹ 5.145 acres (sellable area 16664.05 Sq Mtr) of land (classified under right of use assets) at B-14/10 MIDC Area, Waluj, Aurangabad, Maharashtra for a consideration of ₹ 15.43 crores and classified it as non current asset held for sale. Out of the aforesaid land, the Company had executed assignment deeds to the extent of 10,673.04 Sq. Mtr and completed the transfer during the financial year ended 31 March 2021. The Company had received advance amounting to ₹ 4.67 crores pursuant to the remaining 5,991.01 Sq. Mtr of land till 31 March 2021. The Company has executed assignment deeds for the remaining sellable area and completed the transfer process during the financial year ended 31 March 2022

**NOTES OF THE FINANCIAL STATEMENTS for the year ended 31 March, 2022**

(All amounts in ₹ crores, unless otherwise stated)

**Assets classified under assets held for sale includes:**

Particulars	As at 31 March 2022	As at 31 March 2021
Leasehold land	-	2.55
Less: Accumulated depreciation	-	(0.05)
	<u>-</u>	<u>2.50</u>

- e) Depreciation for the year has been included in “depreciation and amortisation expense” line item in statement of profit and loss.

**3 CAPITAL WORK-IN-PROGRESS**

(₹ in crores)

Description	Amount
<b>As at 1 April 2020</b>	<b>15.96</b>
Add: Addition during the year	44.27
Less: Capitalisation during the year	(43.78)
<b>As at 31 March 2021</b>	<b>16.45</b>
Add: Addition during the year	277.55
Less: Capitalisation during the year	(26.16)
<b>As at 31 March 2022</b>	<b>267.84</b>

**(a) Ageing Schedule of Capital-work-in progress**

As at 31 March 2022	Amount in Capital-work-in progress for a period of				
	<1 Year	1-2 Years	2-3 Years	More than 3 Years	Total
i) Project in progress	256.05	4.03	1.80	5.96	<b>267.84</b>
ii) Projects temporarily suspended	-	-	-	-	-

As at 31 March 2021	Amount in Capital-work-in progress for a period of				
	<1 Year	1-2 Years	2-3 Years	More than 3 Years	Total
i) Project in progress	5.65	4.85	0.74	5.21	<b>16.45</b>
ii) Projects temporarily suspended	-	-	-	-	-

**4 INVESTMENT PROPERTY**

Description	Land	Building	Total
<b>Gross carrying value</b>			
<b>As at 1 April 2021</b>	-	-	-
Add: Transferred from property, plant and equipment	4.85	3.50	<b>8.35</b>
<b>As at 31 March 2022</b>	<b>4.85</b>	<b>3.50</b>	<b>8.35</b>
<b>Accumulated depreciation</b>			
<b>As at 1 April 2021</b>	-	-	-
Add: Transferred from property, plant and equipment	0.19	-	<b>0.19</b>
Add: Charge for the year	0.07	0.03	<b>0.10</b>
<b>As at 31 March 2022</b>	<b>0.26</b>	<b>0.03</b>	<b>0.29</b>
<b>Net carrying amount as at 31 March 2022</b>	<b>4.59</b>	<b>3.47</b>	<b>8.06</b>

**NOTES OF THE FINANCIAL STATEMENTS for the year ended 31 March, 2022**

(All amounts in ₹ crores, unless otherwise stated)

**(i) Amount recognised in statement of profit and loss for investment properties**

Particulars	Year ended 31 March 2022	Year ended 31 March 2021
Rental income	1.07	-
Less: direct operating expenses that generated rental income*	-	-
Less: direct operating expenses that did not generate rental income*	-	-
<b>Profit arising from investment properties before depreciation</b>	<b>1.07</b>	<b>-</b>
Less: Depreciation	(0.10)	-
<b>Profit arising from investment properties after depreciation</b>	<b>0.97</b>	<b>-</b>

\*Direct operating expenses attributable to investment property cannot be specifically identified with property, although management does not expect them to be material.

**ii) Leasing arrangements**

Investment property comprises of land and building which is leased to subsidiary companies under long-term operating leases with rentals payable monthly. Refer note 42 for details on future minimum lease rentals.

**iii) Fair value of the investment property as at 31 March 2022 is ₹ 8.84 crores. The Company has obtained independent valuation for its investment property from a registered valuer as defined under rule 2 of Companies (Registered Valuers and Valuation) Rules, 2017.**
**5 INTANGIBLE ASSETS**

Description	Software	Total
<b>Gross carrying value</b>		
<b>As at 1 April 2020</b>	10.64	10.64
Additions	1.16	1.16
Disposals/Adjustment	0.19	0.19
<b>As at 31 March 2021</b>	<b>11.99</b>	<b>11.99</b>
Additions	0.78	0.78
Disposals/Adjustment	-	-
<b>As at 31 March 2022</b>	<b>12.77</b>	<b>12.77</b>
<b>Accumulated amortisation</b>		
<b>As at 1 April 2020</b>	7.92	7.92
Charge for the year	0.57	0.57
Disposals	1.03	1.03
<b>As at 31 March 2021</b>	<b>9.52</b>	<b>9.52</b>
Charge for the year	0.63	0.63
Disposals/Adjustment	-	-
<b>As at 31 March 2022</b>	<b>10.15</b>	<b>10.15</b>
<b>Net carrying amount as at 31 March 2021</b>	<b>2.47</b>	<b>2.47</b>
<b>Net carrying amount as at 31 March 2022</b>	<b>2.62</b>	<b>2.62</b>

**NOTES OF THE FINANCIAL STATEMENTS for the year ended 31 March, 2022**
*(All amounts in ₹ crores, unless otherwise stated)*
**6 RIGHT OF USE ASSETS- BUILDING**
**(₹ in crores)**

Description	Total
<b>Gross carrying value</b>	
As at 1 April 2021	-
Add: Addition during the year	8.73
<b>As at 31 March 2022</b>	<b>8.73</b>
<b>Accumulated depreciation</b>	
As at 1 April 2021	-
Add: Charge for the year	1.07
<b>As at 31 March 2022</b>	<b>1.07</b>
<b>Net carrying amount as at 31 March 2022</b>	<b>7.66</b>

**7 NON-CURRENT INVESTMENTS**

Particulars	As at 31 March 2022	As at 31 March 2021
<b>Carried at cost</b>		
<b>Investments in equity instruments</b>		
<b>Investment in subsidiaries (unquoted):</b>		
2,836,415 (31 March 2021: 2,836,415) equity shares of EUR 10 each fully paid up in CF (Netherlands) Holdings Limited BV	115.34	115.34
2,020,000 (31 March 2021: 2,020,000) equity shares of ₹ 10 each fully paid up in Cosmo Speciality Chemicals Private Limited	2.02	2.02
10,000 (31 March 2021: ₹ Nil) equity shares of ₹ 10 each fully paid up in Cosmo Speciality Polymers Private Limited	0.01	-
<b>Investments in preference shares</b>		
35,000,000 (31 March 2021: 20,000,000) non-cumulative optionally convertible preference shares of ₹ 10 each fully paid up in Cosmo Speciality Chemicals Private Limited	35.00	20.00
3,300,000 (31 March 2021: ₹ Nil) non-cumulative optionally convertible preference shares of ₹ 10 each fully paid up in Cosmo Speciality Polymers Private Limited	3.30	-
<b>Carried at fair value through profit and loss</b>		
<b>Investment in equity instruments</b>		
<b>Other (unquoted):</b>		
2,615,000 (31 March 2021: 2,615,000) equity shares of ₹ 0.19 each fully paid up in OPGS Power Gujarat Private Limited	0.05	0.05
7,57,000 (31 March 2021: 7,57,000) equity shares of ₹ 0.19 each fully paid up in Bhardreshwar Vidyut Private Limited	0.01	0.01
	<b>155.73</b>	<b>137.42</b>
<b>Aggregate amount of unquoted investments</b>	<b>155.73</b>	<b>137.42</b>

**NOTES OF THE FINANCIAL STATEMENTS for the year ended 31 March, 2022**

(All amounts in ₹ crores, unless otherwise stated)

**8 NON-CURRENT LOANS**

Particulars	As at 31 March 2022	As at 31 March 2021
Loans considered good - secured*		
- Loans to officer	5.36	5.47
Loans considered good - unsecured		
- Loans to employees	0.68	0.68
	<u>6.04</u>	<u>6.15</u>

\*Loans to officer as mentioned above are secured by equitable mortgage, being first charge on property. There were no significant changes in the quality of the collateral.

The carrying amounts of these financial instruments are reasonable approximation of their fair values.

**9 OTHER NON-CURRENT FINANCIAL ASSETS**

Particulars	As at 31 March 2022	As at 31 March 2021
Deposits with bank (with remaining maturity more than 12 months)	-	0.17
Derivative assets	0.77	2.41
Security deposit	3.19	1.69
	<u>3.96</u>	<u>4.27</u>

**Note:**

a) The carrying amounts of these financial instruments are reasonable approximation of their fair values.

**10 OTHER NON-CURRENT ASSETS**

Particulars	As at 31 March 2022	As at 31 March 2021
Capital advances	41.79	35.03
Prepaid expenses	1.19	1.70
Recoverable from statutory authorities	39.32	25.33
	<u>82.30</u>	<u>62.06</u>

**11 INVENTORIES**

(At lower of cost and net realisable value)

Particulars	As at 31 March 2022	As at 31 March 2021
Raw material (refer note a below)	183.88	134.30
Finished goods (refer note b below)	149.88	117.06
Stores and spares	23.86	20.20
	<u>357.62</u>	<u>271.56</u>

**Note:**

a) including goods in transit ₹ 12.57 crores (31 March 2021: ₹ 42.37 crores)

b) including goods in transit ₹ 77.93 crores (31 March 2021: ₹ 41.92 crores)



**NOTES OF THE FINANCIAL STATEMENTS for the year ended 31 March, 2022**
*(All amounts in ₹ crores, unless otherwise stated)*
**12 CURRENT INVESTMENTS**

Particulars	As at 31 March 2022	As at 31 March 2021
<b>Investments carried at fair value through profit and loss</b>		
Investments in mutual funds (quoted) (refer note a below)	-	0.09
Investments in equity instruments (quoted) (refer note a below)	33.64	2.83
Investment in alternative investment funds (unquoted) (refer note a below)	24.71	2.60
Investments in market linked debentures (quoted) (refer note a below)	159.73	41.17
Investments in PMS funds (quoted) (refer note a below)	9.04	-
Investments in equity instruments (unquoted) (refer note a below)	16.58	12.43
Investments in preference shares (unquoted) (refer note a below)	5.13	-
<b>Investment carried at fair value through other comprehensive income</b>		
Investments in perpetual bonds and corporate bonds (quoted) (refer note b below)	160.76	142.89
	<u>409.59</u>	<u>202.01</u>
<b>a) Details of investments are as follows:</b>		
<b>Investments carried at fair value through profit and loss</b>		
<b>Investments in mutual funds (quoted)</b>		
TFG1Z Tata Ultra Short Term Fund Direct Plan- Growth	-	0.09
	<u>-</u>	<u>0.09</u>
<b>Investments in equity instruments (quoted)</b>		
ACC Limited	0.42	-
Asian Paints Limited	0.25	-
Astral Limited	0.23	-
Axis Bank Limited	0.36	-
Bajaj Finance Limited	0.25	-
Bata India Limited	-	0.16
Britannia Industries Limited	-	0.17
Gujarat Fluorochemicals Limited	2.37	-
Havells India Limited	0.43	-
HCL Technologies Limited	1.04	-
HDFC Asset Management Company Limited	-	0.25
HDFC Bank Limited	0.73	0.32
HDFC Life Insurance Company Limited	0.35	0.59
ICICI Bank Limited	1.62	0.29
ICICI Lombard General Insurance Company Limited	0.33	0.32
Indo Count Industries Limited	0.06	-
Infosys Limited	1.79	0.18
Jindal Poly Films Limited	0.52	-
K P R Mill Limited	0.36	-
Kotak Mahindra Bank Limited	-	0.25
Larsen & Toubro Limited	0.09	-
Mindtree Limited	0.37	-
Muthoot Finance Limited	0.19	-

**NOTES OF THE FINANCIAL STATEMENTS for the year ended 31 March, 2022**
*(All amounts in ₹ crores, unless otherwise stated)*
**12 CURRENT INVESTMENTS (CONTD.)**

Particulars	As at 31 March 2022	As at 31 March 2021
Nahar Polyfilms Limited	1.13	-
Nahar Spinning Mills Limited	0.39	-
Pidilite Industries Limited	0.43	-
PVR Limited	0.58	-
Raymond Limited	0.33	-
Reliance Industries Limited	-	0.30
Somany Home Innovation Limited	0.54	-
SRF Limited	0.25	-
State Bank of India	0.98	-
Tata Consultancy Services Limited	0.37	-
Tech Mahindra Limited	0.64	-
Titan Company Limited	0.71	-
Uflex Limited	0.23	-
UltraTech Cement Limited	0.55	-
Vardhman Textiles Limited	0.47	-
Vodafone Idea Limited	0.46	-
Welspun India Limited	0.33	-
India Grid Trust	9.32	-
Power Grid Infrastructure Investment Trust	4.17	-
	<b>33.64</b>	<b>2.83</b>
<b>Investments in PMS funds (quoted)</b>		
Caliber Hedge - Managed Portfolio	9.04	-
	<b>9.04</b>	-
<b>Investment in alternative investment funds (unquoted)</b>		
Whitespace Alpha Debt Fund	8.06	2.60
Edelweiss Dynamic Growth Equity [Edge] Fund	5.10	-
Sixth Sense India Opportunities III	2.85	-
Trifecta Leaders Fund I	7.27	-
Aventus Future Leaders Fund II	0.68	-
Edelweiss Crossover Opportunities Fund - Series III B.	0.75	-
	<b>24.71</b>	<b>2.60</b>
<b>Investments in market linked debentures (quoted)</b>		
L&T Infrastructure Finance Company Ltd Series C BR NCD 01JL22	22.54	21.57
Muthoot Finance Ltd SR MLD 1A OPT I BR NCD 10JU22	11.68	11.02
Edelweiss Finance & Investments Ltd SR E2B101A BRNCD 19AG22 FVRS 1LAC	5.46	4.58
Ambit Finvest Private Limited BR NCD 23 Jul-23 FVRS1LAC	4.46	4.00
The Bombay Burmah Trading Corporation Ltd BR LOA 29MR23 FVRS 1LAC	21.49	-
Shriram Transport MLD-18-Nov-2023	11.01	-

**NOTES OF THE FINANCIAL STATEMENTS for the year ended 31 March, 2022**

(All amounts in ₹ crores, unless otherwise stated)

**12 CURRENT INVESTMENTS (CONTD.)**

Particulars	As at 31 March 2022	As at 31 March 2021
Shriram Transport Finance Company Limited Sr PPMLY02 BR NCD 27Ap23 FVRS 10Lac	11.13	-
Muthoot Fincorp Ltd SRVII BR NCD 16MR24 FVRS 10LAC	11.01	-
Piramal Enterprises MLD 2024	10.03	-
JM Financial Asset Reconstruction Company Ltd- TR XXXV BR NCD 11JU24 FVRS10LAC	10.17	-
Piramal Enterprises Limited Sr 01 Br NCD 27mr24	10.41	-
Adani Enterprises MLD 21MR24 FVRS10LAC	9.99	-
Navi Finserv Pvt Ltd MLD BRLOA 24MY23 FVRS10LAC	5.10	-
EDELWEISS FIN & INV LTD5.77 GSC 2030 LK SC NG SN TX NC RTD RED PPML NCD SR A3I101A PP-RD 15-05-2023	5.17	-
Avendus Finance Pvt Ltd	5.08	-
Belstar Microfinance Ltd MLD 2024	5.00	-
	<b>159.73</b>	<b>41.17</b>
<b>Investments in unlisted equity instruments (unquoted)</b>		
National Stock Exchange of India Limited 58,000 (31 March 2021: 50,000) equity shares of ₹ 1 each fully paid up	13.36	8.07
HDB Financial Services Limited 40,000 (31 March 2021: 40,000) equity shares of ₹ 10 each fully paid up	3.22	3.94
Tata Technologies Limited Nil (31 March 2021: 2,500) equity shares of ₹ 10 each fully paid up	-	0.42
	<b>16.58</b>	<b>12.43</b>
<b>Investments in unlisted preference shares (unquoted)</b>		
B9 Beverages Pvt Ltd. 1,00,000 (31 March 2021: ₹ Nil) pre series D compulsorily convertible cumulative preference share of ₹ 15 each fully paid up	5.13	-
	<b>5.13</b>	-
<b>b) Investments carried at fair value through other comprehensive income</b>		
<b>Investments in perpetual bonds and corporate bonds (quoted)</b>		
ICICI Bank Limited SR-DDE18AT BD Perpetual Bond	10.83	10.97
State Bank of India Series 1 BD Perpetual Bond	21.66	21.50
State Bank of India Series II BD Perpetual Bond	21.05	20.95
Bank of Baroda Series IX Basel III Additional Tier-I NC Perpetual Bond	10.58	10.44
ICICI Bank Limited SR-DMR18AT BD Perpetual Bond	-	5.54
Axis Bank Limited SR-28 NCD Perpetual Bond	-	10.77

**NOTES OF THE FINANCIAL STATEMENTS for the year ended 31 March, 2022**

(All amounts in ₹ crores, unless otherwise stated)

**12 CURRENT INVESTMENTS (CONTD.)**

Particulars	As at 31 March 2022	As at 31 March 2021
Union Bank of India PERP XX	22.25	20.00
Bank of Baroda USEC NGRT TAX NCUM RTD RED BASEL III ADD TIER 2 NCB SR XIII	16.26	15.85
State Bank of India Series II Perpetual Bond	10.35	10.24
Tata Motors E-26 Bond	11.68	11.27
Hinduja Leyland Finance Ltd 2024(SUB DEBT)	10.47	-
Tata Steel Reset Perpetual Bond	-	5.36
Indus Bank 10.50% Perp S III	10.25	-
Union Bank Perp 12-Dec-2025	5.12	-
Union Bank Perp 11-Jan-2026	5.10	-
Bank of Baroda SR XVII 7.95 BD Perpetual	5.16	-
	<b>160.76</b>	<b>142.89</b>
c) Aggregate book value of quoted investment	345.85	185.55
Aggregate market value of quoted investments	363.17	186.98
Aggregate book value of unquoted investments	39.52	11.87
Aggergate amount of impairment in value of investment	-	-

**13 TRADE RECEIVABLES**

Particulars	As at 31 March 2022	As at 31 March 2021
Trade receivables considered good- unsecured	197.90	186.36
Trade receivables- credit impaired	3.55	3.53
	<b>201.45</b>	<b>189.89</b>
Less: Allowance for expected credit losses	(3.55)	(3.53)
	<b>197.90</b>	<b>186.36</b>

**Note:**

- a) The carrying amounts of these financial instruments are reasonable approximation of their fair values.
- b) Refer note 21 and 26 for trade receivables pledged as security for liabilities.
- c) Ageing Schedule of accounts receivables:

	As at 31 March 2022	Outstanding for following periods from due date of payment					Total
		<6 months	6 months- 1 Years	1-2 Years	2-3 Years	More than 3 Years	
i) Undisputed trade receivables- considered good	197.90	-	-	-	-	-	<b>197.90</b>
ii) Undisputed trade receivables- which have significant increase in credit risk	-	-	-	-	-	-	-
iii) Undisputed trade receivables- Credit impaired	-	-	-	-	-	-	-

**NOTES OF THE FINANCIAL STATEMENTS for the year ended 31 March, 2022**
*(All amounts in ₹ crores, unless otherwise stated)*

As at 31 March 2022	Outstanding for following periods from due date of payment					
	<6 months	6 months-1 Years	1-2 Years	2-3 Years	More than 3 Years	Total
iv) Disputed trade receivables-considered good		-	-	-	-	-
v) Disputed trade receivables-which have significant increase in credit risk	-	-	-	-	-	-
vi) Disputed trade receivables-Credit impaired	-	0.17	0.20	0.58	2.60	<b>3.55</b>

As at 31 March 2021	Outstanding for following periods from due date of payment					
	<6 months	6 months-1 Years	1-2 Years	2-3 Years	More than 3 Years	Total
i) Undisputed trade receivables-considered good	186.36	-	-	-	-	<b>186.36</b>
ii) Undisputed trade receivables-which have significant increase in credit risk	-	-	-	-	-	-
iii) Undisputed trade receivables-Credit impaired	-	-	-	-	-	-
iv) Disputed trade receivables-considered good	-	-	-	-	-	-
v) Disputed trade receivables-which have significant increase in credit risk	-	-	-	-	-	-
vi) Disputed trade receivables-Credit impaired	-	0.15	0.62	1.18	1.58	<b>3.53</b>

**14 CASH AND CASH EQUIVALENTS**

Particulars	As at 31 March 2022	As at 31 March 2021
Balances with banks		
- in current accounts	7.70	35.35
Cash on hand	0.04	0.04
Deposits with bank (with original maturity less than 3 months)	15.00	-
	<b>22.74</b>	<b>35.39</b>

The carrying amounts of these financial instruments are reasonable approximation of their fair values.

**NOTES OF THE FINANCIAL STATEMENTS for the year ended 31 March, 2022**

(All amounts in ₹ crores, unless otherwise stated)

**15 OTHER BANK BALANCES**

Particulars	As at 31 March 2022	As at 31 March 2021
Earmarked balances with banks in current accounts		
- Unclaimed dividend account	2.02	1.65
Pledged deposits (refer note a and b below)	11.09	9.57
Deposits with bank (with original maturity more than 3 months but remaining maturity less than 12 months)	2.00	0.21
	<u>15.11</u>	<u>11.43</u>

**Note:**

- a) Pledged deposits include deposits amounting to ₹ 4.81 crores (31 March 2021: ₹ 4.57 crores) pledged as margin money for issue of letter of credit and bank guarantees.
- b) Deposit amounting to ₹ 6.27 crores (31 March 2021: ₹ 5.00 crores) are pledged against borrowing facility. The carrying amounts of these financial instruments are reasonable approximation of their fair values.

**16 CURRENT LOANS**

Particulars	As at 31 March 2022	As at 31 March 2021
Loans to officer, considered good- secured*	0.96	0.96
Loans considered good- unsecured		
- Loans to employees	0.47	0.48
	<u>1.43</u>	<u>1.44</u>

\*Loans to officer as mentioned above are secured by equitable mortgage, being first charge on property. There were no significant changes in the quality of the collateral.

The carrying amounts of these financial instruments are reasonable approximation of their fair values.

**17 OTHER CURRENT FINANCIAL ASSETS**

Particulars	As at 31 March 2022	As at 31 March 2021
Discount recoverable	3.28	4.78
Export benefits recoverable	14.85	29.64
Derivative assets	4.35	3.64
Due from related parties	-	11.36
Security deposit	-	0.28
Others	1.43	2.97
	<u>23.91</u>	<u>52.67</u>

The carrying amounts of these financial instruments are reasonable approximation of their fair values.



**NOTES OF THE FINANCIAL STATEMENTS for the year ended 31 March, 2022**
*(All amounts in ₹ crores, unless otherwise stated)*
**18 OTHER CURRENT ASSETS**

Particulars	As at	
	31 March 2022	31 March 2021
Advance to suppliers	18.04	21.45
Balances with statutory authorities	14.98	20.26
Prepaid expenses	9.06	8.18
Others	3.90	6.16
	<u>45.98</u>	<u>56.05</u>

**19 EQUITY SHARE CAPITAL**

Particulars	As at	
	31 March 2022	31 March 2021
<b>Authorised</b> 25,000,000 equity shares of ₹ 10 each (31 March 2021 : 25,000,000 equity shares of ₹ 10 each)	25.00	25.00
<b>Issued, subscribed and fully paid up</b> 18,172,715 equity shares of ₹ 10 each (31 March 2021 : 18,172,715 equity shares of ₹ 10 each)	18.17	18.17
	<u>18.17</u>	<u>18.17</u>

	As at 31 March 2022		As at 31 March 2021	
	No of shares	Amount	No of shares	Amount
<b>Reconciliation of number of shares</b>				
Equity shares at the beginning of the year	18,172,715	18.17	19,440,076	19.44
Changes during the year	-	-	(1,267,361)	(1.27)
Equity shares at the end of the year	<u>18,172,715</u>	<u>18.17</u>	<u>18,172,715</u>	<u>18.17</u>

**Notes:**

- (i) Of the above 242,051 shares have been allotted to erstwhile shareholders of Gujarat Propack Limited on amalgamation in the financial year 2002-03. No shares has been issued for consideration other than cash in the current reporting year and in last five years immediately preceding the current reporting year.
- (ii) Of the above 8,486,705 shares have been allotted as fully paid bonus shares by capitalisation of capital reserves and share premium account in the financial year 2002-03. No shares have been issued as bonus shares in the current reporting year and in last five years immediately preceding the current reporting year.
- (iii) The Board of Directors of the Company at their meeting held on 26 October 2020 had approved Buyback of 12,67,361 equity shares (6.52% of equity capital) of the Company, through the "Tender Offer" route for an aggregate amount of upto ₹ 73 crores at a price of 576 per equity share. The said equity shares bought back were extinguished on 24 December 2020. An amount of ₹ 90.55 crores (including income tax and direct buyback costs) had been utilized from the other equity for the aforesaid buyback including creation of capital redemption reserve account of ₹ 1.27 crores (representing the nominal value of the equity shares bought back). Consequent to the buyback, the paid-up equity share capital has reduced from ₹ 19.44 crores to ₹ 18.17 crores consisting of 1,81,72,715 equity shares of ₹ 10 each.

**NOTES OF THE FINANCIAL STATEMENTS for the year ended 31 March, 2022**

(All amounts in ₹ crores, unless otherwise stated)

- (iv) During the year, the Board of Directors declared an first interim dividend of ₹ 25 per equity share and second interim dividend of ₹ 10 per equity share (31 March 2021: ₹ 25 per equity shares)

During the year ended 31 March 2022 the amount of per share dividend recognised as distributions to equity shareholders was ₹ 35 per share (31 March 2021: ₹ 25 per share).

- (v) **Terms and rights attached to equity shares:**

The Company has only one class of equity shares having the par value of ₹ 10 per share. Each holder of equity share is entitled to one vote per share. The Company declares and pays dividend in Indian Rupees. The dividend proposed by Board of Directors, if any, is subject to approval of shareholders in Annual General Meeting except in case of interim dividend.

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

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

	As at 31 March 2022		As at 31 March 2021	
	No of shares	% holding	No of shares	% holding
Mr. Ashok Jaipuria*	7,305,016	40.20%	7,355,616	40.48%

\* it includes shares of 7,032,332 (31 March 2021: 7,032,332) registered under name of Mr. Ashok Jaipuria where beneficial owner is Gayatri and Annapurna (partnership firm).

- (vii) **Details of shareholding of promoters**

	As at 31 March 2022			As at 31 March 2021	
	No of shares	% holding	%age change	No of shares	% holding
Mr. Ashok Jaipuria	272,684	1.50%	-15.65%	323,284	1.78%
Ms. Aanchal Jaipuria Bhandari	85,907	0.47%	-	85,907	0.47%
Mr. Ambrish Jaipuria	330,439	1.82%	-	330,439	1.82%
Ms. Abha Jaipuria	22,667	0.12%	-	22,667	0.12%
Mrs. Yamini Kumar	72,768	0.40%	52.34%	47,768	0.26%
Pravasi Enterprises Ltd	4,740	0.03%	-	4,740	0.03%
Andheri Properties and Developers Pvt Ltd	622	0.00%	-	622	0.00%
Mr. Ashok Jaipuria-Regd. Owner C/o Gayatri & Annapurana-Beneficial Owner	7,032,332	38.70%	-	7,032,332	38.70%
Fawkes Management Pvt Ltd - Registered Owner C/o Ashok Jaipuria Private Trust-Beneficial Owner	100	0.00%	-	100	0.00%
Fawkes Management Pvt Ltd.- Registered Owner C/o Ashok Jaipuria Family Trust-Beneficial Owner	190,478	1.05%	-	190,478	1.05%
	<b>8,012,737</b>	<b>44.09%</b>		<b>8,038,337</b>	<b>44.24%</b>

**NOTES OF THE FINANCIAL STATEMENTS for the year ended 31 March, 2022**
*(All amounts in ₹ crores, unless otherwise stated)*
**(vii) Shares reserved for issue under options**

Particulars	As at	As at
	31 March 2022	31 March 2021
	<b>No. of shares</b>	<b>No. of shares</b>
Under the Cosmo Films Employees Stock Option Plan 2015 (CF ESOP 2015), equity share of ₹ 10 each, at an exercise price as decided by management on case to case basis	188,897	335,082

These shares are held as treasury shares under other equity (refer note 20)

For terms and details refer note 42

**(ix)** The Board of Directors of the Company at its meeting held on 9 May 2022 have recommended for approval by shareholders, bonus issue of 1 equity share of ₹ 10/- each for every 2 equity share of ₹ 10/- each held by shareholders of the Company as on the record date.

**20 OTHER EQUITY**

Particulars	As at	As at
	31 March 2022	31 March 2021
Retained earnings	829.18	578.88
General reserve	230.86	230.86
Capital reserve	3.32	3.32
Security premium account	7.42	4.30
Treasury Shares	(16.00)	(10.06)
Share options outstanding account	6.60	4.35
Effective portion of cash flow hedges	5.71	(0.01)
Debt instruments through other comprehensive income	1.36	0.65
Equity instruments through other comprehensive income	-	2.55
Capital redemption reserve	1.27	1.27
<b>Total other equity</b>	<b><u>1,069.72</u></b>	<b><u>816.11</u></b>

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

Capital reserve was created under financial statements prepared in accordance with accounting standards notified under the section 133 of the Companies Act, 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 ('previous GAAP') out of the profit earned from a specific transaction of capital nature.

**(ii) Securities premium account**

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

**(iii) General reserve**

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

**(iv) Share options outstanding account**

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

**NOTES OF THE FINANCIAL STATEMENTS for the year ended 31 March, 2022**

(All amounts in ₹ crores, unless otherwise stated)

**(v) Treasury shares**

This reserve represents Company's own equity shares held by the Cosmo ESOP Trust which is created under the Employee Stock Option Plan, 2015.

**(vi) Effective portion of cash flow hedges**

The cash flow hedging reserve represents the cumulative effective portion of gains or losses arising on changes in fair value of designated portion of hedging instruments entered into for cash flow hedges. Such gains or losses will be reclassified to statement of profit and loss in the period in which the hedged transaction occurs.

**(vii) Debt instruments through other comprehensive income**

The Company has classified investments in perpetual bonds as at fair value through other comprehensive income (FVOCI) since: (a) perpetual bonds are held within a business model whose objective is achieved by both collecting contractual cash flows and selling those bonds; and (b) the contractual terms of perpetual bonds give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. This reserve represents changes in fair value of perpetual bonds from the date of such classification to the reporting date. When the perpetual bonds are derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment.

**(viii) Equity instruments through other comprehensive income**

The Company had classified certain investments in unquoted equity shares as at fair value through other comprehensive income (FVOCI) since these investments were held for long term value accretion and not being actively traded. This reserve represents the cumulative gains (net of losses) arising on revaluation of equity instruments measured at fair value through other comprehensive income, net of amounts reclassified, if any, to retained earnings when those instruments are disposed of.

**(ix) Capital redemption reserve**

This reserve represents a statutory, non-distributable reserve into which amounts are transferred following the redemption or purchase of a company's own shares.

**21 NON-CURRENT BORROWINGS (SECURED)**

Particulars	As at 31 March 2022	As at 31 March 2021
Foreign currency term loans (refer note A below)*		
- from banks	375.85	222.23
- from others	64.93	82.16
Rupee term loans (refer note B below)		
- from banks	147.92	138.75
- from others	10.65	18.65
Vehicle loans (refer note C below)	5.45	4.78
	<b>604.80</b>	<b>466.57</b>
Less:- Current maturities disclosed under current borrowings (refer note 26)	125.15	129.00
	<b>479.65</b>	<b>337.57</b>

\*include hedged foreign currency borrowings of ₹ 197.38 crores (31 March 2021: ₹ 190.01 crores)

**NOTES OF THE FINANCIAL STATEMENTS for the year ended 31 March, 2022**
*(All amounts in ₹ crores, unless otherwise stated)*
**Notes:**

	As at 31 March 2022	As at 31 March 2021
<b>(A) Foreign currency term loans comprises of :</b>		
<p><b>(i)</b> Loan of EUR 10,367,450 taken from Landesbank Baden Wurttemberg Bank (LBBW) during the financial year 2012-13, 2013-14 and 2014-15 and carries interest based upon Euribor plus 105 bps per annum. The loan is repayable in 17 equal semi-annual instalments after six month from the signing of final acceptance certificate for start of commercial production.</p> <p><b>Security</b> The above loan is secured against hypothecation of machinery financed out of the loan amount at the Company's new plant at Shendra, Aurangabad.</p>	10.25	20.94
<p><b>(ii)</b> Loan of USD 3,581,148 (₹ 25 crores) taken from ICICI Bank Limited during the financial year 2019-20 and carries interest rate based upon 3 month USD libor plus 3.31% per annum. The loan is repayable in 12 quarterly instalments starting at the end of first fiscal quarter from the first drawdown date.</p> <p><b>Security</b> The above loan is secured against (i) First pari passu charge over the movable and immovable fixed assets of the company both present and future, other than assets specifically carved out. (ii) Second pari passu charge on current assets of the company both present and future.</p>	3.40	15.07
<p><b>(iii)</b> Loan of USD 9,729,936 taken from Export-Import Bank (EXIM) of India during the financial year 2015-16 , 2016-17 and 2017-18 and carries interest rate based upon Libor plus 275 bps per annum. The loan is repayable in 24 equal quarterly instalments commencing after a moratorium of 18 months from scheduled commercial operation date or actual commercial operation date whichever is earlier.</p> <p><b>Security</b> The above loan is secured against (i) first pari passu charge over the movable and immovable fixed assets of the company both present and future, other than assets specifically carved out. (ii) second pari passu charge on current assets of the company both present and future.</p>	27.71	38.56
<p><b>(iv)</b> Loan of EUR 14,614,201 taken from Landesbank Baden Wurttemberg Bank (LBBW) during the financial year 2015-16, 2016-17 and 2017-18 and carries interest rate based upon Euribor plus 60 bps per annum. The loan is repayable in 20 equal semi-annual instalments from the date of 28 February 2018 .</p> <p><b>Security</b> The above loan is secured against hypothecation of machinery financed out of the loan amount at the Company's plant at Karjan, Aurangabad.</p>	67.57	81.54

**NOTES OF THE FINANCIAL STATEMENTS for the year ended 31 March, 2022**

(All amounts in ₹ crores, unless otherwise stated)

<p>(v) Loan of ₹ 60 crores taken from State Bank of India and carries interest rate base rate plus 230 bps. During the financial year 2019-20 and 2020-21 this loan has been converted into hedged FCNR loan. The tenure of facilities remain in-line with the original sanction. The loan is fully paid during financial year ended 31 March 2022.</p> <p><b>Security</b>                      The above loan was secured against (i) first pari passu charge over the movable and immovable fixed assets of the company both present and future, other than assets specifically carved out. (ii) second pari passu charge on current assets of the company both present and future.</p>	-	2.42
<p>(vi) Loan of EUR 4,586,555 (₹ 35 crores) taken from Yes Bank Limited during the financial year 2017-18 and carries interest rate based on 6 months Euribor plus 280 bps per annum. During the financial year 2018-19 this loan has been converted into hedged FCNR loan. The tenure of the facility remain in-line with the original sanction. The loan is repayable in 10 equal half yearly instalments starting from December 2017.</p> <p><b>Security</b>                      The above loan is secured against (i) first paripassu charge over movable and immovable fixed assets of the Company both present and future other than assets specifically carved out. (ii) second pari-passu charge on current assets of the company both present and future.</p>	3.86	11.81
<p>(vii) Loan of EUR 4,700,510 (₹ 35 crores) taken from Infrastructure Development Finance Company (IDFC) during the financial year 2017-18 and carries interest rate Euribor plus 245 bps. The loan is repayable in 8 equal semi annual instalments after moratorium of 18 months from the date of disbursement.</p> <p><b>Security</b>                      The above loan is secured against (i) first paripassu charge over movable and immovable fixed assets of the Company both present and future other than assets specifically carved out. (ii) second pari-passu charge on current assets of the company both present and future.</p>	9.88	20.17
<p>(viii) Loan of USD 5,200,594 (₹ 35 crores) taken from IndusInd Bank during the financial year 2016-17 and carries interest rate based upon Mibor plus 465 bps per annum. The loan is repayable in 17 equal quarterly instalments after moratorium of 12 months from the first date of disbursement. The loan is fully paid during financial year ended 31 March 2022.</p> <p><b>Security</b>                      The above loan was secured against (i) first pari-passu charge over movable and immovable fixed assets of the Company both present and future, other than assets specifically carved out. (ii) second pari-passu charge on current assets of the company both present and future.</p>	-	4.48



**NOTES OF THE FINANCIAL STATEMENTS for the year ended 31 March, 2022**

(All amounts in ₹ crores, unless otherwise stated)

<p>(ix) Loan of ₹ 27.76 crores taken from IDBI Bank Limited (IDBI) during the financial year 2014-15 and 2015-16 and carries interest based upon base rate plus 2.5% per annum. The loan is repayable in 10 structured half yearly instalments starting from 31 March 2018. During the financial year 2019-20 and 2020-21, this loan has been converted into fully hedged FCNR loan. The tenure of facilities remain in-line with the original sanction.</p> <p><b>Security</b>                      The above loan is secured against (i) Demand Promissory Note (ii) First pari passu charge over the movable and immovable fixed assets of the company both present and future, other than assets specifically carved out. (iii) Second pari passu charge on current assets of the company both present and future.</p>	2.90	8.37
<p>(x) Loan of EUR 4,752,270 (₹ 40 crores) taken from Yes Bank Limited during the financial year 2018-19 and carries interest rate based on 6 months Euribor plus 310 bps per annum. The loan is repayable in 9 equal half yearly instalments after moratorium of 6 months from the first date of disbursement.</p> <p><b>Security</b>                      The above loan is secured against (i) first paripassu charge by way of hypothecation on movable and by way of equitable mortgage over all immovable fixed assets (both present and future) except those are exclusively charged to other lenders (ii) second pari-passu charge by way of hypothecation on current assets of the borrower (both present and future).</p>	13.32	22.66
<p>(xi) Loan of USD 6,768,043 (₹ 50 crores) taken from ICICI Bank Limited (ICICI) during the financial year 2018-19 and carries interest rate based upon Euribor plus 4.113% per annum. The loan is repayable in 18 quarterly instalments starting from 31 December 2018.</p> <p><b>Security</b>                      The above loan is secured against (i) First pari passu charge over the movable and immovable fixed assets of the company both present and future, other than assets specifically carved out. (ii) Second pari passu charge on current assets of the company both present and future.</p>	31.90	43.40
<p>(xii) Loan of USD 4,900,000 (₹ 40 crores) taken from Export-Import Bank (EXIM) of India during the financial year and carries interest rate based upon USD 6 month libor plus 325 bps per annum. The loan is repayable in 24 equal quarterly instalments commencing after a moratorium of 24 months from the date of first disbursement.</p> <p><b>Security</b>                      The above loan is secured against (i) first pari passu charge over the movable and immovable fixed assets of the company both present and future, other than assets specifically carved out. (ii) second pari passu charge on current assets of the company both present and future.</p>	37.22	35.85

**NOTES OF THE FINANCIAL STATEMENTS for the year ended 31 March, 2022**

(All amounts in ₹ crores, unless otherwise stated)

<p>(xiii) Loan of EUR 16,604,723 taken from Landesbank Baden Wurttemberg Bank (LBBW) during the financial year 2021-22 and carries interest rate fixed at 44 bps per annum. The loan is repayable in 20 equal semi-annual instalments from end of 6 months from the starting point or 20 November 2023 whichever is earlier.</p> <p><b>Security</b> The above loan is secured against hypothecation of machinery financed out of the loan amount at the Company's plant at Waluj, Aurangabad.</p>	139.59	-
<p>(xiv) Loan of EUR 11,192,682 (₹ 100 crores) taken from Bank of Baroda during the financial year 2021-22 and carries interest rate based upon 6 month EURIBOR plus 2.25% per annum. The loan is repayable in 3 half yearly instalments starting from 31 March 2023.</p> <p><b>Security</b> The above loan is secured against (i) First pari passu charge over the movable and immovable fixed assets of the company both present and future, other than assets specifically carved out. (ii) Second pari passu charge on current assets of the company both present and future.</p>	94.10	-
<b>B Rupee term loans comprises of :</b>		
<p>(i) Loan of ₹ 50 crores taken from Shyam Rao Vithal Co-operative Bank Limited during the financial year 2020-21 and carries interest rate PLR less 5 bps per annum. The loan is repayable in 84 months inclusive of 24 months moratorium period.</p> <p><b>Security</b> The above loan is secured against (i) First paripassu charge over movable and immovable fixed assets of the Company both present and future, other than assets specifically carved out. (ii) Second pari-passu charge on current assets of the company both present and future.</p>	50.00	49.81
<p>(ii) Loan of ₹ 60 crores taken from Shyam Rao Vithal Co-operative Bank Limited during the financial year 2016-17 and 2017-18 and carries interest rate based upon SBI's 6 month MCLR plus 165 bps per annum to be reset on quarterly basis. The loan is repayable in 21 equal after moratorium of 12 months from the date of disbursement. The loan was fully paid during FY 21-22.</p> <p><b>Security</b> The above loan is secured against (i) First paripassu charge over movable and immovable fixed assets of the Company both present and future, other than assets specifically carved out. (ii) Second pari-passu charge on current assets of the company both present and future.</p>	-	20.71

**NOTES OF THE FINANCIAL STATEMENTS for the year ended 31 March, 2022**

(All amounts in ₹ crores, unless otherwise stated)

<p>(iii) Loan of ₹ 40 crores taken from Bajaj Finance Limited during the financial year 2017-18 and carries interest rate linked to SBI's one year MCLR to be reset quarterly. The loan is repayable in 60 equal monthly instalments after moratorium of 12 months from the date of disbursement.</p> <p><b>Security</b> The above loan is secured against (i) first pari-passu charge over movable and immovable fixed assets of the Company both present and future, other than assets specifically carved out. (ii) second pari-passu charge on current assets of the company both present and future.</p>	10.67	18.67
<p>(iv) Loan of ₹ 60 crores taken from IndusInd Bank during the financial year 2018-19 and carries interest rate based upon Mibor plus 250 bps per annum. The loan is repayable in 22 equal quarterly instalments after moratorium of 6 months from the first date of disbursement.</p> <p><b>Security</b> The above loan is secured against (i) first pari-passu charge over movable and immovable fixed assets of the Company both present and future, other than assets specifically carved out. (ii) second pari-passu charge on current assets of the company both present and future.</p>	32.73	43.64
<p>(v) Loan of ₹ 65 crores taken from State Bank of India during the financial year 2020-21 &amp; 2021-22 and carries interest rate based on 6 months MCLR plus 100 bps per annum. The loan is repayable in 14 half yearly installment after a moratorium of one year from the date of first disbursement.</p> <p><b>Security</b> The above loan is secured against (i) First pari-passu charge over movable and immovable fixed assets of the Company both present and future, other than assets specifically carved out. (ii) Second pari-passu charge on current assets of the company both present and future.</p>	65.60	25.00
<p><b>C Vehicle loans taken from Union Bank of India carries interest @ 8% - 9% per annum. This loan is repayable in 3 years</b></p> <p><b>Security</b> Vehicle loans from Union Bank of India are secured against hypothecation of respective vehicles. Less: Adjustment for processing fees on long term loans recognised using effective interest rate</p>	5.45  (1.36)	4.78  (1.31)
	<u><u>604.80</u></u>	<u><u>466.57</u></u>

**Note:**

Refer note 26 - current maturities of long term borrowings are disclosed under the head current borrowings  
 Refer note 46 and 47 for disclosure of fair values in respect financial liabilities measured at amortised cost and analysis of maturity profile.

