



NOTICE

Notice is hereby given that the Twenty - Fifth Annual General Meeting of the members of Cosmo Ferrites Limited will be held at its registered office at Jabli, Dist., Solan (HP)-173209 on Thursday, The 22nd day of September, 2011 at 02.00 PM to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the audited Profit & Loss Account for the year ended 31st March, 2011, the Balance Sheet as at that date, the report of the Board of Directors and the Auditors of the Company thereon.
2. To appoint a Director in place of Mr. Shreekanth Somany who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Mr. H. L. Paranjpe who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint auditors to hold office from conclusion of this meeting until the conclusion of next Annual General Meeting and to fix their remuneration

SPECIAL BUSINESS

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

"RESOLVED THAT in supersession of the resolution passed earlier, pursuant to Section 293(1)(d) and other applicable provisions, if any, of the Companies Act, the Board of Directors of the Company (hereinafter called "the Board", which term shall be deemed to include any other Committee of the Board, which the Board may have constituted or hereinafter constitute for the time being, to exercise its powers including the powers conferred on the Board of Directors by this resolution, or any person(s) authorised by the Board or its Committee for such purposes), is hereby authorised to borrow from time to time as it may think fit, by way of loans from, or issue of bonds, debentures or other securities whether convertible into equity/preference shares and/or securities with or without detachable warrants with a right exercisable by the warrant holder(s) to convert or subscribe for equity/preference shares to, bank(s), financial or other institution(s), mutual fund(s), non-resident Indians, foreign institutional investors or any other person(s), body (ies) corporate, etc., whether shareholder of the Company or not, whether unsecured or secured and on such terms and conditions as the Board may deem fit, any sum or sums of monies which together with the monies already borrowed by the Company (apart from temporary loans obtained or to be obtained

from the Company's bankers in the ordinary course of business) may exceed the aggregate 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 total amount so borrowed by the Board shall not at any time exceed the limit of Rs. 75 crores."

"RESOLVED FURTHER THAT the Board be and is hereby authorised to do all such acts, deeds and things and to sign all such agreements, documents, papers and writings as may be deemed necessary, expedient or desirable to give effect to above resolutions."

"RESOLVED FURTHER THAT all actions taken by the Board in connection with any matter referred to or contemplated in any of the foregoing resolutions are hereby approved, ratified and confirmed in all respects."

**By order of the Board of Directors
Cosmo Ferrites Limited**

**New Delhi
Aug. 12, 2011**

Sanjay Kumar Ojha
Company Secretary

NOTES:

1. As a measure of economy, copies of Annual Report shall not be distributed at the Meeting, therefore members are requested to bring their own copy at the Meeting.
2. 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.
3. 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.
4. The Register of Members and share Transfer Books of the Company will be closed from Friday, the 16th day of September, 2011 to Thursday, the 22nd day of September, 2011 (Both days inclusive).
5. 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.



6. Members who hold shares in dematerialized form are requested to bring their Client ID and DPID numbers for easy identification of attendance at the meeting.
7. The Members 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, Alankit House, 2E/21, Jhandewalan Extension, New Delhi 110 055.
8. Members / Proxy holders are requested to produce at the entrance of the Meeting hall the enclosed admission slip duly completed and signed.
9. Register of Directors' shareholding, maintained under Section 307 of the Companies Act, 1956 will be available for inspection by the members at the registered office of the company.
10. The Register of Contracts, maintained under Section 301 of the Companies Act, 1956, will be available for inspection by the members at the registered office of the Company.
11. Corporate Members intending to send their authorized representatives are requested to send a duly certified copy of the Board Resolution authorizing their representatives to attend and vote at the Annual General Meeting.
12. 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.cosmoferrites.com
13. 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.

ANNEXTURES TO THE NOTICE

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

ITEM NO. 5

In order to address various growth opportunities, the Company would need to raise funds. In view thereof, the Board, at its meeting held on 2nd May, 2011, has approved in principle the increase in the borrowing powers of the Company, subject to shareholders' approval.

Under the provisions of Section 293(1)(d) of the Companies Act, 1956, as amended, the consent of the shareholders is required to authorize the Board to borrow money (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) in excess of the aggregate of its paid-up capital and free reserves.

The resolution as set out at item no. 5 of the notice is placed for your approval for enhancing the limits of borrowings by the Board up to an amount not exceeding Rs. 75 crore (Rupees Seventy Five Crores) or equivalent thereof in any foreign currency(ies).

The Board accordingly recommends the resolution as set out in item no. 5 of the accompanying notice for the approval of the shareholders by way of an ordinary resolution.

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

<p>Place: Head Office 517, 5th Floor DLF Tower A Jasola District Centre New Delhi - 110025 Date: 12th August, 2011</p>	<p>By order of the Board of Director Cosmo Ferrites Limited</p> <p style="text-align: right;">Sanjay Kumar Ojha Company Secretary</p>
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Important Communication to Members

The Ministry of Corporate Affairs has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliances by the companies and has issued circulars stating that service of notice/ documents including Annual Report can be sent by e-mail to its members. To support this green initiative of the Government in full measure, members who have not registered their e-mail addresses, so far, are requested to register their e-mail addresses, in respect of electronic holdings with the Depository through their concerned Depository Participants.



DIRECTORS' REPORT

THE MEMBERS

COSMO FERRITES LTD.

The Directors have pleasure in presenting the Annual Report on the business and operations of the company along with Audited Balance Sheet and Profit & Loss A/c for the year ended **31st March 2011**.

	<u>2010-11</u>	<u>2009-10</u>
		(Rs. in Lacs)
FINANCIAL RESULTS		
Sales	5127	3934
Profit/(Loss) before depreciation & tax	1013	532
Depreciation	292	280
Profit/(Loss) before Tax	524	252
Provision for current	144	43
Provision for earlier Year	<u>1</u>	<u>14</u>
Profit/(Loss) after current Tax	379	195
Provision for deferred tax	<u>39</u>	<u>19</u>
Profit/(Loss) after deferred tax	418	176
Add:-Mat Credit Entitlement	<u>---</u>	<u>42</u>
	418	218
Add:Balance brought forward	182	(13)
Less:Transfer to Preference Share Capital Redemption Reserve		
Add:Transfer from General Reserve	<u>--</u>	<u>---</u>
Profit/(Loss) available for appropriation	205	(13)
Provision for arrears off Dividend on Cumulative Redeemable Preference Shares	--	15
Proposed Dividend on Cumulative Redeemable Preference Shares	13	5
Corporate Tax on Dividend	2	3
Balance carried to Balance Sheet	<u>585</u>	<u>182</u>
	585	182

DIVIDEND

In view of the profit after appropriation being low during this year, the Directors are unable to recommend any dividend on the equity shares for the year ended March 31, 2011. Board has recommended dividend @ 10% on Cumulative Redeemable Preference Shares of the Company.

DEPOSITORY SYSTEM

Your company shares have been notified for compulsory trading in demat form by SEBI w.e.f. September 25, 2000. Members have the option of holding their shares in demat

form through any of the depositories by opening account with the authorized depository participants.

DEPOSITS

Your Company has not accepted any deposits within the meaning of Section 58 A of Companies Act, 1956.

REVIEW OF OPERATIONS

- Sales Revenue increased to Rs 5127 lacs for the year ending 31st March 2011 as compared to Rs. 3934 Lacs previous year. Component sales increased from 1564 MT to 1884 MT.
- Net Profit after tax for the year is Rs. 404 Lacs as compared to Rs.218 lacs in the previous year by strengthen the marketing, revised the price policy and reduction in costs.
- This year was challenging on various fronts, viz upward pressure on key raw materials prices along with increased competition in global ferrites market.

FUTURE OUTLOOK & EXPANSION

Various cost cutting measures are being taken in a structured manner. Besides, different market segments are being explored to increase the order book and thereby better capacity utilization. It is expected that performance in current year will be much better. Company had undertaken an expansion project to increase the capacity by 50%. Project has been commissioned on 28 April 2011.

DIRECTORS

Mr. Shreekant Somany and M.L. Paranjpe, Directors of the Company are liable to retire by rotation and being eligible offer themselves for reappointment at the ensuing Annual General Meeting.

There are no inter-se relationships of all or any of the directors in terms of disclosure requirements of the listing agreement with the stock exchange, except that Mr. Ashok Jaipuria and Mr. Ambrish Jaipuria are relative of each other.

STATUTORY STATEMENTS

Following information as per the requirements of the Companies Act, 1956 is given below:

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

DIRECTORS' RESPONSIBILITY STATEMENT

In accordance with the provisions of section 217(2AA) of the Companies Act, 1956, your directors state that:



- (i) In the preparation of the annual accounts, applicable accounting standards have been followed;
- (ii) Accounting policies selected were applied consistently. Reasonable and prudent judgements and estimates are made so as to give a true and fair view of the state of affairs of the Company as on 31st March, 2011 and of the profit of the Company for the year ended on that date.
- (iii) Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) The annual accounts of the company have been prepared on a going concern basis

CORPORATE GOVERNANCE

A Management Discussion and Analysis Report is annexed and form part of this report.

A separate report on Corporate Governance along with Auditors certificate on compliance of conditions of Corporate Governance as stipulated in clause 49 of the listing agreement with the stock exchange form part on this report.

RE-APPOINTMENT OF AUDITORS

M/s. B.K. Shroff & Company, Chartered Accountants, Statutory Auditors of the Company will retire at the ensuing AGM and being eligible offers themselves for reappointment. The Company has taken a certificate from the auditors to the effect that their re-appointment if made, would be in accordance with the provisions of section 224(1B) of the Companies Act, 1956.

TRADE RELATIONS

The Board desires to place on record its appreciation of the support and co-operation that your company received from suppliers, processors distributors, dealers, bankers and all others associated with your company. Your company regards them as partners in its journey of growth and progress.

PERSONNEL

The Board wishes to place on record its appreciation of the contribution made by all employees in improving over all performance during the year.

APPRECIATION

Your directors wish to place on record their appreciation of the whole-hearted and continued support extended by the investors, bankers and financial institutions.

For and on behalf of the Board
Ashok Jaipuria
Chairman

New Delhi
2nd May, 2011

ANNEXURE TO THE DIRECTORS' REPORT

Information as per Section 217 (1) (e) read with Companies (Disclosure of particulars in the report of Board of Directors) Rules, 1988:

I. CONSERVATION OF ENERGY

- a) Energy conservation measures taken:
 - Decided not to run N2 plant, Attriators and Ball Mills in peak load hours.
 - Frequency Drive provided on Erich Mixer.
 - Minimized diesel consumption by taking peak load exemption from HPSEB.
 - Switching of lights and fans to save consumption of electricity when not required.
- b) Additional investments and proposals, if any, being implemented for reduction of consumption of energy:
 - Wind power Operation Exhaust fan installed in production for better environment.
 - Energy efficient and waste heat recovery system incorporated in running expansion capital equipment.
- c) Impact of the measures at A and B for reduction of energy consumption and consequent impact of the cost of production of goods:
 - Contract demand reduced to 750 KVA instead of 1100 KVA in unit II.
- d) Total energy consumption and energy consumption per unit of production as per prescribed Form 'A' - Not Applicable.

