

EXCELLENCE THRU PEOPLE

Report Junction



COSMO FILMS LIMITED
ANNUAL ACCOUNTS 2006-2007



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NOTICE

Notice is hereby given that the Twenty Fourth Annual General Meeting of Cosmo Films Limited will be held at Air Force Auditorium, Subroto Park, New Delhi-110 010 on Friday the fourteenth day of September 2001 at 3.00 P.M. to transact the following business:

1. To receive, consider and adopt the audited Profit & Loss Account for the year ended 31st March, 2001 and the Balance Sheet as at that date and the report of the Board of Directors and the Auditors of the Company thereon.
2. To pay dividend on equity shares.
3. To appoint a Director in place of Mr Mahendra Sanghvi who retires by rotation and is eligible for reappointment.
4. To appoint a Director in place of Dr Surinder Kapur who was appointed in the casual vacancy of Dr S M Dugar and who was liable to retire by rotation in this meeting, and is eligible for reappointment.
5. To appoint auditors and to fix their remuneration.

Special Business

To consider and, if thought fit, to pass, with or without modification(s), the following resolutions:

6. AS AN ORDINARY RESOLUTION :

"RESOLVED THAT in accordance with the provisions of Section 198, 309 and 310 read with Schedule XIII to the Companies Act, 1956 and all other applicable provisions, if any, of the said Act, including any statutory modification(s) or re-enactment thereof for the time being in force and in partial modification of the Ordinary Resolution previously passed at the general meetings, from time to time, of the Company, the Company hereby approves the variation in the salary, perquisites, allowances and commission payable to Shri Ashok Jaipuria Managing Director, with effect from 1st April, 2001 for the remainder of the tenure of his terms as set out in the agreement entered by the Company with Shri Ashok Jaipuria and to alter and vary the terms and conditions in the said agreement as the Board of Directors may in its absolute discretion consider necessary.

RESOLVED FURTHER THAT where in any financial year closing after 31st March, 2001 the Company has no profits or its profits are inadequate the company do pay to Shri Ashok Jaipuria remuneration by way of salary, perquisites and allowances not exceeding the ceiling limit specified under Section II of Part II of Schedule XIII to the Companies Act, 1956 ;

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

7. AS AN ORDINARY RESOLUTION :

"RESOLVED THAT in accordance with the provisions of Section 198, 309 and 310 read with Schedule XIII to the Companies Act, 1956 and all other applicable provisions, if any, of the said Act, including any statutory modification(s) or re-enactment thereof for the time being in force and in partial modification of the Ordinary Resolution previously passed at the general meetings, from time to time, of the Company, the Company hereby approves the variation in the salary, perquisites, allowances and commission payable to Shri S. K. Mittal Executive Director, with effect from

1st April, 2001 for the remainder of the tenure of his terms as set out in his appointment letter and to alter and vary the terms and conditions in the said appointment letter as the Chairman may in its absolute discretion consider necessary.

"RESOLVED FURTHER THAT where in any financial year closing after 31st March, 2001 the Company has no profits or its profits are inadequate the company do pay to Shri S. K. Mittal remuneration by way of salary, perquisites and allowances not exceeding the ceiling limit specified under Section II of Part II of Schedule XIII to the Companies Act, 1956.

"RESOLVED FURTHER THAT the Chairman be and is hereby authorised to take all such steps as may be necessary, proper or expedient to give effect to this resolution."

8. AS A SPECIAL RESOLUTION

"RESOLVED THAT subject to the provisions of the Companies Act, 1956, (including any statutory modification(s) or re-enactments thereof for the time being in force), Securities Contracts (Regulation) Act, 1956, and the rules framed thereunder, Listing Agreements, and all other applicable laws, rules, regulations and guidelines and subject to such approvals, permissions and sanctions as may be necessary and subject to such conditions and modifications as may be prescribed or imposed by any authority while granting such approvals, permissions and sanctions which may be agreed to by the Board of Directors of the Company (hereinafter referred to as "the Board", which term shall be deemed to include any committee thereof for the time being exercising the powers conferred on the Board by the Resolution), the consent of the Company be and is hereby accorded to the Board to delist the equity shares of the Company from the Stock Exchange at Ahmedabad.

