



NOTICE

Notice is hereby given that the Twenty – Sixth Annual General Meeting of the members of Cosmo Ferrites Limited will be held at its registered office at Jabli, Dist., Solan (HP)-173209 on Monday The 17th day of September, 2012 at 02.00 P.M to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the audited Profit & Loss Account for the year ended 31st March, 2012, the Balance Sheet as at that date, the report of the Board of Directors and the Auditors of the Company thereon.
2. To appoint a Director in place of Mr. Rakesh Nangia who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint auditors to hold office from conclusion of this meeting until the conclusion of next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS

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

***RESOLVED THAT** pursuant to the provisions of sections 198, 269, 302, 309 read with Schedule XIII of the companies act 1956 and all other applicable provisions, if any, of the said act, including any statutory modification(s) or reenactment thereof for the time being in force, notwithstanding anything contain in previous resolution the Company hereby approval the remuneration of Mr. Ambrish Jaipuria, Executive Director of the company, w.e.f. April 1st, 2012 for a period of three years in the following manner:

- (a) Basic Salary:** Rs. 1, 75,000/- (Rupees One Lac Seventy Five Thousand only) per month with such annual increments as the Board may decide from time to time.

The Board of Directors may in its absolute discretion and from time to time, revise the salary payable to the Executive Director.

(b) Perquisites & Allowances:

- House Rent allowance @ 50% of the basic salary per month.
- Medical allowance/re-imburements: One month's basic salary or such allowance/re-imburement as decided by the Board from time to time.

- Leave travel concession/allowance: One month's basic salary or as decided by the Board from time to time.
- Club fees: Fees payable subject to maximum of two clubs or as decided by the Board from time to time.
- Provision for driver/driver's salary allowance: As per rules of the Company.

(c) Other Benefits:

- Earned/Privilege leave: As per rules of the Company.
- Company's contribution to provident fund and superannuation fund: As per rules of the Company.
- Gratuity: As per rules of the Company.
- Encashment of Leave: As per rules of the Company.
- Company's car and telephone: Use of Company's car and telephone at the residence for official purposes, as per rules of the Company.

RESOLVED FURTHER THAT the Board hereby approves the salary, perquisites, allowances and commission as per the terms and conditions as may be decided by the Board of Directors, within the overall limit specified under Section I of Part II of Schedule XIII to the Companies Act, 1956 or any statutory modification(s) thereof and to alter and vary the terms and conditions as the Board of Directors may in their absolute discretion consider necessary.

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

RESOLVED FURTHER THAT in the event of absence or inadequacy of net profit in any financial year, the company do pay to Mr. Ambrish Jaipuria remuneration by way of salary, perquisites and allowances not exceeding the ceiling limit specified under Section II of part II of Schedule XIII to the companies Act, 1956 or any statutory modification(s) thereof.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to take all such steps as may be necessary, proper or expedient to give effect to this resolution.

RESOLVED FURTHER THAT save and except the above variations, all other term and conditions of appointment of



Mr. Ambrish Jaipuria as approved earlier by the members, shall remain unchanged.”

By order of the Board of Directors
Cosmo Ferrites Limited

New Delhi
Aug. 6, 2011

Sanjay Kumar Ojha
Company Secretary

NOTES:

1. As a measure of economy, copies of Annual Report shall not be distributed at the Meeting, therefore members are requested to bring their own copy at the Meeting.
2. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ANOTHER PERSON AS HIS PROXY TO ATTEND AND ON A POLL TO VOTE INSTEAD OF HIMSELF. THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. A BLANK FORM OF PROXY IS ENCLOSED AND IF INTENDED TO BE USED, IT SHOULD BE DULY COMPLETED AND DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FORTY-EIGHT HOURS BEFORE THE SCHEDULED TIME OF THE MEETING.
3. In case of joint holders attending the meeting, only such joint holder who is higher in the order of names will be entitled to vote.
4. The Register of Members and share Transfer Books of the Company will be closed from Tuesday the 11th day of September, 2012 to Monday the 17th day of September, 2012 (Both days inclusive).
5. Members, who are holding shares in identical order of names in more than one folio, are requested to write to the Company enclosing their share certificates to consolidate their holdings in one folio.
6. Members who hold shares in dematerialized form are requested to bring their Client ID and DPID numbers for easy identification of attendance at the meeting.
7. The Members are also requested to notify any change in their addresses immediately to the Company's Share Registrar and Transfer Agents M/s. Alankit Assignments Limited, Alankit House, 2E/21, Jhandewalan Extension, New Delhi 110 055.
8. Members / Proxy holders are requested to produce at the entrance of the Meeting hall the enclosed admission slip duly completed and signed.
9. Register of Directors' shareholding, maintained under Section 307 of the Companies Act, 1956 will be available for inspection by the members at the registered office of the company.
10. The Register of Contracts, maintained under Section 301 of the Companies Act, 1956, will be available for inspection by the members at the registered office of the Company.
11. Corporate Members intending to send their authorized representatives are requested to send a duly certified copy of the Board Resolution authorizing their representatives to attend and vote at the Annual General Meeting.
12. Consequent upon the introduction of Section 109A of the Companies Act, 1956, shareholders are entitled to make nomination in respect of shares held by them in physical form. Shareholders desirous of making nominations are requested to send Their requests in Form 2B (which will be made available on request) to the Registrar and Transfer Agents, M/s Alankit Assignments Limited. The said Form 2B can also be downloaded from the Company's web site www.cosmoferrites.com
13. Pursuant to the requirements of the Listing agreement of Stock Exchanges, on Corporate Governance, the information about the Directors proposed to be appointed/ re-appointed is given in the Annexure to the Corporate Governance Report.

ANNEXTURES TO THE NOTICE

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

ITEM NO. 4

At the twenty fourth Annual General Meeting of the Company held on 22nd September, 2010, the members had approved the appointment of Mr. Ambrish Jaipuria as Executive Director w.e.f. April 1st, 2010 for a period of 5 years, on the remuneration as specified in the explanatory statement annexed to the notice of the said meeting. The Board of Directors at their meeting held on 18th May, 2012, recommended to Remuneration committee to approve his remuneration for a period of three years w.e.f. April 1st, 2012, subject to the approval of members of the company by way of special resolution. All other terms and conditions of his appointment except remuneration will remain unchanged. The remuneration committee approved the same.

Remuneration of Mr. Ambrish Jaipuria is in the following manner:

Particulars (Monthly)	Proposed
Basic Salary	1,75,000/-
HRA (50% of Basic)	87,800/-
LTA	14,583/-
Medical Allowance	14,583/-
PF Contribution	21,000/-



Except Mr. Ashok Jaipuria & Mr. Ambrish Jaipuria, none of the Director is interested in the resolution.

INFORMATION AS PER PART II SCHEDULE XIII

I.GENERAL INFORMATION:

1. Nature of Industry	Manufacturing
2. Date of Commencement of Commercial Production	26/03/1987
3. in case of new company Expected Date of Commencement of Commercial Production	NA.
4. Financial Performance 2011 - 2012	Turnover: Rs.42.80 Crores
Net Profit after Tax :	Rs. 34.55 Lacs
5. Export performance & Net Foreign Exchange Collaborations 2011-12	Foreign Exchange Inflow: Rs. 2300.74 lacs
	Foreign Exchange Outflow: Rs. 676.32 lacs
6. Foreign Investment	Nil

II. INFORMATION ABOUT MR. AMBRISH JAIPURIA

1. Background	Mr. Ambrish Jaipuria has a Degree in Business Administration from Ohio State University, USA and is currently involved in a number of business activities of Cosmo Group.
2. Past Remuneration	For 2011 – 12 : Rs.13.00 lacs
3. Recognition or Awards	Nil
4. Job Profile & Suitability	Mr. Ambrish Jaipuria is Executive Director and Collaborations CEO. He has a Degree in Business Administration from Ohio State University, USA. He has spearheaded the diversification of Cosmo

Group in Bio – Diesel. Your directors have confident that he will contribute in the growth & diversification of Cosmo Group.