II. TECHNOLOGY ABSORPTION

- 1. **Research & Development**
 - (a) Specific areas in which R&D carried out by the company:
 - Quality improvement and cost reduction initiatives taken in all operations areas.
 - Concentrated on increasing the production throughput.
 - Carried out New Material developments activities to cater the demand of Renewable energy segments. Improvement in existing product portfolios remained the major thrust area.
- (b) **Benefits Derived as a result of Above R&D:**



- Significant improvement in quality, as experienced and acknowledged by esteemed customers. Notable reduction in rejection percentage is evident.
- De-bottlenecking and increased production as evident.
- Cosmo Ferrites got included into the supply chain of major Solar PV inverter manufacturers in Europe. New Materials replaced FXC & EPCOS at Global level.

(c) Future Plan of Action:

- Development activities will be continued vertically to match the upcoming demands in emerging applications.

2. Technology absorption, adaptation & innovations:

- (a) Company has not imported any technology during this year.

III. FOREIGN EXCHANGE EARNINGS AND OUTGO

1. Activities relating to export incentives taken to increase exports, development of new export markets for products and services and export plans.
 - New customers developed in Europe and Asia.
 - Exports during the year aggregated to 54% of total sales.
2. Foreign Exchange Earned- Rs. 2965.80 Lacs
Foreign Exchange Outgo- Rs. 680.62 Lacs

New Delhi
02nd May, 2011

For and on behalf of the Board
Ashok Jaipuria
Chairman

PARTICULARS OF EMPLOYEES IN TERMS OF SECTION 217(2A) OF THE COMPANIES ACT, 1956 AND FORMING PART OF THE DIRECTORS REPORT FOR THE YEAR ENDED MARCH 31, 2011

Name	Designation	Gross annual Remuneration	Qualification	Year of Appointment	Age
Mr. Ambrish Jaipuria	Director & CEO	3776,016	MBA from Ohio state, USA	29 th Jan.2004	32 years

Note:- Remuneration including salary, company contribution to provident fund, superannuation scheme, expenses incurred on medical re-imburement, leave travel allowance, house rent allowance, and payments as per income tax rule.

MANAGEMENT DISCUSSION & ANALYSIS REPORT

Industry Structure & Developments:

The Company is in the business of manufacturing soft ferrites cores. Major applications of ferrites are inverter transformers, Domestic Lighting, Energy Meter, Mobile Charger, SMPS, Transformer Manufacturers current transformers, pulse transformers, line filters, choke, noise suppressors etc. The industry is witnessing a decent growth rate and it is expected to grow at a similar rate in the near future as well, in both Domestic and Exports industry. The rapid urbanization and increase in usage of products using soft ferrites has given this industry a big fillip to the soft ferrites industry in the recent years.

Opportunities & threats:

The continuous shift of manufacturing facilities from high cost locations like US & European countries to low cost countries like India & China has provided a lucrative opportunity to the manufacturers in these countries.

However, unlike hard ferrite, soft ferrite is more complicated both in terms of manufacturing process and characteristic requirements. Further the continuous technological advancements pose a threat to the companies unable to cope with these changes.

Segment Wise or Product Wise Performance

The Company deals in only one product i.e. Soft Ferrites Core

Outlook

The outlook for the industry and the company looks bright and new markets in the global arena are being developed by the company. The Company is also focusing on cost cutting and increased productivity to enhance its competitiveness.

Risks & Concerns

The management cautions readers that the risks outlined below are not exhaustive and are for information purposes only. Investors are requested to exercise their own judgement in assessing various risks associated with the company.

The Competition Risk

Ferrites industry is capital intensive industry. In a free market environment, new capacities are created depending upon demand supply situation and return on investment. Industry is cyclical in nature and at times there is over supply situation leading to decline in operating margins.

Risk Mitigation

We are mitigating the above risk by increasing our exports presence, developing niche products, exploring new markets



and new customers. The domestic market caters to the lower end segment of the ferrites market and poses no threat to the company. The company has a good image with local customers.

Customer Attrition Risk

All customers are sensitive to quality, delivery and price.

Risk Mitigation

The above risk is mitigated by developing value added niche products, customer schedule adherence and improved quality standards. This enables us to built long term relationship with various customers by providing them good value proposition.

Raw Material Price Risk

Raw material price have a significant impact on operating margins since scope for increase in selling prices has reduced.

Risk Mitigation

Since, raw materials prices are increasing continuously, especially Ferric Oxide, the company is in the process of removing lower realization products and customers, increasing sales realization and exploring new markets where realizations are high.

People Risk Management

High Quality human resources are vital to the success of our business.

People are valuable assets of the company.

Risk mitigation

The company has been working towards providing challenging high growth environment for its employees. The company follows good HR practices, which include various schemes for employee welfare and motivation.

The company has strong appraisal system. It has successfully worked its compensation policy to team and individual performances. The company provides good opportunity to deserving candidates. The company believes in growth of its managers to leaders and has structured training programs to that effect.

With excellent performance track record as well as best HR practices we are able to attract and retain people for growth of our business.

Security Risk Management

Operations could be disrupted due to natural, political and economic disturbances.

Running a business exposes the company to a number of risks.

Risk Mitigation

The company has taken adequate insurance cover on its insurable interests. These include:

1. Fire Risk
2. Marine risk
3. Burglary risk
4. Group Personal Accident Policy
5. Other Miscellaneous Policies.

The company has also taken steps to strengthen IT security system as well as physical security system at all our locations.

Foreign Exchange Risk

The Company is exposed to foreign exchange risk mainly due to imported raw materials and finished products.

Risk mitigation

Since we are a net foreign exchange earner on an over all basis it may be stated that there is an exposure to the risk of Indian rupee appreciating against other foreign currencies.

Operational & Financial performance

The details of the financial performance are appearing in the financial statements appearing separately. The highlights of the same are also mentioned in the Directors' Report.

Internal Control Systems & their adequacy

The Statutory Auditors assess the adequacy of internal control every quarter and report to the Board of Directors accordingly. The Company has adequate internal control procedures commensurate with the size of the company and nature of its business.

Human Resources /Industrial Relations front

Human resource is considered as vital to the strength of the company. There was unity of purpose among all level of employees i.e. to continuously strive for the improvement in work practices & productivity. As on 31st March 2011, there were 278 employees on the rolls of the company.

Cautionary statement

Certain statements in the Management Discussion & Analysis describing the company's views about the Industry's expectations/ predictions objectives etc. may be forward looking within the applicable laws and regulations. Actual results may differ materially from those expressed in the statements. Company's operations may be affected with the demand and supply situations, input prices and their availability, changes in Government regulations, tax laws and other factors such as industrial relations and economic developments etc. Investors should bear the above, in mind.



CORPORATE GOVERNANCE REPORT

Corporate governance implies the method or measures taken to govern the Company in such a manner so as to ensure more accountability of Board of Directors towards the Shareholders and other stakeholders. It have been drawn up defining the role of Board of Directors, establishing director’s accountability to the Shareholders, investors and interest group setting out guidelines for more effective and new quality of performance, changing the face of relation between the board and executive officers. Your Company is committed to adopting the best global practices of Corporate Governance. The philosophy of Corporate Governance as manifested in the Company’s functioning is to achieve business excellence by enhancing long-term shareholders’ value and interest of its entire shareholders.

The Board of Directors of the company have developed and adopted Corporate Governance guidelines in addition to the compliance imposed by the Listing agreement. The Board ensures that the company has necessary regulatory mechanism so that timely and accurate disclosure of

information regarding the financial situation, performance, ownership and governance of the company is disclosed.

The Company’s compliance of Corporate Governance guidelines of the listing agreement is as follows:

A. COMPOSITION OF THE BOARD AND RECORD OF OTHER DIRECTORSHIPS HELD

The Board of Directors of the company comprises of an optimum combination of Executive and Non-executive directors headed by a Non-executive Chairman and more than fifty percent independent directors. The independent directors do not have any pecuniary relationship (other than receipt of setting fees) or transactions with the company, promoters, and management, which may affect their judgment in any manner. The structure of the Board and record of other directorships and Committee memberships and Chairmanships as on 31st March, 2011:

Name	Executive / Non-executive / Independent	No. of other Directorships		No. of Chairmanships / Memberships of other Board level Committees	
		Pub.Ltd	Pvt. Ltd	Membership	Chairmanship
Mr. Ashok Jaipuria	Non-executive – Chairman(Promoter)	2	-	-	-
Mr. Shreekant Somany	Non-executive, Independent	5	1	-	-
Mr. Rakesh Nangia	Non-executive, Independent	-	3	2	-
Mr. B. D. Gupta*	Non-executive, Independent	2	-	1	1
Mr. N. K. Gupta	Non-executive, Independent	-	-	2	1
Mr. H. L. Paranjpe	Non Executive, Independent	-	-	-	-
Mr. Ambrish Jaipuria	Executive	2	1	1	-

*Ceased to be a Director w.e.f. 6th June, 2011.

NOTE:

- (i) The Directorship held by Directors as mention above; do not include alternate Directorship, Directorship of Foreign Companies, Section 25 companies and Private Ltd. Company.
- (ii) As per clause 49, Membership(s) / Chairmanship(s) of any of the Audit Committee and Shareholder / Investor Grievances Committee have been considered.
- (iii) None of the Directors is a member of more than 10 Board-level committees of public Companies in which they are Directors, nor is a Chairman of more than 5 such committees.

B. BOARD MEETINGS:

1. SCHEDULING AND SELECTION OF AGENDA FOR THE MEETING

The Months for the Board meetings in the ensuing year are usually decided in advance and mostly the Board meetings are held at 1004, DLF Tower - A, Jasola District Centre, New Delhi - 110025. The Company Secretary drafts the agenda for each meeting, along with explanatory notes, and distributes in advance to the directors. The board meets at least once in a quarter to review the quarterly results and other items on the agenda.



2. BOARD MEETING HELD DURING THE FY 2010-11 AND ATTENDANCE OF DIRECTORS

DIRECTOR	No. of Meetings held	No of Meetings attended
MR. ASHOK JAIPURIA	5	5
MR. SHREEKANT SOMANY	5	3
MR. B.D. GUPTA*	5	4
MR. N.K. GUPTA	5	4
MR. RAKESH NANGIA	5	5
MR. AMBRISH JAIPURIA	5	5
MR. H. L. PARANJPE	5	4

*Ceased to be a Director w.e.f. 6th June, 2011.

