

BOARD OF DIRECTORS

DEVINDER KUMAR JAIN
 NARINDER KUMAR JAIN
 DARSHAN KUMAR JAIN
 PANKAJ JAIN
 MANISH JAIN
 ARUN JAIN
 NEERAJ JAIN
 JOGINDER PAL JAIN
 MOHAN LAL MANGLA
 M. P. GUPTA
 SUNIL JAIN
 GULSHAN RAI JAIN
 RISHA JAIN
 VIJAY KUMAR SOOD

CHAIRMAN CUM MANAGING DIRECTOR
 MANAGING DIRECTOR
 WHOLE TIME DIRECTOR
 WHOLE TIME DIRECTOR
 WHOLE TIME DIRECTOR
 WHOLE TIME DIRECTOR
 WHOLE TIME DIRECTOR
 DIRECTOR
 DIRECTOR
 DIRECTOR
 DIRECTOR
 DIRECTOR
 DIRECTOR
 DIRECTOR
 DIRECTOR

BRANCH OFFICES

- 221 244, BASTI GUZAN, NEAR BABRIK CHOWK, JALANDHAR-144 002 (PUNJAB)
- 221 SHOP NO. 12 To 15, 32 & 1, LAXMI NARAYAN COMPLEX, PLOT NO. 3 & 3A, SECTOR-12A, KOPERKH AIRNE, NAVI MUMBAI – 400 079 (MAHARASHTRA).
- 221 E-8, SECTOR-6, NOIDA – 201 301 (U.P.)

WORKS

1688-2/31, Railway Road
 Near Railway Station
 Gurgaon – 122 001 (Haryana)

AUDITORS

M/S MADAN & ASSOCIATES
 (Formerly M/s R. N. Bahl & Co.)
 Chartered Accountants
 FLAT NO. 1003, 10TH FLOOR
 KAILASH BUILDING, K. G. MARG
 NEW DELHI – 110 001.

BANKERS

Bank of India

CONTENTS	
Notice_____	1
Directors' Report_____	14
Corporate Governance Report_____	18
Management Discussion and Analysis Report_____	26
Auditors' Report_____	34
Balance Sheet_____	38
Profit & Loss Account_____	39
Schedules to the Accounts_____	40
Cash Flow Statement_____	58
Balance Sheet Abstract_____	59
Auditor's Report & Consolidated Financial Statements_____	60

NOTICE

Notice is hereby given that the Thirty-Second Annual General Meeting of the Members of Cosco (India) Limited will be held on Friday, the 30th September, 2011 at 10.30 A.M. at Registered Office of the Company at 2/8, Roop Nagar, Delhi – 110 007 to transact the following business: -

ORDINARY BUSINESS**Item 1**

To receive, consider and adopt the Balance Sheet as at 31st March, 2011, Profit and Loss Account for the year ended on that date and the Reports of the Auditors' and Directors' thereon.

Item 2

To appoint a Director in place of Shri M. P. Gupta, who retires by rotation and, being eligible, offers himself for re-appointment.

Item 3

To appoint a Director in place of Shri Sunil Jain who retires by rotation and, being eligible offers himself for re-appointment.

Item 4

To appoint a Director in place of Shri Gulshan Rai Jain who retires by rotation and, being eligible offers himself for re-appointment.

Item 5

To appoint a Director in place of Smt. Risha Jain who retires by rotation and, being eligible offers herself for re-appointment.

Item 6

To appoint Auditors to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS**Item 7**

To consider and if thought fit to pass with or without modification(s) the following Resolution(s) as Special Resolution(s); "RESOLVED THAT pursuant to the provisions of Section 198, 269, 309, 310 and 311 read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof for the time being in force the approval of the Company, be and is hereby accorded to the reappointment of Shri Manish Jain as Whole time Director of the Company in the whole time employment of the Company for a period of three years with effect from 1st October 2011. His remuneration terms and conditions are hereby approved as stated below:

SECTION – I

- | | |
|----------------|--|
| i. Salary | Rs. 85,000/- per month w.e.f 1 st April, 2011 for the current year ending 31 st March, 2012 and Rs. 95,000/- per month w.e.f. 01.04.2012 with annual increment of Rs. 10,000/- per month. |
| ii. Commission | 0.75% on sales which is to be calculated as percentage of sales of previous Financial year, Commission shall accrue only on adoption of previous year's Accounts in Annual General Meeting and will be restricted to 80% of the Salary of the relevant year. |

SECTION-II

Shri Manish Jain shall also be eligible to the following perquisites, which shall not be included in ceiling on remuneration specified in section (I) above.

- | | |
|--|--|
| i. Contribution to Provident Fund, Superannuation or Annuity | Contribution to Provident Fund, Superannuation or Annuity Fund to the extent these either singly or put together are not taxable under the Income Tax Act (including any statutory modification(s) or re-enactment thereof). |
| ii. Gratuity | Gratuity payable at a rate not exceeding half month's salary for each completed year of service. |

SECTION-III

In addition Shri Manish Jain shall be entitled to the following perquisites:

- | | |
|---------------------------|---|
| i. Furniture & Furnishing | The Company will provide furniture and furnishing for the residential accommodation. 10% of the cost of furniture and furnishing shall be added for calculation of ceiling for managerial remuneration under the Companies Act, 1956. Similarly 10% of the cost shall be considered perquisite for Income Tax Purposes. |
|---------------------------|---|

ii.	Medical & Hospitalization	Actual Medical expenses including hospitalization for self and dependent members of family.
iii.	Accident Insurance Premium	Annual premium within permissible limit under Income Tax Act and Rules, the Company being beneficiary under the policy.
iv.	Leave Travel Concession	For self and family as permissible in the Income Tax Act and Rules.
v.	Car with Driver	Shall be provided for use for Company's Business. Perquisite value for personal use, if any, shall be as per Income Tax Act and Rules/ other applicable Statutory provisions in force from time to time. In case driver is not provided then the Company shall reimburse the actual expenses incurred by the employee for engaging a driver.
vi.	Telephone(s)	Telephone(s) shall be provided at the residence for the benefit of Company's business, the cost of which shall be borne/paid by the Company. Mobile Phone (s) to be provided for Company's business use.

Explanation: Family means the Spouse, dependent children and dependent parents of the appointee.

RESOLVED FURTHER THAT in the event of inadequacy or absence of Profit in any financial year, the remuneration payable to Shri Manish Jain shall be governed by Section II of Part II of Schedule XIII of the Companies Act, 1956, or any statutory amendment/modification(s) thereof."

RESOLVED FURTHER THAT in the event of any statutory amendment(s) or modification(s) or further liberalization/ revision by the Central Government to Schedule XIII of the Companies Act, 1956 the Board of Directors and/or Committee thereof be and is hereby authorized to vary and/or increase the remuneration including the Salary, perquisites, allowances etc. within such prescribed limits or ceiling without any further Resolution or consent or reference to the members in General Meeting, subject however to the provisions of Section 302 of the Companies Act, 1956 and subject further to the same falling within the powers of the Remuneration Committee and Board.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to do all such acts, deeds, things and matters as may be necessary to give effect to the above Resolution(s)".

Item 8

To consider and if thought fit to pass with or without modification(s) the following Resolution(s) as Special Resolution(s);

"RESOLVED THAT pursuant to the provisions of Section 198, 269, 309, 310 and 311 read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof for the time being in force the approval of the Company, be and is hereby accorded to the reappointment of Shri Pankaj Jain as Whole time Director of the Company in the whole time employment of the Company for a period of three years with effect from 1st October 2011. His remuneration terms and conditions are hereby approved as stated below:

SECTION – I

i.	Salary	Rs. 85,000/- per month w.e.f 1 st April, 2011 for the current year ending 31 st March, 2012 and Rs. 95,000/- per month w.e.f. 01.04.2012 with annual increment of Rs. 10,000/- per month.
ii.	Commission	0.75% on sales which is to be calculated as percentage of sales of previous Financial year, Commission shall accrue only on adoption of previous year's Accounts in Annual General Meeting and will be restricted to 80% of the Salary of the relevant year

SECTION-II

Shri Pankaj Jain shall also be eligible to the following perquisites, which shall not be included in ceiling on remuneration specified in section (I) above.

i.	Contribution to Provident Fund, Superannuation or Annuity	Contribution to Provident Fund, Superannuation or Annuity Fund to the extent these either singly or put together are not taxable under the Income Tax Act (including any statutory modification(s) or re-enactment thereof).
ii.	Gratuity	Gratuity payable at a rate not exceeding half month's salary for each completed year of service.

SECTION-III

In addition Shri Pankaj Jain shall be entitled to the following perquisites:

- | | | |
|------|----------------------------|--|
| i. | Furniture & Furnishing | The Company will provide furniture and furnishing for the residential accommodation. 10% of the cost of furniture and furnishing shall be added for calculation of ceiling for managerial remuneration under the Companies Act, 1956. Similarly 10% of the cost shall be considered perquisite for Income Tax Purposes. |
| ii. | Medical & Hospitalization | Actual Medical expenses including hospitalization for self and dependent members of family. |
| iii. | Accident Insurance Premium | Annual premium within permissible limit under Income Tax Act and Rules, the Company being beneficiary under the policy. |
| iv. | Leave Travel Concession | For self and family as permissible in the Income Tax Act and Rules. |
| v. | Car with Driver | Shall be provided for use for Company's Business. Perquisite value for personal use, if any, shall be as per Income Tax Act and Rules/ other applicable Statutory provisions in force from time to time. In case driver is not provided then the Company shall reimburse the actual expenses incurred by the employee for engaging a driver. |
| vi. | Telephone(s) | Telephone(s) shall be provided at the residence for the benefit of Company's business, the cost of which shall be borne/paid by the Company. Mobile Phone (s) to be provided for Company's business use. |

Explanation: Family means the Spouse, dependent children and dependent parents of the appointee.

RESOLVED FURTHER THAT in the event of inadequacy or absence of Profit in any financial year, the remuneration payable to Shri Pankaj Jain shall be governed by Section II of Part II of Schedule XIII of the Companies Act, 1956, or any statutory amendment/modification(s) thereof."

RESOLVED FURTHER THAT in the event of any statutory amendment(s) or modification(s) or further liberalization/ revision by the Central Government to Schedule XIII of the Companies Act, 1956 the Board of Directors and/or Committee thereof be and is hereby authorized to vary and/or increase the remuneration including the Salary, perquisites, allowances etc. within such prescribed limits or ceiling without any further Resolution or consent or reference to the members in General Meeting, subject however to the provisions of Section 302 of the Companies Act, 1956 and subject further to the same falling within the powers of the Remuneration Committee and Board.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to do all such acts, deeds, things and matters as may be necessary to give effect to the above Resolution(s)".

Item 9

To consider and if thought fit to pass with or without modification(s) the following Resolution(s) as Special Resolution(s); "RESOLVED THAT pursuant to the provisions of Section 198, 269, 309, 310 and 311 read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof for the time being in force the approval of the Company, be and is hereby accorded to the reappointment of Shri Neeraj Jain as Whole time Director of the Company in the whole time employment of the Company for a period of three years with effect from 1st October 2011. His remuneration terms and conditions are hereby approved as stated below:

SECTION – I

- | | | |
|-----|------------|--|
| i. | Salary | Rs. 85,000/- per month w.e.f 1 st April, 2011 for the current year ending 31 st March, 2012 and Rs. 95,000/- per month w.e.f. 01.04.2012 with annual increment of Rs. 10,000/- per month. |
| ii. | Commission | 0.75% on sales which is to be calculated as percentage of sales of previous Financial year, Commission shall accrue only on adoption of previous year's Accounts in Annual General Meeting and will be restricted to 80% of the Salary of the relevant year. |

SECTION-II

Shri Neeraj Jain shall also be eligible to the following perquisites, which shall not be included in ceiling on remuneration specified in section (I) above.

- | | | |
|-----|---|--|
| i. | Contribution to Provident Fund, Superannuation or Annuity | Contribution to Provident Fund, Superannuation or Annuity Fund to the extent these either singly or put together are not taxable under the Income Tax Act (including any statutory modification(s) or re-enactment thereof). |
| ii. | Gratuity | Gratuity payable at a rate not exceeding half month's salary for each completed year of service. |

SECTION-III

In addition Shri Neeraj Jain shall be entitled to the following perquisites

- | | | |
|------|----------------------------|--|
| i. | Furniture & Furnishing | The Company will provide furniture and furnishing for the residential accommodation. 10% of the cost of furniture and furnishing shall be added for calculation of ceiling for managerial remuneration under the Companies Act, 1956. Similarly 10% of the cost shall be considered perquisite for Income Tax Purposes |
| ii. | Medical & Hospitalization | Actual Medical expenses including hospitalization for self and dependent members of family. |
| iii. | Accident Insurance Premium | Annual premium within permissible limit under Income Tax Act and Rules, the Company being beneficiary under the policy. |
| iv. | Leave Travel Concession | For self and family as permissible in the Income Tax Act and Rules. |
| v. | Car with Driver | Shall be provided for use for Company's Business. Perquisite value for personal use, if any, shall be as per Income Tax Act and Rules/ other applicable Statutory provisions in force from time to time. In case driver is not provided then the Company shall reimburse the actual expenses incurred by the employee for engaging a driver. |
| vi. | Telephone(s) | Telephone(s) shall be provided at the residence for the benefit of Company's business, the cost of which shall be borne/paid by the Company. Mobile Phone (s) to be provided for Company's business use. |

Explanation: Family means the Spouse, dependent children and dependent parents of the appointee.

RESOLVED FURTHER THAT in the event of inadequacy or absence of Profit in any financial year, the remuneration payable to Shri Neeraj Jain shall be governed by Section II of Part II of Schedule XIII of the Companies Act, 1956, or any statutory amendment/modification(s) thereof."

RESOLVED FURTHER THAT in the event of any statutory amendment(s) or modification(s) or further liberalization/ revision by the Central Government to Schedule XIII of the Companies Act, 1956 the Board of Directors and/or Committee thereof be and is hereby authorized to vary and/or increase the remuneration including the Salary, perquisites, allowances etc. within such prescribed limits or ceiling without any further Resolution or consent or reference to the members in General Meeting, subject however to the provisions of Section 302 of the Companies Act, 1956 and subject further to the same falling within the powers of the Remuneration Committee and Board.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to do all such acts, deeds, things and matters as may be necessary to give effect to the above Resolution(s)".

Item 10

To consider and if thought fit to pass with or without modification(s) the following Resolution(s) as Special Resolution(s);

"RESOLVED THAT pursuant to the provisions of Section 198, 269, 309, 310 and 311 read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof for the time being in force the approval of the Company, be and is hereby accorded to the reappointment of Shri Arun Jain as Whole time Director of the Company in the whole time employment of the Company for a period of three years with effect from 1st October 2011. His remuneration, terms and conditions are hereby approved as stated below:

SECTION – I

- | | | |
|-----|------------|--|
| i. | Salary | Rs. 85,000/- per month w.e.f 1 st April, 2011 for the current year ending 31 st March, 2012 and Rs. 95,000/- per month w.e.f. 01.04.2012 with annual increment of Rs. 10,000/- per month. |
| ii. | Commission | 0.75% on sales which is to be calculated as percentage of sales of previous Financial year, Commission shall accrue only on adoption of previous year's Accounts in Annual General Meeting and will be restricted to 80% of the Salary of the relevant year. |

SECTION-II

Shri Arun Jain shall also be eligible to the following perquisites, which shall not be included in ceiling on remuneration specified in section (I) above.

- i. Contribution to Provident Fund, Superannuation or Annuity Contribution to Provident Fund, Superannuation or Annuity Fund to the extent these either singly or put together are not taxable under the Income Tax Act (including any statutory modification(s) or re-enactment thereof).
- ii. Gratuity Gratuity payable at a rate not exceeding half month's salary for each completed year of service.

SECTION-III

In addition Shri Arun Jain shall be entitled to the following perquisites:

- i. Furniture & Furnishing The Company will provide furniture and furnishing for the residential accommodation. 10% of the cost of furniture and furnishing shall be added for calculation of ceiling for managerial remuneration under the Companies Act, 1956. Similarly 10% of the cost shall be considered perquisite for Income Tax Purposes.
- ii. Medical & Hospitalization Actual Medical expenses including hospitalization for self and dependent members of family.
- iii. Accident Insurance Premium Annual premium within permissible limit under Income Tax Act and Rules, the Company being beneficiary under the policy.
- iv. Leave Travel Concession For self and family as permissible in the Income Tax Act and Rules.
- v. Car with Driver Shall be provided for use for Company's Business. Perquisite value for personal use, if any, shall be as per Income Tax Act and Rules/ other applicable Statutory provisions in force from time to time. In case driver is not provided then the Company shall reimburse the actual expenses incurred by the employee for engaging a driver.
- vi. Telephone(s) Telephone(s) shall be provided at the residence for the benefit of Company's business, the cost of which shall be borne/paid by the Company. Mobile Phone (s) to be provided for Company's business use.

Explanation: Family means the Spouse, dependent children and dependent parents of the appointee.

RESOLVED FURTHER THAT in the event of inadequacy or absence of Profit in any financial year, the remuneration payable to Shri Arun Jain shall be governed by Section II of Part II of Schedule XIII of the Companies Act, 1956, or any statutory amendment/modification(s) thereof."

RESOLVED FURTHER THAT in the event of any statutory amendment(s) or modification(s) or further liberalization/ revision by the Central Government to Schedule XIII of the Companies Act, 1956 the Board of Directors and/or Committee thereof be and is hereby authorized to vary and/or increase the remuneration including the salary, perquisites, allowances etc. within such prescribed limits or ceiling without any further Resolution or consent or reference to the members in General Meeting, subject however to the provisions of Section 302 of the Companies Act, 1956 and subject further to the same falling within the powers of the Remuneration Committee and Board.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to do all such acts, deeds, things and matters as may be necessary to give effect to the above Resolution(s)".

NOTES

1. A member entitled to attend and vote at the Annual General Meeting may appoint a proxy to attend and vote on a Poll on his behalf. A proxy need not be a member of the Company. Proxies in order to be effective must be received at the office of the Registrar of the Company M/s Skyline Financial Services Pvt. Ltd., D – 153 A, 1st Floor, Okhla Industrial Area, Phase – I, New Delhi – 110020. Not less than Forty Eight hours before the commencement of the Annual General Meeting.
2. The explanatory statement under section 173 (2) of the Companies Act, 1956 setting out material facts in respect of the business under item Nos. 7, 8, 9 and 10 are annexed hereto.

3. All documents referred to in the accompanying Notice are open for inspection at the Registered Office of the Company during office hours on all working days except Sundays between 11.0 A.M. – 1.00 P.M. up to the date of the Annual General Meeting.
4. In terms of the Circular No. 2/2011 dated 8th February 2011 issued by the Ministry of Corporate Affairs, Government of India, the Balance Sheet, Profit and Loss Account and other documents of the subsidiary company are not required to be attached with Balance Sheet/ Annual Report of the Company. The said Documents/details shall be made available upon request to any member of the Company and will be made available for inspection by any member of the Company at the Registered office of the company on all working days except Sundays between 11.0 A.M. – 1.00 P.M. upto the date of Annual General Meeting.
5. Register of Members and the Transfer Books for Equity Shares shall remain closed from 26th September, 2011 to 30th September, 2011 (Both days inclusive) for the purpose of ascertaining the names of Members.
6. Please send all correspondence including requests for transfer/transmission/Demat of Shares, change of address etc. to the Registrar and Share Transfer Agents, M/s Skyline Financial Services Pvt. Ltd., D – 153 A, 1st Floor, Okhla Industrial Area, Phase – I, New Delhi – 110020. Ph. 26812682, 26812683.
7. Members holding shares in more than one folio in identical order of names are requested to write to the Registrar and Share Transfer Agents enclosing their share certificates to enable the Company to consolidate their holdings in one folio to facilitate better service.
8. Members seeking any information with regard to accounts or operations are requested to write to the Company latest by 26th September, 2011 so as to enable the management to keep the information ready.

Explanatory Statement

Item No. 7.

Shri Manish Jain is a qualified engineer and MBA having business experience of about 18 years. He is managing plant operations and is also actively associated with research and development of new products.

Shri Manish Jain was re-appointed as Whole time Director in the Annual General Meeting of the Shareholders held on 30th September, 2008 for a further period of 3 years w.e.f. 1st October, 2008. His term will expire on 30th September, 2011.

The Board recommends the reappointment of Shri Manish Jain as Whole Time Director of the Company for the further period of 3 years w.e.f. 1st October 2011 upon the remuneration, terms & condition as set out in the Resolutions(s) and which Remuneration Committee has approved. The Board recommends the Resolution(s) for your approval. Statement giving information pursuant to the requirements of Section II Para 1(B)(iv) of Schedule XIII to the Companies Act, 1956 for appointment and approval of Managerial Remuneration is attached to this Notice.

Shri Devinder Kumar Jain, Shri Manish Jain and Shri Arun Jain are concerned or interested in the said Resolution(s).

This may be treated as an abstract to the nature of concern or interest of the Directors pursuant to Section 302 of Companies Act, 1956.

Item No. 8.

Shri Pankaj Jain is commerce graduate and holding Master Degree in Business Administration and has 18 years experience to his credit in marketing and finance. Shri Pankaj Jain has travelled abroad extensively and thereby enriched with vast experience in the field of export.

Shri Pankaj Jain was re-appointed as Whole time Director in the Annual General Meeting of the Shareholders held on 30th September, 2008 for a period of 3 years w.e.f. 1st October, 2008. His term will expire on 30th September, 2011.

The Board recommends the reappointment of Shri Pankaj Jain as Whole Time Director of the Company for the further period of 3 years w.e.f. 1st October 2011 upon the remuneration, terms & condition as set out in the Resolutions(s) and which Remuneration Committee has approved. The Board recommends the Resolution(s) for your approval.

Statement giving information pursuant to the requirements of Section II Para 1(B)(iv) of Schedule XIII to the Companies Act, 1956 for appointment and approval of Managerial Remuneration is attached to this Notice.

Shri Pankaj Jain and Shri Darshan Kumar Jain are concerned or interested in the said Resolution(s).

This may be treated as an abstract to the nature of concern or interest of the Directors pursuant to Section 302 of Companies Act, 1956.

Item No. 9.

Shri Neeraj Jain is qualified Engineer and M.B.A. with Master Degree in Polymer Science from U.K. Shri Neeraj Jain is instrumental introducing new product line of Health & Fitness Equipments which contributes significantly to Company's revenue. He has 17 years experience to his credit in looking after imports and procuring of new products.

Shri Neeraj Jain was re-appointed as Whole time Director in the Annual General Meeting of the Shareholders held on 30th September, 2008 for a period of 3 years w.e.f. 1st October, 2008. His term will expire on 30th September, 2011.

The Board recommends the reappointment of Shri Neeraj Jain as Whole Time Director of the Company for the further period of 3 years w.e.f. 1st October 2011 upon the remuneration, terms & condition as set out in the Resolutions(s) and which Remuneration Committee has approved. The Board recommends the Resolution(s) for your approval.

Statement giving information pursuant to the requirements of Section II Para 1(B)(iv) of Schedule XIII to the Companies Act, 1956 for appointment and approval of Managerial Remuneration is attached to this Notice.

Shri Neeraj Jain and Shri Narinder Kumar Jain are concerned or interested in the said Resolution(s).

This may be treated as an abstract to the nature of concern or interest of the Directors pursuant to Section 302 of Companies Act, 1956.

Item No. 10.

Mr. Arun Jain is about 46 years of age having B.E., M. Tech qualification. He has vast experience of more than 19 years industrial Relation & Management and Research & Development of Rubber & Polymer Products. The Directors feel that the experience of Shri Arun Jain will be of immense help to the Company.

