



**COSMO FERRITES LIMITED**

**Annual Report 2013-14**

BOARD OF DIRECTORS

Mr. Ashok Jaipuria  
Mr. Ambrish Jaipuria  
Mr. Shreekant Somany  
Mr. Rakesh Nangia  
Mr. N. K. Gupta  
Mr. A. K. Jain  
Ms. Jyoti Dixit

Chairman  
Executive Director & CEO  
Non – Executive Director  
Non – Executive Director  
Non – Executive Director  
Non – Executive Director  
Non – Executive Director

COMPANY SECRETARY

Ms. Neha Pawar

REGISTERED OFFICE

P.O. Jabli, Distt. Solan  
H.P. – 173 209  
Ph. : 01792-277231-32/35/36  
Fax : 01792-277234  
E-mail : plant@cosmoferrites.com

AUDITORS

B. K. Shroff & Co.

BANKERS

State Bank of India

CORPORATE OFFICE

517, 5<sup>th</sup> Floor, DLF Tower – A  
Jasola District Centre, New Delhi – 110 025 (India)  
Ph. : +91 – 11- 49398800  
Fax : +91 – 11- 49398888  
E- mail : sales@cosmoferrites.com

SALES OFFICE

517, 5<sup>th</sup> Floor, DLF Tower – A  
Jasola District Centre, New Delhi – 110 025 (India)  
Ph. : +91 – 11- 49398800  
Fax : +91 – 11- 49398888  
E- mail : sales@cosmoferrites.com

MFG. PLANT

P.O. Jabli, Distt. Solan  
H.P. – 173 209  
Ph. : 01792-277231-32/35/36  
Fax : 01792-277234  
E-mail : sales@cosmoferrites.com

Contents

Directors' Report	1
Management Analysis	4
Report on Corporate Governance	6
Auditors' Report	19
Balance Sheet	22
Profit and Loss account	23
Cash Flow Statement	24
Accompany Notes of the Financial Statement	25



**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 **31<sup>st</sup> March 2014**

	(Rs. in Lacs)	
FINANCIAL RESULT	2013-14	2012-13
Sales	5981	5149
Profit/(Loss) before depreciation & tax	558	136
Depreciation	398	395
Exceptional Item	50	-
Profit/(Loss) before Tax	110	(259)
Provision for current Tax	26	-
Provision for earlier Year	1	-
Profit/(Loss) after current Tax	83	(259)
Provision for deferred tax	4	(93)
Profit/(Loss) after deferred tax	79	(166)
Add:-Mat Credit Entitlement	26	-
	105	(166)
Add: Balance brought forward	322	488
Less:-Transfer to Preference Share Capital Redemption Reserve		
Add:- Transfer from General Reserve	-	-
Profit/(Loss) available for appropriation	425	322
Provision for arrears off Dividend on Cumulative Redeemable Preference Shares	-	-
Proposed Dividend on Cumulative Redeemable Preference Shares	2	-
Corporate Tax on Dividend		
Balance carried to Balance Sheet	423	322
	<b>423</b>	<b>322</b>

**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, 2014.

**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 5677 Lacs for the year ending 31<sup>st</sup> March 2014 as compared to Rs. 4862 Lacs for previous year.

- Net Profit after tax for the year is Rs. 105 lacs as compared to Net loss of Rs. 166 lacs in the previous year by strengthening of marketing strategies, revision in pricing 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, down fall in international 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.

**DIRECTORS**

Pursuant to the provisions of Section 161(1) of the Companies Act, 2013 and the Articles of Association of the Company, Ms. Jyoti Dixit was appointed as an Additional Director designated as an Independent Director w.e.f. August 07, 2014 and she shall hold office up to the date of ensuing Annual General Meeting. The Company has received requisite notice in writing from member proposing Ms. Jyoti Dixit for appointment as an Independent Director.

Mr. Anil Kumar Jain, Mr. Naresh Kumar Gupta, Mr. Shreekant Somany, Mr. Rakesh Nangia and Ms. Jyoti Dixit, Directors are being appointed/ reappointed at the ensuing Annual General Meeting. The Company has received requisite notice in writing from members for appointment of Directors.

The Company has received declaration from all the Independent Directors of the Company confirming that they meet with the criteria of Independence as prescribed both under sub-section (6) of Section 149 of the Companies Act, 2013 and under Clause 49 of the Listing Agreement with the Stock Exchange.

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. Amrish Jaipuria are relative of each other.

**STATUTORY STATEMENTS**

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

- 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 judgments and estimates are made so as to give a true and fair view of the state of affairs of the Company as on 31<sup>st</sup> March, 2014 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 applicable provisions of the Companies Act, 2013.

#### 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**

New Delhi  
6<sup>th</sup> May, 2014

Ashok Jaipuria  
Chairman

#### 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 off 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 more than 40 % of total sales.
2. Foreign Exchange Earned- Rs 2781.27 Lacs  
Foreign Exchange Outgo- Rs. 1363.82 Lacs

**For and on behalf of the Board**

**New Delhi  
6<sup>th</sup> May, 2014**

**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, 2014

Name	Designation	Gross annual Remuneration	Qualification	Year of Appointment	Age
N.A.					



## **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 judgment 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.

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.

The above risk is mitigated by developing value added niche products, customer schedule adherence and improved quality standards. This enables us to build 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.

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.

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.

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.

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 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 size of the company and nature of its business.

#### **Human Resources /Industrial Relations front**

Human resource is considered as vital 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.

#### **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 shareholder’s 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 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 31<sup>st</sup> March, 2014.

Name	Executive / Non Executive/ Independent	No. of other Directorships Held		No. of Chairmanships / Memberships of Other Board Level Committees	
		Public Ltd.	Pvt. Ltd.	Membership	Chairmanship
Mr. Ashok Jaipuria	Non-executive – Chairman (Promoter)	2	-	3	-
Mr. Shreekant Somany	Non-executive, Independent	5	1	1	-
Mr. Rakesh Nangia	Non-executive, Independent	-	4	-	-
Mr. N. K. Gupta	Non-executive, Independent	1	2	-	-
Mr. Amrishi Jaipuria	Executive	-	3	-	-
Mr. A. K. Jain	Non-executive, Independent	2	1	3	-

**NOTE:**

- (i) The Directorship held by Directors as mention above; do not include alternate Directorship, Directorship of Foreign Companies, Section 25 companies.
- (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 BOARD MEETINGS**

The months for holding the Board Meetings in the ensuing year are usually decided in advance and mostly the Board Meetings are held at 302, “BAANI” , Corporate One Building,

Jasola District Centre, New Delhi- 110 025 . The Company Secretary drafts the agenda for each meeting, along with explanatory notes, and is distributed 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 F.Y 2013-14 AND ATTENDANCE OF DIRECTORS**

The Board met four times during the financial year from 1<sup>st</sup> April, 2013 to 31<sup>st</sup> March, 2014 on May 23, 2013, August 9, 2013, November 7, 2013 and February 11, 2014. The maximum time gap between any two meetings was not more than four months. The following table gives the attendance record of the Board Meetings.

