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YE	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>

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COSMO FILMS LIMITED

Report and Accounts 1997-98





BOARD OF DIRECTORS

Ashok Jaipura,
T. Kannan
Dr. Dharni P. Sinha
Dr. S.M. Dugar
A.P. Venkateswaran
Hasmukh Shah
B.V. Bhargava
P.M. Belliappa

Chairman & Mg. Director

PRESIDENT

S.K. Mitral

SECRETARY

Atul Mitral

AUDITORS

B.K. shroff & Co.

REGISTERED OFFICE

30, Community Centre, Saket
New Delhi-110 017

BANKERS

Union Bank of India
Canara Bank
State Bank of India
Corporation Bank

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Corporate Office

30, Community Centre
Saket, New Delhi - 110 017
Phone: 011-668105, 6863968, 6863969
Fax: -011-6862969

Mfg. Plants

Plant-I

J-4 MIDC Industrial Area
Chikalthana, Aurangabad - 431 210
Maharashtra
Phone: 0240-485080
Fax: 0240 - 485581

Plant-II & Plant-III

B-14/9, MIDC Industrial Area
Waluj, Aurangabad - 431136
Phone: 0240 - 554612/13
Fax: 0240-554416

SALES OFFICES

Bombay :

Bits House
Jukaso Silk Mills Compound
Saki Naka, Andheri East
Bombay - 400 072
Phone: 022-8510901, 8514734

Delhi :

30, Community Centre
Saket, New Delhi - 110 017
Phone: 011-668105, 6863968, 6863969
Fax: 011 - 6862969

Calcutta

2nd Floor, 7C, Middleton Street
Calcutta - 700 016
Phone: 033 - 2475153, 2403170
Fax: 033 - 2407130

Hyderabad :

1405/B, 14th Floor
Babu Khan Estate, Basheer Bagh
Hyderabad - 500 001
Phone: 040 - 597620, 597621
Fax: 040 - 232387





Notice

NOTICE is hereby given that the Twenty First Annual General Meeting of Cosmo Films Limited will be held at Air Force Auditorium, Subroto Park, New Delhi-110010 on Thursday the 24th September, 1998 at 4.00 P.M. to transact the following business :

1. To receive, consider and adopt the audited Profit & Loss Account for the year ended 31st March, 1998 and the Balance Sheet as on that date and the Report of Board of Directors and the Auditors of the Company thereon.
2. To declare Dividend on Equity Shares.
3. To appoint a Director in place of Mr. A.P. Venkateswaran who retires by rotation and is eligible for reappointment.
4. To appoint a Director in place of Mr. B.V. Bhargava who retires by rotation and is eligible for reappointment.
5. To appoint Auditors and to fix their remuneration.

By order of the Board

Registered Office :
30 Community Centre
Saket, New Delhi-110 017
Date: 25th June, 1998

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 a 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 Tuesday the 1st September, 1998 to Thursday the 24th September, 1998 (both days inclusive).
3. In terms of the Provision 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 Revenue 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, first Floor, CGO Complex, Lodhi Road, New Delhi-110003.

The Unclaimed final dividend for the year ended 31/3/95 and interim dividend for the year ended 31/3/96 will be transferred by the Company to the General Revenue Account of the central Government on 17th August, 1998 and 8th January 1999 respectively.

The members who have not encashed their warrants for dividends, for the year ended 31/3/95 (Final) and interim dividends for the year ended 31/3/96 have individually been informed of the particulars of unclaimed dividend with a request to approach the Company at 30, Community Centre, Saket, New Delhi, for obtaining dividend warrants.