5. Proposed Remuneration	As per above Resolution
6. Comparative Remuneration	The remuneration of Mr. Ambrish Jaipuria is Profile comparable with other Managerial personnel's remuneration in the industry.
7. Pecuniary Relationship with The Company or Managerial Person.	Mr. Ambrish Jaipuria has no other pecuniary relation with the company apart from the above mentioned remuneration.

III. OTHER INFORMATION

1. Reason for loss or inadequate Profit	a. Decline Export order. b. Capacity enhance but no order in hand.
2. Step taken of proposed to be taken for improvement.	a. Step taken for export order improvement shown in next quarter.
3. Expected increase in productivity and profits.	The board is expecting substantial increase In productivity and profitability.

IV. DISCLOSURE

Disclosure required under this part have already been included in Corporate Governance report annexed to Director Report.

Accordingly, member's approval is required by way of special resolution for the above matter

Place: Head Office By order of the Board of Director
517, 5th Floor Cosmo Ferrites Limited
DLF Tower A
Jasola District Centre
New Delhi - 110025
Date:06th August, 2012

Sanjay Kumar Ojha
Company Secretary

Important Communication to Members

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



DIRECTORS' REPORT

THE MEMBERS

COSMO FERRITES LTD.

The Directors have pleasure in presenting the Annual Report on the business and operations of the company along with Audited Balance Sheet and Profit & Loss A/c for the year ended 31st March 2012.

	(Rs. in Lacs)	
FINANCIAL RESULT	2011-12	2010-11
Sales	4497	5127
Profit /{(Loss)before depreciation & tax	378	816
Depreciation	338	292
Profit/(Loss) before Tax	40	524
Provision for current Tax	4	144
Provision for earlier Year	—	1
Profit/(Loss) after current Tax	36	379
Provision for deferred tax	1	(39)
Profit/(Loss) after deferred tax	35	418
Add:-Mat Credit Entitlement	4	—
	39	418
Add:Balance brought forward	585	182
Less:- Transfer to Preference Share Capital Redemption Reserve	—	—
Add:- Transfer from General Reserve	—	—
Profit/(Loss) available for appropriation	624	600
Provision for arrears off Dividend on Cumulative Redeemable Preference Shares	136	13
Proposed Dividend on cumulative redeemable Preference Shares	—	—
Corporate Tax on Dividend	—	2
Balance Carried To Balance Sheet	488	585
	488	585

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, 2012.

DEPOSITORY SYSTEM

Your company shares have been notified for compulsory trading in demat form by SEBI w.e.f. September 25, 2000. Members have the option of holding their shares in demat form through any of the depositories by opening account with the authorized depository participants.

DEPOSITS

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

REVIEW OF OPERATIONS

- Sales Revenue Rs 4497 lacs for the year ending 31st March 2012 as compared to Rs. 5127 Lacs previous year.
- Net Profit after tax for the year is Rs. 39 Lacs as compared to Rs.418 lacs in the previous year.
- 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. Company had undertaken an expansion project to increase the capacity by 50%. Project has been commissioned on 28 April 2011.

DIRECTORS

Mr. Rakesh Nangia, Director of the Company is liable to retire by rotation and being eligible offer himself for reappointment at the ensuing Annual General Meeting.

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

STATUTORY STATEMENTS

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

- In the preparation of the annual accounts, applicable accounting standards have been followed.
- 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 31st March, 2012 and of the profit of the Company for the year ended on that date.



- (iii) Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- (iv) The annual accounts of the company have been prepared on a going concern basis.

CORPORATE GOVERNANCE

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

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

RE-APPOINTMENT OF AUDITORS

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

TRADE RELATIONS

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

PERSONNEL

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

APPRECIATION

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

For and on behalf of the Board
Ashok Jaipuria
Chairman

New Delhi
18th May, 2012

ANNEXURE TO THE DIRECTORS' REPORT

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

I. CONSERVATION OF ENERGY

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

II. TECHNOLOGY ABSORPTION

1. Research & Development

- (a) Specific areas in which R&D carried out by the company:
- Quality improvement and cost reduction initiatives taken in all operations areas.
 - Concentrated on increasing the production throughput.
 - Carried out New Material developments activities to cater the demand of Renewable energy segments. Improvement in existing product portfolios remained the major thrust area.
- (b) Benefits Derived as a result of Above R&D:
- Significant improvement in quality, as experienced and acknowledged by esteemed customers. Notable reduction in rejection percentage is evident.



- De-bottlenecking and increased production as evident.
- Cosmo Ferrites got included into the supply chain of major Solar PV inverter manufacturers in Europe. New Materials replaced FXC & EPCOS at Global level.

(c) Future Plan of Action:

- Development activities will be continued vertically to match the upcoming demands in emerging applications.
- 2. Technology absorption, adaptation & innovations:**
- (a) Company has not imported any technology during this year.

III. FOREIGN EXCHANGE EARNINGS AND OUTGO

1. Activities relating to export incentives taken to increase exports, development of new export markets for products and services and export plans.
 - New customers developed in Europe and Asia.
 - Exports during the year aggregated to 51% of total sales.
2. Foreign Exchange Earned- Rs. 2300.74 Lacs
Foreign Exchange Outgo- Rs. 642.73 Lacs

New Delhi
18 May, 2012

For and on behalf of the Board
Ashok Jaipuria
Chairman

PARTICULARS OF EMPLOYEES IN TERMS OF SECTION 217(2A) OF THE COMPANIES ACT, 1956 AND FORMING PART OF THE DIRECTORS REPORT FOR THE YEAR ENDED MARCH 31, 2012

Name	Designation	Gross annual Remuneration	Qualification	Year of Appointment	Age
Mr. Ambrish Jaipuria	Director & CEO	13,00,000	MBA from Ohio state, USA	29 th Jan. 2004	33 years

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

MANAGEMENT DISCUSSION & ANALYSIS REPORT

Industry Structure & Developments:

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

Opportunities & threats:

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

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

Segment Wise or Product Wise Performance

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

Outlook

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

Risks & Concerns

The management cautions readers that the risks outlined below are not exhaustive and are for information purposes only. Investors are requested to exercise their own 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.

Risk Mitigation

We are mitigating the above risk by increasing our exports presence, developing niche products, exploring new markets and new customers. The domestic market caters to the lower end segment of the ferrites market and poses no threat to the



company. The company has a good image with local customers.

Customer Attrition Risk

All customers are sensitive to quality, delivery and price.

Risk Mitigation

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

Raw Material Price Risk

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

Risk Mitigation

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

People Risk Management

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

People are valuable assets of the company.

Risk mitigation

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

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

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

Security Risk Management

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

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

Risk Mitigation

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

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

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

Foreign Exchange Risk

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

Risk mitigation

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

Operational & Financial performance

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

Internal Control Systems & their adequacy

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

Human Resources /Industrial Relations front

Human resource is considered as vital to the strength of the company. There was unity of purpose among all level of employees i.e. to continuously strive for the improvement in work practices & productivity. As on 31st March 2012, there were 275 employees on the rolls of the company.

Cautionary statement

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



CORPORATE GOVERNANCE REPORT

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

The Board of Directors of the company have developed and adopted Corporate Governance guidelines in addition to the compliance imposed by the Listing agreement. The Board

ensures that the company has necessary regulatory mechanism so that timely and accurate disclosure of information regarding the financial situation, performance, ownership and governance of the company is disclosed.

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

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

The board of directors of the company comprises of an optimum combination of Executive and Non-executive directors headed by a Non-executive Chairman and more than fifty percent independent directors. The independent directors do not have any pecuniary relationship or transactions with the company, promoters, and management, which may affect their judgment in any manner. The structure of the Board and record of other directorships and Committee Memberships and Chairmanships as on 31st March, 2012.

Name	Executive / Non-executive / Independent	No. of other Directorships		No. of Chairmanships / Memberships of other Board level Committees	
		Pub.Ltd	Pvt. Ltd	Membership	Chairmanship
Mr. Ashok Jaipuria	Non-executive – Chairman(Promoter)	2	-	-	-
Mr. Shreekant Somany	Non-executive, Independent	5	1	-	-
Mr. Rakesh Nangia	Non-executive, Independent	1	4	-	1
Mr. N. K. Gupta	Non-executive, Independent	-	2	-	-
Mr. H. L. Paranjpe	Non Executive, Independent	-	-	-	-
Mr. Ambrish Jaipuria	Executive	-	1	-	-
Mr A. K. Jain*	Non Executive, Independent	2	1	2	1

*Appointed to be a Director w.e.f. 12th August, 2011.