Shri Arun Jain was appointed as Whole Time Director by the Board of Directors in the Annual General Meeting of the Shareholders held on 30th September, 2009 for a period of 3 years w.e.f. 1st May, 2010. His term is due to expire on 30th April, 2013. However, it has been proposed that the terms and conditions of his appointment be revised and he be reappointed as Whole Time Director of the Company w.e.f. 1st October, 2011 for a period of three years till 30th September, 2014 as per the revised terms and conditions.

Statement giving information pursuant to the requirements of Section II Para 1(B)(iv) of Schedule XIII to the Companies Act, 1956 for appointment and approval of Managerial Remuneration is attached to this Notice.

The Board recommends the appointment of Shri Arun Jain as Whole Time Director of the Company for a further period of 3 years w.e.f. 1st October, 2011 upon the remuneration, terms & conditions as set out in the Resolution(s) and which the Remuneration Committee has approved. The Board recommends the resolution for your approval.

Shri Arun Jain, Shri Devinder Kumar Jain and Shri Manish Jain are concerned or interested in the said Resolution(s).

This may be treated as an abstract to the nature of concern or interest of the Directors pursuant to Section 302 of Companies Act, 1956.

Registered Office:
2/8, Roop Nagar,
Delhi -110007

By order of the Board of Director

Devinder Kumar Jain
Chairman cum Managing Director

Place : Delhi
Date : 1st September, 2011



Statement forming part of Notice of 32nd Annual General Meeting issued to the Shareholders of the Company pursuant to the requirements of Section II Para 1(B) of Schedule XIII to the Companies Act, 1956 for appointment and approval of Managerial Remuneration as per Agenda Items Nos.7, 8, 9 and 10.

I. General Information:

1.	Nature of industry	The Company manufactures Sports Balls & Sports Ball Bladders and markets Sports Goods and Fitness Equipments & allied items.		
2.	Date or expected date of commencement of commercial production	Existing Company. Already in commercial production.		
3	In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus	Not Applicable		
4	Financial performance based on given indicators	FINANCIAL RESULTS	CURRENT YEAR (Rs. IN LACS)	PREVIOUS YEAR (RS. IN LACS)
		Income	7000.55	5855.89
		Expenditure	6883.61	5740.35
		Profit before tax & Depreciation	180.44	184.50
		Depreciation	63.49	68.97
		Profit before Tax	116.95	115.53
		Provision for Taxation including Deferred Tax	44.60	68.83
		Profit after taxation	72.35	46.70
		Prior period adjustments Income/(expenditure)	(0.64)	1.97
		Net Profit	71.71	48.67
		Paid up Capital	416.10	416.10
		Reserve & Surplus	1555.27	1483.55
		Secured Term Loans	11.24	12.83
		Working Capital Loans	1062.54	1115.81
		Unsecured Loans/Deposits	1581.21	1474.81
		Investments	715.79	715.93
5	5.1 Export performance	FOB Value of Exports	660.43	488.38
	5.2 Net foreign exchange collaborations	As stated at Sr. No. 6		
6.	Foreign investments of collaborators, if any	Investment in wholly owned Foreign Subsidiary Company	586.48*	586.48*
		* Equivalent to US\$ 12,95,000/-		

II Information about the appointees :
(i) Shri M.P. Gupta-Independent Non Executive Director

1.	Background details	1.1 Age	71 Years
		1.2 Qualification	Post Graduate-Educationist, Former Head and Dean–Faculty of Management Studies (FMS), Delhi University
		1.3 Experience	43 years of experience
2.	Past remuneration	Sitting fees as per rules	
3.	Recognition or awards	—	
4.	Job profile and his suitability	Vast knowledge in the areas of Business and Management	
5.	Remuneration proposed	Sitting fees as per rules	
6.	Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person (in case of expatriates the relevant details would be w.r.t. the country of his origin).	No Industry specific comparative data available.	
7.	Pecuniary relationship directly or indirectly with the Company, or relationship with the managerial personnel, if any.	Independent Director	

(ii) Shri Sunil Jain - Independent Non Executive Director

1.	Background details	1.1 Age	56 Years
		1.2 Qualification	Graduate
		1.3 Experience	28 years of experience
2.	Past remuneration	Sitting fees as per rules	
3.	Recognition or awards	—	
4.	Job profile and his suitability	Well experienced in Industrial Management.	
5.	Remuneration proposed	Sitting fees as per rules	
6.	Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person (in case of expatriates the relevant details would be w.r.t. the country of his origin).	No Industry specific comparative data available.	
7.	Pecuniary relationship directly or indirectly with the Company, or relationship with the managerial personnel, if any.	Independent Director	



(iii) Shri Gulshan Rai Jain - Independent Non Executive Director

1.	Background details	1.1 Age 61 Years 1.2 Qualification Graduate 1.3 Experience 33 years of experience
2.	Past remuneration	Sitting fees as per rules
3.	Recognition or awards	—
4.	Job profile and his suitability	Experienced in Running and Management Industry.
5.	Remuneration proposed	Sitting fees as per rules
6.	Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person (in case of expatriates the relevant details would be w.r.t. the country of his origin).	No Industry specific comparative data available.
7.	Pecuniary relationship directly or indirectly with the Company, or relationship with the managerial personnel, if any.	Independent Director

(iv) Shri Risha Jain - Independent Non Executive Director

1.	Background details	1.1 Age 44 Years 1.2 Qualification Chartered Accountant 1.3 Experience 18 years of experience
2.	Past remuneration	Sitting fees as per rules
3.	Recognition or awards	—
4.	Job profile and his suitability	Finance, Accounts and project Work.
5.	Remuneration proposed	Sitting fees as per rules
6.	Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person (in case of expatriates the relevant details would be w.r.t. the country of his origin).	No Industry specific comparative data available.
7.	Pecuniary relationship directly or indirectly with the Company, or relationship with the managerial personnel, if any.	Independent Director

(v) Shri Manish Jain - Whole Time Director

1.	Background details	1.1 Age 41 Years 1.2 Qualification Qualified Engineer and MBA 1.3 Experience 18 years of experience
2.	Past remuneration	Remuneration paid to Shri Manish Jain during 2010–11 has been provided in the report on corporate governance forming part of the Annual Report.
3.	Recognition or awards	—
4.	Job profile and his suitability	Managing Plant Operations and Associated with research and Development of New Products.
5.	Remuneration proposed	As per details given in the main body of the Resolution(s)
6.	Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person (in case of expatriates the relevant details would be w.r.t. the country of his origin).	No Industry specific comparative data available.
7.	Pecuniary relationship directly or indirectly with the Company, or relationship with the managerial personnel, if any.	Promoter Director Cum Shareholder of the Company. Related to Shri Devinder Kumar Jain – Chairman cum Managing Director, Shri Arun Jain - Director. Number of Shares held by him in the Company are 91,300 plus 12,700 as Karta H.U.F.

(vi) Shri Pankaj Jain - Whole Time Director

1.	Background details	1.1 Age 40 Years 1.2 Qualification B. Com and MBA 1.3 Experience 18 years of experience
2.	Past remuneration	Remuneration paid to Shri Pankaj Jain during 2010–11 has been provided in the report on corporate governance forming part of the Annual Report.
3.	Recognition or awards	—
4.	Job profile and his suitability	Finance and Marketing and developing of new products for International Market.
5.	Remuneration proposed	As per details given in the main body of the Resolution(s)
6.	Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person (in case of expatriates the relevant details would be w.r.t. the country of his origin).	No Industry specific comparative data available.
7.	Pecuniary relationship directly or indirectly with the Company, or relationship with the managerial personnel, if any.	Promoter Director Cum Shareholder of the Company. Related to Shri Darshan Kumar Jain – Whole Time Director. Number of Shares held by him in the Company are 86,300 plus 17,700 as Karta of H.U.F.

(vii) Shri Neeraj Jain - Whole Time Director

1.	Background details	1.1 Age 39 Years 1.2 Qualification B.E. M.Sc. (Polymer Science) & MBA 1.3 Experience 17 years of experience
2.	Past remuneration	Remuneration paid to Shri Neeraj Jain during 2010–11 has been provided in the report on corporate governance forming part of the Annual Report.
3.	Recognition or awards	—
4.	Job profile and his suitability	International Trade and Sourcing of new Products
5.	Remuneration proposed	As per details given in the main body of the Resolution(s)
6.	Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person (in case of expatriates the relevant details would be w.r.t. the country of his origin).	No Industry specific comparative data available.
7.	Pecuniary relationship directly or indirectly with the Company, or relationship with the managerial personnel, if any.	Promoter Director Cum Shareholder of the Company. Related to Shri Narinder Kumar Jain – Managing Director. Number of Shares held by him in the Company are 91,500 plus 12,500 as Karta H.U.F.

(viii) Shri Arun Jain - Whole Time Director

1.	Background details	1.1 Age 46 Years 1.2 Qualification B.E., M. Tech 1.3 Experience 19 years of experience
2.	Past remuneration	Remuneration paid to Shri Arun Jain during 2010–11 has been provided in the report on corporate governance forming part of the Annual Report.
3.	Recognition or awards	—
4.	Job profile and his suitability	He has vast experience in Industrial Relations & Management and Research & Development of Rubber & Polymer Products
5.	Remuneration proposed	As per details given in the main body of the Resolution(s)
6.	Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person (in case of expatriates the relevant details would be w.r.t. the country of his origin).	No Industry specific comparative data available.
7.	Pecuniary relationship directly or indirectly with the Company, or relationship with the managerial personnel, if any.	Promoter Director Cum Shareholder of the Company. Related to Shri Devinder Kumar Jain – Chairman cum Managing Director and Shri Manish Jain - Director. Number of Shares held by him in the Company are 84,300 plus 500 as Karta of H.U.F.

III. Other Information

1.	Reasons of loss or inadequate profits	<ul style="list-style-type: none"> > Increase in prices of Rubber and other input Materials, Fuel Cost and Manpower Cost. > Duplication of the Company's Branded Products by grey market operators. > Competition in Domestic and International Markets. > Increase in Interest Rates.
2.	Steps taken or proposed to be taken for improvement.	<p>Taking following measures on continuous basis: -</p> <ul style="list-style-type: none"> i. Focusing on Cost control & Cost cutting measures; ii. Development of new products & designs & product re-engineering; iii. Changing packing to check duplication; iv. Strengthening existing markets and exploring new ones; Expanding and strengthening marketing network to capitalize on Cosco Brand name; v. Focusing on outsourcing some good product ranges from China, Thailand and other countries at competitive prices; vi. Expanding trading of health equipments and allied products as this segment is growing fast ; vii. Taking remedial measures against grey market operators who are producing duplicate products by using company's brand; viii. Gradual upward revision of sale prices of its products;
3.	Expected increase in productivity and profit in measurable terms	Barring unforeseen circumstances Sales Turnover during the current year is likely to increase by about 15% and the Company expects to earn about 1% net profits.

IV. DISCLOSURES :

1.	Remuneration packages of the managerial person	Details of Remuneration package of Shri Manish Jain, Shri Pankaj Jain, Shri Neeraj Jain and Shri Arun Jain requiring Shareholders approval by Special Resolutions is given in the Resolutions vide Agenda items No. 7, 8, 9 and 10.
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DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in submitting their 32nd Annual Report together with Annual Accounts for the year ended 31st March, 2011.

FINANCIAL RESULTS	CURRENT YEAR (Rs. in Lacs)	PREVIOUS YEAR (Rs. in Lacs)
Sales and Other Income	7000.55	5855.88
Expenditure	6883.61	5740.35
Profit before Tax	116.95	115.53
Provision for Taxation-Current	62.72	47.99
Deferred Tax Provided (Written Back)	(18.12)	20.84
Net Profit After Taxation	72.35	46.70
Prior Period adjustments : Add/(Deduct)		
– Taxation	1.07	3.13
– Expenses	(1.71)	(1.16)
Profit after Prior Period adjustments	71.71	48.67
Transfer to General Reserve	71.71	48.67

The company registered sales turnover of Rs. 6893.55 Lacs against previous year's sales turnover of Rs. 5751.86 Lacs – with an increase of about 19.8% over the previous year. The other income during the current year was Rs. 107.00 Lacs (Previous year Rs. 104.03Lacs) showing a marginal increase. The current year's Profit before tax and depreciation amounted to Rs. 180.44 Lacs (Previous year Rs. 184.50 Lacs). After providing for depreciation of Rs. 63.49 Lacs (Previous year Rs. 68.97 Lacs) and Provision/Write Back of taxes as tabulated above, the company earned net Profit of Rs. 72.35 Lacs during the year ended 31.03.2011 (Previous year Rs. 46.70 Lacs).

PERFORMANCE REVIEW

The company registered growth in sales turnover during the financial year ended 31st March 2011 due to good domestic demand and increase of about 35% in Export Sales.

The Company manufactures/source internationally at competitive prices quality products and develop/source new products on regular basis. The management is focusing on expanding marketing network of health equipments and allied products as this segment is growing fast to capitalize on Cosco Brand name. The Management is continuously taking effective steps to improve operating margins by cost controls and better resource utilization.

Company is taking remedial measures on continuous basis to check the duplication of the Company's branded products and protect 'COSCO' Brand.

WHOLLY OWNED SUBSIDIARY COMPANY IN SRI LANKA

The Wholly Owned Subsidiary Company M/s Cosco Polymer Lanka Pvt. Ltd has reported loss of INR 225.46 lacs (previous year INR 147.90 lacs). The accumulated loss as on 31.03.2011 is INR 1,547.69 lacs (Previous year Rs.1,296.25 lacs). The business operations of the subsidiary company, which were suspended due to global recession and unfavorable political situations in Sri Lanka, could not be re-started till date due to financial constraints. The management is in active deliberations with the potential collaborators /customers for collaboration or outright sale of the unit to repay/regularize bank loans and discharge other liabilities. The Management is also in discussions with the bankers for concessions, waiver of part of Interest/ loans Liabilities and/or One Time Settlement. The Management is of the view that there will be no devolvement of any liability on account of Corporate Guarantee issued by it against the loan given by State Bank of India to its subsidiary having regard to the realizable market value of its assets.

DIVIDEND

Directors don't recommend any Dividend to plough back internal accruals.

DIRECTORS' RESPONSIBILITY STATEMENT

The Directors confirm that

- a) in the preparation of the Annual Accounts the applicable Accounting Standards have been followed;
- b) the Directors have applied sound accounting policies and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for the period;
- c) the Directors have taken sufficient care 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;
- d) the Directors have prepared the Annual Accounts on a "going concern basis";

FIXED DEPOSIT:

There are no unclaimed / overdue deposits as on 31st March 2011.

DIRECTORS

In accordance with the Articles of Association of the Company, Shri M.P.Gupta, Shri Sunil Jain, Shri Gulshan Rai Jain and Smt. Risha Jain retire by rotation as Directors at the ensuing Annual General Meeting and being eligible offer themselves for reappointment. Board recommends their reappointment.

The term of Appointment of Sh. Manish Jain, Sh.Pankaj Jain, Sh. Neeraj Jain as Whole time Directors of the Company expires on 30th September, 2011. The Board recommends their Reappointment for a further period of 3 years w.e.f. 01.10.2011 as per the terms and conditions set out in the Notice of the ensuing Annual General Meeting. The term of Appointment of Sh. Arun Jain as Whole time Directors of the Company expires on 30th April, 2013. The Board recommends his Reappointment for a period of 3 years w.e.f. 01.10.2011 as per the revised terms and conditions set out in the Notice of the ensuing Annual General Meeting

AUDITORS

M/s Madan & Associates (Formerly M/s R. N. Bahl & Co.), Chartered Accountants, the present Auditors of the Company, retire at the conclusion of the forthcoming Annual General Meeting and being eligible, offer themselves for reappointment. The Directors recommend their re-appointment.

The Board also places on record its appreciation of the valuable services rendered by Late Shri R. N. Bahl, Senior Partner of M/s R. N. Bahl & Co., who expired in September, 2010 and deeply condoles his death.

AUDITORS' REPORT

Clarifications, information and explanations on the reservations/observations, qualifications or adverse remarks contained in the Auditors' Report are annexed hereto as **Annexure-1**. Management has given relevant disclosures in the Financial Statements, Schedules and Notes on Accounts.

COMPLIANCE CERIFICATE

Compliance Certificate as required under section 383(A) of the Companies Act 1956, issued by Shri Akhil Rohatgi, Secretary in Whole Time in Practice, is annexed hereto as **Annexure-2**.

DEMATERIALISATION OF SHARES

The Company shares are being dealt in dematerialized form.

LISTING

Your Company is listed with Stock Exchanges at Mumbai and Delhi and Annual Listing fee for the Financial Year 2010-11 and 2011 – 2012 has been paid to them.



CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

As required by the Companies (Disclosure of particulars in the Report of Board of directors) Rules 1988 the relevant information and data is given in **Annexure-'A'** annexed hereto and form part of this Report.

CORPORATE GOVERNANCE.

Your Company has taken adequate steps to ensure that mandatory provisions of 'Corporate Governance' as provided in the listing agreement of the Stock Exchanges with which the Company's shares are listed, are duly complied with.

Report on 'Corporate Governance' along with 'Certificate by Practicing Company Secretary' on compliance with the condition of Corporate Governance under clause 49 of the Listing Agreement is annexed hereto as part of this report as **Annexures –'B1 & B2'** respectively.

Report on Management Discussion and Analysis is annexed hereto as **Annexure –'C'** and form part of this report.

PARTICULARS OF EMPLOYEES

During the year under review none of the employees of the Company is covered under provisions of section 217(2A) of the Companies Act, 1956.

INDUSTRIAL RELATIONS

During the year the industrial relations remained cordial at all levels.

SUBSIDIARY COMPANY AND CONSOLIDATED FINANCIAL STATEMENTS

Cosco Polymer Lanka (Private) Limited is a Wholly Owned Subsidiary Company of Cosco (India) Limited, which is incorporated in Sri Lanka. Statement pursuant to Section 212 of the Companies Act, 1956 is attached as **Annexure–'D'** with this Report.

The Consolidated Financial Statements of the Company and its Wholly Owned Subsidiary, prepared in accordance with Accounting Standards AS-21 and AS-23 issued by The Institute of Chartered Accountants of India, form part of this Report and Accounts. In terms of the Circular No. 2/2011 dated 8th February 2011 issued by the Ministry of Corporate Affairs, Government of India, the Balance Sheet, Profit and Loss Account and other documents of the subsidiary company are not required to be attached with Balance Sheet/ Annual report of the Company. The said Documents/details shall be made available upon request to any member of the Company and will be made available for inspection by any member of the Company at the Registered office of the company during working hours upto the date of Annual General Meeting. Statement Pursuant to General Exemption granted under Section 212(8) of The Companies Act, 1956 relating to Subsidiary Company is attached with the Consolidated Accounts.

ACKNOWLEDGEMENTS

Your involvement as shareholders is greatly valued. Your Directors record their sincere appreciation of the contribution made to the organization by Executives, Staff and Workers of the Company. Your Directors place on record their appreciation for the co-operation received from Bankers, Statutory and Internal Auditors, Government Authorities, Customers, Vendors & Shareholders during the year under review.

Registered Office:
2/8, Roop Nagar,
Delhi -110007

By order of the Board of Director

Devinder Kumar Jain
Chairman cum Managing Director

Place : Delhi

Date : 1st September, 2011

ANNEXURE TO DIRECTORS REPORT

Annexure – “A”

Statement of particulars under section 217(1)(e) of the Companies Act, 1956 forming part of the Directors' Report for the year ended 31st March 2011

A. CONSERVATION OF ENERGY

Following measures are taken during the year for conservation of energy:-

- (i) Upgradation of hot feed water system of the boiler enabling lower consumption of coal.
- (ii) Installation of CFL and LED instead of normal bulbs thus saving the electricity cost.
- (iii) Continuous upgradation of pipelines of steam/air/ water inside the factory.
- (iv) Use of energy efficient motors and pumps.

Information regarding total energy consumption per unit production as per Form A is not applicable to the Company.

B. TECHNOLOGY ABSORPTION

FORM-B

RESEARCH AND DEVELOPMENT (R & D)

1. Specific areas in which R & D carried out by the Company :
 - (i) Energy Conservation.
 - (ii) Installation of further more machines for machine stitched balls.
 - (iii) Improvement in rubber mixing process and other manufacturing processes.
2. Benefits derived as a result of above R & D :
 - (i) Cost optimization.
 - (ii) Higher productivity of stitched balls.
3. Future Plans of Action :
 - (i) Automation in packing and manufacturing process.
 - (ii) Company will take R&D activities to improve quality of products and reduce wastages.
4. Expenditure on R & D :

Capital	Nil
Recurring	Rs. 19073
Total	Rs. 19073

Total R&D expenditure as a percentage of total turnover is 0.002 %.

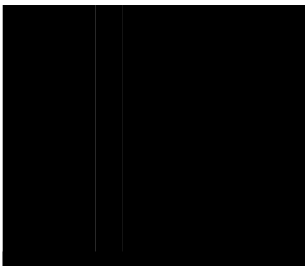
TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

1. Better techniques were evaluated and implemented for quality and productivity improvement.
2. Benefits derived as a result of above
 - (i) Reduction in energy consumption.
 - (ii) Improvement in process efficiency.
3. Imported Technology

(a) Technology imported	None
(b) Year of Import	N.A.
(c) Has technology been fully absorbed	N.A.
(d) If not fully absorbed;	
Reasons and future course of action	N.A.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

- | | |
|--|---------------|
| (i) Foreign Exchange earning during the year | Rs. 66042841 |
| (ii) Foreign Exchange outgo during the year | Rs. 195848232 |





ANNEXURE TO DIRECTORS' REPORT

ANNEXURE – 'B1'

CORPORATE GOVERNANCE REPORT

In compliance with Clause 49 of the Listing Agreements with Stock Exchanges, the Company submits the following report on the matters mentioned in the said clause and practices followed by the Company.

COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE.

The Board of Directors and the Management of your Company is committed to

- sound & ethical business practices
- ensure transparency and professionalism in all decisions and transactions of the Company
- build brand value of its products
- good Corporate Governance by conforming to prevalent mandatory guidelines on Corporate Governance.

BOARD OF DIRECTORS

- I. Composition: The Board of Directors is headed by Shri Devinder Kumar Jain - Chairman Cum Managing Director. Board consisted of the following Directors as on March 31, 2011, categorized as indicated.

(A) Promoters Group

			DIN
Shri Devinder Kumar Jain	Chairman Cum Mg. Director	ED	00191539
Shri Narinder Kumar Jain	Managing Director	ED	00195619
Shri Darshan Kumar Jain	Whole Time Director	ED	00195789
Shri Pankaj Jain	Whole Time Director	ED	00190414
Shri Manish Jain	Whole Time Director	ED	00191593
Shri Neeraj Jain	Whole Time Director	ED	00190592
Shri Arun Jain	Whole Time Director	ED	01054316

(B) Independent

Shri Mohan Lal Mangla	Director	NED	00311895
Shri Joginder Pal Jain	Director	NED	00190482
Prof. M.P. Gupta	Director	NED	00190550
Shri Sunil Jain	Director	NED	00387451
Shri Gulshan Rai Jain	Director	NED	00737177
Smt. Risha Jain	Director	NED	00311938
Shri Vijay Kumar Sood	Director	NED	01525607

ED – Executive Director, NED – Non Executive Director

- II. Attendance at Board Meetings and last Annual General Meeting and details of membership of Directors in other Boards and Board Committees.