DIRECTOR	No. of meetings Held	No. of meetings Attended
MR. ASHOK JAIPURIA	4	4
MR. SHREEKANT SOMANY	4	3
MR. N.K.GUPTA	4	4
MR. RAKESH NANGIA	4	3
MR. AMBRISH JAIPURIA	4	4
MR. A.K. JAIN	4	4

**3. ATTENDANCE AT AGM**

Following Directors attended the AGM held on 27<sup>th</sup> September, 2013, at Company's registered office at Po-Jabli, Dist-Solan, H.P. – 173 209

Mr. A. K. Jain

**4. DISLOSURE REGARDING APPOINTMENT AND RE-APPOINTMENT OF DIRECTORS**

Mr. A.K Jain, Director of the Company is liable to retire by rotation and being eligible offers himself 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, 2014, other than those listed in notes of the financial statements Note no. 34.

**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 following board-level committees:

- Audit Committee
- Stakeholder Relationship Committee
- Nomination and Remuneration Committee
- Risk Management Committee
- Finance and Operations Committee
- Share Allotment 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. Rakesh Nangia (Chairman)
- Mr. N. K. Gupta
- Mr. A. K. Jain

**> MEETINGS AND ATTENDANCE DURING THE YEAR**

The Audit Committee met four times during the financial year from 1<sup>st</sup> April, 2013 to 31<sup>st</sup> March, 2014 on May 23, 2013, August 9, 2013, November 7, 2013 and February 11, 2014. 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. Rakesh Nangia	3
Mr. N. K. Gupta	4
Mr. A. K. Jain	4

**2. STAKEHOLDER RELATIONSHIP COMMITTEE (SRC)**

**> 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 Stakeholder Relationship 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 SRC**

- 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 from 1<sup>st</sup> April, 2013 to 31<sup>st</sup> March, 2014 on May 23, 2013, August 9, 2013, November 7, 2013 and February 11, 2014. The following table gives the attendance record of the Stakeholder Relationship Committee.

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

> **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 31/03/2014.

**3. NOMINATION AND REMUNERATION COMMITTEE**

> **TERMS OF REFERENCE**

The Company formed a Remuneration Committee on 16<sup>th</sup> January, 2006 to recommend to the Board the compensation of the Directors and Manager of the Company keeping in view the Company's financial status, industry trends, past performance and past remuneration. The Committee was renamed as Nomination and Remuneration Committee

> **COMPOSITION**

- Mr. Shreekant Somany (Chairman)
- Mr. A.K. Jain
- Mr. Rakesh Nangia

> **MEETING AND ATTENDANCE DURING THE YEAR**

No meeting of remuneration committee was held in financial year 2013-14.

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 2013-14) in Rs.
Mr. Ashok Jaipuria*	-
Mr. Shreekant Somany	9000
Mr. Rakesh Nangia	30000
Mr. N. K. Gupta	39000
Mr. A. K. Jain	27000

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

(ii) **Executive Directors**

Mr. Ambrish Jaipuria, C.E.O & Executive Director (Business Development) was paid following remuneration during the year 2013-14 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	19,29,496
HRA	9,64,748
LTA	Nil
Perquisites	Nil
Provident & other funds	2,31,540
Superannuation	1,00,000
Medical Expenses (Actual)	66,156
Vehicle Expenses (Conveyance)	39,600
<b>Total :</b>	<b>33,31,540</b>
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



**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. A. K. Jain	472

**H. CORPORATE GOVERNANCE POLICIES**

Cosmo 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.

**INFORMATION TO SHAREHOLDERS**

**1. REGISTERED AND CORPORATE OFFICE**

**Registered Office**

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

**Head Office**

517, 5<sup>th</sup> floor, DLF tower A, Jasola District Centre,  
New Delhi 110025  
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	Place	Date
2010-11	Jabli, Dist Solan (H.P.),173209	22.09.2011
2011-12	Jabli, Dist Solan (H.P.),173209	17.09.2012
2012-13	Jabli, Dist Solan (H.P.),173209	27.09.2013

**4. FINANCIAL CALENDAR**

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

Financial reporting for the quarter ending June 30, 2014 : August 2014

Financial reporting for the quarter ending September 30, 2014 November 2014

Financial reporting for the quarter ending December 31 , 2014 February 2014

Financial reporting for the quarter ending March 31, 2015 May 2015

**5. WEBSITE**

The address of the company's Web site is [www.cosmoferrites.com](http://www.cosmoferrites.com)

**6. LISTING ON STOCK EXCHANGES**

Company's shares are currently listed on the Bombay Stock Exchanges 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 Ltd. is INE 124B01018.

**8. ANNUAL LISTING FEE**

Annual Listing Fee for the year 2013-14 has been paid to Bombay Stock Exchange. 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 20<sup>th</sup> 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).

98.86% of equity share capital (120,30,000 equity shares) has been dematerialized as on 31<sup>st</sup> March, 2014

**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 will attend 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.S. Maurya

**11. ADDRESS FOR CORRESPONDENCE:**

- i. Investors' Correspondence may be addressed to the Following:  
Compliance Officer  
517, 5<sup>th</sup> floor, DLF tower A, Jasola District Centre,  
New Delhi 110025  
Phone: + 91 11 49398800  
Fax: + 91 11 49398801

- ii. Queries Relating to Financial Statement of the company may be addressed to the following:  
Mr. Vikash Guleria  
Deputy Manager (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 company publishes quarterly audited results in Financial Express and Himachal Dastak (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 concerned Stock Exchanges immediately after the same has been considered and taken on record by the Board of Directors. The Company also ensures that these Results are promptly and prominently displayed on the Company's website [www.cosmoferrites.com](http://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, 2014.

**15. POSTAL BALLOT**

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

**16. ANALYSIS OF SHAREHOLDERS' COMPLAINTS RECEIVED DURING 2013-14**

The Company generally clears the investors' complaints within a period of 7 days from the date of receipt. All the complaints received during the year have been replied.

There was nil complaint received and replied/ disposed off during the year 2013-14

**17. SHARE PERFORMANCE CHART**

Stock price on the Bombay Stock Exchange on the closing date of month of financial year 2013-14:



Month	Share Price(Rs.)	High (Rs.)	Low (Rs.)	No. of Shares traded
April 2013	8.28	8.70	7.40	4,045
May 2013	7.50	7.90	7.31	10,566
June 2013	7.13	7.13	7.13	1,000
July 2013	6.63	7.33	6.33	4,112
Aug. 2013	6.65	6.99	6.65	1,689
Sept.2013	5.76	6.32	5.00	26,562
Oct. 2013	5.79	5.79	5.02	3,971
Nov. 2013	5.80	6.25	5.16	14,270
Dec. 2013	5.67	6.25	5.40	10,777
Jan. 2014	4.58	5.95	4.58	18,019
Feb. 2014	6.10	6.20	4.36	86,710
March 2014	5.75	6.95	5.75	30,518
<b>TOTAL</b>				<b>2,12,239</b>

#### 18. DISTRIBUTION OF SHAREHOLDING AS ON MARCH 31, 2014

Following tables give the data on shareholding according to types of shareholders and class of shareholders.

