



# Cosmo Ferrites Limited

(Govt. of India Recognised Export House )

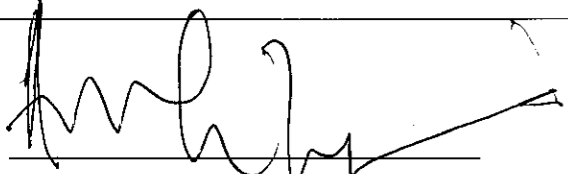

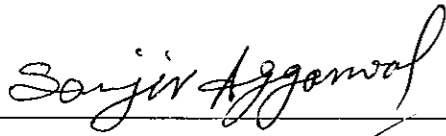
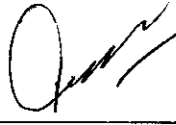
Regd. Office and Works : P.O. Jabli, Distt. Solan,

Himachal Pradesh - 173 209 (India)

Phones : +91-1792-277231 / 32 /36 Fax : +91-1792-277234

E-mail : plant@cosmoferrites.com

## FORM A

1.	Name of the Company	Cosmo Ferrites limited
2.	Annual Financial statement for the year ended	31 <sup>st</sup> March, 2014
3.	Type of Audit observation	Un-qualified Report
4.	Frequency of observation	NIL
5.	To be signed by- <ul style="list-style-type: none"><li>• Mr. Ambrish Jaipuria- Executive Director &amp; CEO</li><li>• Mr. Ramesh Choudhary- Chief Financial Officer</li><li>• Auditor of the Company- B.K. Shroff &amp; Co., Chartered Accountants</li><li>• Mr. Rakesh Nangia- Audit Committee Chairman</li></ul>	   



## COSMO FERRITES LIMITED

Regd. Off: P.O. Jabli, Distt. Solan, H.P. – 173 209

CIN- L27106HP1985PLC006378

Tel: 01792-277231-32/35/36 Fax: 01792-277234

e-mail: investorservices@cosmoferrites.com,

Website: www.cosmoferrites.com

### NOTICE

**Notice** is hereby given that the Twenty – Eighth 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, September 22, 2014 at 03.30 P.M to transact the following business:

#### ORDINARY BUSINESS

1. To receive, consider and adopt the audited Profit & Loss Account for the year ended March 31, 2014, and the Balance Sheet as at that date and the report of the Board of Directors and the Auditors of the Company thereon.
2. To appoint a Director in place of Mr. Anil Kumar Jain (DIN 00027911) who retires by rotation and being eligible offers himself for reappointment.
3. To appoint Auditors of the Company to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting and to fix their remuneration. M/s B.K. Shroff & Co., Chartered Accountants, retiring Auditors, are eligible for reappointment and offers themselves for re-appointment.

#### SPECIAL BUSINESS

4. To appoint Mr. Naresh Kumar Gupta (DIN: 00214602) as an Independent Director and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:  
“**RESOLVED THAT** pursuant to the provisions of Sections 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Mr. Naresh Kumar Gupta (DIN: 00214602), in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for 5 (five) consecutive years for a term up to the conclusion of the 33<sup>rd</sup> Annual General Meeting of the Company in the calendar year 2019.”
5. To appoint Mr. Shreekant Somany (DIN: 00021423) as an Independent Director and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:  
“**RESOLVED THAT** pursuant to the provisions of Sections 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Mr. Shreekant Somany (DIN: 00021423), in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for 5 (five) consecutive years for a term up to the conclusion of the 33<sup>rd</sup> Annual General Meeting of the Company in the calendar year 2019.”
6. To appoint Mr. Rakesh Nangia (DIN: 00147386) as an Independent Director and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:  
“**RESOLVED THAT** pursuant to the provisions of Sections 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Mr. Rakesh Nangia (DIN: 00147386), in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for 5 (five) consecutive years for a term up to the conclusion of the 33<sup>rd</sup> Annual General Meeting of the Company in the calendar year 2019.”
7. To appoint Ms. Jyoti Dixit (DIN: 06953089) as an Independent Director and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as **Ordinary Resolution**:  
“**RESOLVED THAT** pursuant to the provisions of Sections 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Ms. Jyoti Dixit (DIN: 06953089), who was appointed as an Additional Director pursuant to the provisions of

Section 161(1) of the Companies Act, 2013 and the Articles of Association of the Company and who holds office up to the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing her candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for 5 (five) consecutive years for a term up to the conclusion of the 33<sup>rd</sup> Annual General Meeting of the Company in the calendar year 2019."

8. To approve payment of managerial remuneration in case of no profit or inadequate profit and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as **Special Resolution**:-

**"RESOLVED THAT** in supersession of the resolutions passed earlier by the Shareholders in this regard and pursuant to the provisions section 197 and 198 read with Schedule V of the Companies Act, 2013 and all other applicable provisions, if any, of the said act, and the Companies (Appointment and Remuneration of Managerial Personnel), Rules 2014 (including any statutory modification(s) or reenactment thereof for the time being in force) and subject to such other approvals as may be necessary, the Company hereby accords its approval for payment of minimum remuneration to managerial personnel in case of no profit or inadequate profit in any financial year, during the 3 financial years commencing from April 01, 2014 up to an amount as the Board of Directors (the term Board shall be deemed to include the Nomination and Remuneration Committee of the Board) may approve from time to time within the overall limits specified under Section II of Part II of Schedule V of the Companies Act, 2013 or any statutory modification(s) thereof.

9. To approve creation of Charge, Mortgage under Companies Act, 2013 and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as **Special Resolution**:-

**"RESOLVED THAT** in supersession of the all the resolutions passed earlier by shareholders in this regard and pursuant to Section 180 (1) (a) and other applicable provisions, if any, of the Companies Act, 2013, and Articles of Association of the Company, the Board of Directors of the Company (hereinafter called "the Board", which term shall be deemed to include any other Committee of the Board, which the Board may have constituted or hereinafter constitute for the time being, to exercise its powers including the powers conferred on the Board of Directors by this resolution, or any person(s) authorized by the Board or its Committee for such purposes) to create such charges, mortgages and hypothecations in addition to the existing charges, mortgages and hypothecations created by the Company, on such movable and immovable properties, both present and future, or the whole, or substantially the whole, of the undertaking or undertakings of the Company, and with such ranking as to priority and for such time and on such terms and in such manner as the Board may think fit, in favour of lenders, agents, trustees and other agencies to secure the borrowings of the Company availed/to be availed by way of loan(s) (in foreign currency and/or rupee currency) and/or working capital facilities and/or Securities issued/ to be issued by the Company, from time to time, subject to the limits approved under Section 180(1)(c) of the Companies Act, 2013 upto an amount not exceeding 75 crores (Rupees Seventy five crores), together with interests, compound/ additional interest, commitment charges, costs, expenses and all other monies payable by the Company to the concerned lenders.

**RESOLVED FURTHER THAT** the Board be and is hereby authorised to delegate all or any of the powers herein conferred to any Committee of Directors or any Executive Director or Directors or any other officer of the Company to give effect to the above resolution.

**RESOLVED FURTHER THAT** the Board of Directors and the Company Secretary be and are hereby severally authorised to do all such acts, deeds and things and to sign all such agreements, documents, papers and writings as may be deemed necessary, expedient or desirable to give effect to above resolution."

10. To approve the borrowing limits of the Company and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as **Special Resolution**:-

**"RESOLVED THAT** in supersession of all the resolution passed earlier by the shareholders in this regard, the consent of the Company be and is hereby accorded under the provisions of Section 180 (1) (c) and other applicable provisions, if any, of the Companies Act, 2013, and Articles of Association of the Company, authorizing the Board of Directors of the Company (hereinafter called "the Board", which term shall be deemed to include any other Committee of the Board, which the Board may have constituted or hereinafter constitute for the time being, to exercise its powers including the powers conferred on the Board of Directors by this resolution, or any person(s) authorised by the Board or its Committee for such purposes), to borrow from time to time as it may think fit, by way of loans from, or issue of bonds, debentures or other securities whether convertible into equity/preference shares and/or securities with or without detachable warrants with a right exercisable by the warrant holder(s) to convert or subscribe for equity/preference shares to, bank(s), financial or other institution(s), mutual fund(s), non-resident Indians, foreign institutional investors or any other person(s), body(ies) corporate, etc., whether shareholder of the Company or not, whether unsecured or secured and on such terms and conditions as the Board may deem fit, any sum or sums of monies which together with the monies already borrowed by

the Company (apart from temporary loans obtained or to be obtained from the Company's bankers in the ordinary course of business) may exceed the aggregate of the paid-up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose, provided that the total amount so borrowed by the Board shall not at any time exceed the limit of Rs. 75 crores (Rupees Seventy five crores).

