



# DIRECTORS' REPORT

Dear Shareholders,

Your Directors have great pleasure in presenting the Fifth Annual Report together with the Audited Financial Statements for the financial year ended March 31, 2017.

## FINANCIAL REVIEW

### Financial Performance

(Rs. in Lacs)

Particulars	Year Ended March 31, 2017	Year Ended March 31, 2016
<b>Revenue from Operations (Net)</b>	<b>65,420.31</b>	<b>70,046.51</b>
Total Revenues	66,599.34	70,993.42
<b>Operating Expenses</b>	<b>61,186.82</b>	<b>62,827.76</b>
EBDITA	5,412.52	8,165.66
<b>Depreciation</b>	<b>2,056.10</b>	<b>1,912.66</b>
Interests	3,078.13	3,516.49
<b>Taxes</b>	<b>(220.23)</b>	<b>751.05</b>
Net Profit After Tax	498.53	1,985.46
No. of Equity Shares (Nos.)	33,787,850	33,787,850
EPS	1.48	5.88
Balance brought forward from previous year	2,326.98	750.10
<b>Appropriations</b>		
Interim Dividend	-	<b>337.88</b>
<b>Tax on Interim Dividend</b>	-	<b>70.70</b>
<b>Balance Carried forward</b>	<b>2,825.51</b>	<b>2,326.98</b>

## OPERATIONAL REVIEW

### Operational Performance

A pioneer of BOPP films in India, the Company continues to strive towards its goal of being a niche player with a continued focus on speciality films. Polymer-based BOPP films play a critical role in the flexible packaging of processed foods, confectionery, fast moving consumer goods (FMCG) and industrial goods. Your Company is also a leading producer of Graphic Lamination films for print finishing and luxury packaging. The Company with an eye on the future plans to commission a new BOPP line in FY 2018 with an investment of Rs. 250 crore. having a capacity of 32,000 tonnes speciality line which will enable it to become a speciality player. The total revenue earned by the Company during the year was Rs. 665.99 crore, with profit before tax being Rs. 2.78 crore. The Company earned a profit after tax of Rs. 4.99 crore.

### Dividend

In view of future business plans, the Board of Directors of the Company do not propose dividend for the year ended March 31, 2017.

### Transfer to Reserves

The Company has transferred net profit after taxes to surplus of profit and loss account. Details of amount transferred are as below:  
(Rs. in Lacs)

Particulars	As at March 31, 2017
<b>Surplus/(Deficit) in statement of Profit &amp; loss</b>	
Balance as per Last financials statement	2,326.98
Add: Profit for the year	498.53
Less: Appropriations	
Interim Dividend	-
Tax on interim dividend	-
<b>Net surplus/deficit in the statement of Profit &amp; Loss</b>	<b>2,825.51</b>

## **Material changes between the end of the Financial Year and the date of this Report**

Pursuant to the approval of Board of Directors in its meeting held on February 10, 2017, the company entered into Share Purchase and Share Subscription Agreement and Shareholders Agreement executed by and amongst (i) Toppan Printing Co., Ltd., Japan; (ii) Max Ventures and Industries Limited; and (iii) Max Speciality Films Limited.

On April 06, 2017, the Company has issued and allotted 51,18,407 (Fifty One Lakh Eighteen Thousand Four Hundred Seven) equity shares of face value of Rs. 10/- each (Rupees Ten only) (representing 13.16% on fully diluted basis) at a premium of Rs. 94.27/- (Rupees Ninety Four and Twenty Seven Paise Only) i.e. at an aggregate price of Rs. 104.27/- (Rupees One Hundred Four and Twenty Seven Paise Only) to Toppan Printing Co., Limited on private placement basis for an aggregate consideration of Rs. 53,36,96,297.89 (Rupees Fifty Three Crore Thirty Six Lakh Ninety Six Thousand Two Hundred Ninety Seven and Eighty Nine Paise only).

Further, Max Ventures and Industries Limited (i.e. the holding company) has purchased 3,38,350 (Three Lacs Thirty Eight Thousand Three Hundred Fifty) equity shares of the Company from Pharmax Corporation Limited on April 03, 2017 and has transferred 1,39,45,659 (One Crore Thirty Nine Lacs Forty Five Thousand Six Hundred Fifty Nine) equity shares of face value of Rs. 10/- (Rupees Ten only) each (representing 35.84% on fully diluted basis) at a premium of Rs. 94.27/- (Rupees Ninety Four and Twenty Seven Paise Only) i.e. at an aggregate price of Rs. 104.27/- (Rupees One Hundred Four and Twenty Seven Paise Only) to Toppan Printing Co., Limited. Thus, Toppan Printing Co., Limited holds 19,064,066 (One Crore Ninety Lakhs Sixty Four Thousand Sixty Six) equity shares of face value of Rs. 10/- (Rupees Ten only) each representing 49% (on a fully diluted basis) of the equity shares of the Company w.e.f April 06, 2017.

## **SHARE CAPITAL**

The Authorized Share Capital of the Company as on March 31, 2017 was Rs. 50,00,00,000/- (Rupees Fifty Crore only) comprising of 5,00,00,000 (Five Crores) equity shares of Rs. 10/- (Rupees Ten only) each.

The Paid-up Capital of the Company as on March 31, 2017 was Rs. 33,78,78,500/- (Rupees Thirty Three Crores Seventy Eight lacs Seventy Eight Thousand Five Hundred only) comprising of 3,37,87,850 (Three Crores Thirty Seven Lakhs Eighty Seven Thousand Eight Hundred Fifty) equity shares of Rs. 10/- (Rupees Ten only) each.

The Paid-up Capital of the Company was increased to Rs. 38,90,62,570/- (Rupees Thirty Eight Crores Ninety lacs Sixty Two Thousand Five Hundred and Seventy only) comprising of 3,89,06,257 (Three Crores Eighty Nine Lakhs Six Thousand Two Hundred Fifty Seven) equity shares of Rs. 10/- (Rupees Ten only) each on April 06, 2017, pursuant to allotment of 51,18,407 (Fifty One Lakh Eighteen Thousand Four Hundred Seven) equity shares of face value of Rs. 10/- (Rupees Ten only) each to Toppan Printing Co., Limited.

## **HOLDING COMPANY**

Max Ventures and Industries Limited is a Holding Company of your Company holding 99% of equity share capital of the Company as on March 31, 2017.

Post the Financial year on April 03, 2017, Max Ventures and Industries Limited (i.e. the holding company) has purchased 3,38,350 (Three Lacs Thirty Eight Thousand Three Hundred Fifty) equity shares from Pharmax Corporation Limited and has also transferred 1,39,45,659 (One Crore Thirty Nine Lacs Forty Five Thousand Six Hundred Fifty Nine) equity shares of face value of Rs. 10/- (Rupees Ten only) each to Toppan Printing Co., Limited on April 06, 2017. Thus, from April 06, 2017 till date, the holding company holds 19,842,191 (One Crore Ninety Eight Lakhs Fourty Two Thousand One Hundred Ninety One) equity shares of face value of Rs. 10/- (Rupees Ten only) each representing 51% of the equity shares capital of the Company.

## **SUBSIDIARY COMPANY(S) / ASSOCIATES / JOINT VENTURES**

Your Company does not have any Subsidiary Company, Associate or Joint Venture during the year under review.

## **BOARD OF DIRECTORS**

Your Company has seven (7) Directors consisting of three (3) Independent Directors and four (4) Non-executive Directors as on March 31, 2017. There were no changes during the year under review.

Further, the following changes took place between April 01, 2017 till date:

- Mr. Kishansingh Ramsinghaney resigned as Director of the Company w.e.f. April 06, 2017. The Board places on record its appreciation for the valuable contributions made by Mr. Kishansingh Ramsinghaney during his association with the Company; and
- Mrs. Sujatha Ratnam resigned as Director of the Company w.e.f. April 06, 2017. The Board places on record its appreciation for the valuable contributions made by Mrs. Sujatha Ratnam during her association with the Company
- Mr. Hideharu Maro was co-opted as Additional Director of the Company on April 06, 2017. His term of office expires on the date of ensuing Annual General Meeting and is eligible to be appointed.
- Mr. Chiharu Komachi was co-opted as Additional Director of the Company on April 06, 2017. His term of office expires on the date of ensuing Annual General Meeting and is eligible to be appointed.

The Company has received notices under Section 160 of the Companies Act, 2013 ('the Act') from members proposing the candidature of Mr. Hideharu Maro and Mr. Chiharu Komachi for being appointed as Directors of the Company. The Board of Directors recommend to the shareholders for their appointment as Directors of the Company.

In terms of Section 152 of the Act, Mr. Sahil Vachani being longest in the office shall retire at the ensuing AGM and being eligible for re-appointment, offers himself for re-appointment.

The Board met for six times during the year under review, as follows:

S. No.	Date of Meeting	Board Strength	No. of Directors present
1.	May 09, 2016	7	6
2.	August 09, 2016	7	5
3.	November 14, 2016*	7	6
4.	February 04, 2017	7	7
5.	February 10, 2017	7	5
6.	March 17, 2017	7	6

\* The no. of directors present at the adjourned board meeting was 07.

The attendance of the Directors at the aforesaid meetings is as follows:

Name of directors	Designation	Board Meetings	
		Held during tenure	Attended
Mr. Mohit Talwar	Chairman	6	5
Mr. Kummamuri Narasimha Murthy	Independent Director	6	6
Dr. Subash Khanchand Bijlani	Independent Director	6	3
Mr. Ashok Brijmohan Kacker	Independent Director	6	6
Mrs. Sujatha Ratnam	Non- Executive Director	6	6
Mr. Kishansingh Ramsinghaney	Non- Executive Director	6	4
Mr. Sahil Vachani	Non- Executive Director	6	5

### STATEMENT OF DECLARATION BY INDEPENDENT DIRECTORS

In terms of Section 149(6) of the Act, and based on the confirmation/ disclosures received from the Directors, the following Non-Executive Directors are Independent Directors of the Company: Dr. Subash Khanchand Bijlani, Mr. K. Narasimha Murthy and Mr. Ashok Brijmohan Kacker.

The Company is in receipt of declaration of independence from all the above mentioned Independent Directors as per Section 149(7) of the Act.

### KEY MANAGERIAL PERSONNEL

Mr. Jaideep Wadhwa was the Chief Executive Officer of the Company till February 13, 2017. Mr. Wadhwa resigned vide his letter dated November 15, 2016.

Mr. Dalbir Singh was the Chief Financial Officer (CFO) of your Company till January 31, 2017. Mr. Dalbir Singh was retired as CFO of the Company upon attaining superannuation age on January 31, 2017.

On the recommendation of the Nomination and Remuneration Committee, Mr. Amit Jain a Fellow Member of the Institute of Chartered Accountants of India (Membership No. 91570) was appointed as the CFO of the company w.e.f February 04, 2017. Prior to that, Mr. Amit Jain, was the GM – Finance & Taxation of the Company having over 23 years of experience. Mr. Jain holds a Bachelor's degree in Commerce and is a qualified Chartered Accountant. He has been with the Company since 2002 and is a member of the Senior Leadership Team of the Company.

Ms. Rupali Sharma is the Company Secretary of your Company.

Further, on the recommendation of the Nomination and Remuneration Committee, the Board of Directors of the Company in their meeting held on May 11, 2017 had appointed Ramneek Jain as the Chief Executive Officer (CEO) of the Company. Mr. Ramneek Jain joined the services of the Company with effect from July 11, 2017.

Mr. Ramneek is a seasoned business leader with over 23 years of rich experience across manufacturing organisations in India and the US. Mr. Jain joins MSF after a 12-year stint at Anand Group, where he last held the position of Senior Vice President and Chief Operations Officer at Spicer India Limited, a subsidiary of the Anand Group. Prior to Spicer India, Mr. Jain was with MAHLE Filter Systems India (MFSI), a 50:50 joint venture between Anand Group and Germany-based MAHLE GmbH, where he spent more than 8 years and became the company's Chief Operating Officer. He also spent 6 years with General Motors in USA, early in his career.

### COMMITTEES OF BOARD OF DIRECTORS

The Company has the following committees which have been established as a part of the best corporate governance practices and

are in compliance with the requirements of the relevant provisions of applicable laws and statutes.

### 1. Audit Committee:

The terms of reference of the Audit Committee are in line with the relevant provisions of Companies Act, 2013.

The Committee met eight times during the financial year 2016-17 on May 09, 2016, May 10, 2016, August 09, 2016, August 16, 2016, November 12, 2016, February 04, 2017, February 10, 2017 and March 16, 2017. The details of composition, meetings and attendance at the Meetings of the Audit Committee are as under:

S. No.	Name of the Director	Category	Designation	No. of Meetings	
				Held	Attended
1.	Mr. K. Narasimha Murthy	Independent	Member	8	8
2.	Dr. S.K. Bijlani	Independent	Member	8	5
3.	Mrs. Sujatha Ratnam	Non - Executive	Member	8	8

Further, the Board of Directors in its meeting held on May 11, 2017 re-constituted the Audit Committee comprising of Mr. Ashok Kacker (Chairman), Mr. K. Narasimha Murthy, Dr. Subash Bijlani, Mr. Sahil Vachani and Mr. Chiharu Komachi as its members.

### 2. Nomination & Remuneration Committee:

The terms of reference of the Nomination & Remuneration Committee are in line with the relevant provisions of Companies Act, 2013.

The Committee met four times during the financial year 2016-17 on May 09, 2016, August 09, 2016, November 14, 2016 and February 04, 2017. The details of composition, meetings and attendance at the Meetings of the Committee are as under:

S. No.	Name of the Director	Category	Designation	No. of Meetings	
				Held	Attended
1.	Mr. K. Narasimha Murthy	Independent	Member	4	4
2.	Dr. S.K. Bijlani	Independent	Member	4	2
3.	Mr. Mohit Talwar	Non - Executive	Member	4	4

Further, the Board of Directors in its meeting held on May 11, 2017 re-constituted the Nomination & Remuneration Committee comprising of Dr. Subash Bijlani (Chairman), Mr. K. Narasimha Murthy, Mr. Mohit Talwar and Mr. Chiharu Komachi as its members.

### 3. Corporate Social Responsibility Committee:

The terms of reference of the Corporate Social Responsibility (CSR) Committee are in line with the relevant provisions of Companies Act, 2013.

The Committee met two times during the financial year 2016-17 on November 12, 2016 and February 04, 2017. The details of composition, meetings and attendance at the Meetings of the Committee are as under:

S. No.	Name of the Director	Category	Designation	No. of Meetings	
				Held	Attended
1.	Mr. K. Narasimha Murthy	Independent	Chairman	2	2
2.	Dr. S.K. Bijlani	Independent	Member	2	2
3.	Mr. Ashok Kacker	Independent	Member	2	2
4.	Mrs. Sujatha Ratnam	Non - Executive	Member	2	2

Further, the Board of Directors in its meeting held on May 11, 2017 re-constituted the CSR Committee comprising of Mr. Ashok Kacker (Chairman), Mr. K. Narasimha Murthy, Dr. Subash Bijlani, Mr. Sahil Vachani and Mr. Chiharu Komachi as its members.

### **POLICY ON CORPORATE SOCIAL RESPONSIBILITY**

The CSR Committee of the Company in its meeting held on March 22, 2016 formulated and recommended the Corporate Social Responsibility Policy pursuant to the provisions of Section 135 of Companies Act, 2013 and rules made there under indicating the projects or programs, the Company plans to undertake the activities falling within the purview of Schedule VII to the Companies Act, 2013. The CSR Policy has been approved by the Board of Directors in their meeting held on March 22, 2016. The Policy forms a part of this report as 'Annexure - 1'.

Further, an expenditure of Rs. 26.57 Lacs was made during the FY 2016-17 towards CSR activities. In compliance with Section 135 of Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014 an Annual Report on CSR Activities forms part of this Report as 'Annexure - 2'.

**INDEPENDENT DIRECTORS' MEETING**

The Independent Directors of the Company had a separate meeting on August 09, 2016 during the Financial Year 2016-17. Further, all the Independent Directors of the Company had a separate meeting on August 1, 2017, *inter-alia*, to:

- (a) Review the performance of non-independent directors and the Board as a whole;
- (b) Review the performance of the Chairperson of the company, taking into account the views of executive directors and non-executive directors; and
- (c) Assess 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.

**PERFORMANCE EVALUATION OF THE BOARD**

As per the requirements of the Act, formal Annual Evaluation process has been carried out for evaluating the performance of the Board, the Committees of the Board, Individual Directors and Chairperson.

The Annual Evaluation of the performance of the Board, the Committees, Individual Directors and Chairperson has been carried out in line with requirements under the Companies Act, 2013. The performance evaluation was carried out by obtaining feedback from all directors. The outcome of this performance evaluation was placed before the Nomination and Remuneration Committee, Committee of Independent Directors and the Board in their respective meetings for the consideration of members.

The review concluded by affirming that the Board as a whole as well as its Chairman, all of its members, individually and the Committees of the Board continued to display commitment to good governance by ensuring a constant improvement of processes and procedures. It was further acknowledged that every individual member and Committee of the Board contribute their best in the overall growth of the organization.

**POLICY ON QUALIFICATION AND REMUNERATION FOR THE DIRECTORS, KEY MANAGERIAL PERSONNEL AND OTHER EMPLOYEES**

The Company has framed a Policy for determining qualifications, positive attributes and independence of a Director and remuneration for the Directors, Key Managerial Personnel and other employees. The Policy forms a part of this report as 'Annexure – 3'.

**PUBLIC DEPOSITS**

During the year under review, the Company has not accepted or renewed any deposits from the public.

**PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS**

The Company has not given any loans, made any guarantees or acquired any securities or provided for acquisition of any securities during the year under review which are covered under Section 186 of the Act.

**CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES**

All transactions entered by the Company during the financial year

with related parties were in the ordinary course of business and on an arm's length basis. Further, your Company did not enter into any Related Party Transaction which may be considered material and thus disclosure in Form AOC-2 is considered to be not applicable to the Company.

The details of all related party transactions forms part of notes to the financial statements attached to this Report.

