



# **COSMO FERRITES LIMITED**

**Annual Report 2008-09**



## BOARD OF DIRECTORS

Mr. Ashok Jaipuria  
Mr. Shreekant Saomany  
Mr. Rakesh Nangia  
Mr. B. D. Gupta  
Mr. N. K. Gupta  
Mr. B. B. Tandon  
Mr. Ambrish Jaipuria

Chairman  
Non- Executive Director  
Non- Executive Director  
Non- Executive Director  
Non- Executive Director  
Non- Executive Director  
Executive Director & CEO

## COMPANY SECRETARY

Ms. Jyoti Verma  
(wef 26/05/08 to 22/04/09)

## REGISTERED OFFICE

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

## AUDITORS

B.K. Shroff & Co.

## BANKERS

State Bank of India  
Export - Import Bank of India

## CORPORATE OFFICE

30, Community Centre, Saket  
New Delhi - 110 017  
Ph. : 011-26863968, 26863969  
Fax : 011-26528225  
Email : sales@cosmoferrites.com

## SALES OFFICE

30, Community Centre, Saket  
New Delhi - 110 017  
Ph. : 011-26863968, 26863969  
Fax : 011-26528225  
Email : sales@cosmoferrites.com

## MFG. PLANT

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

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**NOTICE**

Notice is hereby given that the Twenty - Third Annual General Meeting of the members of Cosmo Ferrites Limited will be held at its registered office at Jabli, Dist., Solan (HP)-173209 on Wednesday the 23<sup>rd</sup> day of September, 2009 at 2.00 p.m. to transact the following business:

**ORDINARY BUSINESS**

1. To receive, consider and adopt the audited Profit & Loss Account for the year ended 31<sup>st</sup> March, 2009, the Balance Sheet as at that date, the report of the Board of Directors and the Auditors of the Company thereon.
2. To appoint a Director in place of Mr. B. B. Tandon who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Mr. Rakesh Nangia who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint auditors to hold office from conclusion of this meeting until the conclusion of next Annual General Meeting and to fix their remuneration.

**SPECIAL BUSINESS**

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

“RESOLVED THAT in accordance with the provision of Section 257 and all other applicable provisions, if any, of the Companies Act, 1956, or any statutory modification(s) or re-enactment thereof, Mr H. L. Paranjpe, who was appointed as an Additional Director pursuant to the provisions section 260 of the Companies Act, 1956 be and is hereby appointed as a Director of the Company whose term of office shall be liable to determination by retirement by rotation.”

**NOTES:**

1. Shareholders are requested to bring their copy of Annual Report to the Meeting.
2. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ANOTHER PERSON AS HIS PROXY TO ATTEND AND ON A POLL TO VOTE INSTEAD OF HIMSELF. THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. A BLANK FORM OF PROXY IS ENCLOSED AND IF INTENDED TO BE USED, IT SHOULD BE DULY COMPLETED AND DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FORTY-EIGHT HOURS BEFORE THE SCHEDULED TIME OF THE MEETING.

3. In case of joint holders attending the meeting, only such joint holder who is higher in the order of names will be entitled to vote.
4. The Register of Members and share Transfer Books of the Company will be closed from Thursday, 17<sup>th</sup> day of September 2009 to Wednesday, the 23<sup>rd</sup> day of September 2009 (Both days inclusive).
5. Members, who are holding shares in identical order of names in more than one folio are requested to write to the Company enclosing their share certificates to consolidate their holdings in one folio.
6. Members who hold shares in dematerialized form are requested to bring their Client ID and DPID numbers for easy identification of attendance at the meeting.
7. The Members are also requested to notify any change in their addresses immediately to the Company's Share Registrar and Transfer Agents M/s. Alankit Assignments Limited, Alankit House, 2E/21, Jhandewalan Extension, New Delhi 110 055.
8. Members / Proxy holders are requested to produce at the entrance of the Auditorium the enclosed admission slip duly completed and signed.
9. Register of Directors' shareholding, maintained under Section 307 of the Companies Act, 1956 will be available for inspection by the members at the registered office of the company.
10. The Register of Contracts, maintained under Section 301 of the Companies Act, 1956, will be available for inspection by the members at the registered office of the Company.
11. Members who have so far not claimed or collected dividends of the previous years, are requested to correspond with Mr. L. D. Sharma at Regd. Office. Members are requested to note that dividends not encashed or claimed within seven years from the date of transfer to the Company's Unpaid Dividend Account, will, as per Section 205A of the Companies Act, 1956, be transferred to the Investor Education and Protection Fund.

Information in respect of such unclaimed dividend when due for transfer to the fund is given below:-

Financial Year	Type of dividend	Date of declaration	Due for transfer
2001-02	Final Dividend	30.08.02	06.10.09

Shareholders are requested to note that no claims shall lie against the Company or the said fund in respect of any amount which were unclaimed and unpaid for a period of seven years from the dates that they became



due for payment and no payment shall be made in respect of any such claims.

12. Corporate Members intending to send their authorized representatives are requested to send a duly certified copy of the Board Resolution authorizing their representatives to attend and vote at the Annual General Meeting.
13. Consequent upon the introduction of Section 109A of the Companies Act, 1956, shareholders are entitled to make nomination in respect of shares held by them in physical form. Shareholders desirous of making nominations are requested to send their requests in Form 2B (which will be made available on request) to the Registrar and Transfer Agents, M/s Alankit Assignments Limited. The said Form 2B can also be downloaded from the Company's web site [www.cosmoferrites.com](http://www.cosmoferrites.com)
14. Pursuant to the requirements of the Listing agreement of Stock Exchanges, on Corporate Governance, the information about the Directors proposed to be appointed/ re-appointed is given in the Annexure to the Corporate Governance Report.

Explanatory Statement under Section 173(2) of the Companies Act, 1956.

#### ITEM NO. 5

Mr. H. L. Paranjpe was appointed as an Additional Director on July 29, 2009 in the category of independent, Non Executive director and would hold office upto the date of this Annual General Meeting.

A notice in terms of section 257(1) of the Companies Act, 1956 has been received from a member signifying his intention to propose the candidature of Mr. H. L. Paranjpe for office of a director of the Company.

Mr. H. L. Paranjpe is a polymer technologist and has immense exposure in the relevant field. It is desirable to continue his association with the company to avail the benefit of his rich experience. Your Directors are confident that his guidance and participation in the deliberations of the Board would be very beneficial for the Company's business.

Members' approval is required for the resolution stated above in Item No 5 by way of ordinary resolutions.

Except Mr. H. L. Paranjpe, none of the Directors are concerned or interested in the resolution.

Place: Head Office:  
30, Community Centre  
Saket, New Delhi

By order of the Board

Date: 29th July 2009

Anas Ahmad Khan  
Company Secretary



**DIRECTORS' REPORT**

THE MEMBERS  
COSMO FERRITES LTD.

The Directors have pleasure in submitting the Annual Report on the business and operations of the company along with Audited Balance Sheet and Profit & Loss A/c for the year ended 31<sup>st</sup> March 2009.

(Rs. in Lacs)

FINANCIAL RESULTS	2008-09	2007-08
Sales	3087	3333
Profit/(Loss) before depreciation & tax	148	383
Depreciation	271	251
Profit/(Loss) before Tax	(123)	132
Provision for current Tax	9	24
Profit/(Loss) after current Tax	(132)	108
Provision for deferred tax	8	33
Profit/(Loss) after deferred tax	(140)	75
Add : Mat Credit Entitlement (for earlier year)	3	-
	(137)	75
Add:		
Balance brought forward	185	245
Less: Transfer to Preference Share		
Capital Redemption Reserve	98	98
Add Transfer from General reserve	37	-
Profit/(Loss) available for appropriation	(13)	222
Provision for Proposed Dividend on Cumulative		(29)
Preference Share		
Corporate Tax on Dividend		(8)
Balance carried to Balance Sheet	(13)	185
	(13)	185

**DIVIDEND**

Due to non availability of distributable profits for current year, dividend on Cumulative Preference Share have not recommended.

**DEPOSITORY SYSTEM**

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

**DEPOSITS**

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

**REVIEW OF OPERATIONS**

- Total Sales Revenue is Rs 3087 lacs for the year ending 31<sup>st</sup> March 2009 (Previous Year Rs. 3333 Lacs).
- Net Loss after current tax for the year is Rs. 137 Lacs as compared to Net Profit of Rs. 75 lacs in the previous year due to global recession.

**FUTURE OUTLOOK**

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

**DIRECTORS**

Mr. S. K. Mittal, Independent Director resigned from the Board on 8<sup>th</sup> April 2009. Apart from the above there was no change in the Directorship during the year.

**REAPPOINTMENT OF DIRECTOR RETIRING BY ROTATION**

Mr. B.B. Tandon and Mr. Rakesh Nangia, Directors of the Company are liable to retire by rotation and are eligible for reappointment at the ensuing AGM.

**STATUTORY STATEMENTS**

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

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

**DIRECTORS' RESPONSIBILITY STATEMENT**

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

- In the preparation of the annual accounts, applicable accounting standards have been followed;
- Accounting policies selected were applied consistently. Reasonable and prudent judgements and estimates are made so as to give a true and fair view of the state of affairs of the Company as on 31<sup>st</sup> March, 2009 and of the profit or loss of the Company for the year ended on that date.
- Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- The annual accounts of the company have been prepared on a going concern basis.

**CORPORATE GOVERNANCE**

A report on compliance of Corporate Governance guidelines as per Clause 49 of the Listing Agreement is annexed to this report.

**RE-APPOINTMENT OF AUDITORS**

M/s. B.K. Shroff & Company, Chartered Accountants, Statutory Auditors of the Company will retire at the ensuing AGM and



being eligible offer themselves for reappointment. The Company has taken a certificate from the auditors to the effect that their re-appointment if made, would be in accordance with the provisions of section 224(1B) of the Companies Act, 1956.