9. AS AN ORDINARY RESOLUTION :

"RESOLVED THAT in supersession of the Resolution passed at the Annual General Meeting of the Company held on 20th July, 1992, the consent of the Company be and is hereby accorded pursuant to the provisions of Section 293(1)(d) and other applicable provisions, if any, of the Companies Act, 1956, to the Board of Directors of the Company to borrow from time to time as it may consider necessary any sum or sums of money (apart from temporary loans obtained or to be obtained from the Company's Banker(s) in the ordinary course of the business), exceeding the aggregate value of the paid up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose, provided that the maximum sum or sums of money so borrowed by the Board shall not at any time exceed Rs 100 Crore (Rupees Hundred Crores Only) and all borrowings accordingly made shall be valid and effectual."

"RESOLVED FURTHER THAT the Board be and is hereby authorised to do all acts, deeds, matters and things, as it may in its absolute discretion deem necessary, proper or desirable and to finalise and execute all such deeds, documents and writings as may be necessary, desirable or expedient, for the purpose of giving effect to this Resolution.

10. AS AN ORDINARY RESOLUTION :

"RESOLVED THAT the consent of the Company be and is hereby accorded pursuant to the provisions of Section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956,



to the Board of Directors of the Company (which term includes any Committee of Directors) for creation of mortgages, charges and/or hypothecations in addition to the existing mortgages, charges and hypothecations created by the Company in such form and manner with such ranking, considered appropriate and necessary, as may be agreed to between the Board of Directors and the Trustees for the Debenture Holders/Banks, Financial Institutions and/or other bodies corporate (hereinafter referred to as 'Lenders') in favour of the said Lenders/Debenture Trustees on all or any of the immovable and moveable properties of the Company, both present and future, of every nature and kind whatsoever and wherever situate and the whole or substantially the whole of the undertakings of the Company either as an exclusive charge or on pari-passu basis or as second charge as the Board of Directors may decide, together with power to take over the management of the business or concern of the Company in certain events of default in favour of the Lenders/Debenture Trustees, for securing any Loans, Guarantee Assistance, Working Capital Arrangements, etc., already availed or that may be availed from the Lenders, and/or to secure any debentures issued and all interests, compound/additional interest, commitment charges, costs, charges, expenses and all other moneys payable by the company to the said Lenders/Debenture Trustees within overall limit of Rs 100 Crore (Rupees Hundred Crores Only).

" RESOLVED FURTHER THAT the Board be and is hereby authorised to do all acts, deeds, matters and things, as it may in its absolute discretion deem necessary, proper or desirable and to finalise and execute all such deeds, documents and writings as may be necessary, desirable or expedient, for the purpose of giving effect to this Resolution.

Registered Office:
30 Community Centre
Saket, New Delhi-110 017

Place: New Delhi
Date: 11th July, 2001

By order of the Board
Atul Mittal
Secretary

Notes:

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and proxy need not be a member. Proxies in order to be effective must be received by the company not less than 48 hours before the meeting.
2. The Register of Members and Share Transfer Books of the Company will be closed from Saturday the 1st September, 2001 to Friday the 14th September, 2001.
3. The dividend, as recommended by the Board, if approved at the Meeting will be payable to those members whose name appear on the Company's Register of members on 1st September 2001.
4. In terms of Provisions of Section 205 of the Companies Act, 1956, the Company has transferred all the unclaimed dividends upto and including the interim dividend for the year ended 1994-95 to the General Reserve Account of the Central Government. Those shareholders who have not so far claimed dividend for the above mentioned period may claim the same from the Registrar of companies NCT of Delhi & Haryana, Paryavaran Bhawan, IInd Floor, CGO Complex, Lodhi Road, New Delhi-110 003.