DIRECTOR REPORT

To the Members,

Your Directors present the Twenty-first Annual Report and the audited accounts for the year ended 31st March, 1998

(Rs. in lacs)

FINANCIAL RESULTS

	1997-98	1996-97
Sales	7731	9364
Operating Profit	359	1161
Depreciation	500	451
Profit before Tax	(—)141	710
Provision for Tax	3	3
Net Profit	(—)144	707
Extraordinary Item	—	533
Less: Transferred from General Reserve	—	533
	(—)144	707
Add: - Excess Provision/Refund of Tax	—	—
- Transfer from General Reserve	273	—
- Balance brought forward	194	89
	323	796

APPROPRIATIONS

Debenture Redemption Reserve	232	70
Dividend	83	120
Dividend Tax	8	12
General Reserve	—	400
Balance Carried forward	—	194
	323	796

DIVIDEND

Your Directors recommend payment of dividend at the rate of 10% for the year as against 15% paid last year.

OPERATIONS

The year ending March 31, 1998 continued to be a tough year for the packaging films industry. Economic downturn coupled with over capacity in the industry & south East Asian crisis created an extremely price competitive environment. This resulted in BOPP film prices declining by 30-35%.

As a result revenue has declined by 17% over the previous year. There was net loss to the tune of Rs. 141 lacs mainly on account of erosion in margins.

The company successfully implemented the balancing cum modernisation scheme resulting into 20% increase of capacity. Enterprisewide resource Planning (ERP) System implementation is as per schedule. Looking at the present Business scenario, it also adopted tight credit control measures and exited from the Markets/Customers where it was not in line with the above policy.

EXPORTS

The company continued its focus on exports. Exports of the company increased from Rs. 591 lacs in the previous year to Rs. 1244 lacs.

R & D

Thrust on R & D and new Application Development has been increased to expand the market. The company introduced Four new Product/Applications in the Year. This has resulted in improvement in our product mix in domestic and export market.

OUTLOOK

In view of over capacity in the Domestic market, the company will continue to increase its focus on overseas markets & speedy commercialisation of new product/application development. The organisation restructuring undertaken by the company will improve the company response to the changing environmental conditions and reduce the operating costs.

DIRECTORS

Sh. C.P. Shah, Sh. SD. Khosla, and Sh. G R Divan resigned from Board of Directors of the company on 1st July 1997, 20th April 1998 and 13th April 1998 respectively. The Board, while recalling their significant guidance and contribution, place on record their appreciation for the help & guidance given by Mr. Shah, Mr. Khosla and Mr. Divan.

Sh. A P Venkateswaran and Sh B V Bhargava retire by rotation and are eligible for reappointment. The directors recommend their reappointment.

SUBSIDIARY

Statements as required under the section 212 of Companies Act, 1956 in respect of Company's subsidiaries are attached.

STATUTORY STATEMENTS

Following information as per the requirements of the Companies Act, 1956 is given in separate statements annexed hereto which form part of this report.

- Energy conservation, technology absorption and foreign exchange inflow/outgo pursuant to section 217(1)(e) of the Companies Act, 1956.
- Particulars of employees pursuant to section 217 (2A) of the Companies Act, 1956

AUDITORS

M/s B.K. Shroff & Company, Auditors of the Company retire and are eligible for reappointment.

APPRECIATION

Your directors wish to place on record their appreciation of the whole hearted and continued support extended by the employees, shareholders and investors as also by the bankers and financial institutions. This has always been a source of strength for the company.

On behalf of the Board

Place : New Delhi
Date : 25th June, 1998

Ashok Jaipuria
Chairman

COSMO FILMS LIMITED



INFORMATION AS PER SECTION 217(1)(E) READ WITH COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988 AND FORMING PART OF THE DIRECTORS REPORT FOR THE YEAR ENDED 31ST MARCH, 1998.

I. CONSERVATION OF ENERGY

- (a) Energy conservation measures taken:
- Transparent sheets installed in factory roof to reduce energy consumption.
 - Soft starter for compressor installed for improving efficiency.
 - Energy Audit undertaken by an independent agency and their suggestions are being implemented.
- (b) Additional investments and proposals, if any, being implemented for reduction of consumption of energy. Negligible.
- (c) Impact of the measures of (a) & (b) above for reduction of energy consumption and consequent impact on the cost of production of goods. Negligible.
- (d) Form-A not applicable.