##### Distribution of the shareholdings according to type of shareholders

Particulars	March 31, 2014		March 31, 2013	
	Number of Shares	% Holding	Number of shares	% Holding
Promoters	7637500	63.49	7626944	63.40
Person acting in concert	Nil	Nil	Nil	Nil
Institutional Investors	7400	0.06	7400	0.06
Others	4385100	36.45	4395656	36.54
Total	12030000	100.00	12030000	100.00

##### Distribution of shareholding according to the number of shares held on March 31, 2014

S. No.	No. of equity shares held	As on 31 <sup>st</sup> March, 2014				As on 31 <sup>st</sup> March, 2013			
		No. of shareholders	% of Total holders	No. of Shares	% of share capital	No. of shareholders	% of Total holders	No. of Shares	% of share capital
1	Upto 5000	4624	84.32	772586	6.42	5405	97.77	1968733	16.37
2	5001 to 20000	608	11.09	672509	5.59	83	1.50	803247	6.68
3	20001 to 30000	66	1.21	168580	1.40	11	1.45	275515	2.29
4	30001 to 40000	32	0.58	116795	0.97	8	0.20	295922	2.46
5	40001 to 50000	37	0.66	170514	1.42	1	0.01	47031	0.39
6	50001 to 100000	50	0.92	365378	3.04	12	0.22	724093	6.02
7	100001 and Above	67	1.22	9763638	81.16	8	0.14	7915459	65.80
	Total	5484	100.00	12030000	100.00	5528	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 requirement are given below:

<b>S. No.</b>	<b>Non mandatory requirement</b>	<b>Status</b>
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's Profile**

Name of the Director	Mr. Anil Kumar Jain	Ms. Jyoti Dixit	Mr. Naresh Kumar Gupta
Date of Birth	18 <sup>th</sup> March, 1951	22 <sup>nd</sup> March, 1979	15 <sup>th</sup> April, 1938
Qualification	B.COM, ICWA	B.COM, CS, LLB	B.E. (Electrical), B. Sc
Nature of Expertise	Over four decades of experience in Finance and Accounts and General Management functions.	Experience in Corporate Governance, Legal and Secretarial	General , Strategic & Project MGT, Turnaround Strategyetc.
Date of Appointment	12 <sup>th</sup> August, 2011	07 <sup>th</sup> August, 2014	29 <sup>th</sup> January, 2004
Name of other Companies in which he/she holds Directorship	1 Cosmo Films Limited 2 Usha International Limited 3 Trusted Infosystems Pvt.Ltd.	NIL	1 Atura Financial Services Pvt. Ltd. 2 Blue Circle Medi Services Pvt. Ltd. 3 Lohia Corp Limited
Name of the Committees of the Other Companies of which he /she holds Membership/Chairmanship	1 Audit Committee 2 Finance and Operations Committee 3 Stakeholder Relationship Committee 4 HR, Nomination & Remuneration Committee 5 CSR Committee 6 Finance and Banking Committee 7 Selection Committee	NIL	NIL
Shareholding in the Co.	472 shares	NIL	NIL

Name of the Director	Mr. Shreekant Somany	Mr. Rakesh Nangia
Date of Birth	29 <sup>th</sup> July, 1948	30 <sup>th</sup> July, 1954
Qualification	B.SC (Calcutta)	B.Com , FCA
Nature of Expertise	Management, Planning, Project, Technical exposure	Strategic & Financial Management
Date of Appointment	28 <sup>th</sup> July, 2000	19 <sup>th</sup> September, 2003
Name of other Companies in which he holds Directorship	1 Somany ceramics limited 2 SR continental limited 3 Sarvottam vanijya limited 4 Shree Cement Limited 5 Somany Global Limited 6 Scope Vinimoy Private Limited	1 EVR Computech Pvt. Ltd. 2 RAR Energy Consultant Pvt. Ltd. 3 Torrence Capital Advisors Pvt. Ltd. 4 The Indo-Canadian Business Chamber 5 STI Infrastructures Limited 6 NEK Consultants Pvt. Ltd.
Name of the Committees of the Other Companies of which he holds Membership/Chairmanship	1 Remuneration cum Nomination Committee	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**

**VIKASH GULERIA**  
**DEPUTY MANAGER, ACCOUNTS**

Place: New Delhi  
Date: 6<sup>th</sup> May, 2014



CERTIFICATE FROM THE COMPLIANCE OFFICER/COMPANY SECRETARY

I, Neha Pawar, 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.

Neha Pawar  
Company Secretary

PLACE: New Delhi  
DATE: 6<sup>th</sup> May, 2014



---

**ANNUAL DECLARATION OF COMPLIANCE OF CODE OF CONDUCT BY CEO**

To,  
The Board of Directors  
Cosmo Ferrites Limited  
517, 5<sup>th</sup> floor, DLF tower A,  
Jasola District Centre,  
New Delhi 110025

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 2013-2014

New Delhi  
6<sup>th</sup> May, 2014

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 31<sup>st</sup> March 2014 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.

For B.K.SHROFF & CO.  
Chartered Accountants  
Firm Registration No: 302166E

Place: New Delhi  
Date : 6<sup>th</sup> May, 2014

Sanjiv Aggarwal  
Partner  
Membership No. 85128



## AUDITORS' REPORT

To The Members of Cosmo Ferrites Limited

### Report on the Financial Statements

We have audited the accompanying financial statements of Cosmo Ferrites Limited ("the Company") which comprise the Balance Sheet as at 31<sup>st</sup> March, 2014, the Statement of Profit and Loss and Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

### Management's responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act 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 case of the Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March, 2014;
- b) In the case of the Statement of Profit and Loss, of the Profit for the year ended on that date, and
- c) In the case of the Cash Flow Statement, of the cash flows for the year ended on the date.

### Report on Other Legal and Regulatory requirements

- (1) As required by the Companies (Auditor's Report) Order, 2003 ("the order"), issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraph 4 and 5 of the Order.
- (2) As required by section 227(3) of the Act, 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 account as required by law have been kept by the company so far as appears from our examination of those books;
  - (iii) The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
  - (iv) In our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Act; and
  - (v) On the basis of written representation received from the directors as at 31<sup>st</sup> March 2014 and taken on record by the Board of Directors, none of the director is disqualified as at 31<sup>st</sup> March 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Act.

For B.K. SHROFF & CO.  
Chartered Accountants  
Firm Registration No. 302166E

Place: New Delhi

Date: 06<sup>th</sup> May, 2014

Sanjiv Aggarwal  
Partner

MEMBERSHIP NO :85128



**ANNEXURE REFERRED TO IN PARAGRAPH (1) UNDER THE HEADING OF REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS 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 (iii) (a) to (g) 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) According to the information and explanations given to us, during the year there were no contracts or arrangements referred to in Section 301 of the Act that needed to be entered into the register required to be maintained under that section and as such clause v (b) of the order is not applicable to the company.
- (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, employees state insurance, 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.
- (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 31.03.2014 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, sales 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
Central Excise Act, 1944	Excise Duty	27,62,007	Jan 2000 to Nov. 2004	CESTAT
	Excise Duty	2,65,869	Dec. 2004 to April 2007	CESTAT
	Service tax	3,54,009	Jan. 2009 to Mar. 2011	CESTAT
	Service tax	18,263	Jan. 2011 to Jun. 2011	Commissioner (Appeal)



- x) There are no accumulated losses of the company as at 31<sup>st</sup> March, 2014. 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 has 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 (xiii) 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 investments.
- 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 of the 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.