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

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

11. To approve the remuneration of Cost Auditors for the Financial Year ending March 31, 2015 and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as **Ordinary Resolution**:-

**"RESOLVED THAT** pursuant to the provisions of Section 148 and all other applicable provisions of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), M/s. Ravi Sahni & Co., Cost Accountants (Firm Registration Number 100193) appointed as the Cost Auditors of the Company by the Board for audit of the cost accounting records of the Company for the Financial year ending March 31<sup>st</sup>, 2015, be paid the remuneration as set out in the Statement annexed to the Notice convening this Meeting;

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

12. To adopt new Articles of Association of the Company and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as a **Special Resolution**:

**"RESOLVED THAT** pursuant to the provisions of Section 14 and all other applicable provisions of the Companies Act, 2013 read with Companies (Incorporation) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), the draft regulations contained in the Articles of Association submitted to this meeting be and are hereby approved and adopted in substitution, and to the entire exclusion, of the regulations contained in the existing Articles of Association of the Company;

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

13. To approve the limits of contribution by the Company to any bonafide and Charitable funds etc. and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as **Ordinary Resolution**:-

**"RESOLVED THAT** the consent of the Company be and is hereby accorded under the provisions of section 181 and all other applicable provisions of the Companies Act, 2013 (including any statutory modification(s) or re-enactment thereof, for the time being in force) authorizing the Board of Directors of the Company (hereinafter called "the Board", which term shall be deemed to include any other Committee of the Board, which the Board may have constituted or hereinafter constitute for the time being, to exercise its powers including the powers conferred on the Board of Directors by this resolution, or any person(s) authorised by the Board or its Committee for such purposes), to make contribution to any bonafide and Charitable Funds etc, provided that the total amount so contributed by the Board in any financial year shall not at any time exceed the limit of five per cent of its average net profits for the three immediately preceding financial years or Rs. 10 lakhs (Rupees Ten lakhs), whichever is higher.

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

New Delhi  
07 August, 2014

Head Office:  
517, 5<sup>th</sup> Floor, DLF Tower-A  
Jasola District Centre,  
New Delhi- 110025  
CIN:- L27106HP1985PLC006378  
e-mail:- investorservices@cosmoferrites.com

By order of the Board of Directors  
Cosmo Ferrites Limited

Neha Pawar  
Company Secretary  
Membership No. A31773

**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. PROXY SHALL NOT BE ENTITLED TO SPEAK AT THE MEETING. 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. Proxies submitted on behalf of companies, societies, etc. must be supported by an appropriate resolution/ authority, as applicable. A person shall not act as a Proxy for more than 50 members and holding in the aggregate not more than ten percent of the total voting share capital of the Company. However, a single person may act as a proxy for a member holding more than ten percent of the total voting share capital of the Company provided that such person shall not act as a proxy for any other person.
4. Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, in respect of the Special Businesses to be transacted at the Annual General Meeting as set out in the Notice is annexed hereto.
5. Relevant documents referred to in the proposed resolutions are available for inspection at the Registered Office of the Company during business hours on all days except Saturdays, Sundays and Public holidays up to the date of the Annual General Meeting.
6. The Company is pleased to provide its members the facility of voting through electronic means. The instructions for electronic voting are attached separately with the notice of Annual General Meeting.
7. 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.
8. The Register of Members and share Transfer Books of the Company will remain closed from Tuesday, September 16, 2014 to Monday, September 22, 2014 (Both days inclusive).
9. 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.
10. Members who hold shares in dematerialized form are requested to bring their Client ID and DP ID numbers for easy identification of attendance at the meeting.
11. 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.
12. Members / Proxy holders are requested to produce at the entrance of the Meeting hall the enclosed admission slip duly completed and signed.
13. 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.
14. Consequent upon the introduction of Section 72 of the Companies Act, 2013, 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 SH 13 (which will be made available on request) to the Registrar and Transfer Agents, M/s Alankit Assignments Limited. The said Form SH 13 can also be downloaded from the Company's web site [www.cosmoferrites.com](http://www.cosmoferrites.com).
15. 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.

**Important Communication to Members**

Members who have not registered their e-mail addresses so far are requested to register their e-mail address for receiving all communication including Annual Report, Notices, Circulars etc. from the Company electronically.

### **STATEMENT PURSUANT TO SECTION 102(1) OF THE COMPANIES ACT, 2013**

The following Statement sets out all material facts relating to Special Business mentioned in the accompanying Notice:

#### **ITEM NO. 4, 5 and 6**

Mr. Naresh Kumar Gupta, Mr. Shreekant Somany and Mr. Rakesh Nangia are Independent Directors of the Company and have held the positions as such for more than 5 (five) years. The Securities and Exchange Board of India (SEBI) has amended Clause 49 of the Listing Agreement inter alia stipulating the conditions for the appointment of Independent Directors by a listed company.

It is proposed to appoint Mr. Naresh Kumar Gupta, Mr. Shreekant Somany and Mr. Rakesh Nangia as Independent Directors under Section 149 of the Act and Clause 49 of the Listing Agreement to hold office for 5 (five) consecutive years for a term up to the conclusion of the 33<sup>rd</sup> Annual General Meeting of the Company in the calendar year 2019.

Mr. Naresh Kumar Gupta, Mr. Shreekant Somany and Mr. Rakesh Nangia are not disqualified from being appointed as Directors in terms of Section 164 of the Act and have given their consent to act as Directors.

The Company has received notices in writing from members alongwith the deposit of requisite amount under Section 160 of the Act proposing the candidatures of Mr. Naresh Kumar Gupta, Mr. Shreekant Somany and Mr. Rakesh Nangia for the office of Directors of the Company. The Company has also received declarations from Mr. Naresh Kumar Gupta, Mr. Shreekant Somany and Mr. Rakesh Nangia that they meet with the criteria of independence as prescribed both under sub-section (6) of Section 149 of the Act and under Clause 49 of the Listing Agreement.

In the opinion of the Board, Mr. Naresh Kumar Gupta, Mr. Shreekant Somany and Mr. Rakesh Nangia fulfills the conditions for appointment as Independent Directors as specified in the Act and the Listing Agreement. Mr. Naresh Kumar Gupta, Mr. Shreekant Somany and Mr. Rakesh Nangia are independent of the management.

Brief resumes of Mr. Naresh Kumar Gupta, Mr. Shreekant Somany and Mr. Rakesh Nangia, nature of their expertise in specific functional areas and names of companies in which they hold directorships and memberships / chairmanships of Board Committees, shareholding and relationships between directors inter-se as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges, are provided in the Corporate Governance Report forming part of the Annual Report.

Copy of the draft letters for respective appointments of Mr. Naresh Kumar Gupta, Mr. Shreekant Somany and Mr. Rakesh Nangia as Independent Directors setting out the terms and conditions and other relevant documents are available for inspection by members at the Registered Office of the Company during business hours on all days except Saturdays, Sundays and Public holidays up to the date of the Annual General Meeting and is also available on the website of the Company at [www.cosmoferrites.com](http://www.cosmoferrites.com)

This Statement may also be regarded as a disclosure under Clause 49 of the Listing Agreement with the Stock Exchanges. Mr. Naresh Kumar Gupta, Mr. Shreekant Somany and Mr. Rakesh Nangia are interested in the resolutions set out respectively at Item No. 4, 5 & 6 of the Notice with regard to his appointment. The relatives of Mr. Naresh Kumar Gupta, Mr. Shreekant Somany and Mr. Rakesh Nangia may be deemed to be interested in the resolutions set out respectively at Item No. 4, 5 & 6 of the Notice, to the extent of their shareholding interest, if any, in the Company.