Refer note 50 for reconciliation of liabilities arising from financing activities.

**NOTES OF THE FINANCIAL STATEMENTS for the year ended 31 March, 2022**
*(All amounts in ₹ crores, unless otherwise stated)*
**22 OTHER NON-CURRENT FINANCIAL LIABILITIES**

Particulars	As at 31 March 2022	As at 31 March 2021
Derivative liabilities	-	0.06
	<u>-</u>	<u>0.06</u>

**23 PROVISIONS**

Particulars	As at 31 March 2022	As at 31 March 2021
Provision for gratuity (refer note 43)	16.77	15.36
	<u>16.77</u>	<u>15.36</u>

**24 DEFERRED TAX LIABILITIES (NET)#**

Particulars	As at 31 March 2022	As at 31 March 2021
<b>Deferred tax asset arising on account of:</b>		
Expenses deductible/ Income taxable in future years under Income tax Act, 1961 (net)	11.00	9.67
Minimum alternative tax credit entitlement	5.89	48.07
	<u>16.89</u>	<u>57.74</u>
<b>Deferred tax liability arising on account of:</b>		
Property, plant and equipment and other intangible assets-depreciation and amortisation	156.83	156.01
Cash flow hedge reserve	3.12	0.08
	<u>159.95</u>	<u>156.09</u>
	<u>143.06</u>	<u>98.35</u>

#Refer note 38 for movement in deferred tax balances.

**25 OTHER NON-CURRENT LIABILITIES**

Particulars	As at 31 March 2022	As at 31 March 2021
Deferred income on export promotion capital goods scheme	58.11	47.70
	<u>58.11</u>	<u>47.70</u>

**NOTES OF THE FINANCIAL STATEMENTS for the year ended 31 March, 2022**

(All amounts in ₹ crores, unless otherwise stated)

**26 CURRENT BORROWINGS (SECURED)**

Particulars	As at 31 March 2022	As at 31 March 2021
Cash credit and other working capital facilities (refer note a)	144.25	243.14
Current maturities of long-term borrowings (refer note 21)	125.15	129.00
	<u>269.40</u>	<u>372.14</u>

**Note:** Cash credits and other working capital facilities are secured by first pari passu charge on entire current assets of the company and second pari passu charge on entire fixed assets secured to financial institutions except assets exclusively carved out.

**27 TRADE PAYABLES**

Particulars	As at 31 March 2022	As at 31 March 2021
Trade payables		
- total outstanding dues to micro and small enterprises	11.00	2.41
- total outstanding dues to other than micro and small enterprises	168.79	121.17
Acceptances	162.18	75.07
<b>Total</b>	<u>341.97</u>	<u>198.65</u>

The above disclosure has been determined to the extent such parties have been identified on the basis of information available with the Company.

Particulars	31 March 2022	31 March 2021
i the principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year;	10.59	2.00
ii the amount of interest paid by the buyer in terms of section 16, along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year;	5.54	22.33
iii the amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under this Act;	-	-
iv the amount of interest accrued and remaining unpaid at the end of each accounting year; and	0.05	0.41
v the amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under section 23.	0.36	-

The carrying amounts of these financial instruments are reasonable approximation of their fair values.

**NOTES OF THE FINANCIAL STATEMENTS for the year ended 31 March, 2022**

(All amounts in ₹ crores, unless otherwise stated)

**Ageing Schedule of accounts payables:**

As at 31 March 2022	Outstanding for following periods from due date of payment					
	Not due	<1 year	1 year- 2 Years	2 year- 3 Years	More than 3 Years	Total
i) MSME	10.21	-	-	-	-	10.21
ii) Others	265.76	60.57	0.93	-	-	327.26
iii) Disputed dues- MSME	-	0.43	0.36	-	-	0.79
iv) Disputed dues- Others	-	0.49	0.19	0.80	2.23	3.71

As at 31 March 2021	Outstanding for following periods from due date of payment					
	Not due	<1 year	1 year- 2 Years	2 year- 3 Years	More than 3 Years	Total
i) MSME	1.47	0.65	-	-	-	2.12
ii) Others	156.70	28.47	3.73	-	-	188.90
iii) Disputed dues- MSME	-	0.16	0.11	0.02	-	0.29
iv) Disputed dues- Others	-	0.23	3.03	1.78	2.30	7.34

**28 OTHER CURRENT FINANCIAL LIABILITIES**

Particulars	As at 31 March 2022	As at 31 March 2021
Interest accrued but not due on borrowings	0.88	0.91
Security deposits	0.74	0.88
Unpaid dividend	2.03	1.65
Other accrued liabilities	27.59	46.31
Employee related liabilities	42.62	25.64
Derivative liabilities	7.04	2.81
	<b>80.90</b>	<b>78.20</b>

The carrying amounts of these financial instruments are reasonable approximation of their fair values.

**29 OTHER CURRENT LIABILITIES**

Particulars	As at 31 March 2022	As at 31 March 2021
Statutory dues	12.31	9.68
Advance received from customers	29.82	13.71
Deferred income on export promotion capital goods scheme	2.91	2.91
Advance received against non-current asset held for sale	-	4.67
	<b>45.04</b>	<b>30.97</b>

**30 PROVISIONS**

Particulars	As at 31 March 2022	As at 31 March 2021
Provision for gratuity (refer note 43)	3.22	2.89
Provision for compensated absences	9.18	9.35
	<b>12.40</b>	<b>12.24</b>



**NOTES OF THE FINANCIAL STATEMENTS for the year ended 31 March, 2022**
*(All amounts in ₹ crores, unless otherwise stated)*
**31 REVENUE FROM OPERATIONS**

Particulars	As at 31 March 2022	As at 31 March 2021
<b>Operating revenue (refer note a below)</b>		
Sale of products-domestic	1,489.46	1,152.02
Sale of products-export	1,292.10	874.28
	<u>2,781.56</u>	<u>2,026.30</u>
<b>Other operating revenue</b>		
Export benefit income	28.93	33.29
Sales tax incentive	5.63	14.99
Job work charges	0.54	3.32
Scrap sales	5.16	4.05
Others	2.33	0.96
<b>Revenue from operations</b>	<u><u>2,824.15</u></u>	<u><u>2,082.91</u></u>

**Note:**

a) The Company applies Indian Accounting Standard 115, 'Revenue from Contracts with Customers' ('Ind AS 115'). Under Ind AS 115, revenue is recognised through a 5-step approach:

- (i) Identify the contracts with customer;
- (ii) Identify separate performance obligations in the contract;
- (iii) Determine the transaction price;
- (iv) Allocate the transaction price to the performance obligations; and
- (v) Recognise revenue when a performance obligation is satisfied.

**(i) Disaggregation of revenue**

The Company has performed a disaggregated analysis of revenues considering the nature, amount, timing and uncertainty of revenues. This includes disclosure of revenues by geography and timing of recognition.

**Year ended 31 March 2022**

Revenue from operations	Goods	Other operating revenue*	Total
<b>Revenue by geography</b>			
Domestic	1,489.46	8.04	1,497.50
Export	1,292.10	-	1,292.10
<b>Total</b>	<u><u>2,781.56</u></u>	<u><u>8.04</u></u>	<u><u>2,789.60</u></u>
<b>Revenue by time</b>			
Revenue recognised at point in time			2,789.60
Revenue recognised over time			-
<b>Total</b>			<u><u>2,789.60</u></u>

\* excludes export benefit income of ₹ 28.93 crores and sales tax incentive of ₹ 5.63 crores

**NOTES OF THE FINANCIAL STATEMENTS for the year ended 31 March, 2022**

(All amounts in ₹ crores, unless otherwise stated)

**Year ended 31 March 2021**

Revenue from operations	Goods	Other operating revenue	Total
<b>Revenue by geography</b>			
Domestic	1,152.02	8.33	1,160.35
Export	874.28	-	874.28
<b>Total</b>	<b><u>2,026.30</u></b>	<b><u>8.33</u></b>	<b><u>2,034.63</u></b>
<b>Revenue by time</b>			
Revenue recognised at point in time			2,034.63
Revenue recognised over time			-
<b>Total</b>			<b><u>2,034.63</u></b>

\* excludes export benefit income of ₹ 33.29 crores and sales tax incentive of ₹ 14.99 crores

**(ii) Revenue recognised in relation to contract liabilities**

Ind AS 115 also requires disclosure of 'revenue recognised in the reporting period that was included in the contract liability balance at the beginning of the period' and 'revenue recognised in the reporting period from performance obligations satisfied (or partially satisfied) in previous periods. Same has been disclosed as below:

Description	Year ended 31 March 2022	Year ended 31 March 2021
Revenue recognised in the reporting period that was included in the contract liability balance at the beginning of the period	12.83	12.52
Revenue recognised in the reporting period from performance obligations satisfied (or partially satisfied) in previous periods	-	-

**(iii) Assets and liabilities related to contracts with customers**

Description	As at 31 March 2022	As at 31 March 2021
<b>Contract liabilities related to sale of goods</b>		
Advance from customers	29.82	13.71

**(iv) Reconciliation of revenue recognised in Statement of Profit and Loss with Contract price**

Description	Year ended 31 March 2022	Year ended 31 March 2021
Contract price	2,873.84	2,120.77
Less: Discount, rebates, credits etc.	84.24	86.14
<b>Revenue from operations as per Statement of Profit and Loss *</b>	<b><u>2,789.60</u></b>	<b><u>2,034.63</u></b>

\* excludes export benefit income of ₹ 28.93 crores (31 March 2021 : ₹ 33.29 crores) and sales tax incentive of ₹ 5.63 crores (31 March 2021 : ₹ 14.99 crores)

**b) Details of products sold**

Particulars	Year ended 31 March 2022	Year ended 31 March 2021
Manufactured goods		
- Packaging films	2,780.46	2,026.30
- Others	1.10	-
<b>Total</b>	<b><u>2,781.56</u></b>	<b><u>2,026.30</u></b>

**NOTES OF THE FINANCIAL STATEMENTS for the year ended 31 March, 2022**
*(All amounts in ₹ crores, unless otherwise stated)*
**32 OTHER INCOME**

Particulars	Year ended 31 March 2022	Year ended 31 March 2021
Interest income from:		
- Fixed deposit with banks:	0.52	0.80
- Other financial assets carried at amortised cost	0.26	1.50
- Investment in perpetual bonds carried at fair value through other comprehensive income	12.24	13.83
- Others	1.68	1.71
Gain on investments carried at fair value through profit and loss	22.70	2.64
Gain on investments carried at fair value through other comprehensive income	0.33	3.71
Insurance and other claims	0.39	1.03
Rent	1.11	0.60
Grant income on export promotion capital goods	2.92	2.90
Dividend income	0.33	0.11
Liabilities no longer required written back	0.72	0.55
Profit on disposal of non current assets held for sale	2.36	6.13
	<u>45.56</u>	<u>35.51</u>

**33 CHANGE IN INVENTORY**

Particulars	Year ended 31 March 2022	Year ended 31 March 2021
<b>Opening stock</b>		
Finished goods	117.06	64.52
<b>Closing stock</b>		
Finished goods	149.88	117.06
	<u>(32.82)</u>	<u>(52.54)</u>
<b>Note:</b>		
Finished goods		
- Packaging films	148.92	117.06
- Others	0.96	-
<b>Total</b>	<u>149.88</u>	<u>117.06</u>

**34 EMPLOYEE BENEFITS EXPENSE**

Particulars	Year ended 31 March 2022	Year ended 31 March 2021
Salaries, wages, allowances and bonus	155.59	131.04
Employee stock option expense	4.75	0.52
Contribution to provident and other funds	9.52	15.74
Staff welfare expenses	4.02	4.90
	<u>173.88</u>	<u>152.20</u>

**NOTES OF THE FINANCIAL STATEMENTS for the year ended 31 March, 2022**
*(All amounts in ₹ crores, unless otherwise stated)*
**35 DEPRECIATION AND AMORTISATION EXPENSE**

Particulars	Year ended 31 March 2022	Year ended 31 March 2021
Depreciation on property, plant and equipment and investment property	56.38	51.93
Amortisation of intangible assets	0.63	0.57
Depreciation on right-of-use assets	1.07	-
	<b>58.08</b>	<b>52.50</b>

**36 FINANCE COSTS**

Particulars	Year ended 31 March 2022	Year ended 31 March 2021
Interest on		
- Term loans	14.98	16.09
- Cash credit and short term loans	11.59	11.84
- Others	0.92	1.66
Foreign exchange fluctuation to the extent regarded as an adjustment to borrowing costs	4.26	5.18
Interest on lease liability	0.51	-
Other borrowings costs	5.17	4.94
	<b>37.43</b>	<b>39.71</b>

The finance costs shown above is net of borrowing costs capitalised during the year ended 31 March 2022 of ₹ 2.90 crores at 6.50% (31 March 2021: ₹ 0.56 crores at 9.00%).

**37 OTHER EXPENSES**

Particulars	Year ended 31 March 2022	Year ended 31 March 2021
Rent	3.34	2.89
Rates and taxes	2.25	1.71
Stores, spare parts and packing materials consumed	109.78	82.75
Insurance	4.66	3.96
Repairs and maintenance		
- Building	1.44	0.91
- Machinery	17.19	13.59
- Others	3.24	2.33
Power and fuel	141.25	125.10
Other manufacturing expenses	2.06	1.18
Printing and stationary	0.42	0.33
Training and recruitment expenses	1.28	1.54
Travelling and conveyance	3.12	0.88
Vehicle running and maintenance	8.77	7.47
Communication expenses	0.74	0.71
Legal and professional charges	13.08	8.93
Foreign exchange loss (net)	2.70	0.27
Corporate social responsibility (CSR) expenditure (refer note b below)	3.55	3.13
Freight and forwarding	2.55	2.08
Other selling expenses	6.80	3.95
Payment to auditors (refer note a below)	0.54	0.52
Loss on sale of fixed assets	0.18	-
Miscellaneous expenses	6.60	5.65
	<b>335.54</b>	<b>269.88</b>

**Note:** Other expenses includes research and development expenses (refer note 41)

**NOTES OF THE FINANCIAL STATEMENTS for the year ended 31 March, 2022**
*(All amounts in ₹ crores, unless otherwise stated)*
**a) Payment to auditors (exclusive of goods and service tax)**

Particulars	Year ended 31 March 2022	Year ended 31 March 2021
As auditor		
- Audit fee	0.48	0.45
- Tax audit fee	0.03	0.03
In other capacity		
- Certification and other matters	0.02	0.03
- Reimbursement of out of pocket expenses	0.01	0.01
<b>Total</b>	<b>0.54</b>	<b>0.52</b>
<b>b) Details of corporate social responsibility expenditure</b>		
(a) Gross amount required to be spent by the company during the year	3.55	2.12
(b) Amount of expenditure incurred during the year		
(i) Construction or acquisition of any asset	-	-
(ii) On purposes other than (i) above	2.80	3.13
(c) Shortfall at the end of the year out of the amount required to be spent by the Company during the year;	0.75*	-
(d) Total of previous years shortfall	-	-
(e) Reason for shortfall	Due to ongoing projects to be completed in 3 years	Not applicable
(f) Nature of CSR activities	Promoting Education, Disaster relief COVID-19, Preventive Healthcare and Environment Sustainability	
(g) Details of related party transactions: Contribution to Cosmo Foundation	2.80	3.13

\* Deposited into CSR unspent account on 27 April 2022.

**38 INCOME TAX**

Particulars	Year ended 31 March 2022	Year ended 31 March 2021
<b>The income tax expense consists of the following :</b>		
Current tax expense	75.61	53.66
Deferred tax expense/(credit)	41.83	36.22
<b>Total income tax</b>	<b>117.44</b>	<b>89.88</b>
<b>The reconciliation of the estimated tax expense at statutory income tax rate to income tax expense reported in the Statement of Profit and Loss is as follows:</b>		
Profit before tax	430.38	305.43
At India's statutory income tax rate of 34.94% (31 March 2021: 34.94%)	150.39	106.73
<b>Adjustments in respect of current income tax</b>		
Income exempted from income taxes	(30.49)	(12.41)
Taxes for earlier years	(1.74)	(1.09)
Other adjustments	(0.72)	(3.35)
<b>Total income tax expense</b>	<b>117.44</b>	<b>89.88</b>

**NOTES OF THE FINANCIAL STATEMENTS for the year ended 31 March, 2022**
*(All amounts in ₹ crores, unless otherwise stated)*
**Movement of net deferred tax assets and liabilities for the year ended 31 March 2022 is as follows:**

	Opening balance	Deferred tax credit/ charge in profit and loss	Deferred tax credit/ charge in other comprehensive income	Closing balance
<b>Deferred tax liabilities (net)</b>				
<b>Deferred tax asset arising on account of:</b>				
Expenses deductible/ Income taxable in future years under Income tax Act, 1961 (net)	9.67	1.17	0.16	11.00
Minimum alternative tax credit entitlement	48.07	(42.18)	-	5.89
	<u>57.74</u>	<u>(41.01)</u>	<u>0.16</u>	<u>16.89</u>
<b>Deferred tax liability arising on account of:</b>				
Cash flow hedge reserve	0.08	-	3.04	3.12
Property, plant and equipment and other intangible assets -depreciation and amortisation	156.01	0.82	-	156.83
	<u>156.09</u>	<u>0.82</u>	<u>3.04</u>	<u>159.95</u>
	<u>98.35</u>	<u>41.83</u>	<u>2.88</u>	<u>143.06</u>

**Movement of net deferred tax assets and liabilities for the year ended 31 March 2021 is as follows:**

	Opening balance	Deferred tax credit/ charge in profit and loss	Deferred tax credit/ charge in other comprehensive income	Closing balance
<b>Deferred tax liabilities (net)</b>				
<b>Deferred tax asset arising on account of:</b>				
Cash flow hedge reserve	0.64	-	(0.64)	-
Expenses deductible/ Income taxable in future years under Income tax Act, 1961 (net)	4.74	4.99	(0.06)	9.67
Minimum alternative tax credit entitlement	89.06	(40.99)	-	48.07
	<u>94.44</u>	<u>(36.00)</u>	<u>(0.70)</u>	<u>57.74</u>
<b>Deferred tax liability arising on account of:</b>				
Cash flow hedge reserve	-	-	0.08	0.08
Property, plant and equipment and other intangible assets -depreciation and amortisation	155.79	0.22	-	156.01
	<u>155.79</u>	<u>0.22</u>	<u>0.08</u>	<u>156.09</u>
	<u>61.35</u>	<u>36.22</u>	<u>0.78</u>	<u>98.35</u>



**NOTES OF THE FINANCIAL STATEMENTS for the year ended 31 March, 2022**
*(All amounts in ₹ crores, unless otherwise stated)*
**39 EARNINGS PER SHARE**

Particulars	Year ended 31 March 2022	Year ended 31 March 2021
Profit for the year (₹ in crores)	<b>312.94</b>	<b>215.55</b>
Weighted average number of equity shares outstanding for the purpose of basic earnings per share	17,901,211	18,650,460
Effect of potential ordinary shares on share options outstanding	376,313	193,537
Weighted average number of equity shares outstanding for the purpose of diluted earnings per share	18,277,524	18,843,997
<b>Earnings per equity share (face value ₹ 10 per share)</b>		
- Basic	174.81	115.57
- Diluted	171.21	114.39

**40 CONTINGENCIES AND COMMITMENTS**

Particulars	As at 31 March 2022	As at 31 March 2021
<b>(A) Contingent liabilities</b>		
I Claims against the Company not acknowledged as debt	0.26	0.24
II Disputed demand for Income tax (refer note (a) below)	8.18	8.09
III Pending duty obligation under Export Promotion Capital Goods licenses	13.33	3.30
IV Disputed demand for Excise duty and Service tax	17.05	17.05
V Disputed demands for labour/employee dispute	0.48	10.88

**Notes:**

- a) Disputed demand for income tax includes a dispute of ₹ 4.71 crores (31 March 2021: ₹ 4.71) between the Company and income tax department over computation of deduction under Section 80HHC of the Income-tax Act, 1961. The Company has filed a special leave petition against the order of Hon'ble Delhi High Court which has been accepted by the Hon'ble Supreme Court of India and is pending. Based on the legal opinion taken from an independent expert, the management is of the view that it is more likely than not that matter will be decided in favour of the Company.

**(B) Commitments**

Particulars	As at 31 March 2022	As at 31 March 2021
<b>a) Capital commitments</b>		
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	395.70	183.17
<b>b) Others</b>		
Letter of credit opened for which the material has not been shipped as on the date of the balance sheet.	101.60	56.03
Uncalled funding commitment pertaining to investments	10.42	-

**NOTES OF THE FINANCIAL STATEMENTS for the year ended 31 March, 2022**

(All amounts in ₹ crores, unless otherwise stated)

**(C) Disclosure as per Section 186(4) of the Companies Act, 2013 :**

Particulars	31 March 2022		31 March 2021	
	Amount outstanding	Maximum amount outstanding during the year	Amount outstanding	Maximum amount outstanding during the year
Corporate guarantee given for subsidiary company				
- Cosmo Films Inc., USA	-	-	-	46.85
<b>Total</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>46.85</u>

Corporate guarantee was given for working capital facility obtained by the subsidiary.

**41 RESEARCH AND DEVELOPMENT EXPENDITURE**

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

Particulars	For the year ended	
	31 March 2022	31 March 2021
Research and development capital expenditure (gross)	1.63	0.01
Research and development revenue expenditure		
Material and consumables	5.91	3.32
Employee benefits expense	5.14	3.50
Other expenses	1.62	0.77
	<u>14.30</u>	<u>7.60</u>
<b>Sales for the year</b>	<b>2,781.56</b>	<b>2,026.30</b>
Total research and development expenditure/sales	0.51%	0.38%

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

Description	R & D Centre
<b>Gross carrying value</b>	
<b>As at 31 March 2020</b>	<b>9.45</b>
Additions	0.01
<b>As at 31 March 2021</b>	<b>9.46</b>
Additions	1.63
<b>As at 31 March 2022</b>	<b>11.09</b>
<b>Accumulated depreciation</b>	
<b>As at 31 March 2020</b>	<b>2.80</b>
Depreciation for the year	0.71
<b>As at 31 March 2021</b>	<b>3.51</b>
Depreciation for the year	0.82
<b>As at 31 March 2022</b>	<b>4.33</b>
<b>Net carrying amount as at 31 March 2021</b>	<b>5.95</b>
<b>Net carrying amount as at 31 March 2022</b>	<b>6.76</b>

**NOTES OF THE FINANCIAL STATEMENTS for the year ended 31 March, 2022**
*(All amounts in ₹ crores, unless otherwise stated)*
**42 1. EMPLOYEE STOCK OPTION PLAN**

Pursuant to the approval of the shareholders, the Company has introduced Cosmo Films Share Based Employee Benefit Scheme 2021 (CF SBEB Scheme, 2021) which supersedes earlier Cosmo Films Employees Stock Option Plan 2015 (CF ESOP 2015) to provide share based incentive to the eligible employees of the Company and its subsidiaries. However, Options already granted under CF ESOP 2015 will continue to be governed in accordance with the said Plan. The plan is implemented via trust route which will acquire the equity shares of the Company by secondary market acquisition, however, in case of any shortfall the Company will issue new shares as required. When exercisable, each option is convertible into one equity share.

**A) Details of options granted under the CF ESOP 2015 are as below:**

Scheme	Date of grant	Number of options granted	Vesting condition	Exercise Period	Exercise price per share
CF Employees Stock Option Scheme 2015:					
Option I	13-Jan-16	193,000	On completion of 3 year of service from the date of grant	10 years from the date of vesting	300.05
Option II	13-Jul-16	250,000	On completion of 3 year of service from the date of grant	10 years from the date of vesting	351.40
Option III	7-Jul-17	200,000	On completion of 3 year of service from the date of grant	10 years from the date of vesting	433.20
Option IV	2-Jun-18	225,000	On completion of 3 year of service from the date of grant	10 years from the date of vesting	237.70

**B) Movement of options granted**

Particulars	Year ended 31 March 2022	Weighted average exercise price	Year ended 31 March 2021	Weighted average exercise price
Options outstanding at the beginning of the year	480,000	318.80	739,200	327.86
Options exercised during the year	(299,085)	292.12	(214,700)	355.33
Options cancelled during the year	-	-	(44,500)	293.06
<b>Options outstanding at the end of the year</b>	<b>180,915</b>	<b>363.64</b>	<b>480,000</b>	<b>318.80</b>

The weighted average remaining contractual life outstanding as at 31 March 2022 was 7.86 years (31 March 2021: 9.15 years). The weighted average exercise price of options outstanding as at 31 March 2022 was ₹ 363.64 (31 March 2021: ₹ 318.80).

**NOTES OF THE FINANCIAL STATEMENTS for the year ended 31 March, 2022**

(All amounts in ₹ crores, unless otherwise stated)

- C) The fair value of options used to compute perma net income and earning per equity share has been done on the date of grant using Black-Scholes Model.

The key assumption in Black-Scholes Model for calculating fair value on grant are as under:

	Option-I	Option-II	Option-III	Option-IV
Grant Date	13-Jan-16	13-Jul-16	7-Jul-17	2-Jun-18
Market Price (₹)	300.05	351.40	433.20	237.70
Exercise Price (₹)	300.05	351.40	433.20	237.70
Expected Volatility (%) \$	57.70	39.55	27.70	31.91
Expected forfeiture on each vesting date (%)	Nil	Nil	Nil	Nil
Expected life (years)*	3	3	3	3
Dividend yield (%)	1.17	2.85	2.31	2.52
Risk free interest rate (%)	7.59	7.50	6.54	7.83
Fair value on grant date (₹)	128.25	103.45	98.60	62.46

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

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

**2. RESTRICTED STOCK UNITS (RSUS):**

- A) Details of options granted under Cosmo Films Share Based Employee Benefit Scheme 2021 (CF SBEB Scheme, 2021) are as below:

Scheme	Date of grant	Number of options granted	Vesting condition	Exercise Period	Exercise price per share
Cosmo Films Share Based Employee Benefit Scheme 2021:					
RSU I	9-Mar-21	25,000	On completion of 3 year of service from the date of grant	One years from the date of vesting	10.00
RSU II	9-Mar-21	105,000	On completion of 4 year of service from the date of grant	One years from the date of vesting	10.00
RSU III	9-Mar-21	25,000	On completion of 5 year of service from the date of grant	One years from the date of vesting	10.00
RSU IV	9-Mar-21	105,000	On completion of 7 year of service from the date of grant	One years from the date of vesting	10.00
RSU V	27-May-21	25,000	On completion of 5.25 year of service from the date of grant	One years from the date of vesting	10.00
RSU VI	16-Sep-21	50,000	On completion of 4 year of service from the date of grant	One years from the date of vesting	10.00
RSU VII	16-Sep-21	50,000	On completion of 7 year of service from the date of grant	One years from the date of vesting	10.00
RSU VIII	27-Jan-22	7,500	On completion of 4 year of service from the date of grant	One years from the date of vesting	10.00
RSU IX	27-Jan-22	7,500	On completion of 7 year of service from the date of grant	One years from the date of vesting	10.00

**NOTES OF THE FINANCIAL STATEMENTS for the year ended 31 March, 2022**

(All amounts in ₹ crores, unless otherwise stated)

**B) Movement of options granted**

Particulars	Year ended 31 March 2022	Weighted average exercise price	Year ended 31 March 2021	Weighted average exercise price
<b>Outstanding at the beginning of the year</b>	260,000	10.00	-	10.00
Granted during the year	140,000	10.00	260,000	10.00
<b>Outstanding at the end of the year</b>	<b>400,000</b>	<b>10.00</b>	<b>260,000</b>	<b>10.00</b>

The weighted average remaining contractual life outstanding as of 31 March 2022 was 5.41 years (31 March 2021: 6.15 years). The weighted average exercise price of options outstanding as of 31 March 2022 was ₹ 10.00 (31 March 2021: ₹ 10).

**C) The fair value of RSUs used to compute per share net income and earning per equity share has been done on the date of grant using Black-Scholes Model.**

The key assumption in Black-Scholes Model for calculating fair value on grant are as under:

Particulars	RSU-I	RSU-II	RSU-III	RSU-IV	RSU-V	RSU-VI	RSU-VII	RSU-VIII	RSU-IX
Grant Date	9-Mar-21	9-Mar-21	9-Mar-21	9-Mar-21	27-May-21	16-Sep-21	16-Sep-21	27-Jan-22	27-Jan-22
Market Price (₹)	643.25	643.25	643.25	643.25	786.65	1535.85	1535.85	1798.85	1798.85
Exercise Price (₹)	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00
Expected Volatility (%) \$	59.23	59.23	59.23	59.23	59.61	63.43	63.43	61.33	61.33
Expected forfeiture on each vesting date (%)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Expected life (years)*	3 years	4 years	5 years	7 years	5.25 years	4 years	7 years	4 years	7 years
Dividend yield (%)	3.89	3.89	3.89	3.89	3.18	1.63	1.63	1.39	1.39
Risk free interest rate (%)	6.22	6.22	6.22	6.22	5.97	6.2	6.2	6.66	6.66
Fair value on grant date (₹)	564.1	542.764	522.237	483.505	658.41	1431.1	1363.78	1693.59	1625.35

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

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

**3. STOCK APPRECIATION RIGHTS (SARS):**
**A) Details of SARs under Cosmo Films Share Based Employee Benefit Scheme 2021 (CF SBEB Scheme, 2021) are as below:**

Scheme	Date of grant	Number of options granted	Vesting condition	Exercise period	Exercise price per share
<b>Cosmo Films Share Based Employee Benefit Scheme 2021:</b>					
Option I	3-Feb-22	31,650	On completion of 3 year of service from the date of grant	On completion of 3 year of service from the date of grant	1,800.00
Option II	3-Feb-22	31,650	On completion of 5 year of service from the date of grant	On completion of 5 year of service from the date of grant	1,800.00

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**B) Movement of SARs granted**

Particulars	Year ended 31 March 2022	Year ended 31 March 2021
<b>Outstanding at the beginning of the year</b>	-	-
Granted during the year	63,300	-
Cancelled during the year	-	-
<b>Outstanding at the end of the year</b>	<b>63,300</b>	-

The weighted average remaining contractual life outstanding as of 31 March 2021 was 3.84 years (31 March 2021: Nil years). The weighted average exercise price of options outstanding as of 31 March 2022 was ₹ 1800.00 (31 March 2021: ₹ Nil).

**C) Market value of SARs as at the reporting date is used to determine the fair value amortised in the profit and loss account.**
**43 EMPLOYEE BENEFIT OBLIGATIONS**
**1) Gratuity**

The Company makes contribution towards gratuity to a defined retirement benefits plan for qualifying employees. The Company has taken policy with Life Insurance Corporation of India to provide for payment of retirement benefits to vested employees. The present value of obligation is determined based on actuarial valuation. The expected contribution to the plan for next annual reporting period amounts to ₹ 3.22 crores (31 March 2021: ₹ 2.84 crores).

The weighted average duration of the defined benefit obligation as at 31 March 2022 is 4 years (31 March 2021: 4 years).

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

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

(₹ in crore)

	As at 31 March 2022	As at 31 March 2021
Present value obligation as at the end of the year	31.53	30.51
Fair value of plan assets as at the end of the year	(11.54)	(12.26)
<b>Net liability /(assets) recognised in Balance Sheet</b>	<b>19.99</b>	<b>18.25</b>

**b. Changes in defined benefit obligation**

	Year ended 31 March 2022	Year ended 31 March 2021
Present value obligation as at the start of the year	30.51	22.75
Interest cost	2.09	1.55
Current service cost	1.13	1.03
Past service cost	-	-
Benefits paid	(2.21)	(2.33)
Actuarial loss on obligations	0.01	7.51
<b>Present value obligation as at the end of the year</b>	<b>31.53</b>	<b>30.51</b>



**NOTES OF THE FINANCIAL STATEMENTS for the year ended 31 March, 2022**

(All amounts in ₹ crores, unless otherwise stated)

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

	Year ended 31 March 2022	Year ended 31 March 2021
Fair value of plan assets at beginning of year	12.26	13.66
Interest income on plan assets	0.84	0.93
Return on plan assets excluding interest income	0.10	(0.10)
Contributions	0.55	0.10
Benefits paid	(2.21)	(2.33)
<b>Fair value of plan assets at the end of year</b>	<b>11.54</b>	<b>12.26</b>

**d. Amount recognised in the Statement of Profit and Loss**

	Year ended 31 March 2022	Year ended 31 March 2021
Current service cost	1.13	1.03
Past service cost	-	-
Interest cost	1.25	1.55
Expected return on plan asset	-	(0.93)
<b>Amount recognised in the Statement of Profit and Loss</b>	<b>2.38</b>	<b>1.65</b>

**e. Other Comprehensive Income**

	Year ended 31 March 2022	Year ended 31 March 2021
Actuarial (gain)/loss on arising from change in financial assumption	(0.36)	(0.02)
Actuarial loss/(gain) on arising from experience adjustment	0.37	7.53
Return on plan assets excluding interest income	(0.10)	0.10
<b>Unrecognised actuarial loss at the end of the year</b>	<b>(0.09)</b>	<b>7.61</b>

**f. Actuarial assumptions**

	As at 31 March 2022	As at 31 March 2021
Discount rate	7.23%	6.85%
Future salary increase	7.00%	7.00%

**g. Demographic assumptions**

	As at 31 March 2022	As at 31 March 2021
Retirement age (Years)	58	58
Mortality rates inclusive of provision for disability	Indian Assured Lives Mortality (2012-14)	Indian Assured Lives Mortality (2006-08)

**NOTES OF THE FINANCIAL STATEMENTS for the year ended 31 March, 2022**

(All amounts in ₹ crores, unless otherwise stated)

**h. Sensitivity analysis for gratuity liability**

	As at 31 March 2022	As at 31 March 2021
<b>Impact of the change in discount rate</b>		
Present value of obligation at the end of the year	31.53	30.51
a) Impact due to increase of 0.50%	(0.45)	(0.42)
b) Impact due to decrease of 0.50%	0.48	0.45
<b>Impact of the change in salary increase</b>		
Present value of obligation at the end of the year	31.53	30.51
a) Impact due to increase of 0.50%	0.48	0.45
b) Impact due to decrease of 0.50%	(0.45)	(0.43)

**i. Maturity profile of defined benefit obligation**

	As at 31 March 2022	As at 31 March 2021
April 2021 to March 2022	-	17.44
April 2022 to March 2023	17.27	1.20
April 2023 to March 2024	2.66	2.69
April 2024 to March 2025	2.17	1.92
April 2025 to March 2026	1.35	1.19
April 2026 onwards	20.10	17.63

**j. Investment Details**

	As at 31 March 2022		As at 31 March 2021	
	(₹ in crore)	% invested	(₹ in crore)	% invested
Insurance funds	11.54	100	12.26	100

**2) Defined contribution plans**

The Company also has certain defined contribution plans. Contributions are made to provident fund in India for employees at the rate 12% of basic salary as per regulations. The contributions are made to registered provident fund administered by the government. The obligations of the Company is limited to the amount contributed and it has no further contractual nor any constructive obligation.