For B.K. SHROFF & CO.  
Chartered Accountants  
Firm Registration No 302166E

Place : New Delhi  
Date : 06<sup>th</sup> May, 2014

Sanjiv Agarwal  
Partner  
Membership No. 85128



**BALANCE SHEET**  
As at 31st March, 2014

Particulars	Note No.	As at 31.03.2014		As at 31.03.2013	
		Rs. Lacs		Rs. Lacs	
<b>EQUITY AND LIABILITIES</b>					
<b>SHAREHOLDERS' FUNDS</b>					
Share Capital	2	1,303.00		1,203.00	
Reserves & Surplus	3	1,101.28	2,404.28	998.33	2,201.33
<b>NON-CURRENT LIABILITIES</b>					
Long-Term Borrowings	4	376.00		572.33	
Deferred Tax Liabilities (Net)	5	500.48		496.39	
Other Long Term Liabilities	6	3.05		3.24	
Long Term Provisions	7	87.73	967.26	85.21	1,157.17
<b>CURRENT LIABILITIES</b>					
Short-Term Borrowings	8	1,186.82		1,254.18	
Trade Payables	9	542.03		714.97	
Other Current Liabilities	10	594.64		497.68	
Short Term Provisions	11	46.06	2,369.55	13.26	2,480.09
			5,741.09		5,838.59
<b>ASSETS</b>					
<b>NON CURRENT ASSETS</b>					
Fixed Assets					
Tangible Assets	12	3,286.96		3,576.47	
Capital work in progress		164.84		-	
Non-Current Investments	13	-		178.76	
Long-Term Loans & Advances	14	57.93		57.74	
Other Non Current Assets	15	-	3,509.73	6.99	3,819.96
<b>CURRENT ASSETS</b>					
Inventories	16	808.46		847.34	
Trade Receivables	17	725.95		741.53	
Cash & Cash Equivalents	18	182.44		146.82	
Short Term Loans & Advances	19	107.90		64.21	
Other Current Assets	20	406.61	2,231.36	218.73	2,018.63
			5,741.09		5,838.59

See accompanying notes to the financial statements

As per our report of even date annexed

For B.K. SHROFF & CO.,  
Chartered Accountants  
Firm Registration No.: 302166E  
Sanjiv Aggarwal  
Partner  
Membership No.: 85128

Place : New Delhi  
Dated:06 May, 2014

Neha Pawar  
Company  
Secretary  
Vikash Guleria  
Deputy  
Manager  
(Finance & Accounts)

N K Gupta  
Director  
DIN No  
00214602  
Ashok Jaipuria  
Chairman  
DIN No  
00214707  
Ambrish Jaipuria  
Director  
DIN No  
00214687





**PROFIT & LOSS STATEMENT**  
For the year ended 31st March, 2014

Particulars	Note No.	For the period from 01.04.2013 to 31.03.2014 Rs. Lacs	For the period from 01.04.2012 to 31.03.2013 Rs. Lacs
Revenue from Operations	23	5,677.07	4,861.83
Other Income	24	171.40	78.84
<b>Total Revenue</b>		<b>5,848.47</b>	<b>4,940.67</b>
Expenses			
Cost of Materials Consumed	25	1,563.32	1,474.01
Purchases of Stock in Trade	26	1.98	6.73
Changes in Inventories of Finished Goods, Work in Progress and Stock in trade	27	60.38	(16.07)
Employee Benefits Expense	28	998.65	967.40
Finance Costs	29	271.52	287.28
Depreciation and Amortisation Expense	30	397.74	395.29
Other Expenses	31	2,394.51	2,085.54
<b>Total Expenses</b>		<b>5,688.10</b>	<b>5,200.18</b>
Profit before Tax & exceptional items		160.37	(259.51)
Exceptional items	32	50.00	-
<b>Profit before Tax</b>		<b>110.37</b>	<b>(259.51)</b>
Tax Expense			
Current Tax		26.46	-
Deferred Tax		4.09	(93.79)
Earlier Year's Tax		0.85	0.49
		<b>78.97</b>	<b>(166.21)</b>
Mat Credit Entitlement		25.96	-
<b>Profit after Tax</b>		<b>104.93</b>	<b>(166.21)</b>
Earnings per Equity Share Basic and Diluted	33	0.86	(1.38)

See accompanying notes to the financial statements

As per our report of even date annexed

For B.K. SHROFF & CO.,  
Chartered Accountants  
Firm Registration No.: 302166E  
Sanjiv Aggarwal  
Partner  
Membership No.: 85128

Place : New Delhi  
Dated:06 May, 2014

Neha Pawar Company Secretary	Vikash Guleria Deputy Manager (Finance & Accounts)	N K Gupta Director DIN No 00214602	Ashok Jaipuria Chairman DIN No 00214707	Ambrish Jaipuria Director DIN No 00214687
------------------------------------	---	---	--	--



**CASH FLOW STATEMENT**  
For the year ended 31st March, 2014

Particulars	For the Period from 01.04.2013 to 31.03.2014 Rs. Lacs	For the Period from 01.04.2012 to 31.03.2013 Rs. Lacs
<b>A. Cash Flow from Operating Activities</b>		
Net Profit/Loss before tax	110.37	(259.51)
Adjustments for :		
Depreciation	397.74	395.29
Dividend	(3.81)	(27.50)
Interest paid	214.87	240.88
(Profit)/Loss on sale of investments	(99.10)	-
(Profit)/Loss on sale of fixed assets	-	3.10
<b>Operating profit before working capital changes</b>	620.07	352.26
Adjustment for :		
Trade & Other receivables	(238.86)	(242.15)
Inventories	38.88	(107.74)
Trade payables & other liabilities	26.84	198.76
<b>Cash generated from operations</b>	446.93	201.13
Interest paid	(214.87)	(240.88)
Direct Taxes paid	(22.21)	(6.93)
<b>Net cash from operating activities</b>	209.85	(46.68)
<b>B. Cash Flow from Investing Activities</b>		
Purchase of fixed assets	(217.87)	(174.67)
Sale of fixed assets	0.01	1.97
Sale of investments	277.86	-
Dividend received	3.81	27.50
<b>Net Cash Flow from Investing Activities</b>	63.81	(145.20)
<b>C. Cash Flow from Financing Activities</b>		
Proceeds from issue of preference shares	100.00	-
Proceeds from long term borrowings	-	508.41
Repayments of long term borrowings	(270.69)	(407.07)
Proceeds from buyer's credit	(52.19)	(261.29)
Increase in bank borrowings	(15.16)	215.13
<b>Cash flow from financing activities</b>	(238.04)	55.18
Net increase in cash and cash equivalents	35.62	(136.70)
Cash and Cash equivalents (Opening Balance)	146.82	283.52
Cash and Cash equivalents (Closing Balance)	182.44	146.82

NOTE: Figures in parentheses represent cash outflow

See accompanying notes to the financial statements

As per our report of even date annexed

For B.K. SHROFF & CO.,

Chartered Accountants

Firm Registration No.: 302166E

Sanjiv Aggarwal

Partner

Membership No.: 85128

Place : New Delhi  
Dated:06 May, 2014

Neha Pawar    Vikash Guleria  
Company      Deputy  
Secretary     Manager  
(Finance & Accounts)

N K Gupta    Ashok Jaipuria  
Director      Chairman  
DIN No        DIN No  
00214602    00214707

Amrish Jaipuria  
Director  
DIN No  
00214687

**ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS**

1. Significant accounting policies

**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, and incentives are recognized in the year 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 year 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 year 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 years 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 employee's 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 year 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 dispatch. 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.