Save and except the above, none of the other Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in these resolutions.

The Board commends the Ordinary Resolutions set out at Item Nos. 4, 5 & 6 of the Notice for approval by the shareholders.

#### **ITEM No. 7**

The Board of Directors of the Company appointed, pursuant to the provisions of Section 161(1) of the Act and the Articles of Association of the Company, Ms. Jyoti Dixit as an Additional Director of the Company with effect from 07 August, 2014.

In terms of the provisions of Section 161(1) of the Act, Ms. Jyoti Dixit would hold office up to the date of the ensuing Annual General Meeting.

The Company has received a notice in writing from a member alongwith the deposit of requisite amount under Section 160 of the Act proposing the candidature of Ms. Jyoti Dixit for the office of Director of the Company.

Ms. Jyoti Dixit is not disqualified from being appointed as a Director in terms of Section 164 of the Act and has given her consent to act as a Director.

Section 149 of the Act inter alia stipulates the criteria of independence to be adopted to appoint an Independent Director on its Board. As per the said Section 149, an Independent Director can hold office for a term up to 5 (five) consecutive years on the Board of a company and shall not be included in the total number of directors for retirement by rotation.

The Company has received a declaration from Ms. Jyoti Dixit that she meets the criteria of independence as prescribed both under sub-section (6) of Section 149 of the Act and under Clause 49 of the Listing Agreement. Ms. Jyoti Dixit possesses appropriate skills, experience and knowledge; inter alia, in the field of Corporate Governance, Secretarial & legal.

In the opinion of the Board, Ms. Jyoti Dixit fulfills the conditions for her appointment as an Independent Director as specified in the Act and the Listing Agreement. Ms. Jyoti Dixit is independent of the management.

Brief resume of Ms. Jyoti Dixit, nature of her expertise in specific areas and names of companies in which she holds directorships and memberships / chairmanships of Board Committees, shareholding and relationships between directors inter-se as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges, is provided in the Corporate Governance Report forming part of the Annual Report.

Keeping in view her expertise and knowledge, it will be in the interest of the Company that Ms. Jyoti Dixit is appointed as an Independent Director. Copy of the draft letter for appointment of Ms. Jyoti Dixit as an Independent Director setting out the terms and conditions and other relevant documents are available for inspection by members at the Registered Office of the Company during business hours on all days except Saturdays, Sundays and Public holidays up to the date of the Annual General Meeting and is also available on the website of the Company at [www.cosmoferrites.com](http://www.cosmoferrites.com)

This Statement may also be regarded as a disclosure under Clause 49 of the Listing Agreement with the Stock Exchanges. Save and except Ms. Jyoti Dixit, none of the other Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution set out at Item No. 7 of the Notice.

The Board commends the Ordinary Resolution set out at Item No. 7 of the Notice for approval by the shareholders.

#### **ITEM No.8**

As per the provisions of Schedule V of Companies Act, 2013 remuneration payable by the Companies having no profit or inadequate profits without Central Government approval will be governed by Section II Part II of Schedule V of Companies Act, 2013. The limits specified in Part II of Schedule V of the Act are required to be approved via Special Resolution.

Board hereby accords the approval of the members to pay remuneration to Managing Personnel as per the above limits provided under Section 196 and 197 read with Schedule V of the Companies Act, 2013.

Mr. Amrish Jaipuria & Mr. Ashok Jaipuria are interested in the resolutions set out respectively at Item No. 8 of the Notice, which pertains to the remuneration payable to Managing Personnel.

The relatives of Mr. Amrish Jaipuria may be deemed to be interested in the resolutions set out at Item No. 8 of the Notice, to the extent of their shareholding interest, if any, in the Company.

Save and except the above, none of the other Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in these resolutions.

The Board accordingly recommends the resolution as set out in Item no. 8 of the accompanying notice for the approval of shareholders by way of Special Resolution.

The statement as required under Section II, Part II of the Schedule V of the Companies Act, 2013 with reference to item no. 8 is as follows-

#### **I. General Information :**

- 1) Nature of Industry : Manufacturer and exporter of Soft Ferrites
- 2) Date or expected date of commencement of commercial production : Existing Company, already commenced from 1986.
- 3) In case of new Companies, Expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus : Existing Company, Not applicable.

## 4) Financial performance based on given indicators:

(Rs. in lacs)

Particulars	Year ended 31.03.2014	Year ended 31.03.2013
<b>Income from Operations</b>		
Net sales/ Income from Operations (Net of excise duty)	5677	4862
Other Operating Income	69	51
Total	5746	4913
Expenses	5417	4913
Profit from operation before other income, interest & Exceptional item	329	-
Other Income	103	28
Profit before finance costs & Exceptional item	432	28
Finance cost	272	287
Profit/ (loss) after interest but before Exceptional items	160	(259)
Exceptional items	50	-
Profit before tax	110	(259)
Tax expenses	5	(93)
Profit after Tax	105	(166)

(5) Foreign Investment of Collaborators : NIL

## II. Information about the Appointee Mr. Ambrish Jaipuria

(1) Background Details	:	Mr. Ambrish Jaipuria is commerce graduate in Business Administration from Ohio State University, USA.
(2) Past Remuneration	:	<b>Basic salary:</b> Rs 1,75,000/- p.m. with such annual increments as the board may decide. <b>Perquisites and allowance:</b> HRA @ 50% of basic salary p.m., Medical allowances/ re-imburements: One month's basic salary or such as may be decided by the Board, Leave Travel concession/allowance: One month's basic salary or as decided by the Board, Club fees: Fees payable subject to maximum of two clubs or as may be decided by the Board, provision for drivers/ drivers salary as per rules of the Company. <b>Other Benefits:</b> Earned/ privilege leaves, Company's contribution to Provident Fund and Super Annuation fund, Gratuity, Leave encashment, Company's Car & telephone facility.
(3) Recognition or awards	:	-
(4) Job Profile and his suitability	:	Mr. Ambrish Jaipuria has experience in Finance and Accounts and General Management functions in industrial enterprises in India.
(5) Remuneration Proposed	:	Payment of the salary, perquisites, allowances, commissions etc. to Mr. Ambrish as per the terms and conditions as may be decided by the Board of Directors (the term Board shall be deemed to include the Nomination and Remuneration Committee of the Board), within over all limit specified under Schedule V to the Companies Act, 2013



(6)	Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person (in case expatriates the relevant details would be w.r.t. the country of his origin).	:	The remuneration proposed to be paid to Mr. Ambrish Jaipuria is in line with peers in comparable company, keeping in view his job profile, the size of operations and complexity of business of company
(7)	Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel, if any	:	Mr. Ambrish is a promoter director holding 52100 shares in the Company. Apart from receiving remuneration as stated above and dividend as a member of the Company (if any), he does not receive any emoluments form the Company. Mr. Ashok Jaipuria Non Executive- Chairman of Cosmo Ferrites is father of Mr. Ambrish Jaipuria. No other managerial personnel have any relationship with Mr. Ambrish Jaipuria.

### III. Other Information

(1)	Reasons for loss or inadequate profits	:	Not applicable
(2)	Steps taken or proposed to be taken for improvement	:	Not applicable
(3)	Expected increase in productivity and profits in measurable terms	:	Not applicable

### IV. Disclosures

(1)	The following disclosures shall be mentioned in the Board of Director's report under the heading "Corporate Governance", if any attached to the financial statement:-  (i) All elements of remuneration package such as salary, benefits, bonuses, stock options, pension, etc. of all the directors; (ii) Details of fixed components and performance linked incentives along with the performance criteria (iii) Service contracts, notice period severance fees; (iv) Stock option details, if any, and whether the same has been issued at a discount as well as the period over which accrued and over which exercisable;	:	The requisite details of remuneration etc. of Directors are included in the Corporate Governance Report, forming part of the Annual Report of the Company
-----	---	---	---

#### ITEM NO. 9

Members of the Company had approved creation of charge, Mortgage on the assets of the Company by passing an Ordinary Resolution. Under section 180 of Companies Act, 2013 the same is required to be approved by shareholders by passing Special Resolution.