Particulars	Year ended 31 March 2022	Year ended 31 March 2021
	Employer's contribution to Provident Fund	4.84
Employer's contribution to Superannuation Fund	1.72	1.29
Employer's contribution to labour welfare fund and employee state insurance	0.22	0.20

- 3) The Company has granted non-recurring long term incentives to select employees which is linked with valuations of specified businesses of a future date. In view of the management, projections of future valuations of specified businesses as at the current reporting date is not feasible. Accordingly, the Company has not recognized any expense on this account for the year ended 31 March 2022.

**NOTES OF THE FINANCIAL STATEMENTS for the year ended 31 March, 2022**

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**44 LEASES**

**A** The Company has taken residential/commercial premises on lease. There are no restrictions placed upon the Company by entering into these leases and there are no subleases. The Company is prohibited from selling or pledging the underlying leased assets as security. The Company also has certain leases of various assets with lease terms of 12 months or less. The Company applies the 'short-term lease' recognition exemptions for these leases.

**B Lease liabilities are presented in the statement of financial position as follows:**

Particulars	As at	As at
	31 March 2022	31 March 2021
Non-current	6.39	-
Current	1.72	-
<b>Total</b>	<b>8.11</b>	<b>-</b>

**C Lease payments not included in measurement of lease liability**

The expense relating to payments not included in the measurement of the lease liability is as follows:

Particulars	Year ended	Year ended
	31 March 2022	31 March 2021
Short-term leases	3.34	2.89
Leases of low value assets	-	-
<b>Total</b>	<b>3.34</b>	<b>2.89</b>

**D** The maturity analysis of lease liabilities are disclosed in Note no. 47

**E** The Company had total cash outflows for leases of ₹ 4.47 crores (March 31, 2021: ₹ 2.89 crores).

**44 B) LEASES DISCLOSURE AS LESSOR**

The Company has given surplus factory land and building on operating lease. The lease arrangement is for a period of 5 years and renewable with mutual consent. The lease rentals of ₹ 1.11 crores (31 March 2021: ₹ 0.60 crores) on such lease is included in other income. Lease income is recognised in the statement of profit and loss under "Other income" (refer note 32). With respect to non-cancellable period of the operating lease, the future minimum lease rentals receivable are as follows:

Particulars	As at	As at
	31 March 2022	31 March 2021
Within one year	1.34	-
Later than one year but not later than five years	3.81	-
Later than five years	-	-
<b>Total</b>	<b>5.15</b>	<b>-</b>

**45 RELATED PARTY DISCLOSURES**

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

**List of related parties and relationships:**
**A. Subsidiary company**

- a) CF (Netherlands) Holdings Limited BV., Netherlands

**NOTES OF THE FINANCIAL STATEMENTS for the year ended 31 March, 2022**

(All amounts in ₹ crores, unless otherwise stated)

- b) Cosmo Speciality Chemicals Private Limited
- c) Cosmo Speciality Polymers Private Limited (incorporated on 29 June 2021)
- B. Step-down subsidiary companies**
  - a) Cosmo Films Inc., USA
  - b) Cosmo Films Japan (GK), Japan
  - c) Cosmo Films Korea Limited, Korea
  - d) CF Investment Holding Private (Thailand) Company Limited, Thailand
  - e) Cosmo Films (Singapore) Pte. Limited, Singapore
  - f) Cosmo Films Poland Sp Z.O.O, Poland
- C. Enterprises over which Key managerial personnel of the Company and their relatives have significant influence:**
  - a) Sunrise Manufacturing Company Limited
  - b) Pravasi Enterprises Limited
  - c) Cosmo Foundation
  - d) Gayatri & Annapurana (Partnership firm)
  - e) Nangia & Company LLP
  - f) Fawkes Management Private Ltd
  - g) Cosmo Ferrites Limited
  - h) Nangia Anderson LLP
  - i) Petsfamilia Foundation
- D. Key management personnel**
  - a) Mr. Ashok Jaipuria, Chairman and Managing Director of Company
  - b) Mr. Anil Kumar Jain, Director of corporate affairs
  - c) Mr. H. K. Agrawal, Independent Director
  - d) Mr. Rajeev Gupta, Independent Director (resigned w.e.f. 7 August 2020)
  - e) Mrs Alpana Parida, Independent Director
  - f) Mr. Rakesh Nangia, Independent Director (joined w.e.f. 10 November 2020)
  - g) Mr. Pratip Chaudhuri, Non-Independent Director
  - h) Mr. H. N. Sinor, Independent Director
  - i) Mr. Vivek Nangia, Independent Director (resigned w.e.f. 25 June 2020)
  - j) Mr. Anil Wadhwa, Independent Director
  - k) Mr. Arjun Singh, Independent Director (joined w.e.f. 27 October 2021)
  - l) Mr. Pankaj Poddar, Chief Executive Officer
  - m) Mr. Neeraj Jain, Chief Financial Officer
  - n) Mrs. Jyoti Dixit, Company Secretary
- E. Relative of key management personnel**
  - a) Mrs. Yamini Kumar
  - b) Mrs. Aanchal Jaipuria Bhandari
  - c) Mr. Ambrish Jaipuria
  - d) Mrs. Abha Jaipuria
  - e) Mrs. Devyani Jaipuria
  - f) Ms. Rachna Morarka
  - g) Ms. Ruchir Jain

**NOTES OF THE FINANCIAL STATEMENTS for the year ended 31 March, 2022**
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Particulars	Subsidiaries and step-down subsidiary companies		Key management personnel and their Relatives		Enterprises owned or significantly influenced by key management personnel or their relatives		Total	
	31 March 2022	31 March 2021	31 March 2022	31 March 2021	31 March 2022	31 March 2021	31 March 2022	31 March 2021
<b>Transactions during the year</b>								
<b>1 Investment made</b>								
Cosmo Speciality Chemicals Private Limited	15.00	22.01	-	-	-	-	15.00	22.01
Cosmo Speciality Polymers Private Limited	3.31	-	-	-	-	-	3.31	-
<b>2 Purchase of goods</b>								
Cosmo Speciality Chemicals Private Limited	67.30	21.09	-	-	-	-	67.30	21.09
<b>3 Sales</b>								
Cosmo Films Inc., USA	300.97	144.71	-	-	-	-	300.97	144.71
Cosmo Films Korea Limited, Korea	86.69	56.27	-	-	-	-	86.69	56.27
Cosmo Films Japan (GK), Japan	14.60	5.39	-	-	-	-	14.60	5.39
CF (Netherlands) Holdings Limited BV., Netherlands	84.60	36.68	-	-	-	-	84.60	36.68
Cosmo Speciality Chemicals Private Limited	31.14	20.48	-	-	-	-	31.14	20.48
Sales from Pet Care vertical	-	-	0.02	-	-	-	0.02	-
<b>4 Sales return</b>								
Cosmo Films Inc., USA	-	4.14	-	-	-	-	-	4.14
CF (Netherlands) Holdings Limited BV., Netherlands	0.95	0.60	-	-	-	-	0.95	0.60
<b>5 Sales of property, plant and equipment</b>								
Cosmo Speciality Chemicals Private Limited	-	11.36	-	-	-	-	-	11.36
<b>6 Other operating revenues</b>								
Cosmo Films Inc., USA	0.46	0.55	-	-	-	-	0.46	0.55
Cosmo Films Korea Limited, Korea	0.25	0.27	-	-	-	-	0.25	0.27
Cosmo Films Japan (GK), Japan	0.18	0.19	-	-	-	-	0.18	0.19
Cosmo Speciality Chemicals Private Limited	0.31	-	-	-	-	-	0.31	-
<b>7 Reimbursement received for expenses paid (net)</b>								
Cosmo Films Inc., USA	-	0.10	-	-	-	-	-	0.10
Cosmo Speciality Chemicals Private Limited	0.87	1.03	-	-	-	-	0.87	1.03

**NOTES OF THE FINANCIAL STATEMENTS for the year ended 31 March, 2022**
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Particulars	Subsidiaries and step-down subsidiary companies		Key management personnel and their Relatives		Enterprises owned or significantly influenced by key management personnel or their relatives		Total	
	31 March 2022	31 March 2021	31 March 2022	31 March 2021	31 March 2022	31 March 2021	31 March 2022	31 March 2021
<b>8 Expenses incurred</b>								
Cosmo Films Japan (GK), Japan	0.75	1.84	-	-	-	-	0.75	1.84
CF (Netherlands) Holdings Limited BV., Netherlands	1.04	1.20	-	-	-	-	1.04	1.20
<b>9 Rent received/(paid)</b>								
Sunrise Manufacturing Company Limited	-	-	-	-	-	0.01	-	0.01
Pravasi Enterprises Limited	-	-	-	-	0.02	0.02	0.02	0.02
Cosmo Speciality Chemicals Private Limited	0.83	0.55	-	-	-	-	0.83	0.55
Cosmo Speciality Polymers Private Limited	0.24	-	-	-	-	-	0.24	-
Cosmo Films Japan (GK), Japan	(0.71)	-	-	-	-	-	(0.71)	-
<b>10 Professional fees paid/(received)</b>								
Mrs. Yamini Kumar	-	-	1.71	1.24	-	-	1.71	1.24
Nangia & Company LLP	-	-	-	-	0.07	0.18	0.07	0.18
Nangia Anderson LLP	-	-	-	-	0.27	-	0.27	-
Cosmo Ferrites Limited	-	-	-	-	(0.08)	-	(0.08)	-
Cosmo Speciality Chemicals Private Limited	(0.28)	-	-	-	-	-	(0.28)	-
<b>11 Commission received on corporate guarantee</b>								
Cosmo Films Inc., USA	-	0.35	-	-	-	-	-	0.35
<b>12 Short term employee benefits</b>	-	-	67.61	35.55	-	-	67.61	35.55
<b>13 Post employment benefits*</b>	-	-	1.20	0.76	-	-	1.20	0.76
<b>14 Share based payments</b>	-	-	4.01	0.32	-	-	4.01	0.32
<b>15 Buyback of shares</b>								
Mr. Ashok Jaipuria	-	-	-	1.26	-	-	-	1.26
Mr. Anil Kumar Jain	-	-	-	0.09	-	-	-	0.09
Mr. Rakesh Nangia	-	-	-	0.11	-	-	-	0.11
Mr. Pankaj Poddar	-	-	-	0.04	-	-	-	0.04
Mr. Ambrish Jaipuria	-	-	-	1.29	-	-	-	1.29
Mrs. Aanchal Jaipuria Bhandari	-	-	-	0.33	-	-	-	0.33
Mrs. Yamini Kumar	-	-	-	0.19	-	-	-	0.19
Mrs Abha Jaipuria	-	-	-	0.09	-	-	-	0.09
Gayatri & Annapurana	-	-	-	-	-	27.41	-	27.41
Fawkes Management Private Ltd	-	-	-	-	-	0.74	-	0.74
Pravasi Enterprises Limited	-	-	-	-	-	0.02	-	0.02



**NOTES OF THE FINANCIAL STATEMENTS for the year ended 31 March, 2022**
*(All amounts in ₹ crores, unless otherwise stated)*

Particulars	Subsidiaries and step-down subsidiary companies		Key management personnel and their Relatives		Enterprises owned or significantly influenced by key management personnel or their relatives		Total	
	31 March 2022	31 March 2021	31 March 2022	31 March 2021	31 March 2022	31 March 2021	31 March 2022	31 March 2021
<b>16 Sitting fee/commission paid</b>								
Mr. H. K. Agrawal	-	-	0.36	0.31	-	-	0.36	0.31
Mr. Rajeev Gupta	-	-	-	0.01	-	-	-	0.01
Mrs. Alpana Parida	-	-	0.35	0.33	-	-	0.35	0.33
Mr. Pratip Chaudhuri	-	-	0.37	0.34	-	-	0.37	0.34
Mr. H. N. Sinor	-	-	0.36	0.33	-	-	0.36	0.33
Mr. Vivek Nangia	-	-	-	0.01	-	-	-	0.01
Mr. Anil Wadhwa	-	-	0.35	0.33	-	-	0.35	0.33
Mr. Rakesh Nangia	-	-	0.35	0.13	-	-	0.35	0.13
Mr. Arjun Singh	-	-	0.14	-	-	-	0.14	-
<b>17 Loan given</b>								
Mr. Anil Kumar Jain	-	-	2.40	-	-	-	2.40	-
<b>18 Loan (repayment) received</b>								
Mr. Pankaj Poddar	-	-	(0.37)	(2.04)	-	-	(0.37)	(2.04)
Mr. Anil Kumar Jain	-	-	(2.40)	-	-	-	(2.40)	-
<b>19 Interest income on loan given</b>								
Mr. Pankaj Poddar	-	-	0.29	0.39	-	-	0.29	0.39
Mr. Anil Kumar Jain	-	-	0.02	-	-	-	0.02	-
<b>20 Contribution to CSR/ Donation paid</b>								
Contribution to Cosmo Foundation	-	-	-	-	2.80	3.13	2.80	3.13
Contribution to Petsfamilia Foundation	-	-	-	-	0.01	-	0.01	-

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

**NOTES OF THE FINANCIAL STATEMENTS for the year ended 31 March, 2022**
*(All amounts in ₹ crores, unless otherwise stated)*

Particulars	Subsidiaries and step-down subsidiary companies		Enterprises owned or significantly influenced by key management personnel or their relatives		Key management personnel and their Relatives		Total	
	As at 31 March 2022	As at 31 March 2021	As at 31 March 2022	As at 31 March 2021	As at 31 March 2022	As at 31 March 2021	As at 31 March 2022	As at 31 March 2021
<b>Outstanding balances</b>								
<b>1 Trade receivables</b>								
Cosmo Films Inc., USA	15.84	33.04	-	-	-	-	15.84	33.04
Cosmo Films Korea Limited, Korea	38.20	18.69	-	-	-	-	38.20	18.69
Cosmo Films Japan (GK), Japan	0.51	2.06	-	-	-	-	0.51	2.06
CF (Netherlands) Holdings Limited BV., Netherlands	14.17	12.22	-	-	-	-	14.17	12.22
Cosmo Speciality Chemicals Private Limited	7.24	-	-	-	-	-	7.24	-
Cosmo Speciality Polymers Private Limited	0.34	-	-	-	-	-	0.34	-
<b>2 Trade payables</b>								
Cosmo Speciality Chemicals Private Limited	-	4.27	-	-	-	-	-	4.27
<b>3 Receivables against sale of property, plant and equipment</b>								
Cosmo Speciality Chemicals Private Limited	-	11.36	-	-	-	-	-	11.36
<b>4 Remuneration/commission payable</b>								
-	-	-	-	-	35.16	18.10	35.16	18.10
<b>5 Loan outstanding</b>								
Mr. Pankaj Poddar	-	-	-	-	7.24	7.61	7.24	7.61
<b>6 Interest receivable</b>								
Mr. Pankaj Poddar	-	-	-	-	0.01	0.08	0.01	0.08

**NOTES OF THE FINANCIAL STATEMENTS for the year ended 31 March, 2022**

(All amounts in ₹ crores, unless otherwise stated)

**46 FAIR VALUE MEASUREMENTS**
**A) Financial assets and liabilities**

The accounting classification of each category of financial instruments, and their carrying amounts, are set out below:

As at 31 March 2022	Fair value through profit and loss	Fair value through other comprehensive income	Amortised cost
<b>Financial assets</b>			
(i) Investments	248.89	160.76	-
(ii) Trade receivables	-	-	197.90
(iii) Cash and cash equivalents	-	-	22.74
(iv) Other bank balances	-	-	15.11
(v) Loans	-	-	7.47
(vi) Derivative assets	4.11	1.01	-
(vii) Others financial assets	-	-	22.75
<b>Total</b>	<b><u>253.00</u></b>	<b><u>161.77</u></b>	<b><u>265.97</u></b>
<b>Financial liabilities</b>			
(i) Borrowings	-	-	749.05
(ii) Lease liability	-	-	8.11
(iii) Trade payables	-	-	341.97
(iv) Derivative liabilities	5.76	1.28	-
(v) Other financial liabilities	-	-	73.86
<b>Total</b>	<b><u>5.76</u></b>	<b><u>1.28</u></b>	<b><u>1,172.99</u></b>
<b>As at 31 March 2021</b>			
	Fair value through profit and loss	Fair value through other comprehensive income	Amortised cost
<b>Financial assets</b>			
(i) Investments	2.97	199.09	-
(ii) Trade receivables	-	-	186.36
(iii) Cash and cash equivalents	-	-	35.39
(iv) Other bank balances	-	-	11.43
(v) Loans	-	-	9.56
(vi) Derivative assets	6.05	-	-
(vii) Others financial assets	-	-	48.92
<b>Total</b>	<b><u>9.02</u></b>	<b><u>199.09</u></b>	<b><u>291.66</u></b>
<b>Financial liabilities</b>			
(i) Borrowings	-	-	710.62
(ii) Trade payables	-	-	198.65
(iii) Derivative liabilities	2.87	-	-
(iv) Other financial liabilities	-	-	74.48
<b>Total</b>	<b><u>2.87</u></b>	<b><u>-</u></b>	<b><u>983.75</u></b>

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

**NOTES OF THE FINANCIAL STATEMENTS for the year ended 31 March, 2022**

(All amounts in ₹ crores, unless otherwise stated)

**B) Fair value hierarchy**
**The different levels of fair value have been defined below:**

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

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

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

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

(₹ in crores)

As at 31 March 2022	Note	Level 1	Level 2	Level 3
<b>Financial assets</b>				
(i) Investments	7 and 12	203.38	184.44	21.77
(ii) Derivative assets	9 and 17	-	5.12	-
<b>Total financial assets</b>		<b>203.38</b>	<b>189.56</b>	<b>21.77</b>
<b>Financial liabilities</b>				
(i) Derivative liabilities	22 and 28	-	7.04	-
<b>Total financial liabilities</b>		<b>-</b>	<b>7.04</b>	<b>-</b>
<b>As at 31 March 2021</b>				
<b>Financial assets</b>				
(i) Investments	7 and 12	189.57	-	12.49
(ii) Derivative assets	9 and 17	-	6.05	-
<b>Total financial assets</b>		<b>189.57</b>	<b>6.05</b>	<b>12.49</b>
<b>Financial liabilities</b>				
(i) Derivative liabilities	22 and 28	-	2.87	-
<b>Total financial liabilities</b>		<b>-</b>	<b>2.87</b>	<b>-</b>

**Valuation process and technique used to determine fair values**

- (i) All financial instruments are initially recognised at cost and subsequently re-measured at fair value as described below:
  - a) The fair value of investment in quoted Equity Shares is measured at quoted price as at reporting date.
  - b) The fair value of investment in quoted Bonds and Debentures is measured based on the last traded price on stock exchange as at the reporting date.
  - c) The fair value of investments in Alternative Investment Funds and Mutual Funds is based on the net asset value (NAV) as stated by the issuers of these funds in the published statements as at the balance sheet date.
  - d) The fair value for unquoted instruments where Level 1 inputs are not available, the Company engages third party valuers, where required, to perform the valuation. Information about the valuation techniques used in determining the fair value of various assets is as follows:
    - i. Asset Approach : Net Assets Value Method
    - ii. Income Approach : Discounted Cash Flows Method
    - iii. Market Approach : Comparable Companies Multiples Method

## NOTES OF THE FINANCIAL STATEMENTS for the year ended 31 March, 2022

(All amounts in ₹ crores, unless otherwise stated)

- (ii) Fair value for derivatives contracts is determined using observable forward and option exchange rates and yield curves as at the balance sheet date.

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

The fair values of loans are not materially different from the amortised cost thereof. Further, the management assessed that fair values of trade receivables, cash and cash equivalents, other bank balances, other current financial assets (excluding derivative assets), current borrowings, trade payables and other current financial liabilities (excluding derivative liabilities) approximate their respective carrying amounts largely due to the short-term maturities of these instruments. The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

All the long term borrowing facilities availed by the Company are variable rate facilities which are subject to changes in underlying interest rate indices. Further, the credit spread on these facilities are subject to change with changes in Company's creditworthiness. The management believes that the current rate of interest on these loans are in close approximation from market rates applicable to the Company. Therefore, the management estimates that the fair value of these borrowings are approximate to their respective carrying values.

The fair value measurements disclosed in respect of financial assets and liabilities measured at amortised cost fall within Level 3 of fair value hierarchy.

## 47 RISK MANAGEMENT

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

Risk	Exposure arising from	Measurement	Management
Credit risk	Cash and cash equivalents, other bank balances, loans, trade receivables, other financial assets and investments	Ageing analysis Credit ratings	Diversification of bank deposits, collateral credit limits and letter of credit Investment guidelines for debt investments
Liquidity risk	Borrowings and other liabilities	Rolling cash flowforecasts	Availability of committed credit lines and borrowing facilities
Market risk - foreign exchange	Recognised financial assets and liabilities not denominated in Indian rupee (INR)	Cash flow forecasting	Foreign currency forwards Foreign currency options Cross currency swaps
Market risk - interest rate	Long-term borrowings at variable rates	Sensitivity analysis	Interest rate swaps
Market risk - security price	Investments in mutual funds, debt securities and equity and preference instruments including alternate investment funds	Sensitivity analysis	Diversification of portfolio, with focus on strategic investments

### A. Credit risk

Credit risk is the risk that a counterparty fails to discharge its obligation to the Company. The Company's exposure to credit risk is influenced mainly by cash and cash equivalents, trade receivables and financial assets measured at amortised cost. The Company continuously monitors defaults of customers and other counterparties and incorporates this information into its credit risk controls.

**NOTES OF THE FINANCIAL STATEMENTS for the year ended 31 March, 2022**

(All amounts in ₹ crores, unless otherwise stated)

**Credit risk management**
*Credit risk rating*

The Company assesses and manages credit risk of financial assets based on following categories arrived on the basis of assumptions, inputs and factors specific to the class of financial assets.

A: Low credit risk on financial reporting date

B: Moderate credit risk

C: High credit risk

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

Basis of categorisation	Asset class exposed to credit risk	Provision for expected credit loss
Low credit risk	Cash and cash equivalents, other bank balances, loans, trade receivables, other financial assets and investments	12 month expected credit loss
Moderate credit risk	Other financial assets	12 month expected credit loss unless credit risk has increased significantly since initial recognition, in which case allowance is measured at lifetime expected credit loss.
High credit risk	Other financial assets	Life time expected credit loss or fully provided for

As the Company's trade receivables do not contain a significant financing component, it measures the loss allowance in respect thereof at an amount equal to lifetime expected credit losses

Based on business environment in which the Company operates, a default on a financial asset is considered when the counter party fails to make payments within the agreed time period as per contract. Loss rates reflecting defaults are based on actual credit loss experience and considering differences between current and historical economic conditions.

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

**Credit risk exposure**

Credit rating	Particulars	As at	As at
		31 March 2022	31 March 2021
A: Low credit risk	Cash and cash equivalents	22.74	35.39
	Other bank balances	15.11	11.43
	Loans	7.47	9.56
	Other financial assets	27.87	54.97
	Trade receivables	197.90	183.36
	Investments*	409.59	202.06
B: Medium credit risk	-	-	-
C: High credit risk	-	-	-

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

**Cash and cash equivalents and bank deposits**

Credit risk related to cash and cash equivalents and bank deposits is managed by only accepting highly rated banks and diversifying bank deposits and accounts in different banks across the country.

**NOTES OF THE FINANCIAL STATEMENTS for the year ended 31 March, 2022**

(All amounts in ₹ crores, unless otherwise stated)

**Trade receivables**

Credit risk related to trade receivables are mitigated by taking bank guarantees/letter of credit, from customers where credit risk is high. The Company closely monitors the credit-worthiness of the debtors through internal systems that are configured to define credit limits of customers, thereby, limiting the credit risk to pre-calculated amounts. The Company assesses increase in credit risk on an ongoing basis for amounts receivable that become past due and default is considered to have occurred when amounts receivable become one year past due. Company obtains the credit insurance for export debtors from Export Credit Guarantee Corporation (ECGC) of India and for domestic debtors from insurance company.

**Investments**

This risk refers to a situation where a particular bond issuer is unable to make the expected principal payments, interest rate payments, or both.

The Company's deployment in debt instruments are primarily in bonds and debentures issued by highly rated banks, financial institutions and public sector undertakings. With respect to the Company's investing activities, counter parties are shortlisted and exposure limits are determined on the basis of their credit rating (by independent agencies), financial statements and other relevant information. As these counter parties are Banks/ Financial Institutions /public sector undertakings with investment grade credit ratings and taking into account the experience of the Company over time, the counter party risk attached to such assets is considered to be insignificant.

Furthermore, with respect to the company's investments in Equity and Preference instruments, Mutual Funds and AIF's, since these investments are not exposed to counterparty risks, therefore they have been considered under low credit risk instruments.

**Derivative instruments**

Credit risk related to derivative instruments is managed by the Company by doing transactions with highly rated banks. Further, management has established limits for use of derivative instruments to minimise the concentration of risks and therefore mitigate financial loss through counterparties potential failure to make payments.

**Other financial assets measured at amortised cost**

Other financial assets measured at amortised cost includes loans and advances to employees, security deposits and others. Credit risk related to these other financial assets is managed by monitoring the recoverability of such amounts continuously.

**Provision for expected credit losses****a) Expected credit losses for financial assets other than trade receivables**

Company provides for expected credit losses on loans and advances other than trade receivables by assessing individual financial instruments for expectation of any credit losses. Since, the Company deals with only high-rated banks and financial institutions, credit risk in respect of cash and cash equivalents, other bank balances and bank deposits is evaluated as very low. In respect of loans, comprising of security deposits, credit risk is considered low because the Company is in possession of the underlying asset. In respect of other financial assets, credit risk is evaluated based on Company's knowledge of the credit worthiness of those parties. The Company does not have any expected loss based impairment recognised on such assets considering their low credit risk nature.

**b) Expected credit loss for financial assets under simplified approach**

The Company recognises lifetime expected credit losses on trade receivables using a simplified approach, wherein Company has defined percentage of provision by analysing historical trend of default and such provision percentage determined have been considered to recognise life time expected credit losses on trade receivables (other than those where default criteria are met in which case the full expected loss against the amount recoverable is provided for). Customer advances amounting to ₹ 29.82 crores (31 March 2021 : ₹ 34.16 crores) were not considered for the purpose of computation of expected credit



**NOTES OF THE FINANCIAL STATEMENTS for the year ended 31 March, 2022**

(All amounts in ₹ crores, unless otherwise stated)

losses under simplified approach. Based on such simplified approach, an allowance of ₹ 3.55 crores and ₹ 3.53 crores as at 31 March 2022 and 31 March 2021 has been recognised respectively.

Age of receivables	As at 31 March 2022	As at 31 March 2021
Not due	204.75	191.73
0-180 days past due	22.97	29.33
181-360 days past due	0.17	0.11
More than 360 days past due	3.38	2.88
<b>Total</b>	<b>231.27</b>	<b>224.05</b>

**Reconciliation of loss provision – lifetime expected credit losses**

Reconciliation of loss allowance	Amount
<b>Loss allowance as on 1 April 2020</b>	<b>2.47</b>
Allowance for expected credit losses	1.06
<b>Loss allowance on 31 March 2021</b>	<b>3.53</b>
Allowance for expected credit losses	0.02
<b>Loss allowance on 31 March 2022</b>	<b>3.55</b>

**B. Liquidity risk**

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due.

Management monitors rolling forecasts of the liquidity position and cash and cash equivalents on the basis of expected cash flows. The Company takes into account the liquidity of the market in which the entity operates.

**Financing arrangements**

The Company has access to the following undrawn borrowing facilities at the end of reporting period:

	As at 31 March 2022	As at 31 March 2021
Expiring within one year (cash credit and other facilities)	576.36	405.26
Expiring beyond one year	-	166.28

**Contractual maturities of financial liabilities**

The tables below analyse the financial liabilities into relevant maturity grouping based on their undiscounted contractual maturities (including interest).

31 March 2022	Less than and equal to 1 year	1 - 2 years	2 - 5 years	More than 5 years	Total
(i) Borrowings	269.40	152.00	227.93	99.72	749.05
(ii) Lease liability	1.72	1.74	4.65	-	8.11
(iii) Trade payables	341.97	-	-	-	341.97
(iv) Other financial liabilities	72.98	-	-	-	72.98
(v) Derivative liabilities	7.04	-	-	-	7.04
<b>Total</b>	<b>693.11</b>	<b>153.74</b>	<b>232.58</b>	<b>99.72</b>	<b>1,179.15</b>

**NOTES OF THE FINANCIAL STATEMENTS for the year ended 31 March, 2022**
*(All amounts in ₹ crores, unless otherwise stated)*

31 March 2021	Less than and equal to 1 year	1 - 2 years	2 - 5 years	More than 5 years	Total
(i) Borrowings	389.08	132.52	168.22	59.47	749.29
(ii) Lease liability	-	-	-	-	-
(iii) Trade payables	198.65	-	-	-	198.65
(iv) Other financial liabilities	74.48	-	-	-	74.48
(v) Derivative liabilities	2.81	0.06	-	-	2.87
<b>Total</b>	<b>665.02</b>	<b>132.58</b>	<b>168.22</b>	<b>59.47</b>	<b>1,025.29</b>

**C. Market risk**
**(i) Interest rate risk**

The Company's policy is to minimise interest rate cash flow risk exposures on long-term financing. The Company is exposed to changes in market interest rates through bank borrowings at variable interest rates.

Company's exposure to interest rate risk on borrowings is as follows:

Particulars	As at 31 March 2022	As at 31 March 2021
Variable rate	609.46	709.71
Fixed rate	139.59	-
<b>Total</b>	<b>749.05</b>	<b>709.71</b>

The following table illustrates the sensitivity of profit after tax and equity to a possible change in interest rates of +/- 1% in current year (31 March 2021: +/- 1%). These changes are considered to be reasonably possible based on observation of current market conditions. The calculations are based on a change in the average market interest rate for each period, and the financial instruments held at each reporting date that are sensitive to changes in interest rates. All other variables are held constant.

	Profit for the year+1%	Profit for the year-1%
<b>As at 31 March 2022</b>	(3.96)	3.96
<b>As at 31 March 2021</b>	(4.62)	4.62

**(ii) Foreign currency risk**

The Company is exposed to foreign exchange risk arising from foreign currency transactions, primarily with respect to the US Dollar, GBP, Euro and JPY. Fluctuations in foreign currency exchange rates may have an impact on profit or loss and the statement of change in equity, where any transaction references more than one currency or where assets/liabilities are denominated in a currency other than the functional currency of the Company.

Exposures on foreign currency loans are managed through a hedging policy, which is reviewed periodically to ensure that the results from fluctuating currency exchange rates are appropriately managed. The Company's policy is to hedge material foreign exchange risk associated with borrowings, highly probable forecast sales and purchases transactions denominated in foreign currencies. The Company strives to achieve asset liability offset of foreign currency exposures and only the net position is hedged.

The Company uses forward exchange contracts, currency swaps, other derivatives and non-derivative instruments to hedge the effects of movements in exchange rates on foreign currency denominated assets, liabilities and highly probable forecast transactions. The sources of foreign exchange risk are outstanding

**NOTES OF THE FINANCIAL STATEMENTS for the year ended 31 March, 2022**

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amounts payable for imported raw materials, capital goods and other supplies and as well as financing transactions and loans denominated in foreign currencies. The Company is also exposed to foreign exchange risk on its highly probable forecasted sales and purchases. The policy of the Company is to determine on a regular basis what portion of the foreign exchange risk on financing transactions and loans are to be hedged through forward exchange contracts and other instruments. Short-term net exposures are hedged progressively based on their maturity. The hedge mechanisms are reviewed periodically to ensure that the risk from fluctuating currency exchange rates is appropriately managed. The following analysis is based on the gross exposure as at the reporting date which could affect the profit or loss or other comprehensive income. Instruments designated in hedging relationship and hedge accounting disclosures are include in section "Derivative financial instruments and hedge accounting".

Forex exposure	As at 31 March 2022		As at 31 March 2021	
	Foreign Currency	INR (in crores)	Foreign Currency	INR (in crores)
<b>Financial assets</b>				
USD	13,744,258	104.39	13,489,856	98.71
GBP	-	-	1,022,337	10.31
EUR	2,518,795	21.18	2,627,762	22.56
JPY	8,435,116	0.53	30,419,634	2.01
<b>Financial liabilities</b>				
USD	31,204,457	237.00	42,653,439	312.10
GBP	12,389	0.12	12,123	0.12
EUR	45,282,958	380.69	23,365,097	200.57
JPY	-	-	-	-
<b>Derivative contracts</b>				
USD	(7,884,168)	(59.88)	(21,659,620)	(158.48)
EUR	(16,360,963)	(137.54)	(8,316,780)	(71.39)
<b>Forward contracts for forecasted transactions</b>				
GBP/INR	1,500,000	14.97	-	-

The following significant exchange rates have been applied:

Particulars	Year end spot rate	
	As at 31 March 2022	As at 31 March 2021
USD	75.95	73.17
GBP	99.78	100.86
JPY	0.62	0.66
EURO	84.07	85.84

**Sensitivity analysis**

The sensitivity of profit or loss to changes in the exchange rates arises mainly from foreign currency denominated financial instruments and the impact on other components of equity arises from foreign forward exchange contracts and non-derivative financial instruments designated as cash flow hedges.

**NOTES OF THE FINANCIAL STATEMENTS for the year ended 31 March, 2022**

(All amounts in ₹ crores, unless otherwise stated)

	Impact on profit after tax		Impact on other components of equity	
	31 March 2022	31 March 2021	31 March 2022	31 March 2021
<b>USD sensitivity</b>				
INR/USD increase by 5.00% (31 March 2021- 5.00%)	(4.20)	(6.94)	(0.11)	-
INR/USD decrease by 5.00% (31 March 2021- 5.00%)	4.20	6.94	0.11	-
<b>GBP sensitivity</b>				
INR/GBP increase by 5.00% (31 March 2021- 5.00%)	-	0.33	-	-
INR/GBP decrease by 5.00% (31 March 2021- 5.00%)	-	(0.33)	-	-
<b>EUR sensitivity</b>				
INR/EUR increase by 5.00% (31 March 2021- 5.00%)	(11.25)	(5.79)	(0.45)	-
INR/EUR decrease by 5.00% (31 March 2021- 5.00%)	11.25	5.79	0.45	-
<b>JPY sensitivity</b>				
INR/JPY increase by 5.00% (31 March 2021- 5.00%)	0.02	0.07	-	-
INR/JPY decrease by 5.00% (31 March 2021- 5.00%)	(0.02)	(0.07)	-	-

**Derivative financial instruments**

The fair value of the Company's open derivative positions recorded within financial instruments (derivative) is as follows:

	As at 31 March 2022		As at 31 March 2021	
	Liability	Assets	Liability	Assets
Cash flow hedges				
- Forward foreign currency contracts	-	2.29	1.32	2.83
- Options	6.01	2.77	0.36	2.87
- Interest rate swaps	0.06	0.06	0.18	-
- Currency swaps	0.97	-	1.01	0.35
<b>Total</b>	<b>7.04</b>	<b>5.12</b>	<b>2.87</b>	<b>6.05</b>

\*Refer statement of profit and loss and statements of change in equity for the change in the fair value of cash flow hedges.

- b) The Company uses foreign currency forward contracts, foreign currency options contracts and non-derivative financial instruments (i.e. foreign currency borrowings) to mitigate exchange rate exposure arising from forecast sales and purchase in USD, EUR and GBP. Also, the Company uses foreign currency options contracts, cross currency swap contracts and interest rate swap contracts to mitigate exchange rate exposure and interest rate exposure arising from foreign currency borrowings.

Hedge effectiveness is determined at inception of the hedge relationship and at every reporting period end through the assessment of the hedged items and hedging instrument to determine whether there is still an economic relationship between the two.

**NOTES OF THE FINANCIAL STATEMENTS for the year ended 31 March, 2022**

(All amounts in ₹ crores, unless otherwise stated)

The critical terms of the foreign currency forwards and cross currency swaps entered into exactly match the terms of the hedged item. As such the economic relationship and hedge effectiveness are based on the qualitative factors and the use of a hypothetical derivative where appropriate.

In hedges of foreign currency borrowings and forecast transaction, ineffectiveness mainly arises because of Change in timing of hedged item from that of the hedging instrument and cost of hedging. The ineffectiveness in the hedges have been disclosed.

All derivative financial instruments used for hedge accounting are recognised initially at fair value and reported subsequently at fair value in the statement of financial position.

To the extent that the hedge is effective, changes in the fair value of derivatives designated as hedging instruments in cash flow hedges are recognised in other comprehensive income and included within the cash flow hedge reserve in equity. Any ineffectiveness in the hedge relationship is recognised immediately in profit or loss. At the time the hedged item affects profit or loss, any gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss and presented as a reclassification adjustment within other comprehensive income.

If a forecast transaction is no longer expected to occur, any related gain or loss recognised in other comprehensive income is transferred immediately to profit or loss. If the hedging relationship ceases to meet the effectiveness conditions, hedge accounting is discontinued, and the related gain or loss is held in the equity reserve until the forecast transaction occurs.

Other derivatives, which have not been designated in hedging relationship, are considered by management to be part of economic hedge arrangements but have not been formally designated.

**Impact of hedging activities**
**Disclosure of effects of hedge accounting on financial position**

Type of hedge and risks	Nominal value	Carrying amount of hedging instrument		Maturity date	Hedge ratio	Average strike price	Changes in fair value of the hedging instrument	'Change in the value of hedged item used as the basis for recognising hedge effectiveness
		Assets	Liabilities					
<b>As at 31 March 2022</b>								
<b>Derivative instruments</b>								
(i) Foreign exchange forward contracts	USD 11,812,998	2.24	0.97	April 2022- January 2023	1:1	USD/INR- 74.58	1.28	(1.28)
	EUR 14,727,182	0.34	5.92	April 2022- January 2023	1:1	EUR/INR- 87.43	(5.58)	5.58
	GBP 1,500,000	1.28	-	December 2022- April 2023	1:1	-	1.28	(1.28)
<b>Non-derivative instruments</b>								
(i) Foreign currency borrowings*	EUR 1,633,782	-	13.74	April 2022- July 2023	1:1	EUR/INR- 79.87	0.09	(0.09)
	USD 447,644	-	3.40	April 2022- May 2022	1:1	USD/INR- 75.95	-	-

**NOTES OF THE FINANCIAL STATEMENTS for the year ended 31 March, 2022**

(All amounts in ₹ crores, unless otherwise stated)

Type of hedge and risks	Nominal value	Carrying amount of hedging instrument		Maturity date	Hedge ratio	Average strike price	Changes in fair value of the hedging instrument	Change in the value of hedged item used as the basis for recognising hedge effectiveness
		Assets	Liabilities					
<b>As at 31 March 2021</b>								
<b>Derivative instruments</b>								
(i) Foreign exchange forward contracts	USD 24,881,595	2.16	2.22	June 2021- November 2021	1:1	USD/INR- 75.39	(0.06)	0.06
	EUR 7,347,375	0.62	0.44	April 2021- February 2022	1:1	EUR/INR- 87.88	0.18	(0.18)
	USD 1,500,000	0.35	-	April 2021- June 2021	1:1	-	0.35	(0.35)
	EUR 8,000,000	2.16	-	October 2021- December 2022	1:1	-	2.16	(2.16)
	EUR 3,000,000	0.25	-	May 2022- December 2022	1:1	-	0.25	(0.25)
(ii) Cross currency swap contracts	USD 611,835	0.35	-	April 2021- August 2021	1:1	USD/ INR 67.30	0.35	(0.35)
<b>Non-derivative instruments</b>								
(i) Foreign currency borrowings*	EUR 3,726,220	-	31.99	April 2021- July 2023	1:1	EUR/INR- 79.87	0.07	(0.07)
	USD 2,059,161	-	15.07	April 2021- May 2022		USD/JPY 111.27	(0.13)	0.13

\* represents outstanding balance of loans designated under natural hedge

**Disclosure of effects of hedge accounting on financial performance**
**For the year ended 31 March 2022**

Type of hedge and risks	Change in the value of hedging instrument in other comprehensive income	Hedge ineffectiveness recognised in profit or loss	Amount reclassified from cash flow hedging reserve to profit or loss	Line item affected in statement of profit and loss because of reclassification and hedge ineffectiveness
Cash flow hedge				
Foreign currency and interest rate risk				
(i) Foreign exchange forward contracts	7.38	-	(0.75)	Finance cost and other expenses
(ii) Foreign currency borrowings	(0.47)	-	2.57	Finance cost and other expenses

**NOTES OF THE FINANCIAL STATEMENTS for the year ended 31 March, 2022**

(All amounts in ₹ crores, unless otherwise stated)

**For the year ended 31 March 2021**

Type of hedge and risks	Change in the value of hedging instrument in other comprehensive income	Hedge ineffectiveness recognised in profit or loss	Amount reclassified from cash flow hedging reserve to profit or loss	Line item affected in statement of profit and loss because of reclassification and hedge ineffectiveness
Cash flow hedge				
Foreign currency and interest rate risk				
(i) Foreign exchange forward contracts	(1.84)	-	2.41	Finance cost and other expenses/income
(ii) Cross currency swap contracts	(0.79)	-	1.49	Finance cost and other expenses/income
(iii) Foreign currency borrowings	0.62	-	0.13	Finance cost and other expenses/income

**Price risk**
**Exposure**

The Company's exposure to price risk arises from investments held and classified in the balance sheet either as fair value through other comprehensive income or at fair value through profit or loss. To manage the price risk arising from investments, the Company diversifies its portfolio of assets.