#### TRADE RELATIONS

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

#### PERSONNEL

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

#### APPRECIATION

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

For and on behalf of the Board

Ashok Jaipuria  
Chairman

New Delhi  
20<sup>th</sup> April, 2009

#### ANNEXURE TO THE DIRECTORS' REPORT

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

##### I. CONSERVATION OF ENERGY

- A. Energy conservation measures taken:
  - Decided not to run N2 plant in peak load hours.
  - Decided to run two kilns only with full load capacity by better production plan.
  - Switching off was done to save consumption of electricity when not required.
  - Decided to run the river pump in night time only
- B. Additional investments and proposals, if any, being implemented for reduction of consumption of energy:
  - Connected 380 K.VA D.G set parallel of 1010 KVA D.G. Set to run according to production plan..
  - Old river pump replaced with new one.
- C. Impact of the measures at A and B for reduction of energy consumption and consequent impact of the cost of production of goods:
  - Contract demand reduced to 750 KVA instead of 1100 KVA in unit II.
- D. Total energy consumption and energy consumption per unit of production as per prescribed Form 'A' - Not Applicable.

##### II. TECHNOLOGY ABSORPTION

###### (i) Research & Development

- a) Specific areas in which R & D carried out by the Company:
  - Special projects taken up in all the operation areas to reduce the energy cost keeping in view to realise the low margin domestic orders taken up to fill up the plant capacity due to paucity of export orders in Q-2 and Q-3 because of global market contraction .
  - The Top hat kiln made operational & product portfolio and material upgradation by virtue of the tighter sintering controls in the top hat had been realised .
- b) Benefits derived as a result of above R&D:
  - Capacity of the value added products like – Coated torroids for EMI/EMC application has been enhanced without any additional capital investment .
  - Introduction of Narrow band width inductance in the lighting segment torroids capacity has been increased to offer a better product for lighting industry and as a part of strategy to increase the Cosmo Ferrites Limited share in this segment
- c) Future plan of action:
  - To get competitive edge through world class material range and to achieve shortest lead time for product development.



- (ii) Technology absorption, adaptation & innovation  
 Technical Losses reduced by adopting innovative process methodologies.  
 The company has not imported any technology during the year.

**III. FOREIGN EXCHANGE EARNINGS AND OUTGO**

- a) Activities  
 New customers developed in Europe and Asia.  
 Exports during the year aggregated to 56% of total sales.  
 b) Foreign Exchange Earned- Rs. 1748.10 Lacs  
 Foreign Exchange Outgo- Rs. 440.76 Lacs

On behalf of the Board

New Delhi  
 20<sup>th</sup> April, 2009

Ashok Jaipuria  
 Chairman

**PARTICULARS OF EMPLOYEES IN TERMS OF SECTION 217(2A) OF THE COMPANIES ACT, 1956 AND FORMING PART OF THE DIRECTORS REPORT FOR THE YEAR ENDED MARCH 31, 2009**

During the financial year 2008-09 no employee of the Company has been paid remuneration of Rs.24 Lacs per annum or Rs.2 lacs per month and hence particulars under Section 217(2A) of the Companies Act, 1956 is not required to be given in this report.

**MANAGEMENT DISCUSSION AND ANALYSIS**

**Sales Performance**

The company's net sales decreased to 2934 Lacs in FY 2008-09 from Rs 3130 Lacs in FY 2007-08. The above decrease is due to overall recession in global market. Export and Deemed Export revenue remained at around 56% of the total revenue.

**Costs**

Price of ferric oxide, a major ingredient in the raw material mix for ferrites, has shown increase in price by 11.26% during F.Y. 2008-09. Where price of Zinc oxide has shown decline by 19%. Other than this there was 2% increase in employee costs.

**Growth Strategy**

Our strategies for the current year include:

- Special projects taken up in all the operation areas to reduce the energy cost keeping in view to realise the low margin domestic orders taken up to fill up the plant capacity due to paucity of export orders in Q-2 and Q-3 because of global market contraction .
- The Top hat kiln made operational & product portfolio and material upgradation by virtue of the tighter sintering controls in the top hat had been realised .

We expect the above strategies to yield significant growth in sales and profitability during the current year.

**Risk and Concerns**

The company is exposed to various business risks from time to time. Some of the anticipated risks & strategies are outlined below:

- **Competition Risk:** The ferrite industry is capital-intensive industry. New capacities are created depending upon demand supply situation and return on investment. The industry is also cyclical in nature and at times there is over supply situation leading to decline in operating margins.

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

- **Customer Attrition Risk:** All customers are sensitive to quality, delivery and price.

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

- **Raw Material Price Risk:** Raw material prices have a significant impact on operating margins since scope for increase in selling prices has reduced.

Since, raw materials prices are increasing continuously, especially Ferric Oxide, the company is in the process of removing lower realization products & customers, increasing



sales realization and exploring new markets where realizations are high.

- **People Risk Management:** High quality human resources are vital to the success of our business.

The company follows good HR practices, which include various schemes for employee welfare and motivation. The company has strong appraisal system and offers good compensation policy. By our sound HR policies and satisfactory track record we are able to attract and retain people for growth of our business.

- **Security Risk Management:** The Company's operations could be disrupted due to natural, political and economic disturbances.

The Company has taken adequate insurance cover on its insurable interests. There include Fire Risk, Marine Risk, Burglary Risk, Group Personal Accident Policy, Other Miscellaneous Policies.

- **Foreign Exchange Risk:** The Company is exposed to foreign exchange risk on account of export of products, imports of raw materials, foreign currency loans and interest thereof. However, the company continues to be net foreign exchange earner. There is a risk of Indian rupee appreciating against other foreign currencies.

#### Internal control systems and their adequacy

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

#### Operations and Financial Performance

##### Preparation of Accounts

The financial Statements have been prepared in compliance with the requirements of provisions of Companies Act, 1956 and the Generally Accepted Accounting principles (GAAP) of India.

##### Sales

Net Sales was Rs. 2934 lacs as on 31<sup>st</sup> March, 2009 (Previous Year Rs. 3130 lacs). Exports during the year aggregated to 56% of total sales.

##### R & D

- 1) New material developed in the lab – Wide temperature power loss material and ultra low power loss materials are under commercialization process.
- 2) New big size core shapes are consistently added in the product portfolio to cater the customized big powersupply market segment
- 3) UL approved coating for all the EMI/EMC application introduced for all the OEMs

##### Finance Costs.

Finance costs has gone up to Rs. 182.89 Lacs as compared to Rs. 135.01 Lacs in previous year. The increase is due to increase in Term Loan for Unit II.

##### Provision of Tax

The company has made a provision of Rs 17.36 lacs (including deferred tax) towards income tax.

##### Reserves & Surplus

The reserves & surplus of the Company are Rs. 529.57 Lacs as on 31<sup>st</sup> March, 2009 (Previous Year Rs 666.06 Lacs)

##### Debt Profile

Total secured debts has gone down from Rs. 1709.25 lacs as on March 2008 to Rs. 1576.37 lacs as on March 2009.

##### Receivables

Percentage of Receivable to turnover is 11.50% as compared to 12.39 % in the previous year.

##### Manufacturing costs

Percentage of manufacturing costs to turnover has increased by 6.57% in comparison to the previous year.

##### Inventories

Percentage of inventories to turnover has decreased to 15.65% in comparison to the previous year of 18.94%. This is mainly due to decrease of stores and spares, kiln refractory for refurbish of Double channel old red-hammer kiln.





**CORPORATE GOVERNANCE REPORT**

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

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

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

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

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

The board of directors of the company comprises of an optimum combination of Executive and Non-executive directors headed by a Non-executive Chairman and more than fifty percent independent directors. The independent directors do not have any pecuniary relationship or transactions with the company, promoters, and management, which may affect their judgement in any manner.

Name	Executive / Non-executive /	No. of other Directorships Independent		No. of Chairmanships / Memberships of other Board level Committees	
		Pub.Ltd	Pvt. Ltd	Membership	Chairmanship
Mr. Ashok Jaipuria	Non-executive – Chairman(Promoter)	2	-	-	-
Mr. S. K. Mittal*	Non-executive, Independent	-	1	-	-
Mr. Shreekant Somany	Non-executive, Independent	5	1	-	-
Mr. Rakesh Nangia	Non-executive, Independent	-	7	-	-
Mr. B. D. Gupta	Non-executive, Independent	2	-	-	2
Mr. N. K. Gupta	Non-executive, Independent	-	1	-	-
Mr. B.B. Tandon	Non-executive, Independent	13	1	6	-
Mr. Ambrish Jaipuria	Executive	2	1	-	-

\* Since resigned on 8th April 2009

**NOTE:**

- (i) For Board Level committees only Audit Committee and STIGC have been considered.
- (ii) None of the Directors is a member of more than 10 Board-level committees of public Companies in which they are Directors, nor is a Chairman of more than 5 such committees.

**B. BOARD MEETINGS:**

**1. SCHEDULING THE MEETINGS AND AGENDA FOR THE MEETING**

Months for the board meetings in the ensuing year are decided in advance and most of the board meetings are held at the company's corporate office at 30, Community Center, Saket, New Delhi. The company secretary drafts the agenda for each meeting, along with explanatory notes, and distributes these in advance to the directors. The board

meets at least once in a quarter to review the quarterly results and other items on the agenda.

**2. BOARD MEETINGS HELD DURING THE FINANCIAL YEAR 2008-09 AND ATTENDANCE OF DIRECTORS**

DIRECTOR	18 <sup>TH</sup> APRIL 2008	21 <sup>ST</sup> JULY 2008	21 <sup>TH</sup> OCT 2008	30 <sup>TH</sup> JAN 2009
MR. ASHOK JAIPURIA	YES	YES	YES	NO
MR. S.K. MITTAL	YES	YES	YES	YES
MR. SHREEKANT SOMANY	YES	NO	YES	YES
MR. B.D. GUPTA	YES	YES	YES	YES
MR. N.K. GUPTA	YES	YES	YES	YES
MR. RAKESH NANGIA	NO	YES	YES	YES
MR. AMBRISH JAIPURIA	YES	YES	YES	YES
MR. B.B. TANDON	YES	YES	YES	YES



### 3. ATTENDANCE AT AGM

Following Directors attended the AGM held on 24<sup>th</sup> September, 2008, at Company's registered office at Pajabli, Dist-Solan, H.P. - 173209

Mr. Ambrish Jaipuria  
Mr. N. K. Gupta

### 4. DISCLOSURE REGARDING APPOINTMENT AND RE-APPOINTMENT OF DIRECTORS

Mr. Rakesh Nangia and Mr. Brij Behari Tandon, Directors of the Company are liable to retire by rotation and being eligible offer themselves for reappointment at the ensuing Annual General Meeting.

