



BOARD OF DIRECTORS

Mr. Ashok Jaipuria
Mr. Shreekant Somany
Mr. Rakesh Nangia
Mr. B. D. Gupta
Mr. N.K. Gupta
Mr. S. K. Mittal
Mr. Ambrish Jaipuria
Mr. B. B. Tandon

Chairman

PRESIDENT

Mr. Natrajan S. Iyer

COMPANY SECRETARY

Ms. Jyoti Verma

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:011-26862969
Email : sales@cosmoferrites.com

SALES OFFICE

30, Community Centre, Saket
New Delhi-110 017
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MFG. PLANT

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NOTICE

Notice is hereby given that the Twenty- First 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 25th day of July, 2007 at 4:00 P.M. to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the audited Profit & Loss Account for the year ended 31st March, 2007 and the Balance Sheet as at that date and the report of the Board of Directors and the Auditors of the Company thereon.
2. To declare arrears of accumulated dividend @ 15% on unlisted cumulative redeemable preference shares for the year ending 31st March, 2006.
3. To declare dividend on unlisted cumulative redeemable preference shares @ 15% for the year ending 31st March, 2007.
4. To appoint a Director in place of Mr. N.K. Gupta who retires by rotation and being eligible offers himself for reappointment.
5. To appoint a Director in place of Mr. B. D. Gupta who retires by rotation and being eligible offers himself for reappointment.
6. 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:

ITEM NO. 7

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

"RESOLVED THAT Mr. B.B. Tandon, who was appointed as Additional Director under section 260 of the Companies Act, 1956 to hold the office only upto the date of this Annual General Meeting and in respect of whom due notice in writing alongwith requisite fees under Section 257 of the Companies Act, 1956 has been received by the Company proposing his candidature for the office of Director, be and is hereby appointed as Director of the Company, liable to retire by rotation."

ITEM No. 8

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

"RESOLVED that in modification of Resolution No. 4 passed by the Members at the 20th Annual General Meeting of the Company held on 28th August, 2006 approving the appointment and terms of remuneration of Shri Ambrish Jaipuria and in accordance with the provisions of Sections

198, 269, 309, 310 and Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, the Company hereby approves the revision in the remuneration of Shri Ambrish Jaipuria, Executive Director (Business Development) for a period of three years, effective from 1st April, 2007, on the terms & conditions as stated in the explanatory statement and as set out below :

(a) Basic Salary:

Rs. 1,25,000/- (Rupees One Lac Twenty Five thousand only) per month with such annual Increment(s) as the Board may decide from time to time.

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

(b) Perquisites & Allowances:

- House Rent Allowance @ 50% of basic salary per month
- Medical allowance / re-imbusement: One month s basic salary or such allowance / re-imbusement as decided by the Board from time to time.
- Leave travel concession / allowance: One month s basic salary or as decided by the Board from time to time.
- Club Fees: Fees payable subject to maximum of two clubs or as may be decided by the Board from time to time.
- Provision for driver / driver s salary allowance: As per rules of the Company

(c) Other Benefits:

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

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

RESOLVED FURTHER THAT save and except the above variations, all other terms and conditions of appointment of Mr. Ambrish Jaipuria as approved earlier by the members, shall remain unchanged.

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



NOTES:

1. The relative explanatory statement, pursuant to Section 173(2) of the Companies Act, 1956 is annexed hereto.
2. Shareholders are requested to bring their copy of Annual Report to the Meeting.
3. 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. UNDER THE COMPANIES ACT, 1956, VOTING IS BY SHOW OF HANDS UNLESS A POLL IS DEMANDED BY A MEMBER OR MEMBERS PRESENT IN PERSON, OR BY PROXY, HOLDING AT LEAST ONE-TENTH OF THE TOTAL SHARES ENTITLED TO VOTE ON THE RESOLUTION, OR BY THOSE HOLDING PAID-UP CAPITAL OF AT LEAST RS. 50,000. A PROXY MAY NOT VOTE EXCEPT ON A POLL.
4. 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.
5. The Register of Members and share Transfer Books of the Company will be closed from Wednesday the 25th day of July, 2007 to Thursday the 26th day of July, 2007.
6. Subject to provisions of Section 206A of the Companies Act, 1956 dividend and arrears of dividend on preference shares as recommended by the Board of Directors, if declared at the meeting, will be payable on or after Thursday the 26th day of July, 2007.
7. 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.
8. 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.
9. 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, 205-208, Anarkali Market, Jhandewalan Extension, New Delhi 110 055.
10. Members / Proxy holders are requested to produce at the entrance of the Auditorium the enclosed admission slip duly completed and signed.
11. 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.
12. 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.
13. Members who have so far not claimed or collected dividends of the previous years, are requested to correspond with Ms. Jyoti Verma, Company Secretary, at the Company's registered

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
2000-01	Final Dividend	24.07.01	30.08.08
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.

14. 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.
15. 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
16. 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.