**Sensitivity**

The table below summarises the impact of increases/decreases of the index on the Company's equity and profit for the period :

Particulars	Impact on profit after tax		Impact on other components of equity	
	As at 31 March 2022	As at 31 March 2021	As at 31 March 2022	As at 31 March 2021
Investments*				
Net asset value - increase by 1%	1.62	0.02	1.05	1.30
Net asset value - decrease by 1%	(1.62)	(0.02)	(1.05)	(1.30)

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

**48 CAPITAL MANAGEMENT**

The Company's capital management objectives are to ensure the Company's ability to continue as a going concern as well as to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

The Company monitors capital on the basis of the carrying amount of equity plus its subordinated loan, less cash and cash equivalents as presented on the face of the statement of financial position and cash flow hedges recognised in other comprehensive income.

The Company manages its capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares. The amounts managed as capital by the Company are summarised as follows:



**NOTES OF THE FINANCIAL STATEMENTS for the year ended 31 March, 2022**

(All amounts in ₹ crores, unless otherwise stated)

The Company monitors capital on the basis of its gearing ratio, debt equity ratio and ratio of net debts to its earnings before interest, tax, depreciation and amortisation (EBITDA)

**Debt equity ratio**

Particulars	As at 31 March 2022	As at 31 March 2021
Total borrowings (including current maturities of long term debt)	749.05	710.62
Less: Investments	(409.59)	(202.01)
Less: Cash and cash equivalents	(22.74)	(35.39)
Less: Pledged deposits	(11.09)	(9.57)
Less: Deposits with bank	(2.00)	(0.38)
<b>Net debt</b>	<b>303.63</b>	<b>463.27</b>
Total equity	1,087.89	834.28
<b>Net debt to equity ratio(%)</b>	<b>27.91%</b>	<b>55.53%</b>

**Ratio of net debt to EBITDA**

Particulars	As at 31 March 2022	As at 31 March 2021
Profit before exceptional items and tax*	430.38	305.43
Add: Depreciation and amortisation expenses	58.08	52.50
Add: Finance cost	37.43	39.71
<b>EBITDA</b>	<b>525.89</b>	<b>397.64</b>
Net debt	303.63	463.27
<b>Ratio of net debt to EBITDA(times)</b>	<b>0.58</b>	<b>1.17</b>

\*Includes other income

**Gearing ratio**

Particulars	As at 31 March 2022	As at 31 March 2021
Net debt	303.63	463.27
Total equity	1,087.89	834.28
Equity and net debt	1,391.52	1,297.55
<b>Gearing ratio(%)</b>	<b>21.82%</b>	<b>35.70%</b>

Dividend paid	Year ended 31 March 2021	Year ended 31 March 2020
<b>Equity shares</b>		
Interim dividend for the year ended 31 March 2022 of ₹ 35 per share (31 March 2021: ₹ 25 per share)	62.70	44.53

**NOTES OF THE FINANCIAL STATEMENTS for the year ended 31 March, 2022**
*(All amounts in ₹ crores, unless otherwise stated)*
**49 SEGMENT REPORTING**

In accordance with Ind AS 108, the Board of Directors being the Chief operating decision maker of the Company have determined its only one reportable business segment of packaging films. Further, in terms of Paragraph 4 and 31 of Ind AS 108 'Operating Segments', entity wide disclosures have been presented below:

a) Revenue as per geographical markets:

Segment	Domestic		Overseas	
	For the year ended		For the year ended	
	31 March 2022	31 March 2021	31 March 2022	31 March 2021
Packaging films	1,488.36	1,152.02	1,292.10	874.28
Others	1.10	-	-	-
<b>Total</b>	<b>1,489.46</b>	<b>1,152.02</b>	<b>1,292.10</b>	<b>874.28</b>

b) There is only one customer (wholly owned subsidiary) who has contributed more than 10% revenue i.e. Cosmo Films Inc.

**50 RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES**

The changes in the Group's liabilities arising from financing activities can be classified as follows:

Particulars	Long-term borrowings	Short-term borrowings	Total
<b>Opening balance as at 1 April 2021</b>	<b>466.57</b>	<b>243.14</b>	<b>709.71</b>
Cash flow:			
- Proceeds	289.37	-	<b>289.37</b>
- Repayment	(144.29)	(99.18)	<b>(243.47)</b>
<b>Non cash</b>			
- Finance cost adjustment for effective interest rate	0.30	-	<b>0.30</b>
- Foreign exchange difference	(7.15)	0.29	<b>(6.86)</b>
<b>Closing balance as at 31 March 2022</b>	<b>604.80</b>	<b>144.25</b>	<b>749.05</b>

Particulars	Long-term borrowings	Short-term borrowings	Total
<b>Opening balance as at 1 April 2020</b>	<b>482.94</b>	<b>237.94</b>	<b>720.88</b>
<b>Cash flow:</b>			
- Proceeds	124.15	4.92	<b>129.07</b>
- Repayment	(132.66)	-	<b>(132.66)</b>
<b>Non cash</b>			
- Finance cost adjustment for effective interest rate	0.30	-	<b>0.30</b>
- Foreign exchange difference	(8.16)	0.28	<b>(7.88)</b>
<b>Closing balance as at 31 March 2021</b>	<b>466.57</b>	<b>243.14</b>	<b>709.71</b>

**NOTES OF THE FINANCIAL STATEMENTS for the year ended 31 March, 2022**
*(All amounts in ₹ crores, unless otherwise stated)*
**51 KEY FINANCIAL RATIOS:**
**Current Ratio**

Particulars	As at 31 March 2022	As at 31 March 2021
Current Assets	1,074.28	816.91
Current Liabilities	751.43	692.20
<b>Current ratio(times)</b>	<b>1.43</b>	<b>1.18</b>

**Total debt to equity ratio**

Particulars	As at 31 March 2022	As at 31 March 2021
Total borrowings (including current maturities of long term debt)	749.05	710.62
Total equity	1,087.89	834.28
<b>Total debt to equity ratio(%)</b>	<b>68.85%</b>	<b>85.18%</b>

**Debt service coverage ratio**

Particulars	As at 31 March 2022	As at 31 March 2021
Profit after tax	312.94	215.55
Add: Interest paid	37.43	39.71
Add: Depreciation and amortisation	58.08	52.50
<b>Net Operating Income</b>	<b>408.45</b>	<b>307.76</b>
Long term loan paid during the year	144.29	132.66
Add: Interest paid	37.43	39.71
<b>Debt service</b>	<b>181.72</b>	<b>172.37</b>
<b>Debt service coverage ratio(times)</b>	<b>2.25</b>	<b>1.79</b>

Explanation : improved primarily due to increase in operating income

**Return on equity ratio**

Particulars	As at 31 March 2022	As at 31 March 2021
<b>Profit after tax</b>	<b>312.94</b>	<b>215.55</b>
Share capital	18.17	18.17
Reserve and surplus	1,069.72	816.11
<b>Shareholder's funds</b>	<b>1,087.89</b>	<b>834.28</b>
<b>Return on equity ratio(%)</b>	<b>28.77%</b>	<b>25.84%</b>

**NOTES OF THE FINANCIAL STATEMENTS for the year ended 31 March, 2022**
*(All amounts in ₹ crores, unless otherwise stated)*
**Inventory turnover ratio**

Particulars	As at 31 March 2022	As at 31 March 2021
<b>Purchase of goods</b>	<b>1,920.22</b>	<b>1,398.60</b>
Opening Inventory (a)	271.56	170.60
Closing Inventory (b)	357.62	271.56
<b>Average inventory ((a+b)/2)</b>	<b>314.59</b>	<b>221.08</b>
<b>Inventory turnover ratio(times)</b>	<b>6.10</b>	<b>6.33</b>

**Trade receivable turnover ratio**

Particulars	As at 31 March 2022	As at 31 March 2021
<b>Net sales</b>	<b>2,824.15</b>	<b>2,082.91</b>
Opening receivables (a)	186.36	168.39
Closing receivables (b)	197.90	186.36
<b>Average receivables ((a+b)/2)</b>	<b>192.13</b>	<b>177.38</b>
<b>Trade receivable turnover ratio(times)</b>	<b>14.70</b>	<b>11.74</b>

Explanation: It has improved due to reduction in number of receivables days outstanding

**Trade payable turnover ratio**

Particulars	As at 31 March 2022	As at 31 March 2021
<b>Cost of Goods Sold</b>	<b>1,920.22</b>	<b>1,398.60</b>
Opening payables (a)	198.65	144.78
Closing payables (b)	341.97	198.65
<b>Average payables ((a+b)/2)</b>	<b>270.31</b>	<b>171.72</b>
<b>Trade payable turnover ratio(times)</b>	<b>7.10</b>	<b>8.14</b>

**Net working capital turnover ratio**

Particulars	As at 31 March 2022	As at 31 March 2021
<b>Net sales</b>	<b>2,824.15</b>	<b>2,082.91</b>
Current assets (a)	1,074.28	816.91
Current liabilities (b)	751.43	692.20
<b>Net working capital (a-b)</b>	<b>322.85</b>	<b>124.71</b>
<b>Net working capital turnover ratio(times)</b>	<b>8.75</b>	<b>16.70</b>

Explanation: reduced primarily due to increase in net working capital in business primarily due to higher raw material prices.

**NOTES OF THE FINANCIAL STATEMENTS for the year ended 31 March, 2022**
*(All amounts in ₹ crores, unless otherwise stated)*
**Net profit ratio**

Particulars	As at 31 March 2022	As at 31 March 2021
Net profit	312.94	215.55
Net sales	2,824.15	2,082.91
Net profit ratio(%)	11.08%	10.35%

**Return on capital employed**

Particulars	As at 31 March 2022	As at 31 March 2021
Profit before tax	430.38	305.43
Add: interest paid	37.43	39.71
<b>Earning before interest and tax (EBIT)</b>	<b>467.81</b>	<b>345.14</b>
Opening capital employed (a)	1,642.34	1,527.66
Closing capital employed (b)	1,980.00	1,642.34
<b>Average capital employed ((a+b)/2)</b>	<b>1,811.17</b>	<b>1,585.00</b>
<b>Return on capital employed(%)</b>	<b>25.83%</b>	<b>21.78%</b>

\*Capital employed includes net worth, borrowings and deferred tax liability

**Return on investment (Equity instruments)**

Particulars	As at 31 March 2022	As at 31 March 2021
Fair value change (net)	9.91	5.84
Weighted average cost of instrument during the year	51.30	8.39
<b>Return on investment (Equity instruments) (%)</b>	<b>19.32%</b>	<b>69.61%</b>

Explanation: Financial year 2020-21 return was exceptionally high due to market factors

**Return on investment (Debt instruments)**

Particulars	As at 31 March 2022	As at 31 March 2021
Fair value change (net) including interest income	23.78	23.83
Weighted average cost of instrument during the year	244.33	183.33
<b>Return on investment (Debt instruments) (%)</b>	<b>9.73%</b>	<b>13.00%</b>

Explanation: Financial year 2020-21 return was exceptionally high due to market factors

**NOTES OF THE FINANCIAL STATEMENTS for the year ended 31 March, 2022**

(All amounts in ₹ crores, unless otherwise stated)

- 52** 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.
- 53** The Company continues to closely monitor the impact of the Covid-19 pandemic on all aspects of its business. The Company is engaged in the business of flexible packaging films which is part of essential commodities, and therefore, the pandemic had marginal impact on the business operations of the Company. The management has exercised due care in concluding significant accounting judgements and estimates, inter-alia, recoverability of receivables, impairment assessment of financial and non-financial assets, realisability of Inventory and accordingly noted no significant impact on its financial results. Further, management believes that the Company will be able to discharge the liabilities as and when falling due. The Company will continue to monitor current and future conditions and impact thereof on Company's operations.

For **S.N. Dhawan & CO LLP**

Chartered Accountants

Firm Registration No.: 000050N/N500045

**Rajeev Kumar Saxena**

Partner

Membership No.: 077974

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

**Har Kishanlal Agrawal**

Director

DIN: 00260592

**Ashok Jaipuria**

Chairman & Managing Director

DIN: 00214707

**Place** : New Delhi

**Date** : 09 May 2022

**Pankaj Poddar**

Chief Executing Officer

Membership No.: 096861

**Neeraj Jain**

Chief Financial Officer

Membership No.: 097576

**Jyoti Dixit**

Company Secretary

Membership No.: F6229

## INDEPENDENT AUDITOR'S REPORT

To the Members of Cosmo Films Limited

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

#### Opinion

We have audited the accompanying consolidated financial statements of **Cosmo Films Limited** ("the Holding Company") and its subsidiaries (Holding Company and its subsidiaries together referred to as "the Group"), which comprise the Consolidated Balance Sheet as at 31 March 2022, and the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies ("the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of reports of the other auditors on separate financial statements of the subsidiaries referred to in the Other Matters section below, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, and other accounting principles generally accepted in India, of their consolidated state of affairs of the Group, as at 31 March 2022, of consolidated profit, consolidated other comprehensive income, consolidated changes in equity and its consolidated cash flows for the year then ended.

#### Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Act. Our responsibilities under those Standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ("the ICAI") together with the ethical requirements that are relevant to our audit of the consolidated financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our opinion.

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined the matters described below to be the key audit matters to be communicated in our report:

Key audit matter	How our audit addressed the key audit matter
<p><b>Derivative financial instruments</b></p> <p>The group has entered into various derivative contracts including foreign exchange forward contracts, currency options, cross currency swaps and interest rate swaps which are used to manage and hedge foreign currency exchange risks and interest rate risks.</p> <p>The Group has reported net derivative financial assets at fair value of ₹ 5.12 crores and net derivative financial liabilities at fair value of ₹ 7.04 crores as of 31 March 2022.</p>	<p>We assessed the design and implementation and tested the operating effectiveness of the key controls over management's processes for valuation of derivative financial instruments. Our audit procedures included, but were not limited to, the following substantive procedures:</p> <ul style="list-style-type: none"> <li>Obtained independent direct confirmations from banks to confirm the outstanding financial instruments in order to verify existence and rights.</li> </ul>



<p>The Group's accounting policy on derivatives is disclosed in note 1 (iv) I (iii) and related disclosures are included in note 47. The Group's significant judgements in applying accounting policy are disclosed in note 1 (v).</p> <p>The fair value of the derivative financial instruments is based on year-end quotes received from counterparty banks. In respect of designated hedging relationships, the Group measures the effectiveness thereof using valuation models, such as hypothetical derivative method.</p> <p>Testing the fair valuation of derivative instruments and effectiveness of hedging relationships, where applicable, are complex exercises and hence required substantial involvement of senior personnel on the audit engagement with relevant experience.</p> <p>Accordingly, valuation of the derivative financial instruments and hedge accounting is determined to be a key audit matter.</p>	<ul style="list-style-type: none"> <li>• Reviewed the hedging strategy of the Group, economic relationship and hedge ratio between hedged items and hedging instruments to assess the hedge effectiveness of derivative contracts to the extent hedge accounting is applied.</li> <li>• Inspected the underlying agreements and deal confirmations for the derivatives.</li> <li>• Assessed whether the accounting policy is consistent with the requirements of Ind AS 109 'Financial Instruments'.</li> <li>• Evaluated the appropriateness of disclosures in relation to financial risk management, derivative financial instruments and hedge accounting.</li> </ul> <p>We have also obtained written representations from management and those charged with governance on whether the significant assumptions used in valuation of derivatives are considered reasonable.</p>
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**Information Other than the Consolidated Financial Statements and Auditor's Report Thereon**

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

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

The Holding Company's Board of Directors is responsible for the preparation and presentation of these consolidated financial statements in term of the requirements of the Act, that give a true and fair view of the consolidated financial position, consolidated financial performance (including other comprehensive income), consolidated cash flows and consolidated statement of changes in

equity of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards specified under Section 133 of the Act. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group are responsible for overseeing the financial reporting process of the Group.

## Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Holding Company has adequate internal financial controls system with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated

financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by the other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## Other Matters

1. We did not audit the financial statements of two subsidiaries, whose financial statements reflect total assets (after eliminating intra-group balances) of ₹ 215.42 crores as at 31 March 2022, total revenue of ₹ 452.79 crores, net profit after tax of ₹ 69.64 crores, total comprehensive income of ₹ 72.29 crores (after eliminating intra-group transactions) and net cash outflows of ₹ 0.17 crores for the year ended on that date, as considered in the Consolidated Financial Statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries, is based solely on the reports of the other auditors.

Further, these subsidiaries are located outside India and their financial statements and other financial information have been prepared in accordance with accounting principles generally accepted in their respective countries and have been audited by other auditors under generally accepted auditing standards applicable in their respective countries. The Holding Company's management has converted the financial statements of such subsidiaries located outside India from accounting principles generally accepted in their respective countries to accounting principles generally accepted in India. We have audited these conversion adjustments made by the Holding Company's management. Our opinion on the consolidated financial statements, in so far as it relates to the balances and affairs of such subsidiaries located outside India, is based on the report of other auditors and the conversion adjustments prepared by the management of the Holding Company and audited by us.

2. We did not audit the financial statements / financial information of five subsidiaries, whose financial statements / financial information reflect total assets (after eliminating intra-group balances) of ₹ 167.52 crores as at 31 March 2022, total revenues of ₹ 257.20 crores, total net profit after tax of ₹ 14.08 crores, total comprehensive income of ₹ 11.00 crores (after eliminating intra-group transactions) and net cash outflows of ₹ 5.09 crores for the year ended on that date, as considered in the consolidated financial statements. These financial statements / financial information are unaudited and

have been furnished to us by the management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and our report in terms of sub-section (3) of Section 143 of the Act in so far as it relates to the aforesaid subsidiaries, is based solely on such unaudited financial statements / financial information. In our opinion and according to the information and explanations given to us by the management, these financial statements/financial information are not material to the Group.

Our opinion on the consolidated financial statements above, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done by and the reports of other auditors and the unaudited financial statements / financial information provided by the management.

## Report on Other Legal and Regulatory Requirements

1. With respect to the matters specified in paragraphs 3(xxi) and 4 of the Companies (Auditor's Report) Order, 2020 (the "Order"/ "CARO") issued by the Central Government in terms of Section 143(11) of the Act, to be included in the Auditor's report, according to the information and explanations given to us, and based on the CARO reports issued by us for the Company and its subsidiaries included in the consolidated financial statements of the Company, to which reporting under CARO is applicable, we report that there are no qualifications or adverse remarks in these CARO reports.
2. As required by Section 143(3) of the Act, based on our audit and on the consideration of reports of the other auditors on separate financial statements and other financial information of subsidiaries, as noted in the 'Other Matters' paragraph, we report, to the extent applicable, that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
  - (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.
  - (c) The Consolidated Balance Sheet, the

- Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Cash Flows and Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
- (d) In our opinion, the aforesaid consolidated financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act.
- (e) On the basis of the written representations received from the directors of the Holding Company and taken on record by the Board of Directors of the Holding Company and on the basis of the written representations received from the directors of two subsidiary companies covered under the Act, none of the directors of the Holding Company and such subsidiary companies covered under the Act, are disqualified as on 31 March 2022 from being appointed as a director in terms of Section 164(2) of the Act.
- (f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Holding Company and its subsidiary companies covered under the Act, and the operating effectiveness of such controls, refer to our separate report in Annexure A.
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of Section 197(16) of the Act, as amended, in our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Holding Company to its directors during the year is in accordance with the provisions of Section 197 of the Act. Further, subsidiary companies, which are covered under the Act, have not paid or provided for any managerial remuneration during the year.
- (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditors on separate financial statements as also the other financial information of the subsidiaries, as noted in the 'Other matter' paragraph:
- i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group – Refer Note 39 to the consolidated financial statements.
  - ii. The Group did not have any material foreseeable losses on long-term contracts including derivative contracts.
  - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company and its subsidiary companies covered under the Act, during the year ended 31 March 2022.
  - iv. (a) The respective managements of the Holding Company and its subsidiaries which are companies incorporated in India, whose financial statements have been audited under the Act, have represented to us that, to the best of their knowledge and belief, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Holding Company or any such subsidiaries to or in any other persons or entities, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Holding Company or any of such subsidiaries ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
  - b) The respective managements of the Holding Company and its subsidiaries which are companies incorporated in India, whose financial statements have been audited under the Act, have represented to us that, to the best of their knowledge and belief, no funds (which are material either individually or in the aggregate) have been received by the Holding Company or any of such subsidiaries from any persons or entities, including foreign entities

- (“Funding Parties”), with the understanding, whether recorded in writing or otherwise, that the Holding Company or any of such subsidiaries shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (“Ultimate Beneficiaries”) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- c) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances performed by us, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e) contain any material misstatement.
- v. The dividend declared or paid during the year by the Holding Company and its subsidiaries which are companies incorporated in India, is in compliance with Section 123 of the Act.

**For S.N. Dhawan & CO LLP**  
Chartered Accountants  
Firm Registration No.: 000050N/N500045

**Rajeev Kumar Saxena**  
Partner  
Membership No.: 077974  
UDIN: 22077974AIRICK5848

**Place :** New Delhi  
**Date :** 09 May 2022

## **Annexure A to the Independent Auditor's Report**

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of the Independent Auditor's Report of even date to the members of Cosmo Films Limited on the consolidated financial statements as of and for the year ended 31 March 2022)

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

In conjunction with our audit of the consolidated financial statements of Cosmo Films Limited ('the Holding Company') and its subsidiaries (the Holding Company and its subsidiaries together referred to as 'the Group'), as of and for the year ended 31 March 2022, we have audited the internal financial controls with reference to financial statements of the Holding Company and its subsidiary company, which is a company incorporated in India, as of that date.

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

The respective Board of Directors of the Holding Company and its subsidiary, which is a company incorporated in India are responsible for establishing and maintaining internal financial controls based on the internal financial control with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India.

These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of the company's business, including adherence to the respective company's policies, the safeguarding of the company's assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

#### **Auditors' Responsibility**

Our responsibility is to express an opinion on the internal financial controls with reference to financial statements of the Holding Company and its subsidiary company as aforesaid, based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal

Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India ("the ICAI") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements were established and maintained and if such controls operated effectively in all material respects.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls with reference to financial statements of the Holding Company and its subsidiary company, as aforesaid.

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

A company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the



company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

**Inherent Limitations of Internal Financial Controls with reference to Financial Statements**

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

**Opinion**

In our opinion, the Holding Company and its subsidiary

company, which is a company incorporated in India, have, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at 31 March 2022, based on the internal financial control with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **S.N. Dhawan & CO LLP**  
Chartered Accountants  
Firm Registration No.: 000050N/N500045

**Rajeev Kumar Saxena**  
Partner  
Membership No.: 077974  
UDIN: 22077974AIRICK5848

**Place** : New Delhi  
**Date** : 09 May 2022



**CONSOLIDATED BALANCE SHEET as at 31 March 2022**

(All amounts in ₹ crores, unless otherwise stated)

Particulars	Note No.	As at 31 March 2022	As at 31 March 2021
<b>ASSETS</b>			
<b>Non-current assets</b>			
a) Property, plant and equipment	2	979.07	1,002.53
b) Capital work-in-progress	3	270.29	20.23
c) Investment property	4	13.52	15.44
d) Intangible assets	5	2.62	2.47
e) Right of use assets	5A	7.66	-
f) Financial assets			
(i) Investments	6	0.21	0.21
(ii) Loans	7	6.04	6.15
(iii) Other financial assets	8	3.96	4.27
g) Deferred tax assets (net)	23	6.80	4.95
h) Income tax assets (net)		9.89	10.74
i) Other non-current assets	9	86.86	63.91
		<b>1,386.92</b>	<b>1,130.90</b>
<b>Current assets</b>			
a) Inventories	10	554.08	374.79
b) Financial assets			
(i) Investments	11	445.95	247.24
(ii) Trade receivables	12	219.97	188.51
(iii) Cash and cash equivalents	13	45.65	63.46
(iv) Bank balances other than (iii) above	14	15.11	11.43
(v) Loans	15	2.69	1.80
(vi) Other financial assets	16	24.59	41.35
c) Other current assets	17	64.59	63.35
		<b>1,372.63</b>	<b>991.93</b>
<b>Non-current assets classified as held for sale</b>	2	-	2.50
<b>TOTAL ASSETS</b>		<b>2,759.55</b>	<b>2,125.33</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
a) Equity share capital	18	18.17	18.17
b) Other equity	19	1,172.56	835.69
		<b>1,190.73</b>	<b>853.86</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
a) Financial liabilities			
(i) Borrowings	20	479.65	337.57
(ii) Lease liability		6.39	-
(iii) Other financial liabilities	21	-	0.06
b) Provisions	22	22.68	21.36
c) Deferred tax liabilities (net)	23	143.20	98.42
d) Other non-current liabilities	24	58.11	47.70
		<b>710.03</b>	<b>505.11</b>
<b>Current liabilities</b>			
a) Financial liabilities			
(i) Borrowings	25	330.40	422.72
(ii) Lease liability		1.72	-
(iii) Trade payables			
(a) Total outstanding dues to micro and small enterprises	26	11.00	2.41
(b) Total outstanding dues to creditors other than micro and small enterprises	26	353.70	201.29
(iv) Other financial liabilities	27	100.36	96.70
b) Other current liabilities	28	45.22	31.00
c) Provisions	29	12.41	12.24
d) Current tax liabilities		3.98	-
		<b>858.79</b>	<b>766.36</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>2,759.55</b>	<b>2,125.33</b>
<b>Summary of significant accounting policies</b>			
1			

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

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

 For **S.N. Dhawan & CO LLP**

Chartered Accountants

Firm Registration No.: 000050N/N500045

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

**Rajeev Kumar Saxena**

Partner

Membership No.: 077974

**Har Kishanlal Agrawal**

Director

DIN: 00260592

**Ashok Jaipuria**

Chairman &amp; Managing Director

DIN: 00214707

**Pankaj Poddar**

Chief Executive Officer

Membership No.: 096861

**Neeraj Jain**

Chief Financial Officer

Membership No.: 097576

**Jyoti Dixit**

Company Secretary

Membership No.: F6229

Place : New Delhi

Date : 09 May 2022

**CONSOLIDATED STATEMENT OF PROFIT AND LOSS for the year ended 31 March 2022**

(All amounts in ₹ crores, unless otherwise stated)

Particulars	Note No.	Year ended 31 March 2022	Year ended 31 March 2021
<b>Revenue</b>			
Revenue from operations	30	3,038.39	2,285.18
Other income	31	48.32	37.74
<b>Total income</b>		<b><u>3,086.71</u></b>	<b><u>2,322.92</u></b>
<b>Expenses</b>			
Cost of materials consumed		1,993.59	1,436.06
Purchase of traded goods		1.74	0.62
Change in inventory of finished goods and stock in trade	32	(122.25)	(36.34)
Employee benefits expenses	33	219.61	193.04
Finance costs	34	39.81	41.68
Depreciation, amortisation and impairment expense	35	63.30	59.22
Allowance for expected credit losses		0.80	1.12
Other expenses	36	373.49	298.78
<b>Total expenses</b>		<b><u>2,570.09</u></b>	<b><u>1,994.18</u></b>
<b>Profit before tax</b>		<b><u>516.62</u></b>	<b><u>328.74</u></b>
<b>Tax expense</b>	37		
- Current tax		79.53	55.65
- Deferred tax expense		40.48	36.19
<b>Total tax expense</b>		<b><u>120.01</u></b>	<b><u>91.84</u></b>
<b>Net profit for the year</b>		<b><u>396.61</u></b>	<b><u>236.90</u></b>
<b>Other comprehensive income</b>			
<b>1) Items that will not be reclassified to profit or loss</b>			
- Remeasurements of net defined benefit plans		0.09	(7.61)
- Tax on above items		(0.03)	2.66
<b>2) Items that will be reclassified to profit or loss</b>			
- Effective portion of gain/(loss) on hedging instrument in cash flow hedge		7.68	2.56
- Net changes in fair value of financial instruments carried at fair value through other comprehensive income		(4.36)	13.32
- Foreign currency translation reserve		2.63	(1.62)
- Tax on above items		(2.50)	(3.62)
<b>Total other comprehensive income</b>		<b><u>3.51</u></b>	<b><u>5.69</u></b>
<b>Total comprehensive income</b>		<b><u>400.12</u></b>	<b><u>242.59</u></b>
<b>Earnings per equity share</b>	38		
- Basic		221.56	127.02
- Diluted		216.99	125.72
<b>Summary of significant accounting policies</b>	1		

This is the consolidated Statement of Profit and Loss referred to in our report of even date.

 For **S.N. Dhawan & CO LLP**

Chartered Accountants

Firm Registration No.: 000050N/N500045

**Rajeev Kumar Saxena**

Partner

Membership No.: 077974

**For and on behalf of Board of Directors of Cosmo Films Limited**
**Har Kishanlal Agrawal**

Director

DIN: 00260592

**Ashok Jaipuria**

Chairman &amp; Managing Director

DIN: 00214707

**Pankaj Poddar**

 Chief Executive Officer  
 Membership No.: 096861

**Neeraj Jain**

 Chief Financial Officer  
 Membership No.: 097576

**Jyoti Dixit**

 Company Secretary  
 Membership No.: F6229

**Place** : New Delhi  
**Date** : 09 May 2022

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY for the year ended 31 March 2022**  
 (All amounts in ₹ crores, unless otherwise stated)

**A. Equity share capital**

Opening balance as at 1 April 2020	19.44
Changes during the year	(1.27)
Closing balance as at 31 March 2021	18.17
Changes during the year	-
Closing balance as at 31 March 2022	18.17

**B. Other Equity**

Particulars	Reserves and Surplus				Items of other comprehensive income				Treasury shares	Total	
	Retained earnings	Securities premium	Shares options outstanding account	Capital reserve	General reserve	Capital redemption reserve	Currency translation reserve	Effective portion of cash flow hedges			Equity instruments through other comprehensive income
Balance as at 1 April 2020	404.87	31.26	6.26	4.10	278.11	-	-	14.29	(0.99)	(3.44)	721.48
Profit for the year	236.90	-	-	-	-	-	-	-	-	-	236.90
Other comprehensive income/(expense)	(4.95)	-	-	-	-	-	(1.62)	1.68	1.68	8.03	5.69
Other comprehensive income for the year	231.95	-	-	-	-	-	(1.62)	1.68	1.68	8.03	242.59
<b>Total comprehensive income for the year</b>	-	-	-	-	-	-	-	-	-	-	-
<b>Transaction with owners</b>	-	(31.26)	-	-	(58.02)	1.27	-	-	-	-	(89.28)
Buyback of equity share capital including expenses thereto	-	-	-	-	(1.27)	-	-	-	-	-	-
Transfer from general reserve on account of buyback of equity share capital	(44.53)	-	-	-	-	-	-	-	-	-	(44.53)
Equity dividend	-	-	-	-	-	-	-	-	-	-	-
Employee share-based compensation	-	2.36	0.52	-	0.07	-	-	-	-	-	0.95
Transfer from share option outstanding on exercise and lapse	0.05	-	(2.43)	-	-	-	-	-	-	-	0.05
Movement during the year	-	1.94	-	-	-	-	-	-	-	-	1.94
Sale of treasury shares	-	-	-	-	-	-	-	-	-	-	-
Balance as at 31 March 2021	592.34	4.30	4.35	4.10	218.89	1.27	12.67	0.69	2.55	4.59	835.69
Balance as at 1 April 2021	592.24	4.30	4.35	4.10	218.89	1.27	12.67	0.69	2.55	4.59	835.69
Profit for the year	396.61	-	-	-	-	-	-	-	-	-	396.61
Other comprehensive (expense)/income	0.06	-	-	-	-	-	2.63	5.02	(2.55)	(1.65)	3.51
Total comprehensive (expense)/income for the year	396.67	-	-	-	-	-	2.63	5.02	(2.55)	(1.65)	400.12
<b>Transaction with owners</b>	-	-	-	-	-	-	-	-	-	-	-
Equity dividend	(62.70)	-	-	-	-	-	-	-	-	-	(62.70)
Employee share-based compensation	-	2.50	4.75	-	-	-	-	-	-	-	4.75
Transfer from share option outstanding on exercise and lapse	-	-	(2.50)	-	-	-	-	-	-	-	-
Movement during the year	0.02	0.62	-	-	-	-	-	-	-	-	0.64
Sale of treasury shares	-	-	-	-	-	-	-	-	-	-	-
Balance as at 31 March 2022	926.33	7.42	6.60	4.10	218.89	1.27	15.30	5.71	-	2.94	1,172.56

**Summary of significant accounting policies**

The accompanying summary of significant accounting policies and other explanatory information are an integral part of the consolidated financial statements. This is the consolidated Statement of Changes in Equity referred to in our report of even date.

For **S.N. Dhawan & CO LLP**  
 Chartered Accountants  
 Firm Registration No.: 000050N/N500045

**Rajeev Kumar Saxena**  
 Partner  
 Membership No.: 077974

**Har Kishanlal Agrawal**  
 Director  
 DIN: 00260592

**Pankaj Poddar**  
 Chief Executing Officer  
 Membership No.: 096861

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

**Ashok Jaipuria**  
 Chairman & Managing Director  
 DIN: 00214707

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

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

**CONSOLIDATED CASH FLOW STATEMENT for the year ended 31 March 2022**

(All amounts in ₹ crores, unless otherwise stated)

Particulars	Year ended 31 March 2022	Year ended 31 March 2021
<b>A. Cash flow from operating activities</b>		
<b>Profit before tax</b>	516.62	328.74
<b>Adjustment for</b>		
Depreciation and amortisation expenses	63.30	59.22
Finance costs	39.81	41.68
Gain on investments carried at fair value through profit and loss	(24.63)	(2.64)
Gain on investments carried at fair value through other comprehensive income	(0.33)	(3.71)
Increase in allowance for expected credit losses	0.80	1.12
Dividend income	(0.33)	(0.11)
Interest income	(16.46)	(17.12)
Gain on derivatives classified under other comprehensive income	6.75	-
Grant income on export promotion capital goods	(2.90)	(2.90)
Liabilities no longer required written back	(0.72)	(0.55)
Loss on sale of property, plant and equipment	0.18	0.75
Profit on disposal of non current assets held for sale	(2.36)	(6.13)
Employee share based compensation	4.75	0.52
Unrealised gain on exchange fluctuation	(2.03)	(1.12)
Unrealised sales tax incentives	(5.63)	(14.99)
<b>Operating profit before working capital changes</b>	<b>576.82</b>	<b>382.76</b>
<b>Adjustment for</b>		
Inventories	(178.51)	(99.65)
Trade receivables	(30.14)	4.86
Loans	1.51	(1.94)
Other financial assets	14.60	2.87
Other assets	(8.99)	5.02
Trade payables	162.17	46.19
Other financial liabilities	(2.14)	35.16
Other liabilities and provisions	20.66	12.32
<b>Cash flow from operating activities post working capital changes</b>	<b>555.98</b>	<b>387.59</b>
Income tax paid (net)	(74.77)	(52.11)
<b>Net cash flow from operating activities (A)</b>	<b>481.21</b>	<b>335.48</b>
<b>B. Cash flow from investing activities</b>		
Purchase of property, plant and equipment, intangible assets and capital work in progress (including capital advances)	(282.97)	(74.57)
Sale of property, plant and equipment	0.45	0.74
Proceeds from disposal of non current assets held for sale	0.18	10.58
Purchase of investments (net)	(179.07)	(81.62)
Interest received	17.07	17.99
Dividend received	0.33	0.11
Investments in / (redemption of) fixed deposits (net)	(3.35)	20.94
Advance received against non-current assets held for sale	-	0.82
<b>Net cash flow used in investing activities (B)</b>	<b>(447.36)</b>	<b>(105.01)</b>
<b>C. Cash flow from financing activities</b>		
Proceeds from long term borrowings	289.37	124.15
Repayment of long term borrowings	(144.29)	(132.66)
Repayment of short term borrowings (net)	(88.76)	(13.07)
Sale/ (acquisition) of treasury shares	(5.30)	4.86
Interest paid	(39.36)	(41.69)
Dividend and tax thereon paid	(62.70)	(44.53)
Buyback of Equity shares including expenses and taxes	-	(90.55)
Payment of lease liability	(0.62)	-
<b>Net cash flow used in financing activities (C)</b>	<b>(51.66)</b>	<b>(193.49)</b>
<b>Increase/ (decrease) in net cash and cash equivalents (A+B+C)</b>	<b>(17.81)</b>	<b>36.98</b>
Cash and cash equivalents at the beginning of the year (refer note 13)	63.46	26.48
<b>Cash and cash equivalents at the end of the year (refer note 13)</b>	<b>45.65</b>	<b>63.46</b>

**Summary of significant accounting policies**

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

This is the Statement of Cash Flows referred to in our report of even date.

 For **S.N. Dhawan & CO LLP**

Chartered Accountants

Firm Registration No.: 000050N/N500045

 For and on behalf of **Board of Directors of Cosmo Films Limited**
**Rajeev Kumar Saxena**

Partner

Membership No.: 077974

**Har Kishanlal Agrawal**

Director

DIN: 00260592

**Ashok Jaipuria**

Chairman &amp; Managing Director

DIN: 00214707

**Pankaj Poddar**

Chief Executing Officer

Membership No.: 096861

**Neeraj Jain**

Chief Financial Officer

Membership No.: 097576

**Jyoti Dixit**

Company Secretary

Membership No.: F6229

Place : New Delhi

Date : 09 May 2022

## **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March 2022**

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

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

#### **i) Corporate information**

Cosmo Films Limited (the 'Holding Company'), manufacturers of Bi-axially Oriented Polypropylene Films (BOPP) was incorporated in India in 1981, under the Companies Act, 1956. The Holding Company is engaged in the production of flexible packaging films. Company's products majorly comprise of BOPP Films, Thermal Films and Coated Films. In India, the Holding Company is currently having manufacturing facilities at Aurangabad and Shendra in Maharashtra and at Karjan in Gujarat. It also has its subsidiaries operating in different countries. During current financial year Company had made a foray into the Pet Care business with the launch of its platform ZIGLY which will offer pet parents the widest range of pet care products and services to give them an opportunity to choose from an amazing array of pet care options, ranging from pet food and treats to grooming supplies, health care products and much more.