(A) Details of Board Meetings held during the year 2010-11

Date of Meetings	Board Strength	No. of Directors Present
April 30, 2010	14	10
May 17, 2010	14	10
July 31, 2010	14	13
August 28, 2010	14	14
October 30, 2010	14	13
January 31, 2011	14	12
February 28, 2011	14	10
March 08, 2011	14	11

(B) Directors' Attendance Record and Directorships held:

Name of the Director	No. of Board Meetings Attended	Whether attended last AGM held on 30 th Sept. 2010	No. of Directorship held in other Public Limited Companies	No. of Committee position held in other Public Limited Companies as a Chairman	No. of Committee position held in other Public Limited Companies as a Member
Shri Devinder Kumar Jain	8	Yes	1	Nil	Nil
Shri Narinder Kumar Jain	7	Yes	1	Nil	Nil
Shri Darshan Kumar Jain	8	Yes	1	Nil	Nil
Shri Pankaj Jain	7	Yes	Nil	Nil	Nil
Shri Manish Jain	7	Yes	Nil	Nil	Nil
Shri Neeraj Jain	7	Yes	Nil	Nil	Nil
Shri Arun Jain	7	No	Nil	Nil	Nil
Shri Mohan Lal Mangla	6	No	Nil	Nil	Nil
Shri Joginder Pal Jain	5	No	Nil	Nil	Nil
Prof. M. P. Gupta	6	Yes	Nil	Nil	Nil
Shri Gulshan Rai Jain	6	No	Nil	Nil	Nil
Shri Sunil Jain	7	No	Nil	Nil	Nil
Smt. Risha Jain	6	No	Nil	Nil	Nil
Shri Vijay Kumar Sood	6	Yes	Nil	Nil	Nil

III. Information in respect of appointment of new Directors & re-appointment of existing Directors.

Details of Directors seeking appointment/re-appointment at the forthcoming Annual General Meeting in pursuance of Clause 49 of the Listing Agreement.

Sl. No.	Name of Director	Brief Resume	Expertise in specific functional areas	Directorship in other Companies
1.	Shri Manish Jain	Aged about 41 years. Qualified Engineer and MBA with about 18 years Experience.	Managing Plant Operations & Production and Associated with research and Development of new Products.	Cosco Polymer Industries Pvt. Ltd. Cosco International Pvt. Ltd.
2	Shri Pankaj Jain	Aged about 40 years. B. Com and MBA. About 18 years experience.	Finance and Marketing and developing of new products for International Market.	Cosco Polymer Industries Pvt. Ltd.
3	Shri Neeraj Jain	Aged about 39 years. B.E.(Polymer Science) About 17 years experience.	International Trade and Sourcing of new products	Cosco Polymer Industries Pvt. Ltd. Cosco International Pvt. Ltd.
4	Shri Arun Jain	Aged about 46 years. B.E., M. Tech. About 19 years experience	Industrial Relations & Management of Production and Research & Development of Rubber & Polymer Products.	Cosco Polymer Lanka (Pvt.) Ltd. Cosco Polymer Industries Pvt. Ltd.
5	Shri M.P. Gupta Jain	.Aged about 71 years. Post Graduate-Educationist, Former Head and Dean of Delhi School of Management Studies. About 43 Years Experience.	Vast Knowledge in the areas of Business and Management.	Nil



Sl. No.	Name of Director	Brief Resume	Expertise in specific functional areas	Directorship in other Companies
6.	Shri Sunil Jain	Aged about 56 years. Graduate. About 28 Years Experience.	Industrial Management.	H.B. Velvet (Pvt.) Ltd.
7.	Shri Gulshan Rai Jain	Aged about 61 years. Graduate. About 33 years experience.	Running and Managing Industry.	Jainson Rubber Pvt. Ltd.
8.	Shri Risha Jain	Aged about 44 years. Chartered Accountant. About 18 years experience.	Finance, Accounts and Project Work.	Nil

(Refer also statement forming part of Notice of 32nd Annual General Meeting issued to the Shareholders of the Company)

Details of Directors appointed/re-appointed in the last Annual General Meeting held on 30th September 2010.

Sl. No.	Name of Director	Brief Resume	Expertise in specific functional areas	Directorship in other Companies
1.	Shri Arun Jain	Aged about 46 years. B.E., M. Tech. more than 19 years experience	Industrial Relations & Management and Research & Development of Rubber & Polymer Products.	Cosco Polymer Lanka (Pvt.) Ltd. Cosco Polymer Industries Pvt. Ltd.
2.	Shri Pankaj Jain	Aged about 40 years. B. Com and MBA. About 18 years experience.	Finance and Marketing and developing of new products for International Market.	Cosco Polymer Industries Pvt. Ltd.
3.	Shri Mohan Lal Mangla	Aged about 71 years. Law Graduate and Advocate. About 46 years experience.	Vast legal experience including Intellectual Property Rights	Nil
4.	Shri Joginder Pal Jain	Aged about 72 years. Chartered Accountant. About 41 years experience.	Finance, Taxation, Audit & Company Law matters.	Nil

CODE OF CONDUCT

The Board has laid down a Code of Conduct for the Directors and Senior Management of the Company. All the Board Members and Senior Management personnel have affirmed their compliance with the Code. The Code of Conduct is available on the Company's website viz. www.cosco.in. A declaration to this effect signed by the CEO of your Company forms a part of this Report.

Declaration

As provided under clause 49 of the Listing Agreement with the Stock Exchanges, the Board Members and the Senior Management personnel of the Company have affirmed compliance with the Code of Conduct formulated by the Board of Directors of the Company for the year ended 31st March, 2011.

Registered Office:
2/8, Roop Nagar,
Delhi -110007

By order of the Board of Director

Devinder Kumar Jain
Chairman cum Managing Director

Place : Delhi

Date : 1st September, 2011

BOARD COMMITTEES

The Board of Directors has constituted the following committees with adequate delegation of powers.

1. AUDIT COMMITTEE

The composition of the Audit Committee is as follows :

Independent Directors	—	Smt. Risha Jain – Chairperson
	—	Prof. M.P. Gupta
	—	Shri Joginder Pal Jain
	—	Shri Sunil Jain

The members of the Audit Committee are well experienced in the field of finance, accounts and management. Two members of the Committee including the Chairperson are Chartered Accountants. The powers and terms of reference of the committee are as contained in Clause 49 of the Listing Agreement with the Stock Exchanges and Section 292A of the Companies Act, 1956.

The Meetings of the Committee during the year were held on 30th April, 2010, 31st July, 2010, 28th August, 2010, 30th October, 2010 & 31st January, 2011.

(B) Details of Meetings of Audit Committees held during the year 2010-11

Name of the Member	No. of Meetings held	No. of Meetings attended
Smt. Risha Jain	5	5
Shri Joginder Pal Jain	5	3
Prof. M. P. Gupta	5	4
Shri Sunil Jain	5	3

2. REMUNERATION COMMITTEE

The Remuneration Committee consists of following Directors.

Independent Directors	—	Shri Mohan Lal Mangla – Chairman
	—	Shri Gulshan Rai Jain
	—	Shri Sunil Jain

The terms of reference of the committee are as contained in Clause 49 of the Listing Agreement with the Stock Exchanges and as specified in schedule XIII of the Companies Act, 1956.

The Meetings of the committee was held on 5th April, 2010. The Remuneration Committee approved the remuneration of all the Executive Directors.

The appointment and remuneration of all the Executive Directors have been fixed in terms of Resolutions passed by members in General Meetings.

Remuneration paid to the Executive Directors during the financial year ended 31.03.2011 is given below:

Name	Designation	Salary	Commission	PF	Medical Exp.	Car Perks**	Other perks	Contract Period (No. of Yrs.)
Shri Devinder Kumar Jain	Chairman Cum Mg. Director	1,140,000	864,000	9360	88,229	39600	Refer Note	3
Shri Darshan Kumar Jain	Whole Time Director	1,140,000	864,000	9360	149,068	39600	Refer Note	3
Shri Narinder Kumar Jain	Managing Director	1,140,000	864,000	9360	29,046	39600	Refer Note	3
Shri Arun Jain	Whole Time Director	960,000	720,000	9360	109,655	39600	Refer Note	3
Shri Manish Jain	Whole Time Director	960,000	720,000	9360	37,984	32400	Refer Note	3
Shri Pankaj Jain	Whole Time Director	960,000	720,000	9360	33,624	32400	Refer Note	3
Shri Neeraj Jain	Whole Time Director	960,000	720,000	9360	44,786	32400	Refer Note	3

** Car with Driver partly for personal use valued as per Income Tax Rules.

Note :- Other Perks and Allowances

In addition following Perks and Allowances were permissible / allowed to all the Directors:

- Gratuity and Leave encashment as per actuarial valuation
- Telephones provided for official use. For Telephone installed at the residence, expenses recovered for personal long distance calls @ 5% of the Bill.



The sitting fees paid to Non Executive Directors for the year ended on 31st March 2011 are as follows:

Shri Mohan Lal Mangla	: Rs. 3000/-	Shri Sunil Jain	: Rs. 3500/-
Shri Joginder Pal Jain	: Rs. 2500/-	Shri Gulshan Rai Jain	: Rs. 3000/-
Prof. M.P. Gupta	: Rs. 3000/-	Smt Risha Jain	: Rs. 3000/-
Shri Vijay Kumar Sood	: Rs. 3000/-		

Detail of Shareholding of Non-Executive Directors

Name	No. of Equity Shares held	Name	No. of Equity Shares held
Shri Mohan Lal Mangla	: 500	Shri Sunil Jain	: —
Shri Joginder Pal Jain	: 100	Shri Gulshan Rai Jain	: 2,000
Prof. M.P. Gupta	: —	Smt Risha Jain	: —
Shri Vijay Kumar Sood	: —		

3. SHAREHOLDERS/INVESTORS GRIEVANCE COMMITTEE

The Committee consists of following Directors.

Shri Sunil Jain	—	Chairman – Non Executive Director
Shri Darshan Kumar Jain	—	Executive Director
Shri Pankaj Jain	—	Executive Director
Shri Neeraj Jain	—	Executive Director

Shri Pankaj Jain, Director acted as Compliance officer.

The terms of reference of the committee are as specified in Clause 49 of the Listing Agreement with the Stock Exchanges.

The Meetings of the Committee were normally held three times in a month during the year 2010–11.

The Committee is looking after the work of Share Transfer/Transmission/Split/ Consolidation of Shares and Investors grievances. Any two of the above are authorized to consider and approve the Share Transfer/Transmission/Split/ Consolidation of Shares.

Total No. of Complaints received during the year	:	Nil
No. of unsolved complaints to the satisfaction of Shareholders	:	Nil
No. of transfers pending for registration for more than 30 days	:	Nil

GENERAL BODY MEETINGS

(I) Details of location and time of holding the last three AGMs.

Year	Location	Date & Time
29 th AGM – 2008	2/8, Roop Nagar, Delhi- 110 007	30 th September, 2008 – 10.30 A.M.
30 th AGM – 2009	2/8, Roop Nagar, Delhi- 110 007	30 th September, 2009 – 10.30 A.M.
31 th AGM – 2010	2/8, Roop Nagar, Delhi- 110 007	30 th September, 2010 – 10.30 A.M.

(a) No other Shareholder's Meeting was held in the last three years.

(b) Some Special Resolutions were approved at the above meetings. There has been no use of Postal Ballot so far.

Unclaimed Dividends

As per the provisions of Section 205A read with Section 205C of the Companies Act, 1956, the Dividends declared which remained unpaid or unclaimed for a period of 7 years have already been transferred to Investor Education and Protection Fund of the Central Government as reported in earlier years. The Company has not declared any dividend for the financial years from 2000-01 and onward.

Disclosures

Related party disclosure

Related party disclosures are given at Note No. 16 of Schedule 'S' in relation to Notes on Accounts to Financial Statements of the Company. The transactions with the related parties were not in conflict with the interests of the Company at large.

The Company has complied with the requirements of the regulatory authorities on capital markets. There have been no instances of non compliance on matters related to capital markets and no penalties or strictures have been imposed on the Company by the Stock Exchanges, SEBI or any other statutory authority during the last three years.

CEO/CFO Certification

A Certificate from Chairman cum Managing Director and Finance Head as per the requirements of clause 49. V of the Listing Agreement with the Stock Exchanges was placed before the Board regarding the Financial Statements of the Company, Specified Transactions, Internal Controls, Significant Changes, if any, in Accounting Policies, for the year ended 31st March, 2011.

Means of Communication

The Quarterly, Half Yearly and Annual Results are regularly submitted to Stock Exchanges and are published in daily news-papers - Pioneer (English) and Veer Arjun (Hindi). The Quarterly, Half Yearly Results were not sent to household of Shareholders.

The Company has not displayed any official news release on the Company's website. No presentations were made to any institutional investors or analysts.

Management Discussion & Analysis

Management Discussion & Analysis forms part of the Annual Report.

GENERAL SHAREHOLDER INFORMATION

a) 32nd Annual General Meeting

Date and Time : 30th September, 2011 – 10.30 AM
Venue : 2/8, Roop Nagar, Delhi –110 007.

b) Financial Calendar

Financial Year : 1st April to 31st March
For the year ended 31st March 2011, the quarterly results were announced as under:-
1st Quarter ended 30th June 2010 : 31st July 2010
2nd Quarter ended 30th September 2010 : 30th October 2010
3rd Quarter ended 31st December 2010 : 31st January 2011
4th Quarter ended 31st March 2011 : 30th April 2011

For the year ending 31st March 2012, the schedule of announcement of results is as under:-

1st Quarter ended 30th June 2011 : 31st July 2011 – already announced
2nd Quarter ending 30th September 2011 : Last week of October 2011
3rd Quarter ending 31st December 2011 : Last week of January 2012
4th Quarter ended 31st March 2012 : Last week of April 2012

c) Book Closure Date

From 26th September 2011 to 30th September 2011 (both days inclusive)

d) Dividend Payment Date : Dividend not declared.

e) Listing of Equity Shares : Delhi and Mumbai

The listing fee has been paid up to date, to both the Stock Exchanges

f) (i) Stock Code : Mumbai Stock Exchange : 30545
Delhi Stock Exchange : 3177

(ii) Demat ISIN Numbers in NSDL & CDSL
Equity Shares - INE 949B01018

Stock Market Price Data: High low quotations on the Bombay Stock Exchanges during each month for the year 2010-2011 & performance in comparison to BSE Index :

Month	MARKET PRICE*		BSE INDEX**	
	High (Rs.)	Low (Rs.)	High	Low
April, 2010	31.35	27.00	18,048	17,277
May, 2010	34.90	29.00	17,537	15,960
June, 2010	39.50	29.50	17,920	16,318
July, 2009	49.90	37.25	18,238	17,396
August, 2010	68.25	46.55	18,475	17,820
September, 2010	58.85	49.70	20,268	18,027
October, 2010	56.95	49.50	20,855	19,769
November, 2010	55.20	45.25	21,109	18,955
December, 2010	55.40	46.00	20,552	19,075
January, 2011	59.00	46.60	20,665	18,038
February, 2011	55.20	39.25	18,691	17,296
March, 2011	62.00	38.00	19,575	17,792


Distribution of Shareholding as on 31st March 2011

Cat Code	Category of Shareholder	No of Share Holders	Total No. of Shares	No of Shares Held in Demat Form	Total Shareholding As a Percentage of Total Number of Shares	
					% of (A+B)	% of (A+B+C)
(A) Shareholding of Promoter and Promoter Group						
1. Indian						
(a)	Individuals/HUF	22	1,672,800	0	40.20	40.20
(b)	Central Government/State Government(s)			0	0.00	0.00
(c)	Bodies Corporate	1	1,447,000	0	34.78	34.78
(d)	Financial Institutions/Banks			0	0.00	0.00
(e)	Any Others (Specify)			0	0.00	0.00
Sub Total A (1)		23	3,119,800	0	74.98	74.98
2. Foreign						
(a)	Individuals (Non-Residents Individuals/Foreign Ind.)	0	0	0	0.00	0.00
(b)	Bodies Corporate	0	0	0	0.00	0.00
(c)	Institutions	0	0	0	0.00	0.00
(d)	Any Others (Specify)	0	0	0	0.00	0.00
Sub Total A (2)		0	0	0	0.00	0.00
Holding of Promoter and Promoter Group A=A(1)+A(2)		23	3,119,800	0	74.98	74.98
(B) Public Shareholding						
1. Institutions						
(a)	Mutual Funds/UTI	0	0	0	0.00	0.00
(b)	Financial Institutions/Banks	0	0	0	0.00	0.00
(c)	Central Government/State Government(s)	0	0	0	0.00	0.00
(d)	Venture Capital Funds	0	0	0	0.00	0.00
(e)	Insurance Companies	0	0	0	0.00	0.00
(f)	Foreign Institutional Investors/ Foreign Venture Capital	0	0	0	0.00	0.00
(g)	Investors	0	0	0	0.00	0.00
(h)	Any Others (Specify)	0	0	0	0.00	0.00
Sub Total B (1)		0	0	0	0.00	0.00
(B)2 Non Institutions						
(a)	Bodies Corporate	54	246,776	244,876	5.93	5.93
(b)	Individuals					
	i) Individual Shareholders Holding Share Capital Upto Rs.1 lakh	1,629	448,071	349,815	10.77	10.77
	ii) Individual Shareholders Holding Nominal Share Capital in Exces of Rs.1 lakh	16	294,364	294,364	7.07	7.07
(c)	Any Other (NRI) Clearing House	6	51,989	51,989	1.25	1.25
		0	0	0	0.00	0.00
Sub Total B(2)		1,705	1,041,200	941,044	25.02	25.02
Total Public Shareholding B=B(1)+B(2)		1,705	1,041,200	941,044	25.02	25.02
Sub Total of A+B		1,728	4,161,000	941,044	100.00	100.00
(C) Shares held by custodians and against which depository receipts have been issued						
		0	0	0	0	0
Grand Total (A+B+C)		1,728	4,161,000	941,044	100.00	100.00

Dematerialization of Shares and liquidity

The Shares of the Company are traded in Demat mode. The Company has entered into an agreement with National Securities Depository Limited and Central Depository Services (India) Ltd. The shares of the Company were dematerialized w.e.f. 27th November 2000. Approx. 22.62% of the Equity Shares of the Company have been dematerialized as on March 31st 2011.

REGISTRAR AND TRANSFER AGENTS

Securities Transfer work in respect of both physical and Demat segment are handled by the Registrar and Share Transfer Agents (R & TA) of the Company for all aspects of investor servicing relating to shares. The Share Transfers were approved by the Shareholders/Investors Grievance Committee of the Company.

Plant Location:

The Factory is situated at : 1688-2/31, Railway Road, Near Railway Station, Gurgaon-122001 (Haryana)
Phones: 91-124-2251781, 2251782, 2251783
Email: gurgaon@cosco.in

Address for Correspondence :

For Share Transfer/Demat of Share or any other query relating to Shares:
M/s Skyline Financial Services Pvt. Ltd
D-153 A, 1st Floor, Okhla Industrial Area, Phase – I, New Delhi – 110020.
Ph. 26812682, 26812683.

Status of compliances of Non mandatory requirements

1. The Board: The Company is headed by an Executive Chairman cum Managing Director.
2. Remuneration Committee: The Company has constituted Remuneration Committee details whereof are given herein above in this report.

The Company has not adopted the non-mandatory requirements of Clause 49 of the Listing Agreement except as stated hereinabove.

**ANNEXURE TO DIRECTORS' REPORT
ANNEXURE – 'B2'****CERTIFICATE BY PRACTICING COMPANY SECRETARY ON COMPLIANCE WITH THE CONDITIONS OF CORPORATE GOVERNANCE UNDER CLAUSE 49 OF THE LISTING AGREEMENT(S)**

TO THE MEMBERS OF
COSCO INDIA LIMITED

1. We have examined the compliance of conditions of corporate governance by Cosco India Ltd., for the year ended on 31.3.2011, as stipulated in Clause 49 of the Listing Agreement of the said company with stock exchange(s).
2. 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 the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the company.
3. In our opinion and to the best of our information and according to the explanations given to us, Company has complied with the conditions of Corporate Governance as stipulated in the abovementioned Listing Agreement.
4. We 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 AKHIL ROHATGI & CO.
Companies Secretaries

(AKHIL ROHATGI)
Company Secretary in Practice
C.P. No. 2317

Place : New Delhi

Date : 1st September, 2011

ANNEXURE TO DIRECTORS' REPORT ANNEXURE - 'C'

MANAGEMENT DISCUSSION AND ANALYSIS (MD & A)

This may be read in conjunction with the Directors' Report

Economic Scenario

India is second fast growing economy of the world after China. The Indian economy is slated to grow by over 8% during 2011-12 despite challenging times. Other Developing economies are likely to grow by 6% and the Developed economies by about 2%. The major segments of the Indian Economy viz Agriculture, Industrial and Service Sectors have reported growth trend during 2010-11. Global economies are facing slowdown in economic growth over the last few years.

Industry structure and developments

Sports Goods Industry is getting more competitive with the International Trade Liberalisation and Free Trade Agreements. Indian Sports Goods manufacturers need conducive business environment to be cost effective and efficient producers to cope with strong challenge posed by foreign players both in the Domestic and International Markets. India's Exports of Sports Goods and Toys increased from Rs. 548 Crores during 2009-10 to Rs. 611 Crores in 2010-11, registering growth of about 11% as per data of the Sports Goods Export Promotion Council. India's contribution to total world import of these items is less than 1%.

Growth potential of Indian Sports Goods & Toys industry is still untapped by the Indian industry.

The Indian Sports Goods & Toys Industry is striving hard to be on growth path. Govt. of India through progressive policy initiatives is lending its support to Sports.

The Company manufactures mainly Sports Balls and Sports Ball Bladders and is marketing wide range of various Sports Goods and Fitness Equipments under 'Cosco Brand'. The products manufactured/traded by the company conform to International Standards. There has been consistent rise in the material costs over the past few years. The main raw materials/inputs for manufactured products are rubber, rubber chemicals, felt, yarn and fuel etc. The Company on continuous basis upgrades the quality of its products with in-house R & D.

Opportunities & Threats, Risks and Concerns:

The Company has network of branches, distributors and about 800 authorized dealers in India and is one of the leading and most organized Indian Company in Sports Industry. It has strong 'Cosco' Brand. The company has immense potential to leverage upon its brand, accreditation and quality to increase sales and profitability. The company is expanding its marketing network of Health and Fitness Goods. The company is also exploring new markets for export. The Company has got ISO 9001:2000 accreditation and is also registered under ISO 14001:1996 – for implementing an Environmental Management System and OHSAS 18001:1999 - for implementing Occupational Health & Safety Management System. Increasing popularity of sports among masses and awareness about Health & Fitness offers good market opportunity.

The Sports Industry in India is facing stiff challenge from international brands and cost competitive products offered by producers from nations like China, Vietnam, Thailand, Bangladesh etc. The company has tie ups and arrangements with international reputed manufacturers /suppliers to meet the challenges.

Budgetary allocations for Development of Sports in India have been quite less compared to the expenditure on sports by developed countries. Underdevelopment of Sport due to Inadequate infrastructure and Anarchical labour laws still pose as major bottlenecks for the Company and Sports Goods Industry.

Segment-wise product-wise performance

The Company's products segments are classified broadly into two segments viz

- Own manufactured products viz Sports Balls & Sports Ball Bladders
- Traded Goods viz Fitness Equipments and other sports goods.

The segment wise performance and relevant information is given in Notes on Accounts to the Financial Statements (Refer Note No. 19 of Schedule 'S' relating to Notes on Accounts to the Financial Statements)

Outlook

Demand of sports and fitness goods is growing gradually as awareness towards sports, health and fitness among people is increasing. Allocations on Sports have gone up by government, semi government and private sector. The company see promising future of Sports in India due to increase in spending and creation of Sports related infrastructure.

Threats

1. Increasing financial costs due to frequent upward revision of interest rates by bank.
2. Infringement of Company's Brand and Trade mark by grey market operators.
3. Erosion of purchasing power due to Rising Inflation.
4. Stiff challenge provided by the international brands.
5. Rising trend in prices of Rubber, a major Raw Material over the last few years.
6. High energy cost due to high international oil prices and inadequate state power supply.