NOTE:

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

B. BOARD MEETINGS:

1. SCHEDULING AND SELECTION OF AGENDA FOR THE MEETING

The months for holding the board meetings in the ensuing year are usually decided in advance and mostly the board meetings are held at 1004, DLF tower A, Jasola District Centre, New Delhi- 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 FY 2011-12 AND ATTENDANCE OF DIRECTORS

DIRECTOR	No. of Meetings held	No of Meetings attended
MR. ASHOK JAIPURIA	4	4
MR. SHREEKANT SOMANY	4	2
MR. B.D. GUPTA*	4	1
MR. N.K.GUPTA	4	3
MR. RAKESH NANGIA	4	3
MR. AMBRISH JAIPURIA	4	4
MR. H.L. PARANJPE	4	3
MR. A.K. JAIN**	4	3

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

** Appointed to be a Director w.e.f. 12th August, 2011

3. ATTENDANCE AT AGM

Following Directors attended the AGM held on 22nd September, 2011, at Company's registered office at Po-Jabli, Dist-Solan, and H.P. – 173 209

Mr. A. K. Jain
Mr. N. K. Gupta
Mr. H. L. Paranjpe

4. DISCLOSURE REGARDING APPOINTMENT AND RE-APPOINTMENT OF DIRECTORS

Mr. Rakesh Nangia, Director of the Company is liable to retire by rotation and being eligible offers himself for re-appointment 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, 2012, other than those listed in notes of the financial statements point no. 30.

C. BOARD LEVEL COMMITTEES

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

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



Other than above, four more Committees have been formed for which no meeting held during the year:

- Technical Committee
- Finance Committee
- Steering Committee
- Operational Review Committee

1. AUDIT COMMITTEE

➤ TERMS OF REFERENCE

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

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

The role and terms of reference of the Audit Committee are as per the guidelines set out in the listing agreements with the Stock Exchanges that inter-alia includes:

- a) The oversight of the Company's financial reporting processes and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- b) Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditors and the fixation of the audit fees.
- c) Approval of the payment to statutory auditors for any other services rendered by the statutory auditors.
- d) Review with the management the annual financial statements before submission to the Board, with particular reference to:
 - Matters required to be included in the Director's responsibility statement to be Included in the Board's report in terms of clause (2AA) of section 217 of the Companies Act, 1956.
 - Any changes in accounting policies and practices and reasons for the same.

- Major accounting entries based on exercise of judgment by management.
- Qualifications in draft audit report, if any.
- Significant adjustments arising out of audit.
- The going concern assumption.
- Compliance with Accounting Standards.
- Compliance with listing and other legal requirements relating to financial Statements.
- Disclosures of any related party transactions.

e) Reviewing, with the management, the quarterly financial statements before submission to the board for approval.

f) Reviewing, with the management, performance of statutory auditors and the adequacy of internal control systems.

g) Discussion with statutory auditors before the audit commences nature and scope of audit as well as have post-audit discussion to ascertain any area of concern.

h) Reviewing the company's financial and risk management policies.

i) To look into the reasons for substantial defaults in the payment to the shareholders (in case of non payment of declared dividends) and creditors.

j) To review the functioning of the Whistle blowing mechanism.

k) Mandatorily reviewing the following:

- Management discussion and analysis of financial condition and result of operations;
- Statement of significant related party transactions (as defined by the audit committee) submitted by management;
- Management letters/ letters of internal control weaknesses issued by the statutory auditors;

➤ COMPOSITION OF THE COMMITTEE

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

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

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



** Appointed to be a Director w.e.f. 12th August, 2011.
Chairman w.e.f 12th August, 2011

➤ **MEETINGS AND ATTENDANCE DURING THE YEAR**

The Audit Committee met four times during the financial year from 1st April, 2011 to 31st March, 2012 on May 2, August 12, November 11, and February 09. The meeting preceded the adoption of quarterly audited results by the Board of Directors. The Company published audited quarterly results in compliance with clause 41 of the listing agreement. The following table gives the attendance record of the audit committee.

Name of the Audit Committee Members	No. of Meetings attended
Mr. B. D. Gupta*	1
Mr. Rakesh Nangia	3
Mr. N. K. Gupta	3
Mr A. K. Jain**	2

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

** Appointed to be as a Director w.e.f. 12th August 2011

2. **SHARE TRANSFER AND INVESTOR GRIEVANCE COMMITTEE**

➤ **TERMS OF REFERENCE**

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

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

➤ **COMPOSITION OF THE COMMITTEE**

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

➤ **MEETING AND ATTENDANCE DURING THE YEAR**

The Committee met four times during the financial year from 1st April, 2011 to 31st March, 2012 year on May 2, August 12, November 11, and February 9. The following table gives the attendance record of the Share Transfer and Investor Grievance Committee.

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

➤ **COMPLIANCE OFFICER**

Mr. Sanjay Kumar Ojha was appointed as Company Secretary and Compliance Officer of the Company w.e.f. 11th July, 2011.

➤ **COMPLAINTS RECEIVED / RESOLVED**

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

➤ **PENDING SHARE TRANSFER**

There are no pending share transfers as on 31/03/2012.

3. **REMUNERATION COMMITTEE**

➤ **TERMS OF REFERENCE**

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

➤ **COMPOSITION**

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

➤ **MEETING AND ATTENDANCE DURING THE YEAR**

There was no meeting of remuneration committee held during the year.

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 12]	Sitting Fees {Total Amount for the financial year 2011- In Rs.
Mr. Ashok Jaipuria*	-
Mr. Shreekant Somany	6000
Mr. Rakesh Nangia	27000
Mr. N. K. Gupta	27000
Mr. B. D. Gupta**	6000
Mr. H. L. Paranjpe	9000
Mr. A. K. Jain	12000

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

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

*** Appointed to be a Director w.e.f. 12th August, 2011.

(ii) Executive Director

Mr. Ambrish Jaipuria , C.E.O & Executive Director (Business Development) were paid following remuneration during the year 2011-12 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	5,58,198
HRA	2,79,099
LTA	Nil
Perquisites	39,600
Provident & other funds	2,52,000
Superannuation	1,00,000
Medical Expenses (Actual)	71,103
Total :	13,00,000
Performance linked incentives	Nil
Service contracts, notice period, severance fees	6 month notice period on either side with no severance fees defined
Stock Option details	Nil

F. SHAREHOLDING OF DIRECTORS (EXECUTIVE & NON EXECUTIVE]

EXECUTIVE DIRECTOR

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

NON EXECUTIVE DIRECTOR

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

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

** Appointed to be a Director w.e.f. 12th August, 2011.

G. CORPORATE GOVERNANCE POLICIES

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

1. COMPENSATION POLICY FOR NON-EXECUTIVE DIRECTORS

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

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

2. CODE OF CONDUCT

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

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

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

4. WHISTLE BLOWER POLICY

The company has adopted a Whistleblower policy, which has since been implemented within the organization.



All the employees of the Company have access to audit Committee.

H. INFORMATION TO SHAREHOLDERS

1 REGISTERED AND CORPORATE OFFICE

Registered Office

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

Head Office

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

2 ANNUAL GENERAL MEETING

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

3 DATES AND VENUE OF PREVIOUS THREE ANNUAL GENERAL MEETINGS.

Financial Year	Place	Date
2008-09	Jabli, Dist Solan (H.P) 173209	23.09.2009
2009-10	Jabli, Dist Solan (H.P) 173209	22.09.2010
2010-11	Jabli, Dist Solan (H.P) 173209	22.09.2011

4. FINANCIAL CALENDAR

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

Financial reporting for the quarter ending June 30, 2012	August 2012
Financial reporting for the quarter ending September 30, 2012	November 2012
Financial reporting for the quarter ending December 31, 2012	February 2013
Financial reporting for the quarter ending March 31, 2013	May 2013

5. WEBSITE

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

6. LISTING ON STOCK EXCHANGES

Company's shares are currently listed on the Bombay Stock Exchange Ltd. (Stock code 523 100)

7. INTERNATIONAL SECURITIES IDENTIFICATION NUMBER (ISIN)

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

8. ANNUAL LISTING FEE

Annual Listing Fee for the year 2011-12 has been paid to Bombay Stock Exchange Limited. There are no arrears of listing fees with the Bombay Stock Exchange Limited till date.