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

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

The consolidated financial statements for the year ended 31 March 2022 were authorized and approved by the Board of Directors on 9 May 2022.

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

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

#### **iii) Basis of consolidation**

##### ***Subsidiaries***

Subsidiaries are all entities (including structured entities) over which the Holding Company has control. The Holding Company controls an entity when the Holding Company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity. The Holding Company can have power over the investee even if it owns less than majority voting rights i.e. rights arising from other contractual arrangements. Subsidiaries are fully consolidated from the date on which control is transferred to the Holding Company. Statement of profit and loss (including other comprehensive income ('OCI')) of subsidiaries acquired or disposed of during the period are recognized from the effective date of acquisition, or up to the effective date of disposal, as applicable.

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

Intercompany transactions, balances and unrealised gains on transactions between Company and its subsidiaries (jointly referred to as the 'Group' herein under) are eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Holding Company.

**iv) Significant Accounting Policies**

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

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

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

All other assets are classified as non-current.

A liability is current when:

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

The Group classifies all other liabilities as non-current.

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

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

**b) Property, plant and equipment**

*Recognition and initial measurement*

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

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

*Subsequent measurement (depreciation and useful lives)*

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

<b>Tangible assets</b>	<b>Useful life</b>
Building – Factory	30 Years
Building – other than factory	60 Years
Continuous process plant and Machinery	25 Years
Plant and Machinery used in generation, transmission and distribution of power	40 years
Other plant and equipment	15 years
Furniture and fittings	10 Years
Vehicles	6-8 Years
Office equipment	3-5 Years

Cost of the leasehold land and leasehold improvement are amortized over the period of the lease.

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

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

#### *De-recognition*

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

### **c) Investment property**

#### *Recognition and initial measurement*

Investment properties are measured initially at cost, including transaction costs and where applicable, borrowing costs. Following initial recognition, investment properties are stated at cost less accumulated depreciation and accumulated impairment loss, if any. The Group measures investment property using cost-based measurement, the fair value of investment property is disclosed in the notes. Fair values are determined based on an annual evaluation performed by an accredited external independent valuer.

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

Subsequent to initial recognition, an expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred.

Investment properties are depreciated over the useful economic life and assessed for impairment whenever there is an indication that the investment properties may be impaired.

#### *De-recognition*

Investment properties are de-recognised either when they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period of derecognition.



**d) Intangible assets**

*Recognition and initial measurement*

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

*Subsequent measurement (depreciation and useful lives)*

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

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

Software Amortised over a period of 6 years

*De-recognition*

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

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

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

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

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

**f) Borrowing Costs**

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

### **g) Inventory**

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

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

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

### **h) Foreign currency translation**

#### *Functional and presentation currency*

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

#### *Transactions and balances*

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

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

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

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.

#### *Exchange differences*

As per the generally accepted accounting principles followed by the Group till 31 March 2017, exchange differences arising on translation/ settlement of long term foreign currency monetary items pertaining to the acquisition of a depreciable asset were adjusted to the cost of the asset. Exchange differences arising on other long-term foreign currency monetary items existing as on 31 March 2017 are accumulated in the "Foreign Currency Monetary Item Translation Difference Account" and amortised over the remaining life of the concerned monetary item. The Group has elected to continue with the said policy on exchange differences arising on long term foreign currency monetary items existing on 31 March 2017 as allowed under Ind AS 101.

For this purpose, the Group treats a foreign currency monetary item as "long-term foreign currency monetary item", if it has a term of 12 months or more at the date of its origination.

### **Foreign operations**

In the Group's financial statements, all assets, liabilities and transactions of the Group entities with functional currency other than the Indian Rupee are translated into Indian Rupee upon consolidation. The functional currency of the entities in the Group has remained unchanged during the reporting period. On consolidation, assets and liabilities have been translated into Indian Rupee at the closing rate at the reporting date and the equity is translated at historical rate. Fair value adjustments arising on the acquisition of a foreign entity have been treated as assets and liabilities of the foreign entity and translated into Indian Rupee at the closing rate. Income and expenses have been translated into Indian Rupee at the average rate over the reporting period. Exchange differences are charged/ credited to other comprehensive income and recognized in the currency translation reserve in equity. On disposal of a foreign operation, the related cumulative

translation differences recognized in equity are reclassified to the statement of profit or loss and are recognized as part of the gain or loss on disposal.

**i) Leases**

**Transition**

Effective 1 April 2019, the Group adopted Ind AS 116 “Leases” and applied the standard to all lease contracts existing on 1 April 2019 using the modified retrospective method and elected to measure the right-of-use assets at an amount equal to the lease liability adjusted for any prepaid or accrued lease payments that existed at the date of transition.

**The Group as a lessee**

The Group’s leased asset classes primarily consist of leases for land and buildings. The Group assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether: (i) the contract involves the use of an identified asset (ii) the Group has substantially all of the economic benefits from use of the asset through the period of the lease and (iii) the Group has the right to direct the use of the asset.

At the date of commencement of the lease, the Group recognises a right-of-use asset (“ROU”) and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Group recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

Certain lease arrangements includes the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised.

The right-of-use assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset.

The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates in the country of domicile of these leases. Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed payments) and variable payments based on an index or rate. Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. Lease liabilities are remeasured with a corresponding adjustment to the related right of use asset if the Group changes its assessment if whether it will exercise an extension or a termination option.

**The Group as a lessor**

Leases for which the Group is a lessor is classified as a finance or operating lease. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sublease separately. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease.

For operating leases, rental income is recognized on a straight-line basis over the term of the relevant lease.

## **j) Fair Value Measurement**

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

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

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

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

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

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

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

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

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

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

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

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

## **k) Revenue recognition – Sale of products and services**

Sales (including scrap sales) are recognised when control of products is transferred to the buyer as per the terms of the contract and are accounted for net of returns and rebates. Control of goods refers to the ability to direct the use of and obtain substantially all of the remaining benefits from goods. Sales, as disclosed, are exclusive of goods and services tax.

Income in respect of service contracts, which are generally in the nature of providing job work services, are recognised in statement of profit and loss on completion of performance obligation.

The Group considers the terms of the contract and its customary business practices to determine the transaction price. The transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties (for example, indirect taxes). The consideration promised in a contract with a customer may include fixed consideration, variable consideration (if reversal is less likely in future), or both. No element of financing is deemed present as the sales are largely made on advance payment terms or with credit term of not more than one year.

The transaction price is allocated by the Group to each performance obligation (or distinct good or service) in an amount that depicts the amount of consideration to which it expects to be entitled in exchange for transferring the promised goods or services to the customer.

For each performance obligation identified, the Group determines at contract inception whether it satisfies the performance obligation over time or satisfies the performance obligation at a point in time. If the Group does not satisfy a performance obligation over time, the performance obligation is satisfied at a point in time. A receivable is recognised when the goods are delivered as this is the case of point in time recognition where consideration is unconditional because only the passage of time is required.

The Group recognises contract liabilities for consideration received in respect of unsatisfied performance obligations and reports these amounts as other liabilities in the balance sheet. Similarly, if the Group satisfies a performance obligation before it receives the consideration, the Group recognises either a contract asset or a receivable in its balance sheet, depending on whether something other than the passage of time is required before the consideration is due.

## **I) Financial instruments**

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

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

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

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

### **Financial assets**

#### **Classification and subsequent measurement**

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

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

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

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest method. Effective interest rate (EIR) is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial assets. The future cash flows include all other transaction costs paid or received, premiums or discounts if any, etc.

#### **ii. Investments in equity instruments of subsidiaries** - Investments in equity instruments of subsidiaries existing as at 1 April 2016, the date of transition to Ind AS, are accounted for at fair value at such date, as per the exemptions available in Ind AS 101. Other investments in equity instruments of subsidiaries are accounted for at their cost.

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

- **Investments in equity instruments other than above** – All equity investments in scope of Ind

AS 109 are measured at fair value. Equity instruments which are held for trading are generally classified as at fair value through profit or loss (FVTPL). For all other equity instruments, the Group decides to classify the same either as at fair value through other comprehensive income (FVOCI) or fair value through profit or loss (FVTPL). The Group makes such election on an instrument by instrument basis. The classification is made on initial recognition and is irrevocable.

If the Group decides to classify an equity instrument as at FVOCI, then all fair value changes on the instrument, excluding dividends, are recognised in the other comprehensive income (OCI). There is no recycling of the amounts from OCI to profit or loss, even on sale of investment. However, the Group may transfer the cumulative gain or loss within equity. Dividends on such investments are recognised in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognised in the profit or loss.

- **Mutual funds** – All mutual funds in scope of Ind-AS 109 are measured at fair value through profit or loss (FVTPL).
- **Bonds** - All bonds are in scope of Ind-AS 109 and measured at fair value. Bonds which are held for the purpose of both collecting contractual cash flows and selling financial assets are classified as at fair value through other comprehensive income (FVOCI). Bonds which are held for the purpose of trading are classified as at fair value through profit and loss (FVTPL).
- **Derivative assets** - All derivative assets are measured at fair value through profit and loss (FVTPL).

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

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

##### *Reclassification of financial assets*

The Group determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The Group's senior management determines change in the business model as a result of external or internal changes which are significant to the Group's operations. Such changes are evident to external parties. A change in the business model occurs when the Group either begins or ceases to perform an activity that is significant to its operations. If the Group reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The Group does not restate any previously recognised gains, losses (including impairment gains or losses) or interest.

#### **Financial liabilities**

##### **Subsequent measurement**

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

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

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

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

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled

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

#### **Offsetting of financial instruments**

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

#### **m) Hedge accounting**

The Group enters into certain derivative financial instruments to manage its exposure to risk arising from changes in interest rate and foreign exchange rates which are designated as cash flow hedges. Further, the Group has designated certain non-derivative financial instruments in cash flow hedging relationship to manage its exposure to risk arising from changes in foreign exchange rates.

At the inception of a hedge relationship, the Group documents the hedge relationship to which the Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's cash flows attributable to the hedged risk.

To qualify for hedge accounting, the hedging relationship must meet all of the following requirements:

- there is an economic relationship between the hedged item and the hedging instrument
- the effect of credit risk does not dominate the value changes that result from that economic relationship
- the hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the entity actually hedges and the quantity of the hedging instrument that the entity actually uses to hedge that quantity of hedged item.

For the period under audit, the Group has designated certain forward currency contracts, cross currency swaps and foreign currency risk component of borrowings in foreign currencies as hedging instruments in cash flow hedge relationships. The forward currency contracts and cross currency swaps have been entered into to mitigate foreign currency exchange risk arising from financial liabilities denominated in foreign currencies. Further, foreign currency risk component of borrowings in foreign currencies are designated to hedge the foreign currency risk in certain highly probable sales transactions denominated in foreign currency.

Cash flow hedge reserve is adjusted to the lower of the following (in absolute amounts):

- (i) the cumulative gain or loss on the hedging instrument from inception of the hedge; and
- (ii) the cumulative change in fair value (present value) of the hedged item (ie the present value of the cumulative change in the hedged expected future cash flows) from inception of the hedge.

All derivative financial instruments used for hedge accounting are recognised initially at fair value and reported subsequently at fair value in the balance sheet. The portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised in other comprehensive income. Any ineffectiveness in the hedge relationship is recognised immediately in profit or loss.

At the time the hedged item affects profit or loss, any gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss and presented as a reclassification adjustment within other comprehensive income. However, if a non-financial asset or liability is recognised as a result of the hedged transaction, the gains and losses previously recognised in other comprehensive income are included in the initial measurement of the hedged item.



If a forecast transaction is no longer expected to occur, any related gain or loss recognised in other comprehensive income is transferred immediately to profit or loss. If the hedging relationship ceases to meet the effectiveness conditions, hedge accounting is discontinued and the related gain or loss is held in the cash flow hedge reserve until the forecast transaction occurs.

**n) Impairment of financial assets**

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

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

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

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

**Trade receivables**

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

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

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

**Other financial assets**

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

**o) Post-employment and other employee benefits**

**Defined Contribution plan**

Provident fund

The Group makes contribution to statutory provident fund in accordance with Employees' Provident

Fund and Miscellaneous Provisions Act, 1952. The plan is a defined contribution plan and contribution paid or payable is recognized as an expense in the period in which services are rendered by the employee.

#### Superannuation fund

Superannuation is a post-employment benefit defined contribution plan under which the Group pays specified contributions to the insurer. The Group makes specified quarterly contributions to the superannuation fund. The contribution paid or payable is recognized as an expense in the period in which the services are rendered by the employee.

#### **Defined benefit plans**

The Holding Company operates a defined benefit gratuity plan in India. The cost of providing benefits under the defined benefit plan is determined on the basis of actuarial valuation using the projected unit credit method. Gratuity fund is administered through Life Insurance Corporation of India.

Remeasurements, comprising of actuarial gains and losses, excluding amounts included in net interest on the net defined benefit liability are recognized immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

#### **Other Employee Benefits**

##### Compensated absences

Liability in respect of compensated absences becoming due or expected to be availed within one year from the balance sheet date is recognised on the basis of undiscounted value of estimated amount required to be paid or estimated value of benefit expected to be availed by the employees. Liability in respect of compensated absences becoming due or expected to be availed more than one year after the balance sheet date is estimated on the basis of an actuarial valuation performed by an independent actuary using the projected unit credit method.

##### **Other short term benefits**

Expense in respect of other short-term benefits is recognized on the basis of amount paid or payable for the period during which services are rendered by the employees.

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

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

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

Contingent liability is disclosed for:

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

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

#### **q) Earnings per share**

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

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

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

**r) Taxes**

**Current income tax**

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

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

**Deferred tax**

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

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

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

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

**s) Government grants and subsidies**

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

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

**t) Non-current assets held for sale**

An entity shall classify a non-current asset as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset is available for immediate sale in its present condition subject only to

terms that are usual and customary for sale of such asset and its sale is highly probable. Management must be committed to sale which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets classified as held for sale are presented separately and measured at the lower of their carrying amounts immediately prior to their classification as held for sale and their fair value less costs to sell. However, some held for sale assets such as financial assets, assets arising from employee benefits and deferred tax assets, continue to be measured in accordance with the Group's relevant accounting policy for those assets. Once classified as held for sale, the assets are not subject to depreciation or amortization

**u) Treasury shares**

Treasury shares are presented as a deduction from equity. The original cost of treasury shares and the proceeds of any subsequent sale are presented as movements in equity.

**v) Segment reporting**

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

**Identification of segments:**

In accordance with Ind AS 108 – Operating Segment, the operating segments used to present segment information are identified on the basis of information reviewed by the Group's management to allocate resources to the segments and assess their performance. An operating segment is a component of the Group that engages in business activities from which it earns revenues and incurs expenses, including revenues and expenses that relate to transactions with any of the Group's other components. Results of the operating segments are reviewed regularly by the Board of Directors which has been identified as the chief operating decision maker (CODM), to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available.

**Allocation of common costs:**

Common allocable costs are allocated to each segment accordingly to the relative contribution of each segment to the total common costs.

**Unallocated items:**

Unallocated items include general corporate income and expense items which are not allocated to any business segment.

**Segment accounting policies**

The Group prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the financial statements of the Group as a whole.

**w) Cash and cash equivalents**

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

**x) Employee Share based payment**

The Group has granted stock options / restricted stock units under Cosmo Films Employees Stock Option Plan 2015 / Share Based Employee Benefit Scheme, 2021 to the employees of the Group and its subsidiaries. The fair value of options granted under Employee Stock Option Plan is recognised as an employee benefits expense with a corresponding increase in share options outstanding account. The total amount to be expensed is determined by reference to the fair value of the options. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the entity revises its estimates of the number of options that are expected to vest based on the non-market vesting and service conditions.

It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to share options outstanding account. Upon exercise of share options, the proceeds received are allocated to share capital up to the par value of the shares issued with any excess being recorded as share premium.

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

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

**Allowance for expected credit losses** – The allowance for doubtful debts reflects management's estimate of losses inherent in its credit portfolio. This allowance is based on Group's estimate of the losses to be incurred, which derives from past experience with similar receivables, current and historical past due amounts, write-offs and collections, the careful monitoring of portfolio credit quality and current and projected economic and market conditions. The Group has also taken into account estimates of possible effect from the pandemic relating to COVID-19. Should the present economic and financial situation persist or even worsen, there could be a further deterioration in the financial situation of the Group's debtors compared to that already taken into consideration in calculating the allowances recognised in the financial statements

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

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

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

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

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

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

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

**Contingent liabilities** – The Group is the subject of legal proceedings and tax issues covering a range of matters, which are pending in various jurisdictions. Due to the uncertainty inherent in such matters, it is difficult to predict the final outcome of such matters. The cases and claims against the Group often raise difficult and complex factual and legal issues, which are subject to many uncertainties, including but not limited to the facts and circumstances of each particular case and claim, the jurisdiction

and the differences in applicable law. In the normal course of business management consults with legal counsel and certain other experts on matters related to litigation and taxes. The Group accrues a liability when it is determined that an adverse outcome is probable and the amount of the loss can be reasonably estimated.

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

Ministry of Corporate Affairs (“MCA”) notifies new standard or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On 23 March 2022, MCA amended the Companies (Indian Accounting Standards) Amendment Rules, 2022, applicable from 01 April 2022, as below:

**Ind AS 103 – Reference to Conceptual Framework**

The amendments specify that to qualify for recognition as part of applying the acquisition method, the identifiable assets acquired and liabilities assumed must meet the definitions of assets and liabilities in the Conceptual Framework for Financial Reporting under Indian Accounting Standards (Conceptual Framework) issued by the Institute of Chartered Accountants of India at the acquisition date. These changes do not significantly change the requirements of Ind AS 103. The Company does not expect the amendment to have any significant impact in its financial statements.

**Ind AS 16 – Proceeds before intended use**

The amendments mainly prohibit an entity from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, an entity will recognise such sales proceeds and related cost in profit or loss. The Company does not expect the amendments to have any impact in its recognition of its property, plant and equipment in its financial statements.

**Ind AS 37 – Onerous Contracts – Costs of Fulfilling a Contract**

The amendments specify that the ‘cost of fulfilling’ a contract comprises the ‘costs that relate directly to the contract’. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts. The amendment is essentially a clarification and the Company does not expect the amendment to have any significant impact in its financial statements.

**Ind AS 109 – Annual Improvements to Ind AS (2021)**

The amendment clarifies which fees an entity includes when it applies the ‘10 percent’ test of Ind AS 109 in assessing whether to derecognise a financial liability. The Company does not expect the amendment to have any significant impact in its financial statements.

**Ind AS 106 – Annual Improvements to Ind AS (2021)**

The amendments remove the illustration of the reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives were described in that illustration. The Company does not expect the amendment to have any significant impact in its financial statements.

**NOTES OF THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March, 2022**

(All amounts in ₹ crores, unless otherwise stated)

**2 PROPERTY, PLANT AND EQUIPMENT**

Description	Own assets						Right of use assets	Leasehold improvement	Total
	Freehold land	Buildings	Plant and equipment	Furniture and fixtures	Vehicles	Office equipments	Leasehold Land		
<b>Gross carrying value</b>									
As at 1 April 2020	29.80	200.83	1,202.85	11.14	13.50	23.09	101.12	-	1,582.33
Additions	2.08	0.53	47.11	0.10	3.54	2.57	-	-	55.93
Disposals	-	(0.76)	(2.42)	-	(1.80)	(0.24)	-	-	(5.22)
Transferred to assets classified as held for sale	-	-	-	-	-	-	(0.12)	-	(0.12)
Foreign exchange fluctuation	0.56	0.60	2.34	(0.01)	0.01	0.01	-	-	3.51
<b>As at 31 March 2021</b>	<b>32.44</b>	<b>201.20</b>	<b>1,249.88</b>	<b>11.23</b>	<b>15.25</b>	<b>25.43</b>	<b>101.00</b>	-	<b>1,636.43</b>
Additions	-	5.05	26.32	0.73	2.75	1.68	-	1.80	38.33
Disposals/adjustments	-	-	(0.14)	(0.47)	(0.88)	(3.51)	-	-	(5.00)
Foreign exchange fluctuation	(0.42)	(0.49)	(0.70)	-	(0.02)	(0.01)	-	-	(1.64)
<b>As at 31 March 2022</b>	<b>32.02</b>	<b>205.76</b>	<b>1,275.36</b>	<b>11.49</b>	<b>17.10</b>	<b>23.59</b>	<b>101.00</b>	<b>1.80</b>	<b>1,668.12</b>
<b>Accumulated depreciation</b>									
As at 1 April 2020	-	50.27	491.82	7.85	6.54	19.49	5.19	-	581.16
Charge for the year	-	5.49	44.38	0.71	1.56	1.26	1.46	-	54.86
Disposals	-	0.30	0.36	-	(1.02)	(0.98)	(0.12)	-	(1.46)
Transferred to assets classified as held for sale	-	-	-	-	-	-	(0.02)	-	(0.02)
Foreign exchange fluctuation	-	(0.14)	(0.50)	0.01	-	(0.01)	-	-	(0.64)
<b>As at 31 March 2021</b>	<b>-</b>	<b>55.92</b>	<b>536.06</b>	<b>8.57</b>	<b>7.08</b>	<b>19.76</b>	<b>6.51</b>	-	<b>633.90</b>
Charge for the year	-	5.29	47.85	0.69	1.94	2.51	1.63	0.17	60.08
Disposals/adjustments	-	-	(0.14)	(0.45)	(0.36)	(3.45)	-	-	(4.40)
Foreign exchange fluctuation	-	(0.14)	(0.38)	0.01	(0.01)	(0.01)	-	-	(0.53)
<b>As at 31 March 2022</b>	<b>-</b>	<b>61.07</b>	<b>583.39</b>	<b>8.82</b>	<b>8.65</b>	<b>18.81</b>	<b>8.14</b>	<b>0.17</b>	<b>689.05</b>
<b>Net carrying amount as at 31 March 2021</b>	<b>32.44</b>	<b>145.28</b>	<b>713.82</b>	<b>2.66</b>	<b>8.17</b>	<b>5.67</b>	<b>94.49</b>	<b>-</b>	<b>1,002.53</b>
<b>Net carrying amount as at 31 March 2022</b>	<b>32.02</b>	<b>144.69</b>	<b>691.97</b>	<b>2.67</b>	<b>8.45</b>	<b>4.78</b>	<b>92.86</b>	<b>1.63</b>	<b>979.07</b>

**Note:**

- Additions include ₹ 1.63 crores (31 March 2021: ₹ 0.01 crores) towards assets located at research and development facilities.
- Contractual obligation**  
Refer note 39 (B) for disclosure of contractual commitments for the acquisition of property, plant and equipment.
- Property, plant and equipment pledged as security**  
Refer note 20 and 25 for information on property, plant and equipment pledged as security by the Group.
- During year ended 31 March 2020, the Company had executed an agreement for transfer of 5.145 acres (sellable area 16664.05 Sq Mtr) of land (classified under right of use assets) at B-14/10 MIDC Area, Waluj, Aurangabad, Maharashtra for a consideration of ₹ 15.43 crores and classified it as non current asset held for sale. Out of the aforesaid land, the Company had executed assignment deeds to the extent of 10,673.04 Sq. Mtr and completed the transfer during the financial year ended 31 March 2021. The Company had received advance amounting to ₹ 4.67 crores pursuant to the remaining 5,991.01 Sq. Mtr of land till 31 March 2021. The Company has executed assignment deeds for the remaining sellable area and completed the transfer process during the financial year ended 31 March 2022.

**Assets classified under assets held for sale includes:**

Particulars	As at 31 March 2022	As at 31 March 2021
Leasehold land	-	2.55
Less: Accumulated depreciation	-	(0.05)
	<u>-</u>	<u>2.50</u>

- Depreciation for the year has been included in "depreciation and amortisation expense" line item in statement of profit and loss.



**NOTES OF THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March, 2022**

(All amounts in ₹ crores, unless otherwise stated)

**3 CAPITAL WORK-IN-PROGRESS**

Description	Amount
<b>As at 1 April 2020</b>	<b>15.96</b>
Add: Addition during the year	60.20
Less: Capitalisation during the year	(55.93)
<b>As at 31 March 2021</b>	<b>20.23</b>
Add: Addition during the year	288.39
Less: Capitalisation during the year	(38.33)
<b>As at 31 March 2022</b>	<b>270.29</b>

**(a) Ageing Schedule of Capital-work-in progress**

As at 31 March 2022	Amount in Capital-work-in progress for a period of				
	<1 Year	1-2 Years	2-3 Years	More than 3 Years	Total
i) Project in progress	258.50	4.03	1.80	5.96	<b>270.29</b>
ii) Projects temporarily suspended	-	-	-	-	-

As at 31 March 2021	Amount in Capital-work-in progress for a period of				
	<1 Year	1-2 Years	2-3 Years	More than 3 Years	Total
i) Project in progress	9.43	4.85	0.74	5.21	<b>20.23</b>
ii) Projects temporarily suspended	-	-	-	-	-

**4 INVESTMENT PROPERTY**

Description	Building	Total
<b>Gross carrying value</b>		
<b>As at 1 April 2020</b>	34.08	<b>34.08</b>
Foreign exchange	0.38	<b>0.38</b>
<b>As at 31 March 2021</b>	<b>34.46</b>	<b>34.46</b>
Foreign exchange	(0.40)	<b>(0.40)</b>
<b>As at 31 March 2022</b>	<b>34.06</b>	<b>34.06</b>
<b>Accumulated depreciation and impairment</b>		
<b>As at 1 April 2020</b>	15.23	<b>15.23</b>
Charge for the year	0.79	<b>0.79</b>
Impairment losses	3.00	<b>3.00</b>
<b>As at 31 March 2021</b>	<b>19.02</b>	<b>19.02</b>
Charge for the year	0.63	<b>0.63</b>
Impairment losses	0.89	<b>0.89</b>
<b>As at 31 March 2022</b>	<b>20.54</b>	<b>20.54</b>
<b>Net carrying amount as at 31 March 2021</b>	<b>15.44</b>	<b>15.44</b>
<b>Net carrying amount as at 31 March 2022</b>	<b>13.52</b>	<b>13.52</b>

**NOTES OF THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March, 2022**

(All amounts in ₹ crores, unless otherwise stated)

**(i) Amount recognised in Statement of Profit and loss for investment properties**

	Year ended 31 March 2022	Year ended 31 March 2021
Rental income	-	-
Impairment losses	(0.89)	(3.00)
Profit from investment properties before depreciation	-	-
Depreciation	(0.63)	(0.79)
<b>Loss from investment property</b>	<b>(1.52)</b>	<b>(3.79)</b>

The Group's investment property consists real estate property in Thailand. The Group is holding the property for the purpose of capital appreciation.

\* During the prior years, there were certain amendments to existing local laws and regulations governing real estate properties in Thailand which imposed certain restrictions on usage of such properties resulting in a decline in fair value of investment properties.

The management of the Group compared the carrying amount of ₹ 14.41 crores (31 March 2021: ₹ 18.44 crores) of investment property with the recoverable amount of ₹ 13.52 crore (31 March 2021: ₹ 15.44 crore) (i.e. the fair value less cost of disposal) and accordingly, recorded an impairment loss of ₹ 0.89 crores (31 March 2021: ₹ 3.00 crores) on account of permanent diminution in the value of investment property.

Impairment loss has been included under 'depreciation, amortisation and impairment expense' under Statement of Profit and Loss.

**(ii) Fair value**

	As at 31 March 2022	As at 31 March 2021
Investment property	13.52	15.44

**Estimation of fair value**

The fair value of investment property has been determined by an accredited independent property valuer, having appropriate recognized professional qualification and recent experience in the location and category of the property being valued. They are also a registered valuer as defined under rule 2 of Companies (Registered Valuers and Valuation) Rules, 2017. The fair valuation approach used by the independent valuer is market approach. The best evidence for fair value is current prices in an active market for similar properties. A valuation model in accordance with that recommended by the International Valuation Standards Committee has been applied.

The Group obtains independent valuations for its investment property and fair value measurement in its entirety has been categorised as Level 3 of the fair value hierarchy.

**(iii) Description of key inputs to valuation on investment properties**

The main inputs used for determination of fair valuation of investment properties are mentioned below.

	31 March 2022	31 March 2021
Average comparable prices of the properties (refer note a)	₹ 105,412 per sq. mt.	₹ 274,674 per sq. mt.
Discounts rates based on comparable transactions	40%	40%

*Note (a): comparable prices of the properties represents price adjusted pre adjustment of discount rate.*

Under market approach, fair value is estimated based on the comparable prices after applying appropriate discounts rates based on comparable transactions.

**NOTES OF THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March, 2022**

(All amounts in ₹ crores, unless otherwise stated)

**5 INTANGIBLE ASSETS**

Description	Software	Total
<b>Gross carrying value</b>		
<b>As at 1 April 2020</b>	10.64	<b>10.64</b>
Additions	1.16	<b>1.16</b>
Disposals/adjustment	0.19	<b>0.19</b>
<b>As at 31 March 2021</b>	<b>11.99</b>	<b>11.99</b>
Additions	0.78	<b>0.78</b>
Disposals/adjustment	-	-
<b>As at 31 March 2022</b>	<b>12.77</b>	<b>12.77</b>
<b>Accumulated amortisation</b>		
<b>As at 1 April 2020</b>	7.92	<b>7.92</b>
Charge for the year	0.57	<b>0.57</b>
Disposals/adjustment	1.03	<b>1.03</b>
<b>As at 31 March 2021</b>	<b>9.52</b>	<b>9.52</b>
Charge for the year	0.63	<b>0.63</b>
Disposals/adjustment	-	-
<b>As at 31 March 2022</b>	<b>10.15</b>	<b>10.15</b>
<b>Net carrying amount as at 31 March 2021</b>	<b>2.47</b>	<b>2.47</b>
<b>Net carrying amount as at 31 March 2022</b>	<b>2.62</b>	<b>2.62</b>

**5A RIGHT OF USE ASSETS- BUILDING**

Description	Total
<b>Gross carrying value</b>	
<b>As at 1 April 2021</b>	-
Add: Addition during the year	8.73
<b>As at 31 March 2022</b>	<b>8.73</b>
<b>Accumulated depreciation</b>	
<b>As at 1 April 2021</b>	-
Add: Charge for the year	1.07
<b>As at 31 March 2022</b>	<b>1.07</b>
<b>Net carrying amount as at 31 March 2022</b>	<b>7.66</b>

**6 NON-CURRENT INVESTMENTS**

Particulars	As at 31 March 2022	As at 31 March 2021
<b>Carried at fair value through profit and loss</b>		
<b>Investments in equity instruments</b>		
<b>Others (unquoted):</b>		
2,615,000 (31 March 2021: 2,615,000) equity shares of ₹ 0.19 each fully paid up in OPGS Power Gujarat Private Limited	0.05	0.05
7,57,000 (31 March 2021: 7,57,000) equity shares of ₹ 0.19 each fully paid up in Bhardreshwar Vidyut Private Limited	0.01	0.01
6,445 (31 March 2021: 6,445) equity shares of THB 100 each fully paid up in Naithon Beach Limited	0.15	0.15
	<b>0.21</b>	<b>0.21</b>
<b>Aggregate amount of unquoted investments</b>	<b>0.21</b>	<b>0.21</b>

**NOTES OF THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March, 2022**
*(All amounts in ₹ crores, unless otherwise stated)*
**7 NON-CURRENT LOANS**

Particulars	As at 31 March 2022	As at 31 March 2021
<b>Unsecured, considered good</b>		
Loans considered good - secured*		
- Loans to officer	5.36	5.47
Loans considered good - unsecured		
- Loans to employees	0.68	0.68
	<u>6.04</u>	<u>6.15</u>

\*Loans to officer as mentioned above are secured by equitable mortgage, being first charge on property. There were no significant changes in the quality of the collateral

The carrying amounts of these financial instruments are reasonable approximation of their fair values.

**8 OTHER NON-CURRENT FINANCIAL ASSETS**

Particulars	As at 31 March 2022	As at 31 March 2021
Deposits with bank (with remaining maturity more than 12 months)	-	0.17
Security deposit	3.19	1.69
Derivative assets	0.77	2.41
	<u>3.96</u>	<u>4.27</u>

**Note:**

The carrying amounts of these financial instruments are reasonable approximation of their fair values.

**9 OTHER NON-CURRENT ASSETS**

Particulars	As at 31 March 2022	As at 31 March 2021
<b>Unsecured, considered good</b>		
Capital advances	45.33	35.79
Recoverable from statutory authorities	39.32	25.33
Prepaid expenses	2.21	2.79
	<u>86.86</u>	<u>63.91</u>

**NOTES OF THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March, 2022**

(All amounts in ₹ crores, unless otherwise stated)

**10 INVENTORIES**

Particulars	As at 31 March 2022	As at 31 March 2021
(At lower of cost and net realisable value)		
Raw material (refer note a below)	210.50	157.37
Finished goods (refer note b below)	319.38	197.13
Stores and spares	24.20	20.29
	<u>554.08</u>	<u>374.79</u>

**Note:**

- a) including goods in transit ₹ 16.24 crores ( 31 March 2021: ₹ 47.07 crores )
- b) including goods in transit ₹ 144.25 crores ( 31 March 2021: ₹ 73.64 crores )
- c) refer note 20 and 25 for inventories pledged as security for liabilities

**11 CURRENT INVESTMENTS**

Particulars	As at 31 March 2022	As at 31 March 2021
<b>Investments carried at fair value through profit and loss</b>		
Investments in mutual funds (quoted) (refer note a below)	-	0.09
Investments in equity instruments (quoted) (refer note a below)	33.64	2.83
Investment in alternative investment funds (unquoted) (refer note a below)	24.71	2.60
Investments in market linked debentures (quoted) (refer note a below)	159.73	41.17
Investments in PMS funds (quoted) (refer note a below)	9.04	-
Investments in equity instruments (unquoted) (refer note a below)	16.58	12.43
Investments in preference shares (unquoted) (refer note a below)	5.13	-
<b>Investment carried at fair value through other comprehensive income</b>		
Investments in perpetual bonds and corporate bonds (quoted) (refer note b below)	197.12	188.12
	<u>445.95</u>	<u>247.24</u>
<b>a) Investments carried at fair value through profit and loss</b>		
<b>Investments in mutual funds (quoted)</b>		
TFG1Z Tata Ultra Short Term Fund Direct Plan- Growth	-	0.09
	<u>-</u>	<u>0.09</u>
<b>Investments in equity instruments (quoted)</b>		
ACC Limited	0.42	-
Asian Paints Limited	0.25	-
Astral Limited	0.23	-
Axis Bank Limited	0.36	-
Bajaj Finance Limited	0.25	-
Bata India Limited	-	0.16
Britannia Industries Limited	-	0.17
Gujarat Fluorochemicals Limited	2.37	-

**NOTES OF THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March, 2022**
*(All amounts in ₹ crores, unless otherwise stated)*
**11 CURRENT INVESTMENTS (CONTD.)**

Particulars	As at 31 March 2022	As at 31 March 2021
Havells India Limited	0.43	-
HCL Technologies Limited	1.04	-
HDFC Asset Management Company Limited	-	0.25
HDFC Bank Limited	0.73	0.32
HDFC Life Insurance Company Limited	0.35	0.59
ICICI Bank Limited	1.62	0.29
ICICI Lombard General Insurance Company Limited	0.33	0.32
Indo Count Industries Limited	0.06	-
Infosys Limited	1.79	0.18
Jindal Poly Films Limited	0.52	-
K P R Mill Limited	0.36	-
Kotak Mahindra Bank Limited	-	0.25
Larsen & Toubro Limited	0.09	-
Mindtree Limited	0.37	-
Muthoot Finance Limited	0.19	-
Nahar Polyfilms Limited	1.13	-
Nahar Spinning Mills Limited	0.39	-
Pidilite Industries Limited	0.43	-
PVR Limited	0.58	-
Raymond Limited	0.33	-
Reliance Industries Limited	-	0.30
Somany Home Innovation Limited	0.54	-
SRF Limited	0.25	-
State Bank of India	0.98	-
Tata Consultancy Services Limited	0.37	-
Tech Mahindra Limited	0.64	-
Titan Company Limited	0.71	-
Uflex Limited	0.23	-
UltraTech Cement Limited	0.55	-
Vardhman Textiles Limited	0.47	-
Vodafone Idea Limited	0.46	-
Welspun India Limited	0.33	-
India Grid Trust	9.32	-
Power Grid Infrastructure Investment Trust	4.17	-
	<b>33.64</b>	<b>2.83</b>
<b>Investments in PMS funds (quoted)</b>		
Caliber Hedge - Managed Portfolio	9.04	-
	<b>9.04</b>	-

**NOTES OF THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March, 2022**
*(All amounts in ₹ crores, unless otherwise stated)*
**11 CURRENT INVESTMENTS (CONTD.)**

Particulars	As at 31 March 2022	As at 31 March 2021
<b>Investment in alternative investment funds (unquoted)</b>		
Whitespace Alpha Debt Fund	8.06	2.60
Edelweiss Dynamic Growth Equity [Edge] Fund	5.10	-
Sixth Sense India Opportunities III	2.85	-
Trifecta Leaders Fund I	7.27	-
Aventus Future Leaders Fund II	0.68	-
Edelweiss Crossover Opportunities Fund - Series III B.	0.75	-
	<u>24.71</u>	<u>2.60</u>
<b>Investments in market linked debentures (quoted)</b>		
L&T Infrastructure Finance Company Ltd Series C BR NCD 01JL22	22.54	21.57
Muthoot Finance Ltd SR MLD 1A OPT I BR NCD 10JU22	11.68	11.02
Edelweiss Finance & Investments Ltd SR E2B101A BRNCD 19AG22 FVRS 1LAC	5.46	4.58
Ambit Finvest Private Limited BR NCD 23 Jul-23 FVRS1LAC	4.46	4.00
The Bombay Burmah Trading Corporation Ltd BR LOA 29MR23 FVRS 1LAC	21.49	-
Shriram Transport MLD-18-Nov-2023	11.01	-
Shriram Transport Finance Company Limited Sr PPMLY02 BR NCD 27Ap23 FVRS 10Lac	11.13	-
Muthoot Fincorp Ltd SRVII BR NCD 16MR24 FVRS 10LAC	11.01	-
Piramal Enterprises MLD 2024	10.03	-
JM Financial Asset Reconstruction Company Ltd-TR XXXV BR NCD 11JU24 FVRS10LAC	10.17	-
Piramal Enterprises Limited Sr 01 Br NCD 27mr24	10.41	-
Adani Enterprises MLD 21MR24 FVRS10LAC	9.99	-
Navi Finserv Pvt Ltd MLD BRLOA 24MY23 FVRS10LAC	5.10	-
Edelweiss FIN & INV LTD5.77 GSC 2030 LK SC NG SN TX NC RTD RED PPML NCD SR A3I101A PP-RD 15-05-2023	5.17	-
Aventus Finance Pvt Ltd	5.08	-
Belstar Microfinance Ltd MLD 2024	5.00	-
	<u>159.73</u>	<u>41.17</u>
<b>Investments in unlisted equity instruments (unquoted)</b>		
National Stock Exchange of India Limited 58,000 (31 March 2021: 50,000) equity shares of ₹ 1 each fully paid up	13.36	8.07
HDB Financial Services Limited 40,000 (31 March 2021: 40,000) equity shares of ₹ 10 each fully paid up	3.22	3.94
Tata Technologies Limited	-	0.42
Nil (31 March 2021: 2,500) equity shares of ₹10 each fully paid up	-	-
	<u>16.58</u>	<u>12.43</u>



**NOTES OF THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March, 2022**
*(All amounts in ₹ crores, unless otherwise stated)*
**11 CURRENT INVESTMENTS (CONTD.)**

Particulars	As at 31 March 2022	As at 31 March 2021
<b>Investments in unlisted preference shares (unquoted)</b>		
B9 Beverages Pvt Ltd. 1,00,000 (31 March 2021: Nil) pre series D compulsorily convertible cumulative preference share of ₹ 15 each fully paid up	5.13	-
	<u>5.13</u>	<u>-</u>
<b>b) Investments carried at fair value through other comprehensive income</b>		
<b>Investments in perpetual bonds and corporate bonds(quoted)</b>		
ICICI Bank Limited SR-DDE18AT BD Perpetual Bond	10.83	10.97
State Bank of India Series 1 BD Perpetual Bond	21.66	21.50
State Bank of India Series II BD Perpetual Bond	21.05	20.95
Bank of Baroda Series IX Basel III Additional Tier-I NC Perpetual Bond	10.58	10.44
ICICI Bank Limited SR-DMR18AT BD Perpetual Bond	-	5.54
Axis Bank Limited SR-28 NCD Perpetual Bond	-	10.77
Union Bank of India PERP XX	22.25	20.00
Bank of Baroda USEC NGRT TAX NCUM RTD RED BASEL III ADD TIER 2 NCB SR XIII	16.26	15.85
State Bank of India Series II Perpetual Bond	10.35	10.24
Tata Motors E-26 Bond	11.68	11.27
Hinduja Leyland Finance Ltd 2024(SUB DEBT)	10.47	-
Tata Steel Reset Perpetual Bond	-	5.36
Indus Bank 10.50% Perp S III	10.25	-
Union Bank Perp 12-Dec-2025	5.12	-
Union Bank Perp 11-Jan-2026	5.10	-
Bank of Baroda SR XVII 7.95 BD Perpetual	5.16	-
JSW Steel Ltd REGS	3.87	3.82
JSW Steel Ltd REGS	-	2.88
ABJA Investment Co. Pte. Ltd.	-	15.21
HPCL- Mittal Energy Ltd REGS	9.31	9.61
HPCL- Mittal Energy Ltd REGS	8.74	9.01
Tata Motros REGS	4.72	4.70
Manappuram Finance Ltd REGS	5.76	-
Vedanta Resources PLC REGS	3.96	-
	<u>197.12</u>	<u>188.12</u>
<b>c) Aggregate book value of quoted investment</b>	380.47	226.78
Aggregate market value of quoted investments	399.53	232.21
Aggregate book value of unquoted investments	39.52	11.87
Aggergate amount of impairment in value of investment	-	-

**NOTES OF THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March, 2022**

(All amounts in ₹ crores, unless otherwise stated)

**12 TRADE RECEIVABLES**

Particulars	As at 31 March 2022	As at 31 March 2021
Trade receivables considered good- unsecured	219.97	188.51
Trade receivables- credit impaired	7.52	6.84
	<b>227.49</b>	<b>195.35</b>
Less: Allowance for expected credit losses	(7.52)	(6.84)
	<b>219.97</b>	<b>188.51</b>

**Note:**

- The carrying amounts of these financial instruments are reasonable approximation of their fair values.
- Refer note 20 and 25 for trade receivables pledged as security for liabilities
- Ageing Schedule of accounts receivables:

As at 31 March 2022		Outstanding for following periods from due date of payment					Total
		<6 months	6 months- 1 Years	1-2 Years	2-3 Years	More than 3 Years	
i)	Undisputed trade receivables- considered good	219.97	-	-	-	-	219.97
ii)	Undisputed trade receivables- which have significant increase in credit risk	-	-	-	-	-	-
iii)	Undisputed trade receivables- Credit impaired	1.36	-	-	-	-	1.36
iv)	Disputed trade receivables- considered good	-	-	-	-	-	-
v)	Disputed trade receivables- which have significant increase in credit risk	-	-	-	-	-	-
vi)	Disputed trade receivables- Credit impaired	-	2.78	0.20	0.58	2.60	6.16

As at 31 March 2021		Outstanding for following periods from due date of payment					Total
		<6 months	6 months- 1 Years	1-2 Years	2-3 Years	More than 3 Years	
i)	Undisputed trade receivables- considered good	188.51	-	-	-	-	188.51
ii)	Undisputed trade receivables- which have significant increase in credit risk	-	-	-	-	-	-
iii)	Undisputed trade receivables- Credit impaired	0.75	-	-	-	-	0.75
iv)	Disputed trade receivables- considered good	-	-	-	-	-	-

**NOTES OF THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March, 2022**
*(All amounts in ₹ crores, unless otherwise stated)*

As at 31 March 2021	Outstanding for following periods from due date of payment					Total
	<6 months	6 months-1 Years	1-2 Years	2-3 Years	More than 3 Years	
v) Disputed trade receivables- which have significant increase in credit risk	-	-	-	-	-	-
vi) Disputed trade receivables- Credit impaired	-	2.71	0.62	1.18	1.58	<b>6.09</b>

**13 CASH AND BANK BALANCES**

Particulars	As at 31 March 2022	As at 31 March 2021
Balances with banks		
- in current accounts	30.59	63.38
- in deposit with original maturity upto 3 months	15.00	-
Cheques in hand	-	0.01
Cash on hand	0.06	0.07
	<b>45.65</b>	<b>63.46</b>

The carrying amounts of these financial instruments are reasonable approximation of their fair values.