**includes one adjourned meeting also

3. ATTENDANCE AT AGM

Following Directors attended the AGM held on 22nd September, 2010, at Company's registered office at Po-Jabli, Dist-Solan, H.P. - 173209
Mr. Ambrish Jaipuria
Mr. N. K. Gupta

4. DISCLOSURE REGARDING APPOINTMENT AND RE-APPOINTMENT OF DIRECTORS

a) Mr. Shreekant Somany and Mr. H L Paranjpe, Directors of the Company are liable to retire by rotation and being eligible offers themselves for reappointment at the ensuing Annual General Meeting.

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 Annexure I to this Report.

5. AVAILABILITY OF INFORMATION TO THE BOARD

The board has unfettered and complete access to any information within the company and to any employee of the company. Among others, the information regularly supplied to the board includes:

- Annual operating plans and budgets, capital budgets, update.
- Quarterly audited results of the company.
- Minutes of meetings of audit committee and other committees of the board.
- Information on recruitment and removal of senior officers just below the board level.
- Declaration of dividend.
- Materially important litigation, show cause, demand, prosecution and penalty notices.
- Fatal or serious accidents or dangerous occurrences, any material effluent or pollution problems.

- Details of any joint venture or collaboration agreement.
- Transactions that involve substantial payment towards goodwill, brand equity, or intellectual property. Significant sale of investments, subsidiaries, assets which are not in the normal course of business.
- Significant labour problems and their proposed solutions.
- Quarterly details of foreign exchange exposure and the steps taken by management to limit the risks of adverse exchange rate movements.
- Non-compliance of any regulatory, statutory nature or listing requirements as well as share holder services such as non-payment of dividend and delays in share transfer.
- Risk Assessment & Minimization procedures

6. MATERIALLY SIGNIFICANT RELATED PARTY TRANSACTIONS

There have been no materially significant related party transactions, pecuniary transactions or relationships between Cosmo Ferrites and its Directors for the year ended March 31, 2011 other than those listed in Note No. 10 in Schedule 18 to the annual accounts.

C. BOARD LEVEL COMMITTEES

Committees appointed by the board focus on specific areas, and take decisions within the authority delegated to them by the board. The committees also make specific recommendations to the board on various matters from time to time. All decisions and recommendations of the committees are placed before the board for information or approval. Cosmo Ferrites has three board-level committees:

- Audit Committee
- Share Transfer and Investor Grievance Committee
- Remuneration Committee

1. AUDIT COMMITTEE

➤ TERMS OF REFERENCE

The management is primarily responsible for the Company's internal controls and the financial processes. The statutory auditors are responsible for performing independent audits of the company's financial statements and for issuing the reports on the basis of such audits.

The Audit Committee was constituted on October 30, 2000 and has been entrusted by the board of directors to supervise these processes and thus, ensure accurate and timely disclosures that maintain the transparency, integrity and quality of financial control and reporting.

The role and terms of reference of the Audit Committee are as per the guidelines set out in the listing



agreements with the Stock Exchanges that inter-alia includes:

- a) The oversight of the Company's financial reporting processes and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- b) Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditors and the fixation of the audit fees.
- c) Approval of the payment to statutory auditors for any other services rendered by the statutory auditors.
- d) Review with the management the annual financial statements before submission to the Board, with particular reference to:
 - Matters required to be included in the Director's responsibility statement to be included in the Board's report in terms of clause (2AA) of section 217 of the Companies Act, 1956.
 - Any changes in accounting policies and practices and reasons for the same.
 - Major accounting entries based on exercise of judgment by management.
 - Qualifications in draft audit report, if any.
 - Significant adjustments arising out of audit.
 - The going concern assumption.
 - Compliance with Accounting Standards.
 - Compliance with listing and other legal requirements relating to financial Statements.
 - Disclosures of any related party transactions.
- e) Reviewing, with the management, the quarterly financial statements before submission to the board for approval.
- f) Reviewing, with the management, performance of statutory auditors and the adequacy of internal control systems.
- g) Discussion with statutory auditors before the audit commences nature and scope of audit as well as have post-audit discussion to ascertain any area of concern.
- h) Reviewing the company's financial and risk management policies.
- i) To look into the reasons for substantial defaults in the payment to the shareholders (in case of non payment of declared dividends) and creditors.
- j) To review the functioning of the Whistle blowing mechanism.
- K) Mandatorily reviewing the following:
 - Management discussion and analysis of financial condition and result of operations;

- Statement of significant related party transactions (as defined by the audit committee) submitted by management;
- Management letters/ letters of internal control weaknesses issued by the statutory auditors;

➤ COMPOSITION OF THE COMMITTEE

The committee consists of the following three members and every member of the Committee possesses a strong financial management and accounting background.

- Mr. B. D. Gupta (*Chairman*)*
- Mr. Rakesh Nangia
- Mr. N. K. Gupta

*Ceased to be a Director w.e.f. 6th June, 2011.

➤ MEETINGS AND ATTENDANCE DURING THE YEAR

The Audit Committee met four times during the financial year from 1st April, 2010 to 31st March, 2011 on April 27, May 12 (adjourned meeting), Aug. 12, November 01, and February 08. The meeting preceded the adoption of quarterly audited results by the Board of Directors. The Company published audited quarterly results in compliance with clause 41 of the listing agreement. The following table gives the attendance record of the audit committee.

Name of the Audit Committee Members	No. of Meetings attended
Mr. B. D. Gupta*	4
Mr. Rakesh Nangia	5
Mr. N. K. Gupta	4

*Ceased to be a Director w.e.f. 6th June, 2011.

2. SHARE TRANSFER AND INVESTOR GRIEVANCE COMMITTEE

➤ TERMS OF REFERENCE

It was constituted specifically to review compliance of rules and regulations, to redress shareholder's grievance and to provide suggestions. To expedite the process of share transfers the Board has delegated the power of share transfer to Alankit Assignments Limited viz. Registrar and Share Transfer Agents who will attended to the share transfer formalities at least once in a fortnight.

Terms of reference of the Share Transfer and Investor Grievance Committee are as per the guidelines set out in the listing agreements with the Stock Exchanges that inter-alia include looking into the investors complaints on transfer of shares, non receipt of declared dividends etc and redressal thereof.

➤ COMPOSITION OF THE COMMITTEE

- Mr. N.K. Gupta (*Chairman*)
- Mr. Rakesh Nangia
- Mr. Ambrish Jaipuria



➤ **MEETING AND ATTENDANCE DURING THE YEAR**

The Committee met four times during the financial year from 1st April, 2010 to 31st March, 2011 year on April 27, August 12, November 1, and February 8. The following table gives the attendance record of the Share Transfer and Investor Grievance Committee.

Name of the Director	No. of Meetings attended
Mr. N. K. Gupta	3
Mr. Rakesh Nangia	4
Mr. Ambrish Jaipuria	4

➤ **COMPLIANCE OFFICER**

The Compliance Officer of the Company was Mr. Anas Ahmad Khan, Company Secretary up to 13th day of January, 2011. After his resignation, Mr. Sanjay Kumar Ojha, was appointed as Company Secretary and Compliance Officer of the Company w.e.f. 11th July, 2011.

➤ **COMPLAINTS RECEIVED / RESOLVED**

The details of complaints received and disposed off during the year has been detailed in Shareholders Information Annexed to this report.

➤ **PENDING SHARE TRANSFER**

There are no pending share transfers as on 31/03/2011.

3 REMUNERATION COMMITTEE

➤ **TERMS OF REFERENCE**

The Company formed a Remuneration Committee on 16th January, 2006 to recommend to the Board the compensation of the Directors & Manager of the Company keeping in view the Company's financial status, industry trends, past performance and past remuneration.

➤ **COMPOSITION**

- Mr. N. K. Gupta (Chairman)
- Mr. Shreekant Somany
- Mr. Rakesh Nangia

➤ **MEETING AND ATTENDANCE DURING THE YEAR**

There was one meeting of remuneration committee during the year held on April 27, 2010.

D. MANAGEMENT DISCUSSION AND ANALYSIS

The Management Discussion and Analysis has been discussed in detail and is annexed to the Directors' Report.

E. REMUNERATION POLICY

(i) **Non- Executive Directors**

Non-executive directors are paid only sitting fees of Rs. 3,000/- for attending each Board and Committee meeting thereof.

The Sitting fee paid to Non-executive Directors during the financial year is as follows:

Name of the Non-Executive Director	Sitting Fees (Total Amount for the financial year 2010-11) In Rs.
Mr. Ashok Jaipuria*	-
Mr. Shreekant Somany	12000
Mr. Rakesh Nangia	45000
Mr. N. K. Gupta	36000
Mr. B. D. Gupta**	24000
Mr. H. L. Paranjpe	12000

** Ceased to be a Director w.e.f. 6th June, 2011

*Mr. Ashok Jaipuria opted not to take any sitting fees for attending meeting of the Board of Directors and committee thereof.

(ii) **Executive Director**

Mr. Ambrish Jaipuria , C.E.O & Executive Director (Business Development) were paid following remuneration during the year 2010-11 as minimum remuneration approved by members and Schedule XIII in case of loss or inadequacy of profits:

Particulars of Remuneration	Amount (In Rs.)
Basic Salary	21,00,000
HRA	10,50,000
LTA	Nil
Perquisites	Nil
Provident & other funds	2,52,000
Medical Expenses (Actual)	Nil
Total :	34,02,000
Performance linked incentives	Nil
Service contracts, notice period, severance fees	6 month notice period on either side with no severance fees defined
Stock Option details	Nil

*Super annuation and gratuity have not been included in remuneration.

F. SHAREHOLDING OF DIRECTORS (EXECUTIVE & NON EXECUTIVE)

EXECUTIVE DIRECTOR

Name of the Director	No. of shares held
Mr. Ambrish Jaipuria	52,100

NON EXECUTIVE DIRECTOR

Mr. Ashok Jaipuria	79,900
Mr. Shreekant Somany	-
Mr. Rakesh Nangia	-
Mr. N. K. Gupta	-
Mr. B. D. Gupta*	-
Mr. H. L. Paranjpe	-

*Ceased to be a Director w.e.f. 6th June, 2011.



G. CORPORATE GOVERNANCE POLICIES

Company has defined a policy framework for ethical business conduct by its personnel. The Board of Directors adopted the following policies on January 29, 2004 with immediate effect:

1. COMPENSATION POLICY FOR NON-EXECUTIVE DIRECTORS

Apart from payment of sitting fees, the company does not pay any monthly or annual compensation to its Non-Executive Directors.