2 SHARE CAPITAL

(a) Authorised

Particulars	No. of Shares		Amount (Rs. Lacs)	
	As at 31.03.2014	As at 31.03.2013	As at 31.03.2014	As at 31.03.2013
<b>Equity Shares of Rs. 10 each</b>				
At the beginning of the year	15,000,000	15,000,000	1,500.00	1,500.00
Add: Additions during the year	-	-	-	-
Less: Reduction during the year	-	-	-	-
At the end of the year	<u>15,000,000</u>	<u>15,000,000</u>	<u>1,500.00</u>	<u>1,500.00</u>
<b>Preference Shares of Rs. 100 each</b>				
At the beginning of the year	800,000	800,000	800.00	800.00
Add: Additions during the year	-	-	-	-
Less: Reduction during the year	-	-	-	-
At the end of the year	800,000	800,000	800.00	800.00
Total			<u>2,300.00</u>	<u>2,300.00</u>

(b) Issued, Subscribed and Paid up

Particulars	No. of Shares		Amount (Rs. Lacs)	
	As at 31.03.2014	As at 31.03.2013	As at 31.03.2014	As at 31.03.2013
<b>Equity Shares of Rs. 10 each fully paid up</b>				
At the beginning of the year	12,030,000	12,030,000	1,203.00	1,203.00
Add: Additions during the year	-	-	-	-
Less: Reduction during the year	-	-	-	-
At the end of the year	<u>12,030,000</u>	<u>12,030,000</u>	<u>1,203.00</u>	<u>1,203.00</u>
<b>Preference Shares of Rs. 100 each fully paid up</b>				
At the beginning of the year	100,000	-	100.00	-
Add: Additions during the year	-	-	-	-
Less: Reduction during the year	-	-	-	-
At the end of the year	100,000	-	100.00	-
Total			<u>1,303.00</u>	<u>1,203.00</u>

Notes:-

The above preference shares are non convertible, cumulative and redeemable at end of 10 years from the date of allotment i.e. 29.01.2014 or earlier at the option of the company. Dividend @ 10% is payable on these shares.

Details of shares in the company held by each shareholder holding more than 5% of shares is as under:

Name of the Shareholder	No. of Shares		% of Holding	
	As at 31.03.2014	As at 31.03.2013	As at 31.03.2014	As at 31.03.2013
Sunrise Manufacturing Co. Ltd	1,075	1,595,075	0.01	13.26
Andheri Properties & Finance Ltd	3,756,375	2,596,819	31.23	21.59
Super Sadiq Enterprises Pvt. Ltd.	3,685,000	3,000,000	30.63	24.94



### 3. RESERVE & SURPLUS

Particulars	Amount (Rs. Lacs)	
	As at 31.03.2014	As at 31.03.2013
<b>Capital Reserve</b>		
At the beginning of the year	51.88	51.88
Add: Additions during the year	-	-
Less: Reduction during the year	-	-
At the end of the year	<u>51.88</u>	<u>51.88</u>
<b>Preference Share Capital Redemption Reserve</b>		
At the beginning of the year	625.42	625.42
Add: Additions during the year	-	-
Less: Reduction during the year	-	-
At the end of the year	<u>625.42</u>	<u>625.42</u>
<b>Surplus</b>		
At the beginning of the year	321.03	487.24
Add: Profit/(Loss) for the year	104.93	(166.21)
	425.96	321.03
Less: Proposed dividend on preference shares	1.70	-
Corporate tax on dividend	0.28	-
	1.98	-
At the end of the year	<u>423.98</u>	<u>321.03</u>
<b>Total</b>	<b><u>1101.28</u></b>	<b><u>998.33</u></b>

### 4. LONG TERM BORROWINGS (Secured)

Particulars	Amount (Rs. Lacs)	
	As at 31.03.2014	As at 31.03.2013
From Banks		
Term Loan *	376.00	504.00
Corporate Loan *	-	66.40
Hire Purchase Finance **	-	1.93
<b>Total</b>	<b><u>376.00</u></b>	<b><u>572.33</u></b>

\* 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 for working capital loans and assets exclusively charged. Corporate loan is further secured by pledge of shares of promoters.

\*\* Assets purchased under Hire Purchase Finance schemes are hypothecated to the financiers.

The above loans are repayable as follows:

Particulars	Amount (Rs. Lacs)	
	As at 31.03.2014	As at 31.03.2013
Payable after 1 year	128.00	196.33
Payable after 2 years	128.00	128.00
Payable after 3 years	120.00	128.00
Payable after 4 years	-	120.00
<b>Total</b>	<b><u>376.00</u></b>	<b><u>572.33</u></b>

There is no default as on the Balance Sheet date in repayment of loans and interest.



5. DEFERRED TAX LIABILITIES (NET)

Particulars	Amount (Rs. Lacs)	
	As at 31.03.2014	As at 31.03.2013
<b>Deferred Tax liability</b>		
Fixed Assets	646.38	705.59
<b>Total</b>	<b>646.38</b>	<b>705.59</b>
<b>Deferred Tax Assets</b>		
Carry forward loss	96.47	170.03
43B items	43.15	39.17
Provision for doubtful debts	6.28	-
<b>Total</b>	<b>145.90</b>	<b>209.20</b>
<b>Net Deferred Tax Liability</b>	<b>500.48</b>	<b>496.39</b>

Deferred tax asset in respect of long term loss of Rs. 370.21 lacs has not been recognised in view of uncertainty of its realisation.

6. OTHER LONG TERM LIABILITIES

Particulars	Amount (Rs. Lacs)	
	As at 31.03.2014	As at 31.03.2013
Security Deposits	3.05	3.24
<b>Total</b>	<b>3.05</b>	<b>3.24</b>

7. LONG TERM PROVISIONS

Particulars	Amount (Rs. Lacs)	
	As at 31.03.2014	As at 31.03.2013
Provisions for Employee Benefits	87.73	85.21
<b>Total</b>	<b>87.73</b>	<b>85.21</b>

8. SHORT TERM BORROWINGS

Particulars	Amount (Rs. Lacs)	
	As at 31.03.2014	As at 31.03.2013
Secured		
Loans repayable on Demand		
From Banks *	835.36	887.55
Other Loans & Advances		
Foreign Currency Buyers Credit *	348.61	363.78
<b>Sub Total</b>	<b>1,183.97</b>	<b>1,251.33</b>
Unsecured		
Deposits	2.85	2.85
<b>Total</b>	<b>1,186.82</b>	<b>1,254.18</b>

\* Secured by hypothecation of inventories and book debts and further secured by way of second charge on fixed assets both present and future.

Buyers credit includes liabilities of Rs. 64.81 lacs ( previous year Rs. 285.58 lacs) in respect of capital goods.