9. DEMAT

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

96.76% of equity share capital (120, 30,000 equity shares) has been dematerialized as on 31st March, 2012.

10. SHARE TRANSFER SYSTEM

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

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

Contact Person: Mr. R. Maurya



11. ADDRESS FOR CORRESPONDENCE:

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

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

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

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

12. INVESTOR COMMUNICATION

The company publishes quarterly audited results in Business Standard and The Himachal Times (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.

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, 2012.

15. POSTAL BALLOT

The Company had during the financial year 2011- 12, taken approval of Members through Postal Ballot for approving the creation of mortgage, Charge or hypothecation (from time to time) on the movable or

immovable property of the company (under section 293(1)(a) of the Companies Act 1956.)

The result was declared on 5th January, 2012 at registered office of the company.

16. ANALYSIS OF SHAREHOLDERS' COMPLAINTS RECEIVED DURING 2011-12

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 one complaint received and replied/ disposed off during the year 2011-12

17. SHARE PERFORMANCE CHART

Stock price on the Bombay Stock Exchange on the closing date of month of financial year 2011-12

Month	BSE			
	Share Price(Rs.) (Close)	High (Rs.)	Low (Rs.)	No of shares Tendered
April 2011	16.03	17.80	14.00	56627
May 2011	15.45	18.00	14.75	126557
June 2011	16.00	19.00	15.00	59387
July 2011	16.10	17.95	15.05	66662
Aug. 2011	14.50	20.00	14.00	151132
Sept. 2011	18.40	20.50	14.00	187462
Oct. 2011	18.15	19.70	17.50	32569
Nov. 2011	12.60	19.00	11.20	91137
Dec. 2011	10.01	13.82	8.75	42900
Jan. 2012	11.68	12.51	10.00	61620
Feb. 2012	11.20	13.30	10.86	35788
March 2012	9.40	12.84	9.15	95838
TOTAL				1007679



18. DISTRIBUTION OF SHAREHOLDING AS ON MARCH 31, 2012

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, 2012		March 31, 2011	
	Number of Shares	% Holding	Number of shares	% Holding
Promoters	7626944	63.40	7626944	63.40
Person acting in concert	Nil	Nil	Nil	Nil
Institutional Investors	7400	0.06	7400	0.06
Others	4395656	36.54	4395656	36.54
Total	12030000	100.00	12030000	100.00

Distribution of shareholding according to the number of shares held on March 31, 2012

S.No.	No. of equity shares held	As on 31 st March, 2012				As on 31 st March, 2011			
		No. of shareholders	% of Total holders	No. of Shares	% of share	Capital Share-holders	% of Total holders	No. of Shares	% of Share-Capital
1	Upto 5000	4747	83.63	804399	6.69	4823	83.33	826481	6.87
2	5001 to 20000	645	11.36	715131	5.94	668	11.54	734292	6.10
3	20001 to 30000	82	1.45	209582	1.74	89	1.54	230077	1.91
4	30001 to 40000	39	0.69	141793	1.18	39	0.67	138700	1.15
5	40001 to 50000	38	0.67	178229	1.48	37	0.64	175619	1.46
6	50001 to 100000	58	1.02	432460	3.60	58	1.00	435821	3.62
7	100001 and Above	67	1.18	9548406	79.37	74	1.28	9489010	78.89
	Total	5676	100.00	12030000	100.00	5788	100.00	12030000	100.00

19. UNCLAIMED DIVIDENDS

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

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

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

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



ANNEXURE:

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

Director Retiring by Rotation

Name of the Director	Mr. Rakesh Nangia
Date of Birth	30 th July, 1954
Qualification	B.Com., FCA
Nature of Expertise	Strategic & Financial Management
Date of Appointment	14 th March, 2003
Name of other Companies in which he holds Directorship	1. STI Infrastructures Ltd. 2. EVR Computech Private Ltd. 3. Brandmore Impex Private Ltd. 4. Torrence Capital Advisors Private Ltd. 5. NEK Consultants Private Ltd.
Name of the Committees of the Other Companies of which he holds Membership / Chairmanship	1. STI Infrastructures Ltd Audit Committee – Chairman Risk Management Committee - Member
Shareholding in the Co.	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

Place: New Delhi
Date: 18th May, 2012

L. D. SHARMA
MANAGER, ACCOUNTS & FINANCE



CERTIFICATE FROM THE COMPLIANCE OFFICER / COMPANY SECRETARY

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

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

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

PLACE: New Delhi
DATE: 18th May 2012

SANJAY KUMAR OJHA
COMPANY SECRETARY

ANNUAL DECLARATION OF COMPLIANCE OF CODE OF CONDUCT BY CEO

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

1. The Code of Conduct has been laid down for all the Board members and senior management and other employees of the Company.
2. The Code of Conduct is posted on website of the Company.
3. The Board members and senior management personnel have affirmed compliance with the code of conduct for the year 2011-2012

New Delhi
18th May, 2012

Amrish Jaipuria
Chief Executive Officer



AUDITOR'S CERTIFICATE

We have examined the compliance of conditions of Corporate Governance by Cosmo Ferrites Limited for the year ended on 31st March 2012 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 : 18th May, 2012

Sanjiv
Aggarwal
Partner
Membership No. 85128



AUDITORS' REPORT

To The Members of Cosmo Ferrites Limited

1. We have audited the attached Balance Sheet of Cosmo Ferrites Limited, as at 31st March, 2012 and also the Profit & Loss Account for the year ended on that date annexed thereto and the cash flow statement for the year ended on that date. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the accounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the companies (Auditors' Report) order 2003 issued by the central Government of India in terms of sub-section (4A) of section 227 of the Companies Act 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said order.
4. Further to our comments in the Annexure referred to above, we report that:
 - i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - ii) In our opinion, proper books of accounts as required by law have been kept by the company so far as appears from our examination of those books;
 - iii) The Balance Sheet, Profit & Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of accounts;
 - iv) In our opinion, the Balance Sheet, Profit & Loss Account and the Cash Flow Statement comply with the accounting standards referred to in sub – sections (3C) of section 211 of the Companies Act, 1956;
 - v) On the basis of written representation received from the directors and taken on records by the board of directors, we report that none of the directors is disqualified, as on 31.03.2012, from being appointed as a director in terms of clause (g) of sub section (1) of section 274 of the Companies Act, 1956.
 - vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - a) In the cases of the Balance Sheet, of the state of affairs of the company as at 31st March, 2012.
 - b) In the cases of the Profit & Loss Account, of the Profit for the year ended on that date; and
 - c) In the cases of Cash Flow Statement of the cash flows for the year ended on that date.

Date : 18th May 2012

Place : New Delhi

For B.K. Shroff & Co.
Chartered Accountants
Firm Registration No 302166E

Sanjiv Aggarwal
Partner
Membership No 85128



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

- i a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- b) All the fixed assets have been physically verified by the management according to a regular program which in our opinion is reasonable having regard to the size of the company and the nature of its assets. No material discrepancies were noticed on such verification.
- c) During the year the company has not disposed off any substantial part of its fixed assets. Therefore, it has not affected the going concern concept of the company.
- ii a) Physical verification of inventory (except material in transit and lying with third parties) has been conducted by the management at reasonable intervals. In our opinion, the frequency of verification is reasonable.
- b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the company and nature of its business.
- c) The company is maintaining proper records of inventory. Discrepancies noticed on verification of inventory as compared to book records were not material.
- iii In our opinion and according to the explanations given to us, the company has neither granted nor taken loans, secured or unsecured to/from companies firms or other parties covered in the register maintained under section 301 of the Act. and as such clauses (iii) (b), (iii) (c) and (iii) (d) of the order are not applicable to the company.
- iv In our opinion and according to the information and explanation given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business for the purchase of inventory and fixed assets and for sale of goods and services. During the course of our audit, no major weakness has been noticed in internal control system.
- v 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 (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 31.03.2012 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	Differential Duty	27,62,007	Jan 2000 to Nov. 2004	CESTAT
	Differential Duty	2,65,869	Dec. 2004 to April 2007	CESTAT

- x There is no accumulated loss of the company as at 31st March, 2012. 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.