The Non-executive directors are paid sitting fees of Rs.3,000/- for attending each Board and Committee meeting. The company has not granted any stock options to the non-executive directors. The compensation policy is displayed on the website of the company.

2. CODE OF CONDUCT

The company has adopted a Code of Conduct for the members of the Board of Directors and the senior management of the company. The code of conduct is displayed on the website of the company.

3. ANNUAL DECLARATION OF COMPLIANCE OF CODE OF CONDUCT BY CEO

The Company has got a declaration from Mr. Ambrish Jaipuria, C.E.O & Executive Director of the Company that all Board members and senior management personnel have affirmed compliance with the code of conduct for the current year.

4. WHISTLE BLOWER POLICY

The company has adopted a Whistle blower policy, which has since been implemented within the organization. All the employees of the Company have access to audit Committee.

H. INFORMATION TO SHAREHOLDERS

1 REGISTERED AND CORPORATE OFFICE

Registered Office

P.O. Jabli, District Solan,
Himachal Pradesh- 173 209
Phone : 01792-277231-32/35/36s
Fax : 01792-277234

Head Office

517, 5th floor, DLF tower,
Jasola, New Delhi
Phone: + 91 11 49398800
Fax: + 91 11 49398801

2 ANNUAL GENERAL MEETING

The date, time, venue of the next Annual General Meeting and the next Book Closure date will be as per the Notice calling the Annual General Meeting.

3 DATES AND VENUE OF PREVIOUS THREE ANNUAL GENERAL MEETINGS.

Financial Year	Place	Date
2007-08	Jabli, Dist Solan (H.P)173209	24.09.2008
2008-09	Jabli, Dist Solan (H.P) 173209	23.09.2009
2009-10	Jabli, Dist Solan (H.P) 173209	22.09.2010

4. FINANCIAL CALENDAR

The following is the tentative schedule for approval of financial results:

Financial reporting for the quarter ending June 30, 2011	August 2011
Financial reporting for the quarter ending September 30, 2011	November 2011
Financial reporting for the quarter ending December 31, 2011	February 2012
Financial reporting for the quarter ending March 31, 2012	May 2012

5. WEBSITE

The address of the company's Web site is www.cosmoferrites.com

6. LISTING ON STOCK EXCHANGES

Company's shares are currently listed on the Bombay Stock Exchange Ltd. (Stock code 523100)

7. INTERNATIONAL SECURITIES IDENTIFICATION NUMBER (ISIN)

ISIN is a unique identification number of traded scrip. This number has to be quoted in each transaction relating to the dematerialized equity shares of the company. The ISIN number of the shares of Cosmo Ferrites Limited is INE 124B01018.

8. ANNUAL LISTING FEE

Annual Listing Fee for the year 2010-11 has been paid to Bombay Stock Exchange Limited. There are no arrears of listing fees with the Bombay Stock Exchange Limited till date.



9. DEMAT

Your Company's equity shares can be traded on the Stock Exchanges only in dematerialized form with effect from 20th June, 2000. To trade in dematerialized form, investors are required to open a Demat account with Depository participant of their choice. Equity shares of your Company are available for trading in the depository systems, of both the Depositories viz. The National Securities Depositories Limited (NSDL) and the Central Depositories Service (India) Limited (CDSL).

81.08% of equity share capital (120, 30,000 equity shares) has been dematerialized as on 31st March, 2011.

10. SHARE TRANSFER SYSTEM

To expedite the process of share transfers the Board has delegated the power of share transfer to Alankit Assignments Limited viz. Registrar and Share Transfer Agents who attends to the share transfer formalities at least once in a fortnight. Share transfer in physical form and other communication regarding share certificate, change of address, etc may be addressed at:

Alankit Assignments Limited,
2E/21, Alankit House,
Jhandewalan Extension,
New Delhi 110 055
Ph: +91 11 42541234
Fax: +9111 42541967

Contact Person: Mr. R. Maurya

11. ADDRESS FOR CORRESPONDENCE:

i. Investors' Correspondence may be addressed to the Following:

Mr. Sanjay Kumar Ojha
Company Secretary
Cosmo Ferrites Limited,
P.O. Jabli, Dist. Solan,
Himachal Pradesh-173209
e-mail:investorservices@cosmoferrites.com
Fax: 91-1792-277234

ii. Queries Relating to Financial Statement of the company may be addressed to the following:

Mr. L.D.Sharma
Manager (Finance & Accounts)
Cosmo Ferrites Limited,
P.O. Jabli, Dist. Solan,
Himachal Pradesh-173209
e-mail:lakshmid_s@cosmoferrites.com
Fax: 91-1792-277234

12. INVESTOR COMMUNICATION

The quarterly newsletters are available on our website www.cosmoferrites.com. Members are requested to view the same. Company normally publishes quarterly

audited results in Business Standard and Veer Arjun (Hindi). The information relating to the company results is also available on other major financial and capital market related websites.

The Company ensures that its Financial Results are sent to the Stock Exchange immediately after the same have been considered and taken on record by the Board of Directors. The Company also ensures that these Results are promptly displayed on the Company's website www.cosmoferrites.com.

13. DISCLOSURE ON LEGAL PROCEEDINGS

There is no pending case relating to any disputes with shareholders, in which the company has been made a party.

14. OUTSTANDING STOCK OPTION

There are no outstanding warrants or convertible instruments or stock options to employees as on March 31, 2011.

15. POSTAL BALLOT

No resolution was passed through postal ballot during this financial year.

16. ANALYSIS OF SHAREHOLDERS' COMPLAINTS RECEIVED DURING 2009-10

The Company generally clears the investors' complaints within a period of 21 days from the date of receipt. All the complaints received during the year have been replied.

There was no complaint received and replied/disposed off during the year 2010-11

17. SHARE PERFORMANCE CHART

Stock price on the Bombay Stock Exchange on the closing date of month of financial year 2010-11

Month	BSE			
	Share Price(Rs.) (Close)	High (Rs.)	Low (Rs.)	No of shares Tendered
April 2010	14.14	14.50	12.10	189665
May 2010	15.25	17.90	13.00	423142
June 2010	15.20	16.30	14.50	174168
July 2010	16.15	17.90	14.50	397148
Aug. 2010	17.20	17.85	15.35	323049
Sept.2010	17.25	19.45	16.50	155392
Oct. 2010	21.55	22.50	16.80	307742
Nov. 2010	19.00	26.75	17.00	416464
Dec. 2010	19.40	22.00	15.00	77120
Jan. 2011	18.60	21.00	16.00	47189
Feb. 2011	15.25	19.80	12.80	44394
March 2011	14.95	16.95	13.55	82425
TOTAL				2637898



18. DISTRIBUTION OF SHAREHOLDING AS ON MARCH 31, 2011

Following tables give the data on shareholding according to types of shareholders and Nos. of Shares held.

Distribution of the shareholdings according to type of shareholders

Particulars	March 31, 2011		March 31, 2010	
	Number of Shares	% Holding	Number of shares	% Holding
Promoters	7626944	63.40	7523128	62.536
Person acting in concert	Nil	Nil	Nil	Nil
Institutional Investors	7400	0.06	7400	0.06
Others	4395656	36.54	4499472	37.40
Total	12030000	100.00	12030000	100.00

Distribution of shareholding according to the number of shares held on March 31, 2011

S.No.	No. of equity shares held	As on 31 st March, 2011				As on 31 st March, 2010			
		No. of shareholders	% of Total holders	No. of Shares	% of share Capital	No. of Share-holders	% of Total holders	No. of Shares	% of Share-Capital
1	Upto 5000	4823	83.33	8264810	6.87	6067	97.90	2460204	20.45
2	5001 to 20000	668	11.54	7342920	6.10	96	1.55	945105	7.86
3	20001 to 30000	89	1.54	2300770	1.91	10	0.16	259649	2.16
4	30001 to 40000	39	0.67	1387000	1.15	6	0.10	214673	1.78
5	40001 to 50000	37	0.64	1756190	1.46	5	0.08	241364	2.01
6	50001 to 100000	58	1.00	4358210	3.62	7	0.11	537220	4.46
7	100001 and Above	74	1.28	94890100	78.89	6	0.10	7371785	61.28
	Total	5788	100.00	12030000	100.00		100.00	12030000	100.00

19. UNCLAIMED DIVIDENDS

No. Unpaid Dividends were due to be transferred to the Investor Education and Protection Fund established by the Central Government under Section 205C of the Companies Act, 1956, pursuant to section 205A of the companies Act, 1956.

20. STATUS ON COMPLIANCE OF MANDATORY REQUIREMENTS AND ADOPTION (AND COMPLIANCE) / NON-ADOPTION OF THE NON-MANDATORY REQUIREMENTS OF CLAUSE 49 OF THE LISTING AGREEMENT

We have complied with the mandatory requirements of clause 49 of the listing agreement and the status of compliance with the Non-mandatory requirements are given below:

S. No.	Non mandatory requirement	Status
1.	Audit Qualification	Nil
2.	Remuneration Committee	Yes
3.	Whistle Blower Policy	Implemented by the company



ANNEXURE:

PURSUANT TO CLAUSE 49 OF THE LISTING AGREEMENT WITH THE STOCK EXCHANGES ON CORPORATE GOVERNANCE, FOLLOWING INFORMATION IS FURNISHED ABOUT THE DIRECTORS PROPOSED TO BE APPOINTED / RE-APPOINTED)

Director Retiring by Rotation

Name of the Director	Mr. H.Paranjpe	Mr. S.Somany
Date of Birth	04 Nov. 1941	8 th November, 1936
Qualification		B.SC (Calcutta)
Nature of Expertise	General, Strategic & Project Mgt. Turnaround Strategy Etc.	Management, planning, project,technical exposure
Date of Appointment	14 October, 2005	29 th January, 2004
Name of other Companies in which he holds Directorship	Nil	1. Somani ceramics ltd 2. SR continental limited 3. Sarvottam vanijya limited 4. Shree cement limited 5. .Somany global limited 6. Scope vinimoy private limited
Name of the Committees of the Other Companies of which he holds Membership / Chairmanship	Nil	Nil
Shareholding in the Co.	NIL	NIL

CERTIFICATE CLAUSE 49 V OF THE LISTING AGREEMENT

We, the undersigned hereby certify that:

- (a) We have reviewed financial statements and the cash flow statement for the year and that to the best of our knowledge and belief:
1. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 2. These statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (b) There are, to the best of our knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violative of the company's code of conduct.
- (c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify such deficiencies.
- (d) We have indicated to the auditors and the Audit committee
1. significant changes in internal control over financial reporting during the year;
 2. that there were no significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 3. That there was no instance of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system over financial reporting.