The Board commends the Special Resolution set out in Item no. 9 for the approval by the shareholders.

None of the Directors or Key Managerial Personnel (KMP) of the Company or their relatives are concerned or interested, financial or otherwise, in the resolution set out at Item No. 9

#### ITEM NO. 10

Members of the Company had approved the borrowing powers of the Company by passing an Ordinary Resolution. Companies Act 2013 requires the limits to be approved via Special Resolution.

The Board accordingly recommends the resolution as set out in Item no. 10 of the accompanying notice for the approval of shareholders by way of Special Resolution.

None of the Directors or Key Managerial Personnel (KMP) of the Company or their relatives are concerned or interested, financial or otherwise, in the resolution set out at Item No. 10

#### **ITEM NO. 11**

The Board, on the recommendation of the Audit Committee, has approved the appointment and remuneration of the Cost Auditors to conduct the audit of the cost records of the Company for the financial year ending March 31, 2015 as per the following detail. In accordance with the provisions of Section 148 of the Act read with the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditors has to be ratified by the shareholders of the Company.

<b>Name of the Cost Auditor</b>	<b>Industry</b>	<b>Audit fees (in lakhs)</b>
Mr. Ravi Sahnii	Engineering Machinery (Including electrical & electronic product)	1.25 lakhs

Accordingly, consent of the members is sought for passing an Ordinary Resolution as set out at Item No. 11 of the Notice for ratification of the remuneration payable to the Cost Auditors for the financial year ending March 31, 2015.

None of the Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution set out at Item No. 11 of the Notice.

The Board commends the Ordinary Resolution set out at Item No. 11 of the Notice for approval by the shareholders.

#### **ITEM No. 12**

The existing Articles of Association (AoA) are based on the Companies Act, 1956 and several regulations in the existing AoA contain references to specific sections of the Companies Act, 1956 and some regulations in the existing AoA are no longer in conformity with the Act.

The New Act is now largely in force. However, substantive sections of the Act which deal with the general working of companies stand notified. With the coming into force of the Act several regulations of the existing AoA of the Company require alteration or deletions in several articles. Given this position, it is considered expedient to wholly replace the existing AoA by a new set of Articles. The new AoA to be substituted in place of the existing AoA are based on Table 'F' of the Act which sets out the model articles of association for a company limited by shares.

The proposed new draft AoA is being uploaded on the Company's website for perusal by the shareholders.

None of the Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the Special Resolution set out at Item No. 12 of the Notice.

The Board commends the Special Resolution set out at Item No. 12 of the Notice for approval by the shareholders.

#### **ITEM No. 13**

As per the provisions of Companies Act, 2013 the Board may contribute to bona fide charitable and other funds upto five per cent of its average net profits for the three immediately preceding financial years. For making contribution over & above this limit, shareholder's approval is required.

In order to sustain minimum contribution to committed charitable purposes in the years of lower profit, it is proposed to obtain members approval for contributing amount upto Rs 10 lakhs, in a financial year.

Accordingly, it is proposed to obtain members approval by way of Ordinary resolution for contributing upto five percent of the average net profits of the company for the three immediately preceding financial years or Rs 10 lakhs whichever is higher.

None of the Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the Ordinary Resolution set out at Item No. 13 of the Notice.

The Board commends the Ordinary Resolution set out at Item No. 13 of the Notice for approval by the shareholders.

**New Delhi  
07 August, 2014**

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

Head Office:  
517, 5<sup>th</sup> Floor, DLF Tower-A  
Jasola District Centre,  
New Delhi- 110025  
CIN:- L27106HP1985PLC006378  
e-mail:- investorservices@cosmoferrites.com

**Neha Pawar  
Company Secretary  
Membership No. A31773**

**The instructions for members for voting electronically are as under:-**

- (i) The Voting period begins on Monday, 15th September, 2014 from 10:00 a.m. (IST) and ends on Tuesday, 16<sup>th</sup> September, 2014 06:00 p.m. During the period shareholders of the Company holding shares either in physical form or dematerialized form, as on the cut off date i.e. Friday, 22<sup>nd</sup> August, 2014, may cast their vote electronically. The e voting module shall be disabled by CDSL for voting thereafter.
- (ii) Log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com) during the voting period.
- (iii) Click on "Shareholders" tab.
- (iv) Now enter your User ID:-
- (a) For CDSL : 16 digits beneficiary ID
- (b) For NSDL : 8 Character DP ID followed by 8 Digits Client ID
- (c) Members holding shares in physical form should enter Folio Number registered with the Company
- (v) Next enter the image verification code / captcha code as displayed and Click on Login.
- (vi) If you are holding shares in Demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any Company, then your existing password is to be used.
- (vii) If you are a first time user follow the steps given below. (Applicable for the Members holding shares in demat form and in physical form)
- (viii) Now, fill up the following details in the appropriate boxes:

PAN	Enter your 10 digit alpha-numeric PAN issued by Income Tax Department when prompted by the system while e-voting (Applicable for both demat shareholders as well as physical shareholders). <ul style="list-style-type: none"> <li>● Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the demat account / folio no. in the PAN field.</li> <li>● In case the folio no. is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ram Kumar with folio no. 100 then enter RA00000100 in the PAN field.</li> </ul>
DOB	Enter the Date of Birth as recorded in your demat account or in the Company records for the said demat account or folio in dd/mm/yyyy format.
Dividend Bank Details	Enter the Dividend Bank Details as recorded in your demat account or in the Company records for the said demat account or folio. <ul style="list-style-type: none"> <li>● Please enter the DOB or Dividend Bank Details, in order to login. If the details are not recorded with the depository or Company please enter the <b>number of shares held by you as on Friday, 22nd August, 2014</b> in the <b>Dividend Bank Details</b> field.</li> </ul>

- (ix) After entering these details appropriately, click on "SUBMIT" tab.
- (x) Members holding shares in physical form will then reach directly the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (xi) For members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this notice.
- (xii) Click on the relevant EVSN of "**Cosmo Ferrites Limited**" on which you choose to vote.
- (xiii) On the voting page, you will see **Resolution Description** and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.

- (xiv) Click on the **"Resolutions File Link"** if you wish to view the entire Resolutions.
- (xv) After selecting the resolution you have decided to vote on, click on **"SUBMIT"**. A confirmation box will be displayed. If you wish to confirm your vote, click on **"OK"**, else to change your vote, click on **"CANCEL"** and accordingly modify your vote.
- (xvi) Once you **"CONFIRM"** your vote on the resolution, you will not be allowed to modify your vote.
- (xvii) You can also take print out of the voting done by you by clicking on **"Click here to print"** option on the Voting Page.
- (xviii) If Demat account holder has forgotten the changed password then enter the User ID and image verification code/captcha code and click on **Forgot Password** & enter the details as prompted by the system.
- (xix) Note for Institutional Shareholders :
- Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to log on to <https://www.evotingindia.com> and register themselves as **Corporates**.
  - They should email a scanned copy of the Registration Form bearing the stamp and sign of the entity to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com)
  - After receiving the login details they have to create a user who would be able to link the account(s) which they wish to vote on.
  - The list of accounts should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
  - They should upload a scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, in PDF format in the system for the scrutinizer to verify the same.
- (xx) The voting rights of shareholders shall be in proportion to their share of the paid up equity share capital of the Company.
- (xxi) The Board of Directors of the Company at their meeting held on 7<sup>th</sup> August, 2014 has appointed Mr. Sandeep Mittal, Practicing Chartered Accountant (FCA No. 501404) as the Scrutinizer to scrutinize the e-voting process in fair and transparent manner whose e-mail is [sandeepmittal79@gmail.com](mailto:sandeepmittal79@gmail.com).
- (xxii) The Results declared along with the Scrutinizer's Report shall be placed on the Company's website [www.cosmoferrites.com](http://www.cosmoferrites.com) and on the website of CDSL within two (2) days of passing of the resolution at the AGM of the Company and communicated to Stock Exchanges.
- (xxiii) In case of members receiving the physical copy, they are requested to follow all steps from serial no. (ii) to (xix).
- (xxiv) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at [www.evotingindia.com](http://www.evotingindia.com) under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).