There is no default as on the Balance Sheet date in repayment of loans and interest.



**9. TRADE PAYABLES**

There are no amounts due or payable towards principal and interest to suppliers covered under Micro, Small and Medium Enterprises Development Act, 2006.

Includes liabilities of Rs. 90.02 lacs (previous year Nil) in respect of capital goods.

Amount payable to related party Rs. 5.57 lacs (previous year Rs. 39.89 lacs).

**10. OTHER CURRENT LIABILITIES**

Particulars	Amount (Rs. Lacs)	
	As at 31.03.2014	As at 31.03.2013
Current Maturities of Long Term Debts	203.72	278.08
Interest accrued but not due on borrowings	-	0.35
Advance from Customers	157.35	40.61
Other Payables	233.57	178.64
<b>Total</b>	<b>594.64</b>	<b>497.68</b>

There are no amounts due and outstanding to be credited to Investor Education and Protection Fund as on 31.03.2014.

Amount payable to related party Rs. 6.42 lacs (previous year Rs. 3.89 lacs).

**11. SHORT TERM PROVISIONS**

Particulars	Amount (Rs. Lacs)	
	As at 31.03.2014	As at 31.03.2013
Provisions for Income Tax	26.46	-
Provisions for Employee Benefits	17.62	13.26
Proposed dividend on preference shares	1.70	-
Corporate tax on dividend	0.28	-
<b>Total</b>	<b>46.06</b>	<b>13.26</b>

**12 TANGIBLE ASSETS**

Particulars	Amount (Rs. Lacs)									
	Gross Block				Depreciation				Net Block	
	As at 01.04.2013	Additions	Sales/ Adjustments	Total	Upto 31.03.2013	For the Year	Adjustment	Total	As at 31.03.2014	As at 31.03.2013
Land	19.39			19.39	-			-	19.39	19.39
Buildings	521.66			521.66	260.11	18.07		278.18	243.48	261.55
Plant & Machinery	7,889.13	105.22		7,994.35	4,793.35	358.59		5,151.94	2,842.41	3,095.78
Furniture & Fixtures	136.30	3.02		139.32	33.44	7.85		41.29	98.03	102.86
Vehicles	144.04		0.24	143.80	47.15	13.23	0.23	60.15	83.65	96.89
<b>Total</b>	<b>8,710.52</b>	<b>108.24</b>	<b>0.24</b>	<b>8,818.52</b>	<b>5,134.05</b>	<b>397.74</b>	<b>0.23</b>	<b>5,531.56</b>	<b>3,286.96</b>	<b>3,576.47</b>
Previous year	8,489.85	241.84	21.17	8,710.52	4,754.86	395.29	16.10	5,134.05	3,576.47	

Additions to plant and machinery include exchange fluctuation Rs. 7.64 lacs (previous year Rs. 50.61 lacs).





**13. NON CURRENT INVESTMENTS**

(Quoted-Non Trade)

Particulars	No. of Shares		Amount (Rs. Lacs)	
	As at 31.03.2014	As at 31.03.2013	As at 31.03.2014	As at 31.03.2013
<b>Fully paid up equity shares of Rs. 10 each</b>				
Cosmo Films Limited	-	550,000	-	178.75
Petronet LNG Limited	-	10	-	0.01
<b>Total</b>			<b>-</b>	<b>178.76</b>
Aggregate market value of quoted investments			-	381.44

**14. LONG TERM LOANS & ADVANCES**

(Unsecured-considered good)

Particulars	Amount (Rs. Lacs)	
	As at 31.03.2014	As at 31.03.2013
Security Deposits to Related Parties	7.38	7.38
Security Deposits to Others	43.17	42.98
Loans & Advances to Related Parties	7.38	7.38
<b>Total</b>	<b>57.93</b>	<b>57.74</b>

**15. OTHER NON CURRENT ASSETS**

(Unsecured-considered good)

Particulars	Amount (Rs. Lacs)	
	As at 31.03.2014	As at 31.03.2013
Others	-	6.99
<b>Total</b>	<b>-</b>	<b>6.99</b>

**16. INVENTORIES**

As taken, valued and certified by the management

Particulars	Amount (Rs. Lacs)	
	As at 31.03.2014	As at 31.03.2013
Raw Materials	199.91	231.84
Work in progress	367.53	344.54
Finished Goods *	79.36	162.73
Stores & Spares	161.66	108.23
<b>Total</b>	<b>808.46</b>	<b>847.34</b>

\* includes goods in transit Rs. 26.43 lacs (previous year Rs. 105.31 lacs).

**17. TRADE RECEIVABLES**

(Unsecured-considered good unless otherwise stated)

Particulars	Amount (Rs. Lacs)	
	As at 31.03.2014	As at 31.03.2013
Exceeding Six Months		
Considered good	60.31	64.74
Considered doubtful	19.37	-
	79.68	64.74
Less : Provision for doubtful debts	19.37	-
	60.31	64.74
Others	665.64	676.79
<b>Total</b>	<b>725.95</b>	<b>741.53</b>



**18. CASH & CASH EQUIVALENTS**

Particulars	Amount (Rs. Lacs)	
	As at 31.03.2014	As at 31.03.2013
Fixed deposits with banks		
Held as margin/security	174.75	128.40
Balances with banks in current accounts	5.22	16.13
Cash on hand	2.47	2.29
<b>Total</b>	<b>182.44</b>	<b>146.82</b>

Bank Deposits with more than 12 months maturity Rs. 1.46 lacs (previous year Rs. 79.74 lacs).

**19. SHORT TERM LOANS & ADVANCES**

(Unsecured-considered good)

Particulars	Amount (Rs. Lacs)	
	As at 31.03.2014	As at 31.03.2013
Advance Income Tax (including Tax Deducted at Source)	82.88	61.51
Others	25.02	2.70
<b>Total</b>	<b>107.90</b>	<b>64.21</b>

**20 OTHER CURRENT ASSETS**

(Unsecured-considered good)

Particulars	Amount (Rs. Lacs)	
	As at 31.03.2014	As at 31.03.2013
Interest accrued on Loans & Deposits	4.13	3.67
Balance with Central Excise	47.15	72.43
MAT Credit Entitlement	29.68	3.72
Others	325.65	138.91
<b>Total</b>	<b>406.61</b>	<b>218.73</b>

**21 CONTINGENT LIABILITIES AND COMMITMENTS**

(to the extent not provided for)

Particulars	Amount (Rs. Lacs)	
	As at 31.03.2014	As at 31.03.2013
Contingent Liabilities		
a) Claims against the company not acknowledged as debts	17.00	31.72
b) Taxation matters disputed in appeals/rectification against which payments made Rs.10.00 lacs (previous year Rs. 13.54 lacs)	23.99	51.14
c) Bank Guarantee	34.00	20.00
d) Bill discounted with Banks	292.28	210.57
Commitments		
a) Estimated amount of contracts remaining to be executed on capital account (net of advances)	997.84	-
b) Letter of credits opened for which the material has not yet been shipped	448.70	38.47

22. In the opinion of the board the assets other than fixed assets have a value on realization in the ordinary course of business at least equal to the amount at which they are stated.