**14 OTHER BANK BALANCES**

Particulars	As at 31 March 2022	As at 31 March 2021
Earmarked balances with banks in current accounts		
- Unclaimed dividend account	2.02	1.65
Pledged bank deposits (refer note a and b below)	11.09	9.57
Deposits with bank (with original maturity more than 3 months but remaining maturity less than 12 months)	2.00	0.21
	<b>15.11</b>	<b>11.43</b>

**Note:**

- Pledged deposits include deposits amounting to ₹ 4.81 crores (31 March 2021: ₹ 4.57 crores) pledged as margin money for issue of letter of credit and bank guarantees.
- The deposit of ₹ 6.28 crores (31 March 2021: ₹ 5.00 crores) are pledged against borrowing facility.
- The carrying amounts of these financial instruments are reasonable approximation of their fair values.

**NOTES OF THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March, 2022**

(All amounts in ₹ crores, unless otherwise stated)

**15 CURRENT LOANS**

Particulars	As at 31 March 2022	As at 31 March 2021
Loans to officer considered good- secured*	0.96	0.96
Loans considered good- unsecured		
- Loans to employees	0.56	0.48
- Others	1.17	0.36
	<u>2.69</u>	<u>1.80</u>

\* Loans to officer as mentioned above are secured by equitable mortgage, being first charge on property. There were no significant changes in the quality of the collateral

The carrying amounts of these financial instruments are reasonable approximation of their fair values.

**16 OTHER CURRENT FINANCIAL ASSETS**

Particulars	As at 31 March 2022	As at 31 March 2021
Discount recoverable	3.28	4.78
Security deposit	-	0.32
Export benefit recoverable	15.27	29.64
Derivative assets	4.35	3.64
Others	1.69	2.97
	<u>24.59</u>	<u>41.35</u>

The carrying amounts of these financial instruments are reasonable approximation of their fair values.

**17 OTHER CURRENT ASSETS**

Particulars	As at 31 March 2022	As at 31 March 2021
Advance to supplier	19.60	21.59
Balances with statutory authorities	27.47	23.25
Prepaid expenses	13.49	12.23
Others	4.03	6.28
	<u>64.59</u>	<u>63.35</u>

**18 SHARE CAPITAL**

Particulars	As at 31 March 2022	As at 31 March 2021
<b>Authorised</b>		
25,000,000 equity shares of ₹ 10 each (31 March 2021 : 25,000,000 equity shares of ₹ 10 each)	25.00	25.00
<b>Issued, subscribed and fully paid up</b>		
18,172,715 equity shares of ₹ 10 each (31 March 2021 : 18,172,715 equity shares of ₹ 10 each)	18.17	18.17
	<u>18.17</u>	<u>18.17</u>

**NOTES OF THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March, 2022**

(All amounts in ₹ crores, unless otherwise stated)

**(a) Reconciliation of number of shares**

	As at 31 March 2022		As at 31 March 2021	
	No of shares	Amount	No of shares	Amount
Equity shares at the beginning of the year	18,172,715	18.17	19,440,076	19.44
Changes during the year	-	-	(1,267,361)	(1.27)
Equity shares at the end of the year	<b>18,172,715</b>	<b>18.17</b>	<b>18,172,715</b>	<b>18.17</b>

- (i) Of the above 242,051 shares have been allotted to erstwhile shareholders of Gujarat Propack Limited on amalgamation in the financial year 2002-03. No shares have been issued for consideration other than cash in the current reporting year and in last five years immediately preceding the current reporting year.
- (ii) Of the above 8,486,705 shares have been allotted as fully paid bonus shares by capitalisation of capital reserves and share premium account in the financial year 2002-03. No shares have been issued as bonus shares in the current reporting year and in last five years immediately preceding the current reporting year.
- (iii) The Board of Directors of the Company at their meeting held on 26 October 2020 had approved Buyback of 12,67,361 equity shares (6.52% of equity capital) of the Company, through the “Tender Offer” route for an aggregate amount of upto ₹ 73 crores at a price of ₹ 576 per equity share. The said equity shares bought back were extinguished on 24 December 2020. An amount of ₹ 90.55 crores (including income tax and direct buyback costs) had been utilized from the other equity for the aforesaid buyback including creation of capital redemption reserve account of ₹ 1.27 crores (representing the nominal value of the equity shares bought back). Consequent to the buyback, the paid-up equity share capital has reduced from ₹ 19.44 crores to ₹ 18.17 crores consisting of 1,81,72,715 equity shares of ₹ 10 each.
- (iv) During the year, the Board of Directors declared an first interim dividend of ₹ 25 per equity share and second interim dividend of ₹ 10 per equity share (31 March 2021: ₹ 25 per equity shares)
- During the year ended 31 March 2022 the amount of per share dividend recognised as distributions to equity shareholders was ₹ 35 per share (31 March 2021: ₹ 25 per share).

**(v) Terms and rights attached to equity shares:**

The Company has only one class of equity shares having the par value of ₹ 10 per share. Each holder of equity share is entitled to one vote per share. The Company declares and pays dividend in Indian Rupees. The dividend proposed by Board of Directors, if any, is subject to approval of shareholders in Annual General Meeting except in case of interim dividend.

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

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

	As at 31 March 2022		As at 31 March 2021	
	No of shares	% holding	No of shares	% holding
Mr. Ashok Jaipuria*	7,305,016	40.20%	7,355,616	40.48%

\* it includes shares of 7,032,332 (31 March 2021: 7,032,332) registered under name of Mr. Ashok Jaipuria where beneficial owner is Gayatri and Annapurna (partnership firm).

**NOTES OF THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March, 2022**

(All amounts in ₹ crores, unless otherwise stated)

**(vii) Details of promoter shareholders**

	As at 31 March 2022			As at 31 March 2021	
	No of shares	% holding	%age change	No of shares	% holding
Ashok Jaipuria	272,684	1.50%	-15.65%	323,284	1.78%
Aanchal Jaipuria Bhandari	85,907	0.47%	-	85,907	0.47%
Ambrish Jaipuria	330,439	1.82%	-	330,439	1.82%
Abha Jaipuria	22,667	0.12%	-	22,667	0.12%
Yamini Kumar	72,768	0.40%	52.34%	47,768	0.26%
Pravasi Enterprises Ltd	4,740	0.03%	-	4,740	0.03%
Andheri Properties and Developers Pvt Ltd	622	0.00%	-	622	0.00%
Mr. Ashok Jaipuria -Regd. Owner C/o Gayatri & Annapurana - Beneficial Owner	7,032,332	38.70%	-	7,032,332	38.70%
Fawkes Management Pvt Ltd - Registered Owner C/o Ashok Jaipuria Private Trust - Beneficial Owner	100	0.00%	-	100	0.00%
Fawkes Management Pvt Ltd.- Registered Owner C/o Ashok Jaipuria Family Trust - Beneficial Owner	190,478	1.05%	-	190,478	1.05%
	<b>8,012,737</b>	<b>44.09%</b>		<b>8,038,337</b>	<b>44.24%</b>

**(viii) Shares reserved for issue under options**

Particulars	As at	As at
	31 March 2022	31 March 2021
	<b>No. of shares</b>	<b>No. of shares</b>
Under the Cosmo Films Employees Stock Option Plan 2015 (CF ESOP 2015), equity share of ₹ 10 each, at an exercise price as decided by management on case to case basis	188,897	335,082

These shares are held as treasury shares under other equity (refer note 19)

For terms and details refer note 41

- (ix) The Board of Directors of the Company at its meeting held on 9 May, 2022 have recommended for approval by shareholders, bonus issue of 1 equity share of ₹ 10/- each for every 2 equity share of ₹ 10/- each held by shareholders of the Company as on the record date.

**NOTES OF THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March, 2022**
*(All amounts in ₹ crores, unless otherwise stated)*
**19 OTHER EQUITY**

Particulars	As at 31 March 2022	As at 31 March 2021
Retained earnings	926.33	592.34
General reserve	218.89	218.89
Capital reserve	4.10	4.10
Securities premium	7.42	4.30
Effective portion of cash flow hedges	5.71	0.69
Currency translation reserve	15.30	12.67
Shares options outstanding account	6.60	4.35
Treasury shares	(16.00)	(10.06)
Debt instruments through other comprehensive income	2.94	4.59
Equity instruments through other comprehensive income	-	2.55
Capital redemption reserve	1.27	1.27
<b>Total other equity</b>	<b><u>1,172.56</u></b>	<b><u>835.69</u></b>

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

Capital reserve was created under financial statements prepared in accordance with accounting standards notified under the section 133 of the Companies Act, 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 ('previous GAAP') out of the profit earned from a specific transaction of capital nature.

**(ii) Securities premium account**

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

**(iii) General reserve**

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

**(iv) Share options outstanding account**

The account is used to recognize the grant date fair value of the options issued to employees under Company's Employee stock option plan.

**(v) Treasury shares**

Treasury shares represent Company's own equity shares held by the Cosmo Films ESOP 2015 Trust which is created under the Employee Stock Option Plan.

**(vi) Effective portion of cash flow hedges**

The cash flow hedging reserve represents the cumulative effective portion of gains or losses arising on changes in fair value of designated portion of hedging instruments entered into for cash flow hedges. Such gains or losses will be reclassified to statement of profit and loss in the period in which the hedged transaction occurs.

**(vii) Debt instruments through other comprehensive income**

The Company has classified investments in perpetual bonds as at fair value through other comprehensive income (FVOCI) since:

- (a) perpetual bonds are held within a business model whose objective is achieved by both collecting contractual cash flows and selling those bonds; and



**NOTES OF THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March, 2022**

(All amounts in ₹ crores, unless otherwise stated)

(b) the contractual terms of perpetual bonds give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

This reserve represents changes in fair value of perpetual bonds from the date of such classification to the reporting date. When the perpetual bonds are derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment.

**viii) Equity instruments through other comprehensive income**

The Company had classified certain investments in unquoted equity shares as at fair value through other comprehensive income (FVOCI) since these investments were held for long term value accretion and not being actively traded.

This reserve represents the cumulative gains (net of losses) arising on revaluation of equity instruments measured at fair value through other comprehensive income, net of amounts reclassified, if any, to retained earnings when those instruments are disposed of.

**(ix) Capital redemption reserve**

This reserve represents a statutory, non-distributable reserve into which amounts are transferred following the redemption or purchase of a company's own shares.

**(x) Currency translation reserve**

The Group recognised exchange differences on translation of the foreign operations in other comprehensive income and accumulated in foreign currency translation reserve in other equity.

**20 NON-CURRENT BORROWINGS (SECURED)**

Particulars	As at 31 March 2022	As at 31 March 2021
Foreign currency term loans (refer note A below)*		
- from banks	375.85	222.23
- from others	64.93	82.16
Rupee term loans (refer note B below)		
- from banks	147.92	138.75
- from others	10.65	18.65
Vehicle loans (refer note C below)	5.45	4.78
	<b>604.80</b>	<b>466.57</b>
Less:- Current maturities disclosed under current borrowings (refer note 25)	125.15	129.00
	<b>479.65</b>	<b>337.57</b>

\*include hedged foreign currency borrowings of ₹ 197.38 crores ( 31 March 2021: ₹ 190.01 crores)

**Notes:**

	As at 31 March 2022	As at 31 March 2021
<b>(A) Foreign currency term loans comprises of :</b>		
(i) Loan of EUR 10,367,450 taken from Landesbank Baden Wurttemberg Bank (LBBW) during the financial year 2012-13, 2013-14 and 2014-15 and carries interest based upon Euribor plus 105 bps per annum. The loan is repayable in 17 equal semi-	10.25	20.94

**NOTES OF THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March, 2022**
*(All amounts in ₹ crores, unless otherwise stated)*

<p>annual instalments after six month from the signing of final acceptance certificate for start of commercial production.</p> <p><b>Security</b> The above loan is secured against hypothecation of machinery financed out of the loan amount at the Company's new plant at Shendra, Aurangabad.</p>		
<p><b>(ii)</b> Loan of USD 3,581,148 ( ₹ 25 crores) taken from ICICI Bank Limited during the financial year 2019-20 and carries interest rate based upon 3 month USD libor plus 3.31% per annum. The loan is repayable in 12 quarterly instalments starting at the end of first fiscal quarter from the first drawdown date.</p> <p><b>Security</b> The above loan is secured against (i) First pari passu charge over the movable and immovable fixed assets of the company both present and future, other than assets specifically carved out. (ii) Second pari passu charge on current assets of the company both present and future.</p>	3.40	15.07
<p><b>(iii)</b> Loan of USD 9,729,936 taken from Export-Import Bank (EXIM) of India during the financial year 2015-16 , 2016-17 and 2017-18 and carries interest rate based upon Libor plus 275 bps per annum. The loan is repayable in 24 equal quarterly instalments commencing after a moratorium of 18 months from scheduled commercial operation date or actual commercial operation date whichever is earlier.</p> <p><b>Security</b> The above loan is secured against (i) first pari passu charge over the movable and immovable fixed assets of the company both present and future, other than assets specifically carved out. (ii) second pari passu charge on current assets of the company both present and future.</p>	27.71	38.56
<p><b>(iv)</b> Loan of EUR 14,614,201 taken from Landesbank Baden Wurttemberg Bank (LBBW) during the financial year 2015-16, 2016-17 and 2017-18 and carries interest rate based upon Euribor plus 60 bps per annum. The loan is repayable in 20 equal semi-annual instalments from the date of 28 February 2018.</p> <p><b>Security</b> The above loan is secured against hypothecation of machinery financed out of the loan amount at the Company's plant at Karjan, Aurangabad.</p>	67.57	81.54
<p><b>(v)</b> Loan of ₹ 60 crores taken from State Bank of India and carries interest rate base rate plus 230 bps. During the financial year 2019-20 and 2020-21 this loan has been converted into hedged FCNR loan. The tenure of facilities remain in-line with the original sanction. The loan is fully paid during financial year ended 31 March 2022.</p>	-	2.42

**NOTES OF THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March, 2022**

(All amounts in ₹ crores, unless otherwise stated)

<p><b>Security</b> The above loan was secured against (i) first pari passu charge over the movable and immovable fixed assets of the company both present and future, other than assets specifically carved out. (ii) second pari passu charge on current assets of the company both present and future.</p>		
<p>(vi) Loan of EUR 4,586,555 (₹ 35 crores) taken from Yes Bank Limited during the financial year 2017-18 and carries interest rate based on 6 months Euribor plus 280 bps per annum. During the financial year 2018-19 this loan has been converted into hedged FCNR loan. The tenure of the facility remain in-line with the original sanction. The loan is repayable in 10 equal half yearly instalments starting from December 2017.</p> <p><b>Security</b> The above loan is secured against (i) first paripassu charge over movable and immovable fixed assets of the Company both present and future other than assets specifically carved out. (ii) second pari-passu charge on current assets of the company both present and future.</p>	3.86	11.81
<p>(vii) Loan of EUR 4,700,510 (₹ 35 crores) taken from Infrastructure Development Finance Company (IDFC) during the financial year 2017-18 and carries interest rate Euribor plus 245 bps. The loan is repayable in 8 equal semi annual instalments after moratorium of 18 months from the date of disbursement.</p> <p><b>Security</b> The above loan is secured against (i) first paripassu charge over movable and immovable fixed assets of the Company both present and future other than assets specifically carved out. (ii) second pari-passu charge on current assets of the company both present and future.</p>	9.88	20.17
<p>(viii) Loan of USD 5,200,594 (₹ 35 crores) taken from IndusInd Bank during the financial year 2016-17 and carries interest rate based upon Mibor plus 465 bps per annum. The loan is repayable in 17 equal quarterly instalments after moratorium of 12 months from the first date of disbursement. The loan is fully paid during financial year ended 31 March 2022.</p> <p><b>Security</b> The above loan was secured against (i) first pari-passu charge over movable and immovable fixed assets of the Company both present and future, other than assets specifically carved out. (ii) second pari-passu charge on current assets of the company both present and future.</p>	-	4.48
<p>(ix) Loan of ₹ 27.76 crores taken from IDBI Bank Limited(IDBI) during the financial year 2014-15 and 2015-16 and carries interest based upon base rate plus 2.5% per annum. The loan is repayable in 10</p>	2.90	8.37

**NOTES OF THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March, 2022**

(All amounts in ₹ crores, unless otherwise stated)

<p>structured half yearly instalments starting from 31 March 2018. During the financial year 2019-20 and 2020-21, this loan has been converted into fully hedged FCNR loan. The tenure of facilities remain in-line with the original sanction.</p> <p><b>Security</b> The above loan is secured against (i) Demand Promissory Note (ii) First pari passu charge over the movable and immovable fixed assets of the company both present and future, other than assets specifically carved out. (iii) Second pari passu charge on current assets of the company both present and future.</p>		
<p>(x) Loan of EUR 4,752,270 (₹ 40 crores) taken from Yes Bank Limited during the financial year 2018-19 and carries interest rate based on 6 months Euribor plus 310 bps per annum. The loan is repayable in 9 equal half yearly instalments after moratorium of 6 months from the first date of disbursement.</p> <p><b>Security</b> The above loan is secured against (i) first paripassu charge by way of hypothecation on movable and by way of equitable mortgage over all immovable fixed assets (both present and future) except those are exclusively charged to other lenders (ii) second pari-passu charge by way of hypothecation on current assets of the borrower (both present and future).</p>	13.32	22.66
<p>(xi) Loan of USD 6,768,043(₹ 50 crores) taken from ICICI Bank Limited (ICICI) during the financial year 2018-19 and carries interest rate based upon Euribor plus 4.113% per annum. The loan is repayable in 18 quarterly instalments starting from 31 December 2018.</p> <p><b>Security</b> The above loan is secured against (i) First pari passu charge over the movable and immovable fixed assets of the company both present and future, other than assets specifically carved out. (ii) Second pari passu charge on current assets of the company both present and future.</p>	31.90	43.40
<p>(xii) Loan of USD 4,900,000 (₹ 40 crores) taken from Export-Import Bank (EXIM) of India during the financial year and carries interest rate based upon USD 6 month libor plus 325 bps per annum. The loan is repayable in 24 equal quarterly instalments commencing after a moratorium of 24 months from the date of first disbursement.</p> <p><b>Security</b> The above loan is secured against (i) first pari passu charge over the movable and immovable fixed assets of the company both present and future, other than assets specifically carved out. (ii) second pari passu charge on current assets of the company both present and future.</p>	37.22	35.85

**NOTES OF THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March, 2022**

(All amounts in ₹ crores, unless otherwise stated)

<p><b>xiii)</b> Loan of EUR 16,604,723 taken from Landesbank Baden Wurttemberg Bank (LBBW) during the financial year 2021-22 and carries interest rate fixed at 44 bps per annum. The loan is repayable in 20 equal semi-annual instalments from end of 6 months from the starting point or 20 November 2023 whichever is earlier.</p> <p><b>Security</b> The above loan is secured against hypothecation of machinery financed out of the loan amount at the Company's plant at Waluj, Aurangabad.</p>	139.59	-
<p><b>xiv)</b> Loan of EUR 11,192,682 (₹ 100 crores) taken from Bank of Baroda during the financial year 2021-22 and carries interest rate based upon 6 month EURIBOR plus 2.25% per annum. The loan is repayable in 3 half yearly instalments starting from 31 March 2023.</p> <p><b>Security</b> The above loan is secured against (i) First pari passu charge over the movable and immovable fixed assets of the company both present and future, other than assets specifically carved out. (ii) Second pari passu charge on current assets of the company both present and future.</p>	94.10	-
<b>B Rupee term loans comprises of :</b>		
<p><b>(i)</b> Loan of ₹ 50 crores taken from Shyam Rao Vithal Co-operative Bank Limited during the financial year 2020-21 and carries interest rate PLR less 5 bps per annum. The loan is repayable in 84 months inclusive of 24 months moratorium period.</p> <p><b>Security</b> The above loan is secured against (i) First paripassu charge over movable and immovable fixed assets of the Company both present and future, other than assets specifically carved out. (ii) Second pari-passu charge on current assets of the company both present and future.</p>	50.00	49.81
<p><b>(ii)</b> Loan of ₹ 60 crores taken from Shyam Rao Vithal Co-operative Bank Limited during the financial year 2016-17 and 2017-18 and carries interest rate based upon SBI's 6 month MCLR plus 165 bps per annum to be reset on quarterly basis. The loan is repayable in 21 equal after moratorium of 12 months from the date of disbursement. The loan was fully paid during FY 21-22.</p> <p><b>Security</b> The above loan is secured against (i) First paripassu charge over movable and immovable fixed assets of the Company both present and future, other than assets specifically carved out. (ii) Second pari-passu charge on current assets of the company both present and future.</p>	-	20.71



**NOTES OF THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March, 2022**

(All amounts in ₹ crores, unless otherwise stated)

**21 OTHER NON-CURRENT FINANCIAL LIABILITIES**

Particulars	As at 31 March 2022	As at 31 March 2021
Derivative liabilities	-	0.06
	<u>-</u>	<u>0.06</u>

**22 PROVISIONS**

Particulars	As at 31 March 2022	As at 31 March 2021
Provision for retirement benefits	5.79	5.99
Provision for gratuity (refer note 42)	16.89	15.37
	<u>22.68</u>	<u>21.36</u>

**23 DEFERRED TAX LIABILITIES (NET)#**

Particulars	As at 31 March 2022	As at 31 March 2021
<b>On temporary difference between the book base &amp; tax base</b>		
<b>Deferred tax liabilities</b>		
Property, plant and equipment and other intangible assets -depreciation and amortisation	157.38	156.26
Cash flow hedge reserve	3.12	0.44
<b>Gross deferred tax liabilities</b>	<u>160.50</u>	<u>156.70</u>
<b>Deferred tax assets</b>		
Unabsorbed business losses	4.75	2.59
Expenses deductible in future years under Income tax Act, 1961	13.46	12.57
Minimum alternative tax credit entitlement	5.89	48.07
<b>Gross deferred tax assets</b>	<u>24.10</u>	<u>63.23</u>
<b>Deferred tax liabilities (net)</b>	<u>136.40</u>	<u>93.47</u>
Deferred tax assets and liabilities have been offset where they arise in the same legal entity and taxing jurisdiction but not otherwise. Accordingly the net deferred tax (assets) / liability has been disclosed in the Balance Sheet as follows :		
Deferred tax assets	6.80	4.95
Deferred tax liabilities	143.20	98.42
<b>Deferred tax liabilities (net)</b>	<u>136.40</u>	<u>93.47</u>

#Refer note 37 for movement in deferred tax balances



**NOTES OF THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March, 2022**
*(All amounts in ₹ crores, unless otherwise stated)*
**24 OTHER NON-CURRENT LIABILITIES**

Particulars	As at 31 March 2022	As at 31 March 2021
Deferred income on export promotion capital goods	58.11	47.70
	<u>58.11</u>	<u>47.70</u>

**25 CURRENT BORROWINGS (SECURED)**

Particulars	As at 31 March 2022	As at 31 March 2021
Cash credit and other working capital facilities	205.25	293.72
Current maturities of long term borrowings (refer note 20)	125.15	129.00
	<u>330.40</u>	<u>422.72</u>

**Notes:**

- (a) Cash credits and other working capital facilities are secured by first pari passu charge on entire current assets of the company and second pari passu charge on entire fixed assets secured to financial institutions except assets exclusively carved out.

**26 TRADE PAYABLES**

Particulars	As at 31 March 2022	As at 31 March 2021
Trade payables		
- total outstanding dues to micro and small enterprises	11.00	2.41
- total outstanding dues to other than micro and small enterprises	191.52	126.22
Acceptances	162.18	75.07
<b>Total</b>	<u>364.70</u>	<u>203.70</u>

The above disclosure has been determined to the extent such parties have been identified on the basis of information available with the Company.

Particulars	31 March 2022	31 March 2021
i the principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year;	10.59	2.00
ii the amount of interest paid by the buyer in terms of section 16, along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year;	5.54	22.33
iii the amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under this Act;	-	-
iv the amount of interest accrued and remaining unpaid at the end of each accounting year; and	0.05	0.41
v the amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under section 23.	0.36	-

The carrying amounts of these financial instruments are reasonable approximation of their fair values.

**NOTES OF THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March, 2022**
*(All amounts in ₹ crores, unless otherwise stated)*
**Ageing Schedule of accounts payables:**

As at 31 March 2022		Outstanding for following periods from due date of payment					Total
		Not due	<1 year	1 year- 2 Years	2 year- 3 Years	More than 3 Years	
i)	MSME	10.21	-	-	-	-	10.21
ii)	Others	255.63	90.67	1.97	0.89	0.83	349.99
iii)	Disputed dues- MSME	-	0.43	0.36	-	-	0.79
iv)	Disputed dues- Others	-	0.49	0.19	0.80	2.23	3.71

As at 31 March 2021		Outstanding for following periods from due date of payment					Total
		Not due	<1 year	1 year- 2 Years	2 year- 3 Years	More than 3 Years	
i)	MSME	1.47	0.65	-	-	-	2.12
ii)	Others	176.23	12.07	4.77	0.88	-	193.95
iii)	Disputed dues- MSME	-	0.16	0.11	0.02	-	0.29
iv)	Disputed dues- Others	-	0.23	3.03	1.78	2.30	7.34

**27 OTHER CURRENT FINANCIAL LIABILITIES**

Particulars	As at 31 March 2022	As at 31 March 2021
Interest accrued and but not due on borrowings	0.88	0.91
Security deposits	0.74	0.89
Unpaid dividend	2.03	1.65
Employee related payables	45.49	28.46
Other accrued liabilities	44.18	61.98
Derivative liabilities	7.04	2.81
	<b>100.36</b>	<b>96.70</b>

The carrying amounts of these financial instruments are reasonable approximation of their fair values.

**28 OTHER CURRENT LIABILITIES**

Particulars	As at 31 March 2022	As at 31 March 2021
Statutory dues	12.49	9.71
Advance received from customers	29.82	13.71
Advance received from customer against assets held for sale	-	4.67
Deferred income on export promotion capital goods scheme	2.91	2.91
	<b>45.22</b>	<b>31.00</b>

**29 PROVISIONS**

Particulars	As at 31 March 2022	As at 31 March 2021
Provision for gratuity (refer note 42)	3.22	2.89
Provision for compensated absences	9.19	9.35
	<b>12.41</b>	<b>12.24</b>

**NOTES OF THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March, 2022**

(All amounts in ₹ crores, unless otherwise stated)

**30 REVENUE FROM OPERATIONS**

Particulars	Year ended 31 March 2022	Year ended 31 March 2021
<b>Operating revenue (refer note a below)</b>		
Sale of products-domestic	1,577.18	1,280.43
Sale of products-export	1,419.20	947.57
	<b>2,996.38</b>	<b>2,228.00</b>
<b>Other operating revenue</b>		
Export benefit income	29.57	33.29
Sales tax incentive	5.63	14.99
Job work charges	0.54	3.32
Scrap sales	5.16	4.05
Others	1.11	1.53
<b>Revenue from operations</b>	<b>3,038.39</b>	<b>2,285.18</b>

**Note:**

a) Company applies Indian Accounting Standard 115 'Revenue from Contracts with Customers' ("Ind AS 115"). Under Ind AS 115, revenue is recognised through a 5-step approach:

- (i) Identify the contracts with customer;
- (ii) Identify separate performance obligations in the contract;
- (iii) Determine the transaction price;
- (iv) Allocate the transaction price to the performance obligations; and
- (v) Recognise revenue when a performance obligation is satisfied.

**(i) Disaggregation of revenue**

The Group has performed a disaggregated analysis of revenues considering the nature, amount, timing and uncertainty of revenues. This includes disclosure of revenues by geography and timing of recognition.

**Year ended 31 March 2022**

Revenue from operations	Goods	Other operating revenue*	Total
<b>Revenue by geography</b>			
Domestic	1,577.18	6.81	1,583.99
Export	1,419.20	-	1,419.20
<b>Total</b>	<b>2,996.38</b>	<b>6.81</b>	<b>3,003.19</b>
<b>Revenue by time</b>			
Revenue recognised at point in time			3,003.19
Revenue recognised over time			-
<b>Total</b>			<b>3,003.19</b>

\* excludes export benefit income of ₹ 29.57 crores and sales tax incentive of ₹ 5.63 crores

**NOTES OF THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March, 2022**
*(All amounts in ₹ crores, unless otherwise stated)*
**Year ended 31 March 2021**

Revenue from operations	Goods	Other operating revenue*	Total
<b>Revenue by geography</b>			
Domestic	1,280.43	8.90	1,289.33
Export	947.57	-	947.57
<b>Total</b>	<b><u>2,228.00</u></b>	<b><u>8.90</u></b>	<b><u>2,236.90</u></b>
<b>Revenue by time</b>			
Revenue recognised at point in time			2,236.90
Revenue recognised over time			-
<b>Total</b>			<b><u>2,236.90</u></b>

\* excludes export benefit income of ₹ 33.29 crores and sales tax incentive of ₹ 14.99 crores

**(ii) Revenue recognised in relation to contract liabilities**

Ind AS 115 also requires disclosure of 'revenue recognised in the reporting period that was included in the contract liability balance at the beginning of the period' and 'revenue recognised in the reporting period from performance obligations satisfied (or partially satisfied) in previous periods. Same has been disclosed as below:

Description	Year ended 31 March 2022	Year ended 31 March 2021
Revenue recognised in the reporting period that was included in the contract liability balance at the beginning of the period	12.83	18.20
Revenue recognised in the reporting period from performance obligations satisfied (or partially satisfied) in previous periods	-	-

**(iii) Assets and liabilities related to contracts with customers**

Description	Year ended 31 March 2022	Year ended 31 March 2021
<b>Contract liabilities related to sale of goods</b>		
Advance from customers	29.82	13.71

**(iv) Reconciliation of revenue recognised in Statement of Profit and Loss with Contract price**

Description	Year ended 31 March 2022	Year ended 31 March 2021
Contract price	3,093.06	2,333.71
Less: Discount, rebates, credits etc.	89.87	96.81
<b>Revenue from operations as per Statement of Profit and Loss*</b>	<b><u>3,003.19</u></b>	<b><u>2,236.90</u></b>

\* excludes export benefit income of ₹ 29.57 crores (31 March 2021: ₹ 33.29 crores) and sales tax incentive of ₹ 5.63 crores (31 March 2021: ₹ 14.99 crores)

**NOTES OF THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March, 2022**
*(All amounts in ₹ crores, unless otherwise stated)*
**b) Details of products sold**

Particulars	Year ended 31 March 2022	Year ended 31 March 2021
Manufactured goods		
- Packaging films	2,989.54	2,225.99
- Others	6.84	2.01
<b>Total</b>	<b><u>2,996.38</u></b>	<b><u>2,228.00</u></b>

**31 OTHER INCOME**

Particulars	Year ended 31 March 2022	Year ended 31 March 2021
Interest Income from:		
- Fixed deposit with banks	0.52	0.80
- Other financial assets carried at amortised cost	0.26	1.50
- Investments in perpetual bonds carried at fair value through other comprehensive income	14.17	15.25
- Others	1.68	1.71
Gain on Investments carried at fair value through profit & loss	24.35	2.64
Gain on investments carried at fair value through other comprehensive income	0.33	3.71
Insurance and other claims	0.64	1.12
Grant income on export promotion capital goods	2.90	2.90
Liabilities no longer required written back	0.72	0.55
Profit on disposal of non current assets held for sale & property, plant and equipment	2.36	6.13
Foreign exchange gain (net)	-	0.88
Dividend income	0.33	0.11
Miscellaneous income	0.06	0.44
	<b><u>48.32</u></b>	<b><u>37.74</u></b>

**32 CHANGE IN INVENTORY**

Particulars	Year ended 31 March 2022	Year ended 31 March 2021
<b>Opening stock</b>		
Finished goods	197.13	160.79
<b>Closing stock</b>		
Finished goods	319.38	197.13
	<b><u>(122.25)</u></b>	<b><u>(36.34)</u></b>
<b>Note:</b>		
<b>Details of finished goods</b>		
Finished goods		
- Packaging films	318.42	197.13
- Others	0.96	
<b>Total</b>	<b><u>319.38</u></b>	<b><u>197.13</u></b>

**NOTES OF THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March, 2022**

(All amounts in ₹ crores, unless otherwise stated)

**33 EMPLOYEE BENEFITS EXPENSE**

Particulars	Year ended 31 March 2022	Year ended 31 March 2021
Salaries, wages, allowances and bonus	199.98	170.39
Employee stock option expense	4.75	0.52
Contribution to provident and other funds (refer note 42)	10.21	16.45
Staff welfare expenses	4.67	5.68
	<u>219.61</u>	<u>193.04</u>

**34 FINANCE COSTS**

Particulars	Year ended 31 March 2022	Year ended 31 March 2021
Interest:		
- Term loans	14.98	16.09
- Cash credit and short term loans	13.59	13.36
- Others	0.92	1.66
Foreign exchange fluctuation to the extent regarded as an adjustment to borrowing costs	4.26	5.18
Interest on lease liability	0.51	-
Other borrowings cost	5.55	5.39
	<u>39.81</u>	<u>41.68</u>

The finance costs shown above is net of borrowing costs capitalised during the year ended 31 March 2022 of ₹ 2.90 crores at 6.50% (31 March 2021: ₹ 0.56 crores at 9.00%).