**AUDITOR & AUDITORS' REPORT**

Pursuant to Section 139 & 142 of the Act, M/s S. R. Batliboi & Co. LLP, Chartered Accountants, (FRN - 301003E) were appointed as the Statutory Auditors of the Company at Annual General Meeting (AGM) held on September 30, 2014 for a period of three years upto the conclusion of fifth AGM to be held in 2017 upon ratification of their appointment in every AGM held during their tenure. The Board recommends appointment of M/s S.R. Batliboi & Co., LLP, Chartered Accountants as the statutory auditors of the company to hold office from the conclusion of 5th AGM till the conclusion of the 10th AGM of the Company to be held in the year 2022 pursuant to provisions of Section 139 of the Companies Act, 2013 and Rules thereto.

M/s S. R. Batliboi & Co. LLP, Chartered Accountants, Statutory Auditors of the Company, have provided a certificate that their appointment, if made by the members of the Company, will be within the limits specified under Section 141 of the Companies Act, 2013.

There are no audit qualifications or reporting of fraud in the Statutory Auditors Report given by M/s S. R. Batliboi & Co. LLP, Statutory Auditors of the Company for the FY 2016-17 as annexed to this Annual Report.

**SECRETARIAL AUDITORS AND SECRETARIAL AUDIT REPORT**

Pursuant to Section 204 of the Act, your Company had appointed M/s Sanjay Grover & Associates, Practicing Company Secretaries, Delhi as its Secretarial Auditors to conduct the secretarial audit of the Company for the FY 2016-17. The Company provided all assistance and facilities to the Secretarial Auditor for conducting the audit. The Report of Secretarial Auditor for the FY 2016-17 is annexed to this report as 'Annexure – 4'. There are no Audit Qualifications in the aforesaid Secretarial Audit Report.

**COST AUDIT**

Pursuant to Section 148 of the Act, the Board of Directors of your company appointed M/s Balwinder Singh & Associates, Cost Accountants (Firm Registration Number 000201), as the Cost Auditors of the Company for the financial year 2017-18 at a remuneration of Rs. 1,50,000 (Rupees One Lakh and Fifty Thousand only) plus applicable taxes and reimbursement of out of pocket expenses.

Your Directors recommend to the members the ratification of the remuneration of the Cost Auditors in the ensuing Annual General Meeting of the Company.

**INTERNAL FINANCIAL CONTROLS**

The Company has in place adequate internal financial controls with reference to financial statements. During the year, such controls were tested and no reportable material weaknesses in the design or operation were observed.



## **RISK MANAGEMENT POLICY**

The Company manages monitors and reports on the principal risks and uncertainties that can impact its ability to achieve strategic objectives. The Company's management systems, organizational structures, processes, standards, code of conduct and behaviors together form Risk Management Policy that governs how the Company conducts the business and manages associated risks.

## **VIGIL MECHANISM**

The Company has a vigil mechanism pursuant to which a Whistle Blower Policy is in place. The Policy ensures that strict confidentiality is maintained whilst dealing with concerns and also that no discrimination will be meted out to any person for a genuinely raised concern.

The Policy covering all employees, Directors and other persons having association with the Company is hosted on the Company's website [www.maxspecialtyfilms.com](http://www.maxspecialtyfilms.com).

## **PREVENTION OF SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION & REDRESSAL) ACT, 2013**

Your Company has requisite policy, in place, for Prevention of Sexual Harassment of Women at workplace. The comprehensive policy ensures gender equality and the right to work with dignity. The Internal Complaints Committee (ICC) has been constituted as per provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. During the year under review and till the date of this report, no complaint under the said Act has been reported to ICC

## **PARTICULARS OF CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION & FOREIGN EXCHANGE EARNING AND OUTGO**

The information on conservation of energy, technology absorption and foreign exchange earnings & outgo as stipulated under Section 134(3)(m) of the Act read with Companies (Accounts) Rules, 2014 forms part of this report as 'Annexure – 5'.

## **EXTRACTS OF ANNUAL RETURN**

Pursuant to sub-section 3(a) of Section 134 and sub-section (3) of Section 92 of the Act read with Rule 12 of the Companies (Management and Administration) Rules, 2014, the extracts of the Annual Return as at March 31, 2017 forms part of this report as 'Annexure – 6'.

## **PARTICULARS OF EMPLOYEES**

The information required under section 197 of the Companies Act, 2013 read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is given in 'Annexure – 7'.

## **MANAGEMENT DISCUSSION & ANALYSIS**

A review of the performance of Company is provided in the Management Discussion & Analysis section which is attached elsewhere in this Annual Report.

## **DIRECTORS' RESPONSIBILITY STATEMENT**

Pursuant to the requirement under Section 134(5) of the Companies Act, 2013, it is hereby confirmed that:

(a) In the preparation of the annual accounts, the applicable

accounting standards had been followed along with proper explanation relating to material departures;

- (b) The directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;
- (c) The directors had taken proper and sufficient care 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;
- (d) The directors had prepared the annual accounts on a going concern basis;
- (e) The directors had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and
- (f) The directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

## **SIGNIFICANT AND/OR MATERIAL ORDERS PASSED BY REGULATORS OR THE COURTS**

There were no significant and/or material orders passed against your Company by the regulators / courts / tribunals during the period under review impacting the going concern status and your Company's operations in future.

## **CAUTIONARY STATEMENT**

Statements in this Report, particularly those which relate to Management Discussion and Analysis describing the Company's objectives, projections, estimates and expectations may constitute "forward looking statements" within the meaning of applicable laws and regulations. Actual results might differ materially from those either expressed or implied in the statement depending on the circumstances.

## **ACKNOWLEDGEMENT**

Your Directors acknowledge with thanks the co-operation and assistance received from various agencies of the Central and State Governments, the Regulatory Authorities, Financial Institutions and Banks, Shareholders and all business associates.

Your Directors also wish to place on record their deep sense of appreciation for the commitment displayed by all executives, officers and staff for their performance during the year.

For and on behalf of the Board of Directors  
For **Max Specialty Films Limited**

**Mohit Talwar**  
Chairman  
DIN: 02394694

Place: New Delhi  
Date: August 01, 2017

## CORPORATE SOCIAL RESPONSIBILITY POLICY

### I. PREAMBLE

- 1.1 Corporate Social Responsibility has been an area of focus for the Max Group and Max Speciality Films Limited, ("MSFL" or the "Company") since inception. Max Group being in the "Business of Life", there has been a conscious effort to make a difference in the lives of the less privileged through its CSR initiatives. MSFL by giving due priority to CSR has and will attempt to effect positive change in the quality of life of the underserved in line with the Group philosophy.
- 1.2 The Companies Act, 2013 brings an even greater emphasis on CSR with Rules that provide guidance on minimum CSR spend, reporting mechanism, review structure and reporting to the shareholders of the Company. A CSR Committee has been formed at the Board level to oversee CSR activities of the Company.
- 1.3 Further to the above stated, the Board will approve the CSR Policy as formulated and proposed by the CSR Committee with an objective to outline its CSR focus areas, recommending the amount of CSR Expenditure, execution process, review & monitoring mechanism, and, reporting process to the Management and the Board of Directors of the Company.

### II. PHILOSOPHY & OBJECTIVES

MSFL has the vision to be India's most admired and preferred global supplier of speciality polymer films. Care for the environment and community is MSFL's Core Value to bring about strong social relevance. Our objective is to make a meaningful and sustained impact on the lives of the beneficiaries of our programs.

### III. DEFINITIONS AND INTERPRETATIONS

"CSR" means corporate social responsibility.

"Companies Act" shall mean the Indian Companies Act, 2013, along with amendments thereto.

"CSR Activities" shall mean the permissible CSR activities as per Schedule VII of the Companies Act.

"CSR Committee" shall mean the CSR Committee of the Board instituted by the Company.

"CSR Rules" shall mean the Companies (Corporate Social Responsibility Policy) Rules, 2014, as amended from time to time.

"CSR Expenditure" shall mean the CSR expenditure proposed under this Policy and providing the corpus amount in furtherance of this Policy.

"Estimated CSR Expenditure" shall mean the actual estimate of the CSR Expenditure for each year as has been approved for each year.

"MSFL CSR Policy" or "CSR Policy" shall mean this CSR Policy of MSFL.

"MSFL CSR Activities" shall mean the services rendered in the MSFL CSR Identified Sectors.

"MSFL CSR Identified Sectors" mean the following sectors, as have been identified under this CSR Policy, (i) Health & Hygiene, (ii) Sanitation, (iii) Education and (iv) Rural Development .

"Max Group" shall mean Max India Limited and the other Group companies of Max India: i.e. Max Financial Services Limited, Max Ventures and Industries Limited and Max Speciality Films Limited, a subsidiary of Max Ventures and Industries Ltd.

"Max India Foundation" means the registered not-for-profit Trust, founded by Max India Limited as its Founder/Settlor on January 31, 2002.

"Primary and Secondary Education" shall mean the primary and secondary education system, as is recognised in India.

"Proposed Implementation Plan" shall mean the annual proposed implementation plan in respect of the MSFL CSR Activities to be provided each year

"Quarter" shall mean an annual quarter for each Financial Year.

"Rules" shall mean the rules prescribed under the Companies Act, as amended from time to time.

"Schedule VII" shall mean the schedule VII under the Companies Act.

"Village" shall mean rural villages, urban villages, slum clusters, cluster of villages and geographies covered by Gram Panchayats.

### IV. CSR IDENTIFIED SECTORS AND CSR ACTIVITIES

MSFL shall undertake CSR activities in all or any of the CSR activities as per the Companies Act, However, it shall give primary importance to the MSFL CSR Identified Sectors, as follows.

#### 4.1 Health, Hygiene & Sanitation

- a. Preventive healthcare to underprivileged in identified geographies
- b. Supporting and facilitating medical care by providing consultation and medicines in Max Health Centre
- c. Supporting and facilitating surgeries and other treatment.
- d. Personal hygiene training and support in the village which has been adopted by the Company and in those locations where Health camps are organized by the Company
- e. To organize health education lectures
- f. Waste management awareness and proper waste disposal support



- g. Cancer awareness
- h. Providing pure drinking water
- i. Environmental awareness and care in and around the selected areas of operations of the Company. Propagation of a clean healthy environment to ensure good health
- j. Anti littering campaigns
- k. Vocational Training
- l. Sports facilities

#### 4.2 Education

Providing support to schools in the nearby areas of MSFL operations by providing teachers, computers, pure & hygienic drinking water, hygiene training cum awareness, woollens and sports equipment to facilitate improvement in academic results and overall development of students.

#### 4.3 Livelihood

- a. Vocational training and creating & supporting Self Help Groups for women, adolescent girls and youth in village adopted by the Company. The vocations for which training will be provided will be identified basis the inherent skill sets and commercial opportunities for those vocations in and around the village.

### V. MODALITIES OF EXECUTION AND IMPLEMENTATION SCHEDULES

- 5.1 **Independent Implementing Agency:** The Company shall work with Max India Foundation which will in turn work with relevant credible NGOs and organisations to execute work on the ground.
- 5.2 **NGO Support:** Max India Foundation will execute projects with the help of NGOs and employee engagement. Max India Foundation may seek the support of NGOs who are working on ground on issues decided upon. Max India Foundation will also provide requisite training support to volunteers to carry out / support in CSR activities.
- 5.3 **Volunteering:** MSFL and Max India Foundation should work together to create a comprehensive Employee Volunteering programme to ensure greater participation of employees in CSR activities. This programme should also include the recognition programme for CSR volunteers. MSFL Management will encourage volunteer programmes / participation of the MSFL employees.
- 5.4 **Modality of Execution of MSFL CSR Activities:** The Company shall execute and undertake the MSFL CSR activities as follows:
  - 5.4.1. Healthcare which will cover health camps, medicinal support, health awareness, cancer awareness, surgeries and treatments, environmental awareness and protection, support for artificial limbs & polio callipers and other disability.
  - 5.4.2 Village Adoption in which the Company will focus on:

- i. Health, Hygiene and sanitation in the village
- ii. Supporting school children to improve academics and overall development of the students
- iii. Pure drinking water
- iv. Spreading awareness about a healthy environment and activities to protect environment and waste management
- v. Children & Women related issues in the areas of health, health-education and nutrition
- vi. Community Development and introduction of sports & vocational training to encourage youth to stay away from drugs

#### 5.5 Geographical Areas for MSFL CSR Activities:

- 1. **Health, Hygiene & Sanitation :** In the nearby areas or as may be identified in consultation with Max India Foundation.
- 2. **Environment:** In and around the areas of operations of Max Speciality Films Limited

#### 5.6 Beneficiaries for the MSFL CSR Activities:

- 1. Children (0-18 years)
- 2. Women
- 3. Youth (18-25 years)
- 4. Senior citizens
- 5. Others – society at large

### VI. CSR FUNDING AND CSR EXPENDITURE

- 6.1 **CSR Budget:** In order to ensure funding for the CSR Activities, MSFL shall strive to allocate 2% (two per cent) of the average net profits made by the Company (Shareholders' Profit) in its immediately preceding three financial years.
- 6.2 **CSR Expenditure Funds:** The CSR Committee will present the Proposed Implementation Plan to the Board, detailing the action steps, modalities and the Estimated CSR Expenditure to the Company, for the Board's approval. The CSR Committee shall prepare the Proposed Implementation Plan together with Max India Foundation.
- 6.3 **Implementation Plan.** The Board shall approve the Final Implementation Plan and the CSR Expenditure Funds shall be allocated for implementation in partnership with Max India Foundation.
- 6.4 **Declaration.** The Company hereby declares that any surplus arising and/or additional revenue generated out of CSR Activities undertaken by the Company shall not form part of the business profit of the Company and same shall be spent for undertaking any CSR Activities only.

### VII. Monitoring Process of CSR Activities

- 7.1 **Approval of CSR Plan.** MSFL Management shall present and get approval on a quarterly activity plan from

competent authority at MSFL. The plan should be in line with MSFL CSR Policy approved by the CSR Committee. This plan will form the basis for progress report to CSR Committee.

- 7.2 **Reporting to CSR Committee.** MSFL Management in consultation with Max India Foundation shall provide a detailed progress report on the Key Performance Indicators to the CSR Committee every Quarter, or, at such intervals and at such times as the CSR Committee shall require to do so. The progress on CSR issues selected by the Company will be reported in the Annual Report in the format prescribed by the CSR Rules.
- 7.3 **Reporting to the Board.** The CSR Committee shall submit its report giving status of the CSR Activities undertaken, CSR Expenditure incurred and such other details as may be required by the Board, in accordance with applicable laws.
- 7.4 **Key Performance Indicators:** MSFL will attempt to make a sustainable impact through our CSR Programs and the key performance indicators for assessment would be :-

Issues	Key Performance Indicators
<b>Water &amp; Sanitation Infrastructure</b>	
Water	i) Improvement in the quality of Drinking water
Sanitation	i) Introduction of waste management program ii) Improvement in sanitation observed
<b>Academic Infrastructure</b>	
Education	i) Improvement in the Annual result of Class-X. ii) Improvement in school infrastructure
<b>Community Infrastructure</b>	
Skill development	i) Vocational training especially for Wome
Youth engagement	i) Introduction of sports facilities
<b>Healthcare</b>	
Medical Centre	i) Improvement in Health with focus on Women and Senior Citizens ii) No. of people provided immediate solutions / referred for further treatment
Enhanced Medical Facilities and Services	i) Services of need based Medical Specialists
Medical camps	i) Improvement in health ii) No. of locations covered / Health Camps organized iii) No. of people treated by sponsoring eye surgeries / correction in low vision by providing specs
<b>Miscellaneous</b>	
	i) Any other parameters as the CSR Committee may require

- 7.5 **Board Report and Annual Report.** The Board shall publish this Policy and an annual report on CSR Activities as per applicable laws.

## ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES

1. A brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs : The Corporate Social Responsibility (CSR) Committee of Max Speciality Films Limited has formulated and adopted CSR Policy and the same is enclosed as "Annexure-I" to the Board's Report. Further, The CSR Policy of your Company has been posted on <http://www.maxspecialityfilms.com/>
2. The Composition of the CSR Committee : (a) Mr. Ashok Kacker - Chairman (Independent Director)  
(b) Mr. K. Narasimha Murthy - Member (Independent Director)  
(c) Dr. Subash Bijlani - Member (Independent Director)  
(d) Mr. Chiharu Komachi - Member (Non- Executive Director)  
(e) Mr. Sahil Vachani - Member (Non- Executive Director)
3. Average net profit of the Company for last three financial years : Rs.13,18,81,245 (Rupees Thirteen Crores Eighteen Lakhs Eighty One Thousand Two Hundred and Forty Five only)
4. Prescribed CSR Expenditure (two per cent of the amount as in item 3 above) : Rs. 26,37,625 (Rupees Twenty Six Lacs Thirty Seven Thousand Six Hundred and Twenty Five only)
5. Details of CSR spent during the financial year
- a) Total amount to be spent for the financial year : Rs. 26,37,625 (Rupees Twenty Six Lacs Thirty Seven Thousand Six Hundred and Twenty Five only)
- b) Amount spent during the FY 2016-2017 towards CSR obligation : Rs. 26,57,053 (Rupees Twenty Six Lakhs Fifty Seven Thousand and Fifty Three only)
- c) Amount unspent, if any : Not Applicable
- d) Manner in which the amount spent during the financial year is detailed below : Refer table below
6. Reasons for not spending the prescribed amount : Not Applicable
7. A responsibility statement of the CSR Committee that the implementation and monitoring of CSR Policy is in compliance with CSR objectives and Policy of the Company : Yes, in compliance with CSR objectives & policy

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Sl. No	CSR Project or activity identified	Sector in which the project is covered	Projects or Programs 1. Local area or Other 2. Specify the State and district where projects or programs was undertaken	Amount outlay (budget) project or programs wise (Rs.)	Amount spent on the projects or programs (Rs.) Sub heads: 1. Direct expenditure on projects or programs. 2. Overheads	Cumulative expenditure up to the reporting period (Rs.)	Amount spent (Rs.): Direct or through implementing agency
1.	(a) Health Care (b) Promoting Education	(a) Health, Hygiene, Sanitation, drinking water in schools etc. (b) Vocational training, academic support to schools	1. Local area 2. Punjab, Nawanshahr	26,37,625	26,57,053  (Direct Expenditure)	27,13,823	a. Direct Expenditure : 7,27,053 b. Implementing agency through Max India Foundation: 19,30,000
	<b>TOTAL</b>			<b>26,37,625</b>	<b>26,57,053</b>	<b>27,13,823</b>	

Place: New Delhi  
Date: August 01, 2017

Sd/-  
Mr. Ramneek Jain  
Chief Executive Officer

Sd/-  
Mr. Ashok Kacker  
(Chairman of the CSR Committee)

**APPOINTMENT CRITERIA, QUALIFICATION & REMUNERATION POLICY IN TERMS OF SECTION 178 OF THE COMPANIES ACT, 2013 ("THE ACT")****Preamble**

In terms of Section 178 of the Act, the Nomination & Remuneration Committee ("NRC") shall formulate the criteria for determining qualifications, positive attributes and independence of a Director and recommend to the Board a Policy, relating to the remuneration for the Directors, Key Managerial Personnel ("KMP") and other employees.