THIS HAS BEEN LEFT BLANK INTENTIONALLY

**PROXY FORM**

[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of Companies (Management and Administration) Rules, 2014]

**COSMO FERRITES LTD**  
(CIN L27106HP1985PLC006378)  
Regd Office, Jabli, Distt. Solan, (H.P.) – 173 209

Name of the members: Registered Address:		e-mail Id: Folio No/ *Client Id:* DP id:	
---	--	--	--

I/ We, being the member(s) of \_\_\_\_\_ shares of Cosmo Ferrites limited, hereby appoint:  
 1) \_\_\_\_\_ of \_\_\_\_\_ having e-mail id \_\_\_\_\_ or failing him  
 2) \_\_\_\_\_ of \_\_\_\_\_ having e-mail id \_\_\_\_\_ or failing him  
 3) \_\_\_\_\_ of \_\_\_\_\_ having e-mail id \_\_\_\_\_ or failing him

and whose signature(s) are appended below as my/our proxy to attend and vote (on a poll) for me/ us and on my/our behalf at the **28<sup>th</sup> Annual General Meeting** of the Company, to be held on Monday, September 22, 2014 at 3:30 P.M. at Registered Office, jabli, Dist. Solan (H.P.) – 173209 and at any adjournment thereof in respect of such resolutions as are indicated below:

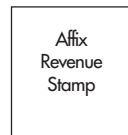
\*\* I wish my above Proxy to vote in the manner as indicated in the box below:

Resolutions	For	Against
1. Consider and adopt audited Profit & loss Account, Balance Sheet, Reports of the Board of Directors and Auditors.		
2. Re-appointment of Mr. Anil Kumar Jain who retires by rotation		
3. Appointment of Auditors and fixing their remuneration		
4. Appointment of Mr. Naresh Kumar Gupta as an Independent Director		
5. Appointment of Mr. Shreekant Somany as an Independent Director		
6. Appointment of Mr. Rakesh Nangia as an Independent Director		
7. Appointment of Ms. Jyoti Dixit as an Independent Director		
8. Approval of Payment of Managerial Remuneration in case of no profit or inadequate profit		
9. Creation of Charge, Mortgage etc.		
10. Approval of Borrowing limits		
11. Approval of the remuneration of the Cost Auditors		
12. Adoption of new Articles of Association of the Company		
13. Approval of limits of Contribution by the Company to any bonafide and Charitable funds etc.		

\* Applicable for investors holding shares in electronic form.

Signed this ..... day of ..... 2014

\_\_\_\_\_  
Signature of shareholder



\_\_\_\_\_  
Signature of first proxy holder

\_\_\_\_\_  
Signature of Second proxy holder

\_\_\_\_\_  
Signature of third proxy holder

**Notes:**

- (1) This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company not less than 48 hours before the commencement of the meeting.
- \*\* (2) It is optional to put a 'X' in the appropriate column against the Resolutions indicated in the Box, if you leave the 'For' or 'Against' column blank against any or all Resolutions, your Proxy will be entitled to vote in the manner as he/she thinks appropriate.
- (3) Please complete all details including details of member(s) in above box before submission.
- (4) For the Resolutions, Explanatory Statement and Notes, please refer to the Notice of the 28th Annual General Meeting.



**COSMO FERRITES LTD**  
**(CIN L27106HP1985PLC006378)**  
Regd Office, Jabli, Distt. Solan, (H.P.) – 173 209

**ATTENDANCE SLIP**  
28<sup>th</sup> Annual General Meeting – 22<sup>nd</sup> September, 2014

DP id*	
--------	--

Folio No.	
-----------	--

Client id*	
------------	--

No. of Shares	
---------------	--

NAME AND ADDRESS OF THE SHAREHOLDER

I hereby record my presence at the **28<sup>th</sup> Annual General Meeting** of the Company held on Monday, September 22, 2014 at 3:30 p.m. at Registered Office, Jabli, Distt. Solan, (H.P.) – 173209.

\_\_\_\_\_  
Signature of Shareholder/ Proxy

- Notes:
- 1) please fill in this attendance slip and hand it over at the entrance of meeting hall.
  - 2) Member's Signature should be in accordance with the specimen signature registered with the company.
  - 3) Please bring your copy of the annual Report for reference at the meeting.

\* Applicable for investor(s) holding shares in electronic form.







**COSMO FERRITES LIMITED**

**Annual Report 2013-14**

BOARD OF DIRECTORS

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

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

COMPANY SECRETARY

Ms. Neha Pawar

REGISTERED OFFICE

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

AUDITORS

B. K. Shroff & Co.

BANKERS

State Bank of India

CORPORATE OFFICE

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

SALES OFFICE

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

MFG. PLANT

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

Contents

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



**DIRECTORS' REPORT**

**THE MEMBERS  
COSMO FERRITES LTD.**

The Directors have pleasure in presenting the Annual Report on the business and operations of the company along with Audited Balance Sheet and Profit & Loss A/c for the year ended **31<sup>st</sup> March 2014**

(Rs. in Lacs)

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

**DIVIDEND**

In view of the profit after appropriation being low during this year, the Directors are unable to recommend any dividend on the equity shares for the year ended March 31, 2014.

**DEPOSITS**

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

**REVIEW OF OPERATIONS**

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

- Net Profit after tax for the year is Rs. 105 lacs as compared to Net loss of Rs. 166 lacs in the previous year by strengthening of marketing strategies, revision in pricing policy and reduction in costs.
- This year was challenging on various fronts, viz upward pressure on key raw materials prices along with increased competition in global ferrites market, down fall in international market.

**FUTURE OUTLOOK & EXPANSION**

Various cost cutting measures are being taken in a structured manner. Besides, different market segments are being explored to increase the order book and thereby better capacity utilization. It is expected that performance in current year will be much better.

**DIRECTORS**

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

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

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

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

**STATUTORY STATEMENTS**

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

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

**DIRECTORS' RESPONSIBILITY STATEMENT**

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



- (i) In the preparation of the annual accounts, applicable accounting standards have been followed;
- (ii) Accounting policies selected were applied consistently. Reasonable and prudent judgments and estimates are made so as to give a true and fair view of the state of affairs of the Company as on 31<sup>st</sup> March, 2014 and of the profit of the Company for the year ended on that date.
- (iii) Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) The annual accounts of the company have been prepared on a going concern basis.

#### CORPORATE GOVERNANCE

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

A separate report on Corporate Governance along with Auditors certificate on compliance of conditions of Corporate Governance as stipulated in clause 49 of the Listing Agreement with the Stock Exchange form part on this report.

#### RE-APPOINTMENT OF AUDITORS

M/s. B.K. Shroff & Company, Chartered Accountants, Statutory Auditors of the Company will retire at the ensuing AGM and being eligible offers themselves for reappointment. The Company has taken a certificate from the auditors to the effect that their re-appointment if made, would be in accordance with the applicable provisions of the Companies Act, 2013.

#### TRADE RELATIONS

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

#### PERSONNEL

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

#### APPRECIATION

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

**For and on behalf of the Board**

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

Ashok Jaipuria  
Chairman

#### ANNEXURE TO THE DIRECTORS' REPORT

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

#### I. CONSERVATION OF ENERGY

##### a) Energy conservation measures taken:

- Decided not to run N2 plant, Attriators and Ball Mills in peak load hours.
- Frequency Drive provided on Erich Mixer.
- Minimized diesel consumption by taking peak load exemption from HPSEB.
- Switching off lights and fans to save consumption of electricity when not required.

##### b) Additional investments and proposals, if any, being implemented for reduction of consumption of energy:

- Wind power Operation Exhaust fan installed in production for better environment.
- Energy efficient and waste heat recovery system incorporated in running expansion capital equipment.

##### c) Impact of the measures at A and B for reduction of energy consumption and consequent impact of the cost of production of goods:

- Contract demand reduced to 750 KVA instead of 1100 KVA in unit II.

##### d) Total energy consumption and energy consumption per unit of production as per prescribed Form 'A' - Not Applicable.