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

### 5. AVAILABILITY OF INFORMATION TO THE BOARD

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

- Annual operating plans and budgets, capital budgets, updates.
- Quarterly audited results of the company.
- Minutes of meetings of audit committee and other committees of the board.
- Information on recruitment and removal of senior officers just below the board level.
- Declaration of dividend.
- Materially important litigation, show cause, demand, prosecution and penalty notices.
- Fatal or serious accidents or dangerous occurrences, any material effluent or pollution problems.
- Details of any joint venture or collaboration agreement.
- Transactions that involve substantial payment towards goodwill, brand equity, or intellectual property. Significant sale of investments, subsidiaries, assets which are not in the normal course of business.
- Significant labour problems and their proposed solutions.
- Quarterly details of foreign exchange exposure and the steps taken by management to limit the risks of adverse exchange rate movements.
- Non-compliance of any regulatory, statutory nature or listing requirements as well as share holder services such as non-payment of dividend and delays in share transfer.
- Risk Assessment & Minimization procedures.

### 6. MATERIALLY SIGNIFICANT RELATED PARTY TRANSACTIONS

There have been no materially significant related party transactions, pecuniary transactions or relationships between Cosmo Ferrites and its Directors for the year ended March 31, 2009 other than those listed in Note No. 13 in Schedule 19 to the annual accounts.

### C. BOARD COMMITTEES

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

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

#### 1. AUDIT COMMITTEE

##### > TERMS OF REFERENCE

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

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

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

- a) The oversight of the Company's financial reporting processes and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- b) Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditors and the fixation of the audit fees.
- c) Approval of the payment to statutory auditors for any other services rendered by the statutory auditors.
- d) Review with the management the annual financial statements before submission to the Board, with particular reference to:
  - Matters required to be included in the Director's responsibility statement to be included in the Board's



report in terms of clause (2AA) of section 217 of the Companies Act, 1956.

- Any changes in accounting policies and practices and reasons for the same.
- Major accounting entries based on exercise of judgement by management.
- Qualifications in draft audit report, if any.
- Significant adjustments arising out of audit.
- The going concern assumption.
- Compliance with Accounting Standards.
- Compliance with listing and other legal requirements relating to financial statements.
- Disclosures of any related party transactions.

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

#### COMPOSITION OF THE COMMITTEE

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

- Mr. B. D. Gupta (Chairman)
  - Mr. Rakesh Nangia
  - Mr. S. K. Mittal\*
  - Mr. N. K. Gupta
  - Mr. B. B. Tandon
- \* Mr. S. K. Mittal resigned on 8th April 2009

#### MEETINGS AND ATTENDANCE DURING THE YEAR

The Audit Committee met four times during the financial year from 1<sup>st</sup> April, 2008 to 31<sup>st</sup> March, 2009 on April 18, July 21, October 24, and January 30. The meeting preceded the adoption of quarterly audited results by the Board of Directors. The Company published audited quarterly results in compliance with clause 41 of the listing agreement. The following table gives the attendance record of the audit committee.

Name of the Audit Committee Members	No. of Meetings attended
Mr. B. D. Gupta	4
Mr. Rakesh Nangia	3
Mr. S. K. Mittal*	4
Mr. N. K. Gupta	4
Mr. B. B. Tandon	4

\* Mr S. K. Mittal resigned on 8th April 2009

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

##### TERMS OF REFERENCE

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

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

##### COMPOSITION OF THE COMMITTEE

- Mr. B. B. Tandon (Chairman)
  - Mr. Rakesh Nangia
  - Mr. S. K. Mittal\*
  - Mr. Ambrish Jaipuria
- \* Mr S. K. Mittal resigned on 8th April 2009

#### MEETING AND ATTENDANCE DURING THE YEAR

The Committee met four times during the financial year from 1<sup>st</sup> April, 2008 to 31<sup>st</sup> March, 2009 year on April 18, July 21, October 24, and January 30. The following table gives the attendance record of the Share Transfer and Investor Grievance Committee.

Name of the Director	No. of Meetings attended
Mr. B. B. Tandon	4
Mr. S. K. Mittal *	4
Mr. Rakesh Nangia	3
Mr. Ambrish Jaipuria	4

\* Mr S. K. Mittal resigned on 8th April 2009



➤ COMPLIANCE OFFICER

The Compliance Officer of the Company was Mr. Sanjaya Kumar Dash, Asst. Company secretary up to 29<sup>th</sup> day of April, 2008. After his resignation, Ms. Jyoti Verma, was appointed as Company Secretary and Compliance Officer of the Company w.e.f. 26<sup>th</sup> May, 2008.

➤ COMPLAINTS RECEIVED / RESOLVED

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

➤ PENDING SHARE TRANSFER

There are no pending share transfers as on 31/03/2009.

3. REMUNERATION COMMITTEE

➤ TERMS OF REFERENCE

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

➤ COMPOSITION

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

➤ MEETING AND ATTENDANCE DURING THE YEAR

There was no meeting of remuneration committee during the year.

➤ MANAGEMENT DISCUSSION AND ANALYSIS

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

D. REMUNERATION POLICY

(i) Non- Executive Directors

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

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

Name of the Non-Executive Director	Sitting Fees: (Total Amount for the financial year 2008-09) In Rs.
Mr. Ashok Jaipuria*	-
Mr. S. K. Mittal*	-
Mr. Shreekant Somany	9000
Mr. Rakesh Nangia	27000
Mr. N. K. Gupta	24000
Mr. B. D. Gupta	24000
Mr. B.B. Tandon	36000

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

(ii) Executive Directors

Mr. Ambrish Jaipuria, Executive Director & CEO (Business Development) was paid following remuneration during the year 2008-09 as minimum remuneration approved by members and Schedule XIII in case of loss or inadequacy of profits:

Particulars of Remuneration	Amount ( In Rs.)
Basic Salary	15,00,000
HRA	Nil
LTA	Nil
Perquisites	Nil
Provident & other funds	1,80,000
Superannuation	Nil
Total :	16,80,000
Performance linked incentives	Nil
Service contracts, notice period, severance fees	6 month notice period on either side with no severance fees defined
Stock Option details	Nil

\*Super annuation and gratuity are not included in remuneration.

E. SHAREHOLDING OF DIRECTORS (EXECUTIVE & NON EXECUTIVE)

EXECUTIVE DIRECTOR

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

NON EXECUTIVE DIRECTOR

Mr. Ashok Jaipuria	79,900
Mr. S. K. Mittal*	-
Mr. Shreekant Somany	-
Mr. Rakesh Nangia	-
Mr. N. K. Gupta	-
Mr. B. D. Gupta	-
Mr. B.B. Tandon	-

\* Mr S. K. Mittal resigned on 8th April 2009

F. CORPORATE GOVERNANCE POLICIES

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

1. COMPENSATION POLICY FOR NON-EXECUTIVE DIRECTORS

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

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



2. CODE OF CONDUCT

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

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

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

4. WHISTLE BLOWER POLICY

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

G. INFORMATION TO SHAREHOLDERS

1. REGISTERED AND CORPORATE OFFICE

Registered Office

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

Corporate Office

30, Community Centre,  
Saket, New Delhi – 110 017  
Phone : + 91 11 26863968 / 26863969  
Fax : + 91 11 26528225 / 51664220

2. ANNUAL GENERAL MEETING

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

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

Financial Year	Place	Date
2005-06	Jabli, Dist. Solan (H.P.) 173209	28.08.06
2006-07	Jabli, Dist Solan (H.P.) 173209	25.07.07
2007-08	Jabli, Dist Solan (H.P.) 173209	24.09.08

4. FINANCIAL CALENDAR

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

Financial reporting for the quarter July 2009  
ending June 30 , 2009

Financial reporting for the quarter October 2009  
ending September 30, 2009

Financial reporting for the quarter January 2010  
ending December 31 , 2009

Financial reporting for the quarter April 2010  
ending March 31, 2010

5. WEBSITE

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

6. DIVIDEND

Following table gives the equity dividend history of Cosmo Ferrites Ltd. from 1999-00

Year	Final dividend %	Total dividend (Rs. Lacs)
2000-01	20%	240.60
2001-02	11%	132.00

7. LISTING ON STOCK EXCHANGE

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

The Company got formal de-listing approval from Calcutta Stock Exchange under Voluntary de-listing Scheme on 12<sup>th</sup> January, 2009.

8. INTERNATIONAL SECURITIES IDENTIFICATION NUMBER (ISIN)

ISIN is a unique identification number of traded scrip. This number has to be quoted in each transaction relating to the dematerialized equity shares of the company. The ISIN number of the shares of Cosmo Ferrites Ltd. is INE 124801018.

9. ANNUAL LISTING FEE

Annual Listing Fee for the year 2008-09 has been paid to Bombay Stock Exchange.

10. DEMAT

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

80.83% of equity share capital has been dematerialized as on 31<sup>st</sup> March, 2009.

11. SHARE TRANSFER SYSTEM

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



Alankit Assignments Limited,  
 2E/21, Alankit House,  
 Jhandewalan Extension,  
 New Delhi 110 055  
 Ph: +91 11 42541234/23541234  
 Fax: +91 11 23552001  
 Contact Person: Mr. Maurya

Following is the Procedure for Transfer of Physical Share Certificates:

- Share certificate received at the Registrar's office for transfer
- Entry of Share certificates in the Computer
- Scrutiny of Transfer Deeds
- Tallying of transferor's signature with the specimen signature available
- Date entry of transfer deeds
- Preparation of objection memos and notices in respect of un-transferred shares
- Endorsement and signatures on the reverse side of the share certificates
- Sending an option letter (transfer cum demat letter) to receive shares in Physical or demat form.
- Generation of covering letters for the transferred share certificates, objection memos and notices and sending them by registered post.

