

REPORT AND ACCOUNTS 2004-05

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COSMO FILMS LIMITED

Notice

Notice is hereby given that the Twenty Eighth Annual General Meeting of the Members of Cosmo Films Limited will be held at Shah Auditorium, 2, Raj Niwas Marg, Civil Lines, Delhi 110 054 on Tuesday the 27th day of September, 2005 at 4:30 P.M. to transact the following business:

Ordinary Business

1. To receive, consider and adopt the audited Profit & Loss Account for the year ended 31st March, 2005 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 declare dividend on equity shares.
3. To appoint a Director in place of Mr. B. V. Bhargava who retires by rotation and is eligible for reappointment.
4. To appoint a Director in place of Mr. H. K. Agrawal who retires by rotation and is eligible for reappointment.
5. To appoint auditors and to fix their remuneration.

Special Business

6. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

“RESOLVED THAT subject to the provisions of the Companies Act, 1956 and the regulations of the Listing agreement entered into with the Stock Exchanges, approval of the Company be and is hereby given to pay sitting fees to Non Executive Directors for a sum not exceeding Rs. 10,000/- per meeting attended.

RESOLVED FURTHER THAT the Board of Directors be and are hereby authorized to fix the amount of sitting fees payable to Non Executive Directors from time to time within the aforesaid limit.”

NOTES:

1. The Explanatory statement, pursuant to Section 173(2) of the Companies Act, 1956 is attached hereto.
2. Shareholders are requested to bring their copy of Annual Report to the Meeting.
3. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ANOTHER PERSON AS HIS PROXY TO ATTEND AND ON A POLL TO VOTE INSTEAD OF HIMSELF.

THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. A BLANK FORM OF PROXY IS ENCLOSED AND IF INTENDED TO BE USED, IT SHOULD BE DULY COMPLETED AND DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FORTY EIGHT HOURS BEFORE THE SCHEDULED TIME OF THE MEETING.

4. In case of joint holders attending the meeting, only such joint holder who is higher in the order of names will be entitled to vote.
5. The Register of Members and share Transfer Books of the Company will remain closed from Friday, the 23rd day of September 2005 to Tuesday the 27th day of September 2005 (both days inclusive).
6. Members, who are holding shares in identical order of names in more than one folio are requested to write to the Company enclosing their share certificates to consolidate their holdings in one folio.
7. Members who hold shares in dematerialised form are requested to bring their Client ID and DPID numbers for easy identification of attendance at the meeting.
8. The Members holding shares in physical form are also requested to notify any change in their addresses immediately to the Company's Share Registrar and Transfer Agents **M/s. Alankit Assignments Limited, 2E/21, Alankit House, Jhandewalan Extension, New Delhi 110 055.**
9. Members / Proxy holders are requested to produce at the entrance of the Auditorium the enclosed attendance slip duly completed and signed.
10. In order to provide protection against fraudulent encashment of the warrants, shareholders holding shares in physical form are requested to intimate the Company under the signature of the Sole/First joint holder, the following information to be incorporated on the Dividend Warrants:
 - i. Name of the Sole / First joint holder and the Folio Number.
 - ii. Particulars of Bank Account, viz.:
 - Name of the Bank
 - Name of Branch
 - Complete address of the bank with Pin Code Number
 - Account type, whether Savings (SB) or Current Account (CA)
 - Account number allotted by the Bank.
11. Shareholders holding Shares in electronic form may kindly note that their Bank account details as furnished by their depositories to the Company will be used for payment by ECS or printed on their Dividend Warrants as per the applicable regulations. The Company will not entertain any direct request from such shareholders for deletion of / change in such Bank details. Further, instructions, if any, already given by them in respect of

shares held in physical form will not be automatically applicable to shares held in electronic mode. **Shareholders who wish to change such Bank Account details are therefore requested to advise their Depository Participants about such change, with complete details of Bank Account.**

12. Electronic Clearing Service (ECS) Facility

With respect to the payment of dividend, the Company provides the facility of ECS to all shareholders, holding shares in electronic form and shareholders who have opted for ECS and are holding shares in physical forms. This facility is available to shareholders residing in the following cities:

Ahmedabad, Bangalore, Bhubaneshwar, Chandigarh, Chennai, Delhi, Guwahati, Hyderabad, Jaipur, Kanpur, Kolkata, Mumbai, Nagpur, Patna, and Thiruvananthapuram.

Shareholders holding shares in the physical form who wish to avail ECS facility, may authorise the Company with their ECS Mandate in the prescribed form, which can be downloaded from the Company's Website (www.cosmofilms.com) under the section 'Investor Service' or can be obtained from the Registrar and Transfer Agents, M/s Alankit Assignments Limited. Requests for payment of dividend through ECS for the year 2004 - 2005 should be lodged with M/s Alankit Assignments Limited on or before September 22, 2005.