AMBRISH JAIPURIA
C.E.O & EXECUTIVE DIRECTOR

L. D. SHARMA
MANAGER, ACCOUNTS & FINANCE

Place: New Delhi
Date: 2nd May, 2011

**CERTIFICATE FROM THE COMPANY SECRETARY**

I, Sanjay Kumar Ojha, Compliance officer confirm that the Company has:

- (i) Maintained all the books of account and statutory registers required under the Companies Act, 1956 ('the Act') and the Rules made there under.
- (ii) Filed all the forms and returns and furnished all the necessary particulars to the Registrar of Companies and/or Authorities as required by the Act.
- (iii) Issued all notices required to be given for convening of Board Meeting and General meeting, within the time limit prescribed by law.
- (iv) Conducted the Board Meetings and annual General Meeting as per the Act.
- (v) Complied with all the requirements relating to the minutes of the proceedings of the meetings of the Directors and the Shareholders.
- (vi) Made due disclosure required under the Act including those required in pursuance of the disclosures made by the Directors.
- (vii) Obtained all necessary approvals of Directors, Shareholders, Central Government and other Authorities as per the requirements.
- (viii) Effected share transfers and dispatched the certificates within the statutory time limit.
- (ix) Paid dividend amounts to the Shareholders and unpaid dividend amounts, if applicable, have been transferred to the General Revenue Account of the Central Government or Investor Education and Protections Fund within the time limit prescribed.
- (x) Complied with the requirements of the Listing Agreement entered into with the Stock Exchange in India.
- (xi) The Company has also complied with other statutory requirements under the Companies Act, 1956 and other related statutes in force.

The certificate is given by the undersigned according to the best of my knowledge and belief, knowing fully well that on the faith and strength of what is stated above; full reliance will be placed on it by the shareholders of the company.

PLACE: New Delhi

DATE: 13/07/2011

SANJAY KUMAR OJHA

COMPANY SECRETARY

ANNUAL DECLARATION OF COMPLIANCE OF CODE OF CONDUCT BY CEO

To,
The Board of Directors
Cosmo Ferrites Limited
517, 5th floor,
DLF tower, Jasola,
New Delhi – 110 025

1. The Code of Conduct has been laid down for all the Board members and senior management and other employees of the Company.
2. The Code of Conduct is posted on website of the Company.
3. The Board members and senior management personnel have affirmed compliance with the code of conduct for the year 2010-2011

New Delhi
2nd May, 2011

Amrish Jaipuria
Chief Executive Officer



AUDITOR'S CERTIFICATE

We have examined the compliance of conditions of Corporate Governance by Cosmo Ferrites Limited for the year ended on 31st March 2011 as stipulated in clause 49 of the listing agreement of the said company with stock exchange(s).

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the company for ensuring the compliance of the conditions of corporate governance. It is neither an audit nor an expression of opinion on the financial statements of the company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the company has complied with the conditions of corporate governance as stipulated in the above-mentioned listing agreement.

We state that no investor grievance is pending for a period exceeding one month against the company as per the records maintained by the shareholders / investors grievance committee.

We further state that such compliance is neither an assurance as to the future viability of the company nor the efficiency or effectiveness with which the management has conducted the affairs of the company.

New Delhi
2nd May, 2011

For B.K.SHROFF & CO.
Chartered Accountants

Sanjiv Aggarwal
Partner
Membership No. 85128



AUDITORS' REPORT

To The Members of Cosmo Ferrites Limited

1. We have audited the attached Balance Sheet of Cosmo Ferrites Limited, as at 31st March, 2011 and also the Profit & Loss Account for the year ended on that date annexed thereto and the cash flow statement for the year ended on that date. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the accounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the companies (Auditors' Report) order 2003 issued by the central Government of India in terms of sub-section (4A) of section 227 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.
4. Further to our comments in the Annexure referred to above, we report 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 those books;
 - iii) The Balance Sheet, Profit & Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of accounts;
 - iv) In our opinion, the Balance Sheet, Profit & Loss Account and the Cash Flow Statement Comply with the accounting standards referred to in sub – sections (3C) of section 211 of the Companies Act, 1956;
 - v) On the basis of written representation received from the directors and taken on records by the board of directors, we report that none of the directors is disqualified as on 31.03.2011 from being appointed as a director in terms of clause (g) of sub section (1) of section 274 of the Companies Act, 1956.
 - vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - a) In the cases of the Balance Sheet, of the state of affairs of the company as at 31st March, 2011.
 - b) In the cases of the Profit & Loss Account, of the Profit for the year ended on that date; and
 - c) In the cases of Cash Flow Statement of the cash flows for the year ended on that date.

Date : 2th May 2011
Place : New Delhi

For B.K. Shroff & Co.
Chartered Accountants

Sanjiv Aggarwal
Partner
Membership No 85128



ANNEXURE REFERRED TO IN PARAGRAPH 3 OF OUR REPORT OF EVEN DATE

- i a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- b) All the fixed assets have been physically verified by the management according to a regular program 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) During the year the company has not disposed off any substantial part of its fixed assets. Therefore, it has not affected the going concern concept of the company.
- ii. a) Physical verification of inventory (except material in transit and lying with third parties) has been conducted by the management at reasonable intervals. In our opinion, the frequency of verification is reasonable.
- b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the company and nature of its business.
- c) The company is maintaining proper records of inventory. Discrepancies noticed on verification of inventory as compared to book records were not material.
- iii. In our opinion and according to the explanations given to us, the company has neither granted nor taken loans, secured or unsecured to/from companies firms or other parties covered in the register maintained under section 301 of the Act. and as such clauses (ii) (b), (iii) (c) and (iii) (d) of the Order are not applicable to the company.
- iv 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 for the purchase of inventory and fixed assets and for sale of goods and services. During the course of our audit, no major weakness has been noticed in internal control system.
- v a) According to the information and explanations given to us, during the year there were no contracts of arrangements referred to in Section 301 of the Act that needed to be entered into the register required to be maintained under that section.
- b) In our opinion and according to the information and explanations given to us, no transactions were made during the year in pursuance of such contracts or arrangements which exceeded the value of five lakh rupees in respect of any party at prices which were unreasonable having regard to prevailing market prices at the relevant time.
- vi. In our opinion and according to the information given to us, the company has not accepted any deposits from the public within the meaning of sections 58A and 58AA or any other relevant provisions of the Act.
- vii In our opinion, the company has an adequate internal audit system commensurate with the size and the nature of its business.
- viii We have broadly reviewed the books of accounts maintained by the company pursuant to the order made by the Central Government for the maintenance of cost records under section 209(1) of the Companies Act, 1956 and are of the opinion that prima facie the prescribed accounts and records have been maintained.
- ix a) The company is regular in depositing with the appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, income tax, sales tax, service tax, wealth tax, custom duty, excise duty and cess and other statutory dues applicable to it. As explained to us employees state insurance was not applicable to the company during the year under review.
- b) According to the information and explanations given to us, no undisputed amount payable in respect of income tax, sales tax, service tax, wealth tax, customs duty, excise duty and cess were outstanding as at 31.03.2011 for a period of more than six months from the date they became payable.
- c) According to the information and explanations given to us, dues in respect of income tax, sale tax, wealth tax, service tax, customs tax, excise duty and

cess, which have not been deposited with the appropriate authorities on account of any dispute are given below:

Name of Statute	Nature of Dispute	Amount (in Rs.)	Period	Forum where dispute is pending
Income Tax Act, 1961	Disallowance of 80HHC claim for the purpose of calculating book profit for MAT	6,21,317	AY 2003-04	High Court, Delhi
	Disallowance of 80 HHC claim for the purpose of calculating book profit for MAT	21,09,639	AY 2004-05	High Court, Delhi
Central Excise Act, 1944	Differential Duty	27,62,007	Jan 2000 to Nov. 2004	CESTAT
	Differential Duty	2,65,869	Dec. 2004 to April 2007	CESTAT

- X. The is no accumulated losses of the company as at 31st March, 2011. The company has not incurred any cash loss during the financial year covered by our audit and in the immediately preceding financial year.
- XI. In our opinion and according to the information and explanations given to us the company has not defaulted in repayment of dues to a financial institution or bank or debenture holders.
- XII. According to the information and explanations given to us the company not granted any loan and advance on the basis of security by way of pledge of shares, debentures and other securities.
- XIII. In our opinion the company is neither a chit fund nor nidhi/mutual benefit fund/ society and hence clause (xii) of the order is not applicable to the company.
- XIV. In our opinion the company is not dealing or trading in shares, securities, debentures and other investments and accordingly clause (xiv) of the order is not applicable to the company.
- XV. In our opinion the company has not given guarantee for loans taken by others from banks or financial institutions.
- XVI. In our opinion, the term loans have been applied for the purposes for which they were obtained.
- XVII. According to the information and explanations given to us and on an overall examination of the balance sheet of the company we report that no funds raised on short-term basis have been used for long-term investment. No long-term funds have been used to finance short-term assets except permanent working capital.
- XVIII. According to information and explanations given to us the company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 companies Act, 1956.
- XIX. According to the information and explanations given to us during the year company had not issued any debentures.
- XX. According to the information and explanations given to us, during the year the company has not raised any money by public issue.
- XXI. According to the information and explanation given to us no fraud on or by the company has been noticed or reported during the course of our audit.