EXPLANATORY STATEMENT UNDER SECTION 173(2) OF THE COMPANIES ACT, 1956.

ITEM NO. 6

The broad particulars of remuneration payable and terms of payment of remuneration to Shri Ashok Jaipuria, Managing Director for the remaining period of his tenure with effect from 1st April 2001 are as under:

Salary : Rs. 150000 to Rs.300000 per month.

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

Perquisites:

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

Commission:

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

In the event of absence or inadequacy of net profit in any financial year, the remuneration payable to the Managing Director, shall be governed by Section II of Part II of Schedule XIII of the companies Act, 1956 or any modification thereof.

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

The above change in remuneration is subject to the approval of the members of the Company at the ensuing Annual General Meeting.

This may be considered as notice under section 302 of the Companies Act, 1956.

None of the Directors of your company, except Shri. Ashok Jaipuria is interested in respect of the above change in remuneration.

Copies of the resolution passed by the Board at the meeting held on 12th April 2001 in respect of the above, may be inspected at the Registered Office of the Company on any working day excluding Saturdays between 11.00 a.m. and 1.00 p.m.

ITEM NO. 7

The broad particulars of remuneration payable and terms of payment of remuneration to Shri S.K. Mittal, Executive Director for the remaining period of his tenure with effect from 1st April 2001 are as under:

Salary : Rs. 85000 to Rs.180000 per month



The Chairman in its absolute discretion and from time to time, will fix, the salary payable to the Executive Director.

Perquisites:

Perquisites (evaluated as per Income Tax Rules, wherever applicable, and at actual cost to the company in other cases) like accommodation (furnished or otherwise) or house rent allowance in lieu thereof; maintenance of accommodation including furniture, fixtures and furnishings and repairs, medical reimbursement, leave travel concession for self and his family including dependants; club fees, medical insurance, personal accident insurance, use of car and telephone at residence or reimbursement of expenses in lieu thereof, provident fund, superannuation fund, gratuity and other retirement benefits and such other perquisites and/or allowances, in accordance with the scheme(s) and rule(s) applicable to the members of the staff from time to time. The Chairman in its absolute discretion vary the perquisite payable to the Executive Director.

Bonus/Exgratia:

In addition to the salary, perquisites and allowances as above, the Executive Director shall also be entitled to receive Bonus/Exgratia, as may be determined by the Chairman

In the event of absence or inadequacy of net profit in any financial year, the remuneration payable to the Executive Director, shall be governed by Section II of Part II of Schedule XIII of the Companies Act, 1956 or any modification thereof.

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

The appointment may be terminated by either party (Company or the Executive Director) by giving the other three months prior notice of termination in writing.

The above change in remuneration is subject to the approval of the members of the company at the ensuing Annual General Meeting.

None of the Directors of your company, except Shri. S. K. Mittal is interested in respect of the above change in remuneration.

Copies of the resolution passed by the Board at the meeting held on 12th April 2001 in respect of the above, may be inspected at the Registered Office of the Company on any working day excluding Saturdays between 11.00 a.m. and 1.00 p.m.

ITEM NO. 8

Equity shares of your company are presently listed with The Delhi Stock Exchange Association Limited (the Regional Stock Exchange), The Stock Exchange, Mumbai, The Stock Exchange, Ahmedabad and The National Stock Exchange of India Limited. It has been observed that there is no trading of shares of your Company on Stock Exchanges at Ahmedabad for quite some time. A considerable amount of money and time is required to be spent to comply with the listing requirements.

With the extensive networking of The Stock Exchange, Mumbai (BSE) and The National Stock Exchange of India Limited (NSE) and the extension of the BSE/NSE terminals to other cities as well, investors have access to online dealings in the Company's securities across the country. The shares of the Company are mainly traded on the BSE and NSE.

As a part of its cost reduction measures, the Company has proposed this resolution, which will enable it to delist its equity shares from The Stock Exchange, Ahmedabad, at an appropriate time in the future.