13. Pursuant to the provisions of Section 205A(5) of the Companies Act, 1956, dividend for the financial year ended March 31, 1998 and thereafter, which remains unclaimed for a period of 7 years will be transferred by the Company to the Investor Education and Protection Fund (IEPF) established by the Central Government pursuant to Section 205 of the Companies Act, 1956.

Information in respect of such unclaimed dividend when due for transfer to the fund is given below :-

Financial Year	Type of dividend	Date of declaration	Due for transfer
1997-98	Final dividend	24/09/1998	31/10/2005
1999-00	Final dividend	18/09/2000	25/10/2007
2000-01	Final dividend	17/09/2001	24/10/2008
2001-02	Final dividend	16/08/2002	22/09/2009
2002-03	Final dividend	29/08/2003	05/10/2010
2003-04	Final dividend	30/07/2004	05/09/2011

Shareholders who have not so far encashed the dividend warrant(s) are requested to seek issue of duplicate warrant(s) by writing to the Company. **Shareholders are requested to note that no claims shall lie against the Company or the said fund in respect of any amounts which were unclaimed and unpaid for a period of seven years from the dates that they first became due for payment and no payment shall be made in respect of any such claims.**

14. Non-Resident Indian Shareholders are requested to inform M/s Alankit Assignments Limited immediately:

- The change in the residential status on return to India for permanent settlement.
- The particulars of the Bank Account maintained in India with complete name, branch, account type, account number, and address of the Bank, if not furnished earlier.

15. Corporate Members intending to send their authorised representatives for attending the Annual General Meeting are requested to send a duly certified copy of the Board Resolution authorising their representatives to attend and vote at the Annual General Meeting.

16. Consequent upon the introduction of Section 109A of the Companies Act, 1956, shareholders are entitled to make nomination in respect of shares held by them in physical form. Shareholders desirous of making nominations are requested to send their requests in Form 2B (which will be made available on request) to the Registrar and Transfer Agents, M/s Alankit Assignments Limited. The said Form 2B can also be downloaded from the Company's web site www.cosmofilms.com.

17. Pursuant to the requirements of the Listing Agreement of Stock Exchanges, on Corporate Governance, the information about the Directors proposed to be appointed / re-appointed is given in the Annexure to the Corporate Governance Report on Page 32.

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

By order of the Board

Place: New Delhi
Date: July 12, 2005

Payal Ghai
Company Secretary

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

Item No. 6

Clause 49 of the Listing agreement entered into with the stock exchange(s), provides payment of fees/compensation to non-executive directors, subject to previous approval of shareholders in the general meeting.

The proposed resolution would allow the Company to make payment by way of sitting fees to the non-executive directors subject to a maximum limit of Rs. 10,000/- for each meeting attended. All non-executive directors of the Company are deemed to be interested in the resolution to the extent of the sitting fees payable to them in accordance with the proposed resolution.

The Board recommends the resolution set forth in Item No. 6 for approval of shareholders.

Copies of the resolution passed by the Board at the meeting held on 12th July, 2005 in respect of the above, may be inspected at the Registered office of the Company on any working day between 2.00 p.m. and 4.00 p.m.

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

By order of the Board

Place: New Delhi
Date: July 12, 2005

Payal Ghai
Company Secretary



What we hope to achieve

Mission at Cosmo

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

Vision at Cosmo

To be the most preferred brand for innovative BOPP products in India and the World.



What drives us

Core values of Cosmo

Customer Orientation

Cosmo believes in long term relations with customers. Under all circumstances we put the customer first. We ensure value for money for our customers through better products, services and our interaction.

Transparency

Cosmo practices transparency with all stakeholders through structured periodical communication and adhering to best corporate governance practices.

Innovation

Cosmo encourages innovation in every facet of its business activity including developing cost effective innovative packaging solutions for our customers. We have created a world-class R & D set up.

Cost conscious

Cosmo has initiated company wide Six Sigma programmes for cost reduction in a structured manner.

House-keeping

Cosmo adheres to world-class house-keeping standards at all its locations.

Fair business practices

Cosmo enjoys a reputation of being fair and just to all its stakeholders.



Contents

Directors' Profile	4
Management Team	5
Five-Year Trends	6
Achievements in 2004-05	7
Interview with CEO	8
Risk Management	9-10
Management Discussion and Analysis	11-12
Key Ratios	13-15
Environment Consciousness	16
Directors' Report	17-20
Corporate Governance	21-34
Auditors' Report	35-37
Accounts of Cosmo Films	38-53
Accounts of Cosmo International (US) INC	54-56
Consolidated Results of Cosmo Films	57-72



Directors' profile

Ashok Jaipuria
Chairman & Managing Director.

B.V. Bhargava
M.Com., LLB., Former Managing Director of ICICI Ltd.