PLACE: Registered Office

By order of the Board

Jabli, Distt., Solan (HP)
173209

DATE: 17th April, 2007

Jyoti Verma
Company Secretary

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

ITEM NO. 7

Mr. B.B Tandon was appointed as additional Director on January 25, 2007 in the category of Independent, Non Executive director and would hold office upto the date of this Annual General meeting.

Mr. B.B. Tandon is CAIIB, M. A. (Economics), LLB . He was member of IAS from 1965 to 2001 , Election Commissioner of India from June 2001 to May 2005 and also the member of the Delimitation Commission from July 2002 to May 2005. He served as Chief Election Commissioner of India from May 2005 to June 2007. In Government Service he served at all senior level positions. 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. 7 by way of ordinary resolutions



Except Mr. B.B. Tandon, none of the Directors is concerned or interested in the resolution.

ITEM NO. 8

At the 20th Annual General Meeting of the Company held on 28th August, 2006, the members had approved the appointment of Mr. Ambrish Jaipuria as Executive Director (Business Development) (w.e.f. 16.01.2006) for a period of 5 years, on the remuneration as specified in the Explanatory Statement annexed to the Notice of the said meeting. Since then there has been considerable increase in the duties and responsibilities performed by him. The Board of Directors at their meeting held on 17th April, 2007, on a recommendation recommended to Remuneration Committee, to approve the proposal of revision in his remuneration with effect from 1st April, 2007, subject to the approval of the members of the Company by way of special resolution. All other terms and conditions of his appointment except that of his remuneration will remain unchanged. The remuneration committee approved the same.

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

PARTICULARS (MOTHLY)	EXISTING REMUNERATION (Amount In Rs.)	PROPOSED REMUNEARTION
BASIC SALARY	60,000	1,25,000
HRA(50% OF BASIC)	30,000	62,500
LTA	5,000	10,417
MEDICAL ALLOWANCE	5,000	10,417
PF CONTRIBUTION	7,200	15,000

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

Please note that in the abstract sent to the members u/s 302 of the Companies Act, 1956, the period for which his revised remuneration is to be effective was wrongly mentioned as 5 years in place of three years.

INFORMATION AS PER PART II SCHEDULE XIII

GENERAL INFORMATION:

- | | |
|---|--|
| 1. Nature of Industry | Manufacturing |
| 2. Date of Commencement of commercial production | N. A. |
| 3. Expected date of commencement of commercial production For Unit II | In the beginning of IInd quarter |
| 4. Financial Performance | Turnover:33 Crores,
Net Profit after Tax: 264 Lacs (Including deferred tax) |
| 5. Foreign Exchange & Net Foreign Exchange Collaboration | Foreign Exchange Inflow:Rs. 1829.99 Lacs
Foreign Exchange Outflow:Rs. 343.64 Lacs |
| 6. Foreign Investments | Nil |

INFORMATION ABOUT MR. AMBRISH JAIPURIA

- | | |
|--|---|
| 1. Background and is number of the Administration from Ohio | Mr. Ambrish Jaipuria has a Degree in Business State University, USA currently involved in a of business activities Cosmo Group. He is Mr. Ashok Jaipuria s Son. |
| 2. Past Remuneration | For 2006-07: 13.55 Lacs |
| 3. Recognition or Award | Nil |
| 4. Job Profile & Suitability Executive Director(Business a | Mr. Ambrish Jaipuria is Development). He has Degree in Business Administration from Ohio State University, USA. He has spearheaded the diversification of Cosmo Group in Bio-Diesel.. Your directors are confident that Mr. Ambrish Jaipuria as Executive Director (Business Development) will contribute in the growth & diversification of Cosmo Group. |
| 5. Proposed Remuneration | As Per above Resolution |
| 6. Comparative Remuneration Profile | The remuneration of Mr. Ambrish is Comparable with other Managerial personnel s remuneration in the Industry. |
| 7. Pecuniary Relationship with the Company or Mangerial Person remuneration. | Mr. Ambrish Jaipuria has no other Pecuniary relation with the company apart from the above mentioned |

III OTHER INFORMATION

- | | |
|---|---|
| 1. Reasons for Loss or Inadequacy of Profits: | 1. Increase in Input prices
2. Higher repair & Maintenance cost |
| 2. Steps taken or Proposed to be taken for improvement: | 1. To increase production capacity to derive the benefits of Economies of Scale |
| 3. Expected Increase in Productivity and Profits: productivity and profitability. | The Board is expecting substantial increase in |
- IV. DISCLOSURE**
- Governance Report annexed to Director's Report. Accordingly, Members approval is required by way of special resolution for the above matter.