**Appointment Criteria and Qualification**

It is the responsibility of the NRC to develop competency requirements for the Board based on the industry and strategy of the Company. For this purpose, the NRC shall identify and ascertain the integrity, qualification, expertise and experience of the person, conduct appropriate reference checks and due diligence before recommending him /her to the Board.

For the appointment of KMPs other than Managing Director/ Whole time Director/Manager/CEO, Senior Management and other employees, a person should possess adequate qualification, expertise and experience for the position, he / she is considered for the appointment.

**Remuneration Policy**

The remuneration policy of the Company is aimed at rewarding the performance, based on review of achievements on a regular basis and is in consonance with the existing industry practice. This Policy has been adopted in accordance with the requirements of Section 178 of the Act with respect to the appointment and remuneration of the Directors, Key Managerial Personnel and Senior Management.

The key components of the Company's Remuneration Policy are - the Compensation will be based on credentials and the major driver of performance, compensation will be competitive and benchmarked with industry practice and compensation will be fully transparent and tax compliant.

The purpose of this Policy is to ensure that the remuneration to Directors, KMP and Senior Management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals and to retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage.

**Remuneration of Managing / Whole-time Director/Manager/ CEO, KMP and Senior Management**

The remuneration of the Managing / Whole - time Director/ Manager/CEO will be determined by the NRC and recommended to the Board for approval. Such remuneration shall be subject to the prior / post approval of the shareholders of the Company and Central Government, wherever required and shall be in accordance with the provisions of the Act and Rules made thereunder. Further, the Manager/CEO of the Company is authorised to decide the remuneration of KMP (other than Managing /Wholetime Director/ Manager/CEO) and Senior Management, and which shall be decided by the Manager/CEO based on the standard market practice and prevailing HR policies of the Company.

**Remuneration to Non-executive / Independent Director**

The remuneration / commission / sitting fees, as the case may be, to the Non-Executive /Independent Director, shall be in accordance with the provisions of the Act and the Rules made thereunder for the time being in force or as may be decided by the Committee / Board /shareholders. An Independent Director shall not be entitled to any stock option of the Company unless otherwise permitted in terms of the Act, as amended from time to time.

**SECRETARIAL AUDIT REPORT**FOR THE FINANCIAL YEAR ENDED 31<sup>st</sup> MARCH, 2017

[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,  
**Max Speciality Films Limited**  
(CIN: U24100PB2012PLCO36981)  
419, Bhai Mohan Singh Nagar, Village Railmajra,  
Tehsil Balachaur, Nawan Shehar  
Punjab-144533

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Max Speciality Films Limited (hereinafter called the Company), which is an Unlisted 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.

**We report that-**

- a) Maintenance of secretarial records is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
- b) 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.
- c) We have not verified the correctness and appropriateness of the financial statements of the Company.
- d) Wherever required, we have obtained the Management representation about the compliances of laws, rules, regulations and standards and happening of events etc.
- e) The compliance of the provisions of the corporate and other applicable laws, rules, regulations and standards is the responsibility of the management. Our examination was limited to the verification of procedures on test basis.
- f) 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.

Based on our verification of the Company's books, papers, minutes 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, 2017 ("Audit Period") complied with the statutory provisions listed hereunder and also

that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

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, 2017 according to the provisions of:-

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings (wherever applicable);

We have also examined compliance with the applicable clauses of the Secretarial Standards on Meetings of the Board of Directors and on General Meetings issued by the Institute of Company Secretaries of India, with which the Company has generally complied with.

During the Audit period, the Company has complied with the provisions of the Act, Rules, Regulations and Guidelines, to the extent applicable, as mentioned above.

- (iii) The Company is carrying on the business of manufacturing and sale of Biaxially Oriented Polypropylene ("BoPP") metallised films, BoPP unmetallised films, thermal lamination films and leather finishing foils. As informed by the Management, following are some of the laws specifically applicable to the Company:-

- Legal Metrology Act, 2009 and Rules made thereunder;
- Petroleum Act, 1934 and Rules made thereunder;

We have checked the compliance management system of the Company to obtain reasonable assurance about the adequacy of systems in place to ensure compliance of specifically applicable laws and this verification was done on test basis. We believe that the Audit evidence which we have obtained is sufficient and appropriate to provide a basis for our audit opinion. In our opinion and to the best of our information and according to explanations given to us, we believe that the compliance management system of the Company seems adequate to ensure compliance of laws specifically applicable to the Company.

**We further report that** the Board of Directors of the Company is duly constituted with proper balance of Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the audit period were carried out in compliance with the provisions of the Act.

Adequate notices were given to all directors to schedule the Board Meetings. Agenda and detailed notes on agenda were sent in advance of the meetings and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting for meaningful participation at the meeting.

Board decisions are carried out with unanimous consent and therefore, no dissenting views were required to be captured and recorded as part of the minutes.

**We further report that** there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations, standards and guidelines which can be further strengthened.

For **Sanjay Grover & Associates**  
Company Secretaries  
Firm Registration No.: P2001DE052900

New Delhi  
July 24, 2017

**Neeraj Arora**  
Partner  
CP No. 16186



## PARTICULARS OF CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION & FOREIGN EXCHANGE EARNING AND OUTGO

The information on conservation of energy, technology absorption and foreign exchange earnings & outgo as stipulated under Section 134(3)(m) of the Act read with Companies (Accounts) Rules, 2014 is as follows:

### A) Conservation of Energy

#### a) Energy Conservation measure taken

The Company has taken several steps to conserve energy and conservation continues to be a high priority in operating as well as capital investment evaluations. Various steps taken to bring about savings include;

- Energy Audit conducted by an External Agency.
- Thermal Insulation of Extruders.
- Temperature Control of Cooling Tower.
- Conservation of Fuel through Waste Heat Recovery system.
- Low energy illumination and use of Natural light.
- Optimization of pump sizes in chilled and cooling tower water systems.
- Synchronization of exhaust and machine blowers with BOPP film line speed.
- Implemented Green Purchase Policy.
- Lighting and Air-condition Automation through IRD (Infra-Red Detector)

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

- Energy Re-Audit by External Agency.
- Use of Energy Efficient motors & pumps in all the new upcoming projects.
- Creation of an Energy Cell to conduct energy audits & identify as well as implement energy saving projects/measures .

### B) Research & Development, Technology absorption, Adaption and Innovation

#### 1. Research & Development

- Investment in R&D, strategic partnerships as well as technology sourcing for specialty products to create differentiators and offset commoditization.
- Collaboration with machine supplier to design a first of its kind New BOPP production line to support the Specialty product portfolio.
- Ventured into coatings, developing coated labels

as well as flexible packaging films with enhanced properties

- Working on strengthening product portfolio & benchmarking against portfolio of global Competitors.
- Focus on Value selling, increased training on new products and applications to marketing team & Customers.
- Participation in international fairs, conferences and exhibitions to understand market & technology trends as well as to identify specific market & customer requirements.

#### 2. Benefits Derived

- Won world star 2016 award 2<sup>nd</sup> time in three years for innovative design & development in packaging.
- MSFL's R & D Lab recognition by DSIR, a wing of Ministry of Science and Technology of the Government of India
- MSFL's test facilities are the first in India to have won the coveted NABL accreditation.
- Focus on new products & Speciality portfolio enabled partnerships with Flexible Packaging Manufacturers and brands on joint developments to serve new applications.
- Focus on high end films has supported a change in the portfolio, creating opportunities for high margin films and strategic partnerships with major customers.

#### 3. Future Plan of Action

- Strengthening of Research & Development as well as Technical Services functions.
- Further upgrading infrastructure, facilities, equipment of R&D Lab
- Strengthening of customer interface and ideation processes to develop high margin films
- Investment in process engineering and rheological study of polymers.

#### 4. Expenditure in Research & Development

Capital	:	NIL
Recurring	:	222 (Rs in lacs)
Total	:	222 (Rs in lacs)
R & D Expenditure as % of Net Sales	:	0.3%

**5. Technology Absorption, Adaption and Innovation**

- **Efforts made towards Technology Absorption, Adaption and Efforts made towards Technology Absorption, Adaption**

Company has an in-house product development function that develops new products and works with subject matter experts on different technologies and manufacturing processes. The products so developed are commercialized only after successful trials with selected customers.

- **Benefits Derived as a result of above efforts**

The structured and formal Stage Gate product development efforts enables the company to better meet customer's requirements which further translates into better realization and margins for the company. During FY '17 the company improved share of its Speciality %age from 34% to 38% in large part due to Innovation & technology absorption.

- **Information about imported technology in last 5 Years**

Business did not import any technology in the last 5 years.

**C) Foreign Exchange Earnings and Outgo**

**I. Activities Relating to Exports**

- Enhanced focus on specialty products
- Developed business in new geographies such as the Americas, in underserved parts of existing markets such as Europe as well as for new products
- Increased exports of Thermal films by 12%.

**II. TOTAL FOREIGN EXCHANGE EARNED AND USED**

*(Rs. in Lacs)*

	<b>Year ended March 31, 2017</b>	<b>Year ended March 31, 2016</b>
Earning (FOB)	16569.37	21,997.06
Outgoing (CIF)	14738.47	13,857.54

## FORM MGT-9

## Extract of Annual Return as on the financial year ended on March 31, 2017

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

## I. REGISTRATION AND OTHER DETAILS

- i) CIN : U24100PB2012PLC036981  
 ii) Registration Date : December 28, 2012  
 iii) Name of the Company : Max Speciality Films Limited  
 iv) Category / Sub-Category of the Company : Public Company Limited by Shares / Indian Non-Government Company  
 v) Address of the Registered office and contact details : 419, Bhai Mohan Singh Nagar, Village Railmajra, Tehsil Balachaur, Nawanshehar – 144533, Punjab  
 vi) Whether listed company : No  
 vii) Name, Address and Contact details of Registrar and Transfer Agent, if any : Nil

## II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

The business activities contributing 10% or more of the total turnover of the Company are as below:

Sl. No.	Name and description of main products / services	NIC code of the product / service	% to total turnover of the Company
1	BOPP Films	222.2220.22201	100%

## III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sl. No	Name and address of the company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable section
1.	<b>Max Ventures and Industries Limited</b> 419, Bhai Mohan Singh Nagar, Railmajra, Tehsil Balachaur, Dist. Nawanshahr, Punjab – 144 533	L85100PB2015PLC039204	Holding Company	99%	2(46)

The company does not have any subsidiary or associate company.

## IV. SHAREHOLDING PATTERN (Equity Share Capital breakup as percentage of Total Equity)

## i) Category-wise shareholding

Sl. No.	Category of Shareholders	No. of Shares held on April 1, 2016				No. of Shares held on March 31, 2017				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A.</b>	<b>Promoters</b>									
<b>1</b>	<b>Indian</b>									
a)	Individual/HUF	-	-	-	-	-	-	-	-	-
b)	Central Govt	-	-	-	-	-	-	-	-	-
c)	State Govt(s)	-	-	-	-	-	-	-	-	-
d)	Bodies Corp.	-	33,449,500	33,449,500	99.00	-	33,449,500	33,449,500	99.00	-
e)	Banks / FI	-	-	-	-	-	-	-	-	-
f)	Any Other	-	-	-	-	-	-	-	-	-
	<b>Sub-total (A) (1)</b>	-	<b>33,449,500</b>	<b>33,449,500</b>	<b>99.00</b>	-	<b>33,449,500</b>	<b>33,449,500</b>	<b>99.00</b>	-
<b>2</b>	<b>Foreign</b>									
a)	NRIs-Individuals	-	-	-	-	-	-	-	-	-
b)	Other-Individuals	-	-	-	-	-	-	-	-	-
c)	Bodies Corp.	-	-	-	-	-	-	-	-	-
d)	Banks / FI	-	-	-	-	-	-	-	-	-

Sl. No.	Category of Shareholders	No. of Shares held on April 1, 2016				No. of Shares held on March 31, 2017				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
e)	Any Other	-	-	-	-	-	-	-	-	-
	<b>Sub-total (A) (2)</b>	-	-	-	-	-	-	-	-	-
	<b>Total shareholding of Promoter &amp; Promoter Group [(A) = (A)(1)+(A)(2)]</b>	-	<b>33,449,500</b>	<b>33,449,500</b>	<b>99.00</b>	-	<b>33,449,500</b>	<b>33,449,500</b>	<b>99.00</b>	-
<b>B.</b>	<b>Public Shareholding</b>									
<b>1</b>	<b>Institutions</b>									
a)	Mutual Funds	-	-	-	-	-	-	-	-	-
b)	Banks / FI	-	-	-	-	-	-	-	-	-
c)	Central Govt.	-	-	-	-	-	-	-	-	-
d)	State Govt.	-	-	-	-	-	-	-	-	-
e)	Venture Capital Funds	-	-	-	-	-	-	-	-	-
f)	Insurance Companies	-	-	-	-	-	-	-	-	-
g)	Foreign Portfolio Investors	-	-	-	-	-	-	-	-	-
h)	Foreign Venture Capital Investors	-	-	-	-	-	-	-	-	-
i)	Any other ( FDI)	-	-	-	-	-	-	-	-	-
	Any other (Foreign Institutional Investor)	-	-	-	-	-	-	-	-	-
	<b>Sub-total (B)(1)</b>	-	-	-	-	-	-	-	-	-
<b>2</b>	<b>Non-Institutions</b>									
<b>a)</b>	<b>Bodies Corp.</b>									
i)	Indian	-	338,350	338,350	1.00	-	338,350	338,350	1.00	-
ii)	Overseas	-	-	-	-	-	-	-	-	-
<b>b)</b>	<b>Individuals</b>									
i)	holding shares upto Rs.1 lakh	-	-	-	-	-	-	-	-	-
ii)	holding shares above Rs.1 lakh	-	-	-	-	-	-	-	-	-
<b>c)</b>	NBFCs Registered with RBI	-	-	-	-	-	-	-	-	-
<b>d)</b>	<b>Employees Trusts</b>	-	-	-	-	-	-	-	-	-
<b>c)</b>	<b>Any Others</b>	-	-	-	-	-	-	-	-	-
	<b>Sub-total (B)(2)</b>	-	<b>338,350</b>	<b>338,350</b>	<b>1.00</b>	-	<b>338,350</b>	<b>338,350</b>	<b>1.00</b>	-
	<b>Total Public Shareholding [(B)=(B)(1)+(B)(2)]</b>	-	<b>338,350</b>	<b>338,350</b>	<b>1.00</b>	-	<b>338,350</b>	<b>338,350</b>	<b>1.00</b>	-
<b>C.</b>	<b>Shares held by Custodian for GDRs &amp; ADRs</b>	-	-	-	-	-	-	-	-	-
	<b>Grand Total (A+B+C)</b>	-	<b>33,787,850</b>	<b>33,787,850</b>	<b>100</b>	-	<b>33,787,850</b>	<b>33,787,850</b>	<b>100%</b>	-

(ii) Shareholding of Promoters

SI No	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares	% of Shares Pledged / encumbered to total shares	
1	Max Ventures and Industries Limited	33,449,440	99%	-	33,449,440	99%	-	-
2	Mr. Sahil Vachani#	10	0.00	-	10	0.00	-	-
3	Mr. Alok Goel#	10	0.00	-	10	0.00	-	-
4	Mr. Nitin Kumar Kansal#	10	0.00	-	10	0.00	-	-
5	Mr. Navneet Narayan Malhotra#	10	0.00	-	10	0.00	-	-
6	Mr. Manohar Kumar#	10	0.00	-	0	0.00	-	(0.00)
7	Mr. Amit Jain#	10	0.00	-	20	0.00	-	0.00
	<b>Total</b>	<b>33,449,500</b>	<b>99.00</b>	-	<b>33,449,500</b>	<b>99.00</b>	-	-

# Shares held as nominees of Max Ventures and Industries Limited

(iii) Change in Promoters' Shareholding :

S. No.	Name of the Promoter	Shareholding		Cumulative shareholding during the year	
		No. of Shares	% of total shares	No. of Shares	% of total shares
1.	<b>Mr. Manohar Kumar#</b>				
	At the beginning of the year	10	0.00		
	Date wise increase / decrease				
2.	<b>Mr. Amit Jain#</b>				
	At the beginning of the year	10	0.00		
	Date wise increase / decrease				
	- Transfer of shares on May 09, 2016	10	0.00	20	0.00
	At the end of year	20	0.00		

# Shares held as nominees of Max Ventures and Industries Limited.

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

SI. No.	Name of the Shareholder	Shareholding			Reason for increase / decrease	Cumulative shareholding during the year	
		Date	No. of shares	% of total shares		No. of shares	% of total shares
1.	<b>PHARMAX CORPORATION LIMITED</b>						
	At the beginning of the year	01-04-2016	338,350	1.00	NA	338,350	1.00
	At the end of the year	31-03-2017	338,350	1.00			

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

S. No.	Name of the Director / Key Managerial Personnel	Shareholding		Cumulative shareholding during the year	
		No. of Shares	% of total shares	No. of Shares	% of total shares
1.	<b>Mr. Sahil Vachani#</b>				
	At the beginning of the year	10	0.00		
	Date wise increase / decrease	-	-	10	0.00
	At the end of year	10	0.00		
2.	<b>Mr. Amit Jain#*</b>				
	At the beginning of the year	10	0.00		
	Date wise increase / decrease				
	- Transfer of shares on May 09, 2016	10	0.00	20	0.00
	At the end of year	20	0.00		

# Shares held as nominees of Max Ventures and Industries Limited.

\* Appointed as Chief Financial Officer of the Company w.e.f. February 04, 2017.