Dated 18th May 2012
Place : New Delhi

For B.K. SHROFF & CO.
Chartered Accountants

Sanjiv Aggarwal
Partner
Membership No. 85128

**BALANCE SHEET**

As at 31st March, 2012

Particulars	Note No	As At 31.03.2012 Rs. in Lacs		As at 31.03.2011 Rs. in Lacs	
EQUITY AND LIABILITIES					
SHAREHOLDERS' FUNDS					
Share Capital	2	1,203.00		1,338.00	
Reserves & Surplus	3	<u>1,164.54</u>	2,367.54	<u>1,127.24</u>	2,465.24
NON-CURRENT LIABILITIES					
Long-Term Borrowings	4	410.54		341.53	
Deferred Tax Liabilities (Net)	5	590.18		588.94	
Other Long Term Liabilities	6	0.79		0.72	
Long Term Provisions	7	<u>86.12</u>	1,087.63	<u>77.76</u>	1,008.95
CURRENT LIABILITIES					
Short-Term Borrowings	8	1,300.34		1,051.18	
Trade Payables	9	557.96		420.62	
Other Current Liabilities	10	514.31		442.78	
Short Term Provisions	11	<u>21.00</u>	2,393.61	<u>190.81</u>	2,105.39
			<u>5,848.78</u>		<u>5,579.58</u>
ASSETS					
NON CURRENT ASSETS					
Fixed Assets					
Tangible Assets	12	3,734.99		3,009.56	
Capital Work in Progress	13	67.17		525.48	
		<u>3,802.16</u>		<u>3,535.04</u>	
Non-Current Investments	14	178.76		178.76	
Long-Term Loans & Advances	15	57.66		113.78	
Other Non Current Assets	16	<u>6.99</u>	4,045.57	<u>6.99</u>	3,834.57
CURRENT ASSETS					
Inventories	17	739.60		530.62	
Trade Receivables	18	573.00		610.23	
Cash & Cash Equivalents	19	283.52		248.07	
Short Term Loans & Advances	20	60.57		158.30	
Other Current Assets	21	<u>146.52</u>	1,803.21	<u>197.79</u>	1,745.01
			<u>5,848.78</u>		<u>5,579.58</u>

See accompanying notes to the financial statements

As per our report of even date annexed
For B.K. SHROFF & CO.,
Chartered Accountants

Sanjiv Aggarwal
Partner
Place : New Delhi
Dated: 18th May, 2012

Sanjay Kumar Ojha
Company Secretary

L.D.Sharma
Manager
(Finance & Accounts)

Ashok Jaipuria
Chairman
DIN NO 00214707

Ambrish Jaipuria
Director
DIN NO 00214687



PROFIT & LOSS ACCOUNT

For the year ended 31st March, 2012

Particulars	Note No	For the Period from 01.04.2011 to 31.03.2012 Rs. in Lacs	For the Period from 01.04.2010 to 31.03.2011 Rs. in Lacs
Revenue from Operations	24	4,280.11	4,934.09
Other Income	26	<u>127.23</u>	<u>76.31</u>
Total Revenue		<u>4,407.34</u>	<u>5,010.40</u>
EXPENSES			
Cost of Materials Consumed	36	1,477.06	1,308.07
Purchases of Stock in Trade	37	1.04	4.78
Changes in Inventories of Finished Goods, Work in Progress and Stock in trade		(208.23)	(23.33)
Employee Benefits Expense	27	811.50	828.41
Finance Costs	25	243.55	197.14
Depreciation and Amortisation Expense	28	337.77	292.11
Other Expenses	29	<u>1,704.87</u>	<u>1,879.16</u>
Total Expenses		<u>4,367.56</u>	<u>4,486.34</u>
Profit before Tax		39.78	524.06
Tax Expense			
Current Tax		4.13	143.90
Deferred Tax		1.24	(39.14)
Earlier Year's Tax		<u>(0.14)</u>	<u>0.24</u>
	34.55	418.36	
MAT Credit Entitlement		<u>4.13</u>	-
Profit after Tax		<u>38.68</u>	<u>418.36</u>
Earnings per Equity Share	33		
Basic		0.31	3.35
Diluted		0.31	3.35

As per our report of even date annexed
For B.K. SHROFF & CO.,
Chartered Accountants

Sanjiv Aggarwal
Partner
Place : New Delhi
Dated: 18th May, 2012

Sanjay Kumar Ojha
Company Secretary

L.D.Sharma
Manager
(Finance & Accounts)

Ashok Jaipuria
Chairman
DIN NO 00214707

Ambrish Jaipuria
Director
DIN NO 00214687



Cash flow statement
for year ended 31st March 2012

Particulars	Note No	For the Period from 01.04.2011 to 31.03.2012 Rs. in Lacs	For the Period from 01.04.2010 to 31.03.2011 Rs. in Lacs
A. Cash Flow from Operating Activities			
Net Profit before tax		39.78	524.06
Adjustments for :			
Depreciation		337.77	292.11
Dividend		(27.50)	(27.50)
Interest paid		202.36	152.99
Loss on sale of fixed assets		1.32	6.93
Operating profit before working capital changes		<u>553.73</u>	<u>948.59</u>
Adjustment for :			
Trade & Other receivables		96.28	(236.15)
Inventories		(208.98)	(63.72)
Trade payables & other liabilities		<u>139.15</u>	<u>209.19</u>
Cash generated from operations		<u>580.18</u>	<u>857.91</u>
Interest paid		(202.36)	(152.99)
Direct Taxes paid		(60.89)	(73.40)
Dividend Paid		<u>(17.08)</u>	<u>(5.48)</u>
Net cash from operating activities		<u>299.85</u>	<u>626.04</u>
B. Cash Flow from Investing Activities			
Purchase of fixed assets (including capital advance)		(554.59)	(860.40)
Sale of fixed assets		3.21	4.18
Dividend received		27.50	27.50
(Purchase)/Sale of investments		—	(0.01)
Net cash used in investing activities		<u>(523.88)</u>	<u>(828.73)</u>
C. Cash Flow from Financing Activities			
Redemption of preference share capital		(135.00)	—
Proceeds from long term borrowings		407.47	78.14
Repayments of long term borrowings		(261.15)	(449.29)
Proceeds from buyer's credit		423.62	391.74
Repayments of buyer's credit		(190.29)	—
Increase in bank borrowings		<u>15.83</u>	<u>231.09</u>
Cash flow from financing activities		<u>260.48</u>	<u>251.68</u>
Net increase in cash and cash equivalents		36.45	48.99
Cash and Cash equivalents (Opening Balance)		247.07	198.08
Cash and Cash equivalents (Closing Balance)		<u>283.52</u>	<u>247.07</u>

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

Sanjiv Aggarwal
Partner
Place : New Delhi
Dated: 18th May, 2012

Sanjay Kumar Ojha
Company Secretary

L.D.Sharma
Manager
(Finance & Accounts)

Ashok Jaipuria
Chairman
DIN NO 00214707

Ambrish 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, 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
- d) 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 employees benefits including leave encashment are recognized in the same manner as defined benefit plans.

i) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the cost of that asset. Other borrowing costs are recognised as an expense in the 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 despatch. Sales are net of returns, excise duty and include export incentives/benefits.

m) Income from Investments/Deposits

Income from investments is credited to revenue in the year in which it accrues. Income is stated in full with the tax thereon being accounted for under Income tax deducted at source.

n) Taxation

Provision for taxation is based on assessable profits of the company as determined under Income Tax Act, 1961.