#### II. TECHNOLOGY ABSORPTION

##### 1. Research & Development

##### (a) Specific areas in which R&D carried out by the company:

- Quality improvement and cost reduction initiatives taken in all operations areas.
- Concentrated on increasing the production throughput.
- Carried out New Material developments activities to cater the demand of Renewable energy segments. Improvement in existing



product portfolios remained the major thrust area.

**(b) Benefits Derived as a result of Above R&D:**

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

**(c) Future Plan of Action:**

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

**2. Technology absorption, adaptation & innovations:**

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

**III. FOREIGN EXCHANGE EARNINGS AND OUTGO**

1. Activities relating to export incentives taken to increase exports, development of new export markets for products and services and export plans.
  - New customers developed in Europe and Asia.
  - Exports during the year aggregated to more than 40 % of total sales.
2. Foreign Exchange Earned- Rs 2781.27 Lacs  
Foreign Exchange Outgo- Rs. 1363.82 Lacs

**For and on behalf of the Board**

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

**Ashok Jaipuria  
Chairman**

PARTICULARS OF EMPLOYEES IN TERMS OF SECTION 217(2A) OF THE COMPANIES ACT,1956 AND FORMING PART OF THE DIRECTORS REPORT FOR THE YEAR ENDED MARCH 31, 2014

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



## **MANAGEMENT DISCUSSION & ANALYSIS REPORT**

### **Industry Structure & Developments:**

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

### **Opportunities & threats:**

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

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

### **Segment Wise or Product Wise Performance**

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

### **Outlook**

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

### **Risks & Concerns**

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

### **The Competition Risk**

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

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

### **Customer Attrition Risk**

All customers are sensitive to quality, delivery and price.

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

### **Raw Material Price Risk**

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

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

### **People Risk Management**

High Quality human resources are vital to the success of our business. People are valuable assets of the company.

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

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

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

### **Security Risk Management**

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

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

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

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



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

#### **Foreign Exchange Risk**

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

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

#### **Operational & Financial performance**

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

#### **Internal Control Systems & their adequacy**

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

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

Human resource is considered as vital strength of the company. There was unity of purpose among all level of employees i.e. to

continuously strive for the improvement in work practices & productivity.

#### **Cautionary statement**

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





**CORPORATE GOVERNANCE REPORT**

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

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

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

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

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

The Board of Directors of the company comprises of an optimum combination of Executive and Non-executive directors headed by a Non-executive Chairman and more than fifty percent Independent Directors. The Independent Directors do not have any pecuniary relationship or transactions with the company, promoters, and management, which may affect their judgment in any manner. The structure of the Board and record of other directorships and Committee Memberships and Chairmanships as on 31<sup>st</sup> March, 2014.

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

**NOTE:**

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

**B. BOARD MEETINGS:**

**1. SCHEDULING AND SELECTION OF AGENDA FOR BOARD MEETINGS**

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

Jasola District Centre, New Delhi- 110 025 . The Company Secretary drafts the agenda for each meeting, along with explanatory notes, and is distributed in advance to the Directors. The Board meets at least once in a quarter to review the quarterly results and other items on the agenda.



**2. BOARD MEETING HELD DURING THE F.Y 2013-14 AND ATTENDANCE OF DIRECTORS**

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

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

**3. ATTENDANCE AT AGM**

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

Mr. A. K. Jain

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

Mr. A.K Jain, Director of the Company is liable to retire by rotation and being eligible offers himself for reappointment at the ensuing Annual General Meeting.

Pursuant to the requirements of the Listing agreement of Stock Exchanges, on Corporate Governance, the information about the Directors proposed to be appointed / re-appointed is given in Annexure I to this Report.

**5. AVAILABILITY OF INFORMATION TO THE BOARD**

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

- Annual operating plans and budgets, capital budgets, update.
- Quarterly audited results of the company.
- Minutes of meetings of audit committee and other committees of the board.
- Information on recruitment and removal of senior officers just below the board level.

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

**6. MATERIALLY SIGNIFICANT RELATED PARTY TRANSACTIONS**

There have been no materially significant related party transactions, pecuniary transactions or relationships between Cosmo Ferrites and its Directors for the year ended March 31, 2014, other than those listed in notes of the financial statements Note no. 34.

**C. BOARD LEVEL COMMITTEES**

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

- Audit Committee
- Stakeholder Relationship Committee
- Nomination and Remuneration Committee
- Risk Management Committee
- Finance and Operations Committee
- Share Allotment Committee



**1. AUDIT COMMITTEE**

**> Terms of reference**

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

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

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

- a) The oversight of the Company's financial reporting processes and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- b) Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditors and the fixation of the audit fees.
- c) Approval of the payment to statutory auditors for any other services rendered by the statutory auditors.
- d) Review with the management the annual financial statements before submission to the Board, with particular reference to:
  - Matters required to be included in the Director's responsibility statement to be included in the Board's Report in terms of clause (2AA) of section 217 of the Companies Act, 1956.
  - Any changes in accounting policies and practices and reasons for the same.
  - Major accounting entries based on exercise of judgment by management.
  - Qualifications in draft audit report, if any.
  - Significant adjustments arising out of audit.
  - The going concern assumption.
  - Compliance with Accounting Standards.
  - Compliance with listing and other legal requirements relating to financial Statements.
  - Disclosures of any related party transactions.
- e) Reviewing, with the management, the quarterly financial statements before submission to the board for approval.
- f) Reviewing, with the management, performance of statutory auditors and the adequacy of internal control systems.

- g) Discussion with statutory auditors before the audit commences nature and scope of audit as well as have post-audit discussion to ascertain any area of concern.
- h) Reviewing the company's financial and risk management policies.
- i) To look into the reasons for substantial defaults in the payment to the shareholders (in case of non payment of declared dividends) and creditors.
- j) To review the functioning of the Whistle blowing mechanism.
- k) Mandatorily reviewing the following:
  - Management discussion and analysis of financial condition and result of operations;
  - Statement of significant related party transactions (as defined by the audit committee) submitted by management;
  - Management letters/ letters of internal control weaknesses issued by the statutory auditors;

**> COMPOSITION OF THE COMMITTEE**

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

- Mr. Rakesh Nangia (Chairman)
- Mr. N. K. Gupta
- Mr. A. K. Jain

**> MEETINGS AND ATTENDANCE DURING THE YEAR**

The Audit Committee met four times during the financial year from 1<sup>st</sup> April, 2013 to 31<sup>st</sup> March, 2014 on May 23, 2013, August 9, 2013, November 7, 2013 and February 11, 2014. The meeting preceded the adoption of quarterly audited results by the Board of Directors. The Company published audited quarterly results in compliance with clause 41 of the listing agreement. The following table gives the attendance record of the audit committee.

Name of the Audit Committee Members	No. of Meetings attended
Mr. Rakesh Nangia	3
Mr. N. K. Gupta	4
Mr. A. K. Jain	4

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

**> Terms of reference**

It was constituted specifically to review compliance of rules and regulations, to redress shareholder's grievance and to provide suggestions. To expedite the process of share transfers the Board has



delegated the power of share transfer to Alankit Assignments Limited viz. Registrar and Share Transfer Agents who will attended to the share transfer formalities at least once in a fortnight.

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

> **COMPOSITION OF SRC**

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

> **MEETING AND ATTENDANCE DURING THE YEAR**

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

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

> **COMPLAINTS RECEIVED / RESOLVED**

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

> **PENDING SHARE TRANSFER**

There are no pending share transfers as on 31/03/2014.