Dated 2nd May 2011
Place : New Delhi

For B.K. SHROFF & CO.
Chartered Accountants

Sanjiv Aggarwal
Partner
Membership No. 85128



BALANCE SHEET

As at 31st March, 2011

	Schedule	Current Year Rs.'000		Previous Year Rs.'000
SOURCES OF FUNDS				
SHAREHOLDERS' FUNDS				
Share Capital	1	133800		133800
Reserves & Surplus	2	<u>112724</u>	246524	<u>72457</u>
				206257
LOAN FUNDS				
Secured Loans	3		165107	139939
DEFERRED TAX LIABILITY				
	4		<u>58594</u>	<u>62808</u>
			<u>470525</u>	<u>409004</u>
APPLICATION OF FUNDS				
FIXED ASSETS				
Gross Block	5	748027		723355
Less: Depreciation		<u>447071</u>		<u>421860</u>
Net Block		300956		301495
Add Capital Work in Progress		<u>58031</u>	358987	<u>1765</u>
				303260
INVESTMENTS				
	6		17876	17875
CURRENT ASSETS, LOANS & ADVANCES				
Inventories	7	53062		46690
Receivables	8	61023		47257
Cash & Bank Balances	9	24707		19808
Loans & Advances	10	<u>42303</u>		<u>30029</u>
		<u>181095</u>		<u>143784</u>
LESS: Current Liabilities & Provisions				
Current Liabilities	11	60576		43332
Provisions	12	<u>26857</u>		<u>12583</u>
		<u>87433</u>		<u>55915</u>
NET CURRENT ASSETS				
			<u>93662</u>	<u>87869</u>
			<u>470525</u>	<u>409004</u>

NOTES ON ACCOUNTS 18
Schedules 1 to 18 form an integral part of the accounts

As per our report of even date annexed

For B.K. SHROFF & CO.,
Chartered Accountants
Sanjeev Aggarwal
Partner

Place : New Delhi
Dated: 2nd May, 2011

L. D. Sharma
Manager (Finance & Accounts)

Ashok Jaipuria
Chairman
DIN00214707

Ambrish Jaipuria
Director
DIN00214687



PROFIT & LOSS ACCOUNT

For the year ended 31st March, 2011

	Schedule	Current Year Rs.'000	Previous Year Rs.'000
INCOME			
Turnover (Gross)		512735	393349
Less: Excise Duty		<u>19326</u>	<u>17436</u>
Turnover (Net)		493409	375913
Other Income	13	7631	5627
Increase(Decrease) in Stocks	14	<u>2333</u>	<u>(6596)</u>
		<u>503373</u>	<u>374944</u>
EXPENDITURE			
Purchases- Traded goods		478	359
Manufacturing & Other expenses	15	383991	289519
Selling & Distribution expenses	16	17573	14397
Finance charges	17	19714	17518
Depreciation		<u>29211</u>	<u>27983</u>
		<u>450967</u>	<u>349776</u>
Profit/(Loss) before Taxation and exceptional items		52406	25168
Provision for			
- Current Tax		14390	4300
- Less : MAT Credit Entitlement		(3914)	1866
- Earlier year's Tax		<u>94</u>	<u>1413</u>
		41836	17589
MAT Credit Entitlement		<u>--</u>	<u>(4180)</u>
Profit after Tax		41836	21769
Add/(Less) Balance brought forward from Previous year		<u>18227</u>	<u>(1273)</u>
Balance Available For Appropriation		60063	20496
Provision for arrears of Dividend on Cumulative Redeemable Preference Shares		--	1471
Proposed Dividend on Cumulative Redeemable Preference Shares		1350	470
Corporate Tax on Dividend		<u>219</u>	<u>328</u>
Profit/(Loss) carried to Balance Sheet		<u>58494</u>	<u>18227</u>
EARNINGS PER SHARE			
(note 1(p) and note 14 schedule 18)			
Basic		3.35	1.62
Diluted		3.35	1.62

NOTES ON ACCOUNTS

18

Schedule 1 to 18 form an integral part of the accounts

As per our report of even date annexed

For B.K. SHROFF & CO.,
Chartered Accountants
Sanjeev Aggarwal
Partner

Place : New Delhi
Dated: 2nd May, 2011

L. D. Sharma
Manager (Finance & Accounts)

Ashok Jaipuria
Chairman
DIN00214707

Ambrish Jaipuria
Director
DIN00214687



Cash flow statement for year ended 31st March 2011

Particulars	Schedules	Current Year Rs.'000	Previous Year Rs.'000
A. Cash Flow from Operating Activities			
Net Profit before tax		52406.00	25168
Adjustments for :			
Depreciation		29211	27983
Dividend		(2750)	(2750)
Interest paid		15094	15363
Loss on sale of fixed assets		693	193
Operating profit before working capital changes		94654	65957
Adjustment for :			
Trade & Other receivables		(23615)	(13046)
Inventories		(6372)	(756)
Trade payables & other liabilities		20919	(5419)
Cash generated from operations		85586	46736
Interest paid		(15094)	(15363)
Direct Taxes paid		(7340)	2517
Dividend Paid		(548)	(1721)
Net cash from operating activities		62604	32169
B. Cash Flow from Investing Activities			
Purchase of fixed assets (including capital advance)		(86040)	(6556)
Sale of fixed assets		418	1891
Dividend received		2750	2750
(Purchase)/Sale of investments		(1)	--
Net cash used in investing activities		(82873)	(1915)
C. Cash Flow from Financing Activities			
Proceeds from Issuing shares or other equity instruments		-	3962
Proceeds from long term borrowings		46988	2377
Repayments of long term borrowings		(44929)	(16091)
Increase in bank borrowings		23109	(3984)
Cash flow from financing activities		25168	(14006)
Net increase in cash and cash equivalents		4899	16248
Cash and Cash equivalents (Opening Balance)		19808	3560
Cash and Cash equivalents (Closing Balance)		24707	19808

NOTE: Figures in parentheses represent cash outflow

NOTES ON ACCOUNTS

18

Schedules 1 to 18 form an integral part of the accounts
As per our report of even date annexed
For B.K. SHROFF & CO.,
Chartered Accountants
Sanjeev Aggarwal
Partner

Place : New Delhi
Dated: 2nd May, 2011

L. D. Sharma
Manager (Finance & Accounts)

Ashok Jaipuria
Chairman
DIN00214707

Ambrish Jaipuria
Director
DIN00214687



	Current Year Rs.'000	Previous Year Rs.'000
1. SHARE CAPITAL		
Authorised		
1,50,00,000 Equity Shares of Rs. 10/- each	150000	150000
8,00,000 Preference Shares of Rs. 100/- each	<u>80000</u>	<u>80000</u>
	<u>230000</u>	<u>230000</u>
Issued, Subscribed & Paid up		
1,20,30,000 Equity Shares of Rs. 10/- each	120300	120300
1,35,000 10% Cumulative Redeemable Preference shares of Rs 100/- each	<u>13500</u>	<u>13500</u>
	<u>130800</u>	<u>133800</u>

2. RESERVES & SURPLUS

	As at 01.04.2010 Rs.'000	Addition Rs.'000	Deduction Rs.'000	As at 31.03.2011 Rs.'000
Capital Reserve	5188	-	-	5188
Preference Share Capital Redemption Reserve	49042	-	-	49042
Profit & Loss Account	18227	40267	-	58494
	<u>72457</u>	<u>40267</u>	-	<u>112724</u>

3. SECURED LOANS

From Banks			
Rupees Term Loan	52457		95158
Buyer Credit (Foreign Currency)	39174		--
Cash Credit/Working Capital Demand Loan	65659		42550
Hire Purchase Finance	7809		2137
From Others			
Hire Purchase Finance	<u>8</u>		<u>94</u>
	<u>165107</u>		<u>139939</u>

Rupee Term Loans are secured by first equitable mortgage of immovable assets both present and future and hypothecation of moveable assets (save and except book debts) charged to rank pari-passu inter se and subject to prior charges created in favour of the company's bankers on moveable assets for working capital loans and assets exclusively charged. Buyers Credit (Foreign Currency Loan) is secured against hypothecation of specified Machinery imported to be imported. Cash credit / working capital demand loans from banks are secured by hypothecation of inventories and book debts and further secured by way of second charge on fixed assets both present and future and further guaranteed by a director. Assets purchased under Hire Purchase Finance schemes are hypothecated to the financiers.

4. DEFERRED TAX LIABILITY

As per last Balance sheet	62808	60942
Add : Created during the year	<u>(3914)</u>	<u>1866</u>
	<u>58894</u>	<u>62808</u>



5. FIXED ASSETS

Particulars	GROSS BLOCK			DEPRECIATION			NET BLOCK			
	As at 01.04.10 Rs.'000	Additions Rs.'000	Sales/ Adjustments Rs.'000	As at 31.03.11 Rs.'000	Upto 31.03.10 Rs.'000	For the Year Rs.'000	Adjustment Rs.'000	Total Rs.'000	As at 31.03.10 Rs.'000	As at 31.3.11 Rs.'000
Land & Site Development	1939	-	-	1939	-	-	-	-	1939	1939
Buildings	45802	265	-	46067	20982	1607	-	22589	23478	24821
Plant, Machinery & Office Equipment*	665629	15769	3356	678042	396870	26352	3189	420033	258009	268759
Furniture, Fixture & Fittings	2431	4000	-	6431	1777	288	-	2065	4366	652
Vehicles	7558	9740	1750	15548	2226	964	806	2384	13164	5324
Previous year	723359	29774	5106	748027	421855	29211	3995	447071	300956	301495
Capital work in progress *	722274	4916	3835	723355	395628	27983	1751	421860	58031	1765
									358987	303260

*Includes Capital advances to Rs 5483 Thousands (Previous year Rs 1765 Thousands)



			Current Year Rs.'000	Previous Year Rs.'000
6. INVESTMENTS				
Long Term Investments-Trade	No. of Shares			
	Current Year	Previous Year		
(Fully paid equity shares of Rs. 10 each)				
Quoted				
Cosmo Films Ltd.	5,50,000	5,50,000	17875	17875
Petronet LNG Limited	10	-	1	0
			<u>17876</u>	<u>17875</u>
Aggregate market value of quoted investments			<u>51536</u>	<u>65533</u>
7. INVENTORIES				
As taken, valued and certified by the management				
Raw Materials			14585	11382
Stores & spares			10180	9344
Stock in Process			24963	19409
Finished goods (including in transit Rs. 1945 Thousand) (previous year Rs. 2403 Thousand)			3334	6555
			<u>53062</u>	<u>46690</u>
8. RECEIVABLES				
(Unsecured)- Considered good				
Exceeding six months			5312	11839
Others			<u>55711</u>	<u>35418</u>
			<u>61023</u>	<u>47257</u>
9. CASH AND BANK BALANCES				
Cash in hand			192	126
Cheques in Hand			--	6470
Balances with Scheduled Banks				
In Current Account			10366	8076
In Fixed Deposit/Margin Money Account			14149	5136
			<u>24707</u>	<u>19808</u>



	Current Year Rs.'000	Previous Year Rs.'000
10. LOANS AND ADVANCES		
(Unsecured - Considered good)		
Loans - to Staff	141	115
Interest accrued on loans and deposits	221	801
Advances (recoverable in cash or in kind or for value to be received)	14917	8841
Balances with Central Excise/Customs	6251	1673
Security Deposits	5257	5508
MAT Credit Entitlement	576	4514
Income Tax Payments (including tax deducted at source)	14940	8577
	<u>42303</u>	<u>30029</u>
11. CURRENT LIABILITIES		
Sundry Creditors		
Total outstanding dues of creditors other than micro enterprises and small enterprises	42062	27384
Interest accrued but not due on loans	434	229
Trade Deposits	285	285
Other Liabilities	17795	15434
	<u>60576</u>	<u>43332</u>
12. PROVISIONS		
For Taxation	19680	6369
Less: MAT Credit Entitlement	<u>3938</u>	-
Provision for Dividend on Preference Shares	15742	6369
Corporate Tax on Dividend	1350	470
Gratuity	219	78
Leave encashment	7134	4037
	<u>2412</u>	<u>1629</u>
	<u>26857</u>	<u>12583</u>