II. TECHNOLOGY ABSORPTION

Efforts Made in technology absorption as per Form-B of the Annexure to the Rules.

1. Research and Development:
- Specific areas in which R & D carried out by the Company.
Development of new products and applications, indigenous vendors for Raw Material and additives
 - Benefits derived as a result of above R & D. Increase in market, improvement in product quality and reduction in cost.
 - Future Plan of Action
The Company will continue its efforts towards development of new products, new applications and cost reduction measures.

(d) Expenditure on R & D

	Rs. in Lacs
(a) Capital	: Nil
(b) Recurring	: 27.09
(c) Total	: 27.09
(d) Total R & D expenditure as percentage of total turnover	: .003%

2. Technology absorption, adaption and innovation.

- Efforts, in brief, made towards technology absorption, adaption and innovation.
The Company's technology is developed inhouse which helps in improving efficiency and developing new products.
- Benefits derived as a result of the above efforts.
The Company continues to develop new products and improving efficiency.
- In case of imported technology (imported during the last 5 years reckoned from the beginning of the financial year) following information may be furnished (a) Technology imported (b) year of import (c) Has technology been fully absorbed? (d) If not fully absorbed, areas where this has not taken place, reasons therefore and future plans of action.
The Company has not imported any technology since inception.

III. FOREIGN EXCHANGE EARNINGS AND OUTGO

The Company's foreign exchange earnings was Rs. 1244 lacs. The total foreign exchange utilised during the year amounted to Rs. 1326 lacs. Particulars of foreign exchange earned/utilised during the year are given in Schedule 18.

On behalf of the Board

New Delhi
25th June, 1998

Ashok Jaipuria
Chairman

PARTICULARS OF EMPLOYEES IN TERMS OF SECTION 217(2A) OF THE COMPANIES ACT, 1956.

Name	Designation /Nature of Duties	Gross Annual Remuneration	Qualification	Years of Experience	Date of commencement of employment	Age	Last Employment held by such employees before joining the company. Name	Designation
Persons employed throughout the financial year under review and were in receipt of remuneration for that year in aggregate not less than Rs. 3,00,000/-								
Agrawal G.D	Member-SPR	8,30,560	M.Sc., Mech. Engg., FIE, MAICHE, MIE	28	01.06.1989	52	Cosmo Electrofil Limited	General Manager (Projects)
Agarwal S.C	President	10,49,606	M.Sc., PGDM	38	01.02.1996	59	VXL Engineers Limited	Joint President
Deshpande AG	President Manager-BP	4,66,714	M.Sc. (Chem.)	23	19.04.1980	45	Rathi Poppalng P. Ltd.	Plant Manager
Gupta Janardhan Jaipuria Ashok	DGM-Commercial Managing Director	3,60,703	B.Com.	23	11.05.1981	46	Unitron Limited	Accounts Officer
Khanna Achal	DGM-Export	3,69,253	Degree in Associates of Arts in Business Admn & Diploma in Mktg. Science. M.A., MBA	11	14.03.1992	36	Indupond Denemours & Co. Inc.	Sales & Commercial Manager
Mehra G.C.	General Manager Application Development	4,18,839	PIC Indo American Project	37	05.07.1980	55	Swadeshi Polytext Ltd.	Supervisor
Mittal S.K.	President	10,27,217	B.Com. ACA	23	15.03.1996	46	Samtel Colour Ltd.	General Manager Finance
Seth S.N.	Advisor	5,34,883	B.Com (Hons)	38	01.05.1986	58	Swadeshi Polytext Ltd.	Vice President (Develop.)