Deferred taxation is provided using the liability method in respect of taxation effect arising from all material timing difference between accounting and tax treatment of income and expenditure which are expected with reasonable probability to crystallize in the foreseeable future.

Deferred tax benefits are recognized in the financial statements only to the extent of any deferred tax liability or when such benefits are reasonably expected to be realizable in the near future.

o) Earnings per share

Basic earning per share is calculated by dividing the net profit for the year attributable to equity shareholders (after deducting the redeemable preference share dividend) by the weighted average number of equity shares outstanding during the year.

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



p) **Contingent Liabilities**

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

2. **SHARE CAPITAL**

a) **Authorised**

Particulars	No. of Shares		Amount (Rs. Lacs)	
	As at 31.03.2012	As at 31.03.2011	As at 31.03.2012	As at 31.03.2011
Equity Shares of Rs. 10 each				
At the beginning of the year	15000000	15000000	1500.00	1500.00
Add: Additions during the year	—	—	—	—
Less: Reduction during the year	—	—	—	—
At the end of the year	15000000	15000000	1500.00	1500.00
Preference Shares of Rs. 100 each				
At the beginning of the year	800000	800000	800.00	800.00
Add: Additions during the year	—	—	—	—
Less: Reduction during the year	—	—	—	—
At the end of the year	800000	800000	800.00	800.00
Total			2300.00	2300.00

b) **Issued, Subscribed and Paid up**

Particulars	No. of Shares		Amount (Rs. Lacs)	
	As at 31.03.2012	As at 31.03.2011	As at 31.03.2012	As at 31.03.2011
Equity Shares of Rs. 10 each fully paid up				
At the beginning of the year	12030000	12030000	1203.00	1203.00
Add: Additions during the year	—	—	—	—
Less: Reduction during the year	—	—	—	—
At the end of the year	12030000	12030000	1203.00	1203.00
Preference Shares of Rs. 100 each fully paid up				
At the beginning of the year	135000	135000	135.00	135.00
Add: Additions during the year	—	—	—	—
Less: Reduction during the year	135000	—	135.00	—
At the end of the year	—	135000	—	135.00
Total			1203.00	1338.00

Cumulative Redeemable Preference shares shall be redeemed within 5 years from the date of allotment or earlier than that as the company may deem fit.

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	
	As at 31.03.2012	As at 31.03.2011
Sunrise Manufacturing Co. Ltd	4595075	4595075
Pravasi Enterprises Ltd	240050	2640050
Andheri Properties & Finance Ltd	2596819	196819



3. RESERVE & SURPLUS

Particulars	Amount (Rs. Lacs)	
	As at 31.03.2012	As at 31.03.2011
Capital Reserve		
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	51.88	51.88

Preference Share Capital Redemption Reserve

At the beginning of the year	490.42	490.42
Add: Transferred from Profit & Loss Account	135.00	—
Less: Reduction during the year	—	—
At the end of the year	625.42	490.42

Surplus

At the beginning of the year		584.94		182.27
Add: Profit for the year		38.68		418.36
Less: Transferred to Preference Share Capital Redemption Reserve	135.00		—	
Proposed Dividend on Cumulative Redeemable Preference Shares	1.19		13.50	
Corporate Tax on Dividend	0.19	136.38	2.19	15.69
At the end of the year		487.24		584.94
Total		1164.54		1127.24

4. LONG TERM BORROWINGS (Secured)

Particulars	Amount (Rs. Lacs)	
	As at 31.03.2012	As at 31.03.2011
Term Loans		
From Banks		
Rupee Loan *	394.51	293.54
Hire Purchase Finance **	16.03	47.99
Total	410.54	341.53

* 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.

** 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 31.03.2012	As at 31.03.2011
Payable after 1 year	145.21	264.88
Payable after 2 years	69.33	75.44
Payable after 3 years	68.00	1.21
Payable after 4 years	68.00	-
Payable after 5 years	60.00	-
Total	410.54	341.53

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

5. DEFERRED TAX LIABILITIES (NET)



As required under Accounting Standard (AS) 22, "Accounting for Taxes on Income" issued by the Institute of Chartered Accountants of India, deferred tax liability for the year ended upto 31.03.2012 has been charged to the profit & loss account as under:-

Particulars	Amount (Rs. Lacs)				
	As at 31 st March 2010	Tax effect for the Year	As at 31 st March 2011	Tax effect for the Year	As at 31 st March 2012
Deferred Tax liability					
Fixed Assets	(640.88)	37.64	(603.24)	(164.22)	(767.46)
Total	(640.88)	37.64	(603.24)	(164.22)	(767.46)
Deferred Tax Assets					
Carry forward loss	-	-	-	139.58	139.58
43B items	12.80	1.50	14.30	25.88	40.18
Total	12.80	1.50	14.30	165.46	179.76
Net Deferred Tax Assets/(Liability)	(628.08)	39.14	(588.94)	(1.24)	(590.18)

6. OTHER LONG TERM LIABILITIES

Particulars	Amount (Rs. Lacs)	
	As at 31.03.2012	As at 31.03.2011
Security Deposits	0.79	0.72
Total	0.79	0.72

7. LONG TERM PROVISIONS

Particulars	Amount (Rs. Lacs)	
	As at 31.03.2012	As at 31.03.2011
Provisions for Employee Benefits	86.12	77.76
Total	86.12	77.76

8. SHORT TERM BORROWINGS

Particulars	Amount (Rs. Lacs)	
	As at 31.03.2012	As at 31.03.2011
Secured		
Loans repayable on Demand		
From Banks *	672.42	656.59
Other Loans & Advances		
Foreign Currency Buyers Credit *	625.07	391.74
Sub Total	1297.49	1048.33
Unsecured		
Deposits	2.85	2.85
Total	1300.34	1051.18

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

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.

Amount payable to related party Rs. 116.59 lacs (Previous year Rs. 61.26 lacs).

10. OTHER CURRENT LIABILITIES

Particulars	Amount (Rs. Lacs)	
	As at 31.03.2012	As at 31.03.2011
Current Maturities of Long Term Debts	338.53	261.21
Interest accrued but not due on borrowings	0.75	4.34
Advance from Customers	16.42	22.79
Other Payables	158.61	154.44
Total	514.31	442.78

There are no amounts due and outstanding to be credited to Investor Education and Protection Fund as on 31.03.2012.

11. SHORT TERM PROVISIONS

Particulars	Amount (Rs. Lacs)	
	As at 31.03.2012	As at 31.03.2011
Provision for Income Tax *	4.13	157.42
Provision for Dividend on Preference Shares	-	13.50
Corporate Tax on Dividend	-	2.19
Provisions for Employee Benefits	16.87	17.70
Total	21.00	190.81

*net of MAT credit entitlement Rs. Nil (Previous year Rs. 39.38 lacs).

12. TANGIBLE ASSETS

Current Year

Particulars	Amount (Rs. Lacs)						Total
	Land	Buildings	Plant & Machinery	Furniture & Fixtures	Vehicles	Office Equipments	
Cost at beginning of the year	19.39	460.67	6754.93	64.31	155.48	25.49	7480.27
Additions	-	60.43	1003.80	0.99	-	2.51	1067.73
Sales/Adjustments	-	-	54.71	-	3.44	-	58.15
Cost at end of the year	19.39	521.10	7704.02	65.30	152.04	28.00	8489.85
Accumulated Depreciation	-	242.04	4439.60	25.06	36.95	11.21	4754.86
Net Carrying Amount	19.39	279.06	3264.42	40.24	115.09	16.79	3734.99



Previous Year

Particulars	Amount (Rs. Lacs)						Total
	Land	Buildings	Plant & Machinery	Furniture & Fixtures	Vehicles	Office Equipments	
Cost at beginning of the year	19.39	458.02	6630.80	24.31	75.58	25.49	7233.59
Additions	-	2.65	157.69	40.00	97.40	-	297.74
Sales/Adjustments	-	-	33.56	-	17.50	-	51.06
Cost at end of the year	19.39	460.67	6754.93	64.31	155.48	25.49	7480.27
Accumulated Depreciation	-	225.89	4190.42	20.65	23.84	9.91	4470.71
Net Carrying Amount	19.39	234.78	2564.51	43.66	131.64	15.58	3009.56

Additions to plant and machinery includes exchange fluctuation Rs.20.69 lacs (Previous year Rs. 0.19 lacs).