	Current Year Rs.'000	Previous Year Rs.'000
13. OTHER INCOME		
Interest		
On Fixed Deposits with Banks (Tax deducted at source Rs 1.24 Lacs, previous year Rs 0.43 Lacs)	722	410
From others	<u>189</u>	<u>725</u>
	911	1135
Dividend from Long Term Non Trade Investments	2750	2750
Claims received	604	734
Miscellaneous receipts and income	637	60
Exchange rate difference(net)	1808	-
Excess provisions/sundry balances written off	<u>921</u>	<u>948</u>
	<u>7631</u>	<u>5627</u>
 14 INCREASE(DECREASE) IN STOCKS		
Closing Stocks		
Finished goods	3205	6170
Stock in Process	<u>24963</u>	<u>19409</u>
	<u>28168</u>	<u>25579</u>
Opening Stocks		
Finished goods	6170	13648
Stock in Process	<u>19409</u>	<u>18260</u>
	<u>25579</u>	<u>31908</u>
Increase/(Decrease) in stocks	<u>2589</u>	<u>(6329)</u>
Add/(Less): Increase/(Decrease) in Excise duty on opening/ closing stocks	<u>(256)</u>	<u>(267)</u>
Total Increase/(Decrease) in stocks	<u>2333</u>	<u>(6596)</u>



	Current Year Rs.'000	Previous Year Rs.'000
15. MANUFACTURING & OTHER EXPENSES		
Raw materials consumed	130807	105705
Stores, Spares & Packing materials	63848	47859
Power & Fuel	59969	43495
Salaries, Wages, Bonus & other benefits	69259	55491
Gratuity	3844	79
Contribution to Provident/Superannuation Funds and Employees State Insurance Scheme	7025	5959
Welfare expenses	2713	3433
Staff Recruitment & Training expenses	219	190
Rent	3242	2100
Rates, Taxes and Fees	194	328
Insurance	1752	1348
Repairs & Maintenance		
- Plant & Machinery	11007	5399
- Buildings	346	136
- Others	<u>1664</u>	<u>1519</u>
Professional & Consultancy charges	4335	2519
Travelling & Conveyance	7486	4408
Vehicle Running & Maintenance	3492	3452
Communication expenses	1687	1533
Director's Fees	129	114
Bad Debts written off	6937	-
Charity & donation	20	18
Claims Paid/Writtenoff	213	-
Miscellaneous expenses	2281	2102
Auditor's remuneration		
- As Statutory Audit fees	205	205
- As audit fees for quarterly audited results	186	186
- As Tax Audit fees	41	41
- For certification work	10	11
- For reimbursement of expenses	<u>10</u>	<u>10</u>
Exchange rate difference (Net)	-	1287
Loss on assets sold / discarded/ scrapped	693	193
Loss on sale of DEPB	359	246
Previous year expenses (Net)	18	153
	<u>383991</u>	<u>289519</u>
16. SELLING & DISTRIBUTION EXPENSES		
Selling Commission	1640	1818
Freight & Forwarding	13241	8866
Rebates and discounts	731	2907
Other selling expenses	<u>1961</u>	<u>806</u>
	<u>17573</u>	<u>14397</u>
17. FINANCE CHARGES		
Interest		
On Term Loans	10086	10217
To Bank & Others	5213	5131
Bank Charges	<u>4415</u>	<u>2170</u>
	<u>19714</u>	<u>17518</u>



18 BALANCM SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

i. Registration details

Registration No. 006378

State 06

Balance Sheet date 31 03 2011
Date Month Year

ii. Capital raised during the year (Amount in Rs.Thousands)

Public Issue

00000000NIL

Rights Issue

00000000NIL

Bonus Issue

00000000NIL

Private Placement

0000000000

iii. Position of mobilisation and deployment of Funds (Amount in Rs.Thousands)

Total Liabilities

000470525

Total Assets

000470525

Sources of Funds

Paid-Up Capital

000133800

Reserves & Surplus

000112724

Secured Loans

000165107

Unsecured Loans

0000000000

Application of Funds

Net Fixed Assets

000358987

Investments

000017876

Net Current Assets

000093662

Misc.Expenditure

0000000000

Accumulated Losses

0000000000

iv. Performance of company (Amount in Rs.Thousands)

Turnover

000493409

Total Expenditure

000441003

+ / - Profit/Loss Before Tax

+ 000052406

+ / - Profit/Loss after Tax

+ 000041836

Earning per Share Rs.

3.35

Dividend (%)

NIL

v. Generic names of three principal products/services of company (As per monetary terms)

Item Code No.(ITC Code)

0008529.00

Product Description

S O F T F E R R I T E S

Item Code No.

0008529.00

Product Description

P R E C A L C I N E D F E R R I T E S P O W D E R

Signature to Schedule 1 to 18
As per our report of even date annexed.
For B.K. SHROFF & CO.,
Chartered Accountants

Sanjeev Aggarwal
Partner
Place : New Delhi
Dated: 2nd May, 2011

L. D. Sharma
Manager (Finance & Accounts)

Ashok Jaipuria
Chairman

Amrisha Jaipuria
Director



19. NOTES ON ACCOUNTS

a) Method of Accounting

- i) The accounts of the company are prepared under the historical cost convention using the accrual method of accounting unless otherwise stated hereinafter.
- ii) Accounting policies are consistent with generally accepted accounting principles.

b) Fixed Assets

Fixed Assets are stated at cost of acquisition, inclusive of inward freight, duties, taxes and incidental expenses related to acquisition and is net of modvat/cenvat wherever applicable. In respect of projects involving construction, related pre-operational expenses are capitalised and form part of the value of the assets capitalised. As per practice and on the basis of technical evaluation/ report, expenses incurred on trial runs/know-how development / relocation / modernisation / debottlenecking / relining / revamping of plant and machinery are capitalised. Fixed assets taken on lease are not reflected in the accounts and the lease rent is charged to profit & loss account as and when accrued.

Consideration is given at each balance sheet date to determine whether there is any indication of impairment of the carrying amount of the company's fixed assets. If any indication exists, an asset's recoverable amount is estimated. An impairment loss is recognized whenever the carrying amount of an asset exceeds its recoverable amount. Recoverable amount is the greater of the net selling price and value in use.

c) Investments

Long term investments are stated at cost of acquisition. Provision for diminution in the value of long term investments is made only if such a decline is other than temporary in the opinion of the management.

d) Inventories

Inventories are valued at cost or net realisable value, whichever is lower. Cost is determined on first in first out (FIFO) basis.

e) Foreign currency transactions

All foreign currency liabilities relating to acquisition of fixed assets are restated at the rates ruling at the year end and exchange differences arising on such transactions are adjusted in the cost of assets..

Other foreign currency assets and liabilities outstanding at the close of the year are valued at year end exchange rates. The fluctuations are reflected under the appropriate revenue head.

f) Depreciation

Depreciation is calculated on fixed assets on straight line method in accordance with Schedule XIV of Companies Act, 1956.

Depreciation on amount of additions made to fixed assets on account of foreign exchange fluctuation is provided for over the residual life of the fixed assets.

g) Research & Development

Revenue expenditure on research and development is charged against the profit of the year in which it is incurred. Capital expenditure on research and development is shown as an addition to fixed assets.

h) Retirement benefits

i) Short Term Employee Benefits

All employee benefits payable only within twelve months of rendering the service are classified as short term employee benefits. Benefits such as salaries, wages etc. and the expected cost of bonus, exgratia, incentives are recognized in the period during which the employee renders the related service.

ii) Post Employment Benefits

a) State provident fund scheme is a defined contribution plan. The contribution paid /payable under the scheme is recognized in the profit & loss account during the period during which the employee renders the related service

b) The company has a separate super annuation fund in respect of certain categories of employees. Contributions paid /payable during the year are recognized in the profit & loss account

c) The employee gratuity fund scheme managed by a trust is a defined benefit plan. The present value of obligation under such defined benefit plan is determined based on actuarial valuation under the project unit credit method which recognizes each period of service as giving rise to additional unit of employee benefits entitlement each unit separately to build up the final obligation.

The obligation is measured at the present value of future cash flow. The discount rates used for determining the present value of the obligation under defined benefit plans is based on the market yields on government securities as at balance sheet date, having maturity periods approximated to the returns of related obligations.

Actuarial gains and lesser are recognized immediately in the profit& loss account.

In case of funded plans the fair value of the planned assets is reduced from the gross obligation under the defined benefit plans to recognize the obligation on net basis.



- d) Other long term employees benefits including leave encashment are recognized in the same manner as defined benefit plans.
- i) Borrowing costs**
Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the cost of that asset. Other borrowing costs are recognised as an expense in the period in which they are incurred. Capitalisation of borrowing costs ceases when substantially all activities necessary to prepare the qualifying asset for its intended use or sale are complete.
- j) Excise & Other Duties**
Excise duty in respect of finished goods lying in factory premises and custom duty on goods lying in customs bonded warehouse are provided and included in the valuation of inventory. Modvat benefit is accounted for by reducing the purchase cost of the materials/ fixed assets.
- k) Claims and benefits**
Claims receivable and export benefits are accounted on accrual basis to the extent considered receivable.
- l) Revenue recognition**
Export sales are accounted on the basis of the date of bill of lading / airway bill. Other sales are accounted for ex-factory on despatch. Sales are net of returns, excise duty and include export incentives/benefits.
- m) Income from Investments/Deposits**
Income from investments is credited to revenue in the year in which it accrues. Income is stated in full with the tax thereon being accounted for under Income tax deducted at source.
- n) Taxation**
Provision for taxation is based on assessable profits of the company as determined under Income Tax Act, 1961.
Deferred taxation is provided using the liability method in respect of taxation effect arising from all material timing difference between accounting and tax treatment of income and expenditure which are expected with reasonable probability to crystallize in the foreseeable future.
Deferred tax benefits are recognized in the financial statements only to the extent of any deferred tax liability or when such benefits are reasonably expected to be realizable in the near future.
- o) Earnings per share**
Basic earning per share is calculated by dividing the net profit for the year attributable to equity shareholders (after deducting the redeemable preference share dividend) by

the weighted average number of equity shares outstanding during the year.