Following is the Procedure for dematerialization of shares:

- Receipt of share certificate and dematerialization request form in physical form from Depository Participant and download of electronic data in this regard from NSDL/CDSL.
- Entry of details of share certificates and dematerialization request form (DRF)
- Scrutiny of share certificate and dematerialization request form.
- Tallying the signature of the shareholder on the dematerialization request form with the specimen signature available with the Registrar and Share Transfer Agent.
- Data entry of Demat Request Number (DRN)
- Change of shares from physical to demat mode.

Send confirmation to NSDL/CDSL.

12. ADDRESS FOR CORRESPONDENCE:

Investors may send their queries to:  
 Mail: Company Secretary \ Compliance Officer,  
 Cosmo Ferrites Limited,  
 30, Community Centre,  
 Saket, New Delhi-110017  
 Phone: 91-11-26863968 / 26863969  
 Fax: 91-11-26528225  
 E-mail: lakshmid\_s@cosmoferrites.com

13. INVESTOR COMMUNICATION

The Company was sending Quarterly Investor Newsletter to members after adoption of quarterly financial results by the board, upto September, 2008. From December, 2008 quarter the company has discontinued this practice by properly informing the members in advance. Now, The newsletter is available on our website [www.cosmoferrites.com](http://www.cosmoferrites.com). Members are requested to view that at our website. The company publishes quarterly audited results in Business Standard and Veer Arjun (Hindi). The information relating to the company results is also available on other major financial and capital market related websites.

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

Further, the company has also complied with SEBI Regulations regarding filing of its financial results under the EDIFAR system, which became applicable to the Company from the quarter ending September 30, 2002 onwards.

14. DISCLOSURE ON LEGAL PROCEEDINGS

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

15. OUTSTANDING STOCK OPTION

There are no outstanding warrants or convertible instruments or stock options to employees as on March 31, 2009.

16. POSTAL BALLOT

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

17. ANALYSIS OF SHAREHOLDERS' COMPLAINTS RECEIVED DURING 2008-09

The status of complaints received and replied/ disposed off during the year 2008-09 are as follows:

Nature of Complaints	Received	Replied
Non-receipt of dividend warrants and revalidation of dividend warrants	5	5
Non receipt of Annual return	5	5

18. SHARE PERFORMANCE CHART

Stock price on the Bombay Stock Exchange on the closing date of month of financial year 2008-09:



Month	BSE Share Price(Rs.)
April 2008	11.21
May 2008	9.95
June 2008	8.41
July 2008	9.40
August 2008	9.40
September 2008	7.89
October 2008	7.17
November 2008	7.75
December 2008	7.32
January 2009	6.49
February 2009	6.19
March 2009	5.34

19. DISTRIBUTION OF SHAREHOLDING AS ON MARCH 31, 2009

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

Distribution of the shareholdings according to type of shareholders

Particulars	March 31, 2009		March 31, 2008	
	Number of Shares	% Holding	Number of shares	% Holding
Promoters	7430125	61.763	7430125	61.763
Person acting in concert	Nil	Nil	Nil	Nil
Institutional Investors	187400	1.499	187200	1.498
Others	4419475	36.738	4419675	36.739
Total	12030000	100.00	12030000	100.00

Distribution of shareholding according to the number of shares held on March 31, 2009

S.No.	No. of equity shares held	As on 31 <sup>st</sup> March, 2009				As on 31 <sup>st</sup> March, 2008			
		No. of shareholders	% of Total holders	No. of Shares	% of share Capital	No. of Share-holders	% of Total holders	No. of Shares	% of Share-Capital
1	Upto 5000	5370	82.603	953687	7.928	5467	82.026	978135	8.131
2	5001 to 10000	553	8.506	486590	4.045	608	9.122	534599	4.444
3	10001 to 20000	256	3.938	414963	3.449	255	3.826	418389	3.478
4	20001 to 30000	111	1.707	291574	2.424	114	1.71	301699	2.508
5	30001 to 40000	42	0.646	152166	1.265	41	0.615	147157	1.223
6	40001 to 50000	49	0.754	232817	1.935	57	0.855	273440	2.273
7	50001 to 100000	57	0.877	400686	3.331	57	1.855	421273	3.502
8	100001 and Above	63	0.969	9097517	75.624	66	0.99	8955308	74.441
	Total	6501	100	12030000	100	6665	100	12030000	100

20. MONTHLY HIGH-LOW

Monthly high and low quotations as well as volume of shares traded on Bombay Stock Exchange are:

Month	BSE		
	High (Rs.)	Low (Rs.)	No. of Shares traded
April 2008	11.89	9.53	58869
May 2008	11.54	9.73	133767
June 2008	10.30	8.28	61673
July 2008	9.45	7.15	115303
August 2008	10.00	8.50	45256
September 2008	10.45	6.90	70363
October 2008	8.09	5.40	94922
November 2008	8.50	6.20	100531
December 2008	9.35	6.75	75357
January 2009	8.06	5.32	33891
February 2009	7.09	4.81	60019
March 2009	7.38	4.81	34564
TOTAL			884515



**21. UNCLAIMED DIVIDENDS**

Pursuant to section 205A of the companies Act, 1956, unclaimed dividends up to and including for the financial year 1994-95 have been transferred to the general revenue account of the central government.

Unpaid Dividends for the financial year 1995-96 has already been transferred to the Investor Education and Protection Fund established by the Central Government under Section 205C of the Companies Act, 1956 and for 2000-01 was transferred to IEPF on 12<sup>th</sup> Sept, 2008. The Dividend for the following years remaining unclaimed for seven years will be transferred to Investors Education and Protection Fund established by the central Government under section 205C of the companies Act, 1956. Following table gives the transfer dates. Shareholders who have not claimed these dividends are, therefore, requested to do so before these are statutorily transferred to the Investor Education and Protection Fund.

Shareholders who have not cashed their dividend warrants relating to the dividends specified in the table given below are requested to immediately approach the investor cell of the company for issue of duplicate warrants.

Financial Year	Type of dividend	Date of declaration	Due for transfer
2001-02	Final Dividend	30.08.02	06.10.09

**22. COMPLIANCE WITH SEBI (PROHIBITION OF INSIDER TRADING) REGULATIONS, 2002**

In pursuance to these regulations, the Company has formulated Standing Instructions for the Employees and Directors for dealing in the Shares of the company and these Standing Instructions were implemented with effect from June 2002. Various Forms have been designed to receive periodical information from the employees and the Directors of the Company, as required in terms of these Regulations. Further, the trading window for dealing in shares of the company has been closed as per the following details: -

S.No.	Dates of Closure of Trading Window	Purpose of closure
1	April 11, 2008 to April 19, 2008	Consideration of Audited Financial Results for the quarter ended March 31, 2008
2	July 14, 2008 to July 22, 2008	Consideration of Audited Financial Results for the quarter ended June 30, 2008
3	October 17, 2008 to 25 October, 2008	Consideration of Audited Financial Results for the quarter ended September 30, 2008
4	January 23, 2009 to 02 February, 2009	Consideration of Audited Financial Results for the quarter ended December 31, 2008

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

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

S.No.	Non-mandatory requirement	Status
1.	The Board	Complied.
2.	Remuneration committee	The Company has a Remuneration Committee, details of which have been provided.
3.	Shareholder Rights	A Quarterly investor newsletter being sent to all shareholders upto Oct. 2008. Now being uploaded at the website of the Company.
4.	Audit Qualifications	Nil
5.	Training of Board Members	No formal training during the year.
6.	Mechanism for evaluating non-executive	Done by Chairman in consultation with other Directors. Board members
7.	Whistle Blower Policy	Implemented by the company





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

Director Retiring by Rotation

Name of the Director	Mr. Rakesh Nangia	Mr. B. B. Tandon
Date of Birth	30 <sup>th</sup> July, 1954	30 <sup>th</sup> June, 1941
Qualification	B. Com., FCA	CAIIB, M.A(Eco), LL.B
Nature of Expertise	Strategic & Financial Management	Indian Administrative Services, Former Chief Election Commissioner of India
Date of Appointment	14 <sup>th</sup> March, 2003	25 <sup>th</sup> January, 2007
Name of other Companies in which he holds Directorship	1. EVR Computech Pvt. Ltd 2. AVV Creations Pvt. Ltd. 3. Brandmore Imex Pvt Ltd. 4. BSS Associates Pvt. Ltd. 5. Doon Investments Pvt Ltd. 6. True Gainers Pvt. Ltd. 7. Torrence capital Advisors Pvt Ltd.	1. Nagarjuna Fertilizers & Chemicals Ltd: 2. Adani Power Ltd. 3. Precision Pipes & Profiles Ltd. 4. Birla Corporation Ltd. 5. Oriental Carbon & Chemicals Ltd. 6. Jaiparkash Hydro Power Ltd. 7. Dharmpur Sugar Mills Ltd. 8. Filatex India Ltd. 9. Jaiparkash Power Ventures Ltd. 10. Vikas Global One Ltd. 11. Bhushan Steel Ltd. 12. VLS Finance Ltd. 13. Exicom Tele-Systems Ltd. 14. Smart Digvision Pvt. Ltd. 15. Ambuja Cement Foundation (Sec. 25 Co.) Precision Pipes & Profiles Ltd. Audit Committee-Member
Name of the Committees of the Other Companies of which he holds Membership/Chairmanship	Nil  Adani Power Limited Audit Committee-Member Oriental Carbon & Chemicals Ltd. Audit Committee-Member Birla Corporation Ltd. Audit Committee: Member Filatex India Ltd. Audit Committee-Member VLS Finance Ltd. Investor Grievance committee-Member	Nil
Shareholding in the Co.	Nil	NIL

CERTIFICATE CLAUSE 49 V OF THE LISTING AGREEMENT

We, the undersigned hereby certify that:

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

AMBRISH JAIPURIA  
EXECUTIVE DIRECTOR & C.E.O

Place: New Delhi

Date: 20<sup>th</sup> April, 2009

L. D. SHARMA  
MANAGER, ACCOUNTS & FINANCE



**CERTIFICATE FROM THE COMPANY SECRETARY**

I, Jyoti Verma, Company Secretary confirm that the Company has:

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

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

PLACE: New Delhi  
DATE: 20<sup>th</sup> April, 2009

JYOTI VERMA  
COMPANY SECRETARY

**AUDITOR'S CERTIFICATE**

We have examined the compliance of conditions of Corporate Governance by Cosmo Ferrites Limited for the year ended on 31<sup>st</sup> March 2009 as stipulated in clause 49 of the listing agreement of the said company with stock exchange(s).

