



COSMO FILMS LIMITED

Report and Accounts 1999-2000



BOARD OF DIRECTORS

Mr. Ashok Jaipuria	Chairman & Managing Director
Mr. T. Kannan	
Dr. S. M. Dugar	
Mr. Hasmukh Shah	
Mr. B. V. Bhargava	
Mr. P. M. Belliappa	Nominee-ICICI
Mr. Mahendra Sanghvi	
Mr. H. K. Agrawal	
Mr. Aseem DasGupta	
Mr. S. K. Mittal	Executive Director

MANAGEMENT TEAM

Mr. R. Mukherjee	President
Mr. G. C. Mehra	General Manager - Customer Satisfaction
Mr. A. G. Deshpande	General Manager - Exports and R & D
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 - Marketing
Mr. P. C. Garg	DGM - Commercial

COMPANY SECRETARY

Mr. Atul Mittal

AUDITORS

M/s. B. K. Shroff & Co.

BANKERS

Union Bank of India

Canara Bank

State Bank of India

REGISTERED, CORPORATE & DELHI SALES OFFICE

30, Community Centre
Saket, New Delhi - 110017
Phone: 011-6863968, 6863969 Fax: 011- 6862969
Email : mm.rao@gndel-cfidel.global.net.in

MANUFACTURING PLANTS

PLANT I

J-4, MIDC Industrial Area, Chikalthana,
Aurangabad - 431 210 Maharashtra
Phones: (0240) 485080 Fax : (0240) 485581
Email : cfl.chk1@gnpun.global.net.in

PLANT II & PLANT III

B-14/9, MIDC Industrial Area, Waluj,
Aurangabad - 431 136 Maharashtra
Phone: (0240) 554612/13 Fax : (0240) 554416
Email : cflwaluj@gnpun-cflwal.global.net.in

SALES OFFICES

Mumbai :

303, IIIrd Floor, Gokul Arcade, A, Subhash Road,
Vile Parle (East), Mumbai - 400057
Phone : (022) 8261195, 8261197 Fax : (022) 8261201
Email : nk.hegde@gnbom-cflmum.global.net.in

Calcutta :

2nd Floor, 7C, Middleton Street, Calcutta - 700 016
Phone : (033) 247 5153, (033) 240 3170
Fax : (033) 240 7130
Email : cosmo.cal@gncal-cflcal.global.net.in

Hyderabad :

1405/B, 14th Floor, Babu Khan Estate,
Basheer Bagh, Hyderabad - 500 001
Phone : (040) 329 7620, 329 7621 Fax : (040) 323 2387
Email : pkg@gnhyd-cflshy.global.net.in



NOTICE

NOTICE is hereby given that the Twenty Third Annual General Meeting of Cosmo Films Limited will be held at Air Force Auditorium, Subroto Park, New Delhi-110010 on Monday the 18 September 2000 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, 2000 and the Balance Sheet as at that date and the Report of Board of Directors and the Auditors of the Company thereon.
2. To appoint a Director in place of Mr Hasmukh Shah who retires by rotation and is eligible for reappointment.
3. To appoint a Director in place of Mr B V Bhargava who retires by rotation and is eligible for reappointment.
4. To appoint Auditors and to fix their remuneration.

Special Business

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

5. AS AN ORDINARY RESOLUTION

"Resolved that Mr Aseem DasGupta, who was appointed as an additional Director of the company during the year, in respect of whom a Notice under Section 257 of the Companies Act, 1956 proposing his candidature for the office of Director has been received, be and is hereby appointed as a Director of the Company and that the period of Directorship shall be liable for determination by retirement by rotation."

6. AS A SPECIAL RESOLUTION

"RESOLVED that pursuant to the provisions of Section 81(1-A) and other applicable provisions, if any, of the Companies Act, 1956, and in accordance with the provisions of the Articles of Association of the company and the listing Agreement entered into by the company with the Stock exchange(s), where the shares of the company are listed, and subject to the consent of all concerned authorities, if and to the extent necessary, and such other approvals, permissions and sanctions as may be necessary, and subject to such conditions and modifications as may be prescribed in 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"), at its sole discretion, the consent of the company be and is hereby accorded to the Board to privately place for subscription, issue and allotment of such number of equity shares, preference shares, and/or fully convertible debentures of the Company, upto Rs 2000 lacs as the Board may deem fit, in one or more tranches to such Financial Institutions, Mutual Funds, Foreign Institutional Investors, Venture Capital Funds, Promoters, Individuals and/or including Body Corporate(s) on terms and conditions including issue price as may be fixed and determined by the Board subject to applicable guidelines prior to the issue and offer thereof. Such Financial Institutions, Mutual Fund, Foreign Institutional Investors, Venture Capital Funds, Individual and/or Body Corporates need not be the members of the Company."