**3. NOMINATION AND REMUNERATION COMMITTEE**

> **TERMS OF REFERENCE**

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

> **COMPOSITION**

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

> **MEETING AND ATTENDANCE DURING THE YEAR**

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

D. **MANAGEMENT DISCUSSION AND ANALYSIS**

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

E. **REMUNERATION POLICY**

(i) **Non- Executive Directors**

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

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

Name of the Non-Executive Director	Sitting Fees (Total Amount for the financial year 2013-14) in Rs.
Mr. Ashok Jaipuria*	-
Mr. Shreekant Somany	9000
Mr. Rakesh Nangia	30000
Mr. N. K. Gupta	39000
Mr. A. K. Jain	27000

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

(ii) **Executive Directors**

Mr. Ambrish Jaipuria, C.E.O & Executive Director (Business Development) was paid following remuneration during the year 2013-14 as minimum remuneration approved by members and Schedule XIII in case of loss or inadequacy of profits:

Particulars of Remuneration	Amount (In Rs.)
Basic Salary	19,29,496
HRA	9,64,748
LTA	Nil
Perquisites	Nil
Provident & other funds	2,31,540
Superannuation	1,00,000
Medical Expenses (Actual)	66,156
Vehicle Expenses (Conveyance)	39,600
<b>Total :</b>	<b>33,31,540</b>
Performance linked incentives	Nil
Service contracts, notice period, severance fees	6 month notice period on either side with no severance fees defined
Stock Option details	Nil



**SHAREHOLDING OF DIRECTORS (EXECUTIVE & NON EXECUTIVE)**

**EXECUTIVE DIRECTOR**

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

**NON EXECUTIVE DIRECTOR**

Mr. Ashok Jaipuria	79,900
Mr. Shreekant Somany	-
Mr. Rakesh Nangia	-
Mr. N. K. Gupta	-
Mr. A. K. Jain	472

**H. CORPORATE GOVERNANCE POLICIES**

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

**1. COMPENSATION POLICY FOR NON-EXECUTIVE DIRECTORS**

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

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

**2. CODE OF CONDUCT**

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

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

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

**4. WHISTLE BLOWER POLICY**

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

**INFORMATION TO SHAREHOLDERS**

**1. REGISTERED AND CORPORATE OFFICE**

**Registered Office**

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

**Head Office**

517, 5<sup>th</sup> floor, DLF tower A, Jasola District Centre,  
New Delhi 110025  
Phone: + 91 11 49398800  
Fax: + 91 11 49398801

**2. ANNUAL GENERAL MEETING**

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

**3. DATES AND VENUE OF PREVIOUS THREE ANNUAL GENERAL MEETINGS.**

Financial	Place	Date
2010-11	Jabli, Dist Solan (H.P.),173209	22.09.2011
2011-12	Jabli, Dist Solan (H.P.),173209	17.09.2012
2012-13	Jabli, Dist Solan (H.P.),173209	27.09.2013

**4. FINANCIAL CALENDAR**

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

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

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

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

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

**5. WEBSITE**

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

**6. LISTING ON STOCK EXCHANGES**

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

**7. INTERNATIONAL SECURITIES IDENTIFICATION NUMBER (ISIN)**

ISIN is a unique identification number of traded scrip. This number has to be quoted in each



transaction relating to the dematerialized equity shares of the company. The ISIN number of the shares of Cosmo Ferrites Ltd. is INE 124B01018.

**8. ANNUAL LISTING FEE**

Annual Listing Fee for the year 2013-14 has been paid to Bombay Stock Exchange. There are no arrears of listing fees with the Bombay Stock Exchange Limited till date.

**9. DEMAT**

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

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

**10. SHARE TRANSFER SYSTEM**

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

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

Contact Person: Mr. R.S. Maurya

**11. ADDRESS FOR CORRESPONDENCE:**

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

- ii. Queries Relating to Financial Statement of the company may be addressed to the following:  
Mr. Vikash Guleria  
Deputy Manager (Accounts)  
Cosmo Ferrites Limited,  
P.O. Jabli, Dist. Solan,  
Himachal Pradesh-173209  
e-mail:lakshmid\_s@cosmoferrites.com  
Fax: 91-1792-277234

**12. INVESTOR COMMUNICATION**

The company publishes quarterly audited results in Financial Express and Himachal Dastak (Hindi). The information relating to the company results is also available on other major financial and capital market related websites.

The Company ensures that its Financial Results are sent to the concerned Stock Exchanges immediately after the same has been considered and taken on record by the Board of Directors. The Company also ensures that these Results are promptly and prominently displayed on the Company's website [www.cosmoferrites.com](http://www.cosmoferrites.com).

**13. DISCLOSURE ON LEGAL PROCEEDINGS**

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

**14. OUTSTANDING STOCK OPTION**

There are no outstanding warrants or convertible instruments or stock options to employees as on March 31, 2014.

**15. POSTAL BALLOT**

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

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

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

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

**17. SHARE PERFORMANCE CHART**

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



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

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

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

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

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

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

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

#### 19. UNCLAIMED DIVIDENDS

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

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

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

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





**ANNEXURE:**

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

**Director's Profile**

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

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



**CERTIFICATE CLAUSE 49 V OF THE LISTING AGREEMENT**

We, the undersigned hereby certify that:

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

**AMBRISH JAIPURIA**  
**C.E.O & EXECUTIVE DIRECTOR**

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

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



CERTIFICATE FROM THE COMPLIANCE OFFICER/COMPANY SECRETARY

I, Neha Pawar, Compliance officer confirm that the Company has:

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

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

Neha Pawar  
Company Secretary

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



---

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

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

1. The Code of Conduct has been laid down for all the Board members and senior management and other employees of the Company.
2. The Code of Conduct is posted on website of the Company.
3. The Board members and senior management personnel have affirmed compliance with the code of conduct for the year 2013-2014

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

Amrish Jaipuria  
Chief Executive Officer



**AUDITOR'S CERTIFICATE**

We have examined the compliance of conditions of Corporate Governance by Cosmo Ferrites Limited for the year ended on 31<sup>st</sup> March 2014 as stipulated in clause 49 of the listing agreement of the said company with stock exchange(s).

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

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

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

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

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

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

Sanjiv Aggarwal  
Partner  
Membership No. 85128



**AUDITORS' REPORT**

**To The Members of Cosmo Ferrites Limited**

**Report on the Financial Statements**

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

**Management's responsibility for the Financial Statements**

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

**Auditor's responsibility**

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

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

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

**Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and

give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) In the case of the Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March, 2014;
- b) In the case of the Statement of Profit and Loss, of the Profit for the year ended on that date, and
- c) In the case of the Cash Flow Statement, of the cash flows for the year ended on the date.

**Report on Other Legal and Regulatory requirements**

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

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

Place: New Delhi

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

Sanjiv Aggarwal  
Partner

MEMBERSHIP NO :85128



**ANNEXURE REFERRED TO IN PARAGRAPH (1) UNDER THE HEADING OF REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS OF OUR REPORT OF EVEN DATE**

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

and fixed assets and for sale of goods and services. During the course of our audit, no major weakness has been noticed in internal control system.

- (v) According to the information and explanations given to us, during the year there were no contracts or arrangements referred to in Section 301 of the Act that needed to be entered into the register required to be maintained under that section and as such clause v (b) of the order is not applicable to the company.
- (vi) In our opinion and according to the information given to us, the company has not accepted any deposits from the public within the meaning of sections 58A and 58AA or any other relevant provisions of the Act.
- (vii) In our opinion, the company has an adequate internal audit system commensurate with the size and the nature of its business.
- (viii) We have broadly reviewed the books of accounts maintained by the company pursuant to the order made by the Central Government for the maintenance of cost records under section 209(1) of the Companies Act, 1956 and are of the opinion that prima facie the prescribed accounts and records have been maintained.
- (ix) (a) The company is regular in depositing with the appropriate authorities undisputed statutory dues including provident fund, employees state insurance, investor education and protection fund, income tax, sales tax, service tax, wealth tax, custom duty, excise duty and cess and other statutory dues applicable to it.
- (b) According to the information and explanations given to us, no undisputed amount payable in respect of income tax, sales tax, service tax, wealth tax, customs duty, excise duty and cess were outstanding as at 31.03.2014 for a period of more than six months from the date they became payable.
- (c) According to the information and explanations given to us, dues in respect of income tax, sales tax, wealth tax, service tax, customs tax, excise duty and cess, which have not been deposited with the appropriate authorities on account of any dispute are given below:

Name of Statute	Nature of Dispute	Amount (in Rs.)	Period	Forum where dispute is pending
Central Excise Act, 1944	Excise Duty	27,62,007	Jan 2000 to Nov. 2004	CESTAT
	Excise Duty	2,65,869	Dec. 2004 to April 2007	CESTAT
	Service tax	3,54,009	Jan. 2009 to Mar. 2011	CESTAT
	Service tax	18,263	Jan. 2011 to Jun. 2011	Commissioner (Appeal)