**35 DEPRECIATION, AMORTISATION AND IMPAIRMENT EXPENSE**

Particulars	Year ended 31 March 2022	Year ended 31 March 2021
Depreciation on property, plant and equipment and investment property	60.71	55.65
Amortisation of intangible assets	0.63	0.57
Depreciation on right-of-use assets	1.07	-
Impairment loss on investment property	0.89	3.00
	<u>63.30</u>	<u>59.22</u>

**36 OTHER EXPENSES**

Particulars	Year ended 31 March 2022	Year ended 31 March 2021
Rent	13.13	11.71
Rates and taxes	2.49	2.77
Stores, spare parts and packing materials consumed	115.89	86.88
Insurance	6.72	5.66
Repairs and maintenance		
- Building	1.46	0.99
- Machinery	18.58	15.17
- Others	4.61	4.38

**NOTES OF THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March, 2022**
*(All amounts in ₹ crores, unless otherwise stated)*
**36 OTHER EXPENSES (CONTD.)**

Particulars	Year ended 31 March 2022	Year ended 31 March 2021
Power and fuel expenses	144.99	127.68
Other manufacturing expenses	2.64	1.57
Printing and stationary	0.80	0.68
Training and recruitment expenses	1.30	1.56
Travelling and conveyance	6.81	3.17
Vehicle running and maintenance	8.98	7.73
Communication expenses	0.50	0.59
Legal and professional charges	16.09	11.50
Foreign exchange fluctuation loss (net)	6.03	-
Corporate social responsibility (CSR) expenditure (refer note b below)	3.55	3.13
Freight and forwarding	3.65	2.86
Other selling expenses	6.86	3.11
Payment to auditors (refer note a below)	0.80	0.73
Loss on sale of assets	0.18	0.75
Miscellaneous expenses	7.43	6.16
	<b>373.49</b>	<b>298.78</b>

**Note:** Other expenses includes research and development expenses (refer note 40)

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

Particulars	Year ended 31 March 2022	Year ended 31 March 2021
As auditor		
- Audit fee	0.74	0.66
- Tax audit fee	0.03	0.03
In other capacity		
- Certification and other matters	0.02	0.03
- Reimbursement of out of pocket expenses	0.01	0.01
<b>Total</b>	<b>0.80</b>	<b>0.73</b>

**b) Details of corporate social responsibility expenditure**

(a) Gross amount required to be spent by the company during the year	3.55	2.12
(b) Amount of expenditure incurred during the year		
(i) Construction or acquisition of any asset	-	-
(ii) On purposes other than (i) above	2.80	3.13
(c) Shortfall at the end of the year out of the amount required to be spent by the Company during the year;	0.75*	-
(d) Total of previous years shortfall	-	-
(e) Reason for shortfall	Due to ongoing projects to be completed in 3 years	Not applicable
(f) Nature of CSR activities	Promoting Education, Disaster relief COVID-19, Preventive Healthcare and Environment Sustainability	
(g) Details of related party transactions: Contribution to Cosmo Foundation	2.80	3.13

\* Deposited into CSR unspent account on 27 April 2022



**NOTES OF THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March, 2022**

(All amounts in ₹ crores, unless otherwise stated)

**37 INCOME TAX**

Particulars	Year ended 31 March 2022	Year ended 31 March 2021
<b>The income tax expense consists of the following :</b>		
Current tax expense	79.53	55.65
Deferred tax benefit	40.48	36.19
<b>Total income tax</b>	<b><u>120.01</u></b>	<b><u>91.84</u></b>
<b>The reconciliation of the estimated tax expense at statutory income tax rate to income tax expense reported in the statement of profit and loss is as follows:</b>		
Profit before tax	516.62	328.74
At India's statutory income tax rate of 34.94 % (31 March 2020: 34.94%,)	180.53	114.87
<b>Adjustments in respect of current income tax</b>		
Income exempted from Income taxes	(30.49)	(12.41)
Taxes earlier years	(1.74)	(1.09)
Effect of different tax rate	(2.79)	(0.23)
Utilisation of unabsorbed business losses	(25.17)	(8.95)
Others adjustments	(0.33)	(0.35)
<b>Total income tax expense</b>	<b><u>120.01</u></b>	<b><u>91.84</u></b>

**Movement of net deferred tax assets and liabilities for the year ended 31 March 2022 is as follows:**

Deferred tax liabilities (net)	Opening balance	Recognised/ Reversed through Profit and Loss	Recognised/ Reversed through Other Comprehensive Income	Closing balance
<b>Deferred tax assets arising on account of :</b>				
Expenses deductible under Income tax Act	12.57	0.30	0.59	13.46
Minimum alternative tax credit entitlement	48.07	(42.18)	-	5.89
Unabsorbed business losses	2.59	2.16	-	4.75
	<b><u>63.23</u></b>	<b><u>(39.72)</u></b>	<b><u>0.59</u></b>	<b><u>24.10</u></b>
<b>Deferred tax liabilities in relation to :</b>				
Property, plant and equipment and other intangible assets -depreciation and amortisation	156.26	1.12	-	157.38
Cash flow hedge reserve	0.44	(0.36)	3.04	3.12
	<b><u>156.70</u></b>	<b><u>0.76</u></b>	<b><u>3.04</u></b>	<b><u>160.50</u></b>
<b>Net deferred tax liabilities</b>	<b><u>93.47</u></b>	<b><u>40.48</u></b>	<b><u>2.45</u></b>	<b><u>136.40</u></b>

**NOTES OF THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March, 2022**
*(All amounts in ₹ crores, unless otherwise stated)*
**Movement of net deferred tax assets and liabilities for the year ended 31 March 2021 is as follows:**

Deferred tax liabilities (net)	Opening balance	Recognised/ Reversed through Profit and Loss	Recognised/ Reversed through Other Comprehensive Income	Closing balance
<b>Deferred tax assets arising on account of :</b>				
Cash flow hedge reserve	0.54	(0.08)	(0.46)	-
Expenses deductible under Income tax Act	7.08	5.49	-	12.57
Minimum alternative tax credit entitlement	89.06	(40.99)	-	48.07
Unabsorbed business losses	2.72	(0.13)	-	2.59
	<u>99.40</u>	<u>(35.71)</u>	<u>(0.46)</u>	<u>63.23</u>
<b>Deferred tax liabilities in relation to :</b>				
Property, plant and equipment and other intangible assets -depreciation and amortisation	155.78	0.48	-	156.26
Cash flow hedge reserve	-	-	0.44	0.44
	<u>155.78</u>	<u>0.48</u>	<u>0.44</u>	<u>156.70</u>
<b>Net deferred tax liabilities</b>	<u>56.38</u>	<u>36.19</u>	<u>0.90</u>	<u>93.47</u>

**Tax losses**

No deferred tax asset has been recognised on these unutilized tax losses as there is no evidence that sufficient taxable profit will be available in future against which they can be utilised by the respective entities

Loss pertains to the year	Expiry year	Unused tax losses for which no deferred tax has been recognised	Potential tax benefit
31 March 2018	31 March 2038	14.06	2.95
31 March 2019	31 March 2029	1.79	0.39
31 March 2020	31 March 2030	1.50	0.33

Deferred tax assets in the Group have been recognised to the extent there are sufficient taxable temporary differences relating to the same taxation authority and the same taxable entity which are expected to reverse.

**38 EARNINGS PER SHARE**

Particulars	Year ended 31 March 2022	Year ended 31 March 2021
Profit for the year (₹ in crores)	396.61	236.90
Weighted average number of equity shares outstanding for the purpose of basic earnings per share	17,901,211	18,650,460
Effect of potential ordinary shares on share options outstanding	376,313	193,537
Weighted average number of equity shares outstanding for the purpose of diluted earnings per share	18,277,524	18,843,997
<b>Earnings per equity share (face value ₹ 10.00 per share)</b>		
- Basic	221.56	127.02
- Diluted	216.99	125.72

**NOTES OF THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March, 2022**
*(All amounts in ₹ crores, unless otherwise stated)*
**39 CONTINGENCIES AND COMMITMENTS**

Particulars	As at 31 March 2022	As at 31 March 2021
<b>(A) Contingent liabilities</b>		
I Claims against the Company not acknowledged as debt	0.26	0.24
II Disputed demand for Income tax (refer note (a) below)	8.18	8.09
III Pending duty obligation under Export Promotion Capital Goods licenses	13.33	3.30
IV Disputed demand for Excise duty and Service tax	17.05	17.05
V Disputed demands for labour/employee dispute	0.48	10.88

**Note:**

- a) Disputed demand for income tax includes a dispute of ₹ 4.71 crores ( 31 March 2021: ₹ 4.71 crores) between the Company and income tax department over computation of deduction under section 80HHC of the Income Tax Act, 1961. The Company has filed a special leave petition against the order of Hon'ble Delhi High Court which has been accepted by Hon'ble Supreme Court and is pending. Based on the legal opinion taken from an independent expert, the management is of the view that it is more likely than not that matter will be decided in favour of the Company.

**(B) Commitments**

Particulars	As at 31 March 2022	As at 31 March 2021
<b>a) Capital commitments</b>		
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	420.82	185.18
<b>b) Others</b>		
Letter of credit opened for which the material has not been shipped as on the date of the balance sheet.	101.60	56.03
Uncalled funding commitment pertaining to investments	10.42	-

**40 RESEARCH AND DEVELOPMENT EXPENDITURE**

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

Particulars	For the year ended	
	31 March 2022	31 March 2021
Research and development capital expenditure (gross)	1.63	0.01
Research and development revenue expenditure		
Material and consumables	5.91	3.32
Employee benefits expense	5.14	3.50
Other expenses	1.62	0.77
	<b>14.30</b>	<b>7.60</b>
<b>Sales for the year</b>	<b>2,996.38</b>	<b>2,228.00</b>
Total research and development expenditure/sales	0.48%	0.34%

**NOTES OF THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March, 2022**
*(All amounts in ₹ crores, unless otherwise stated)*

<b>Assets purchased/capitalised for research and development centres</b>	
<b>Description</b>	<b>Amount</b>
<b>Gross carrying value</b>	
<b>As at 31 March 2020</b>	<b>9.45</b>
Additions	0.01
<b>As at 31 March 2021</b>	<b>9.46</b>
Additions	1.63
<b>As at 31 March 2022</b>	<b>11.09</b>
<b>Accumulated depreciation</b>	
<b>As at 31 March 2020</b>	<b>2.80</b>
Depreciation for the year	0.71
<b>As at 31 March 2021</b>	<b>3.51</b>
Depreciation for the year	0.82
<b>As at 31 March 2022</b>	<b>4.33</b>
<b>Net carrying amount as at 31 March 2021</b>	<b>5.95</b>
<b>Net carrying amount as at 31 March 2022</b>	<b>6.76</b>

**41. 1. EMPLOYEE STOCK OPTION PLAN**

Pursuant to the approval of the shareholders, the Company has introduced Cosmo Films Share Based Employee Benefit Scheme 2021 (CF SBEB Scheme, 2021) which supersedes earlier Cosmo Films Employees Stock Option Plan 2015 (CF ESOP 2015) to provide share based incentive to the eligible employees of the Company and its subsidiaries. However, Options already granted under CF ESOP 2015 will continue to be governed in accordance with the said Plan. The plan is implemented via trust route which will acquire the equity shares of the Company by secondary market acquisition, however, in case of any shortfall the Company will issue new shares as required. When exercisable, each option is convertible into one equity share.

**A) Details of options granted under the CF ESOP 2015 are as below:**

<b>Scheme</b>	<b>Date of grant</b>	<b>Number of options granted</b>	<b>Vesting condition</b>	<b>Exercise Period</b>	<b>Exercise price per share</b>
CF Employees Stock Option Scheme 2015: Option I	13-Jan-16	193,000	On completion of 3 year of service from the date of grant	10 years from the date of vesting	₹ 300.05
Option II	13-Jul-16	250,000	On completion of 3 year of service from the date of grant	10 years from the date of vesting	₹ 351.40
Option III	7-Jul-17	200,000	On completion of 3 year of service from the date of grant	10 years from the date of vesting	₹ 433.20
Option IV	2-Jun-18	225,000	On completion of 3 year of service from the date of grant	10 years from the date of vesting	₹ 237.70

**NOTES OF THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March, 2022**

(All amounts in ₹ crores, unless otherwise stated)

**B) Movement of options granted**

Particulars	Year ended 31 March 2022	Weighted average exercise price	Year ended 31 March 2021	Weighted average exercise price
<b>Options outstanding at the beginning of the year</b>	<b>480,000</b>	318.80	<b>739,200</b>	327.86
Options granted during the year	-	-	-	-
Options exercised during the year	(299,085)	292.12	(214,700)	355.33
Options cancelled during the year	-	-	(44,500)	293.06
<b>Options outstanding at the end of the year</b>	<b>180,915</b>	<b>363.64</b>	<b>480,000</b>	<b>318.80</b>

The weighted average remaining contractual life outstanding as at 31 March 2022 was 7.86 years (31 March 2021: 9.15 years). The weighted average exercise price of options outstanding as at 31 March 2022 was ₹ 363.64 (31 March 2021: ₹ 318.80).

- C) The fair value of options used to compute per share net income and earning per equity share has been done on the date of grant using Black-Scholes Model.

The key assumption in Black-Scholes Model for calculating fair value on grant are as under:

	Option-I	Option-II	Option-III	Option-IV
Grant Date	13-Jan-16	13-Jul-16	7-Jul-17	2-Jun-18
Market Price (₹)	300.05	351.40	433.20	237.70
Exercise Price (₹)	300.05	351.40	433.20	237.70
Expected Volatility (%) \$	57.70	39.55	27.70	31.91
Expected forfeiture on each vesting date (%)	Nil	Nil	Nil	Nil
Expected life (years)*	3	3	3	3
Dividend yield (%)	1.17	2.85	2.31	2.52
Risk free interest rate (%)	7.59	7.50	6.54	7.83
Fair value on grant date (₹)	128.25	103.45	98.60	62.46

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

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

**2. RESTRICTED STOCK UNITS (RSUS):**

- A) Details of options granted under Cosmo Films Share Based Employee Benefit Scheme 2021 (CF SBEB Scheme, 2021) are as below:

Scheme	Date of grant	Number of options granted	Vesting condition	Exercise Period	Exercise price per share
Cosmo Films Share Based Employee Benefit Scheme 2021:					
RSU I	9-Mar-21	25,000	On completion of 3 year of service from the date of grant	One years from the date of vesting	₹ 10.00
RSU II	9-Mar-21	105,000	On completion of 4 year of service from the date of grant	One years from the date of vesting	₹ 10.00

**NOTES OF THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March, 2022**
*(All amounts in ₹ crores, unless otherwise stated)*

Scheme	Date of grant	Number of options granted	Vesting condition	Exercise Period	Exercise price per share
RSU III	9-Mar-21	25,000	On completion of 5 year of service from the date of grant	One years from the date of vesting	₹ 10.00
RSU IV	9-Mar-21	105,000	On completion of 7 year of service from the date of grant	One years from the date of vesting	₹ 10.00
RSU V	27-May-21	25,000	On completion of 5.25 year of service from the date of grant	One years from the date of vesting	₹ 10.00
RSU VI	16-Sep-21	50,000	On completion of 4 year of service from the date of grant	One years from the date of vesting	₹ 10.00
RSU VII	16-Sep-21	50,000	On completion of 7 year of service from the date of grant	One years from the date of vesting	₹ 10.00
RSU VIII	27-Jan-22	7,500	On completion of 4 year of service from the date of grant	One years from the date of vesting	₹ 10.00
RSU IX	27-Jan-22	7,500	On completion of 7 year of service from the date of grant	One years from the date of vesting	₹ 10.00

**B) Movement of RSU granted**

Particulars	Year ended 31 March 2022	Weighted average exercise price	Year ended 31 March 2021	Weighted average exercise price
<b>Outstanding at the beginning of the year</b>	260,000	10.00	-	10.00
Granted during the year	140,000	10.00	260,000	10.00
Options cancelled during the year	-	-		
<b>Outstanding at the end of the year</b>	<b>400,000</b>	<b>10.00</b>	<b>260,000</b>	<b>10.00</b>

The weighted average remaining contractual life outstanding as of 31 March 2022 was 5.41 years (31 March 2021: 6.15 years). The weighted average exercise price of options outstanding as of 31 March 2022 was ₹ 10.00 (31 March 2021: ₹ 10).

**NOTES OF THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March, 2022**

(All amounts in ₹ crores, unless otherwise stated)

- C) The fair value of RSUs used to compute per capita net income and earning per equity share has been done on the date of grant using Black-Scholes Model.

The key assumption in Black-Scholes Model for calculating fair value on grant are as under:

Particulars	RSU-I	RSU-II	RSU-III	RSU-IV	RSU-V	RSU-VI	RSU-VII	RSU-VIII	RSU-IX
Grant Date	9-Mar-21	9-Mar-21	9-Mar-21	9-Mar-21	27-May-21	16-Sep-21	16-Sep-21	27-Jan-22	27-Jan-22
Market Price (₹)	643.25	643.25	643.25	643.25	786.65	1535.85	1535.85	1798.85	1798.85
Exercise Price (₹)	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00
Expected Volatility (%) \$	59.23	59.23	59.23	59.23	59.61	63.43	63.43	61.33	61.33
Expected forfeiture on each vesting date (%)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Expected life (years)*	3 years	4 years	5 years	7 years	5.25 years	4 years	7 years	4 years	7 years
Dividend yield (%)	3.89	3.89	3.89	3.89	3.18	1.63	1.63	1.39	1.39
Risk free interest rate (%)	6.22	6.22	6.22	6.22	5.97	6.2	6.2	6.66	6.66
Fair value on grant date (₹)	564.1	542.764	522.237	483.505	658.41	1431.1	1363.78	1693.59	1625.35

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

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

**3. STOCK APPRECIATION RIGHTS (SARS):**

- A) Details of SARs under Cosmo Films Share Based Employee Benefit Scheme 2021 (CF SBEB Scheme, 2021) are as below:

Scheme	Date of grant	Number of options granted	Vesting condition	Exercise Period	Exercise price per share
Cosmo Films Share Based Employee Benefit Scheme 2021:					
Option I	3-Feb-22	31,650	On completion of 3 year of service from the date of grant	On completion of 3 year of service from the date of grant	₹ 1,800.00
Option II	3-Feb-22	31,650	On completion of 5 year of service from the date of grant	On completion of 5 year of service from the date of grant	₹ 1,800.00

**B) Movement of SARs granted**

Particulars	Year ended 31 March 2022	Year ended 31 March 2021
<b>Outstanding at the beginning of the year</b>	-	-
Granted during the year	63,300	-
Cancelled during the year	-	-
<b>Outstanding at the end of the year</b>	<b>63,300</b>	-

The weighted average remaining contractual life outstanding as of 31 March 2021 was 3.84 years (31 March 2021: Nil years). The weighted average exercise price of options outstanding as of 31 March 2022 was ₹ 1800.00 (31 March 2021: ₹ Nil).

- C) Market value of SARs as at the reporting date is used to determine the fair value amortised in the profit and loss account.



**NOTES OF THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March, 2022**

(All amounts in ₹ crores, unless otherwise stated)

**42 EMPLOYEE BENEFIT OBLIGATIONS**
**1) Gratuity**

The Group makes contribution towards gratuity to a defined retirement benefits plan for qualifying employees. The Group has taken policy with Life Insurance Corporation of India to provide for payment of retirement benefits to vested employees. The present value of obligation is determined based on actuarial valuation. The expected contribution to the plan for next annual reporting period amounts to ₹ 3.22 crores (31 March 2021: ₹ 2.84 crores).

The weighted average duration of the defined benefit obligation as at 31 March 2022 is 4 years (31 March 2021: 4 years).

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

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

	As at 31 March 2022	As at 31 March 2021
Present value obligation as at the end of the year	31.65	30.52
Fair value of plan assets as at the end of the year	(11.54)	(12.26)
<b>Net liability /(assets) recognised in Balance Sheet</b>	<b>20.11</b>	<b>18.26</b>

**b. Changes in defined benefit obligation**

	Year ended 31 March 2022	Year ended 31 March 2021
Present value obligation as at the start of the year	30.51	22.75
Interest cost	2.09	1.55
Current service cost	1.25	1.04
Past service cost	-	-
Benefits paid	(2.21)	(2.33)
Actuarial loss on obligations	0.01	7.51
<b>Present value obligation as at the end of the year</b>	<b>31.65</b>	<b>30.52</b>

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

	Year ended 31 March 2022	Year ended 31 March 2021
Fair value of plan assets at beginning of year	12.26	13.66
Interest income on plan assets	0.84	0.93
Return on plan assets excluding interest income	0.10	(0.10)
Contributions	0.55	0.10
Benefits paid	(2.21)	(2.33)
<b>Fair value of plan assets at the end of year</b>	<b>11.54</b>	<b>12.26</b>

**NOTES OF THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March, 2022**
*(All amounts in ₹ crores, unless otherwise stated)*
**d. Amount recognised in the Statement of Profit and Loss**

	Year ended 31 March 2022	Year ended 31 March 2021
Current service cost	1.18	1.03
Past service cost	-	
Interest cost	1.25	1.55
Expected return on plan asset	-	(0.93)
<b>Amount recognised in the Statement of Profit and Loss</b>	<b>2.43</b>	<b>1.65</b>

**e. Other Comprehensive Income**

	Year ended 31 March 2022	Year ended 31 March 2021
Actuarial (gain)/loss on arising from change in financial assumption	(0.36)	(0.02)
Actuarial loss/(gain) on arising from experience adjustment	0.37	7.53
Return on plan assets excluding interest income	(0.10)	0.10
<b>Unrecognised actuarial loss at the end of the year</b>	<b>(0.09)</b>	<b>7.61</b>

**f. Actuarial assumptions**

	As at 31 March 2022	As at 31 March 2021
Discount rate	7.23%	6.85%
Future salary increase	7.00%	7.00%

**g. Demographic assumptions**

	As at 31 March 2022	As at 31 March 2021
Retirement age (Years)	58	58
Mortality rates inclusive of provision for disability	Indian Assured Lives Mortality (2012-14)	Indian Assured Lives Mortality (2006-08)

**h. Sensitivity analysis for gratuity liability**

	As at 31 March 2022	As at 31 March 2021
<b>Impact of the change in discount rate</b>		
Present value of obligation at the end of the year	31.53	30.51
a) Impact due to increase of 0.50%	(0.45)	(0.42)
b) Impact due to decrease of 0.50%	0.48	0.45
<b>Impact of the change in salary increase</b>		
Present value of obligation at the end of the year	31.53	30.51
a) Impact due to increase of 0.50%	0.48	0.45
b) Impact due to decrease of 0.50%	(0.45)	(0.43)

**NOTES OF THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March, 2022**
*(All amounts in ₹ crores, unless otherwise stated)*
**i. Maturity profile of defined benefit obligation**

	As at 31 March 2022	As at 31 March 2021
April 2022 to March 2023	17.27	17.44
April 2023 to March 2024	2.66	1.20
April 2024 to March 2025	2.17	2.69
April 2025 to March 2026	1.35	1.92
April 2026 onwards	20.10	17.63

**j. Investment details**

	As at 31 March 2022		As at 31 March 2021	
	(₹ in crore)	% invested	(₹ in crore)	% invested
Insurance funds	11.54	100	12.26	100

**2) Defined contribution plans**

The Group also has certain defined contribution plans. Contributions are made to provident fund in India for employees at the rate 12% of basic salary as per regulations. The contributions are made to registered provident fund administered by the government. The obligations of the Group is limited to the amount contributed and it has no further contractual nor any constructive obligation.

Particulars	Year ended 31 March 2022	Year ended 31 March 2021
Employer's contribution to Provident Fund	5.00	3.96
Employer's contribution to Superannuation Fund	1.72	1.29
Employer's contribution to labour welfare fund and employee state insurance	0.23	0.20
Employer's contribution to other funds	0.50	0.68

- 3) The Group has granted non-recurring long term incentives to select employees which is linked with valuations of specified businesses of a future date. In view of the management, projections of future valuations of specified businesses as at the current reporting date is not feasible. Accordingly, the Group has not recognized any expense on this account for the year ended 31 March 2022.

**43 LEASES**

- A** The Group has taken residential/commercial premises on lease. There are no restrictions placed upon the Group by entering into these leases and there are no subleases. The Group is prohibited from selling or pledging the underlying leased assets as security. The Group also has certain leases of various assets with lease terms of 12 months or less. The Group applies the 'short-term lease' recognition exemptions for these leases

**B Lease liabilities are presented in the statement of financial position as follows:**

Particulars	Year ended 31 March 2022	Year ended 31 March 2021
Non-current	6.39	-
Current	1.72	-
<b>Total</b>	<b>8.11</b>	<b>-</b>

**NOTES OF THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March, 2022**

(All amounts in ₹ crores, unless otherwise stated)

**C Lease payments not included in measurement of lease liability**

The expense relating to payments not included in the measurement of the lease liability is as follows:

Particulars	Year ended 31 March 2022	Year ended 31 March 2021
Short-term leases	13.13	11.71
Leases of low value assets	-	-
<b>Total</b>	<b>13.13</b>	<b>11.71</b>

**D** The maturity analysis of lease liabilities are disclosed in Note no. 47

**E** Total cash outflow for leases for the year ended 31 March 2022 was ₹ 14.26 crores (31 March 2021: ₹ 11.71 crores).

**44 RELATED PARTY DISCLOSURES**

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

**List of related parties and relationships:**
**A. Key management personnel**

- a) Mr. Ashok Jaipuria, Chairman and Managing Director of Company
- b) Mr. Anil Kumar Jain, Director of corporate affairs
- c) Mr. H. K. Agrawal, Independent Director
- d) Mr. Rajeev Gupta, Independent Director (resigned w.e.f. 7 August 2020)
- e) Mrs Alpana Parida, Independent Director
- f) Mr. Rakesh Nangia, Independent Director (joined w.e.f. 10 November 2020)
- g) Mr. Pratip Chaudhuri, Non-Independent Director
- h) Mr. H. N. Sinor, Independent Director
- i) Mr. Vivek Nangia, Independent Director (resigned w.e.f. 25 June 2020)
- j) Mr. Anil Wadhwa, Independent Director
- k) Mr. Arjun Singh, Independent Director (joined w.e.f. 27 October 2021)
- l) Mr. Pankaj Poddar, Chief Executive Officer
- m) Mr. Neeraj Jain, Chief Financial Officer
- n) Mrs. Jyoti Dixit, Company Secretary

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

- a) Sunrise Manufacturing Company Limited
- b) Pravasi Enterprises Limited
- c) Cosmo Foundation
- d) Gayatri & Annapurana (Partnership firm)
- e) Nangia & Company LLP
- f) Fawkes Management Private Ltd
- g) Cosmo Ferrites Limited
- h) Nangia Anderson LLP
- i) Petsfamilia Foundation

**NOTES OF THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March, 2022**

(All amounts in ₹ crores, unless otherwise stated)

**C. Relative of Key managerial personnel of the Company**

- a) Mrs. Yamini Kumar
- b) Mrs. Aanchal Jaipuria Bhandari
- c) Mr. Ambrish Jaipuria
- d) Mrs. Abha Jaipuria
- e) Mrs. Devyani Jaipuria
- f) Ms. Rachna Morarka
- g) Ms. Ruchir Jain

Particulars	Key management personnel and their Relatives		Enterprises owned or significantly influenced by key management personnel or their relatives		Total	
	Year ended 31 March 2022	Year ended 31 March 2021	Year ended 31 March 2022	Year ended 31 March 2021	Year ended 31 March 2022	Year ended 31 March 2021
<b>Transactions with related Parties</b>						
<b>1 Sales</b>						
Sales from pet care vertical	0.02	-	-	-	0.02	-
<b>2 Rent received</b>						
Sunrise Manufacturing Company Limited	-	-	-	0.01	-	0.01
Pravasi Enterprises Limited	-	-	0.02	0.02	0.02	0.02
<b>3 Professional fees paid/(received)</b>						
Mrs. Yamini Kumar	1.71	1.24	-	-	1.71	1.24
Nangia & Company LLP	-	-	0.07	0.18	0.07	0.18
Nangia Anderson LLP	-	-	0.27	-	0.27	-
Cosmo Ferrites Limited	-	-	(0.08)	-	(0.08)	-
<b>4 Short term employee benefits</b>	67.61	35.55	-	-	67.61	35.55
<b>5 Post employment benefits*</b>	1.20	0.76	-	-	1.20	0.76
<b>6 Share based payments</b>	4.01	0.32	-	-	4.01	0.32
<b>7 Buyback of shares</b>						
Mr. Ashok Jaipuria	-	1.26	-	-	-	1.26
Mr. Anil Kumar Jain	-	0.09	-	-	-	0.09
Mr. Rakesh Nangia	-	0.11	-	-	-	0.11
Mr. Pankaj Poddar	-	0.04	-	-	-	0.04
Mr. Ambrish Jaipuria	-	1.29	-	-	-	1.29
Mrs. Aanchal Jaipuria Bhandari	-	0.33	-	-	-	0.33
Mrs. Yamini Kumar	-	0.19	-	-	-	0.19
Mrs Abha Jaipuria	-	0.09	-	-	-	0.09
M/s Gayatri & Annapurana	-	-	-	27.41	-	27.41
Fawkes Management Private Ltd.	-	-	-	0.74	-	0.74
Pravasi Enterprises Limited	-	-	-	0.02	-	0.02

**NOTES OF THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March, 2022**

(All amounts in ₹ crores, unless otherwise stated)

Particulars	Key management personnel and their Relatives		Enterprises owned or significantly influenced by key management personnel or their relatives		Total	
	Year ended 31 March 2022	Year ended 31 March 2021	Year ended 31 March 2022	Year ended 31 March 2021	Year ended 31 March 2022	Year ended 31 March 2021
<b>8 Sitting fee/commission paid</b>						
Mr. H. K. Agrawal	0.36	0.31	-	-	0.36	0.31
Mr. Rajeev Gupta	-	0.01	-	-	-	0.01
Mrs. Alpana Parida	0.35	0.33	-	-	0.35	0.33
Mr. Pratip Chaudhuri	0.37	0.34	-	-	0.37	0.34
Mr. H. N. Sinor	0.36	0.33	-	-	0.36	0.33
Mr. Vivek Nangia	-	0.01	-	-	-	0.01
Mr. Anil Wadhwa	0.35	0.33	-	-	0.35	0.33
Mr. Rakesh Nangia	0.35	0.13	-	-	0.35	0.13
Mr. Arjun Singh	0.14	-	-	-	0.14	-
<b>9 Loan given</b>						
Mr. Anil Kumar Jain	2.40	-	-	-	2.40	-
<b>10 Loan (repayment) received</b>						
Mr. Pankaj Poddar	(0.37)	(2.04)	-	-	(0.37)	(2.04)
Mr. Anil Kumar Jain	(2.40)	-	-	-	(2.40)	-
<b>11 Interest income on loan given</b>						
Mr. Pankaj Poddar	0.29	0.39	-	-	0.29	0.39
Mr. Anil Kumar Jain	0.02	-	-	-	0.02	-
<b>12 Contribution to CSR / Donation paid</b>						
Contribution to Cosmo Foundation	-	-	2.80	3.13	2.80	3.13
Contribution to Petsfamilia Foundation	-	-	0.01	-	0.01	-

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

Particulars	Enterprises owned or significantly influenced by key management personnel or their relatives		Key management personnel and their Relatives		Total	
	As at 31 March 2022	As at 31 March 2021	As at 31 March 2022	As at 31 March 2021	As at 31 March 2022	As at 31 March 2021
<b>Outstanding balances</b>						
<b>1 Remuneration/commission payable</b>	-	-	35.16	18.10	35.16	18.10
<b>2 Loan outstanding</b>						
Mr. Pankaj Poddar	-	-	7.24	7.61	7.24	7.61
<b>3 Interest receivable</b>						
Mr. Pankaj Poddar	-	-	0.01	0.08	0.01	0.08

**NOTES OF THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March, 2022**
*(All amounts in ₹ crores, unless otherwise stated)*
**45 SEGMENT REPORTING**

In accordance with Ind AS 108, the Board of directors being the Chief operating decision maker of the Group has determined its only one reportable business segment of packaging films. Further, in terms of Paragraph 4 and 31 of Ind AS 108 'Operating Segments', entity wide disclosures have been presented below:

In addition, one minor operating segments is shown under other segments. The main sources of revenue for this segment is the sale of equipments, related parts and services and revenue from pet care business

**Business segment**
**Year ended 31 March 2022**

<b>Particulars</b>	<b>Packaging Films</b>	<b>Others</b>	<b>Total</b>
<b>Revenue</b>			
External sales	3,031.55	6.84	3,038.39
<b>Total revenue</b>	<b>3,031.55</b>	<b>6.84</b>	<b>3,038.39</b>
<b>Results</b>			
Segment result	600.15	(9.19)	590.96
Unallocated corporate expenses	-	-	(34.53)
<b>Operating profit</b>	<b>600.15</b>	<b>(9.19)</b>	<b>556.43</b>
Interest expenses and finance charges	-	-	39.81
<b>Profit before tax</b>	<b>600.15</b>	<b>(9.19)</b>	<b>516.62</b>
Income taxes	-	-	(120.01)
<b>Profit for the year</b>	<b>600.15</b>	<b>(9.19)</b>	<b>396.61</b>
<b><u>Other information</u></b>			
Segment assets	2,219.21	14.18	2,233.39
Unallocated corporate assets	-	-	526.16
<b>Total assets</b>	<b>2,219.21</b>	<b>14.18</b>	<b>2,759.55</b>
Segment liabilities	593.15	21.53	614.68
Unallocated corporate liabilities	-	-	954.13
<b>Total liabilities</b>	<b>593.15</b>	<b>21.53</b>	<b>1,568.81</b>
Capital expenditure	280.22	2.75	282.97
Depreciation, amortisation and impairment expense	61.98	1.32	63.30



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**Business segment**
**Year ended 31 March 2021**

Particulars	Packaging Films	Others	Total
<b>Revenue</b>			
External sales	2,283.17	2.01	2,285.18
<b>Total revenue</b>	<b>2,283.17</b>	<b>2.01</b>	<b>2,285.18</b>
<b>Results</b>			
Segment result	389.93	1.09	391.02
Unallocated corporate expenses	-	-	(20.60)
<b>Operating profit</b>	<b>389.93</b>	<b>1.09</b>	<b>370.42</b>
Interest expenses and finance charges	-	-	41.68
<b>Profit before tax</b>	<b>389.93</b>	<b>1.09</b>	<b>328.74</b>
Income taxes	-	-	(91.84)
<b>Profit for the year</b>	<b>389.93</b>	<b>1.09</b>	<b>236.90</b>
<b>Other information</b>			
Segment assets	1,776.42	-	1,776.42
Unallocated corporate assets	-	-	348.91
<b>Total assets</b>	<b>1,776.42</b>	<b>-</b>	<b>2,125.33</b>
Segment liabilities	411.85	-	411.85
Unallocated corporate liabilities	-	-	859.62
<b>Total liabilities</b>	<b>411.85</b>	<b>-</b>	<b>1,271.47</b>
Capital expenditure	74.57	-	74.57
Depreciation, amortisation and impairment expense	59.22	-	59.22

**Business segment / geographical segment**
**Year ended 31 March 2022**

Segment assets are allocated based on their physical location. Revenues from external customers have been identified on the basis of the customer's geographical location and are disclosed below.

Particulars	Revenue	Segment assets	Capital expenditure
In India	1,523.42	2,391.34	282.97
Outside India	1,514.97	368.21	-
<b>Total</b>	<b>3,038.39</b>	<b>2,759.55</b>	<b>282.97</b>

**Revenue as per Customers (more than 10% of revenue):**

There is no single external customer who has contributed of 10% or more to the Group's revenue.

**NOTES OF THE CONSOLIDATED FINANCIAL STATEMENTS** for the year ended 31 March, 2022

(All amounts in ₹ crores, unless otherwise stated)

**Business segment / geographical segment**

Year ended 31 March 2021

Particulars	Revenue	Segment assets	Capital expenditure
In India	1,188.44	1,849.57	72.47
Outside India	1,096.74	275.76	2.10
<b>Total</b>	<b>2,285.18</b>	<b>2,125.33</b>	<b>74.57</b>

**Revenue as per Customers (more than 10% of revenue):**

There are no single external customer who has contributed of 10% or more in the Group's revenue.

**46 FAIR VALUE MEASUREMENTS**
**A) Financial assets and liabilities**

The accounting classification of each category of financial instruments, and their carrying amounts, are set out below:

As at 31 March 2022	Fair value through profit or loss	Fair value through other comprehensive income	Amortised cost
<b>Financial assets</b>			
(i) Investments	249.04	197.12	-
(ii) Trade receivables	-	-	219.97
(iii) Cash and cash equivalents	-	-	45.65
(iv) Other bank balances	-	-	15.11
(v) Loans	-	-	8.73
(vi) Derivative assets	4.11	1.01	-
(vii) Others financial assets	-	-	23.43
<b>Total</b>	<b>253.15</b>	<b>198.13</b>	<b>312.89</b>
<b>Financial liabilities</b>			
(i) Borrowings	-	-	810.05
(ii) Lease liabilities	-	-	8.11
(iii) Trade payables	-	-	364.70
(iv) Derivative liabilities	5.76	1.28	-
(v) Other financial liabilities	-	-	93.32
<b>Total</b>	<b>5.76</b>	<b>1.28</b>	<b>1,276.18</b>

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(All amounts in ₹ crores, unless otherwise stated)

As at 31 March 2021	Fair value through profit or loss	Fair value through other comprehensive income	Amortised cost
<b>Financial assets</b>			
(i) Investments	3.13	244.32	-
(ii) Trade receivables	-	-	188.51
(iii) Cash and cash equivalents	-	-	63.46
(iv) Other bank balances	-	-	11.43
(v) Loans	-	-	9.96
(vi) Derivative assets	6.05	-	-
(vii) Others financial assets	-	-	37.56
<b>Total</b>	<u>9.18</u>	<u>244.32</u>	<u>310.92</u>
<b>Financial liabilities</b>			
(i) Borrowings	-	-	761.20
(ii) Lease liabilities	-	-	-
(iii) Trade payables	-	-	203.70
(iv) Derivative liabilities	2.87	-	-
(v) Other financial liabilities	-	-	92.98
<b>Total</b>	<u>2.87</u>	<u>-</u>	<u>1,057.88</u>

**B) Fair value hierarchy**
**The different levels of fair value have been defined below:**

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

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

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

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

As at 31 March 2022	Note	Level 1	Level 2	Level 3
<b>Financial assets</b>				
(i) Investments	6 and 11	239.80	184.44	21.92
(ii) Derivative assets	8 and 16	-	5.12	-
<b>Total Financial assets</b>		<u>239.80</u>	<u>189.56</u>	<u>21.92</u>
<b>Financial liabilities</b>				
(i) Derivative liabilities	21 and 27	-	7.04	-
<b>Total Financial liabilities</b>		<u>-</u>	<u>7.04</u>	<u>-</u>

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(All amounts in ₹ crores, unless otherwise stated)

As at 31 March 2021	Note	Level 1	Level 2	Level 3
<b>Total</b>				
(i) Investments	6 and 11	234.81	-	12.64
(ii) Derivative assets	8 and 16	-	6.05	-
<b>Total Financial assets</b>		<b>234.81</b>	<b>6.05</b>	<b>12.64</b>
<b>As at 31 March 2021</b>				
(i) Derivative liabilities	21 and 27	-	2.87	-
<b>Total Financial liabilities</b>		<b>-</b>	<b>2.87</b>	<b>-</b>

**Valuation process and technique used to determine fair values**

- (i) All financial instruments are initially recognised at cost and subsequently re-measured at fair value as described below:
- The fair value of investment in quoted Equity Shares is measured at quoted price as at reporting date.
  - The fair value of investment in quoted Bonds and Debentures is measured based on the last traded price on stock exchange as at the reporting date.
  - The fair value of investments in Alternative Investment Funds and Mutual Funds is based on the net asset value (NAV) as stated by the issuers of these funds in the published statements as at the balance sheet date.
  - The fair value for unquoted instruments where Level 1 inputs are not available, the Company engages third party valuers, where required, to perform the valuation. Information about the valuation techniques used in determining the fair value of various assets is as follows:
    - Asset Approach: Net Assets Value Method
    - Income Approach: Discounted Cash Flows Method
    - Market Approach: Comparable Companies Multiples Method
- (ii) Fair value for derivatives contracts is determined using observable forward and option exchange rates and yield curves as at the balance sheet date.

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

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

The fair values of loans are not materially different from the amortised cost thereof. Further, the management assessed that fair values of trade receivables, cash and cash equivalents, other bank balances, other current financial assets (excluding derivative assets), current borrowings, trade payables and other current financial liabilities (excluding derivative liabilities) approximate their respective carrying amounts largely due to the short-term maturities of these instruments. The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

All the long term borrowing facilities availed by the Group are variable rate facilities which are subject to changes in underlying interest rate indices. Further, the credit spread on these facilities are subject to change with changes in Group's creditworthiness. The management believes that the current rate of interest on these loans are in close approximation from market rates applicable to the Group. Therefore, the management estimates that the fair value of these borrowings are approximate to their respective carrying values.