23. REVENUE FROM OPERATIONS

Particulars	Amount (Rs. Lacs)	
	For the period from 01.04.2013 to 31.03.2014	For the period from 01.04.2012 to 31.03.2013
Gross Sales of Products		
Soft Ferrites Components	5,979.03	5,139.73
Soft Ferrites Accessories	2.49	9.22
Total	5,981.52	5,148.95
Less: Excise Duty	304.45	287.12
<b>Net Sales of Products</b>	<b><u>5,677.07</u></b>	<b><u>4,861.83</u></b>

24. OTHER INCOME

Particulars	Amount (Rs. Lacs)	
	For the period from 01.04.2013 to 31.03.2014	For the period from 01.04.2012 to 31.03.2013
Interest	16.63	11.43
Dividend	3.81	27.50
Profit on sale of non current investments	99.10	-
Claims Received	1.48	0.11
Miscellaneous Receipts & Income	10.90	14.29
Profit on sale of fixed assets	-	-
Previous year income	0.06	-
Excess Provisions/Sundry balances written back	11.40	3.13
Exchange Rate Difference (Net)	28.02	22.38
<b>Total</b>	<b><u>171.40</u></b>	<b><u>78.84</u></b>

25. COST OF MATERIALS CONSUMED

Particulars	Amount (Rs. Lacs)					
	Inorganic Oxides		Organic Compounds		Total	
	For the period from 01.04.2013 to 31.03.2014	For the period from 01.04.2012 to 31.03.2013	For the period from 01.04.2013 to 31.03.2014	For the period from 01.04.2012 to 31.03.2013	For the period from 01.04.2013 to 31.03.2014	For the period from 01.04.2012 to 31.03.2013
At the beginning of the year	229.90	150.79	1.94	4.42	231.84	155.21
Add: Purchases during the year	1,479.34	1,507.76	52.05	42.88	1,531.39	1,550.64
Less: Consumption during the year	1,512.25	1,428.65	51.07	45.36	1,563.32	1,474.01
At the end of the year	196.99	229.90	2.92	1.94	199.91	231.84

26. PURCHASES OF STOCK IN TRADE

Particulars	Amount (Rs. Lacs)	
	For the period from 01.04.2013 to 31.03.2014	For the period from 01.04.2012 to 31.03.2013
Soft Ferrite Accessories	1.98	6.73
<b>Total</b>	<b><u>1.98</u></b>	<b><u>6.73</u></b>



27. CHANGES IN INVENTORIES

Particulars	Amount (Rs. Lacs)	
	For the period from 01.04.2013 to 31.03.2014	For the period from 01.04.2012 to 31.03.2013
Closing Stock		
Finished Goods	79.36	162.73
Work in Progress	367.53	344.54
	446.89	507.27
Opening Stock		
Finished Goods	162.73	155.29
Work in Progress	344.54	335.91
	507.27	491.20
<b>(Increase)/Decrease in stocks</b>	<b>60.38</b>	<b>(16.07)</b>

28. EMPLOYEE BENEFITS EXPENSE

Particulars	Amount (Rs. Lacs)	
	For the period from 01.04.2013 to 31.03.2014	For the period from 01.04.2012 to 31.03.2013
Salaries & Wages	874.93	852.37
Contribution to Provident & Other Funds	88.62	85.25
Staff Welfare Expenses	35.10	29.78
<b>Total</b>	<b>998.65</b>	<b>967.40</b>

Particulars	Amount (Rs. Lacs)	
	For the period from 01.04.2013 to 31.03.2014	For the period from 01.04.2012 to 31.03.2013
During the year, the following contribution have been made under defined contribution plans:-		
Employer's Contribution to Provident Fund	52.38	50.08
Employer's Contribution to Superannuation Fund	10.42	8.64
Employer's Contribution to Employees State Insurance	21.73	22.13

Defined Benefit Plans	For the period from 01.04.2013 to 31.03.2014		For the period from 01.04.2012 to 31.03.2013	
	Gratuity	Leave Benefit	Gratuity	Leave Benefit
<b>Assumptions</b>				
Attrition Rate	5%	5%	5%	5%
Salary Rise	7%	7%	7%	7%
<b>Table showing changes in present value of obligations</b>				
Present value of obligation as at beginning of year	127.81	25.24	126.97	21.93
Interest cost	11.55	2.27	9.95	1.62
Current Service Cost	9.06	7.34	8.38	6.68
Benefits Paid	(1.80)	(0.74)	(12.56)	(4.64)
Actuarial (gain)/loss on obligation	(5.38)	(7.59)	(4.93)	(0.35)
Present value of obligations as at end of year	141.24	26.52	127.81	25.24
<b>Table showing changes in the present value of plan assets</b>				
Fair value of plan assets at the beginning of year	60.01	-	51.52	-
Expected return on plan assets	5.73	-	4.93	-
Contributions	4.21	-	20.74	-
Benefits paid	(0.20)	(0.74)	(17.09)	(4.64)
Actuarial gain / (Loss) on plan assets	(0.06)	-	(0.09)	-
Fair value of plan assets at the end of year	69.69	-	60.01	-
<b>Table showing fair value of plan assets</b>				
Fair value of plan assets at the beginning of year	60.01	-	51.52	-
Actual return on plan assets	5.67	-	4.84	-
Contributions	4.21	-	20.74	-



Benefits paid	(0.20)	(0.74)	(17.09)	(4.64)
Fair value of plan assets at the end of year	69.69	-	60.01	-
Present value of obligation at the end of year	141.24	26.52	127.81	25.24
Funded status	(71.55)	(26.52)	(67.80)	(25.24)
<b>Actuarial Gain / Loss recognized</b>				
Actuarial gain / Loss for the year – obligation	5.38	7.59	4.93	0.35
Actuarial (gain)/Loss for the year – plan assets	(6.00)	-	(0.09)	-
Total (gain) / Loss for the year	(5.32)	(7.59)	(4.84)	(0.35)
Actuarial (gain) / Loss recognized in the year	(5.32)	(7.59)	(4.84)	(0.35)

**The amounts to be recognized in the balance sheet and statements of Profit & loss**

Present value of obligations as at the end of year	141.24	26.52	127.81	25.24
Fair value of plan assets as at the end of the year	69.69	-	60.01	-
Funded status	(71.55)	(26.52)	(67.80)	(25.24)
Net Asset / (Liability) recognized in balance sheet	71.55	26.52*	67.80	25.24*

\* This pertains to long term liability worked in respect of deferred leave only. Expected short term liability is of Rs 7.29 lacs (previous year Rs. 5.43 lacs)

**Expenses recognized in statement of Profit & Loss**

Current services cost	9.06	7.34	8.38	6.68
Interest cost	11.55	2.26	9.95	1.62
Expected return on plan assets	(5.73)	-	(4.93)	-
Net Actuarial (gain)/Loss recognized in the year	(5.32)	(7.59)	(4.84)	(0.35)
Expenses recognized in statement of P&L	9.56	2.01*	8.56	7.95*

\* This pertains to long term liability only. Actual payments (under the various heads) incurred over the intervaluation period are not included.

The Estimates of rate of future salary increase takes into account 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.