Internal control systems and their adequacy

Your Company has in place adequate internal control systems and procedures commensurate with size and nature of its business. The internal control systems provide for policies, guidelines, authorizations and approval procedures. The Company has appointed Internal Auditors who conduct Internal Audit periodically. The company is gradually enhancing the scope of Internal Audit to include Branches and physical verification of Assets and Stocks. Audit Committee reviews Internal Audit Reports and adequacy of internal controls for ensuring checks and balances and that internal control systems are properly followed.

Discussion on financial performance with respect to operational performance

The relevant information is given in the Directors' Report under headings Financial Results and Performance Review.

Material developments in Human Resources/Industrial Relations front

The thrust of the Company is to create responsive and market driven organization. The Management believes in trust, transparency and teamwork. The management believes that Human Resources is the driving force towards progress of the Company and regards it as its most valuable asset. The Company seeks to motivate and provide opportunities to its personnel to grow with the organization. The relations with employees remained cordial and satisfactory.

ANNEXURE TO DIRECTORS' REPORT

Annexure – 'D'

Statement pursuant to Section 212 of the Companies Act, 1956, relating to Company's Interest in Subsidiary Companies

1. Name of the Company	Cosco Polymer Lanka (Private) Ltd (Incorporated in Sri Lanka)
2. The Financial year of the subsidiary Company ended on	31.03.2011
3. Date from which they became subsidiary Company	30.11.2002
4. a. Number of shares held by Cosco (India) Limited with its nominees in the subsidiary at the end of the financial year of the subsidiary Company.	1298553 * ordinary shares of face value of Sri Lankan Rs. 100/- each fully paid up.* *Includes 3 ordinary shares of face value of Sri Lankan Rs. 100/- each fully paid up held through Nominees
b. Extent of interest of holding Company at the end of the financial year of the subsidiary Company.	100%
5. The net aggregate amount of the subsidiary Company profit/ (loss) so far as it concerns the members of the holding Company	Sri lankan Rs. 384805238/- equivalent to INR 1547.69 Lacs (Loss)
a. Not dealt with in the holding Company's account	
i) For the financial year ended 31 st March, 2011	Sri lankan Rs.56057193/- equivalent to INR 225.46 Lacs (Loss)
ii) For the previous financial years of the subsidiary Company since it became the holding Company's subsidiary.	Sri lankan Rs. 328748045/- equivalent to INR 1322.23 Lacs (Loss)
b. Dealt with in the holding Company's accounts.	
i) For the financial year ended 31 st March, 2010	NIL
ii) For the previous financial year of the subsidiary Company since it became the holding Company's subsidiary.	NIL

Annexure-1

Clarifications, information and explanations on the reservations/observations, qualifications or adverse remarks contained in the Auditors Report

Para Ref. No. of Auditors Report	Reservations/observations, qualifications or adverse remarks contained in the Auditors Report	Board of Directors' clarifications, information and explanations
Para 1 (i)	<p><i>Note No. 5</i> <i>Reference is invited to Note No. 5 of Notes on Accounts regarding valuation of slow moving / non moving stocks of Rs. 92.53 Lacs. Management has informed, on the basis of internal technical / commercial evaluation of these stocks, these are usable / salable. Management has further represented that these stocks have been valued at cost and realizable value in respect of these stocks will not be less than cost. We have relied upon the management as the matter is technical & subjective and therefore are unable to quantify the provision of loss if any.</i></p>	<p>As stated in the Note No. 5 of Notes on Accounts (Schedule S), part of these stocks have been consumed / sold during the subsequent year. The efforts are being made to use / dispose of the balance stocks. The management did internal technical / commercial evaluation of major items of these stocks during the year under audit and is of the view that these stocks are useable / saleable. Having regard to the technical and commercially evaluation and movement of stocks in the subsequent year, the management is of the view that the realizable value of these stocks will not be less than the value stated in the financial statements. The Auditors have relied upon the management as the matter is technical and subjective and expressed inability to quantify loss. Since, these stocks are usable/ saleable at the stated values being in good marketable condition, management foresee no loss and hence no provision of loss is to be made.</p>
Para 1 (ii)	<p><i>Note No. 26</i> <i>Reg. Investments in immovable properties amounting to Rs. 1,26,24,129/- made in earlier years for which builder / developer has not made allocation of the property till date. In view of the long over due of the amount/ non allocation of property, we are unable to comment upon the recoverability of the amount</i></p>	<p>As stated in the note no. 26 of Notes on Accounts (Schedule S), Investments include advance for Immovable Properties aggregating Rs.1,26,24,129/- in respect of which neither formal agreements have been executed nor any allocation / earmarking of the property has been made till date by the Builder/Developer. However the company has received balance confirmation from the party in the earlier year. The management is pursuing for execution of agreement / title documents or alternatively for refund of amount advanced and exploring the alternate possibility for specific performance of the contract.As such the Amount is considered good for recovery.</p>
Para 1 (iii)	<p><i>Note No. 29</i> <i>Company's exposure in the wholly owned subsidiary as at 31.03.2011 is (a) Investment in the Equity shares Rs. 5,86,47,778/- (b) Loans & Advances Rs. 2,84,88,445/- and (c) Sundry Debtors Rs. 31,71,132/-.</i> <i>The subsidiary company's operations have been suspended and in view of the same operational viability of the subsidiary Company is under pressure.</i> <i>The management has represented that operations of subsidiary company could not be started in view of financial constraints and is exploring options of collaborations/outright sale of unit to repay bank loans and discharge other liabilities. Management is optimistic that the net realizable value of the assets of subsidiary will not be less than the amount due from it. Management has also represented that it is in discussion</i></p>	<p>As stated in the note no. 29 of Notes on Accounts (Schedule S), The business operations of the subsidiary company, which were suspended last year due to global recession and unfavourable political situations in Sri Lanka, could not be re-started till date due to financial constraints. The Management is exploring options of collaborations/outright sale of the Unit to repay bank loans and discharge other liabilities.Management is of the view that the exposure of the company in the wholly owned subsidiary as at 31.03.2011 in the form of (a) Investment in the Equity shares Rs. 5,86,47,778/- (b) Loans & Advances Rs. 2,84,88,445/- and (c) Sundry Debtors Rs. 31,71,132/- is protected considerably by the net realizable value of the assets of the subsidiary company. The Management is in discussion with Bankers for concessions and one time settlement of Loans and interest due to the Bank and is of the view</p>

	<p><i>with Bankers for concessions and one time settlement and therefore quantum of provisions can't be ascertained at this stage.</i></p> <p><i>Considering the facts and representations of company and in view of the uncertainty, we are unable to quantify the provisions for non recovery of investments/debtors/loans and advances amounting in aggregate to Rs.9.03 crores. Similarly we are unable to quantify the provisions of devolvement of any liability on account of corporate guarantee of Rs.8.87 crores.</i></p>	<p>that there will be no devolvement of any liability on account of Corporate Guarantee for Rs.8,87,21,250/- issued by it against the loans given by State Bank of India to subsidiary having regard to the realisable market value of the Assets of the Subsidiary Company. Accordingly, quantum of provisions, if any, can't be ascertained at this stage.</p>
Para 1 (iv)	<p><i>Inventories as at 31.03.11 includes repairable health & fitness & other equipment valued at cost less 60% at Rs.15,72,484/-; old models of fitness equipment valued at cost less 60% at Rs.3,06,729/-; spares in respect of health equipment valued at sale price minus average margin of profit of 70% at Rs.35,72,633/- and synthetic panel sets valued at Rs.95,49,756/-(as estimated by management). Management has certified that these stocks have been valued at fair prices and net realizable value in respect of these stocks would not be less than the price at which they are valued. In absence of complete information about disposal of these stocks and other particulars, we have relied upon the Certificate of the Management and therefore are unable to comment on the same.</i></p>	<p>As stated in the Auditors' Report , these stocks have been valued at fair prices and net realizable value in respect of these stocks would not be less than the price at which they are valued. The repairable health & fitness equipments are being repaired. Old models are being sold gradually. Regarding spares in respect of health equipments, we have multiple models and variants in this product segment and we have to maintain reasonable level of spares for post sale service. Synthetic panel sets shall be consumed /sold in due course.</p>
Para 2 (f)	<p><i>In our opinion and to the best of our information and according to the explanation given to us, the said accounts read together with notes thereon and Accounting Policies and subject to remarks in sub para (i) to (iv) as mentioned above and subject to non provision of accumulated loss of Rs.1547.69 lacs (Rs.1296.25 Lacs) including current year loss of Rs.225.46 lacs (Rs.147.90 lacs) in wholly owned subsidiary (note no.29)and non provision of Rs126.24 lacs(Rs.126.24 lacs) being investment in property(note no.26) ; and possible devolvement of any liability on account of corporate guarantee of Rs.8.87 crores.</i></p>	<p>Auditors' remarks in sub para (i) to (iv) have been dealt in above paragraphs. The status of company's exposure in the subsidiary and devolvement of any liability on account of corporate guarantee has been dealt hereinabove w.r.t. para1(iii) of Auditors' Report. Having regard to the market/ realizable value of the Assets of the Subsidiary Company as stated hereinabove , no provision has been made in respect of accumulated losses and for devolvement of any liability on account of corporate guarantee of Rs.8.87 crores</p>
Para 2 (g)	<p><i>We further report that had the remarks given by us in para (f) above regarding losses of subsidiary company and sub para (ii) of para 1 reg. investment in property been considered, loss (other than loss on account of devolvement of corporate guarantee)for the year,against reported figure of profit of Rs.71.71 lacs (Rs.48.67 lacs), would have been Rs.279.99 lacs (Rs.99.23 lacs) excluding earlier years accumulated losses of subsidiary company; however including earlier years accumulated losses of subsidiary company, the loss would have been Rs.1602.22 lacs (Rs.1247.58 lacs)and the overall reserves & surplus would have been Rs.(-)118.66 lacs (Rs.187.31 lacs) against the reported figure of Rs.1555.27 lacs (Rs.1483.56 lacs).</i></p>	<p>The resultant figures stated by Auditors are pursuant to their observations and remarks dealt hereinabove.</p>

Para (vii) of Annexure to Auditors' Report	<p>Company has appointed External Firm of Chartered Accountants as Internal Auditors. Internal Audit has issued Audit Reports in respect of Factory and Head Office on quarterly basis. We have gone through the scope of work, Audit Reports and compliance thereof.</p> <p><i>In our opinion the Internal Audit's scope of work needs to be enhanced to report on Internal controls / checks operating in the organization, participation in the physical verification of Fixed Assets and to cover branches, to make it commensurate with the size and nature of company's business.</i></p>	<p>Regarding Auditors' observation and opinion for enhancing Internal Audit's scope of work, the company is gradually enhancing the scope of Internal Audit. Management shall endeavor to further enhance the scope of Internal Audit. The Company has adequate internal control systems and procedures commensurate with size and nature of its business and these are being monitored by the management.</p>
Para (x) of Annexure to Auditors' Report	<p><i>Considering our remarks in para (i to iv) of main report and para (xv) of this annexure, we are unable to comment on the networth of the company.</i></p>	<p>Auditors remarks in sub-para (i to iv) of Para 1 of the main report have been suitably responded hereinabove and remarks in para (xv) of Annexure to Auditors' Report explained in the following paragraph. Management is of the view that the stated net worth of the company as per audited balance sheet as on 31.03.2011 shall not be affected.</p>
Para (xv) of Annexure to Auditors' Report	<p>The company has given guarantee of US \$ 20.05 Lacs (20.05 Lacs) equivalent to INR of Rs.887.21 lacs (Rs.900.04 lacs) to State bank of India Colombo in respect of loans granted by the Bank to Company's subsidiary. <i>In view of the continued sufferings of losses and suspension of operations, subsidiary company's viability as a going concern is under pressure. Company has informed that the realizable value of fixed assets is more than the secured debt of wholly owned subsidiary and therefore company does not foresee any liability on that Account. We have relied upon the representation of the management and therefore are unable to comment upon whether there would be any devolvement of liability on the company due to issuance of guarantee.</i></p>	<p>Management is in discussion with Bankers for concessions and one time settlement of Loans and interest due to the Bank and is of the view that there will be no devolvement of any liability on account of Corporate Guarantee for Rs.8,87,21,250/- issued by it against the loans given by State Bank of India to subsidiary having regard to the realisable market value of the Assets of the Subsidiary Company, which is expected to be more than the secured Debt of wholly owned subsidiary.</p>

Annexure-2
Compliance Certificate under section 383(A) of the Companies Act 1956

To,
The Members
COSCO (INDIA) LIMITED.
2/8. Roop Nagar,
Delhi-110 007.

We have examined the registers, records, books and papers of COSCO (INDIA) LIMITED as required to be maintained under the Companies Act, 1956 (the Act) and the rules made thereunder and also the provision contained in the Memorandum and Articles of Association of the Company for the financial year ended on 31st March, 2011. In our opinion and to the best of our information and according to the examinations carried out by us and explanations furnished to us by the Company, its officers and agents, we certify that in respect of the aforesaid financial year:

1. The Company has kept and maintained all registers as stated in Annexure 'A' to this certificate, as per the provisions and the rules made thereunder and all entries therein have been duly recorded.
2. The Company has duly filed the forms and returns as stated in Annexure 'B' to this certificate, with the Registrar of Companies within the time prescribed under the Act and the rules made thereunder. The Company was not required to file any forms or returns to the Regional Director, Central Government and Company Law Board.
3. The Company has a paid up capital of Rs. 4,16,10,000/- (Rupees Four Crores Sixteen Lacs Ten Thousand Only).
4. The Board of Directors duly met eight times on 30.04.2010, 17.05.2010, 31.07.2010, 28.08.2010, 30.10.2010, 31.01.2011, 28.02.2011 and 08.03.2011 in respect of which meetings proper notices were given and the proceedings were properly recorded and signed in the Minutes Book maintained for the purpose.
5. The Company closed its Register of Members from 25th September, 2010 to 30th September, 2010 (both days inclusive) and necessary compliance of Section 154 of the Act has been made.
6. The Annual General Meeting for the financial year ended on 31st March, 2010 was held on 30.09.2010 after giving due notice to the members of the Company and resolutions passed thereat were duly recorded in Minutes Book maintained for the purpose.
7. No Extra Ordinary Meeting was held during the financial year.
8. The Company has not advanced any loans to its directors or persons or firms or companies referred to under Section 295 of the Act.
9. The Company has not entered into any contracts falling within the purview of Section 297 of the Act.
10. The Company has made necessary entries in the register maintained under Section 301 of the Act.
11. As there were no instances falling within the purview of Section 314 of the Act, the Company has not obtained any approvals from the Board of directors, members or Central Government, as the case may be.
12. The Company has not issued any duplicate certificates during the financial year.
13.
 - i) The Company has delivered all the share certificates on lodgment thereof for transfer/transmission or any other purpose in accordance with the provisions of Act during the financial year.
 - ii) The company has not deposited any amount in a separate Bank Account as no dividend was declared during the financial year.
 - iii) The Company has not posted warrants to any member of the Company as no dividend was declared during the financial year.
 - iv) There has not been any unpaid dividend, application money due for refund, matured deposits, matured debentures and the interest accrued thereon which have remained unclaimed or unpaid for a period of seven years.

14. The Board of Directors of the Company is duly constituted. There was no appointment of additional directors, alternate directors or casual directors during the financial year.
15. The Company has not appointed any Managing Director/Whole-time Director/Manager during the financial year.
16. The Company has not appointed any sole selling agent during the financial year.
17. The Company was not required to obtain any approvals of the Central Government, Company Law Board, Regional Director, Registrar of Companies and/or such authorities prescribed under the various provisions of the Act.
18. The Directors have disclosed their interest in other firms/companies to the Board of Directors pursuant to the provisions of the Act and the rules made thereunder.
19. The Company has not issued any shares, debentures or other securities during the financial year.
20. The Company has not bought back any shares during the financial year.
21. There was no redemption of preference shares or debentures during the financial year as no such securities were issued by the Company.
22. There were no transactions necessitating the Company to keep in abeyance rights to dividend, rights shares and bonus shares pending registration of transfer of shares during the financial year.
23. The company has not invited/accepted any deposits falling within the purview of Section 58A during the financial year. However, The Company has taken loans from Directors and Companies during the financial year 2010-11. In our opinion, these loans are exempted under rule 2(b)(ix) and 2(b)(iv) of the Companies (Acceptance of Deposits) Rules 1975 and as such are exempted borrowings and not considered as deposits.
24. The amount borrowed by the Company from directors, members, financial institutions, banks and other during the financial year is within the borrowing limits of the Company.
25. The Company has made loans and investments, or given guarantees or provided securities to other bodies corporate in compliance with the provisions of the Act and has made necessary entries in the register kept for the purpose.
26. The Company has not altered the provisions of the Memorandum of Association with respect to situation of the Company's registered office from one state to another during the year under scrutiny.
27. The Company has not altered the provisions of the Memorandum of Association with respect to the objects of the Company during the year under scrutiny.
28. The Company has not altered the provisions of the Memorandum of Association with respect to name of the Company during the year under scrutiny.
29. The Company has not altered the provisions of the Memorandum of Association with respect to share capital of the Company during the year under scrutiny.
30. The Company has not altered its Articles of Association during the financial year.
31. There was no prosecution initiated against or show cause notices received by the Company and no fines or penalties or any other punishment was imposed on the Company during the financial year, for offences under the Act.
32. The Company has not received any money as security from its employees during the financial year.
33. The Company has deposited both employee's and employer's contribution to Provident Fund with prescribed authorities pursuant to Section 418 of the Act.

For AKHIL ROHATGI & CO.
Companies Secretaries

(AKHIL ROHATGI)
(Company Secretary in Practice)
C.P. No. 2317
F.C.S. No. 1600

Place : New Delhi

Date : 1st September, 2011

Annexure 2A

REGISTERS MAINTAINED BY THE COMPANY

- a) Register of Members under Section 150
- b) Minutes Book of Meetings of Shareholders, Board of Directors, Audit Committee, Remuneration Committee and Shareholders/Investors Grievance Committee.
- c) Register of Contract in which Directors are interested u/s 301.
- d) Register of Directors, Managing Director, Manager and Secretary under Section 303
- e) Register of Directors' Shareholdings under Section 307
- f) Register of Charges.
- g) Register of Investments
- h) Register of Allotment of shares.
- i) Register of Director's Attendance
- j) Register of Shareholder's Attendance

Annexure 2B

FORMS, RETURNS AND DOCUMENTS FILED BY THE COMPANY DURING THE FINANCIAL YEAR ENDING ON 31st MARCH, 2011.

- (a) Annual Returns in Form No. 20B.
- (b) Balance sheet, etc., under Section 220 in Form No. 23AC & ACA.
- (c) Compliance Certificate in Form No. 66.

AUDITORS' REPORT

The Members, Cosco (India) Ltd.

We have audited the Balance Sheet of **Cosco (India) Ltd.** as at 31st March, 2011 and also the Profit & Loss Account and the cash flow statement of the Company for the year ended on that date, annexed thereto. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

We report that :-

1. As required by the Companies (Auditors' Report) Order, 2003, issued by the Central Government in terms of Section 227 (4A) of the Companies Act, 1956, we enclose in the annexure a statement on the matters specified in paragraphs 4 & 5 of the Said Order.

Attention of the Members is drawn to the following:

- (i) Note No. 5 *Regarding valuation of slow moving / non moving stocks of Rs. 92.53 Lakh. Management has informed, on the basis of internal technical / commercial evaluation of these stocks, these are usable/salable. Management has further represented that these stocks have been valued at cost and realizable value in respect of these stocks will not be less than cost. We have relied upon the management as the matter is technical & subjective and therefore are unable to quantify the provision of loss if any.*
- (ii) Note No. 26 *Reg. Investments in immovable properties amounting to Rs. 1,26,24,129/- made in earlier years for which builder / developer has not made allocation of the property till date. In view of the long over due of the amount/ non allocation of property, we are unable to comment upon the recoverability of the amount .*
- (iii) Note No. 29 *Company's exposure in the wholly owned subsidiary as at 31.03.2011 is (a) Investment in the Equity shares Rs. 5,86,47,778/- (b) Loans & Advances Rs. 2,84,88,445/- and (c) Sundry Debtors Rs. 31,71,132/-. The subsidiary company's operations have been suspended and in view of the same operational viability of the subsidiary Company is under pressure. The management has represented that operations of subsidiary company could not be started in view of financial constraints and is exploring options of collaborations/outright sale of unit to repay bank loans and discharge other liabilities. Management is optimistic that the net realizable value of the assets of subsidiary will not be less than the amount due from it. Management has also represented that it is in discussion with Bankers for concessions and one time settlement and therefore quantum of provisions can't be ascertained at this stage.*
Considering the facts and representations of company and in view of the uncertainty, we are unable to quantify the provisions for non recovery of investments/debtors/loans and advances amounting in aggregate to Rs.9.03 crores. Similarly we are unable to quantify the provisions of devolvement of any liability on account of corporate guarantee of Rs.8.87 crores.
- (iv) *Inventories as at 31.03.11 includes repairable health & fitness & other equipment valued at cost less 60% at Rs.15,72,484/-; old models of fitness equipment valued at cost less 60% at Rs.3,06,729/-; spares in respect of health equipment valued at sale price minus average margin of profit of 70% at Rs.35,72,633/- and synthetic panel sets valued at Rs.95,49,756/-(as estimated by management). Management has certified that these stocks have been valued at fair prices and net realizable value in respect of these stocks would not be less than the price at which they are valued. In absence of complete information about disposal of these stocks and other particulars, we have relied upon the Certificate of the Management and therefore are unable to comment on the same.*

2. Further to our comments in the annexure referred to in the paragraph 1 above.
- (a) 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.
- (b) 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 the books.
- (c) The Balance Sheet, Profit & Loss Account and Cash flow statement dealt with by this report are in agreement with the books of account;
- (d) In our opinion the Balance Sheet, Profit & Loss A/c. and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub section (3C) of section 211 of the Companies Act, 1956
- (e) We have been informed by the Company that none of the Directors is disqualified as on 31.3.2011 from being appointed as director under clause (g) of sub section (1) of section 274 of the Companies Act, 1956.
- (f) In our opinion and to the best of our information and according to the explanation given to us, the said accounts read together with notes thereon and Accounting Policies *and subject to remarks in sub para (i) to (iv) as mentioned above and subject to non provision of accumulated loss of Rs. 1547.69 lacs (Rs. 1296.25 Lacs) including current year loss of Rs. 225.46 lacs (Rs. 147.90 lacs) in wholly owned subsidiary (note no.29) and non provision of Rs. 126.24 lacs (Rs. 126.24 lacs) being investment in property (note no. 26) ; and possible devolvement of any liability on account of corporate guarantee of Rs. 8.87 crores.*

give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India.