H.K. Agrawal
B.E. & MBA (IIM), Management Consultant.

Mahendra Sanghvi
A Polymer Scientist. Promoter and Managing Director of Shaily Engineering Plastics, Baroda.

Dr. Surinder Kapur
Ph.D. in Mechanical Engineering, is Managing Director of Sona Koyo Steering Systems.

Rajeev Gupta
B.E & MBA, Joint Managing Director of DSP Merrill Lynch Limited.

S.K. Mittal
Chartered Accountant, Executive Director and CEO of Cosmo Films Limited.

Vimal Bhandari
Chartered Accountant

Hasmukh Shah
Industry Management (Polymer).



Management team

Ashok Jaipuria

Chairman & Managing Director

S.K. Mittal

Executive Director & CEO

R. Mukherjee

President

A.G. Deshpande

Vice President-Operations

Janardhan Gupta

General Manager-Commercial

S.D. Gosavi

Dy. General Manager-Manufacturing

S.C. Maity

Dy. General Manager-Manufacturing

Sanjay Chincholikar

Dy. General Manager-Projects

P.C. Garg

Dy. General Manager-Commercial

AUDITORS

B.K. Shroff & Co.

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BANKERS & FINANCIAL INSTITUTIONS

International Finance Corporation, Washington

Rabo Bank

Vysya Bank Limited

State Bank of India

HDFC Bank Limited

Export Import Bank of India

Bank of Bahrain & Kuwait

Industrial Development Bank of India

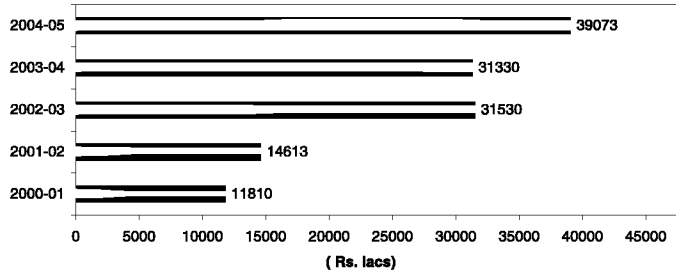
Union Bank of India

ICICI Bank

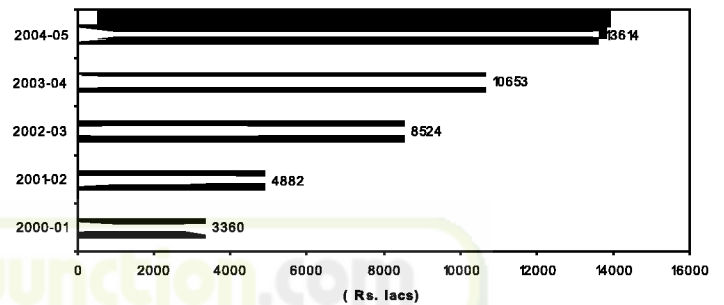


FIVE YEAR TRENDS

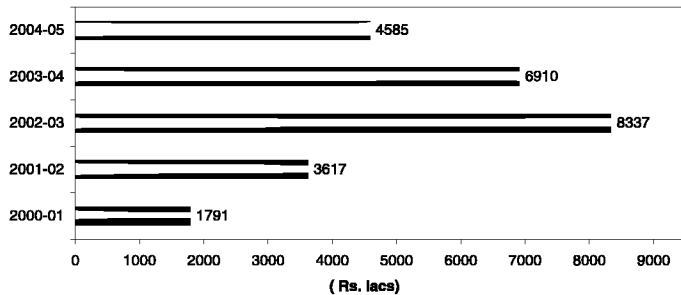
NET SALES



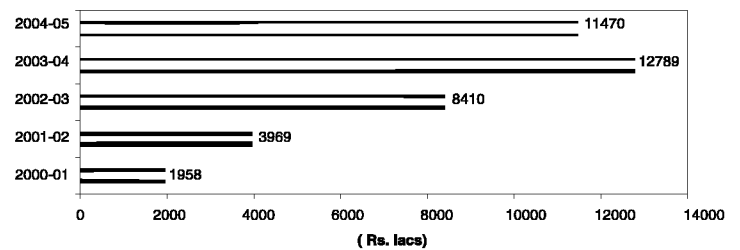
EXPORT SALES



CASH PROFITS



MARKET CAPITALISATION





What we achieved in 2004-2005

- **Equity participation by IFC, Washington.**
- **Stabilized Extrusion Coating project. Second Extrusion Coating line commissioned in April 05.**
- **Commissioned Metalizer in a record time and achieved full capacity utilization.**
- **Net sales increased to Rs. 39073 lacs (Previous year Rs. 31330 lacs).**
- **Achieved Export turnover of Rs. 13614 lacs, a growth of 28% over previous year.**
- **Got ISO 14001 accreditation from JAS-ANZ**