**V. INDEBTEDNESS:** Indebtedness of the Company including interest outstanding/accrued but not due for payment:

(Rs. in Lacs)

	Secured Loans excluding deposits				Unsecured Loans	Deposits	Total Indebtedness
	Term loan	Buyers credit - Capex	Cash Credit	Car Loan			
<b>Indebtedness at the beginning of the financial year</b>							
i) Principal Amount	16,895.09	2,964.95	6,407.28	95.92	2,347.49	-	28,710.73
ii) Interest due but not paid	-	-	-	-	-	-	-
iii) Interest accrued but not due	1.07	6.55	-	-	101.38	-	109.00
<b>Total (i+ii+iii)</b>	16,896.16	2,971.50	6,407.28	95.92	2,448.87	-	28,819.73
<b>Change in Indebtedness during the financial year</b>							
Addition	1,546.20	332.76	35.53	68.85	-	-	1,983.34
Reduction	883.83	-	-	76.67	2,347.59	-	3,308.09
<b>Net Change</b>	662.37	332.76	35.53	(7.82)	(2,347.59)	-	(1,324.75)
<b>Indebtedness at the end of the financial year</b>							
i) Principal Amount	17,557.46	3,297.71	6,442.81	88.10	-	-	27,386.08
ii) Interest due but not paid	-	-	-	-	158.55	-	158.55
iii) Interest accrued but not due	110.23	45.42	5.36	-	-	-	161.01
<b>Total (i + ii + iii)</b>	17,667.69	3,343.13	6,448.17	88.10	158.55	-	27,705.64

**VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**

- A. **Remuneration to Managing Director, Whole-time Directors and/or Manager:** The Company does not have any Managing Director, Whole-time Director or a Manager.



**B. Remuneration to other directors:**

(in Rs.)

Sl. No.	Particulars of remuneration	Name of Directors			Total Amount
		Mr. K. Narasimha Murthy	Dr. S. K. Bijlani	Mr. Ashok Kacker	
<b>1.</b>	<b>Independent Directors</b>				
	a) Fee for attending Board/ Committee meetings	21,00,000	12,00,000	9,00,000	42,00,000
	b) Commission	-	-	-	-
	c) Others	-	-	-	-
	TOTAL (1)	21,00,000	12,00,000	9,00,000	42,00,000
<b>2.</b>	<b>Other Non-Executive Directors</b>				
	a) Fee for attending Board/ Committee meetings	-	-	-	-
	b) Commission	-	-	-	-
	c) Others	-	-	-	-
	TOTAL (2)	-	-	-	-
	TOTAL B = (1+2)				4,200,000
	<b>TOTAL MANAGERIAL REMUNERATION (A+B)</b>				<b>4,200,000</b>
	Overall ceiling as per the Act				NA

Notes:

1. The sitting fee excludes service tax paid/payable on such fee.
2. The overall ceiling as per the Act does not include the sitting fee payable to Non-Executive Directors in terms of Section 197 of the Act.

**C. Remuneration to Key Managerial Personnel (KMP) other than Managing Director/Manager/Whole-time Directors:**

(Rs. in Lacs)

Sl. No.	Particulars of Remuneration	Name of KMP				TOTAL
		Mr. Jaideep Wadhwa (CEO)*	Mr. Dalbir Singh (CFO)	Ms. Rupali Sharma (CS)	Mr. Amit Jain (CFO)^	
1.	Gross Salary					
	a) Salary as per provisions contained in Section 17(1) of Income Tax Act, 1961	180.55	95.82	6.38	7.34	290.09
	b) Value of perquisites u/s 17(2) of Income Tax Act, 1961	20.73	14.53	0.23	0.85	36.34
	c) Profit in lieu of salary u/s 17(3) of Income Tax Act, 1961					
2.	Stock Option	-	-	-	-	-
3.	Sweat Equity	-	-	-	-	-
4.	Commission					
	• As % of profit	-	-	-	-	-
	• Others, specify	-	-	-	-	-
5.	Others, please specify	-	-	-	-	-
	<b>Total</b>	<b>201.28</b>	<b>110.35</b>	<b>06.61</b>	<b>8.19</b>	<b>326.42</b>

\*Resigned as a CEO of the Company w.e.f. February 13, 2017.

# Retired as a CFO of the Company w.e.f. January 31, 2017.

^ Appointed as a Key Managerial Personnel (CFO) of the Company w.e.f. February 04, 2017.

**VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES : NONE**

**STATEMENT OF PARTICULARS OF EMPLOYEES PURSUANT TO PROVISIONS OF SECTION 197(12) OF THE COMPANIES ACT 2013 READ WITH COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014**
**Details of top 10 employees in terms of remuneration drawn, including:**
**A. Employees who were employed throughout the year and were in receipt of remuneration of not less than Rs.1,02,00,000/- : Nil**
**B. Employees employed for a part of the financial year and were in receipt of remuneration of not less than Rs.8,50,000/- per month :**

Sl. No	Name	Designation	Age (Yrs.)	Remuneration (Rs.)	Qualification	Exp. (Years)	Date of employment	Last Employment
1.	Mr. Jaideep Wadhwa*	Chief Executive Officer	52	25,825,496	BA (Hons) Mathematics, MBA	29	17.02.2014	Actis Advisors Pvt. Ltd.
2.	Mr. Dalbir Singh#	Sr. Vice President - Finance & Commercial	57	12,559,559	B. Com., ACA, Licentiate- CS	34	26.09.1989	Swaraj Majda Limited

**C. Other employees :**

Sl. No	Name	Designation	Age (Yrs.)	Remuneration (Rs.)	Qualification	Exp. (Years)	Date of employment	Last Employment
1.	Mr. K. Manohar	Vice President - Operations	50	8,492,965	BE (Chemical)	29	01.06.1989	Ester India Limited
2.	Mr. Sanjeev Yadav	Head - Product, Application & Business Development	51	5,739,908	B.Sc., Diploma-Marketing Management, Graduate Diploma-Packaging Tech, B.Tech. (Industrial Engg & Mgt)	31	19.06.1989	Polyplex Corporation Ltd.
3.	Mr. Amit Jain	Chief Financial Officer	46	5,704,652	B.Com, CA	22	16.05.2002	Owens Brockways (I) Ltd.
4.	Mr. Anil Kant Yadav	Head - National Sales	44	5,262,895	B.Sc., MBA	19	29.02.2016	Wifag-Polytype India Marketing (P) Ltd
5.	Mr. Gidugu Venkata Sita Rama Mohan	Head - International Sales	50	5,502,471	BE (Mechanical), MBA	29	05.06.1989	Polyplex Corporation Ltd.
6.	Mr. Navneet Narayan Malhotra	Head - Projects, Engineering & IT	51	4,678,687	BE (Electrical)	27	17.07.1991	Escorts Yamaha Ltd
7.	Prabhat Khare	Head - Projects	53	4,245,409	BE (Electrical), PGD - Business Management	33	25.04.2016	Jaypee Cement
8.	Satishkumar H Mahant^	Head - Research & Development	52	3,686,711	Ph.D, University of Massachusetts	23	16.08.2016	Sabic Research & Technology Pvt Ltd

**Notes:**

- Remuneration comprises of salary, allowances, value of rent free accommodation, bonus, medical expenses, leave travel assistance, personal accident and health insurance, Company's contribution to provident fund, pension, gratuity and superannuation fund, leave encashment and value of perquisites.
- None of the employees mentioned above is related to any Director of the Company.
- All appointments are contractual on rolls of the Company and in accordance with the terms and conditions as per Company Rules / Policies.
- \*Resigned as a CEO of the Company w.e.f. February 13, 2017.
- # Retired as a CFO of the Company w.e.f. January 31, 2017.
- ^ denotes the employee joined during the year.

# **FINANCIAL STATEMENTS**

# INDEPENDENT AUDITOR'S REPORT

## To the Members of Max Speciality Films Limited

### Report on the Financial Statements

We have audited the accompanying financial statements of Max Speciality Films Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2017, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the Companies (Accounting Standards) Amendment Rules, 2016. 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 the design, implementation and maintenance of adequate internal financial control that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers

internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at March 31, 2017, its profit, and its cash flows for the year ended on that date.

### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's report) Order, 2016 ("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 1 a statement on the matters specified in paragraphs 3 and 4 of the Order.
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 purpose of our audit;
  - (b) In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - (c) The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of;
  - (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the Companies (Accounting Standards) Amendment Rules, 2016;
  - (e) On the basis of written representations received from the directors as on March 31, 2017, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017, 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 over financial reporting of the Company and the operating

effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;

(g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, 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 financial statements – Refer Note 31 to the 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 were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
- iv. The Company has provided requisite disclosures in Note 38 to these financial statements as to the holding of Specified Bank Notes on November 8, 2016 and

December 30, 2016 as well as dealings in Specified Bank Notes during the period from November 8, 2016 to December 30, 2016. Based on our enquiries, test check of the books of account and other details maintained by the Company and relying on the management representation regarding the holding and nature of cash transactions, including Specified Bank Notes, we report that these disclosures are in accordance with the books of accounts maintained by the Company.

**For S.R. Batliboi & CO. LLP**

**Chartered Accountants**

**ICAI Firm Registration Number: 301003E/E300005**

**per Atul Seksaria**

Partner

Membership Number: 086370

Place of Signature: Gurgaon

Date: May 11, 2017

Annexure 1 referred to in paragraph 1 under the heading "Report on Other Legal and Regulatory Requirements" of our report of even date

Re: Max Speciality Films Limited ('the Company')

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) All fixed assets have not been physically verified by the management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) According to information and explanations given by the management, the title deeds of immovable properties included in fixed assets are held in the name of the Company.
- (ii) The management has conducted physical verification of inventory at reasonable intervals during the year and no material discrepancies were noticed on such physical verification.
- (iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, the provisions of clause 3(iii)(a), (b) and (c) of the Order are not applicable to the Company and hence not commented upon.
- (iv) In our opinion and according to the information and explanations given to us, there are no loans, investments, guarantees, and securities granted in respect of which provisions of section 185 and 186 of the Companies Act 2013 are applicable and hence not commented upon.
- (v) The Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.
- (vi) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 148(1) of the Companies Act, 2013, related to the manufacture of Biaxially Oriented Poly Propylene (BOPP) film, and are of the opinion that prima facie, the specified accounts and records have been made and maintained. We have not, however, made a detailed examination of the same.
- (vii) (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, customs duty, excise duty, value added tax, cess and other material statutory dues applicable to it.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, service tax, sales-tax, duty of custom, duty of excise, value added tax, cess and other material statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.
- (c) According to the records of the Company, the dues outstanding of income-tax, sales-tax, , service tax, duty of custom, duty of excise ,value added tax and cess on account of any dispute, are as follows:

Name of Statute	Nature of the dues	Amount (Rs. in Lacs)	Period (FY) to which the amount relates	Forum where dispute is pending
Central Excise Act, 1944	Excise duty (Captive use of waste & scrap)	2,987.89	2005-06 to 2014-15	Commissioner, Chandigarh
Finance Act, 1994 (service tax)	Service tax (Refund claim of service tax paid on THC charges)	1.11	2009-10	CESTAT, New Delhi
Finance Act, 1994 (service tax)	Service tax cenvat credit (Input credit claimed against marine insurance)	0.18	2007-08	CESTAT, New Delhi
Finance Act, 1994 (service tax)	Service tax (GTA liability paid through input credit)	0.02	2006-07	Commissioner Appeals, Chandigarh
Finance Act, 1994 (service tax)	Service tax (GTA liability paid through input credit)	5.93	2006-07	Joint Commissioner, Chandigarh
Central Excise Act, 1944	Excise duty (Job Work)	11.76	2014-15	Additional Commissioner, Chandigarh
Finance Act, 1994 (service tax)	Cenvatcredit (Civil Work)	5.15	2011-12	Joint Commissioner, Chandigarh



- (viii) In our opinion and according to information and explanations given by the management, the Company has not defaulted in repayment of dues to a financial institution, bank, debenture holders or government.
- (ix) In our opinion and according to information and explanations given by the management, the Company has utilized the monies raised by way of term loans for the purpose for which they were raised. The Company has not raised any monies through initial public offer.
- (x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that no fraud by the Company or no fraud on the Company by the officers and employees of the Company has been noticed or reported during the year.
- (xi) According to the information and explanations given by the management, the provisions of section 197 read with Schedule V of the Act is not applicable to the Company and hence reporting under clause 3(xi) are not applicable and hence not commented upon.
- (xii) In our opinion, the Company is not a nidhi company. Therefore, the provisions of clause 3(xii) of the order are not applicable to the Company and hence not commented upon.
- (xiii) According to the information and explanations given by the management, transactions with the related parties are in compliance with section 177 and 188 of the Act where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.
- (xiv) According to the information and explanations given to us and on an overall examination of the balance sheet, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence, reporting requirements under clause 3(xiv) are not applicable to the Company and, not commented upon.
- (xv) According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in section 192 of Companies Act, 2013.
- (xvi) According to the information and explanations given to us, the provisions of section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

**For S.R. Batliboi & Co. LLP**

**Chartered Accountants**

**ICAI Firm Registration Number:** 301003E/E300005

**perAtul Seksaria**

**Partner**

Membership Number: 086370

Place of Signature: Gurgaon

Date: May 11, 2017

### **ANNEXURE 2 TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS OF MAX SPECIALITY FILMS LIMITED**

#### **Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls over financial reporting of Max Speciality Films Limited ("the Company") as of March 31, 2017 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 the internal control over financial reporting 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 its business, including adherence to the 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 Companies Act, 2013.

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

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting 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 as specified under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls and, both issued by the Institute of Chartered Accountants of India. 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 over financial reporting was 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 system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, 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 system over financial reporting.

#### **Meaning of Internal Financial Controls Over Financial Reporting**

A company's internal financial control over financial reporting 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 control over financial reporting 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 Over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, 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 over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting 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, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, 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 on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

**For S.R. Batliboi & CO. LLP**

**Chartered Accountants**

**ICAI Firm Registration Number: 301003E/E300005**

**per Atul Seksaria**

Partner

Membership Number: 086370

Place of Signature: Gurgaon

Date: May 11, 2017

# BALANCE SHEET

AS AT MARCH 31, 2017

		(Rs. in Lacs)	
	Notes	As at March 31, 2017	As at March 31, 2016
<b>Equity and liabilities</b>			
<b>Shareholders' funds</b>			
Share capital	4	3,378.79	3,378.79
Reserves and surplus	5	16,282.05	15,783.52
		<b>19,660.84</b>	<b>19,162.31</b>
<b>Non-current liabilities</b>			
Long-term borrowings	6	19,517.26	18,646.16
Deferred tax liabilities (Net)	8	699.17	787.98
Other long-term liabilities	7	2.91	103.10
Long-term provisions	9	559.18	464.22
		<b>20,778.52</b>	<b>20,001.46</b>
<b>Current liabilities</b>			
Short-term borrowings	10	6,442.81	7,724.04
Trade payables			
Total outstanding dues of micro enterprises and small enterprises	11	18.62	89.24
Total outstanding dues of creditors other than micro enterprises and small enterprises	11	6,782.02	5,429.24
Other current liabilities	11	2,492.69	3,115.96
Short-term provisions	9	111.56	121.56
		<b>15,847.70</b>	<b>16,480.04</b>
<b>TOTAL</b>		<b>56,287.06</b>	<b>55,643.81</b>
<b>Assets</b>			
<b>Non-current assets</b>			
Fixed assets			
Tangible assets	12	31,317.25	26,514.52
Intangible assets	12	448.67	439.87
Capital work-in- progress (refer Note 34)		1,373.99	2,179.15
Long-term loans and advances	13	1,881.14	3,524.61
		<b>35,021.05</b>	<b>32,658.15</b>
<b>Current assets</b>			
Inventories	14	7,524.41	5,584.47
Trade receivables	15	11,374.14	14,850.26
Cash and bank balances	16	69.85	163.04
Short-term loans and advances	13	1,733.33	1,931.59
Other current assets	17	564.28	456.30
		<b>21,266.01</b>	<b>22,985.66</b>
<b>TOTAL</b>		<b>56,287.06</b>	<b>55,643.81</b>
Summary of significant accounting policies	3		
The accompanying notes are integral part of the financial statements			
As per our report of even date			

**For SR.Batliboi & Co. LLP**

Chartered Accountants

ICAI Firm Registration Number:301003E / E300005

**per Atul Seksaria**

Partner

Membership Number: 086370

Place : Gurgaon

Date : 11 May 2017

**For and on behalf of the Board of Directors of Max Speciality Films Limited**

**K. Narasimha Murthy**

(Director)

DIN - 00023046

**Amit Jain**

(Chief Financial Officer)

**Sahil Vachani**

(Director)

DIN - 00761695

**Rupali Sharma**

(Company Secretary)

Place : New Delhi

Date : 11 May 2017

# STATEMENT OF PROFIT AND LOSS

FOR THE PERIOD ENDED MARCH 31, 2017

		(Rs. in Lacs)	
	Notes	For the year ended March 31, 2017	For the year ended March 31, 2016 (Rs. in Lacs)
<b>Income</b>			
Revenue from operations (gross)	18	71,228.81	76,177.62
Less: excise duty		5,808.50	6,131.11
<b>Revenue from operations (net)</b>		<b>65,420.31</b>	<b>70,046.51</b>
Other income	19	1,179.03	946.91
<b>Total revenue (I)</b>		<b>66,599.34</b>	<b>70,993.42</b>
<b>Expenses</b>			
Cost of raw materials consumed	20	44,649.68	45,361.43
(Increase)/decrease in inventories of finished goods and work-in-progress	21	(1,032.33)	22.82
Employee benefit expenses	22	3,366.34	3,783.79
Finance cost	25	3,078.13	3,516.49
Depreciation and amortisation expense	24	2,056.10	1,912.66
Other expenses	23	14,203.12	13,659.72
<b>Total expenses (II)</b>		<b>66,321.04</b>	<b>68,256.91</b>
<b>Profit before tax (I - II)</b>		<b>278.30</b>	<b>2,736.51</b>
<b>Tax expenses/(credit)</b>			
Current tax		95.09	596.99
Tax related to previous years		4.61	0.26
Less: MAT credit entitlement			
- current year		(95.09)	(239.29)
- earlier years (refer Note 13)		(136.03)	-
Deferred tax expense/(credit)		(88.81)	393.09
<b>Total tax expense/(credit)</b>		<b>(220.23)</b>	<b>751.05</b>
<b>Profit for the year</b>		<b>498.53</b>	<b>1,985.46</b>
<b>Earnings per equity share</b>			
[Nominal value of shares Rs.10 (Previous year Rs.10)]	26		
Basic (Rs.)		1.48	5.88
Diluted (Rs.)		1.48	5.88
Summary of significant accounting policies	3		

