

ANNUAL REPORT

FY 2019-2020



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

WHAT WE HOPE TO ACHIEVE

Vision 2020...

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

Mission...

For Customers:

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

For Employees:

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

For Shareholders:

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

For Vendors:

To create symbiotic relationships that drives mutual growth.

For Community:

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

WHAT DRIVES US CORE VALUES OF COSMO

Customer Orientation

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

People

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

Innovation

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

Fair Business Practices

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

CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr. Ashok Jaipuria
Chairman & Managing Director

Mr. Anil Kumar Jain
Director of Corporate Affairs

Mr. H.K. Agrawal
Independent Director

Mr. Rajeev Gupta
Non-Independent Director

Mrs. Alpana Parida
Independent Director

Mr. Pratip Chaudhuri
Non-Independent Director

Mr. H.N Sinor
Independent Director

Dr. Vivek Nangia*
Independent Director

Mr. Anil Wadhwa
Independent Director

CHIEF EXECUTIVE OFFICER

Mr. Pankaj Poddar

CHIEF FINANCIAL OFFICER

Mr. Neeraj Jain

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

Mr. Sanjay Chincholikar

COMPANY SECRETARY & COMPLIANCE OFFICER

Ms. Jyoti Dixit

AUDITORS

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

BANKERS

Development Bank of Singapore (DBS
Limited)

Export Import Bank of India

ICICI Bank Limited

IDBI Bank Limited

Landesbank Baden – Wurttemberg

State Bank of India

Union Bank of India

Yes Bank Limited

IndusInd Bank Limited

HDFC Bank Limited

SVC Bank

Bajaj Finance Ltd.

IDFC Bank Ltd

Cooperative Rabo Bank

TRANSFER AGENTS

M/s. Alankit Assignments Ltd.

4E/2, Alankit House,

Jhandewalan Extension,

New Delhi – 110055

• Ceased as Director w.e.f 25th June, 2020

DIRECTORS' PROFILE



Mr. Ashok Jaipuria

Chairman & Managing Director

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



Mr. Anil Kumar Jain

Director of Corporate Affairs

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



Mr. H. K. Agrawal

Independent Director

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



Mr. Rajeev Gupta

Non-Independent Director

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



Mrs. Alpana Parida

Independent Director

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



Mr. Pratip Chaudhuri
Non-Independent Director

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



Mr. H. N. Sinor
Independent Director

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



Dr. Vivek Nangia*
Independent Director

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



Mr. Anil Wadhwa
Independent Director

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

* Ceased as Director w.e.f 25th June, 2020

CHAIRMAN'S MESSAGE



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

Our Industry

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

Our Results

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

The Pandemic

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

The Future

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

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

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

Repaying Debt to Society

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

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

Ashok Jaipuria
Chairman and Managing Director

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