"RESOLVED FURTHER that for the purpose of giving effect to any issue and/or allotment of equity shares, preference shares, and/or fully convertible debentures, the Board be and is hereby authorised to do all such acts, deeds, matters and things as it may, in its discretion, deem necessary or desirable with power to settle any question, difficulty or doubt that may arise in regard to any such issue and/or allotment."

7. AS AN ORDINARY RESOLUTION

"Resolved that pursuant to the provisions of sections 198, 269, 309 and other applicable provisions of the Companies Act, 1956 and subject to the approval of Central Govt, if required the company hereby revise the remuneration payable to Mr. Ashok Jaipuria w.e.f from 1/8/2000 as per detail given below for the remaining period of his appointment as Managing Director:"

1. (a) Salary : Rs.1,50,000/- per month.
- (b) Commission : 3% of net profit of the company.

2. Perquisites, benefits etc.

- i) Housing
 - House rent allowance @ 60% of his salary.
 - or
 - Company leased unfurnished accommodation on rental upto 60% of his salary.
 - Reimbursement of expenses incurred on gas, Electricity, Water & furnishing of the accommodation.
- ii) Medical reimbursement
 - Expenses incurred for the Managing Director and his family.
- iii) Leave Travel concession
 - For the Managing Director and his family once in a year incurred in accordance with the rules of the company.
- iv) Leave
 - Leave with full pay and allowance and the right to accumulate in accordance with the rules of the company.
- v) Club Fees
 - Fees for the clubs subject to a maximum of four clubs. This may include admission and life membership fees.
- vi) Personal Accident
 - Of an amount the premium of which shall not exceed Rs.10,000/- per annum.



vii) Provident Fund	- As per rules of the company.	ix) Personal Accident	- Of an amount the premium of which shall not exceed Rs.10,000/- per annum.
viii) Superannuation	- As per rules of the company.		
ix) Gratuity	- As per rules of the company.	x) Provident Fund	- As per rules of the company.
		xi) Superannuation	- As per rules of the company.

"RESOLVED that the remuneration payable as aforesaid by way of salary, commission and perquisites etc. shall not exceed 5% of net profits of the company in any financial year.

"RESOLVED further that in the event of absence or inadequacy of net profit in any financial year, the remuneration payable to Mr. Ashok Jaipuria, Managing Director shall be governed by section-II of part -II of schedule XIII of the Companies Act, 1956 or any statutory modification thereof or as per the approval of Central Govt, as the case may be".

8. AS AN ORDINARY RESOLUTION

"RESOLVED that pursuant to the provisions of sections 198, 269, 309 and other applicable provisions, if any, of the Companies Act, 1956, the company hereby accords its approval for the appointment of Mr. S K Mittal as whole time Director for a period of five year commencing from 1st May 2000 to 30th April 2005 on the following remuneration and perquisites."

1. (a) Salary : Rs.72200/- per month.

2. Perquisites, benefits etc.

- i) Housing - House rent allowance @ 60% of his salary.
- ii) Medical - Expenses incurred for self and family as per reimbursement actuals.
- iii) Leave Travel Concession - As per rules of the company.

iv) Leave - Leave with full pay and allowance and the right to accumulate in accordance with the rules of the company.

v) Club Fees - Fees for the clubs subject to a maximum of two clubs.

vi) News Paper - Rs.750/- P.M

vii) Education Allowance - Rs.1200/- P.M

viii) Servent Allowance - Rs.1200/- P.M

xii) Gratuity - As per rules of the company.

"RESOLVED further that the remuneration payable as aforesaid by way of salary, commission and perquisites etc. shall not exceed 5% of net profits of the company in any financial year.

"RESOLVED further that in the event of absence or inadequacy of net profit in any financial year, the remuneration payable to Shri S K Mittal, Whole Time Director shall be governed by section-II of part -II of schedule XIII of the Companies Act, 1956 or any statutory modification thereof".

"Resolved further that the Chairman be and is hereby authorised to increase such remuneration upto 20% each year effective from April of such year starting from April, 2001, within the limits as may be permissible under Schedule XIII of the Companies Act, 1956 and any amendment thereof, and subject to the provisions of Section 298 and 309 of the Companies Act, 1956."

"Resolved further Shri S K Mittal will be subject to other Rules and Regulations of the Company which may be in force from time to time and that the appointment of Mr S K Mittal shall be subject to agreement entered between Company and Mr S K Mittal and that the agreement may be terminated by either party hereto giving to other, three months notice in writing of its or his intention, as the case may be, so to do."