The accompanying notes are integral part of the financial statements  
As per our report of even date

**For S.R.Batliboi & Co. LLP**

Chartered Accountants

ICAI Firm Registration Number:301003E / E300005

**per Atul Seksaria**

Partner

Membership Number: 086370

Place : Gurgaon

Date : 11 May 2017

**For and on behalf of the Board of Directors of Max Speciality Films Limited**

**K. Narasimha Murthy**

(Director)

DIN - 00023046

**Amit Jain**

(Chief Financial Officer)

**Sahil Vachani**

(Director)

DIN - 00761695

**Rupali Sharma**

(Company Secretary)

Place : New Delhi

Date : 11 May 2017

# CASH FLOW STATEMENT

FOR THE YEAR ENDED MARCH 31, 2017

	(Rs. in Lacs)	
	For the year ended March 31, 2017	For the year ended March 31, 2016
<b>Cash flow from operating activities</b>		
Net Profit before tax	278.30	2,736.51
Adjustments to reconcile profit before tax to net cash flows		
Depreciation / amortisation	2,056.10	1,912.66
Interest expense	2,688.08	3,071.39
Interest income	(147.29)	(130.91)
Gain/(loss) on sale of fixed assets, net	(2.97)	290.40
Provision for doubtful debts	186.58	7.18
Provision for doubtful advances	8.26	-
Bad debts written off	202.15	23.12
Liability/ provisions no longer required written back	(16.48)	(32.64)
Unrealised foreign exchange (gain) / loss	(208.01)	(51.42)
<b>Operating profit before working capital changes</b>	<b>5,044.71</b>	<b>7,826.29</b>
<b>Movement in working capital :</b>		
Increase/ (decrease) in trade payables	1,363.75	353.48
Increase/ (decrease) in long-term provisions	94.96	160.12
Increase/ (decrease) in other long-term liabilities	1.19	1.72
Increase/ (decrease) in short-term provisions	(4.38)	(164.01)
Increase/ (decrease) in other current liabilities	(117.21)	(27.38)
Decrease / (increase) in trade receivables	3,000.70	16.46
Decrease / (increase) in inventories	(1,939.94)	(14.48)
Decrease / (increase) in long-term loans and advances	(82.29)	(605.48)
Decrease / (increase) in short-term loans and advances	592.03	(146.22)
Decrease / (increase) in other current assets	(24.89)	(121.86)
Cash generated from operations	7,928.64	7,278.64
Direct taxes paid	(267.97)	(676.13)
<b>Net cash flow from operating activities (A)</b>	<b>7,660.67</b>	<b>6,602.51</b>
<b>Cash flow from investing activities</b>		
Purchase of fixed assets, including intangible assets, CWIP and capital advances	(4,297.98)	(5,171.40)
Proceeds from sale of fixed assets	52.49	180.35
Interest received	141.67	133.74
<b>Net cash flow from investing activities (B)</b>	<b>(4,103.82)</b>	<b>(4,857.31)</b>
<b>Cash flow from financing activities</b>		
Dividend paid	-	(337.88)
Proceeds from long -term borrowings	3,038.72	3,332.68
Repayment of long -term borrowings	(2,761.42)	(536.19)
Repayment of short -term borrowings(net)	(1,281.23)	(1,382.84)
Interest paid	(2,646.11)	(2,830.13)
<b>Net cash flow used in financing activities (C)</b>	<b>(3,650.04)</b>	<b>(1,754.36)</b>
Net increase/(decrease) in cash and cash equivalents (A + B + C)	(93.19)	(9.16)
Effect of exchange differences on cash and cash equivalents held in foreign currency	-	0.41
Cash and cash equivalents at the beginning of the year	163.04	171.79
<b>Cash and cash equivalents at the end of the year</b>	<b>69.85</b>	<b>163.04</b>

## Standalone Financial Statements

### Cash Flow Statement

	For the year ended March 31, 2017	For the year ended March 31, 2016
<b>Components of cash and cash equivalent</b>		
Cash on hand	133	186
Balances with banks		
On current account	63.60	159.79
Stamps in hand	0.04	0.15
Margin money deposits	4.88	1.24
<b>Total cash and cash equivalents</b>	<b>69.85</b>	<b>163.04</b>
Summary of significant accounting policies		

The accompanying notes are integral part of the financial statements  
As per our report of even date

**For S.R.Batliboi & Co. LLP**

Chartered Accountants

ICAI Firm Registration Number:301003E / E300005

**per Atul Seksaria**

Partner

Membership Number: 086370

Place : Gurgaon

Date : 11 May 2017

**For and on behalf of the Board of Directors of Max Speciality Films Limited**

**K. Narasimha Murthy**

(Director)

DIN - 00023046

**Amit Jain**

(Chief Financial Officer)

**Sahil Vachani**

(Director)

DIN - 00761695

**Rupali Sharma**

(Company Secretary)

Place : New Delhi

Date : 11 May 2017



# NOTES TO FINANCIAL STATEMENTS

FOR THE PERIOD ENDED MARCH 31, 2017

## 1. Corporate information

Max Speciality Films Limited (the Company) is a public Company domiciled in India.

The Company is engaged in manufacturing and selling of a wide range of sophisticated packaging unmetallised BOPP films and metallised BOPP films including High Barrier films, Thermal Lamination films and Leather finishing foils. It caters to the needs of diverse packaging industries including food packaging, overwrapping, consumer products, labels and textile industries, both in domestic and international market. The Company has its manufacturing factory located at Bhai Mohan Singh Nagar, Railmajra, Tehsil Balachaur, District SBS Nagar(Nawanshar), Punjab -144533.

## 2. Basis of preparation

The financial statements of the Company have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The Company has prepared these financial statements to comply in all material respects with the accounting standards specified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rule 2014 and the Companies (Accounting Standards) Amendment Rules, 2016. The financial statements have been prepared on an accrual basis and under the historical cost convention.

The accounting policies adopted in preparation of financial statements are consistent with those of previous year.

## 3. Summary of significant accounting policies

### 3.1 Use of estimates

The preparation of financial statements in conformity with Indian GAAP requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

### 3.2 Tangible fixed assets

Fixed assets are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises purchase price, borrowing costs if capitalization criteria are met, the cost of replacing part of the fixed assets and directly attributable cost of bringing the asset to its working condition for the intended use. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately. This applies mainly to components of machinery. When significant parts of the fixed assets are required to be

replaced at intervals, the Company recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the fixed assets as a replacement if the recognition criteria are satisfied. Any trade discounts and rebates are deducted in arriving at the purchase price.

Subsequent expenditure related to an item of fixed asset is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance. All other expenses on existing fixed assets, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss for the period during which such expenses are incurred.

Gains or losses arising from de-recognition of fixed assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

### 3.3 Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in the statement of profit and loss in the year in which the expenditure is incurred.

Intangible assets are amortized on a straight line basis over the estimated useful economic life. Such intangible assets and intangible assets not yet available for use are tested for impairment annually, either individually or at the cash-generating unit level. All other intangible assets are assessed for impairment whenever there is an indication that the intangible asset may be impaired.

The excess of consideration paid for acquisition of assets over the net assets value minus liabilities taken over in the acquired business is recognised as goodwill and included under intangible assets.

Intangible assets comprising of computer softwares are amortized over a period of 3 - 6 years based on management's estimate of economic useful life of the individual assets.

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 recognized in the statement of profit and loss when the asset is derecognized.

### 3.4 Depreciation & Amortization

- a) In respect to tangible and intangible assets acquired under the business transfer agreement, the Company has calculated depreciation/amortization on straight-line basis using the rates arrived at based on a technical estimate of the residual useful lives estimated by an independent engineering consultancy professional firm.
- b) In respect to other tangible and intangible assets acquired during the year, depreciation/amortization is calculated on a straight-line basis using the rates arrived at based on the useful lives estimated by the management.

The identified components are depreciated separately over their useful lives; the remaining components are depreciated over the life of principal asset. The Company has estimated following useful lives to provide depreciation on its fixed assets:

#### Useful lives estimated by management (years)

Factory building	30
Other buildings	60
Plant and equipments	15-25
Furniture and fixtures	10
Office equipment	3 - 5
Computers	3 - 6
Vehicles	3 - 8
Computer softwares	3 - 6
Leasehold improvements	3 or the life based on lease period, whichever is lower

Goodwill recognized pursuant to acquisition of business is amortized over 5 years on a straight line basis.

### 3.5 Leases

*Where the Company is lessee*

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item are classified as operating leases. Operating lease payments are recognized as an expense in the statement of profit and loss on a straight line basis over the lease term.

### 3.6 Borrowing costs

Borrowing cost includes interest, amortization of ancillary costs incurred in connection with the arrangement of borrowings and exchange difference arising from foreign currency borrowings to the extent they are recorded as an adjustment to the interest cost.

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 respective asset. All other borrowing costs are expensed in the period they occur.

### 3.7 Impairment of tangible and intangible assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) net selling price and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

The Company bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Company's cash-generating units to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of five years. For longer periods, a long term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations are recognized in the statement of profit and loss.

After impairment, depreciation is provided on the revised carrying amount of the assets over its remaining useful life.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset's or cash-generating unit's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of profit and loss.

### 3.8 Inventories

Raw materials, packing materials, stores and spares are valued at lower of cost and net realizable value. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Cost of raw materials, packing materials, and stores and spares is

determined on a weighted average basis.

Work-in-progress and finished goods are valued at lower of cost and net realizable value. Cost includes direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. Cost of finished goods includes excise duty. Cost is determined on a weighted average basis.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

### 3.9 Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized:

#### *Sale of goods*

Revenue from sale of goods is recognized when all the significant risks and rewards of ownership of the goods have been passed to the buyer, usually on delivery of the goods. The Company collects sales taxes, excise duty and value added taxes (VAT) on behalf of the government and therefore, these are not economic benefits flowing to the Company. Hence, they are excluded from revenue. Excise duty deducted from revenue (gross) is the amount that is included in the revenue (gross) and not the entire amount of liability arising during the year.

#### *Interest*

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

#### *Export benefits*

Export benefits constituting import duty benefits under Duty Exemption Pass Book (DEPB), duty draw back, advance licence scheme and focus market scheme (FMS) are accounted for on accrual basis. Export benefits under DEPB & duty draw back are considered as other operating income.

#### *Job work income*

Revenue from job work services is recognized as and when services are rendered.

### 3.10 Foreign exchange transactions

#### *Initial recognition*

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

#### *Conversion*

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

#### *Exchange differences*

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

#### *Forward exchange contracts not intended for trading or speculation purposes*

The premium or discounts arising at the inception of forward exchange contracts is amortised and recognised as an expense or income over the life of the contract. Exchange difference on such contracts is recognized in the statement of profit and loss in the period in which the exchange rate changes. Any profit or loss arising on cancellation or renewal of forward exchange contracts is recognized as income or expense for the period.

### 3.11 Employee Benefits

#### *Provident Fund*

Retirement benefit in the form of Provident Fund is a defined benefit obligation as the Company and its employees are contributing to a provident fund trust "Max India Limited Employees Provident Fund Trust" and the contributions are charged to the statement of profit and loss of the year when the contributions to the respective funds are due. The Company recognizes contribution payable to the provident fund scheme as an expenditure, when an employee renders the related service.

The cost of providing benefit under this plan are determined on the basis of actuarial valuation at end of each year end using projected unit credit method. Actuarial gains and losses for the defined benefit plan is recognized in full in the period in which they occur in the statement of profit and loss.

#### *Superannuation fund*

Retirement benefit in the form of superannuation fund is a defined contribution scheme. The Company has no obligation, other than the contribution payable to the fund. Liability in respect of superannuation fund to the employees is accounted for as per the Company's Scheme and contributed to "Max Speciality Films Limited Employees Group Superannuation Trust" every year. The contributions to the funds are charged to the statement of profit and loss of the year.

## Gratuity

Employee benefit in form of gratuity plan is a defined benefit obligation. The cost of providing benefit under this plan are determined on the basis of actuarial valuation at end of each year using projected unit credit method. Actuarial gains and losses for the defined benefit plan is recognized in full in the period in which they occur in the statement of profit and loss.

The Company has a recognised gratuity trust "Max Speciality Films Limited Employees Group Gratuity Trust" which in turn has taken a policy with LIC to cover the gratuity liability of the employees.

## Compensated Absences

Accumulated leave, which is expected to be utilized within the next 12 months, is treated as short-term employee benefit. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The Company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end. Actuarial gains/losses are immediately taken to the statement of profit and loss and are not deferred. The Company presents the leave as a current liability in the balance sheet, to the extent it does not have an unconditional right to defer its settlement for 12 months after the reporting date. Where the Company has the unconditional legal and contractual right to defer the settlement for a period beyond 12 months, the same is presented as non-current liability.

## 3.12 Income taxes

Tax expense comprises current and deferred tax. Current income-tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961 enacted in India. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Current income tax relating to items recognized directly in equity is recognized in equity and not in the statement of profit and loss

Deferred income taxes reflect the impact of timing differences between taxable income and accounting income originating during the current year and reversal of timing differences for the earlier years. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted at the reporting date. Deferred income tax relating to items recognized directly in equity is recognized in equity and not in the statement of profit and loss.

Deferred tax liabilities are recognized for all taxable timing differences. Deferred tax assets are recognized for deductible timing differences only to the extent that there is reasonable certainty that sufficient future taxable

income will be available against which such deferred tax assets can be realized. In situations where the Company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits.

At each reporting date, the Company re-assesses unrecognized deferred tax assets. It recognizes unrecognized deferred tax asset to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realized.

The carrying amount of deferred tax assets are reviewed at each reporting date. The Company writes-down the carrying amount of deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realized. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set-off current tax assets against current tax liabilities and the deferred tax assets and deferred taxes relate to the same taxable entity and the same taxation authority.

Minimum alternate tax (MAT) paid in a year is charged to the statement of profit and loss as current tax. The Company recognizes MAT credit available as an asset only to the extent that there is convincing evidence that the Company will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the Company recognizes MAT credit as an asset in accordance with the Guidance Note on Accounting for Credit Available in respect of Minimum Alternative Tax under the Income-tax Act, 1961, the said asset is created by way of credit to the statement of profit and loss and shown as "MAT Credit Entitlement." The Company reviews the "MAT credit entitlement" asset at each reporting date and writes down the asset to the extent the Company does not have convincing evidence that it will pay normal tax during the specified period.

## 3.13 Earnings per share

Basic earnings per share is calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of the equity shares outstanding during the year.

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

## 3.14 Provisions

A provision is recognized when the Company has a

present obligation as a result of past event. It is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.

### 3.15 Contingent liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the

Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

### 3.16 Cash and cash equivalents

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

## 4. Share capital

	(Rs. in Lacs)	
	As at March 31, 2017	As at March 31, 2016
<b>Authorised shares (Nos.)</b> 50,000,000 (March 31, 2016: 50,000,000) equity shares of Rs. 10/- each	5,000.00	5,000.00
	5,000.00	5,000.00
<b>Issued, subscribed and fully paid-up shares (Nos.)</b> 33,787,850 (March 31, 2016: 33,787,850) equity shares of Rs. 10/- each fully paid up	3,378.79	3,378.79
<b>Total issued, subscribed and fully paid-up capital</b>	3,378.79	3,378.79

### 4.1 Reconciliation of the shares outstanding as at beginning and at the end of reporting year

	(Rs. in Lacs)			
	March 31, 2017		March 31, 2016	
	No. of shares	Rs. in Lacs	No. of shares	Rs. in Lacs
<b>Equity Shares</b>				
At the beginning of the year	33,787,850.00	3,378.79	33,787,850.00	3,378.79
<b>Outstanding at the end of the year</b>	33,787,850.00	3,378.79	33,787,850.00	3,378.79

### 4.2 Terms/rights attached to equity shares

The Company has only one class of equity shares having a par value of Rs. 10/- per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

During the year ended 31 March 2017, the amount of per share dividend recognised as distributions to equity shareholders was Rs. Nil (March 31, 2016: Rs. 1)

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

### 4.3 Shares held by holding company (refer note no 41)

	(Rs. in Lacs)	
	As at March 31, 2017	As at March 31, 2016
<b>Max Ventures and Industries Limited (erstwhile Capricorn Ventures Limited), the holding Company (w.e.f April 1, 2015)</b> 33,449,500 (March 31, 2016: 33,449,500) equity shares of Rs 10 each fully paid	3,344.95	3,344.95
	3,344.95	3,344.95



**4.4 Details of shareholder holding more than 5% shares in the Company** (refer note no 41)

(Rs. in Lacs)

Name of the Shareholder	March 31, 2017		March 31, 2016	
	No. of shares	% held	No. of shares	% held
<b>Equity shares of Rs. 10 each fully paidup</b>				
Max Ventures and Industries Limited (erstwhile Capricorn Ventures Limited)	<b>33,449,500</b>	<b>99.00%</b>	<b>33,449,500</b>	<b>99.00%</b>

As per records of the Company, including its register of shareholders and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownership of shares.