The fair value measurements disclosed in respect of financial assets and liabilities measured at amortised cost fall within Level 3 of fair value hierarchy.

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(All amounts in ₹ crores, unless otherwise stated)

**47 RISK MANAGEMENT**

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

Risk	Exposure arising from	Measurement	Management
Credit risk	Cash and cash equivalents, other bank balances, loans, trade receivables, other financial assets and investments	Ageing analysis Credit ratings	Diversification of bank deposits, collateral credit limits and letter of credit Investment guidelines for debt investments
Liquidity risk	Borrowings and other liabilities	Rolling cash flow forecasts	Availability of committed credit lines and borrowing facilities
Market risk - foreign exchange	Recognised financial assets and liabilities not denominated in Indian rupee (INR)	Cash flow forecasting	Foreign currency forwards Foreign currency options Cross currency swaps
Market risk - interest rate	Long-term borrowings at variable rates	Sensitivity analysis	Interest rate swaps
Market risk - security price	Investments in mutual funds and debt securities	Sensitivity analysis	Diversification of portfolio, with focus on strategic investments

**A. Credit Risk**

Credit risk is the risk that a counterparty fails to discharge its obligation to the Group. The Group's exposure to credit risk is influenced mainly by cash and cash equivalents, trade receivables and other financial assets measured at amortised cost. The Group continuously monitors defaults of customers and other counterparties and incorporates this information into its credit risk controls.

**Credit risk management**
*Credit risk rating*

The Group assesses and manages credit risk of financial assets based on following categories arrived on the basis of assumptions, inputs and factors specific to the class of financial assets.

A: Low credit risk on financial reporting date

B: Moderate credit risk

C: High credit risk

The Group provides for expected credit loss on financial assets other than trade receivables based on the following:

Basis of categorisation	Asset class exposed to credit risk	Provision for expected credit loss
Low credit risk	Cash and cash equivalents, other bank balances, loans, trade receivables, other financial assets and investments	12 month expected credit loss
Moderate credit risk	Other financial assets	12 month expected credit loss unless credit risk has increased significantly since initial recognition, in which case allowance is measured at lifetime expected credit loss.
High credit risk	Other financial assets	Life time expected credit loss or fully provided for

**NOTES OF THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March, 2022**

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As the group's trade receivables do not contain a significant financing component, it measures the loss allowance in respect thereof at an amount equal to lifetime expected credit losses.

Based on business environment in which the Group operates, a default on a financial asset is considered when the counter party fails to make payments within a reasonable time after the agreed time period as per contract. Loss rates reflecting defaults are based on actual credit loss experience and considering differences between current and historical economic conditions.

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

**Credit risk exposure**

Credit rating	Particulars	As at 31 March 2022	As at 31 March 2021
A: Low credit risk	Cash and cash equivalents	45.65	63.46
	Other bank balances	15.11	11.43
	Loans	8.73	9.96
	Other financial assets	28.56	43.61
	Trade receivables	219.97	188.51
	Investments	446.16	247.45
B: Medium credit risk	-	-	-
C: High credit risk	-	-	-

**Cash and cash equivalents and bank deposits**

Credit risk related to cash and cash equivalents and bank deposits is managed by only accepting highly rated banks and diversifying bank deposits and accounts in different banks across the country.

**Trade receivables**

Credit risk related to trade receivables are mitigated by taking bank guarantees/letter of credit, from customers where credit risk is high. The Group closely monitors the credit-worthiness of the debtors through internal systems that are configured to define credit limits of customers, thereby, limiting the credit risk to pre-calculated amounts. The Group assesses increase in credit risk on an ongoing basis for amounts receivable that become past due and default is considered to have occurred when amounts receivable become one year past due. All debtors are covered under credit insurance policy.

**Investments**

This risk refers to a situation where a particular bond issuer is unable to make the expected principal payments, interest rate payments, or both.

The Company's deployment in debt instruments are primarily in bonds and debentures issued by highly rated banks, financial institutions and public sector undertakings. With respect to the Company's investing activities, counter parties are shortlisted and exposure limits are determined on the basis of their credit rating (by independent agencies), financial statements and other relevant information. As these counter parties are Banks/ Financial Institutions /public sector undertakings with investment grade credit ratings and taking into account the experience of the Company over time, the counter party risk attached to such assets is considered to be insignificant.

Furthermore, with respect to the company's investments in Equity and Preference instruments, Mutual Funds and AIF's, since these investments are not exposed to counterparty risks, therefore they have been considered under low credit risk instruments.

**NOTES OF THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March, 2022**

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**Derivative instruments**

Credit risk related to derivative instruments is managed by the Group by doing transactions with highly rated banks. Further, management has established limits for use of derivative instruments to minimize the concentration of risks and therefore mitigate financial loss through counterparties potential failure to make payments.

**Other financial assets measured at amortised cost**

Other financial assets measured at amortised cost includes loans and advances to employees, security deposits and others Credit risk related to these other financial assets is managed by monitoring the recoverability of such amounts continuously.

**Provision for expected credit losses**
**a) Expected credit losses for financial assets other than trade receivables**

The Group provides for expected credit losses on loans and advances other than trade receivables by assessing individual financial instruments for expectation of any credit losses. Since, the group deals with only high-rated banks and financial institutions, credit risk in respect of cash and cash equivalents, other bank balances and bank deposits is evaluated as very low. In respect of loans, comprising of security deposits, credit risk is considered low because the group is in possession of the underlying asset. In respect of other financial assets, credit risk is evaluated based on group's knowledge of the credit worthiness of those parties. The group does not have any expected loss based impairment recognised on such assets considering their low credit risk nature.

**b) Expected credit loss for financial assets under simplified approach**

The Group recognizes lifetime expected credit losses on trade receivables using a simplified approach, wherein Group has defined percentage of provision by analysing historical trend of default and such provision percentage determined have been considered to recognize life time expected credit losses on trade receivables (other than those where default criteria are met in which case the full expected loss against the amount recoverable is provided for). Customer advances amounting to ₹ 29.82 crores (31 March 2021 : ₹ 34.16 crores) were not considered for the purpose of computation of expected credit losses under simplified approach. Based on such simplified approach, an allowance of ₹ 7.52 crores and ₹ 6.84 crores as at 31 March 2022 and 31 March 2021 respectively has been recognised.

Age of receivables	As at 31 March 2022	As at 31 March 2021
Not Due	206.15	186.65
0-180 days past due	44.70	37.24
181-360 days past due	0.51	0.19
More than 360 days past due	5.94	5.43
<b>Total</b>	<b>257.30</b>	<b>229.51</b>

**Reconciliation of loss provision-lifetime expected credit losses**

Reconciliation of loss allowance	Amount
<b>Loss allowance as at 1 April 2020</b>	<b>5.82</b>
Expected credit loss recognised during the year	1.12
Amounts written off	(0.10)
<b>Loss allowance as at 31 March 2021</b>	<b>6.84</b>
Expected credit loss recognised during the year	0.80
Amounts written off	(0.12)
<b>Loss allowance as at 31 March 2022</b>	<b>7.52</b>



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(All amounts in ₹ crores, unless otherwise stated)

**B. Liquidity Risk**

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due.

Management monitors rolling forecasts of the liquidity position and cash and cash equivalents on the basis of expected cash flows. The Group takes into account the liquidity of the market in which the entity operates.

**Financing arrangements**

The group has access to the following undrawn borrowing facilities at the end of reporting period:

Floating rate	As at 31 March 2022	As at 31 March 2021
Expiring within one year (cash credit and other facilities)	622.45	435.20
Expiring beyond one year (bank loans - floating rate)	-	166.28
<b>Total</b>	<b>622.45</b>	<b>601.48</b>

**Contractual Maturities of financial liabilities**

The tables below analyse the financial liabilities into relevant maturity groupings based on their contractual maturities.

31 March 2022	Less than 1 year	1 - 2 years	2 - 5 years	More than 5 years	Total
(i) Borrowings	330.40	152.00	227.93	99.72	810.05
(ii) Lease liability	1.72	1.74	4.65	-	8.11
(iii) Trade payables	364.70	-	-	-	364.70
(iv) Other financial liabilities	92.44	-	-	-	92.44
(iv) Derivative liabilities	7.04	-	-	-	7.04
<b>Total</b>	<b>796.30</b>	<b>153.74</b>	<b>232.58</b>	<b>99.72</b>	<b>1,282.34</b>

31 March 2021	Less than 1 year	1 - 2 years	2 - 5 years	More than 5 years	Total
(i) Borrowings	439.66	132.52	168.22	59.47	799.87
(ii) Lease liability	-	-	-	-	-
(iii) Trade payables	203.70	-	-	-	203.70
(iv) Other financial liabilities	92.98	-	-	-	92.98
(iv) Derivative liabilities	2.81	0.06	-	-	2.87
<b>Total</b>	<b>739.15</b>	<b>132.58</b>	<b>168.22</b>	<b>59.47</b>	<b>1,099.42</b>

**C. Market Risk**
**(i) Interest Rate risk**

The group's policy is to minimise interest rate cash flow risk exposures on long-term financing. As at 31 March 2022, the group is exposed to changes in market interest rates through bank borrowings at variable interest rates. Other borrowings are at fixed interest rates.

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Group's exposure to interest rate risk on borrowings is as follows:

Particulars	As at 31 March 2022	As at 31 March 2021
Variable rate	643.92	731.71
Fixed rate	166.13	28.58
<b>Total</b>	<b>810.05</b>	<b>760.29</b>

The following table illustrates the sensitivity of profit and equity to a possible change in interest rates of +/- 1% (31 March 2021: +/- 1%). These changes are considered to be reasonably possible based on observation of current market conditions. The calculations are based on a change in the average market interest rate for each period, and the financial instruments held at each reporting date that are sensitive to changes in interest rates. All other variables are held constant.

	Profit for the year+1%	Profit for the year-1%
<b>As at 31 March 2022</b>	(4.19)	4.19
<b>As at 31 March 2021</b>	(4.76)	4.76

**(ii) Foreign currency risk**

The Group is exposed to foreign exchange risk arising from foreign currency transactions, primarily with respect to the US Dollar, GBP, Euro and JPY. Fluctuations in foreign currency exchange rates may have an impact on profit or loss and the statement of change in equity, where any transaction references more than one currency or where assets/liabilities are denominated in a currency other than the functional currency of the Group.

Exposures on foreign currency loans are managed through a hedging policy, which is reviewed periodically to ensure that the results from fluctuating currency exchange rates are appropriately managed. The Group's policy is to hedge material foreign exchange risk associated with borrowings, highly probable forecast sales and purchases transactions denominated in foreign currencies. The Group strives to achieve asset liability offset of foreign currency exposures and only the net position is hedged.

The Group uses forward exchange contracts, currency swaps, other derivatives and non-derivative instruments to hedge the effects of movements in exchange rates on foreign currency denominated assets, liabilities and highly probable forecast transactions. The sources of foreign exchange risk are outstanding amounts payable for imported raw materials, capital goods and other supplies and as well as financing transactions and loans denominated in foreign currencies. The Group is also exposed to foreign exchange risk on its highly probable forecasted sales and purchases. The policy of the Group is to determine on a regular basis what portion of the foreign exchange risk on financing transactions and loans are to be hedged through forward exchange contracts and other instruments. Short-term net exposures are hedged progressively based on their maturity. The hedge mechanisms are reviewed periodically to ensure that the risk from fluctuating currency exchange rates is appropriately managed. The following analysis is based on the gross exposure as at the reporting date which could affect the profit or loss or other comprehensive income. Instruments designated in hedging relationship and hedge accounting disclosures are include in section "Derivative financial instruments and hedge accounting".

**NOTES OF THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March, 2022**

(All amounts in ₹ crores, unless otherwise stated)

Forex exposure	As at 31 March 2022		As at 31 March 2021	
	Foreign Currency	INR (in crores)	Foreign Currency	INR (in crores)
<b>Financial assets</b>				
USD	6,771,067	51.43	6,297,371	46.08
GBP	-	-	1,022,337	10.31
EUR	882,079	7.42	1,235,036	10.60
CAD	775,077	4.71	457,491	2.66
<b>Financial liabilities</b>				
USD	31,929,116	242.50	42,756,736	312.85
GBP	12,389	0.12	12,123	0.12
EUR	45,327,958	381.07	23,343,733	200.38
CAD	42,100	0.26	-	-
<b>Derivative Contracts</b>				
USD	(7,884,168)	(59.88)	(21,659,620)	(158.48)
EUR	(16,360,963)	(137.54)	(8,316,780)	(71.39)
<b>Forward contracts for forecasted transactions</b>				
GBP/INR	1,500,000	14.97	-	-

The following significant exchange rates have been applied:

Particulars	Year end spot rate	
	As at 31 March 2022	As at 31 March 2021
USD	75.95	73.17
GBP	99.78	100.86
EUR	84.07	85.84
JPY	0.62	0.66
CAD	60.75	58.24

**Sensitivity Analysis**

The sensitivity of profit or loss to changes in the exchange rates arises mainly from foreign currency denominated financial instruments and the impact on other components of equity arises from foreign forward exchange contracts and non-derivative financial instruments designated as cash flow hedges.

	Impact on profit after tax		Impact on other components of equity	
	31 March 2022	31 March 2021	31 March 2022	31 March 2021
<b>USD sensitivity</b>				
INR/USD increase by 5.00% (31 March 2021- 5.00%)	(6.10)	(8.68)	(0.11)	-
INR/USD decrease by 5.00% (31 March 2021- 5.00%)	6.10	8.68	0.11	-
<b>GBP sensitivity</b>				
INR/GBP increase by 5.00% (31 March 2021- 5.00%)	-	0.33	-	-
INR/GBP decrease by 5.00% (31 March 2021- 5.00%)	-	(0.33)	-	-

**NOTES OF THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March, 2022**

(All amounts in ₹ crores, unless otherwise stated)

	Impact on profit after tax		Impact on other components of equity	
	31 March 2022	31 March 2021	31 March 2022	31 March 2021
<b>EUR sensitivity</b>				
INR/EUR increase by 5.00% (31 March 2021- 5.00%)	(11.71)	(6.17)	(0.45)	-
INR/EUR decrease by 5.00% (31 March 2021- 5.00%)	11.71	6.17	0.45	-
<b>CAD sensitivity</b>				
INR/CAD increase by 5.00% (31 March 2021- 5.00%)	0.14	0.09	-	-
INR/CAD decrease by 5.00% (31 March 2021- 5.00%)	(0.14)	(0.09)	-	-

**Derivative financial instruments and hedge accounting**
**A) The fair value of the Group's open derivative positions recorded within financial instruments (derivative) is as follows:**

	As at 31 March 2022		As at 31 March 2021	
	Liability	Assets	Liability	Assets
<b>Non-current</b>				
Cash flow hedges				
- Forward foreign currency contracts	-	2.29	1.32	2.83
- Options	6.01	2.77	0.36	2.87
- Interest rate swaps	0.06	0.06	0.18	-
- Currency swaps	0.97	-	1.01	0.35
<b>Total</b>	<b>7.04</b>	<b>5.12</b>	<b>2.87</b>	<b>6.05</b>

\*Refer statement of profit and loss and statements of change in equity for the change in the fair value of cash flow hedges.

The Group uses foreign currency forward contracts, foreign currency options contracts and non-derivative financial instruments (i.e. foreign currency borrowings) to mitigate exchange rate exposure arising from forecast sales and purchase in USD, EUR and GBP. Also, the Group uses foreign currency options contracts, cross currency swap contracts and interest rate swap contracts to mitigate exchange rate exposure and interest rate exposure arising from foreign currency borrowings.

Hedge ineffectiveness is determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessments to ensure that an economic relationship exists between the hedged item and hedging instrument.

The critical terms of the foreign currency forwards and cross currency swaps entered into exactly match the terms of the hedged item. As such the economic relationship and hedge effectiveness are based on the qualitative factors and the use of a hypothetical derivative where appropriate.

In hedges of foreign currency borrowings and forecast transaction, ineffectiveness mainly arises because of Change in timing of hedged item from that of the hedging instrument and cost of hedging. The ineffectiveness arisen in the hedges have been disclosed.

All derivative financial instruments used for hedge accounting are recognised initially at fair value and reported subsequently at fair value in the balance sheet

To the extent that the hedge is effective, changes in the fair value of derivatives designated as hedging instruments in cash flow hedges are recognised in other comprehensive income and included within the cash flow hedge reserve in equity. Any ineffectiveness in the hedge relationship is recognised immediately in profit or loss.

At the time the hedged item affects profit or loss, any gain or loss previously recognised in other comprehensive

**NOTES OF THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March, 2022**

(All amounts in ₹ crores, unless otherwise stated)

income is reclassified from equity to profit or loss and presented as a reclassification adjustment within other comprehensive income.

If a forecast transaction is no longer expected to occur, any related gain or loss recognised in other comprehensive income is transferred immediately to profit or loss. If the hedging relationship ceases to meet the effectiveness conditions, hedge accounting is discontinued, and the related gain or loss is held in the equity reserve until the forecast transaction occurs.

Other derivatives, which have not been designated in hedging relationship, are considered by management to be part of economic hedge arrangements but have not been formally designated since the relationship between hedged item and hedging instrument is considered to be ineffective.

**Disclosure of effects of hedge accounting on financial position**

Type of hedge and risks	Nominal value	Carrying amount of hedging instrument		Maturity date	Hedge ratio	Average strike price	Changes in fair value of the hedging instrument	Change in the value of hedged item used as the basis for recognising hedge effectiveness
		Assets	Liabilities					
<b>As at 31 March 2022</b>								
<b>Cash flow hedge</b>								
<b>Derivative instruments</b>								
(i) Foreign exchange forward contracts	USD 11,812,998	2.24	0.97	April 2022- January 2023	1:1	USD/INR- 74.58	1.28	(1.28)
	EUR 14,727,182	0.34	5.92	April 2022- January 2023	1:1	EUR/INR- 88.35	(5.58)	5.58
	GBP 1,500,000	1.28	-	December 2022- April 2023	1:1	-	1.28	(1.28)
<b>Non-derivative instruments</b>								
(i) Foreign currency borrowings*	EUR 1,633,782	-	13.74	April 2022- July 2023	1:1	EUR/INR- 79.87	0.09	(0.09)
	USD 447,644	-	3.40	April 2022- May 2022	1:1	USD/INR- 75.95	-	-
<b>As at 31 March 2021</b>								
<b>Cash Flow hedge</b>								
<b>Derivative instruments</b>								
(i) Foreign exchange forward contracts	USD 24,881,595	2.16	2.22	June 2021- November 2021	1:1	USD/INR- 75.39	(0.06)	0.06
	EUR 7,347,375	0.62	0.44	April 2021- February 2022	1:1	EUR/INR- 87.88	0.18	(0.18)
	USD 1,500,000	0.35	-	April 2021- June 2021	1:1	-	0.35	(0.35)
	EUR 8,000,000	2.16	-	October 2021- December 2022	-	-	2.16	(2.16)
	EUR 3,000,000	0.25	-	May 2022- December 2022	-	-	0.25	(0.25)
(ii) Cross currency swap contracts	USD 611,835	0.35	-	April 2021- August 2021	1:1	USD/ INR 67.30	0.35	(0.35)
<b>Non-derivative instruments</b>								
(i) Foreign currency borrowings*	EUR 3,726,220	-	31.99	April 2021- July 2023	1:1	EUR/INR- 79.87	0.07	(0.07)
	USD 2,059,161	-	15.07	April 2021- May 2022	1:1	USD/JPY 111.27	(0.13)	0.13

\* represents outstanding balance of loans designated under natural hedge

**NOTES OF THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March, 2022**

(All amounts in ₹ crores, unless otherwise stated)

**Disclosure of effects of hedge accounting on financial performance**
**For the year ended 31 March 2022**

Type of hedge and risks	Change in the value of hedging instrument in other comprehensive income	Hedge ineffectiveness recognised in profit or loss	Amount reclassified from cash flow hedging reserve to profit or loss	Line item affected in statement of profit and loss because of reclassification and hedge ineffectiveness
Cash flow hedge				
Foreign currency and interest rate risk				
(i) Foreign exchange forward contracts	7.38	-	-	Finance cost and other expenses
(ii) Foreign currency borrowings	(0.47)	-	2.57	Finance cost and other expenses

**For the year ended 31 March 2021**

Type of hedge and risks	Change in the value of hedging instrument in other comprehensive income	Hedge ineffectiveness recognised in profit or loss	Amount reclassified from cash flow hedging reserve to profit or loss	Line item affected in statement of profit and loss because of reclassification and hedge ineffectiveness
Cash flow hedge				
Foreign currency and interest rate risk				
(i) Foreign exchange forward contracts	(1.84)	-	2.41	Finance cost and other expenses/income
(ii) Cross currency swap contracts	(0.79)	-	1.49	Finance cost and other expenses/income
(iii) Foreign currency borrowings	0.62	-	0.13	Finance cost and other expenses/income

**(iii) Price risk**
**Exposure**

The Group's exposure to price risk arises from investments held and classified in the balance sheet either as fair value through other comprehensive income or at fair value through profit or loss. To manage the price risk arising from investments, the Group diversifies its portfolio of assets.

**Sensitivity**

The table below summarises the impact of increases/decreases of the index on the Group's equity and profit for the period :

**Impact on profit after tax**

Particulars	Impact on profit after tax		Impact on other components of equity	
	As at 31 March 2022	As at 31 March 2021	As at 31 March 2022	As at 31 March 2021
Investments				
Net asset value - increase by 1%	1.62	0.02	1.28	1.59
Net asset value - decrease by 1%	(1.62)	(0.02)	(1.28)	(1.59)

**48 CAPITAL MANAGEMENT POLICIES**

The Company's capital management objectives are to ensure the Company's ability to continue as a going concern as well as to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

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The Group monitors capital on the basis of the carrying amount of equity plus its subordinated loan, less cash and cash equivalents as presented on the face of the statement of financial position and cash flow hedges recognised in other comprehensive income.

The Group manages its capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the group may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares. The amounts managed as capital by the group are summarised as follows:

The Group monitors capital on the basis of its gearing ratio, debt equity ratio and ratio of net debts to its earnings before interest, tax, depreciation and amortisation (EBITDA)

**Debt equity ratio**

Particulars	As at 31 March 2022	As at 31 March 2021
Total borrowings (including current maturities of long term debt)	810.05	761.20
Less: Investments	(445.95)	(247.24)
Less: Cash and cash equivalents	(45.65)	(63.46)
Less: Pledged bank deposits	(11.09)	(9.57)
Less: Deposits with bank	(2.00)	(0.38)
<b>Net debt</b>	<b>305.35</b>	<b>440.55</b>
Total equity	1,190.73	853.86
<b>Net debt to equity ratio (%)</b>	<b>25.64%</b>	<b>51.60%</b>

**Ratio of net debt to EBITDA**

Particulars	As at 31 March 2022	As at 31 March 2021
<b>Profit before exceptional items and tax*</b>	516.62	328.74
Add: Depreciation and amortisation expenses	63.30	59.22
Add: Finance cost	39.81	41.68
<b>EBITDA</b>	<b>619.73</b>	<b>429.64</b>
Net debt	305.35	440.55
<b>Ratio of net debt to EBITDA (times)</b>	<b>0.49</b>	<b>1.03</b>

\*includes other income

**Gearing Ratio**

Particulars	As at 31 March 2022	As at 31 March 2021
Net debt	305.35	440.55
Total equity	1,190.73	853.86
Equity and net debt	1,496.09	1,294.41
<b>Gearing Ratio (%)</b>	<b>20.41%</b>	<b>34.03%</b>

**Dividend paid**

Particulars	As at 31 March 2022	As at 31 March 2021
<b>Equity shares</b>		
Interim dividend for the year ended 31 March 2022 of ₹ 35 per share (31 March 2021: ₹ 25 per share)	62.70	44.53



**NOTES OF THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March, 2022**
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**49 GROUP INFORMATION**
**Information about subsidiaries consolidated**

The Consolidated Financial statements of the Group include entity listed in the table below:

S. No.	Name of Entity	Country of Incorporation	Proportion (%) of equity interest	
			Year Ended 31 March 2022	Year Ended 31 March 2021
<b>A. Subsidiary of Cosmo Films Limited</b>				
1	Cosmo Films Inc., USA	USA	100%	100%
2	CF (Netherlands) Holdings Limited BV., Netherlands	Netherlands	100%	100%
3	Cosmo Films Japan (GK)	Japan	100%	100%
4	Cosmo Films Korea Limited, Korea	Korea	100%	100%
5	CF Investment Holding Private (Thailand) Co., Ltd	Thailand	100%	100%
6	Cosmo Films Poland S.P. Z.O.O.	Poland	100%	100%
7	Cosmo Films (Singapore) Pte. Limited	Singapore	100%	100%
8	Cosmo Speciality Chemicals Private Limited	India	100%	100%
9	Cosmo Speciality Polymers Private Limited*	India	100%	100%

\*incorporated on 29 June 2021

**50 ADDITIONAL INFORMATION, AS REQUIRED UNDER SCHEDULE III OF THE COMPANIES ACT, 2013, OF THE ENTERPRISES CONSOLIDATED AS SUBSIDIARIES:**

Name of Entity	Net assets (total assets minus total liabilities)		Share in profit or (Loss)		Share in other comprehensive income		Share in total comprehensive income	
	As % of consolidated net assets	(Amount in ₹)	As % of consolidated profit or loss	(Amount in ₹)	As % of consolidated other comprehensive income	(Amount in ₹)	As % of consolidated total comprehensive income	(Amount in ₹)
<b>Parent</b>								
Cosmo Films Limited	91.4%	1,087.89	78.9%	312.94	112.2%	3.94	79.2%	316.88
<b>Subsidiary</b>								
Cosmo Films Inc., USA	14.6%	173.65	21.3%	84.67	75.2%	2.64	21.8%	87.31
CF (Netherlands) Holdings Limited BV., Netherlands	19.6%	233.74	7.1%	28.03	-15.8%	(0.55)	6.9%	27.47
Cosmo Films Japan (GK)	2.3%	27.69	-0.9%	(3.70)	-60.4%	(2.12)	-1.5%	(5.82)
Cosmo Films Korea Limited, Korea	2.7%	32.22	1.0%	4.03	-20.3%	(0.71)	0.8%	3.32
CF Investment Holding Private (Thailand) Co., Ltd	1.6%	18.56	-0.2%	(0.93)	-14.7%	(0.52)	-0.4%	(1.45)
Cosmo Films (Singapore) Pte. Limited	0.0%	0.07	0.0%	(0.08)	0.1%	0.00	0.0%	(0.08)
Cosmo Films Poland S.P. Z.O.O.	0.0%	0.13	0.0%	(0.06)	-0.4%	(0.02)	0.0%	(0.08)
Cosmo Speciality Chemicals Private Limited	3.2%	37.71	0.1%	0.35	-	-	0.1%	0.35
Cosmo Speciality Polymers Private Limited	0.2%	2.79		(0.52)	-	-	-0.1%	(0.52)
Adjustment arising out of consolidation	-35.5%	(423.71)	-7.2%	(28.12)	24.1%	0.85	-6.8%	(27.27)
<b>Total</b>	<b>100.0%</b>	<b>1,190.73</b>	<b>100.0%</b>	<b>396.61</b>	<b>100.0%</b>	<b>3.51</b>	<b>100.0%</b>	<b>400.12</b>

**NOTES OF THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March, 2022**
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**51 KEY FINANCIAL RATIOS:**
**Current Ratio**

Particulars	As at 31 March 2022	As at 31 March 2021
Current Assets	1,372.63	991.93
Current Liabilities	858.79	766.36
<b>Current ratio (times)</b>	<b>1.60</b>	<b>1.29</b>

**Total debt to equity ratio**

Particulars	As at 31 March 2022	As at 31 March 2021
Total borrowings (including current maturities of long term debt)	810.05	760.29
Total equity	1,190.73	853.86
<b>Total debt to equity ratio (%)</b>	<b>68.0%</b>	<b>89.0%</b>

**Debt service coverage ratio**

Particulars	As at 31 March 2022	As at 31 March 2021
Profit after tax	396.61	236.90
Add: Interest paid	39.81	41.68
Add: Depreciation and amortisation	63.30	59.22
<b>Net Operating Income</b>	<b>499.72</b>	<b>337.80</b>
Long term loan paid during the year	144.29	132.66
Add: Interest paid	39.81	41.68
<b>Debt service</b>	<b>184.10</b>	<b>174.34</b>
<b>Debt service coverage ratio (times)</b>	<b>2.71</b>	<b>1.94</b>

Explanation: improved primarily due to increase in operating income

**Return on equity ratio**

Particulars	As at 31 March 2022	As at 31 March 2021
<b>Profit after tax</b>	<b>396.61</b>	<b>236.90</b>
Share capital	18.17	18.17
Reserve and surplus	1,172.56	835.69
<b>Shareholder's funds</b>	<b>1,190.73</b>	<b>853.86</b>
<b>Return on equity ratio (%)</b>	<b>33.31%</b>	<b>27.74%</b>

**NOTES OF THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March, 2022**
*(All amounts in ₹ crores, unless otherwise stated)*
**Inventory turnover ratio**

Particulars	As at 31 March 2022	As at 31 March 2021
<b>Purchase of Goods</b>	<b>2,052.37</b>	<b>1,499.79</b>
Opening Inventory (a)	374.79	275.34
Closing Inventory (b)	554.08	374.79
<b>Average inventory ((a+b)/2)</b>	<b>464.43</b>	<b>325.07</b>
<b>Inventory turnover ratio (times)</b>	<b>4.42</b>	<b>4.61</b>

**Trade receivable turnover ratio**

Particulars	As at 31 March 2022	As at 31 March 2021
<b>Net sales</b>	<b>3,038.39</b>	<b>2,285.18</b>
Opening receivables (a)	188.51	193.14
Closing receivables (b)	219.97	188.51
<b>Average receivables ((a+b)/2)</b>	<b>204.24</b>	<b>190.83</b>
<b>Trade receivable turnover ratio (times)</b>	<b>14.88</b>	<b>11.98</b>

**Trade payable turnover ratio**

Particulars	As at 31 March 2022	As at 31 March 2021
<b>Cost of Goods Sold</b>	<b>2,052.37</b>	<b>1,499.79</b>
Opening payables (a)	203.70	157.11
Closing payables (b)	364.70	203.70
<b>Average payables ((a+b)/2)</b>	<b>284.20</b>	<b>180.41</b>
<b>Trade payable turnover ratio (times)</b>	<b>7.22</b>	<b>8.31</b>

**Net working capital turnover ratio**

Particulars	As at 31 March 2022	As at 31 March 2021
<b>Net sales</b>	<b>3,038.39</b>	<b>2,285.18</b>
Current assets (a)	1,372.63	991.93
Current liabilities (b)	858.79	766.36
<b>Net working capital (a-b)</b>	<b>513.84</b>	<b>225.57</b>
<b>Net working capital turnover ratio (times)</b>	<b>5.91</b>	<b>10.13</b>

Explanation: reduced primarily due to increase in net working capital in business primarily due to higher raw material prices.

**Net profit ratio**

Particulars	As at 31 March 2022	As at 31 March 2021
<b>Net profit</b>	<b>396.61</b>	<b>236.90</b>
<b>Net sales</b>	<b>3,038.39</b>	<b>2,285.18</b>
<b>Net profit ratio (%)</b>	<b>13.05%</b>	<b>10.37%</b>

Explanation: improved primarily due to increase in net profit due to higher speciality film sale, better BOPP film margin and higher subsidiaries profitability.

**NOTES OF THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March, 2022**
*(All amounts in ₹ crores, unless otherwise stated)*
**Return on capital employed**

Particulars	As at 31 March 2022	As at 31 March 2021
Profit before tax	516.62	328.74
Add: interest paid	39.81	41.68
<b>Earning before interest and tax (EBIT)</b>	<b>556.43</b>	<b>370.42</b>
Opening capital employed (a)	1,707.62	1,586.76
Closing capital employed (b)	2,137.19	1,707.62
<b>Average capital employed ((a+b)/2)</b>	<b>1,922.41</b>	<b>1,647.19</b>
<b>Return on capital employed (%)</b>	<b>28.94%</b>	<b>22.49%</b>

**\*Capital employed includes net worth, borrowings and deferred tax liability**

Explanation: improved primarily due to increase in earning before interest and tax due to higher speciality film sale, better BOPP film margin and higher subsidiaries profitability

**Return on investment (Equity instruments)**

Particulars	As at 31 March 2022	As at 31 March 2021
Fair value change (net)	9.91	5.84
Weighted average cost of instrument during the year	51.30	8.39
<b>Return on investment (Equity instruments) (%)</b>	<b>19.32%</b>	<b>69.61%</b>

Explanation: financial year 2020-21 return was exceptionally high due to market factors

**Return on investment (Debt instruments)**

Particulars	As at 31 March 2022	As at 31 March 2021
Fair value change (net) including interest income	23.63	28.95
Weighted average cost of instrument during the year	287.73	215.87
<b>Return on investment (Debt instruments) (%)</b>	<b>8.21%</b>	<b>13.41%</b>

Explanation: financial year 2020-21 return was exceptionally high due to market factors

**52 RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES**

The changes in the Group's liabilities arising from financing activities can be classified as follows:

Particulars	Long-term borrowings	Short-term borrowings	Total
<b>Debt as at 1 April 2021</b>	<b>466.57</b>	<b>293.72</b>	<b>760.29</b>
Cash flow:			
- Proceeds	289.37	-	<b>289.37</b>
- Repayment	(144.29)	(88.76)	<b>(233.05)</b>
- Finance cost adjustment for effective interest rate	0.30	-	<b>0.30</b>
- Foreign exchange difference	(7.15)	0.30	<b>(6.85)</b>
<b>Net debt as at 31 March 2022</b>	<b>604.80</b>	<b>205.26</b>	<b>810.05</b>

**NOTES OF THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March, 2022**

(All amounts in ₹ crores, unless otherwise stated)

Particulars	Long-term borrowings	Short-term borrowings	Total
<b>Debt as at 1 April 2020</b>	<b>482.94</b>	<b>306.51</b>	<b>789.45</b>
Cash flow:			
- Proceeds	124.15	(13.07)	<b>111.08</b>
- Repayment	(132.66)	-	<b>(132.66)</b>
- Finance cost adjustment for effective interest rate	0.30	-	<b>0.30</b>
- Foreign exchange difference	(8.16)	0.28	<b>(7.88)</b>
<b>Net debt as at 31 March 2021</b>	<b>466.57</b>	<b>293.72</b>	<b>760.29</b>

- 53** Per transfer pricing legislation under Sections 92-92F of the Income tax Act, 1961, the Holding Company is required to use certain specific methods in computing arm's length prices of international transactions with associated enterprises and maintain adequate documentation in this respect. Since law requires existence of such information and documentation to be contemporaneous in nature, the Holding Company has appointed independent consultants for conducting a Transfer Pricing Study (the 'Study') to determine whether the transactions with associate enterprises undertaken during the financial year are on an "arms length basis". Management is of the opinion that the Holding Company's international transactions are at arm's length and that the results of the on-going study will not have any impact on the financial statements and the independent consultants appointed have also preliminarily confirmed that they do not expect any transfer pricing adjustments.
- 54** The outbreak of Coronavirus (COVID- 19) pandemic globally and in India is causing significant disturbance and slowdown in economic activity. The Group is engaged in the business of flexible packaging films which is a part of essential commodities, and therefore the pandemic has so far had negligible impact on the business operations of the Group. The management has exercised due care, in concluding significant accounting judgements and estimates, inter alia, recoverability of receivables, impairment assessment of financial and non-financial assets, realisability of inventory and accordingly noted no significant impact on its financials statements. Further, management believes that the Group will be able to discharge the liabilities as and when falling due. The Group will continue to monitor current and future conditions and impact thereof on Group's operations.

 For **S.N. Dhawan & CO LLP**

Chartered Accountants

Firm Registration No.: 000050N/N500045

**For and on behalf of Board of Directors of Cosmo Films Limited**
**Rajeev Kumar Saxena**

Partner

Membership No.: 077974

**Har Kishanlal Agrawal**

Director

DIN: 00260592

**Ashok Jaipuria**

Chairman &amp; Managing Director

DIN: 00214707

**Pankaj Poddar**

Chief Executing Officer

Membership No.: 096861

**Neeraj Jain**

Chief Financial Officer

Membership No.: 097576

**Jyoti Dixit**

Company Secretary

Membership No.: F6229

**Place :** New Delhi

**Date :** 09 May 2022

(Pursuant to First Proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014  
Statement Containing salient features of the financial statements (As per Indian Accounting Standards,  
referred to in section 133 of the companies act 2013) of Subsidiaries and Associates

## Part A: Subsidiaries

Name of the Subsidiary	Reporting Period	Reporting Currency and Exchange rate as on the last date of the relevant Financial Year in the case of foreign subsidiaries		Share Capital	Reserve and Surplus	Total Assets	Total Liabilities	Total Investments	Turnover	Profit/ (loss) before tax	Provision for Tax	Profit/ (loss) after tax	Proposed Dividend	% of Share Holding
		Currency	Exchange rate as on March 31, 2022											
CF ( Netherlands) Holdings Limited B.V	1 April 2021 -31 March 2022	EUR	84.03	195.19	38.55	252.73	18.99	-	85.92	30.81	2.78	28.03	-	100%
Cosmo Films (Japan) GK	1 April 2021 -31 March 2022	JPY	0.62	8.00	19.69	67.30	39.61	-	85.68	(5.02)	(1.32)	(3.70)	-	100%
Cosmo Films (Singapore) Pte Ltd.	1 April 2021 -31 March 2022	SGD	56.03	0.46	(0.39)	0.14	0.07	-	-	(0.08)	-	(0.08)	-	100%
Cosmo Films Korea Ltd.	1 April 2021 -31 March 2022	KRW	0.06	9.71	22.51	87.56	55.34	-	154.13	5.17	1.14	4.03	-	100%
Cosmo Films Inc	1 April 2021 -31 March 2022	USD	75.93	177.54	(3.89)	236.22	62.57	36.37	452.94	84.67	-	84.67	-	100%
CF Investment Holding Private (Thailand) Co. Ltd.	1 April 2021 -31 March 2022	THB	2.28	27.90	(9.34)	18.60	0.04	13.66	-	(0.94)	-	(0.94)	-	100%
Cosmo Films Poland S.P. Z.O.O	1 April 2021 -31 March 2022	PLN	18.08	0.47	(0.35)	0.13	0.01	-	-	(0.06)	-	(0.06)	-	100%
Cosmo Speciality Chemicals Private Limited	1 April 2021 -31 March 2022	INR	1.00	37.02	0.69	71.17	33.46	-	89.81	0.42	0.07	0.35	-	100%
Cosmo Speciality Polymers Private Limited	1 April 2021 -31 March 2022	INR	1.00	3.31	(0.52)	4.68	1.89	-	-	(0.52)	-	(0.52)	-	100%

## Notes :

1) Name of Subsidiaries which have been liquidated or sold during the year -Not Applicable

## Part B: Associates &amp; Joint Ventures Nil

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

**Har Kishanlal Agrawal**  
Director  
DIN: 00260592

**Ashok Jaipuria**  
Chairman & Managing Director  
DIN: 00214707

**Pankaj Poddar**  
Chief Executive Officer  
Membership No.: 096861

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

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







Regd. Office: 1008, DLF Tower- A, Jasola District Centre, New Delhi 110025  
T: +91 11 4949 4949, F: +91 11 4949 4950, [www.cosmofilms.com](http://www.cosmofilms.com)