PART OF THE YEAR

Bagree S.L.*	Director- Corporate Affairs	5,07,560	B.Com., LLB, A.C.S.	40	05.05.1989	60	Pravasi Enterprises Ltd.	Chief Executive
Kumar Sanjeev	Head- Business Development & Marketing	7,45,385	B.Tech., PGDM	15	02.12.1996	38	Cosmo Ferrites Ltd.	President
Saxena Alok Kumar	Member-SPR	54,766	B.Sc., B.Tech (Plastic)	15	09.10.1987	36	MPUP Ltd.	Sr. Sales Engineer

* Functional Director not Board Member.

Notes:

1. Remuneration includes Salary, Company's contribution to Provident Fund and Superannuation Scheme, Personal Accident Policy Premium Expense incurred on Medical reimbursement, Leave Travel Assistance, Housing Assistance, House Rent Allowance, Leave Encashment and perquisites evaluated as per Income Tax Rules.
2. None of the employees mentioned above is related to any Director of the Company.
3. The conditions of employment to all employees, except in the case of the Managing Director whose appointment is contractual, are non-contractual and terminable by one/three months notice on either side.

AUDITORS' REPORT

TO THE SHAREHOLDERS

We have audited the attached Balance Sheet of COSMO FILMS LIMITED as at 31st March, 1998 and the Profit & Loss Account for the year ended on that date annexed thereto and report that :

1. As required by the Manufacturing and Other Companies (Auditors' Report) Order, 1988 issued by the Company Law Board in terms of Section 227 (4A) of the Companies Act, 1956 we enclose in the annexure a statement on the matters specified in paragraphs 4 and 5 of the said order.
2. Further to our comments in the annexure referred to in paragraph 1 above, we state that:
 - i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit,
 - ii) in our opinion proper books of accounts as required by law have been kept by the company so far as appears from our examination of such books,
 - iii) the Balance Sheet and the Profit & Loss Account referred to in this report are in agreement with the books of account,
 - iv) in our opinion and to the best of our information and according to the explanation given to us, the accounts read together with the notes appearing in Schedule 20 give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view.
 - a) in so far as it relates to the Balance Sheet, of the state of affairs of the company as at 31st March, 1998 and

- b) in so far as it relates to the Profit Loss & Account, of the loss for the year ended on that date.

For B.K. SHROFF & Co.,
Chartered Accountants

Place : New Delhi
Dated : 25th June, 1998

O.P. SHROFF
Partner

ANNEXURE REFERRED TO IN PARAGRAPH 1 OF OUR REPORT OF EVEN DATE

1. The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets. As explained to us, all the fixed assets have been physically verified by the management during the year according to a regular programme which in our opinion is reasonable having regard to the size of the company and the nature of its assets. No material discrepancies with respect to book records were noticed on such verification.
2. None of the fixed assets have been revalued during the year.
3. The stocks of finished goods, spare parts and raw materials except in transit have been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable.
4. In our opinion, the procedures of physical verification of stocks followed by the management are reasonable and adequate in relation to the size of the company and nature of its business.