**5. Reserves and surplus**

(Rs. in Lacs)

	As at March 31, 2017	As at March 31, 2016
<b>Securities premium account</b>		
Balance as per last financial statements	<b>13,456.54</b>	<b>13,456.54</b>
<b>Closing balance</b>	<b>13,456.54</b>	<b>13,456.54</b>
<b>Surplus/ (deficit) in the statement of profit and loss</b>		
Balance as per last financial statements	<b>2,326.98</b>	<b>750.10</b>
Profit for the year	<b>498.53</b>	<b>1,985.46</b>
Less: Appropriations		
Interim dividend [amount per share Rs.Nil (March 31, 2016: Rs. 1)]	-	<b>337.88</b>
Tax on interim dividend	-	<b>70.70</b>
<b>Net surplus in the statement of profit and loss</b>	<b>2,825.51</b>	<b>2,326.98</b>
<b>Total reserves and surplus</b>	<b>16,282.05</b>	<b>15,783.52</b>

**6. Long term borrowings**

(Rs. in Lacs)

	Non-current portion		Current maturities	
	As at March 31, 2017	As at March 31, 2016	As at March 31, 2017	As at March 31, 2016
<b>Term loans</b>				
From banks (secured)	<b>13,647.46</b>	<b>13,048.75</b>	<b>947.50</b>	<b>846.34</b>
Non-banking financial institution (secured)	<b>2,887.50</b>	<b>2,962.50</b>	<b>75.00</b>	<b>37.50</b>
<b>Loans and advances from related party</b>				
Inter corporate loan (unsecured)	-	<b>550.06</b>	-	-
<b>Other loan and advances</b>				
Buyers credit foreign currency (secured)	<b>2,933.90</b>	<b>2,026.19</b>	<b>363.81</b>	<b>1,250.84</b>
<b>Vehicle loans from banks (secured)</b>	<b>48.40</b>	<b>58.66</b>	<b>39.70</b>	<b>37.26</b>
	<b>19,517.26</b>	<b>18,646.16</b>	<b>1,426.01</b>	<b>2,171.94</b>
<b>The above amount includes</b>				
Secured borrowings	<b>19,517.26</b>	<b>18,096.10</b>	<b>1,426.01</b>	<b>2,171.94</b>
Unsecured borrowings	-	<b>550.06</b>	-	-
Amount disclosed under the head "other current liabilities" (refer note 11)	-	-	<b>(1,426.01)</b>	<b>(2,171.94)</b>
	<b>19,517.26</b>	<b>18,646.16</b>	-	-

- i) Term loan from Yes Bank Limited amounting to Rs. 8,393.75 Lacs (March 31, 2016: Rs. 8,500.00 Lacs) is secured by way of first pari passu charge on the movable fixed assets (excluding assets/equipment/vehicles etc specifically charged to other lenders) and immovable fixed assets both present and future. The loan is repayable in 32 structured quarterly instalments commenced from 3rd December 2016 carrying interest rate ranging from 8.80% p.a. to 13.00% p.a.
- ii) Term loan from Yes Bank Limited amounting to Rs. 4,655.00 Lacs (March 31, 2016: Rs. 4,900.00 Lacs) is secured by way of first pari passu charge on the movable fixed assets (excluding assets/equipment/vehicles etc specifically charged to other lenders) and immovable fixed assets both present and future. The loan is repayable in 20 structured quarterly instalments commenced from 3rd December 2016 carrying interest rate ranging from 8.80% p.a. to 12.35% p.a.

- iii) Term loan from Yes Bank Limited amounting to Rs. 1,546.21 Lacs (March 31, 2016: Rs. Nil) is secured by way of first pari passu charge on the movable fixed assets (excluding assets/equipment/vehicles etc specifically charged to other lenders) and immovable fixed assets both present and future. The loan is repayable in 20 structured quarterly instalments commenced from 3rd December 2016 carrying interest rate ranging from 8.80% p.a. to 9.30% p.a..
- iv) Term loan from Yes Bank Limited amounting to Rs. Nil (March 31, 2016: Rs. 495.09 Lacs ) was secured by way of first pari passu charge on the movable fixed assets (excluding assets/equipment/vehicles etc specifically charged to other lenders) and immovable fixed assets both present and future. The loan was repayable in 12 equal quarterly instalments commenced from 1st April 2014 carrying interest rate of 12.75% p.a.
- v) Term loan from Tourism Finance Corporation of India Limited amounting to Rs. 2,962.50 Lacs (March 31, 2016: Rs. 3,000.00 Lacs) is secured by way of first pari passu charge on the movable fixed assets (excluding assets/equipment/vehicles etc specifically charged to other lenders) and immovable fixed assets both present and future. The loan is repayable in 32 structured quarterly instalments commenced from 3rd December 2016 carrying interest rate ranging from 12.30% p.a. to 13.00% p.a..
- vi) Loan from Max Ventures and Industries Limited (erstwhile Capricorn Ventures Limited), the holding Company amounting to Rs. Nil (March 31, 2016: Rs. 550.06 Lacs). The loan has been repaid to the Holding company during the year on March 28, 2017 carried interest rate ranging from 11.00% p.a. to 13.00% p.a..
- vii) Buyer credit foreign currency facility from Yes Bank Limited amounting to Rs. 3,297.70 Lacs (March 31, 2016: Rs. 3,277.03 Lacs) is secured by way of first pari passu charge on the movable fixed assets (excluding assets/equipment/vehicles etc specifically charged to other lenders) and immovable fixed assets both present and future. The loan is repayable next 2-3 years carrying interest rate ranging from 0.61% p.a. to 2.40% p.a..
- viii) Vehicle loans amounting to Rs. 88.10 Lacs (March 31, 2016: Rs. 95.92 Lacs) are secured by way of hypothecation of respective vehicles. The loans are repayable in 3 to 5 years. The rate of interest varies between 10.00% p.a. to 11.50% p.a.

## 7. Other long term liabilities

	(Rs. in Lacs)	
	Non-current	
	As at March 31, 2017	As at March 31, 2016
Interest accrued but not due on inter corporate loan	-	101.38
Rent equalisation	2.91	1.72
	<b>2.91</b>	<b>103.10</b>

## 8. Deferred tax liabilities (net)

	(Rs. in Lacs)	
	As at March 31, 2017	As at March 31, 2016
<b>Deferred tax liability</b>		
Fixed assets: Impact of difference between tax depreciation and depreciation/ amortisation charged for the financial reporting	2,442.02	1,265.33
<b>Gross deferred tax liability</b>	<b>2,442.02</b>	<b>1,265.33</b>
<b>Deferred tax assets</b>		
Impact of expenditure charged to the statement of profit and loss in the current year but allowable for tax purposes on payment basis	335.27	463.82
Provision for doubtful debts and advances	75.99	13.53
Unabsorbed depreciation	1,331.59	-
<b>Gross deferred tax assets</b>	<b>1,742.85</b>	<b>477.35</b>
<b>Net deferred tax liabilities</b>	<b>699.17</b>	<b>787.98</b>

**9. Provisions**

(Rs. in Lacs)

	Long - term		Short - term	
	As at March 31, 2017	As at March 31, 2016	As at March 31, 2017	As at March 31, 2016
<b>Provision for employee benefits</b>				
Provision for gratuity (refer note 22.1)	444.46	350.30	90.83	90.53
Provision for leave benefits	114.72	113.92	20.73	25.41
<b>Other provisions</b>				
Provision for income tax (net of advance tax Rs. 601.27 Lacs) (March 31, 2016: Rs. 591.37 Lacs)	-	-	-	5.62
	<b>559.18</b>	<b>464.22</b>	<b>111.56</b>	<b>121.56</b>

**10. Short term borrowings**

(Rs. in Lacs)

	As at March 31, 2017	As at March 31, 2016
Cash credit from banks (secured)	6,442.53	5,701.46
Packing credit foreign currency (secured)	0.28	225.15
Packing credit (unsecured)	-	1,500.00
Bills discounted from banks (unsecured)	-	297.43
	<b>6,442.81</b>	<b>7,724.04</b>
<b>The above amount includes</b>		
Secured borrowings	6,442.81	5,926.61
Unsecured borrowings	-	1,797.43
	<b>6,442.81</b>	<b>7,724.04</b>

- (i) Cash credit facilities from Citi Bank NA, Yes Bank Limited, Kotak Mahindra Bank Limited, Ratnakar Bank Limited, Indusind Bank Limited, HDFC Bank Limited and IDFC Bank Limited are repayable on demand and are secured by a first pari passu hypothecation charge on all current assets of the Company, both present and future. The rate of interest on cash credit varies between banks ranging from 8.75% p.a. to 13.85% p.a. and are repayable on demand. The rate of interest on working capital demand loans varies between 9.30% p.a. to 11.15% p.a.
- (ii) Packing credit foreign currency facility from Yes Bank Limited is repayable on demand and are secured by a first pari passu hypothecation charge on all current assets of the Company, both present and future. The rate of interest on packing credit foreign currency varies between 1.50% p.a. to 2.79% p.a.
- (iii) Packing credit facility from Deutsche Bank is repayable on demand carried interest rate of 9.50%.

**11. Other current liabilities**

(Rs. in Lacs)

	As at March 31, 2017	As at March 31, 2016
<b>Trade payables</b>		
Total outstanding dues of micro enterprises and small enterprises	18.62	89.24
Total outstanding dues of creditors other than micro enterprises and small enterprises	6,782.02	5,429.24
	<b>6,800.64</b>	<b>5,518.48</b>
<b>Other liabilities</b>		
Current maturities of Long-term borrowings (Refer Note 6)	1,426.01	2,171.94
Interest accrued and due on borrowings	273.15	168.59
Interest accrued but not due on borrowings	46.41	7.62
Advance from customers	100.30	162.69
Others		
Bank overdraft	-	0.32
Security deposits received	143.38	127.19



	As at March 31, 2017	As at March 31, 2016
Statutory dues payable	218.92	219.14
Capital creditors	268.26	171.74
Dividend distribution tax payable	-	70.70
Unexpired premium on forward contracts	16.26	16.03
	<b>2,492.69</b>	<b>3,115.96</b>
	<b>9,293.33</b>	<b>8,634.44</b>

#### 11.1. Details of dues to Micro and Small Enterprises as per MSMED Act, 2006

(Rs. in Lacs)

	As at March 31, 2017	As at March 31, 2016
The principal amount due and remaining unpaid to any supplier as at the end of each accounting year.	Nil	22.58
The interest due on unpaid principal amount remaining as at the end of each accounting year.	Nil	0.13
The amount of interest paid by the buyer in terms of Section 16, of the Micro, Small and Medium Enterprise Development Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year.	Nil	Nil
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 Micro, Small and Medium Enterprise Development Act, 2006.	Nil	Nil
The amount of interest accrued and remaining unpaid at the end of each accounting year; and,	0.17	0.17
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 of the Micro, Small and Medium Enterprise Development Act, 2006	0.28	0.01

#### 12. Tangible and intangible assets (refer note 34)

(Rs. in Lacs)

	Tangible assets									Intangible assets		
	Land (Freehold)	Building	Leasehold improvements	Plant & Equipment	Furniture & Fixture	Office Equipments	Computers	Vehicles	Total	Computer Software	Goodwill	Total
<b>Cost</b>												
<b>At March 31, 2015</b>	1,685.81	4,389.93	-	22,779.06	133.48	228.78	247.47	182.68	29,647.21	319.36	278.49	597.85
Additions	-	85.14	47.29	948.84	80.09	26.76	57.03	66.33	1,311.48	116.85	-	116.85
Deletions/ Adjustments	-	-	-	(570.52)	(0.30)	(21.61)	(0.79)	(13.56)	(606.78)	-	-	-
<b>At March 31, 2016</b>	1,685.81	4,475.07	47.29	23,157.38	213.27	233.93	303.71	235.45	30,351.91	436.21	278.49	714.70
Additions	17.97	364.53	-	6,124.29	36.84	25.98	88.98	82.85	6,741.44	175.72	-	175.72
Deletions	-	-	-	(1.99)	(23.29)	(33.54)	(6.62)	(82.78)	(148.22)	(4.66)	-	(4.66)
Adjustments*	-	-	-	81.96	(81.96)	-	-	-	-	-	-	-
<b>At March 31, 2017</b>	1,703.78	4,839.60	47.29	29,361.64	144.86	226.37	386.07	235.52	36,945.13	607.27	278.49	885.76
<b>Depreciation</b>												
<b>At March 31, 2015</b>	-	113.20	-	1,847.61	21.09	85.74	91.48	50.95	2,210.07	69.82	55.70	125.53
Charge for the year	-	114.01	2.59	1,466.18	23.06	42.28	54.79	60.44	1,763.35	93.61	55.70	149.31
Deletions	-	-	-	(122.12)	(0.12)	(5.80)	(0.68)	(7.31)	(136.03)	-	-	-
<b>At March 31, 2016</b>	-	227.21	2.59	3,191.67	44.03	122.22	145.59	104.08	3,837.39	163.43	111.40	274.84
Charge for the year	-	122.44	15.76	1,560.22	18.83	35.81	76.68	59.68	1,889.42	110.98	55.70	166.68
Deletions	-	-	-	(1.44)	(15.87)	(31.03)	(6.28)	(44.31)	(98.93)	(4.43)	-	(4.43)
Adjustments*	-	-	-	7.20	(7.20)	-	-	-	-	-	-	-
<b>At March 31, 2017</b>	-	349.65	18.35	4,757.65	39.79	127.00	215.99	119.45	5,627.88	269.99	167.10	437.09
<b>Net Block</b>												
At March 31, 2016	1,685.81	4,247.86	44.70	20,047.66	87.29	111.71	158.12	131.37	26,514.52	272.78	167.09	439.87
<b>At March 31, 2017</b>	1,703.78	4,489.95	28.94	24,603.99	105.07	99.37	170.08	116.07	31,317.25	337.28	111.39	448.67

**13. Loans and advances**

(Rs. in Lacs)

	Non - Current		Current	
	As at March 31, 2017	As at March 31, 2016	As at March 31, 2017	As at March 31, 2016
<b>Capital advances</b>				
Unsecured, considered good	233.10	1,950.60	-	-
Doubtful	8.26	-	-	-
	241.36	1,950.60	-	-
less: Provision for doubtful advances	(8.26)	-	-	-
<b>A</b>	233.10	1,950.60	-	-
<b>Security deposits</b>				
Unsecured, considered good	321.08	295.43	-	-
<b>B</b>	321.08	295.43	-	-
<b>Advances recoverable in cash or kind</b>				
Unsecured, considered good	-	-	976.93	952.25
<b>C</b>	-	-	976.93	952.25
<b>Other loans and advances (unsecured, considered good unless stated otherwise)</b>				
Balances with statutory/government authorities	-	-	262.74	650.31
Prepaid expenses	626.55	807.26	314.66	309.37
Loans to employees	1.77	3.80	16.01	19.66
MAT credit entitlement*	698.64	467.52	-	-
Advance income tax {(net of provision Rs. 95.09 Lacs) (March 31, 2016: Rs. Nil Lacs)}	-	-	162.99	0.00
<b>D</b>	1,326.96	1,278.58	756.40	979.34
<b>Total (A+B+C+D)</b>	1,881.14	3,524.61	1,733.33	1,931.59

\*Including MAT credit recognised for earlier years amounting to Rs. 136.03 lacs (March 31, 2016: Rs.Nil lacs)

**14. Inventories (valued at lower of cost and net realisable value)**

(Rs. in Lacs)

	As at March 31, 2017	As at March 31, 2016
Raw materials [(including stock in transit Rs. 1,100.37 Lacs) (March 31, 2016: Rs.582.50 Lacs)]	3,456.25	2,581.59
Packing materials	85.20	54.79
Stores and spares	1,229.45	1,226.91
Work in progress	1,929.72	1,040.80
Finished goods [(including in transit Rs. 648.47 Lacs (March 31, 2016: Rs. 319.94 Lacs)), (including trial run stock of Rs. Nil (March 31, 2016: Rs. 3.27 lacs))]	823.79	680.38
	7,524.41	5,584.47

## 15. Trade receivables

(Rs. in Lacs)

	Non-Current		Current	
	As at March 31, 2017	As at March 31, 2016	As at March 31, 2017	As at March 31, 2016
<b>Unsecured, considered good unless stated otherwise Outstanding for a period exceeding six months from the date amount is due</b>				
Secured, considered good	-	-	-	-
Unsecured, considered good	-	-	178.17	531.37
Doubtful	-	-	219.58	39.80
	-	-	397.75	571.17
Less: Provision for doubtful receivables	-	-	(219.58)	(39.80)
	-	-	178.17	531.37
<b>Other receivables</b>				
Secured, considered good	-	-	-	-
Unsecured, considered good	-	-	11,195.97	14,318.89
	-	-	11,195.97	14,318.89
	-	-	11,374.14	14,850.26

## 16. Cash and cash equivalents

(Rs. in Lacs)

	Non - Current		Current	
	As at March 31, 2017	As at March 31, 2016	As at March 31, 2017	As at March 31, 2016
<b>Cash and cash equivalents</b>				
Balances with banks				
On current accounts	-	-	63.60	159.79
Cash on hand	-	-	1.33	1.86
Stamps on hand	-	-	0.04	0.15
Margin money deposits	-	-	4.88	1.24
	-	-	69.85	163.04

### Margin money deposits given as security

Margin money deposits with a amount of Rs 4.88 Lacs (March 31, 2016: Rs. 1.24 lacs) are subject to first charge to secure the Company's bill discounted.

## 17. Other assets

(Rs. in Lacs)

	Non - Current		Current	
	As at March 31, 2017	As at March 31, 2016	As at March 31, 2017	As at March 31, 2016
<b>Unsecured, considered good unless stated otherwise</b>				
Interest accrued on deposits	-	-	36.83	31.21
Export benefits receivables	-	-	433.72	336.85
Forward recoverable	-	-	93.73	88.24
	-	-	564.28	456.30

**18. Revenue from operations**

	(Rs. in Lacs)	
	For the year ended March 31, 2017	For the year ended March 31, 2016
<b>Sale of products</b>		
Finished goods		
Bi-axially oriented polypropylene film	70,496.45	75,122.14
Soft leather finishing foil	-	143.30
	<b>70,496.45</b>	<b>75,265.44</b>
<b>Other operating revenue</b>		
Export benefits	284.98	590.43
Job work charges	-	20.09
Scrap - waste of plastic sale	447.38	301.66
<b>Total Other operating revenue</b>	<b>732.36</b>	<b>912.18</b>
<b>Revenue from operations (gross)</b>	<b>71,228.81</b>	<b>76,177.62</b>
Less: Excise duty (refer note 18.1)	5,808.50	6,131.11
<b>Revenue from operations (net)</b>	<b>65,420.31</b>	<b>70,046.51</b>

**18.1.** Excise duty on sales amounting to Rs. 5,808.50 Lacs (March 31, 2016: Rs. 6,131.11 Lacs) has been reduced from sales in statement of profit and loss and excise duty on (increase) / decrease in stock amounting to Rs.11.89 Lacs (March 31, 2016: Rs. (38.02) Lacs) has been considered as expense in note 23 of financial statements.