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

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

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

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

For B. K. SHROFF & CO.  
Chartered Accountants

New Delhi  
20<sup>th</sup> April, 2009

Anil Gupta  
Partner  
Membership No. 80074



## AUDITORS' REPORT

To The Members of Cosmo Ferrites Limited

1. We have audited the attached Balance Sheet of Cosmo Ferrites Limited, as at 31<sup>st</sup> March, 2009 and also the Profit & Loss Account for the year ended on that date annexed thereto and the cash flow statement for the year ended on that date. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the accounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the companies (Auditors' Report) order 2003 issued by the central Government of India in terms of sub-section (4A) of section 227 of the Companies Act 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said order.
4. Further to our comments in the Annexure referred to above, we report that:
  - i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - ii) In our opinion, proper books of accounts as required by law have been kept by the company so far as appears from our examination of those books;
  - iii) The Balance Sheet, Profit & Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of accounts;
  - iv) In our opinion, the Balance Sheet, Profit & Loss Account and the Cash Flow Statement Comply with the accounting standards referred to in sub – sections (3C) of section 211 of the Companies Act, 1956;
  - v) On the basis of written representation received from the directors and taken on records by the board of directors, we report that none of the directors is disqualified as on 31.03.2009 from being appointed as a director in terms of clause (g) of sub section (1) of section 274 of the Companies Act, 1956.
  - vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
    - a) In the cases of the Balance Sheet, of the state of affairs of the company as at 31<sup>st</sup> March, 2009;
    - b) In the cases of the Profit & Loss Account, of the Loss for the year ended on that date; and
    - c) In the cases of Cash Flow Statement of the cash flows for the year ended on that date.

Date : 20<sup>th</sup> April, 2009  
Place : New Delhi

For B.K. Shroff & Co.  
Chartered Accountants

Anil Gupta  
Partner



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

- i) a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- b) All the fixed assets have been physically verified by the management according to a regular program which in our opinion is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- c) During the year the company has not disposed off any substantial part of its fixed assets. Therefore, it has not affected the going concern concept of the company.
- ii) a) Physical verification of inventory (except material in transit and lying with third parties) has been conducted by the management at reasonable intervals. In our opinion, the frequency of verification is reasonable.
- b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the company and nature of its business.
- c) The company is maintaining proper records of inventory. Discrepancies noticed on verification of inventory as compared to book records were not material.
- iii) In our opinion and according to the explanations given to us, the company has neither granted nor taken loans, secured or unsecured to/from companies firms or other parties covered in the register maintained under section 301 of the Act. and as such clauses (iii) (b), (iii) (c) and (iii) (d) of the Order are not applicable to the company.
- iv) In our opinion and according to the information and explanation given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business for the purchase of inventory and fixed assets and for sale of goods and services. During the course of our audit, no major weakness has been noticed in internal control system.
- v) a) According to the information and explanations given to us, during the year there were no contracts of arrangements referred to in Section 301 of the Act that needed to be entered into the register required to be maintained under that section.
- b) In our opinion and according to the information and explanations given to us, no transactions were made during the year in pursuance of such contracts or arrangements which exceeded the value of five lakh rupees in respect of any party at prices which were unreasonable having regard to prevailing market prices at the relevant time.
- vi) In our opinion and according to the information given to us, the company has not accepted any deposits from the public within the meaning of sections 58A and 58AA or any other relevant provisions of the Act.
- vii) In our opinion, the company has an adequate internal audit system commensurate with the size and the nature of its business.
- viii) We have broadly reviewed the books of accounts maintained by the company pursuant to the order made by the Central Government for the maintenance of cost records under section 209(1) of the Companies Act, 1956 and are of the opinion that prima facie the prescribed accounts and records have been maintained.
- ix) a) The company is regular in depositing with the appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, income tax, sales tax, service tax, wealth tax, custom duty, excise duty and cess and other statutory dues applicable to it. As explained to us employees state insurance was not applicable to the company during the year under review.
- b) According to the information and explanations given to us, no undisputed amount payable in respect of income tax, sales tax, service tax, wealth tax, customs duty, excise duty and cess were outstanding as at 31.03.2009 for a period of more than six months from the date they became payable.
- c) According to the information and explanations given to us, dues in respect of income tax, sale tax, wealth tax, service tax, customs tax, excise duty and

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

Name of Statute	Nature of Dispute	Amount (in Rs.)	Period	Forum where dispute is pending
Income Tax Act, 1961	Disallowance of 80HHC claim for the purpose of calculating book profit for MAT	6,21,317	AY 2003-04	High Court, Delhi
	Disallowance of currency fluctuation loss	3,71,000	AY 2005-06	CIT Appeals
Central Excise Act, 1944	Differential Duty	27,62,007	Jan 2000 to Nov. 2004	CESTAT
	Differential Duty	2,65,869	Dec. 2004 to April 2007	CESTAT

- X. The accumulated losses of the company as at 31<sup>st</sup> March, 2009 are not more than 50% of its net worth. The company has not incurred any cash loss during the financial year covered by our audit and in the immediately preceding financial year.
- XI. The company has sought permission from EXIM Bank for reschedulement of payment of term Loan installment payable in March, 2009. Accordingly Term Loan installment payable in March, 2009 amounting to Rs. 56.25 Lacs is unpaid till date.
- XII. According to the information and explanations given to us the company not granted any loan and advance on the basis of security by way of pledge of shares, debentures and other securities.
- XIII. In our opinion the company is neither a chit fund nor nidhi/mutual benefit fund/ society and hence clause (xii) of the order is not applicable to the company.
- XIV. In our opinion the company is not dealing or trading in shares, securities, debentures and other investments and accordingly clause (xiv) of the order is not applicable to the company.
- XV. In our opinion the company has not given guarantee for loans taken by others from banks or financial institutions.
- XVI. In our opinion, the term loans have been applied for the purposes for which they were obtained.
- XVII. According to the information and explanations given to us and on an overall examination of the balance sheet of the company we report that no funds raised on short-term basis have been used for long-term investment. No long-term funds have been used to finance short-term assets except permanent working capital.
- XVIII. According to information and explanations given to us the company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the companies Act, 1956.
- XIX. According to the information and explanations given to us during the year company had not issued any debentures.
- XX. According to the information and explanations given to us, during the year the company has not raised any money by public issue.
- XXI. According to the information and explanation given to us no fraud on or by the company has been noticed or reported during the course of our audit

For B.K. SHROFF & CO.  
Chartered Accountants  
Anil Gupta  
Partner  
Membership No. 80074

Place: New Delhi  
Date: 20<sup>th</sup> April, 2009



## BALANCE SHEET

As at 31st March, 2009

	Schedule	Current Year Rs. '000		Previous Year Rs. '000
<b>SOURCES OF FUNDS</b>				
<b>SHAREHOLDERS' FUNDS</b>				
Share Capital	1	130108		139916
Reserves & Surplus	2	<u>52957</u>	183065	<u>66606</u> 206522
<b>LOAN FUNDS</b>				
Secured Loans	3		157637	170925
<b>DEFERRED TAX LIABILITY</b>				
	4		<u>60942</u>	<u>60134</u>
			<u>401644</u>	<u>437581</u>
<b>APPLICATION OF FUNDS</b>				
<b>FIXED ASSETS</b>				
Gross Block	5	722274		674530
Less: Depreciation		<u>395628</u>		<u>370448</u>
		326646		304082
Add: Capital work in progress		<u>-</u>	326646	<u>21212</u> 325294
<b>INVESTMENTS</b>				
	6		17875	17875
<b>CURRENT ASSETS, LOANS &amp; ADVANCES</b>				
Inventories	7	45934		63125
Receivables	8	35488		41299
Cash & Bank Balances	9	3560		4214
Loans & Advances	10	<u>28083</u>		<u>36205</u>
		113065		144843
<b>LESS: Current Liabilities &amp; Provisions</b>				
Current Liabilities	11	45025		36781
Provisions	12	<u>10917</u>		<u>13909</u>
		<u>55942</u>		<u>50690</u>
<b>NET CURRENT ASSETS</b>				
			57123	94153
<b>MISCELLANEOUS EXPENDITURE</b>				
(To the extent not written off or adjusted)	13			259
			<u>401644</u>	<u>437581</u>
<b>NOTES ON ACCOUNTS</b>				
Schedules 1 to 19 form an integral part of the accounts	19			

As per our report of even date annexed

For B.K. SHROFF & CO.,  
Chartered Accountants  
Anil Gupta  
Partner

Place : New Delhi  
Dated: 20th April, 2009

Jyoti Verma  
Company Secretary

Ashok Jaipuria  
Chairman

Ambrish Jaipuria  
Director



PROFIT & LOSS ACCOUNT

For the year ended 31st March, 2009

	Schedule	Current Year Rs.'000	Previous Year Rs.'000
<b>INCOME</b>			
Turnover (Gross)		308692	333279
Less: Excise Duty		<u>15321</u>	<u>20326</u>
Turnover (Net)		293371	312953
Other Income	14	9426	4743
Increase(Decrease) in Stocks	15	<u>(5152)</u>	<u>18177</u>
		<u>297645</u>	<u>33587</u>
<b>EXPENDITURE</b>			
Purchases- Traded goods		1149	3109
Manufacturing & Other expenses	16	249710	258830
Selling & Distribution expenses	17	15858	16674
Finance charges	18	18289	13501
Depreciation		<u>27092</u>	<u>25140</u>
		<u>312098</u>	<u>317254</u>
Profit/(Loss) before Taxation and exceptional items		(14453)	18619
Exceptional items (See note 15)		<u>2206</u>	<u>(5421)</u>
Profit / (Loss) after Exceptional item and before Taxation		(12247)	13198
Provision for			
- Current Tax		223	1500
- Fringe Benefit Tax		705	912
- Deferred Tax		<u>808</u>	<u>3294</u>
		(13983)	7492
Add :-Mat Credit Entitlement (For earlier Year)		<u>334</u>	<u>-</u>
Profit/(Loss) after Tax		<u>(13649)</u>	<u>7492</u>
Balance brought forward		18474	24496
Less:-Transfer to Preference Share Capital Redemption Reserve		<u>9808</u>	<u>9809</u>
		8666	14687
Add:-Transfer from General Reserve		<u>3710</u>	<u>-</u>
Profit available for appropriation		(1273)	14687
Provision for Proposed Dividend on Cumulative Preference Shares		-	(2942)
Corporate Tax on Dividend		-	(763)
Surplus carried to Balance Sheet		(1273)	10982
		<u>(1273)</u>	<u>14687</u>
<b>EARNINGS PER SHARE</b>			
(note I(p) and note 16 schedule 19)			
Basic		(1.13)	0.34
Diluted		(1.05)	0.56
NOTES ON ACCOUNTS	19		