Diluted earning per share is calculated by dividing the net profits attributable to equity shareholders (after deducting dividend on redeemable preference shares) by the weighted average number of equity shares outstanding during the year (adjusted for the effects of dilutive options).

p) Contingent Liabilities

Contingent Liabilities as defined in Accounting Standard-29 are disclosed by way of notes to accounts Provision is made if it becomes probable that an outflow of future economic benefit will be required for an item previously dealt with as a contingent liability.

	Current Year Rs. '000	Previous Year Rs. '000
1. Estimated amount of contracts (net of advances) remaining to be executed on capital account and not provided for	14799	9503
2. Contingent Liabilities not provided for in respect of		
a) Claims not acknowledged by the company	31.97	3197
b) Income Tax & Excise duty demands disputed in appeals and against which payments made Rs. 1621 thousand (Previous Year 1621 thousand)	5757	5757
c) Bank Guarantee	975	4097
3. The company has received Rs 23171 Thousands (previous year Rs 9748 Thousands) on discounting of letter of credit Which have been reduced from debtors in these accounts.		
4. The company has opened letter of credit for Rs 1957 Thousands (previous year Rs10689 Thousands) for which materials. Has not been shipped as on the date of Balance Sheet.		
5. Cumulative Redeemable Preference shares shall be redeemed within 5years from the date of allotment or earlier than that as the company may deem fit.		
6. Secured loans include Term loans/vehicle loans repayable within one year Rs. 26105 Thousands (Previous year Rs.42701 Thousands)		
7. There are no amounts due or payable towards principal and interest to suppliers covered under Micro, Small and Medium Enterprises Development Act, 2006.		



8. During the year, the following contribution have been made under defined contribution plan

	2010-11 (Rs. 000)	2009-10 (Rs.000)
Employer's Contribution to Provident Fund	1638	1343
Employer's Contribution to Employees Pension Scheme	1483	1310

	2010-11		2009-10	
	Gratuity	Leave Benefit	Gratuity	Leave Benefit
I. Assumptions				
Discount Rate	5%	5%	5%	5%
Salary Escalation	5%	5%	5%	5%

II. Table showing changes in present value of obligations

Present value of obligation as at beginning of year	7535	1628	7854	1727
Interest Cost	611	129	640	139
Current Service Cost	777	912	508	483
Benefits Paid	(689)	(232)	441	(180)
Actuarial (gain)/Loss on obligation	3169	(2400)	(1035)	(541)
Present value of obligations as at end of year	14403	2412	7535	1628

III. Table showing changes in the present value of plan assets

Fair value of plan assets at the beginning of year	3498	-	3102	-
Expected return on plan assets	339	-	282	-
Contributions	1087	-	340	-
Benefits paid	(673)	(232)	257	(180)
Actuarial Gain/(Loss) on plan assets	19	-	30	-
Fair value of plan assets at the end of year	4269	-	3498	-

IV. Table showing Fair value of plan assets

Fair value of plan assets at the beginning of year	3498	-	3102	-
Actual return on plan assets	358	-	313	-
Contributions	1087	-	349	-
Benefits paid	(673)	(232)	(257)	(180)
Fair value of plan assets at the end of year	4269	-	3498	-
Present value of obligation at the end of year	11403	2412	7535	1628

V Actuarial Gain/Loss recognised

Actuarial gain/(Loss) for the year - Obligation	(3169)	24	(1035)	541
Actuarial (gain)/Loss for the year - Plan assets	19	-	(30)	-
Total (gain)/Loss for the year	3150	0.24	(1065)	(541)
Actuarial (gain)/Loss recognised in the year	31.50	0.24	(1065)	(541)

VI The amounts to be recognised in the balance sheet and statements of Profit and Loss

Present value of obligations as at the end of year	11403	2412	7535	1628
Fair value of plan assets as at the end of the year	4269	-	3498	-
Funded status	(7134)	(2412)	(4037)	(1628)
Net Asset/(Liability) recognised in balance sheet	7134	2412	4037	1628

VII Expenses recognised in statement of Profit & Loss

Current service cost	777	912	508	483
Interest cost	611	129	649	139
Expected return on plan assets	(339)	-	(283)	-
Net Actuarial (gain)/Loss recognised in the year	3150	(24)	(1065)	(541)
Expenses recognised in statement of P & L	4199	1016	(191)	810

The Estimates of rate of future salary increase takes account of inflation, seniority, promotion and other relevant factors on long term basis.

The discount rate is generally based upon the market yields available on Government bonds at the accounting date with a term that matches that of liability. The above information is certified by the actuary.

9. There is no amount due and outstanding to be credited to Investor Education and Protection Fund as on 31.03.2011

10. As required under Accounting Standard (AS) 22. "Accounting for Taxes on Income" issued by the Institute of Chartered Accountants of India, deferred tax liability for the period ended upto 31-03-2011 has been charged to the profit & loss account as under:-

	As at 31 st March 10 Rs. '000	Tax effect for the year Rs' 000	As at 31 March 11 Rs.'000
Deferred Tax liability			
Fixed Assets	(64088)	3764	(60324)
Deferred Tax Assets	(64088)	3764	(60324)
Others	1280	150	1430
Net Deferred Tax Assets/ (Liability)	(62808)	3914	(58894)

11. Related Party Disclosure:

A. Names of related parties and description of relationship

- Key management personnel
Shri Ambrish Jaipuria- Executive Director
- Associate companies- Cosmo Films Ltd.
Sterling Oxide Ltd.
Super Sadiq Enterprises Pvt Ltd

	Management Personnel		Total
	Associates	Key	
Purchase of Goods	59247 (50965)	- (-)	59247 (50965)
Remuneration paid	- (-)	3776 (1947)	3776 (1947)
Office Maintenance Charges	371 (136)	- (-)	371 (136)
Rent paid	2950 (1085)	- (-)	2950 (1085)
Dividend received	2750 (2750)	- (-)	2750 (2750)
Balance outstanding at the end of year			
a) Investments	17876 (17875)	- (-)	17876 (17875)
b) Due to Sundry Creditor	6126 (5907)	- (-)	6126 (5907)
c) Advance Rent Paid	737 (737)	- (-)	737 (737)
d) Security Deposit Paid	737 (737)	- (-)	737 (737)



12. It is the management's perception that since the company is exclusively engaged in the activity of manufacture of soft ferrites and pre-calcined ferrite powder which are governed by the same set of risks and returns the same are considered to constitute a single reportable segment in the context of Accounting Standard on "Segment Reporting" issued by the Institute of Chartered Accountants of India.

13. Managerial remuneration:
 Salary & Perquisites Rs.3150 Thousand (Previous Year Rs. 1500 thousand)
 Contribution to Provident Fund & Other Funds Rs. 626 thousand (Previous Year Rs. 447 thousand)

* Includes Company's Contribution to Gratuity Fund and Super Annuation fund.
 The term and condition of Management Remuneration have been revisrd w.e.f.01.04.2010.

14. EARNINGS PER SHARE (EPS) Basic Earnings Per Share

	Current year Rs.'000'	Previous Year Rs.'000'
Profit/(Loss) after tax as per profit & loss account	41836	21769
Less : Dividend and tax thereon in respect of preference shares.	1569	2269
Profit/(Loss) available for shareholders (A)	40267	19500
No. of equity shares (B)	12030000	12030000
Basic Earning per share (A/B)	3.35	1.62
Diluted Earnings Per Share		
Profit after tax as per Diluted Earning per share		
profit/(Loss) after tax as per profit & Loss account	41836	21769
Add: Dividend & tax thereon in respect of Preference shares.	1569	2269
Profit available for shareholders	40267	19500
No. of equity shares (A)	12030000	12030000
Basic Earning Per Share (A+B)	3.35	1.62

15. a) Interest amounting to Rs. 182 lacs has been capitalized during the year against machinery imported.

b) Capital Work In Progress includes Rs. 532 lacs interest to be capitalized with machinery imported under Buyers Credit.

16. a) Figures for the previous year have been regrouped / rearranged wherever considered necessary.

b) Figures have been expressed in lacs

17. Production includes captive consumption of intermediary product, Ferrite Powder **2386 MT** (previous year 1947 MT)

18. Preoperative expenditure capitalized including under capital work in progress are as under

Particulars	Amount (Rs Lacs)	
	Current year	Previous year
Amount brought Forward	NIL	Nil
Add: Salary & Wages	8.63	Nil
Stores & Spares	0.10	Nil
Power & Fuel	Nil	Nil
Intrest Cost	6.80	Nil
Travelling & Conveyance	28.17	Nil
Others	5.38	Nil
Total	49.08	Nil
Less: Amount Capitalized	Nil	Nil
Amount Carried Forward	49.08	Nil

20 Information pursuant to the provisions of part II and part IV of Schedule VI of the Companies Act, 1956.

A: Capacities *

Class of goods	Licenced/Registered Capacity		Installed Capacity	
	Current Year (MT)	Previous Year (MT)	Current Year (MT)	Previous Year (MT)
Soft Ferrites	2850	2850	1800	1800
Pre-calcined Ferrite Powder	2350	2350	2350	2350

As certified by the management.

B: Production

Class of goods	Current Year Qty (MT)	Previous Year Qty (MT)
i) Soft Ferrites	1867	1533
ii) Pre Calcined Ferrite Powder	2395	1944

C: The Ministry of Corporate Affairs, Government of India vide its General Notification No. S. O. 301(E) dated 8th February 2011 issued under Section 211(3) of the Companies Act, 1956 has exempted certain class of companies from disclosing certain information in their profit and loss account. The Company being an "Export oriented company " is entitled to the exemption. Accordingly , disclosure mandated by paragraphs 3(i)(a), 3(ii)(a), 3(ii)(b) and 3(ii)(d) of part II, Schedule VI to the Companies Act, 1956 have not been provided.

D. Value of imported / indigenous Raw materials, Stores & spares consumed.

Class of goods	Current Year		Previous Year	
	Percentage (MT)	Value (Rs '000)	Percentage (MT)	Value (Rs '000)
Raw Materials Imported	34.45	45069	31.20	32976
Indigenous	65.55	85738	68.80	72729
	100.00	130807	100.00	105705
Stores & spares Imported	13.39	8554	15.53	7434
Indigenous	86.61	55294	84.47	40425
	100.00	63848	100.00	47859

F. CIF value of Imports

	Current year (Rs thousands)	Previous year (Rs thousands)
Raw materials	48498	36721
Stores & spares	10497	7864

G. Expenditure in Foreign Currency

	Current year	Previous year
Travelling	2685	885
Advertisement, Commission, Export Promotion, claims paid etc.	1680	2190
Interest	4702	2006

H. Earnings in Foreign Currency

	Current year	Previous year
FOB value of exports (including deemed exports Rs.36562 thousand (previous year Rs.19155 thousand)	269580	166483