The Company will separately give Special notice of the proposed enabling resolution for the said delisting in one Regional Newspaper and one English Newspaper at Ahmedabad. The proposed delisting of the Company's securities from The Stock Exchange Ahmedabad, as and when the same takes place, will not adversely affect the investors. The Company's securities will continue to be listed on The Delhi Stock Exchange Association Limited as the Regional Stock Exchange, The Stock Exchange, Mumbai and The National Stock Exchange of India Limited. The delisting will take effect after all approvals, permissions and sanctions are received. The exact date on which delisting will take effect will be suitably notified at that time.

Your Directors recommended the Special Resolution for the approval of the members.

None of the Directors of the Company are, in any way, concerned or interested in the resolution.

ITEM NO. 9 & 10

Section 293(1)(d) of the Companies Act, 1956 provides that the Board of Directors of the Company shall not without the consent of the members in general meeting, borrow money in excess of its paid up capital and free reserves.

Section 293(1)(a) of the Companies Act, 1956 provides that the Board of Directors of the Company shall not without the consent of the members in general meeting, sell, lease, or otherwise dispose off the whole or substantially the whole of the undertaking(s) of the Company.

In the course of and in the furtherance of the Company's growth plans and business, the Company may have to borrow moneys in excess of its paid up capital and free reserves and for that purpose may have to mortgage and/or charge its immovable and movable properties in favour of the Trustees for the Debenture Holders/Banks, Financial Institutions and/or other bodies corporate for securing the repayment of loans/debentures and other facilities (whether sanctioned/granted to the company and/or to the third party and/or the associate companies) and the interests, compound/additional interest, commitment charges, costs, charges, expenses and all other moneys thereon.

Since the proposed borrowing powers are in excess of the paid up capital and free reserves of the Company, a resolution under section 293(1)(d) is required to be passed by the members of the company.

Also, the mortgaging by the Company of its immovable and movable properties in favour of the Trustees for the Debenture Holders/Banks, Financial Institutions and/or other bodies corporate may be regarded as disposal of Company's properties/undertakings, it is necessary for the members to pass a Resolution under Section 293(1)(a) of the Companies Act, 1956 before creation of mortgages and charges.

The Ordinary Resolutions are therefore placed before the Members in Item no.9 & 10 and are recommended for approval.

None of the Directors of the Company are, in any way, concerned or interested in the resolution.



COSMO MISSION

- ❖ Cosmo will seek global market leadership.
- ❖ Development and growth in oriented films will be our focus.
- ❖ We will continue to create a winning work culture operating in the highest standards of ethics and values.
- ❖ We will strive for excellence in customer service, quality and R&D



OUR WAY OF DOING BUSINESS

- ◆ Fair Business Practices with all Business Associates.
- ◆ Transparency with all stakeholders
 - Deployment of company goals through Policy Deployment
 - Sharing of information with all employees
 - Communication
 - COSMIC for employees
 - COSMO TODAY for Investors
 - TECHNICAL BULLETIN for customers
 - QUARTERLY AUDITED FINANCIAL RESULTS for Investing community
 - Employee Perception Survey
 - To seek structured feedback from Employees
 - Cost Consciousness
 - Emphasis on identification and elimination of wasteful expenditure.
 - Cross functional task forces for breakthrough improvements in quality and cost reduction.
 - Technology
 - Leveraging information technology through ERP.
 - Leveraging R & D infrastructure for development of new products.
 - Customer Orientation
 - Seeking feedback through Customer Satisfaction Survey.
 - Flexibility to modify products to suit individual customer needs.
 - Corporate Governance
 - Institutionalised SEBI Corporate Governance Code.