Schedule 1 to 19 form an integral part of the accounts  
As per our report of even date annexed

For B.K. SHROFF & CO.,  
Chartered Accountants  
Anil Gupta  
Partner

Place : New Delhi  
Dated: 20th April, 2009

Jyoti Verma  
Company Secretary

Ashok Jaipuria  
Chairman

Ambrish Jaipuria  
Director



Cash flow statement for year ended 31st March 2009

Particulars	Schedules	Current Year Rs.'000	Previous Year Rs.'000
<b>A. Cash Flow from Operating Activities</b>			
Net Profit before tax		(12247)	13198
Adjustments for :			
Depreciation		27092	25140
Exceptional items		-	5421
Dividend		(2750)	(2200)
Interest paid		16524	11556
Miscellaneous expenditure written off		259	261
Loss on sale of fixed assets		1132	126
Operating profit before working capital changes		30010	53502
Adjustment for :			
Trade & Other receivables		12160	(11978)
Inventories		17191	(17008)
Trade payables & other liabilities		8708	4857
Cash generated from operations		68069	29373
Interest paid		(16524)	(11556)
Direct Taxes paid		(3904)	(2960)
Dividend Paid		(3443)	(10328)
Net cash from operating activities		44198	4529
<b>B. Cash Flow from Investing Activities</b>			
Purchase of fixed assets (including capital advance)		(25903)	(49698)
Sale of fixed assets		1397	619
Dividend received		2750	2200
Net cash used in investing activities		(21756)	(46879)
<b>C. Cash Flow from Financing Activities</b>			
Proceeds from Issuing shares or other equity instruments		(9808)	(9809)
Proceeds from long term borrowings		16519	56180
Repayments of long term borrowings		(33067)	(20583)
Increase in bank borrowings		3260	1777
Cash flow from financing activities		(23096)	27565
Net increase in cash and cash equivalents		(654)	(14785)
Cash and Cash equivalents (Opening Balance)		4214	18999
Cash and Cash equivalents (Closing Balance)		3560	4214

NOTE: Figures in parentheses represent cash outflow

NOTES ON ACCOUNTS

19

Schedules 1 to 19 form an integral part of the accounts

As per our report of even date annexed

For B.K. SHROFF & CO.,

Chartered Accountants

Anil Gupta

Partner

Place : New Delhi

Dated: 20th April, 2009

Jyoti Verma  
Company Secretary

Ashok Jaipuria  
Chairman

Ambrish Jaipuria  
Director



	Current Year Rs.'000	Previous Year Rs.'000		
<b>1. SHARE CAPITAL</b>				
Authorised				
1,50,00,000 Equity Shares of Rs. 10 each	150000	150000		
8,00,000 Preference Shares of Rs. 100 each	<u>80000</u>	<u>80000</u>		
	<u>230000</u>	<u>230000</u>		
Issued, Subscribed & Paid up				
1,20,30,000 Equity Shares of Rs. 10 each	120300	120300		
9,8080 (previous year 1,96,161)Preference Shares of Rs. 100 each	9808	19616		
	<u>130108</u>	<u>139916</u>		
<b>2. RESERVES &amp; SURPLUS</b>				
	As at 01.04.2008 Rs.'000	Addition Rs.'000	Deduction Rs.'000	As at 31.03.2009 Rs.'000
Capital Reserve	5188	-	-	5188
General Reserve	3710	-	3710	-
Preference Share Capital Redemption Reserve	39234	9808	-	49042
Profit & Loss Account	18474	-	19747	(1273)
	<u>66606</u>	<u>9808</u>	<u>23457</u>	<u>52957</u>
<b>3. SECURED LOANS</b>				
From Banks				
Term Loan		110933		126900
Cash Credit/ Working Capital Demand Loans		46534		43274
Hire Purchase Finance				514
From Others				
Hire Purchase Finance		<u>170</u>		<u>237</u>
		<u>157637</u>		<u>170925</u>
Term Loans are secured by first equitable mortgage of immovable assets both present and future (except specified assets hypothecated with a bank) and hypothecation of moveable assets (save and except book debts) charged to rank pari-passu inter se and subject to prior charges created in favour of the company's bankers on moveable assets for working capital loans and assets exclusively charged.				
Cash credit / working capital demand loans from banks are secured by hypothecation of inventories and book debts and further secured by way of second charge on fixed assets both present and future and further guaranteed by a director.				
Assets purchased under Hire Purchase Finance schemes are hypothecated to the financiers.				
<b>4. DEFERRED TAX LIABILITY</b>				
As per last Balance sheet		60134		56840
Add : Created during the year		<u>808</u>		<u>3294</u>
		<u>60942</u>		<u>60134</u>



5. FIXED ASSETS

Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 01.04.08 Rs.'000	Additions Rs.'000	Sales / Adjustments Rs.'000	As at 31.03.09 Rs.'000	Upto 31.03.08 Rs.'000	For the Year Rs.'000	Adjustment Rs.'000	Total Rs.'000	As at 31.3.09 Rs.'000	As at 31.03.08 Rs.'000
Land & Site Development	1926	13	-	1939	-	-	-	-	1939	1926
Buildings	45802	-	-	45802	17749	1616	-	19365	26437	28053
Plant, Machinery & Office Equipment*	617495	52149	3246	666398	348830	24781	1202	372409	293989	268665
Furniture, Fixture & Fittings	2824	19	436	2407	1884	139	374	1649	758	940
Vehicles	6483	-	755	5728	1985	556	336	2205	3523	4498
	674530	52181	4437	722274	370448	27092	1912	395628	326646	304082
Previous year	613845	61738	1053	674530	345616	25140	308	370448		21212
Capital work in progress									326646	325294





			Current Year Rs.'000	Previous Year Rs.'000
<b>6. INVESTMENTS</b>				
Long Term Investments-Trade	No. of Shares			
	Current	Previous		
	Year	Year		
(Fully paid equity shares of Rs. 10 each)				
Quoted				
Cosmo Films Ltd.	5,50,000	5,50,000	<u>17875</u>	<u>17875</u>
			17875	17875
Aggregate market value of quoted investments			<u>34265</u>	<u>47025</u>
<b>7. INVENTORIES</b>				
As taken, valued and certified by the management				
Raw Materials (Includes in transit Rs. 4137 Thousand)			6001	6883
(Previous year Rs. NIL)				
Stores & spares (including in transit				
Rs. Nil ( previous year Rs. 73 Thousand)			7373	18530
Stock in Process			18260	16758
Finished goods (including in transit Rs. 5736 Thousand)				
(previous year Rs. 13920 Thousand)			14300	20954
			<u>45934</u>	<u>63125</u>
<b>8. RECEIVABLES</b>				
(Unsecured)- Considered good				
Exceeding six months			9347	65
Others			<u>26141</u>	<u>41234</u>
			35488	41299
<b>9. CASH AND BANK BALANCES</b>				
Cash in hand			100	114
Balances with Scheduled Banks				
In Current Account			478	1147
In Fixed Deposit/Margin Money Account			2982	2953
			<u>3560</u>	<u>4214</u>



	Current Year Rs.'000	Previous Year Rs.'000
<b>10. LOANS AND ADVANCES</b>		
(Unsecured - Considered good)		
Loans - to Staff	130	101
Interest accrued on loans and deposits	536	271
Advances for Capital Assets	125	5191
Advances (recoverable in cash or in kind or for value to be received)	5485	12642
Balances with Central Excise/Customs	4745	4195
Security Deposits	4765	4801
Mat Credit Entitlement	334	-
Income Tax Payments (including tax deducted at source)	11963	9004
	<u>28083</u>	<u>36205</u>
<b>11. CURRENT LIABILITIES</b>		
Sundry Creditors		
Total outstanding dues of creditors other than micro enterprises and small enterprises	32833	23302
Interest accrued but not due on loans	244	242
Trade Deposits	285	285
Other Liabilities	11493	12537
Unclaimed Dividend	170	415
	<u>45025</u>	<u>36781</u>
<b>12. PROVISIONS</b>		
Taxation	1510	1525
Dividend on Preference Shares	-	2942
Premium for redemption of Preference shares	2627	3285
Corporate Tax on Dividend	-	501
Gratuity	4736	3882
Leave encashment	2044	1774
	<u>10917</u>	<u>13909</u>
<b>13. MISCELLANEOUS EXPENDITURE</b>		
(To the extent not written off or adjusted)		
Share issue expenses		
As per last balance sheet	259	520
Less : Written off during the year	259	261
	<u>-</u>	<u>259</u>



	Current Year Rs.'000	Previous Year Rs.'000
<b>14. OTHER INCOME</b>		
Interest		
On Fixed Deposits with Banks (Tax deducted at source Rs.NIL previous year Rs 29 Thousand)	346	286
From others (Tax deducted at source Rs.Nil previous year Rs Nil )	<u>1</u>	<u>683</u>
	<u>347</u>	<u>969</u>
Dividend	2750	2200
Claims received	27	446
Miscellaneous receipts and income	150	611
Exchange Rate Diffenernce (Net)	5841	-
Previous year Income (Net)	7	-
Excess provisions/sundry balances written off	304	517
	<u>9426</u>	<u>4743</u>
<b>15. INCREASE(DECREASE) IN STOCKS</b>		
Closing Stocks		
Finished goods	13648	20096
Stock in Process	<u>18260</u>	<u>16758</u>
	<u>31908</u>	<u>36854</u>
Opening Stocks		
Finished goods	20096	9812
Stock in Process	<u>16758</u>	<u>9215</u>
	<u>36854</u>	<u>19027</u>
Increase(Decrease) in stocks	(4946)	17827
Add/(Less) Increase/(Decrease) in Excise duty on opening/ closing stock	(206)	350
Total Increase(Decrease) in stock	<u>(5152)</u>	<u>18177</u>