- (i) In case of the Balance Sheet, of the state of affairs of the company as at 31st March, 2011 and
- (ii) In case of the Profit & Loss Account, of the profit of the company for the year ended on that date and
- (iii) In the case of cash flow statement, of the cash flows for the year ended on that date.
- (g) *We further report that had the remarks given by us in para (f) above regarding losses of subsidiary company and sub para (ii) of para 1 reg. investment in property been considered, loss (other than loss on account of devolvement of corporate guarantee) for the year, against reported figure of profit of Rs. 71.71 lacs (Rs. 48.67 lacs), would have been Rs. 279.99 lacs (Rs. 99.23 lacs) excluding earlier years accumulated losses of subsidiary company; however including earlier years accumulated losses of subsidiary company, the loss would have been Rs. 1602.22 lacs (Rs. 1247.58 lacs) and the overall reserves & surplus would have been Rs. (-) 118.66 lacs (Rs. 187.31 lacs) against the reported figure of Rs. 1555.27 lacs (Rs. 1483.56 lacs).*

For MADAN & ASSOCIATES
Chartered Accountants
Firm's Registration No.000185N

(C.A. M.K. Madan)
M.No. 082214
Proprietor

Place : New Delhi
Date : 1st September, 2011

**ANNEXURE REFERRED TO IN PARAGRAPH 1 OF THE AUDITORS' REPORT TO THE MEMBERS OF
COSCO (INDIA) LTD. ON THE ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2011**

- (i) (a) The company is maintaining proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) As informed, the company has a programme of physical verification of all major fixed assets over a period 2-3 years and as per programme, dies, computers & printers, Moulds and Machinery purchased in last three years at Factory were physically verified during the year.
- (c) Since there is no disposal of substantial part of fixed assets during the year, paragraph 4 (i) (c) of the Companies (Auditors' Report) Order, 2003 (hereinafter referred to as the Order) is not applicable.
- (ii) (a) The inventories have been physically verified by the management at close of the year.
- (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
- (c) On the basis of our examination of the records of inventory, we are of the opinion that the company is maintaining proper records of inventory. According to the information and explanations given to us, no material discrepancies were noticed on physical verification between the physical stock and the book records.
- (iii) (a) The company has taken loans from companies, Directors and others (shareholders/Directors' relatives) as per interest rates stated in note no. 28 of Notes on Accounts (schedule S). The other terms and conditions of loans are not stipulated. In our opinion the rates of interest are not prima facie prejudicial to the interest of the company. Total no. of parties from whom loans are taken is 9 and the amount outstanding at the year end is Rs.1581.21 lacs. The maximum amount outstanding during the year was Rs 1852.67 lacs. Company has advanced interest free loan to its wholly owned subsidiary and a sum of Rs.284.88 lacs was outstanding at year end.
- (b) As stated in para(iii) (a) above, the terms of repayment are not specified. Of the interest outstanding at the beginning of the year of Rs. 225.99 lacs, Company has paid Rs.152.69 lacs during the year.
- (c) In view of the comments in para (iii) (a) & (b) above, the requirements of para 4 (iii) (d) of the order are not applicable.
- (iv) In our opinion and according to the information and explanations 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 the sale of goods. We have not observed any continuing failure to correct major weaknesses in internal controls.
- (v) (a) To the best of our knowledge and belief and according to the information and explanation given to us, we are of the opinion that the transactions that need to be entered in the register maintained under section 301 of the Companies Act, 1956 have been so entered.
- (b) The company has not entered into transactions exceeding value of Rs.5 lacs each with the parties listed in the register under section 301 of the Companies Act, 1956.
- (vi) The Company has not received public deposits during the year.
- (vii) Company has appointed External Firm of Chartered Accountants as Internal Auditors. Internal Audit has issued Audit Reports in respect of Factory on quarterly basis. We have gone through the scope of work, Audit Reports and compliance thereof. *In our opinion the Internal Audit's scope of work needs to be enhanced to report on Internal controls / checks operating in the organization, participation in the physical verification of Fixed Assets and to cover branches/Head Office to make it commensurate with the size and nature of company's business.*
- (viii) The Central Government has not prescribed the maintenance of cost records under section 209 (1) (d) of the Companies Act, 1956 in respect of any of the products of the company.

- (ix) (a) According to the information and explanations given to us and according to the records of the company, the company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income tax, tax deducted at source, tax collected at source, professional tax, sales tax, custom duty, excise duty, service tax, octroi charges, property tax, water tax, license fees, works contract tax, cess and other material statutory dues applicable to it.
- (b) According to the information and explanations given to us, no undisputed amounts in respect of the statutory dues referred to above were outstanding as at March 31, 2011 for a period of more than six months from the date they became payable.

According to the information and explanations given to us, there is no disputed liability outstanding in respect of statutory dues comprising of Sales tax/ income tax / Custom duty / Wealth tax / Cess as at March 31, 2011.

- (x) *Considering our remarks in para (i to iv) of main report and para (xv) of this annexure, we are unable to comment on the net worth of the company.*
- (xi) As per information given to us, company has not defaulted in repayment of dues to a financial institution or bank or debenture holder.
- (xii) Since the company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures and other securities, paragraph 4 (xii) of the Order is not applicable.
- (xiii) As the company is not a nidhi/mutual benefit fund/society, paragraph 4 (xiii) of the Order is not applicable.
- (xiv) The Company has made inter-corporate investments in its wholly owned subsidiary company in Sri Lanka and made investments/traded in shares of other bodies corporate in earlier year. The company has categorized the investments of shares in other bodies corporate as long term and current investments.
- (xv) The company has given guarantee of US \$ 20.05 Lacs (20.05 Lacs) equivalent to INR of Rs.887.21 lacs (Rs.900.04 lacs) to State bank of India Colombo in respect of loans granted by the Bank to Company's subsidiary. *In view of the continued sufferings of losses and suspension of operations, subsidiary company's viability as a going concern is under pressure. Company has informed that the realizable value of fixed assets is more than the secured debt of wholly owned subsidiary and therefore company does not foresee any liability on that Account. We have relied upon the representation of the management and therefore are unable to comment upon whether there would be any devolvement of liability on the company due to issuance of guarantee.*
- (xvi) During the year the company has not raised term loans.
- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the company, no funds raised on short term basis have been used for long term investments.
- (xviii) According to the information and explanations given to us, the company has not made any preferential allotment of shares during the year to parties and companies covered in the register maintained under section 301 of the Act.
- (xix) Since the company has not issued any debentures during the year, paragraph 4 (xix) of the Order is not applicable.
- (xx) Since the company has not raised any money during the year by way of public issue, paragraph 4(xx) of the Order is not applicable.
- (xxi) Based upon the audit procedures performed and the information and explanations given by the management, we report that no fraud on or by the company has been noticed or reported during the year.

For MADAN & ASSOCIATES
Chartered Accountants
Firm's Registration No.000185N

(C.A. M.K. Madan)
M.No. 082214
Proprietor

Place : New Delhi

Date : 1st September, 2011



BALANCE SHEET AS AT 31ST MARCH, 2011

SCHEDULES		AS AT 31 ST MARCH, 2011		(Amount in Rupees) AS AT 31 ST MARCH, 2010	
I. SOURCES OF FUNDS					
SHAREHOLDERS' FUNDS					
(a)	Share Capital	A	41,610,000	41,610,000	
(b)	Reserves & Surplus	B	155,526,780	148,355,505	189,965,505
Loan Funds					
(a)	Secured	C	107,378,091	112,863,801	
(b)	Unsecured	D	158,121,200	147,480,671	260,344,472
Deferred Tax Liability (Net)					1,459,026
(Refer Note 17 of Schedule S)					
			462,636,071		451,769,003
II. APPLICATION OF FUNDS					
Fixed Assets :					
E					
(a)	Gross Block		183,779,379	180,610,921	
(b)	Less: Depreciation		145,981,249	141,071,753	
(c)	Net Block		37,798,130	39,539,168	
(d)	Capital Work in Progress		146,551	492,149	40,031,317
Investments			F	71,579,245	71,592,737
Deferred Tax Asset (Net)				353,425	
(Refer Note 17 of Schedule S)					
Current Assets,					
Loans & Advances :					
(a)	Inventories	G	288,097,172	263,481,621	
(b)	Sundry Debtors	H	97,551,071	92,833,254	
(c)	Cash & Bank Balances	I	7,123,961	6,123,947	
(d)	Loans and Advances	J	60,780,667	68,825,025	
LESS :				431,263,847	
Current Liabilities & Provisions :					
(a)	Liabilities	K	84,002,779	83,118,381	
(b)	Provisions	L	16,791,372	8,000,517	
			100,794,151	91,118,898	
Net Current Assets			352,758,720		340,144,949
			462,636,071		451,769,003

Note : Schedules 'A' to 'L' and 'S' (Notes on Accounts) form an integral part of this Balance Sheet.
This is the Balance Sheet referred to in our report of even date attached.

FOR MADAN & ASSOCIATES
CHARTERED ACCOUNTANTS
FIRM'S REGISTRATION NO. : 000185N

(M.K. MADAN)
Proprietor
M.No. 82214

FOR AND ON BEHALF OF BOARD OF DIRECTORS

D.K. JAIN
Chairman-cum-Mg. Director

N.K. JAIN
Mg. Director

PLACE : New Delhi
DATED : 1st September, 2011.



PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011

	SCHEDULES	FOR THE YEAR ENDED 31.03.2011	(Amount in Rupees) FOR THE YEAR ENDED 31.03.2010	
I. INCOME :				
(a) Sales		689,355,084		575,185,578
(b) Other Income	M	10,700,405		10,403,254
		700,055,489		585,588,832
II. EXPENDITURE :				
a) Purchase of Traded Goods		255,648,115		179,386,296
b) Raw Materials Consumed	N	186,676,173		142,876,673
c) Salary, Wages & Benefits	O	79,614,099		67,928,328
d) Manufacturing, Administration and Selling	P	149,702,283		125,879,301
e) Interest & Bank Charges	Q	29,012,106		27,362,322
f) Depreciation		6,349,187		6,896,832
		707,001,963		550,329,752
g) (Increase)/Decrease in Finished Goods and Work in Progress	R	(18,641,437)		23,705,489
		688,360,526		574,035,241
III. PROFIT BEFORE TAXATION		11,694,963		11,553,591
IV. PROVISION FOR TAXATION : CURRENT TAX		6,272,563		4,799,452
DEFERRED TAX (1,812,450)		4,460,113	2,084,039	6,883,491
V. PROFIT AFTER TAXATION		7,234,850		4,670,100
VI. PRIOR PERIOD ADJUSTMENTS ADD / (DEDUCT)				
i) Taxation		107,728		313,032
ii) Expenses		(171,303)		(116,203)
VII. PROFIT AFTER PRIOR PERIOD ADJUSTMENTS		7,171,275		4,866,929
APPROPRIATIONS				
Transferred to : General Reserve		7,171,275		4,866,929
Basic and Diluted Earning per share Rs. (Refer Note No. 18 in Schedule S)		1.72		1.17
Nominal Value per share (in Rs.)		10.00		10.00

Note : Schedules 'M' to 'R' and 'S' (Notes on Accounts) form an integral part of this Profit & Loss Account.

This is the Profit & Loss Account referred to in our report of even date attached.

FOR MADAN & ASSOCIATES
 CHARTERED ACCOUNTANTS
 FIRM'S REGISTRATION NO. : 000185N

FOR AND ON BEHALF OF BOARD OF DIRECTORS

(M.K. MADAN)
 Proprietor
 M.No. 82214

D.K. JAIN
 Chairman-cum-Mg. Director

N.K. JAIN
 Mg. Director

PLACE : New Delhi

DATED : 1st September, 2011.



SCHEDULES TO ACCOUNTS

		(Amount in Rupees)	
		As at	As at
A. SHARE CAPITAL	<u>31st March, 2011</u>	<u>31st March, 2010</u>	<u>31st March, 2010</u>
AUTHORISED :			
100,00,000 Equity Shares of Rs. 10/- each	100,000,000		100,000,000
ISSUED & SUBSCRIBED :			
41,61,000 Equity Shares of Rs. 10/- each	41,610,000		41,610,000
(includes 19,20,000 Nos. Equity Shares allotted as fully paid up Bonus Shares by capitalisation of Rs. 192 Lacs from General Reserve)			
B. RESERVES & SURPLUS			
	As at 01.04.2010 Rs.	Additions/ (Deductions) Rs.	As at 31.03.2011 Rs.
Share Premium Account	31,230,000	–	31,230,000
General Reserve	108,625,505	7,171,275	115,796,780
Profit & Loss Account	8,500,000	–	8,500,000
	<u>148,355,505</u>	<u>7,171,275</u>	<u>155,526,780</u>
Previous Year	143,488,576	4,866,929	148,355,505
C. SECURED LOANS			
(i) WORKING CAPITAL LOANS			
From Banks			
Rupee Loans	92,881,236		102,022,336
Foreign Currency Loans	13,372,764		9,558,680
(Secured against hypothecation of all moveable properties including plant & machinery, stocks of raw materials, semi-finished goods and manufactured goods and all book debts, bills and claims receivables.)			
(The loans are collaterally secured against equitable mortgage of factory land/building and guaranteed by Executive Directors.)			
(ii) Other Loans	1,124,091		1,282,785
(Secured against hypothecation of Vehicles) (Repayable within one year Rs. 11.24 lacs)			
	<u>107,378,091</u>		<u>112,863,801</u>
D. UNSECURED LOANS			
a) Deposits from			
i) Companies	46,637,564		56,467,564
ii) Directors	111,483,636		85,613,107
b) From Bank	–		5,400,000
	<u>158,121,200</u>		<u>147,480,671</u>

E. FIXED ASSETS

(Amount in Rupees)

S. No.	Block of Assets	Gross Block as at 1.04.2010	Additions During the Year	Deductions During the Year	Gross Block As at 31.03.2011	Depreciation upto 31.03.2011	Net Block	
							As at 31.03.2011	As at 31.03.2010
1.	Land	557,634	—	—	557,634	—	557,634	557,634
2.	Buildings	40,653,263	—	—	40,653,263	28,175,432	12,477,831	13,502,854
3.	Furniture & Fittings	6,931,753	52,628	—	6,984,381	5,874,556	1,109,825	1,346,921
4.	Plant and Machinery	123,767,116	2,911,247	131,904	126,546,459	107,117,935	19,428,524	20,467,336
5.	Vehicles	8,701,155	1,830,380	1,493,893	9,037,642	4,813,326	4,224,316	3,664,423
6.	Capital work in progress (Including advance on Capital Account Rs. 51251/- Previous Year Rs. 313013/-)	180,610,921	4,794,255	1,625,797	183,779,379	145,981,249	37,798,130	39,539,168
	TOTAL	180,610,921	4,794,255	1,625,797	183,779,379	145,981,249	37,944,681	40,031,317
	PREVIOUS YEAR	178,134,535	4,221,411	1,745,025	180,610,921	141,071,753	40,031,317	



	AS AT	(Amount in Rupees)	
	31st March, 2011	AS AT	31st March, 2010
F. INVESTMENTS			
LONG TERM INVESTMENTS (AT COST)			
Government and other securities Unquoted (Non Trade)			
6 years National Savings Certificate	5,000		5,000
In Ordinary Shares of Wholly owned Subsidiary Company			
Unquoted fully paid up (Trade)			
(12,98,553) 12,98,553 Cosco Polymer Lanka (Private) Ltd., of 100 Sri Lankan Rs. each	58,647,928		58,647,928
CURRENT INVESTMENTS			
Other Investments (Non Trade)			
In Equity Shares-Quoted, fully paid-up			
(5,000) 5,000 Antarctica Ltd. of Re. 1/- each	5,000		5,000
(4,750) 4,750 Marksans Pharma Ltd. of Re. 1/- each	94,226		94,226
	99,226		99,226
Less : Provision for Diminution in Investment	87,038	12,188	73,546
			25,680
In Mutual Fund - Unquoted			
(11,319,211) 11,319,211 units UTI Master Share Unit Scheme (Growth) of Rs. 10/- each	290,000		290,000
Immovable Properties (Advance Payment)	12,624,129		12,624,129
	71,579,245		71,592,737
Aggregate Cost of Quoted Investments	99,226		99,226
Aggregate Market Value of Quoted Investments	12,188		25,680
G. INVENTORIES			
(As taken, valued and certified by the Management)			
1. Stores & Spares	10,865,975		8,527,704
[Including in transit Rs. 6,502/- (Previous Year Rs. 248,260/-)]			
2. Stock-in-Trade :			
(a) Raw Materials	34,778,363		31,142,520
[Including in Transit Rs. 21,01,900/- (Previous Year Rs. 18,52,833/-)]			
(c) Finished Goods	183,273,659		167,395,770
	218,052,022		198,538,290
Less : Provision for Non Moving Stocks	203,663	217,848,359	203,663
			198,334,627
3. Work in Progress	59,382,838		56,619,290
	288,097,172		263,481,621

**H. SUNDRY DEBTORS
(UNSECURED)**

1. Debts outstanding for a period exceeding six months :				
a) Considered good*	5,483,760		6,660,775	
b) Considered doubtful	2,370,183		518,449	
	<u>7,853,943</u>		<u>7,179,224</u>	
Less : Provision for Doubtful Debts	<u>2,370,183</u>	5,483,760	<u>518,449</u>	6,660,775
2. Other debts considered good*		<u>92,067,311</u>		86,172,479
		<u>97,551,071</u>		<u>92,833,254</u>

*Includes amount of Rs. 31,71,131/- (Previous year Rs. 32,16,996/-) due from subsidiary company, Cosco Polymer Lanka (Private) Ltd. and maximum balance outstanding during the year is Rs. 32,16,996/- (Previous year Rs. 32,16,996/-).

I. CASH & BANK BALANCES

1. Cash in hand (Including Imprest Accounts)		2,368,740		1,587,528
2. Bank Balances with Scheduled Banks In Current Accounts		<u>4,755,221</u>		<u>4,536,419</u>
		<u>7,123,961</u>		<u>6,123,947</u>

J. LOANS AND ADVANCES

(Unsecured and considered good) Advance to Subsidiary Company*		28,488,445		28,948,160
Advances recoverable in cash or in kind or for value to be received				
a) Considered good	21,596,400		35,378,544	
b) Considered doubtful	-		74,117	
	<u>21,596,400</u>		<u>35,452,661</u>	
Less : Provision for Doubtful Advances	-	21,596,400	74,117	35,378,544
Security Deposits		2,176,812		1,793,162
Advance Tax Paid		<u>8,519,010</u>		<u>2,705,159</u>
		<u>60,780,667</u>		<u>68,825,025</u>

*During the year, maximum balance outstanding from Cosco Polymer Lanka (Private) Limited, a wholly owned subsidiary company is Rs. 2,89,48,160/- (Previous Year Rs. 3,14,78,740/-).

K. CURRENT LIABILITIES

Sundry Creditors		43,614,734		40,909,477
Other Liabilities		37,060,542		38,954,640
Interest Accrued But Not Due		73,003		97,264
Security Deposits from Customers		<u>3,254,500</u>		<u>3,157,000</u>
		<u>84,002,779</u>		<u>83,118,381</u>

L. PROVISIONS

For Income Tax & Wealth Tax		10,877,870		4,799,452
For Leave Encashment & Gratuity		<u>5,913,502</u>		<u>3,201,065</u>
		<u>16,791,372</u>		<u>8,000,517</u>

	For the Year Ended 31.03.2011	(Amount in Rupees) For the Year Ended 31.03.2010
M. OTHER INCOME		
Interest received	30,860	45,974
Miscellaneous Income	2,117,201	2,620,328
Export Incentives	8,552,344	7,736,952
	<u>10,700,405</u>	<u>10,403,254</u>
N. MATERIALS CONSUMED		
Opening Stock	31,142,520	34,322,567
Add : Purchase	190,312,016	139,696,626
	<u>221,454,536</u>	<u>174,019,193</u>
Less : Closing Stock	34,778,363	31,142,520
	<u>186,676,173</u>	<u>142,876,673</u>
O. SALARIES, WAGES AND BENEFITS		
Directors' Remuneration	15,289,989	12,358,286
Wages	36,509,666	31,720,823
Salary	12,825,526	11,110,799
Bonus	1,825,241	2,126,955
Provident & Other funds (Includes for Directors Rs. 65,520/-)	7,618,046	6,651,967
Gratuity Fund	1,150,355	491,764
Compensation	1,130,336	1,078,002
Welfare Expenses	3,264,940	2,389,732
(Includes Rs. 492,392/- towards medical expenses reimbursed to Directors, Previous Year Rs. 573,816/-)	<u>79,614,099</u>	<u>67,928,328</u>
P. MANUFACTURING, ADMINISTRATION & SELLING		
Power & Fuel	25,691,555	22,181,826
Balls Stitching Charges	17,218,021	14,141,493
Valve Cutting Charges	4,491,776	4,986,829
Transportation & Forwarding	6,516,429	5,201,826
Stores Consumed	20,030,461	15,663,611
Repairs & Maintenance :		
Plant & Machinery & Mould	6,971,401	5,675,819
Building	870,724	1,415,391
Others	3,572,758	3,512,794
	<u>11,414,883</u>	<u>10,604,004</u>
Rent, Rates & Taxes	4,250,013	4,277,934
Insurance	1,167,056	1,211,233
Shipping	1,830,605	1,755,687
Packing	6,775,450	5,909,925
Export Commission	314,469	335,508
Advertisement & Publicity	2,866,349	1,684,860
Sales Promotion	3,361,722	2,412,893
Travelling & Conveyance	3,751,717	3,150,219
(Includes Directors' Travelling Rs. 247,569/- Previous Year Rs. 178,531/-)		
Legal & Professional Fees	2,717,530	2,422,217
Postage, Telegram & Telephone	1,965,158	1,957,368

(Amount in Rupees)
For the Year
Ended 31.03.2010

For the Year
Ended 31.03.2011

Auditors' Remuneration & Expenses :			
(Including Service Tax & Education Cess)			
For Audit	273,544		167,656
For Tax Representation	110,300		110,300
For Other Services	128,716		82,980
Out of Pocket Expenses	<u>29,323</u>	541,883	<u>56,412</u> 417,348
Commission Against Sales		2,588,279	2,296,516
Special Discount		8,850,469	7,096,702
Foreign Tour Expenses		1,279,076	923,402
(Including Directors' Expenses Rs. 982,444/- Previous Year Rs. 923,402/-)			
Directors' Sitting Fees		21,000	21,000
Bad & Doubtful Debts Provision		2,065,619	210,055
Miscellaneous Expenses		19,992,763	17,016,845
		<u>149,702,283</u>	<u>125,879,301</u>
Q. INTEREST & BANK CHARGES			
Unsecured Loans		12,823,172	12,826,137
Banks		13,779,391	12,855,573
Others		10,074	2,293
Bank Charges		2,399,469	1,678,319
		<u>29,012,106</u>	<u>27,362,322</u>
R. (INCREASE) / DECREASE IN FINISHED GOODS AND WORK IN PROGRESS			
Opening Stocks			
Finished Goods	167,395,770		201,232,455
Work in Progress	<u>56,619,290</u>	224,015,060	<u>46,488,094</u> 247,720,549
Closing Stocks			
Finished Goods	183,273,659		167,395,770
Work in Progress	<u>59,382,838</u>	242,656,497	<u>56,619,290</u> 224,015,060
		<u>(18,641,437)</u>	<u>23,705,489</u>

S. NOTES ON ACCOUNTS

Annexed to and forming part of the Statement of Accounts for the year ended on 31.03.2011.

1. SIGNIFICANT ACCOUNTING POLICIES

The Significant Accounting Policies followed by the Company are as stated below :

A. GENERAL

The Financial Statements are prepared on Mercantile Basis of Accounting following the Historical Cost Convention and the Principle of going concern.

B. FIXED ASSETS

Fixed Assets including capital work in progress are stated at cost (net of grants received) including Taxes, Duties, Freight and other incidental expenses incurred in relation to acquisition and installation of the same. Depreciation has been provided on pro-rata basis (completed months of use) by Written Down value Method at the rate and manner prescribed in Schedule XIV of the Companies Act, 1956.

C. INVENTORIES

(1) The inventories other than work-in-progress have been valued at the lower of cost and the net realisable value, cost means weighted average cost determined on FIFO basis.

- (2) The Company is engaged in the manufacturing and trading of various products. The cost of conversion has been worked out for all the products on the basis of weighted average cost derived by preparing the manufacturing account wherein 50% of the fixed production overheads are allocated to the units of production having regard to capacity utilisation which is reviewed after three years and accordingly allocation of overheads is made. For trading goods, cost means direct cost.
- (3) The net realisable value in respect of each category of products has been determined on the basis of list price less the necessary estimated cost to make the sale.
- (4) Work-in-progress is valued at direct cost plus cost of conversion (weighted average cost). The indirect expenses have been allocated on the proportionate basis of raw material lying in work-in-progress to total raw material consumed.
- (5) The net realisable value of finished goods in respect of export surplus balls has been determined consistently as under :-

a) Stock lying for less than two years	List price
b) Stock lying for more than two years but less than five years	List price less 25%
c) Stock lying for more than five years	List price less 40%

As a result, the inventories have been written down by Rs. 8.54 lacs (previous year Rs. 26 lacs) to its net realisable value.