Registered Office:
30 Community Centre
Saket, New Delhi-110017
Date 17th July 2000

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 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 Company had fixed 31st May 2000 as record date for payment of Interim Dividend on Equity Shares @10% for the year 1999-2000. The dividend was paid on 31st May 2000.
2. Pro-Rata Dividend was paid by the company on 8,00,000, 13% Preference Shares for the year 1999-2000.
4. The Register of Members and Share transfer Books of the Company will be closed from Friday the 1st September 2000 to Monday the 18th September, 2000 (both days inclusive).
5. In terms of the 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 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, 11nd Floor, C G O Complex, Lodhi Road, New Delhi - 110003.

Explanatory Statement Pursuant to Section 173(2) of the Companies Act, 1956.**ITEM NO.5.**

Shri Aseem DasGupta was appointed as Additional Director of the company during the year. He will hold office upto the date of this Annual General Meeting in terms of provisions of Section 260 of Companies Act, 1956. The Company has received notice in writing from a member u/s 257 of the Companies Act, 1956 signifying his intention to propose Shri Aseem DasGupta as Director of the Company. Having regard for his wide knowledge, business and administrative experience, the Board of Directors are of the opinion that his continued association with the Board will be of immense value to the Company and the Board therefore, recommends his appointment as Director.

None of the Director except Shri Aseem DasGupta is concerned or interested in the resolution.

ITEM NO. 6.

During the last three years the Company has been able to built up export significantly. This has led to full capacity utilisation in the last one year. In order to service growing demands of overseas and domestic customers, the company has embarked upon an expansion plan of 9000 MT additional capacity at existing location. This expansion will help to leverage existing infrastructure and will significantly increase competitiveness of the Company. Project cost has been estimated at Rs 4950 lacs. IDBI has already sanctioned term loan of Rs 2960 lacs. Internal accruals to the tune of Rs990 lacs will be used as part of means of financing. Equity of Rs 1000 lacs is also required to be raised

as part of means of financing. Besides, as consolidation is likely to take place in the industry, there could be acquisition opportunities in future. Hence the enabling resolution for having additional funds including premium upto Rs 2000 lacs as per SEBI Guidelines.

The directors recommend this resolution for approval by the shareholders.

None of the Director except Mr Ashok Jaipuria is interested or concerned in this resolution.

ITEM NO.7

The Board of Directors of the Company in its meeting held on 17th July revised the remuneration of Shri Ashok Jaipuria, Managing Director w.e.f 1st August 2000.

The remuneration and perquisites payable to Shri Ashok Jaipuria is subject to Central Govt approval under Section 310 in term of Schedule XIII and other applicable provisions of the Companies Act, 1956.

he business of the company has been growing steadily in the past and is further poised for growth with the proposed expansion project of the company at a cost of Rs. 4950 lacs for 9000 TPA capacity, taken on hand. The turnover of the company has increased from Rs. 61.42 crores in 1994-95 to Rs. 112.48 crores in 1999-2000. During this period the company implemented Line III in 1996 whereby the installed capacity increased from 4800 TPA to 12700 TPA. Also no revision of remuneration payable to Shri Ashok Jaipuria has been done since April 1994, the Board of Directors at their meeting held on 17th July 2000 have recommended the revision of remuneration payable to Shri Ashok Jaipuria as stated in notice, subject to approval of shareholders at the Annual General Meeting and of the Central Government Accordingly the Directors recommend resolution for approval by the shareholders.

None of the Director except Shri Ashok Jaipuria is concerned or interested in the resolution.

ITEM NO. 8.

The Board of Directors of the Company in its meeting held on 1st May 2000 had inducted Shri S K Mittal on the Board as Whole Time Director of the Company for a period of 5 years w.e.f 1st May 2000.

The remuneration and perquisites payable to Shri S K Mittal is in term of Schedule XIII and other applicable provisions of the Companies Act, 1956. Approval of Shareholders to the appointment as well as terms of remuneration are required under Schedule XIII of Companies Act, 1956. Accordingly, the Directors recommend resolution for approval by the Shareholders.

Since Shri S K Mittal was already employed by the company, the above appointment does not have any significant impact on its overall costs.

None of the Director except Shri S K Mittal is concerned or interested in the resolution.



CORPORATE GOVERNANCE REPORT

1. Single tier board.

The Board consists of ten Directors of whom one is Managing Director, one is Executive Director and eight are Non Executive Directors. The Managing Director also holds the post of Chairman.

2. Listed Companies with a turnover of Rs 100 crores and above should have professionally competent and acclaimed Non-Executive Directors.

Except the Managing Director and the Executive Director, all other Directors are Non-Executive Directors. All directors are professionally competent in their respective fields.

3. Directorships in not more than 10 listed companies.

None of the Directors hold directorships in more than 10 listed companies.

4. Attendance record of the Board of Directors.

The Board met four times during the period April 99 to March 2000 with a clearly defined agenda circulated well in advance of each meeting. Attendance track record has been more than 50% in all Board meetings.