	Current Year Rs. '000	Previous Year Rs. '000
<b>16. MANUFACTURING &amp; OTHER EXPENSES</b>		
Raw materials consumed	79496	85964
Stores, Spares & Packing materials	41443	44170
Power & Fuel	42041	39898
Salaries, Wages, Bonus & other benefits	50686	50143
Gratuity	2058	355
Contribution to Provident/Superannuation Funds	3884	3883
Welfare expenses	2814	3911
Staff Recruitment & Training expenses	585	600
Rent	1119	1124
Rates, Taxes and Fees	126	233
Insurance	1075	1173
Repairs & Maintenance		
- Plant & Machinery	4862	5743
- Buildings	161	305
- Others	<u>1180</u>	<u>1197</u>
Professional & Consultancy charges	1151	5604
Travelling & Conveyance	5197	4380
Vehicle Running & Maintenance	3815	3477
Communication expenses	1948	1994
Director's Fees	120	120
Charity & donation	114	4
Claims Paid/Writtenoff	77	330
Miscellaneous expenses	1886	1872
Auditor's remuneration		
- As Statutory Audit fees	205	205
- As audit fees for quarterly audited results	186	186
- As Tax Audit fees	40	40
- For certification work	15	16
- For reimbursement of expenses	<u>13</u>	<u>5</u>
Exchange rate difference (Net)	459	51
Loss on assets sold / discarded/ scrapped	1132	126
Loss on sale of DEPB	656	92
Previous year expenses (Net)	62	64
Provision for premium on redemption of Preference Share	1304	1304
Share issue expenses written off	259	261
	<u>249710</u>	<u>258830</u>
<b>17. SELLING &amp; DISTRIBUTION EXPENSES</b>		
Selling Commission	3572	2612
Freight & Forwarding	8871	9533
Rebates and discounts	1876	4038
Other selling expenses	<u>1539</u>	<u>491</u>
	<u>15858</u>	<u>16674</u>
<b>18. FINANCE CHARGES</b>		
Interest		
On Term Loans	11300	7391
To Bank & Others	5226	4266
Bank Charges	<u>1763</u>	<u>1844</u>
	<u>18289</u>	<u>13501</u>



## 19. NOTES ON ACCOUNTS

### 1. Significant accounting policies

#### a) Method of Accounting

- i) The accounts of the company are prepared under the historical cost convention using the accrual method of accounting unless otherwise stated hereinafter.
- ii) Accounting policies not significantly referred to are consistent with generally accepted accounting principles.

#### b) Fixed Assets

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

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

#### c) Investments

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

#### d) Inventories

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

#### e) Foreign currency transactions

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

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

#### f) Depreciation

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

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

#### g) Research & Development

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

#### h) Retirement benefits

##### i) Short Term Employee Benefits

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

##### ii) Post Employment Benefits

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

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

c) The employee gratuity fund scheme managed by a trust is a defined benefit plan. The prase unit credit method which recognizes each period of service as giving rise to additional unit of employee benefits entitlement each unit separately to build up the final obligation.

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

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

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

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

##### i) Miscellaneous expenditure

Preliminary and share issue expenses are being proportionately written off over a period of ten years.

##### ii) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset



are capitalized as part of the cost of that asset. Other borrowing costs are recognised as an expense in the period in which they are incurred. Capitalisation of borrowing costs ceases when substantially all activities necessary to prepare the qualifying asset for its intended use or sale are complete.

**k) Excise & Other Duties**

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

**l) Claims and benefits**

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

**m) Revenue recognition**

Export sales are accounted on the basis of the date of bill of lading / airway bill. Other sales are accounted for ex-factory on despatch. Sales are net of returns, excise duty and include export incentives/benefits.

**n) Income from Investments/Deposits**

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

**o) Taxation**

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

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

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

**p) Earnings per share**

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

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

**q) Contingent Liabilities**

Contingent Liabilities as defined in Accounting Standard-29 are disclosed by way of notes to accounts. Provision is made if it becomes probable that an outflow of future economic

benefit will be required for an item previously dealt with as a contingent liability.

	Current Year Rs. '000	Previous Year Rs. '000
1. Estimated amount of contracts (net of advances) remaining to be executed on capital account and not provided for	161	1835
2. Contingent Liabilities not provided for in respect of		
a) Claims not acknowledged by the company	60	60
b) Income Tax & Excise duty demands disputed in appeals and against which payments made Rs. 1821 thousand (Previous Year 2953 thousand)	4144	6691
c) Bank Guarantee	4097	975
d) Dividend on cumulative redeemable preference shares	1721	Nil
3. (i) Cumulative redeemable preference shares (CRPS) carry dividend at the following rates:		
a) For the first three years @ 1%		
b) For the fourth year @ 12.5%		
c) For the fifth year @ 13%		
d) For the sixth year @ 14%		
e) For the seventh year and onwards @ 15%.		
(ii) CRPS shall be redeemed in 3 equal annual installments on the expiry of 8 <sup>th</sup> , 9 <sup>th</sup> & 10 <sup>th</sup> year, from the date of allotment at a premium of 20% of the face value. CRPS holders would have an option to convert the entire outstanding amount of Preference shares including dividend into equity shares, as per SEBI guidelines prevailing at the time of exercise of option, any time after 31-03-2003.		
(iii) The company has redeemed preference share capital amounting to Rs. 49043 thousand upto 31-03-2009		
4. a) In respect of investment in share capital of Cosmo Films Limited (CFL) by International Finance Corporation (IFC), the company has given an undertaking to IFC to not to dispose off or create any lien, pledge or encumber its investment in the share capital of CFL as long as monies are due by CFL to IFC and as long as IFC holds any shares in the share capital of CFL without obtaining prior written consent of IFC.		
b) The company has given an undertaking to ICICI Bank Limited and Exim Bank not to dispose off its investment in Cosmo Films Ltd., without their prior approval.		



6 Secured loans include Term loans / vehicle loans repayable within one year Rs. 54920 thousand (Previous year Rs.33392 thousand)

7. The arbitration proceedings with Himachal Builders for recovery of Rs. 699 thousand was decided against the company vide award dated 21-9-1999. According to the award the company was required to pay Rs. 863 thousand to Himachal Builders towards balance of their bill and security deposit along with interest and Rs. 80 thousand towards cost of the suit resulting in a total liability of Rs. 2668 thousand. The company's Civil Miscellaneous Petition before the Honorable High Court of Himachal Pradesh, was set aside on technical grounds as being premature. Subsequently, a new petition was filed on 04-06-2003. A Divisional Bench of the Honorable High Court of H.P. subsequently ordered the company to furnish a Bank Guarantee for 3122 thousand, whereafter the appeal will be heard on merits. The Bank Guarantee has been furnished on 26.11.2008.

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

9 In terms of Companies (Accounting Standards) Amendment Rules, 2009 whereby "Accounting Standard AS 11" relating to the effects of changes in Foreign Exchange Rates has been amended w.e.f. 31.03.2009 by the Central Government in respect of accounting periods commencing on or after 07-12-2006 and ending on or before 31-03-2011, the exchange difference arising on reporting of Long term foreign currency monetary items which were being debited/credited to the Profit & Loss Account in previous financial statements in so far as they relate to the acquisition of a depreciable asset has now been added to or deducted from the cost of the asset to be depreciated over the balance life of the asset.

Foreign Currency Exchange difference of Rs. 2206 thousand For the period 27-07-2007 to 31-03-2008 which was earlier debited to Profit & Loss Account has now been reversed and added to the cost of Fixed Assets. The resultant surplus is reflected under exceptional items in the Profit & Loss Account. Exchange Rate difference of Rs.2901 thousand for the current year has also been added to the cost of fixed assets. Depreciation includes Rs.303 thousand in respect of capitalization of such exchange difference.

10 Pursuant to the provisions of accounting standard (AS) 15 (Revised) on "Employee Benefits" an amount of Rs.5421 thousand has been recognised in the Profit & Loss account. The said amount represents the difference between the liability in respect of employee benefits determined under AS-15 (Revised) as on April 1, 2007 and the liability that existed as on that date as per AS-15 prior to the revision.

During the year, the following contribution have been made under defined contribution plan	2008-09 (Rs. 000)	2007-08 (Rs.000)
Employer's Contribution to Provident Fund	4918	3592
Employer's Contribution to Employees Pension Scheme	1502	1316

Employer's Contribution to Provident Fund	4918	3592
Employer's Contribution to Employees Pension Scheme	1502	1316

	2008 - 09		2007 - 08	
	Gratuity	Leave Benefit	Gratuity	Leave Benefit
1. Assumptions				
Discount Rate	5%	5%	5%	5%
Salary Escalation	5%	5%	5%	5%
2. Table showing changes in present value of obligations				
Present value of obligation as at beginning of year	6262	1514	5907	1579
Interest Cost	457	105	412	104
Current Service Cost	590	562	536	528
Benefits Paid	(340)	(222)	(1,508)	(564)
Actuarial (gain)/Loss on obligation	885	(222)	915	(134)
Present value of obligations as at end of year	7854	1727	6262	1514
3. Table showing changes in the present value of plan assets				
Fair value of plan assets at the beginning of year	2380	-	2200	-
Expected return on plan assets	241	-	200	-
Contributions	1148	-	1062	-
Benefits paid	(638)	(222)	(1,096)	(564)
Actuarial Gain/(Loss) on plan assets	14	-	14	-
Fair value of plan assets at the end of year	3118	-	2380	-
4. Table showing Fair value of plan assets				
Fair value of plan assets at the beginning of year	2380	-	2200	-
Actual return on plan assets	227	-	214	-
Contributions	1148	-	1062	-
Benefits paid	(638)	(222)	(1,096)	(564)
Fair value of plan assets at the end of year	3118	-	2380	-
Present value of obligation at the end of year	7854	1727	6262	1514
Funded Assets	(3707)	(1579)	(3882)	(1514)
Funded assets	(3,882)	(1,514)	(3,707)	(1,579)
5 Actuarial Gain/Loss recognised				
Actuarial gain/(Loss) for the year - Obligation	(885)	232	(915)	134
Actuarial (gain)/Loss for the year - Plan assets	14	-	14	-
Total (gain)/Loss for the year	899	(232)	901	(134)
Actuarial (gain)/Loss recognised in the year	899	(232)	901	(134)
6 The amounts to be recognised in the balance sheet and statements of Profit and Loss				
Present value of obligations as at the end of year	7854	1727	6262	1514
Fair value of plan assets as at the end of the year	3118	-	2380	-
Funded status	(4736)	(1727)	(3882)	(1514)
Net Asset/(Liability) recognised in balance sheet	4736	1727	3882	1514
7 Expenses recognised in statement of Profit & Loss				
Current service cost	590	562	536	528
Interest cost	457	105	412	104
Expected return on plan assets	(241)	-	(200)	-
Net Actuarial (gain)/Loss recognised in the year	899	(232)	901	(134)
Expenses recognised in statement of P & L	1704	435	1649	498