D. RETIREMENT BENEFITS

a) Defined Contribution Plans

Contributions paid / payable to defined contribution plans comprising of provident fund and pension fund are charged on accrual basis.

b) Defined Benefit Plan

Gratuity for employees who have completed two years of service other than Directors in the whole time employment of the Company below 60 years of age is fully covered under the Group Gratuity scheme of Life Insurance Corporation of India. The amount paid to the trust has been charged to Profit & Loss Account. In respect of Directors, gratuity is provided during the year on actuarial valuation basis, subject to maximum limit of Rs.10 lacs (previous year Rs.3.5 lacs) per director as per the Payment of Gratuity Act,1972.

c) Other Long term employee benefits

Other long term employee benefits comprise of leave encashment which is provided for based on the actuarial valuation carried out in accordance with revised AS 15 as at the end of the year.

E. FOREIGN EXCHANGE TRANSACTIONS

Transactions in Foreign Currency including investments made in wholly owned subsidiary abroad are recorded at the exchange rate as on the date of transaction. For all foreign currency liabilities and monetary assets are stated at the exchange rate prevailing as at the date of Balance Sheet or at the contracted rate and the difference taken to Profit & Loss Account as exchange fluctuation loss or gain except in respect of liabilities, if any, for acquisition of fixed assets, in which case such exchange difference is adjusted in the carrying cost of the respective fixed assets.

F. INVESTMENT

Investments are classified into current and long term investments. Current investments are stated at lower of cost or fair market value. Long Term Investments are valued at cost. Provision is made for diminution in value to recognise decline if any other than that of temporary nature, in value of Long Term Investments except for investment in wholly owned subsidiary.

G. REVENUE / EXPENDITURE

The Company is following mercantile system of accounting but certain items, i.e., over due Bank Interest on export and domestic sales realisation, insurance claims and interest in respect of import under usance LC other than Buyer's Credit are accounted for on actual / receipt basis.

H. EXPORT SALES

Export Sales are accounted for on the basis of date of shipment irrespective of the date of invoice as per Impex Policy.

I. BORROWING EXPENDITURE

Borrowing costs that are attributable to acquisition / construction of qualifying assets within the meaning of AS-16 issued by The Institute of Chartered Accountants of India are capitalised as a part of total cost of such assets. All other borrowing costs are charged to revenue. During the year Rs.nil (previous year Rs.nil) has been capitalised.

2. CONTINGENT LIABILITIES NOT PROVIDED FOR IN RESPECT OF

	As at 31.03.2011 Rs.	As at 31.03.2010 Rs.
(i) Letters of Credit for purchase of Raw Materials, Stores & Spares	37,366,860	30,316,937
(ii) Guarantee		
(a) To Sales Tax Authorities:- for group concerns	100,000	100,000
for others	527,303	527,303
(b) To State Electricity Board:- for others	Not Ascertainable	Not Ascertainable
(c) To Others	5,132,099	5,132,099
(d) To Bank on behalf of Cosco Polymer Lanka Pvt. Ltd., wholly owned subsidiary company to secure fund based & non-fund based limits.	88,721,250 (USD 20,05,000)	90,004,450 (USD 20,05,000)
(iii) Cases against the Company in Labour Court & High Court by ex-employees	3,684,721	3,297,056
3. (i) MANAGERIAL REMUNERATION		
Salaries	7,260,000	6,840,000
Commission	5,472,000	5,472,000
Contribution to Provident & Other Funds	65,520	65,520
Perquisites (as per Income Tax Act, 1961)	642,992	724,415
Gratuity	2,557,989	46,286
	<u>15,998,501</u>	<u>13,148,221</u>
(ii) Computation of Profits in accordance with Section 198 of The Companies Act, 1956.		
Net Profit as per Profit & Loss A/c	7,234,850	4,670,100
ADD :		
(i) Depreciation charged in account	6,349,187	6,896,832
(ii) Provision for Taxation	4,460,113	6,883,491
(iii) Managerial Remuneration	15,998,501	13,148,221
(iv) Provision for Doubtful Debts & Advances	2,065,619	284,172
	<u>28,873,420</u>	<u>27,212,716</u>
	36,108,270	31,882,816
LESS :		
(i) Profit on Sale of Assets	104,023	829,545
(ii) Depreciation in accordance with Section 350 of The Companies Act, 1956	6,349,187	6,896,832
(iii) Provisions Written Back	378,180	417,232
	<u>6,831,390</u>	<u>8,143,609</u>
Net Profit Under Section 198 Of The Companies Act, 1956	<u>29,276,880</u>	<u>23,739,207</u>
Directors' Remuneration @ 10% of Profits	2,927,688	2,373,921

The Company has paid within the limits prescribed under Schedule XIII of the Companies Act, 1956 in case of inadequacy of profits. The remuneration of the directors has been approved by the remuneration committee in its meeting held on 5th April, 2010.

4. In the opinion of the board, the current assets, loans and advances have a value on realisation in the ordinary course of business at least equal to the amount at which they are stated.

5. The following Slow moving and Non-moving stocks have been identified by the management.

	Slow Moving Stocks (Rs. in Lacs)		Non-Moving Stocks (Rs. in Lacs)	
	Current Year	Previous Year	Current Year	Previous Year
Raw Materials	1.90	19.60	58.86	41.36
Store & Spares	1.74	3.20	14.49	15.28
Traded Goods	0.64	4.39	14.90	3.50
Finished Goods (own)	–	–	–	21.86

Part of above stocks have been consumed / sold during the subsequent year. The efforts are being made to use/ dispose of the balance stocks. The management has technically and commercially evaluated these stocks internally and is of the view that these stocks are useable / saleable. Having regard to the technical and commercially evaluation and movement of stocks in the subsequent year, the management is of the view that the realisable value of these stocks will not be less than the value stated in the financial statements.

6. Sundry Creditors include amount due to Small Scale Industrial Undertakings Rs.109.73 lacs (Previous Year Rs.106.63 lacs) in terms of section 22 of the Micro, Small and Medium Enterprises Development Act, 2006, the outstanding to these enterprises are required to be disclosed. However, these enterprises are required to be registered under the Act. In the absence of the information about registration of the Enterprises under the above Act, the required information could not be furnished.

The names of the Small Scale Industrial Undertakings so far ascertained having outstanding more than thirty days from the company are given below:

Abhishek Enterprises, Ajit Pershad Jai Pal Jain & Co., D.P.Packaging Industries, Lexpo Overseas, Paras Cotton Industries, Premier Legguard Works, S.S Printers, Star Engineering Works, Speciality Organics Pvt.Ltd., Throu Flex House Division.

The above information regarding small scale undertakings has been determined to the extent such parties are identified on the basis of information available with the Company, which has been relied upon by the Auditors.

7. CAPACITIES AND PRODUCTION

a) Licenced Capacity

No licence is required for the products manufactured by the Company.

b) Installed Capacity*

(On Single Shift Basis)

Products	Qty. (Lac pcs. p.a)
i) Rubber Moulded Sports Balls	98.10
ii) Synthetic Sports Balls & Components	7.50
iii) Sports Balls Butyl Bladders	15.00
iv) Latex Bladders valve fixing for sports balls	45.00
v) Latex Bladders Body for sports balls	30.00

*As certified by the Management and not verified by the auditors being a technical matter.

c) Actual Production

Products	Unit	Current Year	Previous Year
		Qty.	Qty.
i) Rubber Moulded Sports Balls	Pcs.	3,514,054	2,877,809
ii) Synthetic Sports Balls & Components	Pcs.	997,982	844,586
iii) Latex Bladders for sports balls	Pcs.	2,609,260	2,373,929

8. TURNOVER –

Products	Current Year		Previous Year	
	Qty (Pcs.)	Value (Rs.)	Qty (Pcs.)	Value (Rs.)
i) Rubber Moulded Sports Balls	4,254,190	176,185,961	3,441,258	143,751,842
ii) Synthetic Sports Balls & Components	1,067,304	139,881,833	803,361	114,504,833
iii) Latex Bladders for Sports Balls	2,867,523	55,288,342	2,693,583	41,945,422
iv) Others (includes trading goods)		317,998,948		274,983,481
		<u>689,355,084</u>		<u>575,185,578</u>

(Quantitative figures included sales replacements, free samples and condemnns).

9. RAW MATERIAL CONSUMED		Current Year		Previous Year	
		Unit	Qty.	Value (Rs.)	Qty.
Rubber	Kgs.	460,488	90,139,754	470,185	60,970,178
Cloth	Mtr.	393,441	32,036,248	394,498	26,378,001
Ball Covering Material			13,735,774		9,363,355
Chemicals			26,068,720		24,324,856
Latex Bladders Body	Nos.	2,530	60,866	36,455	479,489
Others			24,634,811		21,360,794
			<u>186,676,173</u>		<u>142,876,673</u>
10. VALUE OF IMPORTED & INDIGENOUS MATERIAL CONSUMED					
		%	Rs.	%	Rs.
Raw Materials					
Imported		7	13,736,221	10	14,506,643
Indigenous		93	172,939,952	90	128,370,030
Stores & Spares					
Imported		1	315,825	1	198,030
Indigenous		99	45,540,020	99	37,818,505
11. VALUE OF IMPORTS ON C.I.F. BASIS					
Raw Material			10,967,226		10,531,065
Stores & Spares			763,611		–
Traded Goods			201,466,531		145,573,768
Capital Goods			–		184,441
12. EARNINGS IN FOREIGN EXCHANGE					
F.O.B. value of exports			66,042,841		48,837,676
13. EXPENDITURE IN FOREIGN CURRENCY					
Raw Material			10,122,520		9,710,889
Travelling			494,859		597,316
Commission			314,469		309,163
Sales Promotion			45,719		–
Royalty			2,112,795		1,955,477
Subscription			113,043		124,605
Capital Goods			–		176,201
Traded Goods			180,853,534		133,672,669
Stores Goods			711,378		–
Rebate			89,652		722,850
Ball Testing Fees			225,022		144,238
Advertisement & Publicity			20,839		–
Technical Fees			–		701,914
Interest & Swap Charges on Foreign Currency Loans			744,402		617,808
			<u>195,848,232</u>		<u>148,733,130</u>
14. PURCHASES OF TRADED GOODS					
Sports Goods & Accessories			110,927,683		79,938,691
Others			144,720,432		99,447,605
			<u>255,648,115</u>		<u>179,386,296</u>

(Quantitative detail is not given due to multiplicity of the items involved)



15. STOCKS

Particulars	Current Year Closing		Current Year Opening/ Previous Year Closing		Previous Year Opening	
	Qty. Nos.	Value Rs.	Qty. Nos.	Value Rs.	Qty. Nos.	Value Rs.
i) Rubber Moulded Sports Balls	662,654	29,713,616	1,402,790	35,908,678	1,966,239	53,513,544
ii) Syn. Sports Balls & Components	466,875	32,654,244	536,197	42,784,356	494,972	39,422,092
iii) Sports Ball Butyl Bladders			31,075	539,700	31,075	539,868
iv) Latex Bladders for Sports Balls	1,089,912	24,326,950	1,348,175	22,140,606	1,667,829	28,424,149
v) Others (Includes Trading goods)		96,578,849		66,022,430		79,332,801
		183,273,659		167,395,770		201,232,454

16. RELATED PARTY DISCLOSURE

As per Accounting Standard 18 issued by the Institute of Chartered Accountants of India the disclosure of transactions with the related parties as defined in the Accounting Standard are given below :

(i) List of Parties

Wholly owned subsidiary Company

1. Cosco Polymer Lanka (P) Ltd.

Companies under the same Management

1. Cosco Polymer Industries (P) Ltd.
2. Navendu Investment Co. (P) Ltd.
3. Cosco International (P) Ltd.
4. Radha Phool Fin-Investments (P) Ltd.
5. DDN Polymers (P) Ltd.
6. Vijay Vallabh Securities Ltd.

Key Management Personnel

- | | |
|------------------------|---------------------------------|
| 1. Devinder Kumar Jain | Chairman Cum. Managing Director |
| 2. Narinder Kumar Jain | Managing Director |
| 3. Darshan Kumar Jain | Whole Time Director |
| 4. Pankaj Jain | Whole Time Director |
| 5. Manish Jain | Whole Time Director |
| 6. Neeraj Jain | Whole Time Director |
| 7. Arun Jain | Whole Time Director |

Relatives of Key Management Personnel

- | | |
|------------------------|-----|
| 1. Devinder Kumar Jain | HUF |
| 2. Darshan Kumar Jain | HUF |
| 3. Narinder Kumar Jain | HUF |
| 4. Pankaj Jain | HUF |
| 5. Manish Jain | HUF |
| 6. Neeraj Jain | HUF |
| 7. Arun Jain | HUF |
| 8. Prabha Jain | |
| 9. Veena Jain | |

(ii) Disclosure of transactions between the company and related parties and the status of outstanding balance as on 31st March 2011 :

	2010-11 (Rs.)	2009-10 (Rs.)
Wholly owned subsidiary company		
Contribution towards		
Investment in Ordinary Share Capital (through nominee)	150	150
Investment in Ordinary Share Capital (12,98,550 ordinary shares of SLR 100/- amounting to USD 12,95,000)	58,647,778	58,647,778
Corporate Guarantee (to secure fund based & non-fund based limits from Bank aggregating to USD 20,05,000) (Previous Year USD 20,05,000)	88,721,250 (US \$ 1=44.25)	90,004,450 (US \$ 1=44.89)
Balance amount receivable at the year end against sales	3,171,132 (US \$ 71664.01)	3,216,996 (US \$ 71664.01)
Balance amount receivable at the year end	19,011,569 (US \$ 429640)	19,471,284 (US \$ 429640)
Amount receivable on account of expenses	9,476,876	9,476,876
Companies under the same Management		
Inter Corporate Deposits		
Received during the year	NIL	4,500,000
Repaid during the year	9,830,000	4,331,843
Outstanding at the year end	46,637,564	56,467,564
Interest paid/credited	4,254,796	4,563,700
Sale of Goods	NIL	261,572
Guarantee	100,000	100,000
Sales Advance received outstanding at the year end (Cr.)	54,714	54,714
Lease Rent	600,000	600,000
Key Management Personnel		
Remuneration	Refer Note No. 3 of Notes to the Accounts	
Rent	76,716	76,716
Deposit		
Received during the year	47,240,000	10,058
Repaid during the year	21,369,471	6,424,693
Outstanding at the year end	111,483,636	85,613,107
Interest Paid/Credited	8,568,376	8,262,437
Key Management Personnel's Relatives		
Rent	87,684	87,684



(iii) As required by the amendment to Clause 32 of the Listing Agreement vide SEBI Circular No. 2/2003 dated 10th January, 2003, the following disclosure is made :

1. Loans and advances in the nature of loans to subsidiary company	Rs. Nil
2. Loans and advances in the nature of loans to associates	Rs. Nil
3. Loans and advances in the nature of loans where there is no repayment schedule or no interest or interest below Section 372A of the Companies Act, 1956	Rs. Nil
4. Loans and advances in the nature of loans to firms/companies in which directors are interested	Rs. Nil
5. Investments by the Loanee in the shares of the Company as on 31st March, 2011	Rs. Nil

17. The Deferred Tax Asset/(Liability) (net) comprise of the following :

A. SHARE CAPITAL	<u>As at 31st March, 2011</u>	<u>As at 31st March, 2010</u>
a) Deferred Tax Assets		
Related to other timing differences	1,937,802	490,426
b) Deferred Tax Liability		
i) Related to fiscal allowance on fixed assests	1,584,377	1,689,878
ii) Related to other timing differences	-	259,574
	<u>353,425</u>	<u>(1,459,026)</u>

18. Earning per Share :-

(i) Net Profit After Tax	7,171,275	4,866,929
(ii) Weighted Average No. of Equity Share for Basic / Diluted EPS (Nos.)	4,161,000	4,161,000
(iii) Nominal Value of Equity Per Share	10	10
(iv) Basic Earning per Share	1.72	1.17
(v) Diluted Earning per Share	1.72	1.17

19. Segment Information :

The company has identified two segments viz. Own Manufactured Products and Traded Goods. Segments have been identified and reported taking into account nature of products and services, the differing risk and returns and the internal business reporting systems. The accounting policies adopted for segment reporting are in line with the accounting policy of the company with following additional policies for segment reporting :

- a) Expenses have been identified to a segment on the basis of sale of the respective segment to the total sale of the company. Revenue and expenses which relate to enterprise as a whole and are not allocable to a segment on reasonable basis have been disclosed as "Unallocable".
- b) Segment assets and segment liabilities represent assets and liabilities in respective segments. Investments, tax related assets and other assets and liabilities that cannot be allocated to a segment on reasonable basis have been disclosed as "Unallocable".

i) **Primary Segment Information**

Sr. No.	Particulars	Own Manufactured Products		Traded Goods		Unallocable		Total	
		For the Year Ended on		For the Year Ended on		For the Year Ended on		For the Year Ended on	
		31 st Mar., 2011	31 st Mar., 2010	31 st Mar., 2011	31 st Mar., 2010	31 st Mar., 2011	31 st Mar., 2010	31 st Mar., 2011	31 st Mar., 2010
1.	Segment Revenue								
	Sales	376,501,128	303,618,408	312,853,956	271,567,170			689,355,084	575,185,578
	Other Income	9,752,626	8,875,555	843,373	696,632			10,595,999	9,572,187
	Total	386,253,754	312,493,963	313,697,329	272,263,802			699,951,083	584,757,765
2.	Segment Results								
	Profit/(Loss) Before Interest & Tax	(1,235,910)	624,534	41,838,573	37,460,312			40,602,663	38,084,846
	Less : Interest Expense	15,845,376	14,443,520	13,166,730	12,918,802			29,012,106	27,362,322
	Add : Interest/Dividend/Other Income					104,406	831,067	104,406	831,067
	Total Profit/(Loss) Before Tax	(17,081,284)	(13,818,986)	28,671,841	24,541,510	104,406	831,067	11,694,963	11,553,591
	Less Tax								
	Current Tax					6,272,563	4,799,452	6,272,563	4,799,452
	Deferred Tax					(1,812,450)	2,084,039	(1,812,450)	2,084,039
	Net Profit After Tax							7,234,850	4,670,100
3.	Other Information								
	A. Segment Assets	298,279,269	283,824,939	156,437,034	126,145,648	108,713,919	132,917,314	563,430,222	542,887,901
	B. Segment Liabilities	68,445,209	60,832,120	32,275,939	30,189,514	73,003	97,264	100,794,151	91,118,898
	Capital Expenditure	3,289,444	2,617,180	1,159,213	991,850			4,448,657	3,609,030
	Depreciation	5,317,732	5,856,409	1,031,455	1,040,423			6,349,187	6,896,832
	C. Working Capital (A-B)	229,834,060	222,992,819	124,161,095	95,956,134	108,640,916	132,820,050	462,636,071	451,769,003

(ii) **Secondary Segment Information**

	Year 2010-2011	Year 2009-2010
1. Segment Revenue		
– Within India	633,801,160	535,823,100
– Outside India	66,149,923	48,934,665
Total Revenue	699,951,083	584,757,765
2. Segment Assets		
– Within India	469,650,658	446,891,686
– Outside India	93,779,564	95,996,215
Total Assets	563,430,222	542,887,901
3. Segment Liabilities		
– Within India	100,794,151	91,118,898
– Outside India	—	—
Total Liabilities	100,794,151	91,118,898
4. Capital Expenditure		
– Within India	4,448,657	3,609,030
– Outside India	—	—
Total Expenditure	4,448,657	3,609,030

20. No investments are purchased and sold during the year.

21. The Company has taken certain plant & machinery on lease from a company under the same management and this machinery as per technical opinion obtained by the company is of immovable nature and permanently attached to the earth. The Company's future lease rentals under the operating lease arrangements as at the year end are as under

	31.03.2011	31.03.2010
Future Lease Rentals		
Within 1 year	600,000	600,000
Over 1 year but less than 5 years	600,000	600,000
Amount Charged to Profit & Loss A/C (as part of rent)	600,000	600,000

The lease term contain an option given to Company to renew the lease or purchase the equipments.

22. EMPLOYEE BENEFITS

As per Accounting Standard AS-15 (Revised), the disclosures of Employee benefits as defined in the Accounting Standard are given below:-

Defined Contribution Plans

The Company makes contribution towards provident fund and pension fund. These funds are administered by Government of India. Under the schemes; the Company is required to contribute a specified percentage of salary to the retirement benefit schemes to fund the benefit. Contribution to Defined Contribution Plan, recognised as expense for the year are as under:-

	Year Ended March 31, 2011 Rs.	Year Ended March 31, 2010 Rs.
Employer's contribution to provident fund	1,634,555	1,430,009
Employer's contribution to pension fund	3,283,483	2,867,653

Defined Benefit Plan

Gratuity

The Company provides the gratuity benefit to its employees through annual contributions to a Gratuity trust which in turn contributes to Life Insurance Corporation of India which administers the plan and determines the contributions required to be paid by the trust. The present value of obligation is determined based on actuarial valuation using the Projected Unit Credit Method.

	Gratuity (Funded)	
	Year Ended March 31, 2011 Rs.	Year Ended March 31, 2010 Rs.
I. Change in the benefit obligation		
Defined benefit obligation at beginning of the year	7,906,165	6,888,486
Current service cost	591,468	512,645
Interest cost	632,493	551,079
Benefits paid	246,476	116,996
Actuarial (Gain) / Loss on obligations	252,996	70,951
Defined benefit obligation at the end of the year	8,630,654	7,906,165
II. Change in plan assets		
Fair value of plan assets at the beginning of the year	9,076,462	6,859,868
Expected return on plan assets	822,348	642,911
Employer Contribution	403,169	1,690,679
Benefits paid	246,476	116,996
Fair value of plan assets at the year end	10,055,503	9,076,462
Actual return on plan assets	822,348	642,911
III. Reconciliation of fair value of assets and obligations		
Fair value of plan assets at the end of the year	10,055,503	9,076,462
Present value of obligation at the end of the year	8,630,654	7,906,165
Funded Status	1,424,849	1,170,297
Net Asset / (Liability)	1,424,849	1,170,297
IV. Expenses recognised during the year		
Current Service Cost	591,468	512,645
Interest Cost	632,493	551,079
Expected return on plan assets	822,348	642,911
Net actuarial (Gain) / Loss	(252,996)	70,951
Expenses charged to Profit & Loss Account	1,150,355	491,764
V. Actuarial Assumptions		
Discount Rate	8% p.a	8% p.a
Salary Escalation	6% p.a	6% p.a
Expected return on plan assets	8% p.a	8% p.a

The management of funds is entrusted with Life Insurance Corporation of India. The detail of investments made by them are not available. Contribution to Gratuity Fund of Rs.11,50,355/- includes Rs.148,617/- as expenses determined by the Actuary for the year.

Leave Encashment

It is an unfunded defined benefit plan for which the obligation is recognised on actuarial valuation basis. A sum of Rs.154,448/- has been provided by charge to current year's profit.