BOARD OF DIRECTORS

Mr. Ashok Jaipuria	Chairman & Managing Director
Mr. B V Bhargava	
Mr. P M Belliappa	ICICI Nominee
Mr. Mahendra Sanghvi	
Mr. H K Agrawal	
Mr. Aseem DasGupta	
Dr. Surinder Kapur	
Mr. S K Mittal	Executive Director

MANAGEMENT TEAM

Mr. S.K.Mittal	Executive Director
Mr. R Mukherjee	President
Mr. G C Mehra	General Manager - Customer Satisfaction
Mr. A G Deshpande	General Manager - Exports
Mr. Janardan Gupta	DGM - Commercial
Mr. S. D. Gosavi	DGM - Manufacturing
Mr. Sanjay Chincholikar	DGM - Marketing
Mr. P. K. Gupta	DGM - Marketing
Mr. B. Suresh	DGM - Exports
Mr. P C Garg	DGM - Commercial
Mr. R K Gupta	DGM - Accounts
Mr. D A Deshpande	DGM - Maintenance
Mr. Atul Mittal	Company Secretary

AUDITORS

B. K. Shroff & Co.

BANKERS

Union Bank of India
Canara Bank
State Bank of India

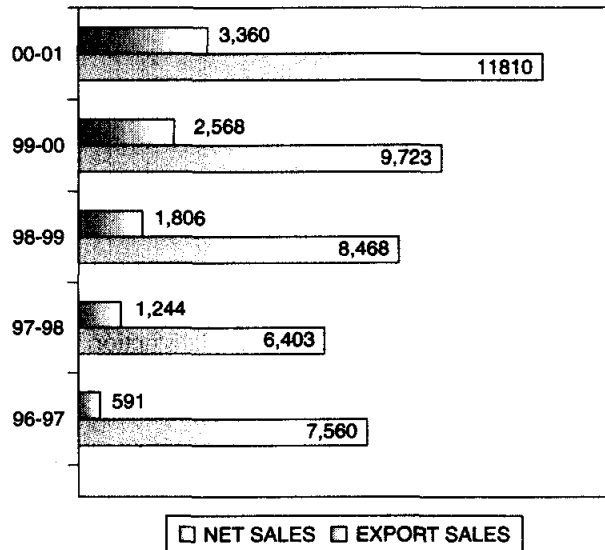
FINANCIAL INSTITUTIONS

ICICI LIMITED
Industrial Development Bank of India
IFCI Limited

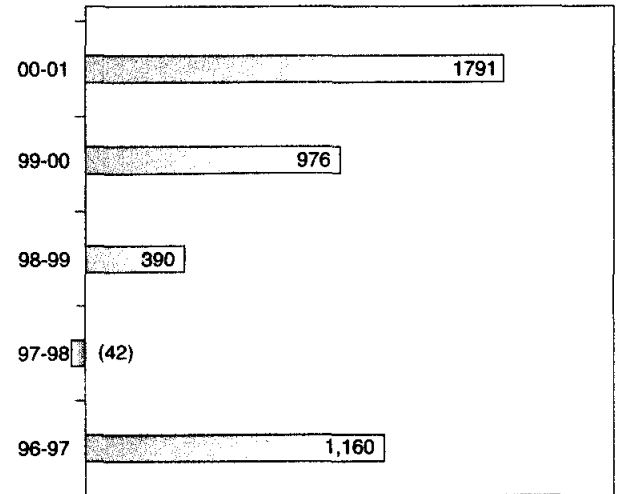


FIVE YEAR TRENDS

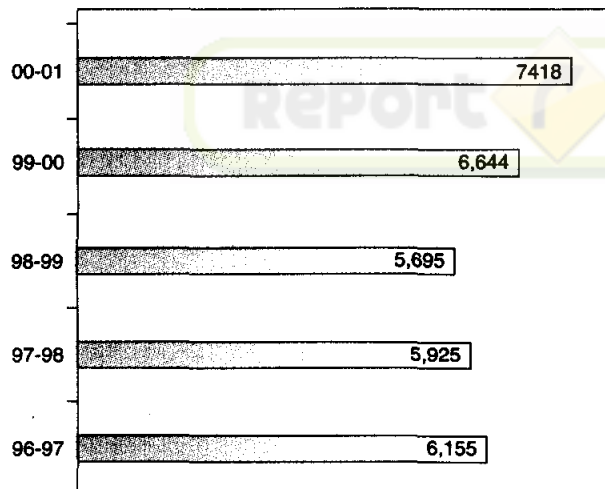
**NET SALES
(Rs. Lacs)**



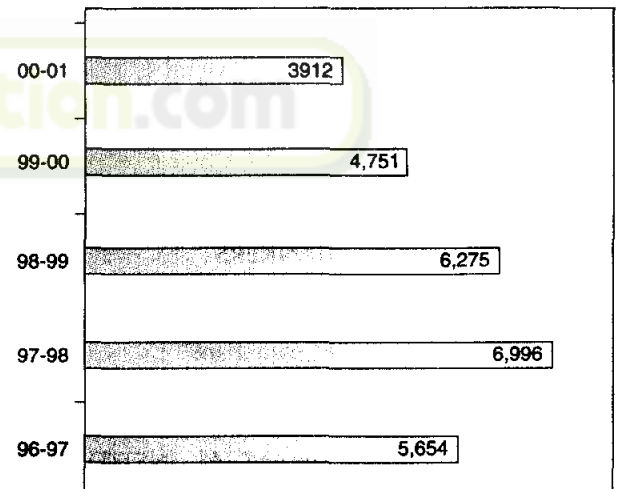
**PROFIT BEFORE DEPRECIATION & TAX
(Rs. Lacs)**



**NET WORTH
(Rs. Lacs)**



**TOTAL DEBT
(Rs. Lacs)**





FIVE YEARS TREND

(Rs. in Lacs)

For the financial year ended	1996-97	1997-98	1998-99	1999-00	2000-01
TOTAL NET SALES	7,560	6,403	8,468	9,723	11,810