- x) There are no accumulated losses of the company as at 31<sup>st</sup> March, 2014. The company has not incurred any cash loss during the financial year covered by our audit and in the immediately preceding financial year.
- xi) In our opinion and according to the information and explanations given to us, the company has not defaulted in repayment of dues to a financial institution or bank or debenture holders.
- xii) According to the information and explanations given to us, the company has not granted any loan and advance on the basis of security by way of pledge of shares, debentures and other securities.
- xiii) In our opinion the company is neither a chit fund nor nidhi/mutual benefit fund/ society and hence clause (xiii) of the order is not applicable to the company.
- xiv) In our opinion the company is not dealing or trading in shares, securities, debentures and other investments and accordingly clause (xiv) of the order is not applicable to the company.
- xv) In our opinion the company has not given guarantee for loans taken by others from banks or financial institutions.
- xvi) In our opinion, the term loans have been applied for the purposes for which they were obtained.
- xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the company, we report that no funds raised on short-term basis have been used for long-term investments.
- xviii) According to information and explanations given to us, the company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956.
- xix) According to the information and explanations given to us, during the year company had not issued any debentures.
- xx) According to the information and explanations given to us, during the year the company has not raised any money by public issue.
- xxi) According to the information and explanation given to us, no fraud on or by the company has been noticed or reported during the course of our audit.

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

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

Sanjiv Agarwal  
Partner  
Membership No. 85128





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

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

See accompanying notes to the financial statements

As per our report of even date annexed

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

Place : New Delhi  
Dated:06 May, 2014

Neha Pawar  
Company  
Secretary

Vikash Guleria  
Deputy  
Manager  
(Finance & Accounts)

N K Gupta  
Director  
DIN No  
00214602

Ashok Jaipuria  
Chairman  
DIN No  
00214707

Ambrish Jaipuria  
Director  
DIN No  
00214687



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

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

See accompanying notes to the financial statements

As per our report of even date annexed

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

Place : New Delhi  
Dated:06 May, 2014

Neha Pawar  
Company  
Secretary

Vikash Guleria  
Deputy  
Manager  
(Finance & Accounts)

N K Gupta  
Director  
DIN No  
00214602

Ashok Jaipuria  
Chairman  
DIN No  
00214707

Ambrish Jaipuria  
Director  
DIN No  
00214687



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

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

NOTE: Figures in parentheses represent cash outflow

See accompanying notes to the financial statements

As per our report of even date annexed

For B.K. SHROFF & CO.,

Chartered Accountants

Firm Registration No.: 302166E

Sanjiv Aggarwal

Partner

Membership No.: 85128

Place : New Delhi  
Dated:06 May, 2014

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

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

Amrish Jaipuria  
Director  
DIN No  
00214687

**ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS**

1. Significant accounting policies

**a) Method of Accounting**

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

**b) Fixed Assets**

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

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

**c) Investments**

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

**d) Inventories**

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

**e) Foreign currency transactions**

All foreign currency liabilities relating to acquisition of fixed assets are restated at the rates ruling at the

year end and exchange differences arising on such transactions are adjusted in the cost of assets.

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

**f) Depreciation**

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

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

**g) Research & Development**

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

**h) Retirement benefits**

**i) Short Term Employee Benefits**

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

**ii) Post Employment Benefits**

- a) State provident fund scheme is a defined contribution plan. The contribution paid /payable under the scheme is recognized in the profit & loss account during the year during which the employee renders the related service
- b) The company has a separate super annuation fund in respect of certain categories of employees. Contributions paid /payable during the year are recognized in the profit & loss account
- c) The employee gratuity fund scheme managed by a trust is a defined benefit plan. The present value of obligation under such defined benefit plan is determined based on actuarial valuation under the project unit credit method which recognizes each year of service as giving



rise to additional unit of employee benefits entitlement each unit separately to build up the final obligation.

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

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

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

- d) Other long term employee's benefits including leave encashment are recognized in the same manner as defined benefit plans.

**i) Borrowing costs**

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the cost of that asset. Other borrowing costs are recognised as an expense in the year in which they are incurred. Capitalisation of borrowing costs ceases when substantially all activities necessary to prepare the qualifying asset for its intended use or sale are complete.

**j) Excise & Other Duties**

Excise duty in respect of finished goods lying in factory premises and custom duty on goods lying in customs bonded warehouse are provided and included in the valuation of inventory. Modvat benefit is accounted for by reducing the purchase cost of the materials/ fixed assets.

**k) Claims and benefits**

Claims receivable and export benefits are accounted on accrual basis to the extent considered receivable.

**l) Revenue recognition**

Export sales are accounted on the basis of the date of bill of lading / airway bill. Other sales are accounted

for ex-factory on dispatch. Sales are net of returns, excise duty and include export incentives/benefits.

**m) Income from Investments/Deposits**

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

**n) Taxation**

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

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

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

**o) Earnings per share**

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

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

**p) Contingent Liabilities**

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



2 SHARE CAPITAL

(a) Authorised

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

(b) Issued, Subscribed and Paid up

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

Notes:-

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

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

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



**3. RESERVE & SURPLUS**

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

**4. LONG TERM BORROWINGS (Secured)**

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

\* Rupee Term Loans are secured by first equitable mortgage of immovable assets both present and future and hypothecation of moveable assets (save and except book debts) charged to rank pari-passu inter se and subject to prior charges created in favour of the company's for working capital loans and assets exclusively charged. Corporate loan is further secured by pledge of shares of promoters.

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

The above loans are repayable as follows:

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

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



5. DEFERRED TAX LIABILITIES (NET)

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

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

6. OTHER LONG TERM LIABILITIES

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

7. LONG TERM PROVISIONS

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

8. SHORT TERM BORROWINGS

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

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

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

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





**9. TRADE PAYABLES**

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

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

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

**10. OTHER CURRENT LIABILITIES**

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

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

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

**11. SHORT TERM PROVISIONS**

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

**12 TANGIBLE ASSETS**

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

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



**13. NON CURRENT INVESTMENTS**

(Quoted-Non Trade)

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

**14. LONG TERM LOANS & ADVANCES**

(Unsecured-considered good)

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

**15. OTHER NON CURRENT ASSETS**

(Unsecured-considered good)

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

**16. INVENTORIES**

As taken, valued and certified by the management

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

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

**17. TRADE RECEIVABLES**

(Unsecured-considered good unless otherwise stated)

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



**18. CASH & CASH EQUIVALENTS**

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

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

**19. SHORT TERM LOANS & ADVANCES**

(Unsecured-considered good)

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

**20 OTHER CURRENT ASSETS**

(Unsecured-considered good)

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

**21 CONTINGENT LIABILITIES AND COMMITMENTS**

(to the extent not provided for)

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

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



23. REVENUE FROM OPERATIONS

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

24. OTHER INCOME

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

25. COST OF MATERIALS CONSUMED

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

26. PURCHASES OF STOCK IN TRADE

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



27. CHANGES IN INVENTORIES

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

28. EMPLOYEE BENEFITS EXPENSE

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

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

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



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

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

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

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

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

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

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

The Estimates of rate of future salary increase takes into account inflation, seniority, promotion and other relevant factors on long term basis. The discount rate is generally based upon the market yields available on Government bonds at the accounting date with a term that matches that of liability. The above information is certified by the actuary.

**29. FINANCE COSTS**

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

**30. DEPRECIATION & AMORTISATION EXPENSE**

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

**31. OTHER EXPENSES**

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



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

\*includes payment to auditors

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

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

### 33. EARNING PER SHARE (EPS)

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

### 34. Related Party Disclosure:

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



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

Previous year figures are given in bracket.

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

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

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





**37. OTHER INFORMATIONS**

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

**38 FORWARD CONTRACTS**

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

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

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

As per our report of even date annexed

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

Place : New Delhi  
Dated:06 May, 2014

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





**BOOK POST**

**If undelivered Please return to :**



**COSMO FERRITES LIMITED**

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