23. The amount of net exchange difference (profit) in respect of transactions other than fixed assets included in the Profit & Loss Account for the year is Rs.4,27,840/- [previous year Rs.4,23,168/-].
24. Minimum Bonus provision under The Payment of Bonus Act,1965 for the year has been made on estimated basis and any adjustment on account of final liability will be made in the subsequent year. Bonus charged to Profit & Loss Account includes Rs.4000/- relating to previous year.
25. No provision has been made for leave encashment in respect of directors as it is decided that actual leave will be granted.
26. Investments include advance for Immovable Properties aggregating Rs.1,26,24,129/- in respect of which neither formal agreements have been executed nor any allocation / earmarking of the property has been made till date by the Builder/Developer. However the company has received balance confirmation from the party in the earlier year. The management is pursuing for execution of agreement / title documents or alternatively for refund of amount advanced and exploring the alternate possibility for specific performance of the contract.
27. The National Saving Certificate of Rs. 5,000/- shown as investment is in the name of a Director of the Company and the same is with the Sales Tax Authorities, Mumbai.
28. The company has taken loans from Companies, directors & others (related persons) during the year, carrying differential interest rates viz.
- @ 6% per annum (previous year 6%), the minimum permissible u/s 372A of the Companies Act, 1956, on existing inter-corporate loans taken at the specified rates;
 - @ 10% p.a on inter-corporate loans (previous year 9%), from Cosco Polymer Industries P. Ltd., taken during current year;
 - @ 10% per annum (previous year 9%) on loans taken from Directors.
29. During the year Cosco Polymer Lanka Pvt. Ltd., the Wholly Owned Subsidiary Company (WOS), has reported loss of Rs.225.46 lacs (previous year Rs.147.90 lacs). The accumulated loss as on 31.03.2011 is Rs.1547.69 lacs (previous year Rs.1296.25 lacs reconverted at Rs.1322.23 lacs). The business operations of the subsidiary company, which were suspended due to global recession and unfavourable political situations in Sri Lanka, could not be re-started till date due to financial constraints. The Management is exploring options of collaboration or outright sale of the unit to repay / regularize bank loans and discharge other liabilities. The Management is of the view that there will be no devolvement of any liability on account of Corporate Guarantee for Rs.8,87,21,250/- issued by it against the loans given by State Bank of India to its subsidiary having regard to the realisable market value of its assets. The Management is in discussion with bankers of the Subsidiary Company for concessions and one time settlement of Loans and interest due to the Bank.
- The Management is also of the view that investments in the WOS amounting Rs.586.48 Lacs (previous year Rs.586.48 lacs), Receivables Rs. 31,71,132/- (previous year Rs.32,16,996/-) due from WOS and Advances of Rs.2,84,88,445/- (Previous Year Rs.2,89,48,160/-) given to the WOS, which includes Rs.1,90,11,569/- (previous year Rs.1,94,71,284/-) on account of Advance against Supplies and Rs.94,76,876/- (previous year Rs.94,76,876/-) recoverable on account of expenses incurred on their behalf, are protected considerably by net realizable market value of the Assets of the Subsidiary Company and that the provision for losses, if any, on account of these Investments / Advances can't be ascertained at this stage and accordingly, the same shall be provided / written off upon quantification in the subsequent year/s.
30. As per Accounting Standard 21 on "Consolidated Financial Statements" issued by the Institute of Chartered Accountants of India, the company has presented consolidated financial statements separately in this annual report.
31. No impairment loss is recognised as on 31.03.2011 since the present value of estimated future cash flows over a period of five years exceeds the carrying value of assets of the Company's cash generating units.
32. The possession of land, belonging to the company, bearing Khasra No.420, total area measuring 1 bigha, 19 biswas and 3 biswansi situated at village Gurgaon is in dispute and company has filed a suit for getting possession of the same.

33. Loans & Advances include Rs.14,79,268/- (previous year Rs.76,67,584/-) as Additional Custom Duty Recoverable as per Notification No.102/2007 Customs dated 14/09/2007, being refund of 4% special additional duty paid on import of goods for trading, accordingly the income has increased to that extent. The company has regularly received the claim amount from time to time.
34. Other income includes Rs.15,50,000/- towards value of license granted by DGFT subsequent to the date of Balance Sheet, on account of exports made during the year under Product Focus Scheme. Income being in the nature of Export Incentive has been accounted for in terms of AS-9 issued by ICAI.
35. Misc. Income includes Bonus Provision Written Back Rs.16,632/- (previous year Rs 5,025/-).
36. House Tax Assessment Notice dated 15.07.2010 received from Municipal Corporation Gurgaon (MCG) during 2009-2010 assessed the annual house tax at Rs. 7,77,089/- on the proposed assessment of annual value, which was objected by the company for difference in rate of land, type of construction and age of building in the assessment notice. Accordingly as per our assessment the liability of Rs.4,44,854/- towards house tax was provided as on 31.03.2010 for the period 01.07.2008 to 31.03.2010 as against Rs 13,95,906/- as per MCG assessment. Since no fresh demand has been raised as yet by MCG against objections raised by the company, therefore house tax liability for the year has not been provided for.
37. Capital Work in Progress includes a sum of Rs.95,300/-in respect of ETP under construction which shall be completed in the following year.
38. Loans & Advances include Rs.19,060/- recoverable from directors on account of expenses.
39. Previous year figures have been regrouped / rearranged wherever considered necessary to make them comparable with those of current year figure.
40. Figures have been rounded off to nearest rupee.

Signatures to Schedules A to S

D.K.JAIN
Chairman-cum-Mg. Director

N.K.JAIN
Mg. Director

PLACE : Delhi

DATED : 1st September, 2011.



CASH FLOW STATEMENT FROM 1ST APRIL, 2010 TO 31ST MARCH, 2011
ANNEXED TO THE BALANCE SHEET AS ON 31.03.2011.

	2010-2011	2009-2010
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before tax and extra ordinary items	38,299,691	36,692,310
Adjustments for :		
Depreciation	6,349,187	6,896,832
	<u>44,648,878</u>	<u>43,589,142</u>
Adjustments for :		
(Increase)/Decrease in Trade and Other Receivables	(4,717,816)	(18,585,078)
(Increase)/Decrease in Inventories	(24,615,551)	26,372,095
(Increase)/Decrease in Loans and Advances	7,690,933	(10,492,619)
(Decrease)/Increase in Trade Payables	2,705,257	2,235,627
(Decrease)/Increase in Other Current Liabilities	183,954	3,760,517
	<u>25,895,655</u>	<u>46,879,684</u>
Cash Generated From Operations	25,895,655	46,879,684
Less : Interest Paid	26,602,563	25,681,710
Direct Taxes Paid	4,460,113	6,883,491
	<u>(5,167,021)</u>	<u>14,314,483</u>
Cash Flow Before Extra Ordinary Items	(5,167,021)	14,314,483
Extra Ordinary Items	(171,303)	(116,203)
	<u>(5,338,324)</u>	<u>14,198,280</u>
Net Cash From Operating Activities	(5,338,324)	14,198,280
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase Of Fixed Assets	(4,448,657)	(3,609,030)
Sale of Fixed Assets	274,300	1,056,136
Interest Received	30,860	45,974
	<u>(4,143,497)</u>	<u>(2,506,920)</u>
Net Cash Flow from / (Used in) Investing Activities	(4,143,497)	(2,506,920)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds From Long Term Borrowings/ Loans	47,999,687	5,619,618
Repayment / Adjustments of Long Term Borrowings / Loans	37,517,852	18,052,491
	<u>10,481,835</u>	<u>(12,432,873)</u>
Net Cash flow from Financing activities	10,481,835	(12,432,873)
Increase in Cash and Cash Equivalents (A+B+C)	1,000,014	(741,513)
Opening Balance of Cash and Cash Equivalents	6,123,947	6,865,460
	<u>7,123,961</u>	<u>6,123,947</u>
Closing Balance of Cash and Cash Equivalents	7,123,961	6,123,947
Notes :		
Cash and cash equivalent include :		
Cash in hand	2,368,740	1,587,528
With Scheduled Banks		
On Current Accounts (including accounts with overdraft facility)	4,755,221	4,536,419
	<u>7,123,961</u>	<u>6,123,947</u>

As per our report of even date.

FOR MADAN & ASSOCIATES
CHARTERED ACCOUNTANTS
FIRM'S REGISTRATION NO. : 000185N

FOR AND ON BEHALF OF BOARD OF DIRECTORS

(M.K. MADAN)
Proprietor
M.No. 82214

D.K. JAIN
Chairman-cum-Mg. Director

N.K. JAIN
Mg. Director

PLACE : New Delhi

DATED : 1st September, 2011.

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

Statement showing particulars as described in the amendment to Schedule VI to the Companies Act, 1956, vide Notification No. G.S.R. 368(E) dated May 15, 1995.

I. REGISTRATION DETAILS		
a) Registration No./ CIN		L25199DL 198OPLCO10173
b) State Code		55
c) Balance Sheet Date		31.03.2011
II. CAPITAL RAISED DURING THE YEAR		
Public Issue		—
Rights Issue		—
Bonus Issue		—
Private Placement		—
III. POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS		(Amount in Rs.)
Total Liabilities		462,636,071
Total Assets		462,636,071
Sources of Funds		
Paid-up Capital		41,610,000
Reserves and Surplus		155,526,780
Secured Loan		107,378,091
Unsecured Loans		158,121,200
Application of Funds		
Net Fixed Assets (Incl. Capital Work in progress)		37,944,681
Investments		71,579,245
Net Currents Assets		352,758,720
IV. PERFORMANCE OF COMPANY		
Turnover (Net Sales and other income)		700,055,489
Total Expenditure		688,360,526
Profit before Tax		11,694,963
Profit after Tax		7,234,850
Profit after prior period adjustments		7,171,275
Earning per Share		1.72
Dividend		—
V. GENERIC NAMES OF THREE PRINCIPAL PRODUCTS / SERVICES OF THE COMPANY (as per monetary terms)		
- Item Code No. (NIC Code)		3854
Product Description		Lawn Tennis Balls and Moulded Sports Balls
- Item Code No. (NIC Code)		3859
Product Description		Inflatable Sports Balls Synthetic Sports Balls
- Item Code No. (NIC Code)		3129
Product Description		Sports Balls Butyl/Latex Bladders



AUDITORS' REPORT

The Board of Directors
Cosco (India) Ltd.,
2/8, Roop Nagar,
Delhi

We have examined the attached Consolidated Balance Sheet of **Cosco (India) Ltd.** and its subsidiary as at 31-03-2011, the Consolidated Profit & Loss Account and also the Consolidated Cash Flow Statement for the year then ended.

The Financial statements are the responsibility of Cosco (India) Ltd's management. Our responsibility is to express an opinion on these financial statements based on our Audit. We conducted our audit in accordance with generally accepted auditing standards in India. These standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are prepared, in all material respects, in accordance with the identified financial reporting framework and are free from material mis-statements. An Audit includes, examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An Audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements. We believe our audit provides a reasonable basis of our opinion.

We did not audit the financial statements of the subsidiary Cosco Polymer Lanka (Private) Ltd., whose financial statements reflect total assets of Rs. 362.46 lacs (Rs.575.68 lacs) as at 31.03.2011 and total turnover of Rs. Nil (Rs.Nil) for the year then ended. These financial statements have been prepared and presented in accordance with Sri Lanka Accounting standards and audited by other auditors' whose report has been furnished to us, and in our opinion, in so far as it relates to the amounts included in respect of the subsidiary, is based solely on the report of the other auditors'.

We report that the Consolidated Financial Statements have been prepared by the Company in accordance with the requirements of Accounting Standard (AS) 21, Consolidated Financial Statements, issued by the Institute of Chartered Accountants of India and on the basis of the separate audited financial statements of Cosco (India) Ltd. and its subsidiary, included in the Consolidated Financial Statements.

Based on our audit and on consideration of reports of other Auditor, and to the best of our information and according to explanation given to us, we are of the opinion that *subject to note no.7 regarding non provision of slow/non moving stocks Note No. 14 reg. investments in the immovable properties; and regarding valuation of inventories of repairable health & fitness equipment of Rs. 15.72 Lacs; old models of fitness equipment of Rs. 3.07 Lacs and spares in respect of health equipment of Rs. 35.73 Lacs and synthetic panels of Rs 95.50 Lacs for which we have relied upon management and read with the following remarks of subsidiary Auditors/Accounting Policies of subsidiary company*

1. *Since the company is not in operation no evidence was available to substantiate the recoverability of the carrying value of property plant and equipment.*
2. *The accompanying financial statements have been prepared assuming that the company will continue as a going concern. The company has discontinued its operations due to loss of its key customers and suffered recurring losses from operations over the past several years that raise substantial doubt about its ability to continue as a going concern. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.*
 - (a) the Consolidated Balance Sheet gives a true and fair view in conformity with the accounting principles generally accepted in India of the consolidated state of affairs of Cosco (India) Ltd. and its subsidiary as at 31.03.11
 - (b) the Consolidated Profit & Loss Account gives a true and fair view of the consolidated results of operations of Cosco (India) Ltd. and its subsidiary for the year ended on that date; and
 - (c) in case of Consolidated Cash Flow Statement, of the consolidated cash flow of the company and its subsidiary for the year then

For Madan & Associates
Chartered Accountants
Firm's Registration No.000185N

(C.A. M.K. Madan)
M.No. 082214
Proprietor

PLACE : New Delhi

DATED : 1st September, 2011.

60

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2011

(Amount in Rupees)

SCHEDULES		AS AT 31 ST MARCH, 2011		AS AT 31 ST MARCH, 2010	
I. SOURCES OF FUNDS					
Share Holders' Funds					
(a) Share Capital	A	41,610,000		41,610,000	
(b) Reserves & Surplus	B	(1,696,762)	39,913,238	<u>15,888,035</u>	57,498,035
Loan Funds					
(a) Secured	C	194,918,471		198,172,290	
(b) Unsecured	D	158,121,200	353,039,671	<u>147,480,671</u>	345,652,961
Deferred Tax Liability (Net) (Refer Note 9 of Schedule S)			-		1,459,026
			392,952,909	<u>404,610,022</u>	
II. APPLICATION OF FUNDS					
Fixed Assets :					
(a) Gross Block	E	254,980,137		250,385,059	
(b) Less: Depreciation		184,011,458		<u>172,886,029</u>	
(c) Net Block		70,968,679		77,499,030	
(d) Goodwill Arising on Consolidation		6,420,126		7,445,983	
(e) Capital Work in Progress		146,551	77,535,356	<u>492,149</u>	85,437,162
Investments	F		12,931,317		12,944,809
Deferred Tax Asset (Net) (Refer Note 9 of Schedule S)			353,425		-
Current Assets,					
Loans & Advances :					
(a) Inventories	G	288,097,172		279,708,313	
(b) Sundry Debtors	H	94,760,019		89,616,258	
(c) Cash & Bank Balances	I	7,138,314		6,137,356	
(d) Loans and Advances	J	33,543,155		<u>41,533,998</u>	
Less : Current Liabilities & Provisions :		423,538,660		<u>416,995,925</u>	
(a) Liabilities	K	104,614,477		102,767,357	
(b) Provisions	L	16,791,372		<u>8,000,517</u>	
		121,405,849		<u>110,767,874</u>	
Net Current Assets			302,132,811		306,228,051
			392,952,909	<u>404,610,022</u>	

Note : Schedules 'A' to 'L' and 'S' (Notes on Accounts) form an integral part of this Balance Sheet.

This is the Balance Sheet referred to in our report of even date attached.

FOR MADAN & ASSOCIATES
CHARTERED ACCOUNTANTS
FIRM'S REGISTRATION NO. : 000185N

FOR AND ON BEHALF OF BOARD OF DIRECTORS

(M.K. MADAN)
Proprietor
M.No. 82214

D.K. JAIN
Chairman-cum-Mg. Director

N.K. JAIN
Mg. Director

PLACE : New Delhi

DATED : 1st September, 2011.



CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011

	SCHEDULES	FOR THE YEAR ENDED 31.03.2011	(Amount in Rupees) FOR THE YEAR ENDED 31.03.2010	
I. INCOME :				
(a) Sales		689,355,084	575,185,578	
(b) Other Income	M	12,437,633	24,438,939	
		<u>701,792,717</u>	<u>599,624,517</u>	
II. EXPENDITURE :				
(a) Purchase of Traded Goods		255,648,115	179,386,296	
(b) Raw Materials Consumed	N	186,461,062	142,876,674	
(c) Salary, Wages & Benefits	O	79,614,099	67,928,328	
(d) Manufacturing, Administration and Selling	P	166,611,703	126,350,884	
(e) Interest & Bank Charges	Q	32,794,912	32,794,912	
(f) Depreciation		33,415,855	13,490,055	
(g) Miscellaneous Expenditure written off		11,927,705	1,870,613	
		<u>733,678,539</u>	<u>564,697,762</u>	
(h) (Increase)/Decrease in Finished Goods and Work-in-Progress	R	<u>(18,824,713)</u>	<u>24,754,107</u>	
		714,853,826	589,451,869	
III. PROFIT/(LOSS) BEFORE TAXATION		(13,061,109)	10,172,648	
IV. PROVISION FOR TAXATION : CURRENT TAX	6,272,263		4,799,452	
DEFERRED TAX	(1,812,450)	4,460,113	2,084,039	6,883,491
V. PROFIT/(LOSS) AFTER TAXATION		(17,521,222)	3,289,157	
VI. PRIOR PERIOD ADJUSTMENTS ADD / (DEDUCT)				
(i) Taxation		107,728	313,032	
(ii) Expenses		(171,303)	(116,203)	
VII. PROFIT/(LOSS) AFTER PRIOR PERIOD ADJUSTMENTS		(17,584,797)	3,485,986	
APPROPRIATIONS				
Transferred to : General Reserve		(17,584,797)	3,485,986	
Basic and Diluted Earnings per share Rs. (Refer Note No. 10 in Schedule S)		(4.23)	0.84	
Nominal Value per share (in Rs.)		10.00	10.00	

Note : Schedules 'M' to 'R' and 'S' (Notes on Accounts) form an integral part of this Profit & Loss Account.

This is the Profit & Loss Account referred to in our report of even date attached.

FOR MADAN & ASSOCIATES
CHARTERED ACCOUNTANTS
FIRM'S REGISTRATION NO. : 000185N

FOR AND ON BEHALF OF BOARD OF DIRECTORS

(M.K. MADAN)
Proprietor
M.No. 82214

D.K. JAIN
Chairman-cum-Mg. Director

N.K. JAIN
Mg. Director

PLACE : New Delhi

DATED : 1st September, 2011.

SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET

	(Amount in Rupees)		
	As at 31st March, 2011	As at 31st March, 2010	
A. SHARE CAPITAL			
Authorised :			
100,00,000 Equity Shares of Rs. 10/- each	100,000,000	100,000,000	
Issued & Subscribed :			
41,61,000 Equity Shares of Rs. 10/- each			
(Includes 19,20,000 Nos. Equity Shares allotted as fully paid up Bonus Shares by capitalisation of Rs. 192 Lacs from General Reserve)	41,610,000	41,610,000	
B. RESERVES & SURPLUS			
	AS AT 01.04.2010 Rs.	ADDITIONS/ (DEDUCTIONS) Rs.	AS AT 31.03.2011 Rs.
Share Premium Account	31,230,000	—	31,230,000
General Reserve	(23,841,965)	(17,584,797)	(41,426,762)
Profit & Loss Account	8,500,000	—	8,500,000
	15,888,035	(17,584,797)	(1,696,762)
Previous Year	12,402,049	3,485,986	15,888,035
C. SECURED LOANS			
(i) WORKING CAPITAL LOANS			
From Banks			
Rupees Loans	92,881,236		102,022,336
Foreign Currency Loans	13,372,764		9,558,680
(Secured against hypothecation of all moveable properties including plant & machinery, stocks of raw materials, semi-finished goods and manufactured goods and all book debts, bills and claims receivables.)			
(The loans are collaterally secured against equitable mortgage of factory land/building and guaranteed by Executive Directors)			
State Bank of India, Colombo			
Bank Overdraft	66,160,248		63,650,355
(Secured by primary mortgage over stock in trade and other movables)			

	(Amount in Rupees)	
	As at	As at
	<u>31st March, 2011</u>	<u>31st March, 2010</u>
(ii) TERM LOAN		
State Bank of India, Colombo		
Term Loan No. 1	8,436,089	8,545,782
(Repayable within one year Rs. 53.28 lacs)		
(Secured against primary mortgage over leasehold land, building and immovable plant and machinery)		
Term Loan No. 2	5,928,769	6,005,860
(Repayable within one year Rs. 26.64 lacs)		
(Secured against territory mortgage over leasehold land, building and immovable plant and machinery)		
Term Loan No. 3	7,015,274	7,106,492
(Repayable within one year Rs. 26.64 lacs)		
(Secured against territory mortgage over leasehold land, building and immovable plant and machinery)		
(iii) OTHER LOANS	1,124,091	1,282,785
(Secured against hypothecation of Vehicles)		
(Repayable within one year Rs. 11.24 lacs)		
	<u>194,918,471</u>	<u>198,172,290</u>
D. UNSECURED LOANS		
a) Deposits from		
i) Companies	46,637,564	56,467,564
ii) Directors	111,483,636	85,613,107
b) From Bank	–	5,400,000
	<u>158,121,200</u>	<u>147,480,671</u>

E. FIXED ASSETS

(Amount in Rupees)

S. No.	Block of Assets	Gross Block as at 1.04.2010	Additions During the Year	Deductions During the Year	Gross Block As at 31.03.2011	Depreciation upto 31.03.2011	Net Block	
							As at 31.03.2011	As at 31.03.2010
1.	Land – Free Hold	557,634	—	—	557,634	—	557,634	327,331
	– Lease Hold	2,009,038	40,252	—	2,049,290	—	2,049,290	2,239,341
2.	Buildings	58,576,526	359,102	—	58,935,628	33,557,892	25,377,736	27,045,542
3.	Furniture & Fittings	7,961,977	76,477	—	8,038,454	7,088,753	949,701	1,186,797
4.	Plant and Machinery	172,227,288	3,907,622	131,904	176,003,006	138,193,005	37,810,001	43,035,596
5.	Vehicles	9,052,596	1,837,422	1,493,893	9,396,125	5,171,808	4,224,317	3,664,423
6.	Capital Work-in-Progress (Including advance on Capital Account Rs. 51,251/-) (Previous Year Rs. 313,013/-)	250,385,059	6,220,875	1,625,797	254,980,137	184,011,458	70,968,679	77,499,030
	TOTAL	250,385,059	6,220,875	1,625,797	254,980,137	184,011,458	71,115,230	77,991,179
	PREVIOUS YEAR	256,071,107	4,221,411	9,907,459	250,385,059	172,886,029	77,991,179	

* Addition includes Rs.14,26,620/- (previous year, deduction included Rs.81,62,431/-) as exchange rate difference on consolidation.