5. The discrepancies noticed on verification of stocks as compared to book records were not material and these have been properly dealt with in the books of accounts.
6. On the basis of our examination of stock records, we are of the opinion that the valuation of stocks is fair and proper and in accordance with the normally accepted accounting principles and is on the same basis as in the preceding year.
7. In our opinion and according to the information and explanation given to us, the company has not obtained any loans, secured or unsecured from companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956 and/or companies under the same management as the company within the meaning of section 370 (1-B) of the Companies Act, 1956.
8. The rate of interest and other terms and conditions on which unsecured loans have been granted to companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956 and/or companies under the same management as the company within the meaning of section 370 (1-B) of the Companies Act, 1956 are prima facie not prejudicial to the interest of the company.
9. Parties including subsidiary company and employees to whom loans or advances in the nature of loans have been given by the company are repaying the principle amount as per stipulation, wherever such stipulations exist and are also regular in payment of interest wherever applicable.
10. In our opinion and according to the information and explanation given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to purchases of stores, raw materials including components, plants and machinery, equipment and other assets, and with regard to the sale of goods.
11. There are no transaction of purchase of goods and materials and sale of goods, materials and services aggregating during the year to Rs. 50,000 or more in respect of each party, made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956.
12. As explained to us, the company has a regular procedure for determination of unserviceable or damaged stores, raw materials and finished goods. Adequate provision has been made in the accounts for the loss arising on the items so determined.
13. The company has not accepted any deposits from the public and consequently the provisions of section 58A of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 are not applicable.
14. In our opinion, reasonable records have been maintained by the company for the sale and disposal of realisable scrap. The company has no by-products.
15. In our opinion, the company has an adequate internal audit system commensurate with the size and nature of its business.
16. The central government has not prescribed maintenance of cost records under section 209(1) (d) of the Companies Act, 1956 in respect of the products dealt with by the company.
17. According to the records of the company, Provident Fund and Employees State Insurance dues have been regularly deposited during the year with the appropriate authorities.
18. According to the information and explanation given to us, no personal expenses of employees or directors have been charged to revenue account, other than those payable under contractual obligations or in accordance with the generally accepted business practices.
19. According to the information and explanation given to us, no undisputed amounts payable in respect of Income-tax, Wealth-tax, Sales-tax, Custom Duty and Excise Duty were outstanding as at 31st March, 1998 for a period of more than 6 months from the date they became payable.
20. The company is not a sick industrial company within the meaning of section 3(1)(c) of the Sick Industrial Companies (Special Provisions) Act 1985.
21. In respect of the trading activities of the company, it has been explained to us that there were no damaged goods during the year.

For B.K. SHROFF & Co.,
Chartered Accountants

Place : New Delhi
Dated : 25th June, 1998

O.P. SHROFF
Partner



BALANCE SHEET

As at 31st March, 1998

	Schedule	Current Year Rs.	Previous Year Rs.
SOURCES OF FUNDS			
SHAREHOLDER'S FUND			
Share Capital	1	8,24,46,540	8,24,46,540
Reserves & Surplus	2	51,16,85,357	53,51,14,794
		59,41,31,897	61,75,61,334
LOAN FUNDS			
Secured Loans	3	69,95,87,730	50,59,21,993
Unsecured Loans	4	—	5,94,96,243
		69,95,87,730	56,54,18,236
		1,29,37,19,627	1,18,29,79,570
APPLICATION OF FUNDS			
FIXED ASSETS			
Gross Block	5	1,10,33,41,173	95,78,42,406
Less : Depreciation		28,56,38,020	23,78,05,856
Net Block		81,77,03,153	72,00,36,550
Add : Capital work in progress		1,20,53,584	1,67,92,679
		82,97,56,737	73,68,29,229
INVESTMENTS			
6		2,14,88,497	2,14,97,366
CURRENT ASSETS, LOANS AND ADVANCES			
Inventories	7	12,72,73,404	13,47,02,158
Sundry Debtors	8	19,81,43,107	16,39,39,942
Cash & Bank Balances	9	3,60,76,110	3,33,43,239
Loans & Advances	10	19,30,22,942	19,13,24,399
		55,45,15,563	52,33,09,738
LESS : CURRENT LIABILITIES AND PROVISIONS			
Current Liabilities	11	10,42,89,437	8,72,43,107
Provisions	12	93,69,120	1,34,76,740
		11,36,58,557	10,07,19,847
NET CURRENT ASSETS		44,08,57,006	42,25,89,891
MISCELLANEOUS EXPENDITURE	13	16,17,387	20,63,084
(To the extent not written off or adjusted)		1,29,37,19,627	1,18,29,79,570

NOTES ON ACCOUNTS

20

Schedules 1 to 20 form an integral part of the accounts
As per our report of even date annexed

For B. K. SHROFF & CO.
Chartered Accountants

O.P. SHROFF
Partner

Place : New Delhi
Dated : 25th June, 1998

ATUL MITTAL
Secretary

ASHOK JAIPURIA
Managing Director

S.M. Dugar
Director

COSMO FILMS LIMITED