5. Participation in Board Meeting.

All directors actively participate in Board Meetings, are expert in their respective fields and know how to read various financial statements.

6. Commission and other remuneration to Directors.

The Chairman-cum-Managing Director is eligible to remuneration and commission of 3% of the net profit. Executive Director is eligible to remuneration. Non Executive Directors are paid a sitting fee of Rs 2000/- per meeting of the Board and its Committees. No other remuneration has been paid to the Non Executive Directors.

7. "Additional Shareholder's Information" is enclosed.



SHAREHOLDERS' INFORMATION

1. Registered Office : 30, Community Centre
Saket, New Delhi - 11 00 17

2. Website

Investors may also visit website of the Company www.cosmofilms.com for copy of results and other relevant information.

3. Dividend

13% dividend on Preference Share Capital and 10% dividend on Equity Share Capital has been declared. Total amount of dividend including dividend tax is Rs. 165 lacs.

Under the provisions of Income Tax Act, 1961, the receipt of Dividend is tax-free in hands of Shareholders.

4. Listing on Stock Exchanges

Company's shares are listed on following Stock Exchanges:

- The Stock Exchange, Delhi
- The Stock Exchange, Mumbai
- National Stock Exchange of India Ltd.
- Ahmedabad Stock Exchange

5. Annual Listing Fee

Annual Listing Fee for the year 2000-01 has been paid to each of the above Stock Exchanges.

6. Demat

Effective from 23.07.1999 your Company's shares can be dematerialised optionally. Investors now have the option of trading in the shares of the Company in physical or Demat form. To trade in dematerialised form, investors are required to open a Demat account with Depository participant of their choice. The list of Depository participants is available with National Securities Depository Limited (NSDL).

10.37 % of share capital (855110 Shares) has been converted into Demat form as on 31st March, 2000. Balance 89.62 % of share capital (7389544 shares) is still held by investors in physical form.

With effect from 15.05.2000 trading of Company's shares in Demat form will be compulsory for Institutional shareholders.

7. Share Transfer System

Shares sent for Physical transfer would generally be registered within a period of 20 days from the date of receipt, if the documents are clear and complete in all respects. The meeting of share transfer committee of the Company is held fortnightly.

Investors may send their communication regarding transfer of shares in Physical form and other queries at the following address:

The Company Secretary
Cosmo Films Limited
30, Community Centre
Saket, New Delhi - 11 00 17

For trading in shares held in demat form, investors should send their requests to the depository participant with whom they have Demat account. All requests for Demat of shares, received through the depository participant, are cleared by the Company within a period of 15 days.



8. Distribution of Shareholding

No. of Equity Shares held	March 31, 2000				March 31, 1999			
	No. of Shareholders	% of	No. of Shares	% of Share capital	No. of Shareholders	% of	No. of Shares	% of Share capital
1-500	12064	94.99	1416734	17.18	11931	94.96	1463283	17.75
501-1000	400	3.28	299371	3.63	404	3.22	302760	3.67
1001-2000	109	0.89	156978	1.90	111	0.88	164987	2.00
2001-3000	24	0.19	59472	0.72	34	0.28	85452	1.04
3001-4000	14	0.12	49871	0.60	14	0.11	50025	0.60
4001-5000	8	0.07	38035	0.47	6	0.05	28835	0.36
5001-10000	14	0.12	110104	1.34	14	0.11	97530	1.18
10001 and above	42	0.34	6114089	74.16	49	0.39	6051782	73.40
TOTAL	12675	100	8244654	100	12563	100	8244654	100

9. Categories of Shareholders as on

Category	March 31* 2000			March 31* 1999		
	No. of Shareholders	No. of Shares held	Voting Strength (%)	No. of Shareholders	No. of Shares held	Voting Strength (%)
FI & Banks	16	1085107	13.16	16	1209171	14.68
FII's & NRI's	23	17553	0.22	23	18303	0.22
Directors & Relatives	14	466000	5.66	14	453780	5.50
Other Body Corporates	132	4291902	52.07	139	4388438	53.23
Others	12490	2384092	28.89	12371	2174962	26.37
TOTAL	12675	8244654	100	12563	8244654	100

10. No. of Complaints received and Cleared during the year

The Company generally clears the investors' complaints within a period of 10 days from the date of receipt. All the complaints received during the year have been attended to the satisfaction of the complainant and no complaint is pending as on 31* March' 2000.

The status of complaints received and cleared during the year 1999-2000 is as follows:

Nature of Complaint	Received	Cleared
Non-receipt of Share Certificate	14	14
Non-receipt of Dividend warrants	10	10
Letters from SEBI, Stock exchange	8	8
TOTAL	32	32

11. Investor's Communication

The Company is sending Quarterly Investors Newsletter after adoption of Quarterly financial results by the Board. The newsletter is also being circulated at our website www.cosmofilms.com