13. CAPITAL WORK IN PROGRESS

Opening Capital work in progress of Rs 525.48 lacs along with expenditure incurred during the year has been capitalized on completion of expansion project.

14. NON CURRENT INVESTMENTS

(Quoted-Non Trade)

Particulars	No. of Shares		Amount (Rs. Lacs)	
	As at 31.03.2012	As at 31.03.2011	As at 31.03.2012	As at 31.03.2011
Fully paid up equity shares of Rs. 10 each				
Cosmo Films Limited	550000	550000	178.75	178.75
Petronet LNG Limited	10	10	0.01	0.01
Total			178.76	178.76
Aggregate market value of quoted investments			480.72	515.36

15. LONG TERM LOANS & ADVANCES

(Unsecured-considered good)

Particulars	Amount (Rs. Lacs)	
	As at 31.03.2012	As at 31.03.2011
Capital Advances	-	54.83
Security Deposits to Related Parties	7.38	7.38
Security Deposits to Others	42.90	44.19
Loans & Advances to Related Parties	7.38	7.38
Total	57.66	113.78



16. OTHER NON CURRENT ASSETS

(Unsecured-considered good)

Particulars	Amount (Rs. Lacs)	
	As at 31.03.2012	As at 31.03.2011
Others	6.99	6.99
Total	6.99	6.99

17. INVENTORIES

As taken, valued and certified by the management

Particulars	Amount (Rs. Lacs)	
	As at 31.03.2012	As at 31.03.2011
Raw Materials	155.21	145.85
Work in Progress	335.91	249.63
Finished Goods *	155.29	33.34
Stores & Spares	93.19	101.80
Total	739.60	530.62

* includes goods in transit Rs. 102.48 lacs (Previous year Rs. 19.45 lacs).

18. TRADE RECEIVABLES

(Unsecured-considered good)

Particulars	Amount (Rs. Lacs)	
	As at 31.03.2012	As at 31.03.2011
Exceeding Six Months	68.56	53.12
Others	504.44	557.11
Total	573.00	610.23

19. CASH & CASH EQUIVALENTS

Particulars	Amount (Rs. Lacs)	
	As at 31.03.2012	As at 31.03.2011
Balances with Banks		
Held as margin/security	244.35	142.49
Others	38.20	103.66
Cash on hand	0.97	1.92
Total	283.52	248.07

Bank Deposits with more than 12 months maturity Rs. 244.35 lacs (Previous year Rs. 141.99 lacs).



20. SHORT TERM LOANS & ADVANCES

(Unsecured-considered good)

Particulars	Amount (Rs. Lacs)	
	As at 31.03.2012	As at 31.03.2011
Advance Income Tax (including Tax Deducted at Source)	58.79	149.40
Others	1.78	8.90
Total	60.57	158.30

21. OTHER CURRENT ASSETS

Particulars	Amount (Rs. Lacs)	
	As at 31.03.2012	As at 31.03.2011
Interest accrued on Loans & Deposits	19.70	2.21
Balance with Central Excise	50.16	62.51
MAT Credit Entitlement	4.13	5.76
Others	72.53	127.31
Total	146.52	197.79

22. CONTINGENT LIABILITIES AND COMMITMENTS

(to the extent not provided for)

Particulars	Amount (Rs. Lacs)	
	As at 31.03.2012	As at 31.03.2011
Contingent Liabilities		
a) Claims against the company not acknowledged as debts	31.97	31.97
b) Income Tax & Excise duty demands disputed in appeals and against which payments made Rs. 10.00 lacs (previous year 16.21 lacs)	30.27	57.57
c) Bank Guarantee	20.00	9.75
d) Bill discounted with Banks	75.85	231.71
Commitments		
a) Estimated amount of contracts (net of advances) remaining to be executed on capital account and not provided for	-	147.99
b) Letter of credits opened for which the material has not yet been shipped	150.55	19.57



23. 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.

24. REVENUE FROM OPERATIONS

Particulars	Amount (Rs. Lacs)	
	For the year 01.04.2011 to 31.03.2012	For the year 01.04.2010 to 31.03.2011
Gross Sales of Products		
Soft Ferrites Components	4495.53	5120.24
Soft Ferrites Accessories	1.97	7.11
Total	4497.50	5127.35
Less: Excise Duty	217.39	193.26
Net Sales of Products	4280.11	4934.09

25. FINANCE COSTS

Particulars	Amount (Rs. Lacs)	
	For the year 01.04.2011 to 31.03.2012	For the year 01.04.2010 to 31.03.2011
Interest Expense	202.36	152.99
Bank Charges	41.19	44.15
Total	243.55	197.14

26. OTHER INCOME

Particulars	Amount (Rs. Lacs)	
	For the year 01.04.2011 to 31.03.2012	For the year 01.04.2010 to 31.03.2011
Interest	21.42	9.11
Dividend	27.50	27.50
Claims Received	6.02	6.04
Miscellaneous Receipts & Income	21.45	6.37
Excess Provisions/Sundry balances written back	36.80	9.21
Exchange Rate Difference (Net)	14.04	18.08
Total	127.23	76.31



27. EMPLOYEE BENEFITS EXPENSE

Particulars	Amount (Rs. Lacs)	
	For the year 01.04.2011 to 31.03.2012	For the year 01.04.2010 to 31.03.2011
Salaries & Wages	708.19	731.03
Contribution to Provident & Other Funds	78.17	70.25
Staff Welfare Expenses	25.14	27.13
Total	811.50	828.41

EMPLOYEE POST RETIREMENT BENEFITS

Particulars	Amount (Rs. Lacs)	
	For the year 01.04.2011 to 31.03.2012	For the year 01.04.2010 to 31.03.2011

During the year, the following contribution have been made under defined contribution plans:-

Employer's Contribution to Provident Fund	45.40	40.73
Employer's Contribution to Superannuation Fund	11.95	10.45
Employer's Contribution to Employees State Insurance	17.47	16.19

Defined Benefit Plans	Gratuity	Leave Benefit	Gratuity	Leave Benefit
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i) Assumptions

Attrition Rate	5%	5%	5%	5%
Salary Rise	7%	7%	7%	7%

ii) Table showing changes in present value of obligations

Present value of obligation as at beginning of year	114.03	24.12	75.35	16.28
Interest cost	9.71	1.99	6.11	1.29
Current Service Cost	8.42	5.53	7.77	9.12
Benefits Paid	(6.02)	(2.82)	(6.89)	(2.32)
Actuarial (gain)/loss on obligation	0.83	(6.89)	31.69	(24.00)
Present value of obligations as at end of year	126.97	21.93	114.03	24.12

iii) Table showing changes in the present value of plan assets

Fair value of plan assets at the beginning of year	42.69	-	34.98	-
Expected return on plan assets	4.19	-	3.39	-
Contributions	7.94	-	10.87	-
Benefits paid	(2.74)	(2.82)	(6.73)	(2.32)
Actuarial gain / (Loss) on plan assets	(0.56)	-	0.19	-
Fair value of plan assets at the end of year	51.52	-	42.69	-

iv) Table showing fair value of plan assets

Fair value of plan assets at the beginning of year	42.69	-	34.98	-
Actual return on plan assets	3.63	-	3.58	-
Contributions	7.94	-	10.87	-
Benefits paid	(2.74)	(2.82)	(6.73)	(2.32)
Fair value of plan assets at the end of year	51.52	-	42.69	-
Present value of obligation at the end of year	126.97	21.93	114.03	24.12
Funded status	(75.45)	(21.93)	(71.34)	(24.12)



v) Actuarial Gain/ Loss recognized				
Actuarial gain / Loss for the year – obligation	(0.83)	6.89	(31.69)	0.24
Actuarial (gain)/Loss for the year – plan assets	(0.56)	-	0.19	-
Total (gain) / Loss for the year	1.39	(6.89)	31.50	(0.24)
Actuarial (gain / Loss recognized in the year	1.39	(6.89)	31.50	(0.24)
vi) The amounts to be recognized in the balance sheet and statements of Profit & loss				
Present value of obligations as at the end of year	126.97	21.93	114.03	24.12
Fair value of plan assets as at the end of the year	51.52	-	42.69	-
Funded status	(75.45)	(21.93)	(71.34)	(24.12)
Net Asset / (Liability) recognized in balance sheet	75.45	21.93*	71.34	24.12

* This pertains to long term liability worked in respect of deferred leave only. Expected short term liability is of Rs. 5.62 lacs

vii) Expenses recognized in statement of Profit & Loss				
Current services cost	8.42	5.53	7.77	9.12
Interest cost	9.71	1.99	6.11	1.29
Expected return on plan assets	(4.19)	-	(3.39)	-
Net Actuarial (gain)/Loss recognized in the year	1.39	(6.89)	31.50	(0.24)
Expenses recognized in statement of P&L	15.33	0.63*	41.99	10.16

* 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.