**29. FINANCE COSTS**

Particulars	Amount (Rs. Lacs)	
	For the period from 01.04.2013 to 31.03.2014	For the period from 01.04.2012 to 31.03.2013
Interest Expense	214.87	240.88
Bank and Finance Charges	56.65	46.40
<b>Total</b>	<b>271.52</b>	<b>287.28</b>

**30. DEPRECIATION & AMORTISATION EXPENSE**

Particulars	Amount (Rs. Lacs)	
	For the period from 01.04.2013 to 31.03.2014	For the period from 01.04.2012 to 31.03.2013
Depreciation	397.74	395.29
<b>Total</b>	<b>397.74</b>	<b>395.29</b>

**31. OTHER EXPENSES**

Particulars	Amount (Rs. Lacs)	
	For the period from 01.04.2013 to 31.03.2014	For the period from 01.04.2012 to 31.03.2013
Consumption of Stores, Spare and Packing Materials	740.40	688.58
Power & Fuel	801.17	692.01
Rent	39.18	33.42
Repairs to Buildings	10.20	1.84



Particulars	Amount (Rs. Lacs)	
	For the period from 01.04.2013 to 31.03.2014	For the period from 01.04.2012 to 31.03.2013
Repairs to Machinery	206.95	111.06
Insurance	25.85	25.83
Rates & Taxes	3.13	4.20
Travelling & Conveyance	133.10	138.22
Professional & Consultancy Charges	69.71	70.71
Freight & Forwarding	170.13	143.31
Other Selling Expenses	41.40	53.44
Charity & Donation	0.05	0.55
Loss on Sale of Fixed Assets	-	3.10
Bad debts/Advances written off	10.27	3.47
Provision for doubtful debts	19.37	-
Claims paid/written off	1.22	1.53
Miscellaneous Expenses *	121.12	114.14
Prior year Expenses	1.26	0.13
<b>Total</b>	<b>2,394.51</b>	<b>2,085.54</b>

\*includes payment to auditors

Particulars	Amount (Rs. Lacs)	
	For the period from 01.04.2013 to 31.03.2014	For the period from 01.04.2012 to 31.03.2013
As Statutory Audit Fees	2.85	2.85
As Audit Fees for Quarterly Audited Results	2.55	2.55
As Tax Audit Fees	0.60	0.60
For Certification Work	0.16	0.17
For Reimbursement of Expenses	0.10	0.51
<b>Total</b>	<b>6.26</b>	<b>6.68</b>

32 Exceptional items represents full & final settlement of a claim under litigation.

### 33. EARNING PER SHARE (EPS)

Particulars	Amount (Rs. Lacs)	
	For the period from 01.04.2013 to 31.03.2014	For the period from 01.04.2012 to 31.03.2013
<b>Basic and Diluted Earnings Per Share</b>		
Profit/(Loss) after tax as per profit & loss account (Rs. lacs)	104.93	(166.21)
Less: Proposed dividend on preference shares	1.70	-
Corporate tax on dividend	0.28	-
Sub Total: (A)	102.95	(166.21)
No. of equity shares (B)	12,030,000	12,030,000
Basic and Diluted Earning Per Share (Rs.) (A/B)	0.86	(1.38)

### 34. Related Party Disclosure:

- A Names of related parties and description of relationship
- (i) Key management personnel - Shri Ambrish Jaipuria, Executive Director
  - (ii) Associate companies - Cosmo Films Ltd.  
Sterling Oxide Ltd.  
Gayatri & Annapurna  
Super Sadiq Enterprises Pvt Ltd.  
Pravasi Enterprises Ltd.



	Associates	Key Management Personnel	Total
Purchase of Goods/ Assets	105.39 (494.08)	- (-)	105.39 (494.08)
Remuneration paid	- (-)	33.32 (33.29)	33.32 (33.29)
Office Maintenance Charges	2.00 (1.07)	- (-)	2.00 (1.07)
Rent Paid	38.93 (33.10)	- (-)	38.93 (33.10)
Dividend received	3.75 (27.50)	- (-)	3.75 (27.50)
Sale of investments	277.85 (-)	- (-)	277.85 (-)
Balance outstanding at the end of the year			
a) Investments	- (178.75)	- (-)	- (178.75)
b) Due to Sundry Creditors	5.57 (39.89)	- (-)	5.57 (39.89)
c) Advance Rent Paid	7.38 (7.38)	- (-)	7.38 (7.38)
d) Security Deposit Paid	7.38 (7.38)	- (-)	7.38 (7.38)
e) Other Payables	6.42 (2.54)	- (1.35)	6.42 (3.89)

Previous year figures are given in bracket.

- 35 It is the management's opinion 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.

36 VALUE OF IMPORTED / INDIGENOUS RAW MATERIALS, STORES & SPARES CONSUMED

Class of Goods	For the period from 01.04.2013 to 31.03.2014		For the period from 01.04.2012 to 31.03.2013	
	Percentage	Amount (Rs. lacs)	Percentage	Amount (Rs. lacs)
<b>Raw Materials</b>				
Imported	68.28	1,067.50	46.13	679.92
Indigenous	31.72	495.82	53.87	794.09
	<b>100.00</b>	<b>1,563.32</b>	<b>100.00</b>	<b>1,474.01</b>
<b>Stores &amp; Spares</b>				
Imported	18.28	135.36	17.28	119.02
Indigenous	81.72	605.04	82.72	569.56
	<b>100.00</b>	<b>740.40</b>	<b>100.00</b>	<b>688.58</b>



**37. OTHER INFORMATIONS**

Particulars	Amount (Rs. Lacs)	
	For the period from 01.04.2013 to 31.03.2014	For the period from 01.04.2012 to 31.03.2013
CIF value of Imports		
Raw materials	1,047.55	743.18
Stores & spares	141.09	105.34
Capital goods	97.43	65.99
Expenditure in Foreign Currency		
Travelling	62.71	46.80
Commission paid etc.	15.04	13.35
Earnings in Foreign Currency		
FOB value of exports (including deemed exports		
Rs. 669.54 lacs, previous year Rs. 483.43 lacs)	2781.27	2,632.23

**38 FORWARD CONTRACTS**

The company has taken forward cover for hedging the business related exposures due to imports which are not speculative in nature. As, the contracts are specific to a particular liability, the liability has been booked at the contract rate and no further profit / loss is anticipated.

**39** Capital work in progress includes capital advances of Rs.61.44 lacs (previous year Rs. Nil)

**40** Figures for the previous year have been regrouped / rearranged wherever considered necessary.

As per our report of even date annexed

For B.K. SHROFF & CO.,  
Chartered Accountants  
Firm Registration No.: 302166E  
Sanjiv Aggarwal  
Partner  
Membership No.: 85128

Place : New Delhi  
Dated:06 May, 2014

Neha Pawar	Vikash Guleria	N K Gupta	Ashok Jaipuria	Ambrish Jaipuria
Company	Deputy	Director	Chairman	Director
Secretary	Manager	DIN No	DIN No	DIN No
	(Finance & Accounts)	00214602	00214707	00214687







**BOOK POST**

**If undelivered Please return to :**



**COSMO FERRITES LIMITED**

517, 5th Floor, DLF Tower - A  
Jasola District Centre,  
New Delhi - 110 025