	As at 31st March, 2011	(Amount in Rupees) As at 31st March, 2010
F. INVESTMENTS		
LONG TERM INVESTMENTS (AT COST)		
Government and other securities Unquoted (Non Trade)		
6 years National Savings Certificate	5,000	5,000
CURRENT INVESTMENTS		
Other Investments (Non Trade)		
In Equity Shares-Quoted, fully paid-up		
(5,000) 5,000 Antarctica Ltd. of Re. 1/- each	5,000	5,000
(4,750) 4,750 Marksans Pharma Ltd. of Rs. 1/- each	94,226	94,226
	<u>99,226</u>	<u>99,226</u>
Less : Provision for Diminution in Investment	<u>87,038</u>	<u>73,546</u>
	12,188	25,680
In Mutual Fund - Unquoted		
(11,319.211) 11,319.211 units UTI Master Share Unit Scheme (Growth) of Rs. 10/- each	290,000	290,000
Immovable Properties (Advance Payment)	12,624,129	12,624,129
	<u>12,931,317</u>	<u>12,944,809</u>
Aggregate cost of Quoted Investments	99,226	99,226
Aggregate Market Value of Quoted Investments	12,188	25,680
G. INVENTORIES		
(As taken, valued and certified by the Management)		
1. Stores & Spare Parts [Including in Transit Rs. 6,502/- (Previous Year Rs. 248,260/-)]	10,865,975	9,288,952
2. Stock-in-Trade		
(a) Raw Materials [Including in Transit Rs. 21,01,900/- (Previous Year Rs. 18,52,833/-)]	34,778,363	37,460,396
(b) Finished Goods	183,273,659	167,562,510
	<u>218,052,022</u>	<u>205,022,906</u>
Less : Provision for Non Moving Stocks	<u>203,663</u>	<u>203,663</u>
	217,848,359	204,819,243
3. Work in Progress	59,382,838	65,600,118
	<u>288,097,172</u>	<u>279,708,313</u>

**H. SUNDRY DEBTORS
UNSECURED**

1. Debts outstanding for a period exceeding six months :

a) Considered good	5,483,760	6,660,775
b) Considered doubtful	2,370,183	518,449
	<u>7,853,943</u>	<u>7,179,224</u>

Less : Provision for Doubtful Debts

2. Other Debts Considered good

I. CASH & BANK BALANCES

1. Cash in hand (Including Imprest Accounts)

2. Bank Balances with Scheduled Banks

In Current & Savings Accounts

J. LOANS AND ADVANCES

(Unsecured and considered good)

Advances recoverable in cash or in kind or for value to be received

a) Considered good	22,530,600	36,725,166
b) Considered doubtful	-	74,117
	<u>22,530,600</u>	<u>36,799,283</u>

Less : Provision for Doubtful Advances

Security Deposits

Advance Tax Paid

K. CURRENT LIABILITIES

Sundry Creditors

Other Liabilities

Interest Accrued But Not Due

Security Deposits from Customers

L. PROVISIONS

For Income Tax & Wealth Tax

For Leave Encashment & Gratuity

	FOR THE YEAR ENDED 31st March, 2011		(Amount in Rupees) FOR THE YEAR ENDED 31st March, 2010	
M. OTHER INCOME				
Interest received		30,860		45,974
Miscellaneous Income		3,854,429		16,656,013
Export Incentives		8,552,344		7,736,952
		<u>12,437,633</u>		<u>24,438,939</u>
N. MATERIALS CONSUMED				
Opening Stock		37,460,396		41,389,343
Add : Purchase		190,442,908		138,947,727
		<u>227,903,304</u>		<u>180,337,070</u>
Less : Stocks written off		6,663,879		-
		<u>221,239,425</u>		<u>180,337,070</u>
Less : Closing Stock		34,778,363		37,460,396
		<u>186,461,062</u>		<u>142,876,674</u>
O. SALARY, WAGES & BENEFITS				
Directors' Remuneration		15,289,989		12,358,286
Wages		36,509,666		31,720,823
Salary		12,825,526		11,110,799
Bonus		1,825,241		2,126,955
Provident & Other funds (Includes for Directors Rs. 65,520/-)		7,618,046		6,651,967
Gratuity Fund		1,150,355		491,764
Compensation		1,130,336		1,078,002
Welfare Expenses (Includes Rs. 492,392/- towards medical expenses reimbursed to Directors, Previous year Rs. 573,816/-)		3,264,940		2,389,732
		<u>79,614,099</u>		<u>67,928,328</u>
P. MANUFACTURING, ADMINISTRATION & SELLING				
Power & Fuel		25,691,555		22,181,826
Balls Stitching Charges		17,218,021		14,141,493
Valve Cutting Charges		4,491,776		4,986,829
Transportation & Forwarding		6,516,429		5,201,826
Stores & Spares Consumed		20,030,461		15,663,611
Repairs & Maintenance :				
Plant & Machinery & Mould	6,971,401		5,675,819	
Building	870,724		1,415,391	
Others	<u>3,572,758</u>	11,414,883	<u>3,836,307</u>	10,927,517
Rent, Rates & Taxes		4,258,320		4,277,934
Insurance		1,273,340		1,343,369
Shipping		1,830,605		1,755,687
Packing		6,775,450		5,909,925
Export Commission		314,469		335,508
Advertisement & Publicity		2,866,349		1,684,860
Sales Promotion		3,361,722		2,412,893
Travelling & Conveyance (Including Directors' Travelling Rs. 247,569/- Previous Year Rs. 178,531/-)		3,751,717		3,150,219
Legal & Professional Fees		2,721,451		2,422,217
Postage, Telegram & Telephone		1,965,158		1,957,368
Auditors' Remuneration & Expenses : (including Service Tax & Education Cess)				
For Audit	291,930		183,590	
For Tax Representation	110,300		110,300	
For Other Services	128,716		82,980	
Out of Pocket Expenses	<u>29,323</u>	560,269	<u>56,412</u>	433,282

	For the year ended 31st March, 2011	(Amount in Rupees) For the year ended 31st March, 2010
Commission Against Sales	2,588,279	2,296,516
Special Discount	8,850,469	7,096,702
Foreign Tour Expenses (Including Directors' Expenses Rs. 982,444/- Previous Year Rs. 923,402/-)	1,279,076	923,402
Directors' Sitting Fees	21,000	21,000
Bad & Doubtful Debts Provision	2,065,619	210,055
Stocks Written off	17,138,110	-
Miscellaneous Expenses	19,627,175	17,016,845
	166,611,703	126,350,884
Q. INTEREST & BANK CHARGESS		
Unsecured Loans	12,823,172	12,826,137
Banks	14,717,091	14,165,481
Others	10,074	2,293
Bank Charges	5,865,518	5,801,001
	33,415,855	32,794,912
R. (INCREASE) / DECREASE IN FINISHED GOODS AND WORK IN PROGRESS		
Opening Stocks		
Finished Goods	167,562,510	201,418,309
Work in Progress	65,600,118	56,498,426
Less : Stocks written off	9,330,844	-
	223,831,784	257,916,735
Closing Stocks		
Finished Goods	183,273,659	167,562,510
Work in Progress	59,382,838	65,600,118
	(18,824,713)	24,754,107

S. NOTES ON ACCOUNTS

SIGNIFICANT ACCOUNTING POLICIES TO THE CONSOLIDATED BALANCE SHEET AND PROFIT AND LOSS ACCOUNT

1. Principles of Consolidation

The consolidated financial statements relate to Cosco (India) Limited (the Company) and its subsidiary company. The consolidated financial statements have been prepared on the following basis :-

- (i) The financial statements of the Company and its subsidiary company are combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses after fully eliminating intra-group balances and intra-group transactions resulting in unrealised profits or losses in accordance with Accounting Standard AS-21 'Consolidated Financial Statements' issued by the Institute of Chartered Accountants of India.
- (ii) All assets and liabilities of the foreign subsidiary are converted at rate prevailing at the end of the year. Any exchange difference arising on consolidation is recognised in the profit and loss account except in cases where these relate to acquisition of fixed assets in which case they are adjusted to the carrying cost of such assets.
- (iii) The difference between the cost of investment in the subsidiary company over its net assets is recognised in the financial statements as Goodwill or Capital Reserve as the case may be.
- (iv) As far as possible, the consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances.

2. Other Significant accounting policies

These are set out under "Significant Accounting Policies" as given in the Unconsolidated Financial Statements of Cosco (India) Limited and its subsidiary company.

3. The subsidiary company considered in the financial statements is :

Name of the subsidiary	Country of Incorporation	Proportion of ownership Interest
Cosco Polymer Lanka (Private) Limited	Sri Lanka	100%

	AS AT 31st March, 2011 Rs.	AS AT 31st March, 2010 Rs.
4. CONTINGENT LIABILITIES NOT PROVIDED FOR IN RESPECT OF		
(i) Letters of Credit for purchase of Raw Materials, Stores & Spares	37,366,860	30,316,937
(ii) Guarantee		
(a) To Sales Tax Authorities:-		
for group concerns	100,000	100,000
for others	527,303	527,303
(b) To State Electricity Board:-		
for others	Not Ascertainable	Not Ascertainable
(c) To Others	5,132,099	5,132,099
(iii) Cases against the Company in Labour Court & High Court by ex-employees	3,684,721	3,297,056
5. (i) MANAGERIAL REMUNERATION		
Salaries	7,260,000	6,840,000
Commission	5,472,000	5,472,000
Contribution to Provident & Other Funds	65,520	65,520
Perquisites (as per Income tax Act,1961)	642,992	724,415
Gratuity	2,557,989	46,286
	<u>15,998,501</u>	<u>13,148,221</u>

6. In the opinion of the board, the current assets, loans and advances have a value on realisation in the ordinary course of business at least equal to the amount at which they are stated.

7. The following Slow moving and non-moving stocks have been identified by the management.

	Slow Moving Stocks (Rs. in Lacs)		Non-Moving Stocks (Rs. in Lacs)	
	Current Year	Previous Year	Current Year	Previous Year
Raw Materials	1.90	19.60	58.86	41.36
Store & Spares	1.74	3.20	14.49	15.28
Traded Goods	0.64	4.39	14.90	3.50
Finished Goods (own)	-	-	-	21.86

Part of above stocks have been consumed / sold during the subsequent year. The efforts are being made to use/ dispose of the balance stocks. The management has technically and commercially evaluated these stocks internally and is of the view that these stocks are useable / saleable. Having regard to the technical and commercially evaluation and movement of stocks in the subsequent year, the management is of the view that the realisable value of these stocks will not be less than the value stated in the financial statements.

8. RELATED PARTY DISCLOSURE

As per Accounting Standard 18 issued by the Institute of Chartered Accountants of India the disclosure of transactions with the related parties as defined in the Accounting Standard are given below :

(i) List of Parties

Companies under the same Management

1. Cosco Polymer Industries (P) Ltd.
2. Navendu Investment Co. (P) Ltd.
3. Cosco International (P) Ltd.
4. Radha Phool Fin-Investments (P) Ltd.
5. DDN Polymers (P) Ltd.
6. Vijay Vallabh Securities Ltd.

Key Management Personnel

- | | |
|------------------------|---------------------------------|
| 1. Devinder Kumar Jain | Chairman Cum. Managing Director |
| 2. Narinder Kumar Jain | Managing Director |
| 3. Darshan Kumar Jain | Whole Time Director |
| 4. Pankaj Jain | Whole Time Director |
| 5. Manish Jain | Whole Time Director |
| 6. Neeraj Jain | Whole Time Director |
| 7. Arun Jain | Whole Time Director |

Relatives of Key Management Personnel

- | | |
|------------------------|-----|
| 1. Devinder Kumar Jain | HUF |
| 2. Darshan Kumar Jain | HUF |
| 3. Narinder Kumar Jain | HUF |
| 4. Pankaj Jain | HUF |
| 5. Manish Jain | HUF |
| 6. Neeraj Jain | HUF |
| 7. Arun Jain | HUF |
| 8. Prabha Jain | |
| 9. Veena Jain | |

(ii) **Disclosure of transactions between the company and related parties and the status of outstanding balance as on 31st March 2011 :**

	Amount in Rs. 2010-11	Amount in Rs. 2009-10
Companies under the same Management		
Inter Corporate Deposits		
Received during the year	Nil	4,500,000
Repaid during the year	9,830,000	4,331,843
Outstanding at the year end	46,637,564	56,467,564
Interest paid/credited	4,254,796	4,563,700
Sale of Goods	Nil	261,572
Guarantee	100,000	100,000
Sales Advance received outstanding at the year end (Cr.)	54,714	54,714
Lease Rent	600,000	600,000
Key Management Personnel		
Remuneration	Refer Note No. 5 of Notes to the Accounts	
Rent	76,716	76,716
Deposits		
Received during the year	47,240,000	10,058
Repaid during the year	21,369,471	6,424,693
Outstanding at the year end	111,483,636	85,613,107
Interest Paid/Credited	8,568,376	8,262,437
Key Management Personnels Relatives		
Rent	87,684	87,684
(iii) As required by the amendment to Clause 32 of the Listing Agreement vide SEBI Circular No. 2/2003 dated 10th January, 2003, the following disclosure is made :		
1. Loans and advances in the nature of loans to subsidiary company		Nil
2. Loans and advances in the nature of loans to associates		Nil
3. Loans and advances in the nature of loans where there is no repayment schedule or no interest or interest below Section 372A of the Companies Act, 1956.		Nil
4. Loans and advances in the nature of loans to firms/companies in which directors are interested		Nil
5. Investments by the Loanee in the shares of the Company as on 31 st March, 2011		Nil
9. The Deferred Tax Asset/(Liability) (net) comprise of the following :		
a) Deferred Tax Assets		
Related to other timing differences	1,937,802	490,426
b) Deferred Tax Liability		
i) Related to fiscal allowance on fixed assets	1,584,377	1,689,878
ii) Related to other timing differences	-	259,574
	<u>353,425</u>	<u>(1,459,026)</u>
10. Earning per Share :-		
(i) Net Profit/(Loss) After Tax	(17,584,797)	3,485,986
(ii) Weighted Average No. of Equity Share for Basic / Diluted EPS (Nos.)	4,161,000	4,161,000
(iii) Nominal Value of Equity Per Share	10	10
(iv) Basic Earning per Share	(4.23)	0.84
(v) Diluted Earning per Share	(4.23)	0.84

11. Segment Information :

The company has identified two segments viz. Own Manufactured Products and Traded Goods. Segments have been identified and reported taking into account nature of products and services, the differing risk and returns and the internal business reporting systems. The accounting policies adopted for segment reporting are in line with the accounting policy of the company with following additional policies for segment reporting :

- Expenses have been identified to a segment on the basis of sale of the respective segment to the total sale of the company. Revenue and expenses which relate to enterprise as a whole and are not allocable to a segment on reasonable basis have been disclosed as "Unallocable".
- Segment assets and segment liabilities represent assets and liabilities in respective segments. Investments, tax related assets and other assets and liabilities that cannot be allocated to a segment on reasonable basis have been disclosed as "Unallocable".

i) Primary Segment Information

Sr. No.	Particulars	Own Manufactured Products		Traded Goods		Unallocable		Total	
		For the Year Ended on		For the Year Ended on		For the Year Ended on		For the Year Ended on	
		31 st Mar., 2011	31 st Mar., 2010	31 st Mar., 2011	31 st Mar., 2010	31 st Mar., 2011	31 st Mar., 2010	31 st Mar., 2011	31 st Mar., 2010
1.	Segment Revenue								
	Sales	376,501,128	303,618,409	312,853,956	271,567,170			689,355,084	575,185,579
	Other Income	11,489,854	16,265,227	843,373	7,342,645			12,333,227	23,607,872
	Total	387,990,982	319,883,636	313,697,329	278,909,815			701,688,311	598,793,451
2.	Segment Results								
	Profit/(Loss) Before Interest & Tax	(21,588,231)	3,236,346	41,838,571	40,770,759			20,250,340	44,007,105
	Less Misc. Expense		1,870,613						1,870,613
	Less : Interest Expense	20,249,125	17,311,175	13,166,730	15,483,736			33,415,855	32,794,911
	Add : Interest/Dividend/Other Income					104,406	831,067	104,406	831,067
	Total Profit/(Loss) Before Tax	(41,837,356)	(15,945,442)	28,671,841	25,287,023	104,406	831,067	(13,061,109)	10,172,648
	Less Tax								
	Current Tax					6,272,563	4,799,452	6,272,563	4,799,452
	Deferred Tax					(1,812,450)	2,084,039	(1,812,450)	2,084,039
	Net Profit/(Loss) After Tax							(17,521,222)	3,289,157
3.	Other Information								
	A. Segment Assets	309,694,488	334,794,497	156,389,744	126,145,648	48,274,526	54,437,751	514,358,758	515,377,896
	B. Segment Liabilities	89,056,907	74,708,913	32,275,939	35,961,697	73,003	97,264	121,405,849	110,767,874
	Capital Expenditure	4,716,064	2,617,180	1,159,213	991,850			5,875,277	3,609,030
	Depreciation	10,896,248	9,336,718	1,031,457	1,040,423			11,927,705	10,377,141
	C. Working Capital (A-B)	220,637,581	260,085,584	124,113,805	90,183,951	48,201,523	54,340,487	392,952,909	404,610,022

(ii) Secondary Segment Information	Year <u>2010-2011</u>	Year <u>2009-2010</u>
1. Segment Revenue		
– Within India	635,538,388	549,858,786
– Outside India	66,149,923	48,934,665
Total Revenue	701,688,311	598,793,451
2. Segment Assets		
– Within India	479,549,039	449,927,943
– Outside India	34,809,719	65,449,953
Total Assets	514,358,758	515,377,896
3. Segment Liabilities		
– Within India	109,896,247	99,214,902
– Outside India	11,509,602	11,552,972
Total Liabilities	121,405,849	110,767,874
4. Capital Expenditure		
– Within India	5,875,277	3,609,030
– Outside India	–	–
Total Expenditure	5,875,277	3,609,030

12. No investments are purchased and sold during the year.
13. Minimum Bonus provision under The Payment of Bonus Act, 1965 for the year has been made on estimated basis and any adjustment on account of final liability will be made in the subsequent year. Bonus charged to Profit & Loss Account includes Rs.4000/- relating to previous year.
14. Investments include advance for Immovable Properties aggregating Rs.1,26,24,129/- in respect of which neither formal agreements have been executed nor any allocation / earmarking of the property has been made till date by the Builder/ Developer. However the company has received balance confirmation from the party in the earlier year. The management is pursuing for execution of agreement / title documents or alternatively for refund of amount advanced and exploring the alternate possibility for specific performance of the contract.
15. The National Saving Certificate of Rs.5,000/- shown as investment is in the name of a Director of the Company and the same is with the Sales Tax Authorities, Mumbai.
16. The company has taken loans from Companies, directors & others (related persons) during the year, carrying differential interest rates viz.
- @ 6% per annum (previous year 6%), the minimum permissible u/s 372A of the Companies Act, 1956, on existing inter-corporate loans taken at the specified rates;
 - @ 10% p.a on inter-corporate loans (previous year 9%), from Cosco Polymer Industries P. Ltd., taken during current year;
 - @ 10% per annum (previous year 9%) on loans taken from Directors.
17. No impairment loss is recognised as on 31.03.2011 since the present value of estimated future cash flows over a period of five years exceeds the carrying value of assets of the Company's cash generating units.
18. The possession of land, belonging to the company, bearing Khasra No.420, total area measuring 1 bigha, 19 biswas and 3 biswansi situated at village Gurgaon is in dispute and company has filed a suit for getting possession of the same.

19. Loans & Advances include Rs.14,79,268/- (previous year Rs.76,67,584/-) as Additional Custom Duty Recoverable as per Notification No.102/2007 Customs dated 14/09/2007, being refund of 4% special additional duty paid on import of goods for trading, accordingly the income has increased to that extent. The company has regularly received the claim amount from time to time.
20. Other income includes Rs.15,50,000/- towards value of license granted by DGFT subsequent to the date of Balance Sheet, on account of exports made during the year under Product Focus Scheme. Income being in the nature of Export Incentive has been accounted for in terms of AS-9 issued by ICAI.
21. Misc. Income includes Bonus Provision Written Back Rs.16,632/- (previous year Rs 5,025/-).
22. House Tax Assessment Notice dated 15.07.2010 received from Municipal Corporation Gurgaon (MCG) during 2009-2010 assessed the annual house tax at Rs. 7,77,089/- on the proposed assessment of annual value, which was objected by the company for difference in rate of land, type of construction and age of building in the assessment notice. Accordingly as per our assessment the liability of Rs.4,44,854/- towards house tax was provided as on 31.03.2010 for the period 01.07.2008 to 31.03.2010 as against Rs 13,95,906/- as per MCG assessment. Since no fresh demand has been raised as yet by MCG against objections raised by the company, therefore house tax liability for the year has not been provided for.
23. Capital Work in Progress includes a sum of Rs. 95,300/- in respect of ETP under construction which shall be completed in the following year.
24. Loans & Advances include Rs.19,060/- recoverable from directors on account of expenses.
25. Previous year figures have been regrouped / rearranged wherever considered necessary to make them comparable with those of current year figure.
26. Figures have been rounded off to nearest rupee.

Signatures to Schedules A to S

D.K.JAIN
Chairman-cum-Mg. Director

N.K.JAIN
Mg. Director

PLACE : New Delhi

DATED : 1st September, 2011.



CONSOLIDATED CASH FLOW STATEMENT FROM 1ST APRIL, 2010 TO 31ST MARCH, 2011
ANNEXED TO THE BALANCE SHEET AS ON 31.03.2011

	2010-2011 Rs.	2009-2010 Rs.
A. Cash Flow From Operating Activities		
Net Profit before tax and extra ordinary items	14,481,319	36,621,275
Adjustments for :		
Depreciation	11,927,705	13,490,055
Misc. Expenditure written off	-	1,870,613
	<u>26,409,024</u>	<u>51,981,943</u>
Adjustments for :		
(Increase)/Decrease in Trade and Other Receivables	(5,143,761)	(18,503,388)
(Increase)/Decrease in Inventories	(8,388,859)	28,264,318
(Increase)/Decrease in Loans and Advances	7,637,418	(12,685,490)
(Decrease)/Increase in Trade Payables	2,661,887	4,056,027
(Decrease)/Increase in Other Current Liabilities	3,699,939	9,445,493
	<u>26,875,648</u>	<u>62,558,903</u>
Cash Generated From Operations	26,875,648	62,558,903
Less : Interest Paid	27,540,263	26,991,618
Direct Taxes Paid	4,460,113	6,883,491
	<u>(5,124,728)</u>	<u>28,683,794</u>
Cash Flow Before Extra Ordinary Items	(5,124,728)	28,683,794
Extra Ordinary Items	(171,303)	96,570
	<u>(5,296,031)</u>	<u>28,780,364</u>
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(4,849,420)	(9,478,489)
Sale of Fixed Assets	911,715	6,327,391
Interest Received	30,860	45,974
	<u>(3,906,845)</u>	<u>(3,105,124)</u>
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds From Long Term Borrowings / Loans	47,999,687	5,619,618
Repayment/Adjustment of Long Term Borrowings/Loans	37,795,853	32,169,204
	<u>10,203,834</u>	<u>(26,549,586)</u>
Net Cash Flow from Financing Activities	10,203,834	(26,549,586)
Increase in Cash and Cash Equivalents (A+B+C)	1,000,958	(874,346)
Opening Balance of Cash and Cash Equivalents	6,137,356	7,011,702
	<u>7,138,314</u>	<u>6,137,356</u>
Closing Balance of Cash and Cash Equivalents	7,138,314	6,137,356
NOTES :		
Cash and Cash Equivalent Include :		
Cash in hand	2,369,451	1,587,562
With Scheduled Banks		
On Current Accounts (including accounts with overdraft facility)	4,768,863	4,549,794
	<u>7,138,314</u>	<u>6,137,356</u>
As per our report of even date.		

FOR MADAN & ASSOCIATES
CHARTERED ACCOUNTANTS
FIRM'S REGISTRATION NO. : 000185N

(M.K. MADAN)
Proprietor
M.No. 82214

PLACE : New Delhi

DATED : 1st September, 2011.

FOR AND ON BEHALF OF BOARD OF DIRECTORS

D.K. JAIN
Chairman-cum-Mg. Director

N.K. JAIN
Mg. Director

Statement Pursuant to General Exemption granted under section 212 (8) of the Companies Act, 1956 relating to Subsidiary Company

Particulars	Name of the Subsidiary Company	
	Cosco Polymer Lanka (Pvt.) Ltd.	
	SLR	INR
Share Capital	129,855,300	52,227,802
Reserves	(384,805,238)	(154,768,667)
Total Assets	90,120,187	36,246,339
Total Liabilities	345,070,125	138,787,204
Investments other than Investment in Subsidiary	—	—
Turnover	—	—
Profit / (Loss) Before Taxation	(56,057,193)	(22,546,203)
Provision For Taxation	—	—
Profit / (Loss) After Taxation	(56,057,193)	(22,546,203)
Proposed Dividend	—	—

Conversion Rate : 1 SLR = 0.4022 INR

FOR AND ON BEHALF OF BOARD OF DIRECTORS

D.K.JAIN
Chairman-cum-Mg. Director

N.K.JAIN
Mg. Director

PLACE : New Delhi

DATED : 1st September, 2011.