EXPORT SALES	591	1,244	1,806	2,568	3,360
PBIDT	1,708	746	1,279	1,713	2,294
PROFIT BEFORE TAX	710	(542)	(232)	381	1,188
PROFIT AFTER TAX (PAT)	707	(545)	(234)	330	1,109
CASH PROFIT (PBDT)	1,160	(42)	390	976	1,791
DIVIDEND EQUITY	15%	10%	-	10%	25%
As on	31.03.97	31.03.98	31.03.99	31.03.00	31.03.01
EQUITY SHARE CAPITAL	824	824	824	824	824
PREF. SHARE CAPITAL	-	-	-	800	800
RESERVES	5,351	5,117	4,883	5,047	5,815
MISC. EXPENDITURE	21	16	12	28	21
NET WORTH	6,155	5,925	5,695	6,644	7,418
TOTAL DEBT	5,694	6,996	6,275	4,751	3,912
CAPITAL EMPLOYED	11,849	12,921	11,970	11,395	11,330
NET FIXED ASSETS	7,368	8,298	8,065	7,237	7,433
INVESTMENTS	215	215	215	618	564
NET CURRENT ASSETS	4,266	4,408	3,690	3,540	3,333
CAPITAL DEPLOYED	11,849	12,921	11,970	11,395	11,330
BOOK VALUE PER SHARE	75	72	69	81	90
SHARE PRICE ON BSE (AS ON MARCH 31)	31	14	20	42	24
MARKET CAPITALISATION	2556	1113	1616	3438	1958

YEAR AT A GLANCE

(Rs. in Lacs except EPS & Dividend per share)

FOR THE YEAR ENDED ON MARCH 31	2000	2001	GROWTH %
Net Sales	9723	11810	21%
Export Sales	2568	3360	31%
Operating Profit	1587	2148	35%
Cash Profit	976	1791	84%
PAT	330	1109	236%
EPS (Rs.)	3.20	12.07	277%
Dividend per Share (Rs.)	1.00	2.5	150%
AS ON 31ST MARCH	2000	2001	GROWTH %
Net Assets	7,237	7433	3%
Net Worth	6,644	7418	12%
Total Debt	4,751	3912	-18%
Market Capitalisation	3,438	1958	-43%