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

11. There is no amount due and outstanding to be credited to Investor Education and Protection Fund as on 31.03.2009

12. As required under Accounting Standard (AS) 22. "Accounting for Taxes on Income" issued by the Institute of Chartered Accountants of India, deferred tax liability for the period ended upto 31-03-2009 has been charged to the profit & loss account as under:-

	As at 31 <sup>st</sup> March 08 Rs. '000	Tax effect for the year Rs' 000	As at 31 March 09 Rs.'000
Deferred Tax liability			
Fixed Assets	(62081)	591	(61490)
	(62081)	591	(61490)
Deferred Tax Assets			
Others	1947	(1399)	548
	1947	(1399)	548
Net Deferred Tax Assets/ (Liability)	(60134)	(808)	(60942)

13. Related Party Disclosure:

A. Names of related parties and description of relationship

i) Key management personnel

Shri Ambrish Jaipuria- Executive Director

ii) Associate companies- Cosmo Films Ltd.

Sterling Oxide Ltd.

	Associates	Key Management Personnel	Total
Purchase of Goods	42240 (31192)	- (-)	42240 (31192)
Remuneration paid	- (-)	1947 (2915)	1947 (2915)
Dividend received	2750 (2200)	- (-)	2750 (2200)
Balance outstanding at the end of year			
a) Investments	17875 (17875)	- (-)	17875 (17875)
b) Due to Sundry Creditor	6189 (-)	- (-)	6189 (-)

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

15. Managerial remuneration:

Salary & Perquisites	Rs. 1500 Thousand (Previous Year Rs. 2540 thousand)
Contribution to Provident Fund & Other Funds	Rs. 447 thousand (Previous Year Rs. 375 thousand)

\* Includes Company's Contribution to Gratuity Fund and Super Annuation fund.

Note: In the absence of profits, the above remuneration has been paid as minimum remuneration in terms of Schedule XIII of Companies Act 1956.

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

	Current year Rs. '000'	Previous Year Rs.'000'
Profit/(Loss) after tax as per profit & loss account	(13649)	7492
Less : Dividend and tax thereon in respect of preference shares.	-	3355
Profit/(Loss) available for shareholders (A)	(13649)	4137
No. of equity shares (B)	12030000	12030000
Earning per share (A/B)	(1.13)	0.34
Diluted Earnings Per Share		
Profit/(Loss) after tax as per profit & loss account	(13649)	7492
Add: Dividend & tax thereon in respect of Preference shares.	-	-
Add: Interest saving on loan converted to equity (if conversion option is exercised by the lenders)	-	-
Profit/(Loss) available for shareholders	(13649)	7492
No. of equity shares (A)	12030000	12030000
No. of equity shares to be allotted on conversion of Preference shares	980747	1314756
Total no. of equity shares (B)	13010747	133344756
Diluted earning per share (A/B)	(1.05)	0.56

17. Figures have been expressed in thousands.

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

19. Production includes captive consumption of intermediary product, Ferrite Powder 1503 MT (previous year 1670 MT)

20. Information pursuant to the provisions of part II and part IV of Schedule VI of the Companies Act, 1956.A: Capacities \*

Class of goods	Licenced/Registered Capacity		Installed Capacity Capacity	
	Current Year (MT)	Previous Year MT	Current Year (MT)	Previous Year MT
Soft Ferrites	2850	2850	1980	1800
Pre-calcined Ferrite Powder	2350	2350	2350	2350

As certified by the management.

Enhancement is as per memorandum filed with the District Industries Centre, Solan (H.P).

B: Production , Turnover and Stocks

Class of goods	Current Year		Previous Year	
	Quantity (MT)	Values (Rs.'000)	Quantity (MT)	Value (Rs.'000)
i) Soft Ferrites				
Production	1177		1289	
Turnover	1217	304873	1237	323924
Opening Stock	104	20739	52	9955
Closing Stock	64	14300	104	20437
ii) Pre-calcined Ferrite Powder				
Production	1518		1745	
Turnover	18	1752	54	4942
Opening Stock*	99	6907	78	9701
Closing Stock*	96	7228	99	6907

\*Reflected under stock in process in schedule 8 of inventories.



C. Particulars in respect of goods traded :

Class of goods	Opening Stock		Purchases		Sales		Closing Stock	
	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value/(Rs '000)
Soft Ferrite	302896	215	803600	1149	1106496	2067		
Accessories	(483184)	(343)	(1536864)	(3109)	(1233968)	(4413)	(302896)	(215)

Note - Previous year's figures are given in brackets.

D. Consumption of Raw Materials

Class_of_goods	Current_Year Quantity (MT)	Previous_Year		Quantity (MT)	Value (Rs '000)
		Quantity (MT)	Value (Rs '000)		
Inorganic oxides	1526		78328	1790	83005
Organic compounds	11		1168	27	2552
			79496		85264

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

Class_of_goods	Current_Year		Previous_Year	
	Percentage (MT)	Value (Rs '000)	Percentage (MT)	Value (Rs '000)
Raw Materials				
Imported	37.52	30120	34.23	29417
Indigenous	62.48	49376	65.77	56537
	100.00	79496	100.00	85264
Stores & spares				
Imported	10.40	4311	18.62	8225
Indigenous	89.60	32132	81.38	35945
	100.00	41443	100.00	44120

F. CIF value of Imports

	Current year (Rs thousands)	Previous year (Rs thousands)
Raw materials	28680	30369
Stores & spares	5956	6793

G. Expenditure in Foreign Currency

Travelling	1952	960
Advertisement, Commission, Export Promotion, claims paid etc.	3730	1958
Interest	3758	6722

H. Earnings in Foreign Currency

FOB value of exports (including deemed exports Rs.19155 thousand (previous year Rs. 30053) thousand)	174810	219820
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BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

i. Registration details

Registration No. 006378

State 06

Balance Sheet date 31 03 2009  
Date Month Year

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

Public Issue

00000000NIL

Rights Issue

0000000NIL

Bonus Issue

0000000NIL

Private Placement

0000000NIL

iii. Position of mobilisation and deployment of Funds

(Amount in Rs.Thousands)

Total Liabilities

000401644

Total Assets

000401644

Sources of Funds

Paid-Up Capital

000130180

Reserves & Surplus

000052957

Secured Loans

000157637

Unsecured Loans

000000000

Application of Funds

Net Fixed Assets

000326646

Investments

000017875

Net Current Assets

000057123

Misc. Expenditure

000000000

Accumulated Losses

000000000

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

Turnover

000293371

Total Expenditure

000305618

+ / - Profit/Loss Before Tax

+ 000012247

+ / - Profit/Loss after Tax

+ 000013649

Earning per Share Rs.

1.13

Dividend (%)

NIL

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

Item Code No. (ITC Code)

0008529.00

Product Description

SOFT FERRITES

Item Code No.

0008529.00

Product Description

PRE CALCINED FERRITES POWDER

Signature to Schedule 1 to 20  
As per our report of even date annexed.  
For B.K. SHROFF & CO.,  
Chartered Accountants

ANIL GUPTA  
Partner  
Place : New Delhi  
Dated: 20th April, 2009

Jyoti Verma  
Company Secretary

Ashok Jaipuria  
Chairman

Amrishi Jaipuria  
Director





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

**PROXY FORM**

I/We .....  
 of ..... being a member/members of the above named  
 Company, hereby appoint ..... of ..... in or  
 failing him/her..... of ..... as  
 my/our proxy to vote for me/us on my/our behalf at the 23<sup>rd</sup> Annual General Meeting of the Company to be held on 23 day of September, 2009  
 at 2.00 p.m. at the Registered Office of the Company at Jabli, Distt Solan H.P. and at any adjournment thereof.

Signed this ..... day of ..... 2009



Signature .....  
 Address .....  
 Regd. Folio No. ....  
 DP Id No. \* .....  
 Client Id No\* .....  
 No. of Shares .....

Note : This form in the order to be effective should be duly stamped, completed and signed must be deposited with the Company's Registered office not less than 48 hours before the time for holding the aforesaid Meeting.

\* Applicable for investors holding shares in electronic form



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

**ATTENDANCE SLIP**  
 23<sup>rd</sup> Annual General Meeting - 23<sup>rd</sup> September, 2009

Regd. Folio No ..... No of Shares .....  
 DP Id No\* ..... Client Id No.\* .....  
 Mr./Ms. ....  
 Father's/Husband's Name .....

I Certify that I am registered Shareholder / Proxy for the registered shareholder of the Company.

I hereby record my presence at the 23<sup>rd</sup> Annual General Meeting of the Company at Registered Office of the Company at Jabli, Dist. Solan, H.P.

Member's/Proxy's Name in block letters

Member's/Proxy's Signature

- Note :
- 1) Please fill in this attendance slip and hand over at the entrance of the Meeting Hall.
  - 2) Member's Signature should be in accordance with the specimen signature registered with the Company
  - 3) Please bring your copy of the Annual Report for reference at the Meeting.

\* Applicable for investors holding shares in electronic form.

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New Delhi - 110 017