28. DEPRECIATION & AMORTISATION EXPENSE

Particulars	Amount (Rs. Lacs)	
	For the year 01.04.2011 to 31.03.2012	For the year 01.04.2010 to 31.03.2011
Depreciation	337.77	292.11
Amortisation	-	-
Total	337.77	292.11



29. OTHER EXPENSES

Particulars	Amount (Rs. Lacs)	
	For the year 01.04.2011 to 31.03.2012	For the year 01.04.2010 to 31.03.2011
Consumption of Stores, Spare and Packing Materials	542.90	638.48
Power & Fuel	619.98	599.69
Rent	32.37	32.42
Repairs to Buildings	3.84	3.46
Repairs to Machinery	85.86	110.07
Insurance	16.15	17.52
Rates & Taxes	2.77	1.94
Travelling & Conveyance	93.40	74.86
Bad debts written off	-	69.37
Misellaneous Expenses *	305.72	331.17
Previous Year Expenses	1.88	0.18
Total	1704.87	1879.16

*includes payment to auditors

Particulars	Amount (Rs. Lacs)	
	For the year 01.04.2011 to 31.03.2012	For the year 01.04.2010 to 31.03.2011
As Statutory Audit Fees	2.85	2.05
As Audit Fees for Quarterly Audited Results	2.55	1.86
As Tax Audit Fees	0.60	0.41
For Certification Work	0.10	0.10
For Reimbursement of Expenses	0.17	0.10
Total	6.27	4.52



30. 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.
Super Sadiq Enterprises Pvt Ltd.

	Associates	Key Management Personnel	Total
Purchase of Goods	656.30 (592.47)	- (-)	656.30 (592.47)
Remuneration paid	- (-)	13.00 (37.51)	13.00 (37.51)
Office Maintenance Charges	3.09 (3.71)	- (-)	3.09 (3.71)
Rent Paid	29.50 (29.50)	- (-)	29.50 (29.50)
Dividend received	27.50 (27.50)	- (-)	27.50 (27.50)
Balance outstanding at the end of year			
a) Investments	178.75 (178.75)	- (-)	178.75 (178.75)
b) Due to Sundry Creditors	116.59 (61.25)	- (-)	116.59 (61.25)
c) Advance Rent Paid	7.38 (7.38)	- (-)	7.38 (7.38)
d) Security Deposit Paid	7.38 (7.38)	- (-)	7.38 (7.38)

Previous Year figures are given in bracket.

31. It is the management's opinion that since the company is exclusively engaged in the activity of manufacture of soft ferrites and pre-calined 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.



32. MANAGERIAL REMUNERATION

Salary & Perquisites	Rs. 9.48 lacs (Previous Year Rs. 32.26 lacs)
Contribution to Provident Fund & Other Funds	Rs. 3.52 lacs (Previous Year Rs. 5.25 lacs)

33. EARNING PERSHARE (EPS)

Particulars	Amount (Rs. Lacs)	
	For the year 01.04.2011 to 31.03.2012	For the year 01.04.2010 to 31.03.2011
Basic Earnings Per Share		
Profit after tax as per profit & loss account (Rs. Lacs)	38.68	418.36
Less: Dividend and tax thereon in respect of preference shares (Rs. Lacs)	1.38	15.69
Profit available for shareholders (Rs. Lacs) (A)	37.30	402.67
No. of equity shares (B)	12030000	12030000
Basic Earning Per Share (Rs.) (A/B)	0.31	3.35
Diluted Earnings Per Share		
Profit after tax as per profit & loss account (Rs. Lacs)	38.68	418.36
Less: Dividend & tax thereon in respect of Preference shares (Rs. Lacs)	1.38	15.69
Profit available for shareholders (Rs. Lacs) (A)	37.30	402.67
No. of equity shares (B)	12030000	12030000
Diluted earning per share (Rs.) (A/B)	0.31	3.35

34. EXPENSES CAPITALISED DURING THE YEAR

Particulars	Amount (Rs. Lacs)	
	For the year 01.04.2011 to 31.03.2012	For the year 01.04.2010 to 31.03.2011
Amount brought forward	49.08	8.63
Add: Salary & Wages	-	0.10
Stores & Spares	32.74	-
Power & Fuel	32.74	6.80
Interest Cost	1.83	28.17
Travelling & Conveyance	11.20	5.38
Others	11.45	-
Total	139.04	49.08
Less: Amount Capitalised	139.04	-
Amount carried forward	-	49.08



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

36. COST OF MATERIALS CONSUMED

Particulars	Amount (Rs. Lacs)					
	Inorganic Oxides		Organic Compounds		Total	
	For the year 01/04/2011 to 31/01/2012	For the year 01/04/2010 to 31/03/2011	For the year 01/04/2011 to 31/01/2012	For the year 01/04/2010 to 31/03/2011	For the year 01/04/2011 to 31/01/2012	For the year 01/04/2010 to 31/03/2011
At the beginning of the year	145.47	113.06	0.38	0.76	145.85	113.82
Add: Purchases during the year	1447.13	1310.15	39.29	29.95	1486.42	1340.10
Less: Consumption during the year	1441.81	1277.74	35.25	30.33	1477.06	1308.07
At the end of the year	150.79	145.47	4.42	0.38	155.21	145.85

37. PURCHASES OF STOCK IN TRADE

Particulars	Amount (Rs. Lacs)	
	For the year 01.04.2011 to 31.03.2012	For the year 01.04.2010 to 31.03.2011
Soft Ferrite Accessories	1.04	4.78
Total	1.04	4.78

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

Class of Goods	For the year 01.04.2011 to 31.03.2012		For the year 01.04.2010 to 31.03.2011	
	Percentage	Amount(Rs. lacs)	Percentage	Amount(Rs. lacs)
Raw Materials				
Imported	37.79	558.13	34.45	450.69
Indigenous	62.21	918.93	65.55	857.38
	100.00	1477.06	100.00	1308.07
Stores & Spares				
Imported	15.65	84.97	13.39	85.54
Indigenous	84.35	457.93	86.61	552.94
	100.00	542.90	100.00	638.48



39. OTHER INFORMATIONS

Particulars	Amount (Rs. Lacs)	
	For the year 01.04.2011 to 31.03.2012	For the year 01.04.2010 to 31.03.2011
CIF value of Imports		
Raw materials	554.63	484.98
Stores & spares	54.88	104.97
Expenditure in Foreign Currency		
Travelling	25.19	26.85
Commission paid etc.	8.03	16.80
Interest/Repayment	-	47.02
Earnings in Foreign Currency		
FOB value of exports (including deemed exports Rs. 615.90 lacs, previous year Rs. 365.62 lacs)	2300.74	2965.80

40. FORWARD CONTRACTS

The company has entered into forward contracts 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.

As per our report of even date annexed
For B.K. Shroff & Co.,
Chartered Accountants

Sanjeev Aggarwal
Partner
Place : New Delhi
Dated: 18th May, 2012

Sanjay Kumar Ojha
Company Secretary

L.D.Sharma
Manager
(Finance & Accounts)

Ashok Jaipuria
Chairman
DIN NO 00214707

Amrisha Jaipuria
Director
DIN NO 00214687