**19. Other Income**

	(Rs. in Lacs)	
	For the year ended March 31, 2017	For the year ended March 31, 2016
Interest income	147.29	130.91
Liabilities/provisions no longer required written back	16.48	32.64
Gain on foreign exchange fluctuation (net)	782.74	547.61
Gain on sale of fixed assets (net)	2.97	-
Scrap sale	207.04	223.58
Miscellaneous income	22.51	12.17
	<b>1,179.03</b>	<b>946.91</b>

**20. Cost of raw materials consumed**

	(Rs. in Lacs)	
	For the year ended March 31, 2017	For the year ended March 31, 2016
Inventories at beginning of year	2,581.59	2,646.88
Add: Purchases	45,524.34	45,296.14
Less: inventory at the end of year	3,456.25	2,581.59
<b>Cost of raw materials consumed</b>	<b>44,649.68</b>	<b>45,361.43</b>

**20.1 Details of raw materials consumed**

	(Rs. in Lacs)	
	For the year ended March 31, 2017	For the year ended March 31, 2016
Polypropylene	37,516.40	38,713.26
Polypropylene compounds	4,698.03	5,059.32
Others	2,435.25	1,588.85
	<b>44,649.68</b>	<b>45,361.43</b>

## 20.2 Details of raw materials inventory

	(Rs. in Lacs)	
	For the year ended March 31, 2017	For the year ended March 31, 2016
Polypropylene	2,374.73	1,150.74
Polypropylene compounds	838.86	613.07
Others	242.66	817.78
	<b>3,456.25</b>	<b>2,581.59</b>

## 21. (Increase)/ decrease in work-in-progress and finished goods

	(Rs. in Lacs)		
	For the year ended March 31, 2017	For the year ended March 31, 2016	(Increase) / decrease
<b>Inventories at end of the year</b>			
Work-in-progress	1,929.72	1,040.80	(888.92)
Finished goods*	823.79	680.38	(143.41)
	<b>2,753.51</b>	<b>1,721.18</b>	<b>(1,032.33)</b>
<b>Inventories at beginning of the year</b>			
Work-in-progress	1,040.80	985.16	(55.64)
Finished goods*	680.38	758.84	78.46
	<b>1,721.18</b>	<b>1,744.00</b>	<b>22.82</b>
<b>Net (Increase)/ decrease in work-in-progress and finished goods</b>	<b>(1,032.33)</b>	<b>22.82</b>	

\*including trial run stock of Rs. Nil (March 31, 2016: Rs. 3.27 lacs)

### Details of inventory

#### Work-in-progress

	(Rs. in Lacs)	
	For the year ended March 31, 2017	For the year ended March 31, 2016
BOPP Film	1,929.72	1,040.80
	<b>1,929.72</b>	<b>1,040.80</b>
<b>Finished goods</b>		
BOPP Film	823.79	680.38
	<b>823.79</b>	<b>680.38</b>

## 22. Employee benefit expenses

	(Rs. in Lacs)	
	For the year ended March 31, 2017	For the year ended March 31, 2016
Salaries, wages and bonuses (Refer to note 40)	2,918.07	3,352.73
Contribution to provident and other funds	157.73	150.30
Gratuity expense	94.46	102.46
Staff welfare expenses	196.08	178.30
	<b>3,366.34</b>	<b>3,783.79</b>

### 22.1. Gratuity

The Company has a defined benefit gratuity plan. Every employee who has completed 5 years or more of service gets a gratuity on departure at 15 days salary (last drawn salary) for each completed year of service. The scheme is funded with Life Insurance Company of India in form of a qualifying insurance policy.

The following table summarises the component of net benefit expense recognised in statement of profit and loss, the funded status and the amount recognised in the balance sheet in respect of defined benefit plans.

**Statement of profit and loss**

Net employee benefit expense recognized in employee cost

(Rs. in Lacs)

	Gratuity	
	As at March 31, 2017	As at March 31, 2016
Current service cost	49.38	49.56
Interest cost on benefit obligation	52.09	49.82
Expected return on plan assets	(19.86)	(22.47)
Net actuarial( gain) / loss recognized in the year	12.85	25.55
<b>Net benefit expense</b>	<b>94.46</b>	<b>102.46</b>
Actual return on plan assets	14.62	7.35

**Balance sheet**

Benefit asset/ liability

(Rs. in Lacs)

	Gratuity	
	As at March 31, 2017	As at March 31, 2016
Defined benefit obligation	666.10	667.79
Fair value of plan assets	130.81	226.96
Funded Status	(535.29)	(440.83)
Less: Unrecognized past service cost	-	-
<b>Plan asset / (liability)</b>	<b>(535.29)</b>	<b>(440.83)</b>

**Changes in the present value of the defined benefit obligation are as follows:**

(Rs. in Lacs)

	Gratuity	
	As at March 31, 2017	As at March 31, 2016
Opening defined benefit obligation	667.79	638.75
Interest cost	52.09	49.82
Current service cost	49.38	49.56
Benefits paid by employer	-	(43.55)
Benefits paid through fund	(110.77)	(37.22)
Actuarial (gains) / losses on obligation	7.61	10.43
<b>Closing defined benefit obligation</b>	<b>666.10</b>	<b>667.79</b>

**Changes in the fair value of plan assets are as follows:**

(Rs. in Lacs)

	Gratuity	
	As at March 31, 2017	As at March 31, 2016
Opening fair value of plan assets	226.96	256.83
Expected return	19.86	22.47
Contributions by employer	-	-
Benefits paid	(110.77)	(37.22)
Actuarial gains / (losses)	(5.24)	(15.12)
<b>Closing fair value of plan assets</b>	<b>130.81</b>	<b>226.96</b>

The Company expects to contribute Rs. 90.83 Lacs (March 2016: Rs. 90.54 Lacs) to gratuity fund in next year.

The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

	Gratuity	
	As at March 31, 2017	As at March 31, 2016
Life Insurance Corporation of India	%	%
	<b>100</b>	<b>100</b>

The principal assumptions used in determining benefit obligations for the Company's plans are shown below:

	Gratuity	
	As at March 31, 2017	As at March 31, 2016
	%	%
Discount rate	<b>7.30%</b>	<b>7.80%</b>
Expected rate of return on assets	<b>8.25%</b>	<b>8.75%</b>
Retirement Age	<b>58 years</b>	<b>58 years</b>
Increase in compensation cost	<b>9%</b>	<b>9%</b>
Employee turnover	<b>5%</b>	<b>5%</b>
- Upto 30 years	<b>5%</b>	<b>5%</b>
- 31 to 44 years	<b>5%</b>	<b>5%</b>
- Above 44 years	<b>5%</b>	<b>5%</b>

The estimates of future salary increases considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market. Further, the overall expected rate on assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled. There has been no significant change in expected rate of return on assets.

Details of provision for gratuity benefit as at 31st March, 2017: (Refer Note 41)

	(Rs. in Lacs)		
	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015
Defined benefit obligation	<b>666.10</b>	<b>667.79</b>	<b>638.75</b>
Plan assets	<b>130.81</b>	<b>226.96</b>	<b>256.83</b>
Surplus / (deficit)	<b>535.29</b>	<b>(440.83)</b>	<b>(381.92)</b>
Experience adjustments on plan liabilities	<b>18.42</b>	<b>(10.43)</b>	<b>(34.66)</b>
Experience adjustments on plan assets	<b>(5.24)</b>	<b>(15.12)</b>	<b>0.43</b>

## 22.2. Provident Fund

The Company deposits contribution in the "Max Financial Services Limited Employees Provident Trust Fund" which is managed by the Max Financial Services Limited (erstwhile Max India Limited). This is a common fund for Max Financial Services Limited (erstwhile Max India Limited) and its group entities. The provident fund trust requires that interest shortfall shall be met by the employer, accordingly it has been considered as a defined benefit plan as per AS-15 (Revised).

The interest rate payable to the members of the Trust shall not be lower than the statutory rate of interest declared by the Central government under the Employees' Provident Funds and Miscellaneous Provisions Act, 1952, and shortfall, if any, shall be made good by the Company.

The actuary has accordingly provided a valuation for "Max Financial services Limited Limited Employees Provident Trust Fund" which is a common fund for Max Financial Services Limited (erstwhile Max India Limited) and its group entities based on assumptions provided below.

The details of fund and plan asset position as at March 31, 2017 as per the actuarial valuation of active members are as follows:

	(Rs. in Lacs)	
	As at March 31, 2017	As at March 31, 2016
Plan assets at year end at fair value	<b>2,480.71</b>	<b>2,279.04</b>
Present value of defined benefit obligation at year end	<b>(2,443.48)</b>	<b>(2,263.56)</b>
Excess value of plan assets as at year end	<b>37.23</b>	<b>15.48</b>
Active members as at year end (Nos)	<b>420</b>	<b>442</b>

Assumptions used in determining the present value obligation of the interest rate guarantee under the deterministic approach:

	As at March 31, 2017	As at March 31, 2016
Discount rate for the term of the obligation	7.51%	7.72%
Average historic yield on the investment portfolio	8.79%	9.06%
Discount rate for the remaining term to maturity of the investment portfolio	7.51%	7.72%
Expected investment return	8.79%	9.06%
Guaranteed rate of return	8.65%	8.75%

**23. Other expenses**

	(Rs. in Lacs)	
	For the year ended March 31, 2017	For the year ended March 31, 2016
Consumption of stores and spares	812.32	809.99
Consumption of packing materials	2,286.96	2,295.00
(Increase) / decrease of excise duty on inventories	11.89	(38.02)
Power and fuel	4,432.47	4,260.30
Processing charges	21.71	4.43
Recruitment and training expenses	48.46	93.92
Rent expense (refer note no 39)	142.32	58.89
Insurance expenses	178.24	171.04
Rates and taxes	226.35	215.38
Repairs and maintenance:		
Building	51.29	76.36
Plant and equipments	462.07	659.92
Others	260.91	330.84
Electricity and water expenses	4.54	5.09
Printing and stationery expenses	30.78	29.82
Travelling and conveyance expenses	447.33	410.98
Communication expenses	57.80	52.69
Legal and professional expenses (refer note no 23.1)	1,010.15	760.27
Directors' fee	42.42	33.06
Sales promotion expenses	145.37	87.99
Product development expenses	312.60	168.16
Commission to other than sole selling agents	86.03	126.78
Cash discounts	228.82	225.64
Freight and forwarding expenses	2,422.93	2,445.17
Advertisement and publicity expenses	-	0.05
Provision for doubtful debts	186.58	7.18
Loss on sale of fixed assets (net)	-	290.40
Provision for doubtful advances	8.26	-
Bad debts written off	202.15	23.12
Charity and donation	0.40	0.79
CSR expenditure (refer note no 37)	26.57	10.03
Miscellaneous expenses	55.40	44.45
	<b>14,203.12</b>	<b>13,659.72</b>

**23.1 Payment to auditor (excluding service tax) (included in legal and professional expenses)**

	(Rs. in Lacs)	
	For the year ended March 31, 2017	For the year ended March 31, 2016
<b>As auditor:</b>		
Audit fee		
Audit fee	16.50	16.50
Limited review	9.00	9.00
	<b>25.50</b>	<b>25.50</b>



## 24. Depreciation and amortisation

	(Rs. in Lacs)	
	For the year ended March 31, 2017	For the year ended March 31, 2016
Depreciation of tangible assets	1,889.42	1,763.35
Amortisation of intangible assets	166.68	149.31
	<b>2,056.10</b>	<b>1,912.66</b>

## 25. Finance cost

	(Rs. in Lacs)	
	For the year ended March 31, 2017	For the year ended March 31, 2016
Interest on term loan	1,871.72	2,239.36
Interest on others	816.27	826.02
Interest on late deposit of advance tax	0.09	6.01
Bank charges	390.05	445.10
	<b>3,078.13</b>	<b>3,516.49</b>

## 26. Calculation of earnings per share (EPS) - Basic and diluted

	(Rs. in Lacs)	
	For the year ended March 31, 2017	For the year ended March 31, 2016
<b>Basic EPS</b>		
Profit/(loss) after tax (Rs. in Lacs)	498.53	1,985.46
Less: dividends on convertible preference shares & tax thereon	-	-
<b>Net profit/(loss) for calculation of basic EPS</b>	<b>498.53</b>	<b>1,985.46</b>
Weighted average number of equity shares outstanding during the year (Nos.)	<b>33,787,850</b>	<b>33,787,850</b>
Basic earnings per share (Rs.)	<b>1.48</b>	<b>5.88</b>
<b>Dilutive EPS</b>		
Equivalent weighted average number of employee stock options outstanding	-	-
Weighted average number of equity shares outstanding during the year for dilutive earnings per share (Nos)*	<b>33,787,850</b>	<b>33,787,850</b>
Diluted earnings per share (Rs.)	<b>1.48</b>	<b>5.88</b>

## 27. Segment Reporting

### (a) Primary segment

As the Company's business activity falls within a single primary business segment, viz "packaging films", no separate segment is disclosed. Secondary segment information is reported geographically.

### (b) Geographical segments

The analysis of geographical segment is based on the geographical location of the customers. The Company has considered geographical segment as secondary reporting segment for disclosure. For this purpose, the revenues are bifurcated based on location of customers in India and outside India.

The following table shows the distribution of the Company's consolidated revenue by geographical market, regardless of where the goods were produced.

### Gross Revenue

	(Rs. in Lacs)	
	For the year ended March 31, 2017	For the year ended March 31, 2016
In India	53,503.89	52,639.94
Outside India	16,992.56	22,625.50
<b>Total</b>	<b>70,496.45</b>	<b>75,265.44</b>

The following table shows the distribution of the Company's debtors by geographical market, regardless of where the goods were produced.

**Trade receivables**

	(Rs. in Lacs)	
	As at March 31, 2017	As at March 31, 2016
In India	8,120.78	10,298.98
Outside India	3,472.94	4,591.08
<b>Total Trade receivables (Gross)</b>	<b>11,593.72</b>	<b>14,890.06</b>
Less: Provision for doubtful receivables	219.58	39.80
<b>Trade receivables</b>	<b>11,374.14</b>	<b>14,850.26</b>

The Company has common fixed assets for manufacturing goods for domestic market and overseas market. Hence, separate figures for fixed assets/additions to fixed assets cannot be furnished.

**28. Capital and other commitments**
**a) Capital commitments**

	(Rs. in Lacs)	
	As at March 31, 2017	As at March 31, 2016
Estimated amount of contracts remaining to be executed on capital account and not provided for	12,769.93	14,000.12
Less: Capital advances	233.10	1,950.60
<b>Net capital commitment for acquisition of capital assets</b>	<b>12,536.83</b>	<b>12,049.52</b>

**29. Related parties disclosures**

Names of related parties where control exists irrespective of whether transactions have occurred or not	
<b>Holding company</b> (refer note no 41)	Max Ventures and Industries Limited (erstwhile Capricorn Ventures Limited)
Name of related parties with whom transactions have taken place during the year	
<b>Key management personnel and their relatives</b>	1. Mr. Jaideep Wadhwa (Chief Executive Officer) (resigned w.e.f February 14, 2017) 2. Mr. Dalbir Singh (Chief Financial Officer) (retired w.e.f January 31, 2017) 3. Mr. Amit Jain (Chief Financial Officer) (w.e.f February 4, 2017) 4. Rupali Sharma (Company Secretary) 5. Piya Singh 6. Veer Singh
<b>Fellow Subsidiary</b>	1. Max Estates Limited
<b>Enterprises owned or significantly influenced by key management personnel or their relatives</b>	1. New Delhi House Services Limited 2. Max India Foundation 3. Max Ventures Private Limited 4. Lakeview Enterprises
<b>Enterprises owned or significantly influenced by key management personnel or their relatives (Ceased to be Related Party w.e.f March 7th 2016)</b>	1. Max Life Insurance Company Limited 2. Max Healthcare Institute Limited 3. Max Bupa Health Insurance Company Limited 4. Max Financial Services Limited 5. Pharmax Corporation Limited
<b>Employee benefit funds</b>	1. Max Financial Services Limited Employees' Provident Fund Trust (Ceased to be Related Party w.e.f March 7th 2016) 2. Max Speciality Films Limited Employees Group Superannuation Trust

**29.1. Transactions with related parties during the year:**

Particulars	Holding company		Key management personnel		Fellow subsidiary companies (refer note 41)		Enterprises owned or significantly influenced by key management personnel or their relatives (refer note 41)		Employee benefit funds		Total	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
	(Rs. in Lacs)											
<b>Reimbursement of expenses (Received from)</b>												
Max Life Insurance Company Limited **	-	-	-	-	-	-	-	0.05	-	-	-	0.05
Max Healthcare Institute Limited **	-	-	-	-	-	-	-	1.37	-	-	-	1.37
New Delhi House Services Limited	-	-	-	-	-	-	-	-	-	-	-	-
Max Venture and Industries Limited (erstwhile Capricorn Ventures Limited)	4.31	0.88	-	-	-	-	-	-	-	-	0.29	0.88
Max Ventures Private Limited	-	-	-	-	-	-	-	0.11	-	-	0.03	0.11
<b>Reimbursement of expenses (Paid to)</b>												
Max Financial Services Limited (erstwhile Max India Limited) **	-	5.41	-	-	-	-	-	-	-	-	-	5.41
Max Ventures Private Limited	5.47	-	-	-	-	-	-	62.23	-	-	-	62.23
Max Venture and Industries Limited (erstwhile Capricorn Ventures Limited)	-	-	-	-	-	-	-	-	-	-	5.47	-
New Delhi House Services Limited	-	-	-	-	-	-	-	-	-	-	4.51	-
<b>Legal and professional expense</b>												
Max Venture and Industries Limited (erstwhile Capricorn Ventures Limited)	727.11	496.58	-	-	-	-	-	-	-	-	727.11	496.58
<b>Insurance expense</b>												
Max Life Insurance Company Limited **	-	-	-	-	-	-	-	-	-	-	-	10.31
Max Bupa Health Insurance Company Limited **	-	-	-	-	-	-	-	44.58	-	-	-	44.58
<b>Rent expense</b>												
Pharmax Corporation Limited **	-	-	-	-	-	-	-	-	-	-	-	1.56
Veer Singh	-	-	-	-	-	-	-	29.28	-	-	29.28	0.44
Lakeview Enterprises	-	-	-	-	-	-	-	52.56	-	-	52.56	0.27
Piya Singh	-	-	-	-	-	-	-	58.56	-	-	58.56	-
<b>Expenditure on corporate social responsibility</b>												
Max India Foundation	-	-	-	-	-	-	-	19.30	-	-	19.30	-
<b>Purchase of fixed assets</b>												
Max Venture and Industries Limited (erstwhile Capricorn Ventures Limited)	-	47.29	-	-	-	-	-	-	-	-	-	47.29
<b>Interest expense</b>												
Max Venture and Industries Limited (erstwhile Capricorn Ventures Limited)	63.52	71.70	-	-	-	-	-	-	-	-	63.52	71.70

Particulars	Holding company		Key management personnel		Fellow subsidiary companies (refer note 41)		Enterprises owned or significantly influenced by key management personnel or their relatives (refer note 41)		Employee benefit funds		Total	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
<b>Repair and maintenance</b>												
New Delhi House Services Limited	-	-	-	-	-	-	-	5.35	-	-	-	5.35
<b>Key managerial remuneration</b>												
Jaideep Wadhwa	-	-	201.28	304.01	-	-	-	-	-	-	201.28	304.01
Dalbir Singh	-	-	110.35	111.54	-	-	-	-	-	-	110.35	111.54
Amit Jain*	-	-	8.19	-	-	-	-	-	-	-	8.19	-
Rupali Sharma*	-	-	6.61	0.73	-	-	-	-	-	-	6.61	0.73
<b>Contribution to Max Financial Services Limited Employees' Provident Fund Trust **</b>	-	-	-	-	-	-	-	-	71.02	-	-	71.02
<b>Contribution to Max Speciality Films Limited Employees Group Superannuation Trust</b>	-	-	-	-	-	-	-	-	16.46	14.85	14.85	16.46
<b>Loans repayment</b>												
Max Venture and Industries Limited (erstwhile Capricorn Ventures Limited)	550.06	-	-	-	-	-	-	-	-	-	550.06	-
<b>Dividend Paid</b>												
Max Venture and Industries Limited (erstwhile Capricorn Ventures Limited)	-	334.50	-	-	-	-	-	-	-	-	-	334.50
Pharmax Corporation Limited **	-	-	-	-	-	-	3.38	-	-	-	-	3.38
<b>Security deposit</b>												
Lakeview Enterprises	-	-	-	-	-	-	25.56	-	-	-	25.56	-
<b>Balance outstanding as at the year end</b>												
<b>Statutory dues payable</b>												
Max Speciality Films Limited Employees Group Superannuation Trust	-	-	-	-	-	-	-	-	1.17	0.97	0.97	1.17
Max Financial Services Limited Employees' Provident Fund Trust **	-	-	-	-	-	-	-	-	6.11	-	-	6.11
<b>Interest accrued but not due on long term borrowings</b>												
Max Venture and Industries Limited (erstwhile Capricorn Ventures Limited)	158.70	101.38	-	-	-	-	-	-	-	-	158.70	101.38
<b>Long term borrowings</b>												
Max Venture and Industries Limited (erstwhile Capricorn Ventures Limited)	-	550.06	-	-	-	-	-	-	-	-	-	550.06

Particulars	Holding company		Key management personnel		Fellow subsidiary companies (refer note 41)		Enterprises owned or significantly influenced by key management personnel or their relatives (refer note 41)		Employee benefit funds		Total	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
<b>Trade payables</b>												
Max Venture and Industries Limited (erstwhile Capricorn Ventures Limited)	118.11	375.58	-	-	-	-	-	-	-	-	118.11	375.58
Max Ventures Private Limited	-	-	-	-	-	-	-	19.19	-	-	-	19.19
Lakeview Enterprises	-	-	-	-	-	-	-	7.19	-	-	-	7.19
Max Life Insurance Company Limited **	-	-	-	-	-	-	-	6.72	-	-	-	6.72
New Delhi House Services Limited	-	-	-	-	-	-	-	0.94	-	-	0.89	0.94
Lakeview Enterprises	-	-	-	-	-	-	-	11.71	-	-	11.71	-
Piya Singh	-	-	-	-	-	-	-	52.57	-	-	52.57	-
<b>Advances recoverable in cash or kind</b>												
Max Estate Limited	-	-	-	-	2.16	-	-	-	-	-	2.16	-
Max Bupa Health Insurance Company Limited **	-	-	-	-	-	-	-	-	-	-	-	1.64
Max Healthcare Institute Limited **	-	-	-	-	-	-	-	-	-	-	-	1.24
Max India Foundation	-	-	-	-	-	-	-	0.37	-	-	0.37	-
Security deposit	-	-	-	-	-	-	-	-	-	-	-	-
Lakeview Enterprises	-	-	-	-	-	-	25.56	-	-	-	25.56	-

\* The remuneration to the key managerial person does not include the provisions made for gratuity and leave benefits, as they are determined on an actuarial basis for the Company as a whole.

\*\* Ceased to be related party w.e.f March 7th, 2016

**30. Derivative instruments and unhedged foreign currency exposure**
**a) Particulars of forward contract**

(Rs. in Lacs)

Particulars of derivatives	As at March 31, 2017	As at March 31, 2016	Purpose
Forward contracts (Sell) outstanding at Balance Sheet date (in Lacs)	USD 8.45 (Rs. 539.63) EURO 14.94 (Rs. 1,011.31) GBP 0.84 (Rs. 66.97)	USD 17.47 (Rs. 1,135.87) EURO 12.59 (Rs. 925.71) GBP 1.57 (Rs. 146.39)	To hedge the outstanding trade receivables.

**b) Particulars of unhedged foreign currency exposure**

(Rs. in Lacs)

Particulars	Currency	As at March 31, 2017			As at March 31, 2016		
		Foreign currency (in Lacs)	Exchange rate (Rupee)	Indian Rupee (in Lacs)	Foreign currency (in Lacs)	Exchange rate (Rupee)	Indian Rupee (in Lacs)
Import trade payables	EUR	3.90	70.77	275.70	3.99	76.59	305.59
Import trade payables	GBP	0.50	82.79	41.34	0.14	97.03	13.58
Import trade payables	USD	20.69	65.82	1,362.14	15.36	67.61	1,038.49
Export trade receivables	USD	11.80	63.89	753.93	23.31	65.02	1,515.62
Export trade receivables	EUR	3.39	67.71	229.79	7.59	73.54	558.17
Export trade receivables	GBP	-	79.17	-	3.32	93.17	309.32
Buyers credit-Short term borrowings	USD	1.58	65.82	104.18	2.87	67.61	194.04
Buyers credit-Short term borrowings	EUR	-	70.77	-	13.80	76.59	1,056.94
Buyers credit-Short term borrowings	GBP	3.14	82.79	259.63	-	-	-
Buyers credit-Long term borrowings	EUR	14.96	70.77	1,058.72	2.70	76.59	206.79
Buyers credit-Long term borrowings	USD	28.49	65.82	1,875.18	26.91	67.61	1,819.26
Buyers credit-Long term borrowings	GBP	-	-	-	-	97.03	-
Packing credit	EUR	-	70.77	-	0.64	76.59	49.02
Packing credit	GBP	-	82.79	-	1.82	97.03	176.09
Packing credit	USD	0.00	65.82	0.28	-	67.61	-
Bank balance	USD	-	63.89	-	0.00	65.02	0.04
Interest Accrued but not due on Buyers Credit	EUR	0.06	70.77	4.58	0.07	76.59	5.30
Interest Accrued but not due on Buyers Credit	USD	0.07	65.82	4.51	0.02	67.61	1.47
Interest Accrued but not due on Buyers Credit	GBP	0.04	82.79	3.44	-	-	-
<b>Total</b>				<b>5,973.42</b>			<b>7,249.72</b>

### 31. Contingent liabilities not provided for

Particulars	(Rs. in Lacs)	
	As at March 31, 2017	As at March 31, 2016
Bank Guarantees submitted with (Refer note (a))	246.50	524.75
Claims against the Company not acknowledged as debts (Refer note (b))	1,414.78	1,469.00
- Excise duty demands		
- Service tax demands		
Obligation arising from import of capital equipment and raw material at concessional rate of duty during the year under Export Promotion Scheme (Refer note (c))	382.55	530.26
Contingent liability for pending C form's from customers	677.30	762.27

Bank Guarantees submitted with Assistant Commissioner of Customs, CFS Ludhiana is in relation to Advance Licenses obtained for duty free import of raw material.

Claims against the Company not acknowledged as debts represent the cases pending with judicial forums/authorities. Based on management estimation, future cash flow in respect of these cases are determinable only on receipt of judgement / decision pending with various forums/authorities. The Company has not made any provisions for the demands in Excise, Service Tax & Entry tax as the Company believes that they had a good case based on existing judicial pronouncements.

The export obligation undertaken by the Company for import of capital equipment and raw material under Export Promotion Capital Goods Scheme of the Central Government at concessional or zero rate of custom duty are in the opinion of the management expected to be fulfilled within the respective timelines.

### 32. Imported and indigenous raw materials and spare parts consumed

Particulars	For the year ended March 31, 2017		For the year ended March 31, 2016	
	% of Consumption	Value (Rs. in Lacs)	% of Consumption	Value (Rs. in Lacs)
<b>Raw materials</b>				
- Imported	24.59	10,980.55	24.32	11,031.84
- Indigenous	75.41	33,669.13	75.68	34,329.59
	<b>100.00</b>	<b>44,649.68</b>	<b>100.00</b>	<b>45,361.43</b>
<b>Stores and spares</b>				
- Imported	10.95	88.96	19.88	161.05
- Indigenous	89.05	723.36	80.12	648.94
	<b>100.00</b>	<b>812.32</b>	<b>100.00</b>	<b>809.99</b>

### 33. Earnings in foreign currency (Accrual basis)

Particulars	(Rs. in Lacs)	
	For the year ended March 31, 2017	For the year ended March 31, 2016
Exports on FOB basis	16,569.37	21,997.06
<b>Total</b>	<b>16,569.37</b>	<b>21,997.06</b>

**34. Capitalization of expenditures**

During the year, the Company has capitalized the following preoperative direct expenses to the cost of fixed assets/ capital work-in-progress (CWIP). Consequently, expenses disclosed under the respective notes are net of amounts capitalized by the Company.

Particulars	(Rs. in Lacs)	
	For the year ended March 31, 2017	For the year ended March 31, 2016
<b>Opening balance</b>	<b>353.26</b>	-
<b>Opening stock of trial run</b>		
- Finished Goods (Refer Note 21)	3.27	
<b>Add: Expenses incurred during the year</b>		
Legal and professional	59.93	33.72
Interest cost	119.92	55.72
Bank charges	107.00	58.44
Salaries, wages and bonuses	149.49	104.37
Cost of raw materials consumed	305.85	70.51
Consumption of packing material	9.23	0.57
Travelling and conveyance	16.04	16.42
Power and fuel	32.78	9.38
Freight and forwarding expenses	9.49	6.43
Insurance	13.57	1.69
Rates and taxes	25.49	-
Miscellaneous expenses	1.87	5.81
Less: Disposal of tested material	(226.29)	(6.53)
<b>Less: Closing stock of trial run</b>		
- Finished Goods (Refer Note 21)	-	(3.27)
<b>Less: Stock transferred on account of trial run</b>		
- Finished Goods	(39.60)	-
<b>Total</b>	<b>941.30</b>	<b>353.26</b>
Less: Allocated to fixed assets	607.25	-
<b>Closing balance included in capital work in progress</b>	<b>334.05</b>	<b>353.26</b>

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

Particulars	(Rs. in Lacs)	
	For the year ended March 31, 2017	For the year ended March 31, 2016
Raw materials	10,824.80	10,942.26
Store and spares	201.85	365.20
Capital goods	3,036.49	1,997.11
Packing material	74.95	17.79
<b>Total</b>	<b>14,138.09</b>	<b>13,322.36</b>

**36. Expenditure in foreign currency**

Particulars	(Rs. in Lacs)	
	For the year ended March 31, 2017	For the year ended March 31, 2016
Legal and professional	255.33	185.88
Salaries, wages and bonuses	12.53	96.96
Commission to other than sole selling agents	72.18	80.02
Repair and maintenance	158.44	106.10
Travelling and conveyance	63.84	48.83
Sale promotion expenses	18.88	6.03
Others	19.18	11.33
<b>Total</b>	<b>600.38</b>	<b>535.15</b>



### 37.0 Expenditure on corporate social responsibility activities :

As per Section 135 of the Companies Act, 2013, a corporate social responsibility (CSR) committee has been framed by the Company. The areas for CSR activities are promoting preventive health care, promoting education, promoting gender equality and empowering women, ensuring environment sustainability and protection of flora and fauna, training to promote rural sports and rural development projects.

(a) Gross amount required to be spent by the Company for the year ended March 31, 2017 is Rs.26.38 Lacs (March 31, 2016: Rs. 8.07 Lacs).

(b) Amount spent during the year on :

Particulars		For the year ended March 31, 2017			For the year ended March 31, 2016		
		In cash (Rs in lacs)	Yet to be paid in cash	Total (Rs in lacs)	In cash (Rs in lacs)	Yet to be paid in cash	Total (Rs in lacs)
i)	Construction/acquisition of any asset	-	-	-	-	-	-
ii)	On Purposes other than (i) above :	26.57	-	26.57	10.03	-	10.03
	a) Promoting education	4.88	-	4.88	6.57	-	6.57
	b) Ensuring environment sustainability and protection of flora and fauna	0.34	-	0.34	1.67	-	1.67
	c) Health care services	0.20	-	0.20	1.19	-	1.19
	d) Rural development projects	19.30	-	19.30	0.25	-	0.25
	e) Training to promote rural sports	1.74	-	1.74	0.13	-	0.13
	f) Promoting gender equality and empowering women	-	-	-	0.08	-	0.08
	g) Others	0.11	-	0.11	0.14	-	0.14

### 38.0 Reconciliation of cash in hand

Particulars	(Rs. in Lacs)		
	SBNs	Other Denomination Notes	Total
Closing Cash in Hand as on 08.11.2016	1.06	0.02	1.08
(+) Permitted Receipts	-	2.38	2.38
(-) Permitted Payments	-	(1.20)	(1.20)
(-) Amount deposited in Banks	(1.06)	-	(1.06)
<b>Closing Cash in Hand as on 30.12.2016</b>	<b>0.00</b>	<b>1.20</b>	<b>1.20</b>

### 39.0 Leases

#### Operating lease - company as lessee

The Company has entered into operating lease arrangement for guest house premises. These leases have an average life of three year.

Future minimum rentals payable under non-cancellable operating leases are as follows:

Particulars	(Rs. in lacs)	
	Year ended March 31, 2017	Year ended March 31, 2016
Within one year	154.61	129.91
After one year but not more than five years	170.07	271.74

**40.0** The Company had introduced Voluntary Retirement Scheme which was availed by 34 employees having an additional expense being included in Salaries, wages & bonuses amounting to Rs. Nil (March 31, 2016: Rs. 330.31 lacs).

**41.0** During the previous year, the Company has become subsidiary of Max Ventures and Industries Limited (erstwhile Capricorn Ventures Limited) on account of transfer of shares by Max Financial Services Limited (erstwhile Max India Limited) as the Hon'ble High court of Punjab and Haryana vide its order dated December 14, 2015, has sanctioned the Composite scheme of arrangement ('Scheme') under Sections 391 to 394 read with Sections 100 to 104 of the Companies Act, 1956 between Max Ventures Industries

Limited (erstwhile Capricorn Ventures Limited), Max Financial Services Limited (erstwhile Max India Limited) and Max India Limited (erstwhile Taurus Ventures Limited) pursuant to the Scheme and their respective shareholders and creditors for transfer of all the assets and liabilities pertaining to each of the demerged undertakings (i.e. Taurus Ventures Limited and Capricorn Ventures Limited) with effect from April 1, 2015 (Appointed date). The Scheme is effective from January 15, 2016 i.e. the date of filing of the certified copy of the order of the Hon'ble High court of Punjab and Haryana with the Registrar of Companies, Chandigarh and Shimla.

**42.0** The Company, pursuant to the approval of Board of directors entered into Share Purchase and Share Subscription Agreement ("Agreement") dated February 10, 2017 with (i) Toppan Printing Co., Limited ("Toppan") and (ii) the Holding company. The Agreement was also approved by the shareholders of the Company in the Extra-ordinary General Meeting held on March 17, 2017.

On April 06, 2017; the Company issued and allotted 51,18,407 equity shares (representing 13.16% on fully diluted basis of equity shares as at March 31, 2017) of face value of Rs. 10/- each at a premium of Rs. 94.27/, i.e. at an aggregate price of Rs. 104.27/- to Toppan, for an aggregate consideration of Rs. 5336.96 lacs on a private placement basis, free of all liens or other encumbrances or rights of third parties. Further, the holding company, also transferred 1,39,45,659 equity shares (representing 35.84% on fully diluted basis of equity shares as at March 31, 2017) of the Company to Toppan, thereby Toppan holding 19,064,066 equity shares representing 49% (on a fully diluted basis) of the equity shares of the Company post share issuance.

**43.0** Previous year figures have been regrouped / reclassified, wherever necessary, to conform to current year's classification.

**For S.R.Batliboi & Co. LLP**

Chartered Accountants

ICAI Firm Registration Number:301003E / E300005

**per Atul Seksaria**

Partner

Membership Number: 086370

Place : Gurgaon

Date : 11 May 2017

**For and on behalf of the Board of Directors of Max Speciality Films Limited**

**K. Narasimha Murthy**

(Director)

DIN - 00023046

**Amit Jain**

(Chief Financial Officer)

**Sahil Vachani**

(Director)

DIN - 00761695

**Rupali Sharma**

(Company Secretary)

Place : New Delhi

Date : 11 May 2017