PLACE: Registered Office
Jabli, Distt., Solan
(HP) 173209

By order of the Board

DATE: 17th April, 2007

Jyoti Verma
Company Secretary



DIRECTORS REPORT

To the Members,

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 31st March 2007

(Rs. in Lacs)

FINANCIAL RESULTS	2006-07	2005-06
Sales	3334	2966
Profit before depreciation & tax	645	365
Depreciation	264	312
Profit before Tax	381	53
Provision for current Tax	150	12
Profit after current Tax	231	41
Provision for deferred tax	(33)	(38)
Profit after deferred tax	264	79
Add:		
(a) Balance brought forward	31	4
(b) Provision for Dividend on cumulative preference shares written back	44	Nil
(c) Provision for Corporate Tax on dividend written back	6	Nil
(d) Transfer from Investment Allowance reserve	Nil	Nil
Profit available for appropriation	345	83
Add/less transfer to / from General Reserve	-	-
Profit available for distribution	345	83
APPROPRIATIONS		
Dividend-		
Interim Dividend on Pref. Shares	-	-
Equity shares	-	-
Proposed dividend on Cumulative Preference shares(Including Arrears)	88	44
Dividend Tax	12	6
Balance carried to Balance Sheet	245	33
	345	83

DIVIDEND

Your Directors have recommended 15% dividend on Cumulative Preference Shares for the financial year 2006-07 out of current year profits available for distribution subject to approval of shareholders at ensuing Annual General Meeting.

Your Directors also recommended declaration of arrears of dividend @ 15 % for financial year 2005-06 on Cumulative Preference Shares out of current year profits available for distribution subject to approval of Shareholders at the ensuing Annual General Meeting.

In view of the profits after appropriation being planned for utilization during this year in the expansion of the Company,

the directors are regretfully unable to recommend dividend on the equity shares for the year ended March 31, 2007 (previous year Nil).

DEPOSITORY SYSTEM

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

DEPOSITS

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

REVIEW OF OPERATIONS

- Total Sales Revenue is Rs 3334 lacs for the year ending 31st March 2007 (Previous Year Rs. 2966 Lacs). Powder sales volume decreased from 41 MT to 37.05 Mt and Component sales decreased from 1211 MT to 1166 MT.
- Net profit after current tax for the year have increased to Rs. 231.47 lacs compared to Rs 40.61 lacs in the previous year.

FUTURE OUTLOOK

Unit II with a capacity of 450 MT Per annum of soft ferrites component is being set up at Jabli. The commercial production is expected to commence in the beginning of the second quarter of current year.

DIRECTORS

Mr. B.B. Tandon was appointed as an additional director of the Company on 25th day of January, 2007 and he will hold office upto the date of forthcoming Annual General Meeting. The Company has received notice from a member, as required under section 257 of the Companies Act, 1956, expressing his intention to propose the name of Mr. Tandon for office of director of the Company.

REAPPOINTMENT OF DIRECTOR RETIRING BY ROTATION

Mr. N. K. Gupta and Mr. B. D. Gupta 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:

- (i) In the preparation of the annual accounts, applicable accounting standards have been followed;
- (ii) 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 31st March, 2007 and of the profit of the Company for the year ended on that date.
- (iii) Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) The annual accounts of the company have been prepared on a going concern basis

CORPORATE GOVERNANCE

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

TRADE RELATIONS

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

PERSONNEL

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

APPRECIATION

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 others associated with your company. Your company regards them as partners in its journey of growth and progress.

FOR AND ON BEHALF OF THE BOARD

17th April, 2007
New Delhi

ASHOK JAIPURIA
CHAIRMAN

ANNEXURE TO THE DIRECTORS REPORT

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

CONSERVATION OF ENERGY

- A. Energy conservation measures taken
 - Training, education and Motivation of Plant Personnel in minimizing misuse of Light, fan and running of Plant & Machinery
- B. Additional investments and proposals, if any, being implemented for reduction of consumption of energy
 - Integration of two separate Nitrogen Plants to run as single unit to consume about 90 HP instead of 150 HP
- C. Impact of the measures at A and B for reduction of energy consumption and consequent impact of the cost of production of goods.
 - Power & Fuel costs as % of Turnover improved to 10.1 % in the current year from 11.3 % in the previous year.
- D. Total energy consumption and energy consumption per unit of production as per prescribed Form 'A' - Not Applicable.

TECHNOLOGY ABSORPTION

- (i) Research & Development
 - a) Specific areas in which R & D carried out by the Company
 - Developed and commercialized high permeability material with improved performance over wide frequency Range up to 400kHz, for filter applications.
 - Developed and commercialized medium permeability material with high Q, low relative loss factor and higher curie temperature material for lighting applications
 - Developed low power loss material for higher frequency (> 300 KHZ) power applications Product (geometry) range enhanced.
 - Developed medium permeability power material with high saturation magnetization for high end audio applications which is currently under commercialization.
 - b) Benefits derived as a result of above R&D
 - Entry into new products, new powder business & telecom applications.
 - Opportunity of getting business from major OEMs in EMI market segment.
 - c) Future plan of action
 - Material development for Low power loss for wide temperature application (high end low power loss applications) and high permeability
 - d) R & D Expenditure

- Capital	Nil
- Recurring	Rs. 119.90 Lacs
- Percentage of Turnover	3.60 %



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

B) FOREIGN EXCHANGE EARNINGS AND OUTGO

- a) Activities
- New customers added in Europe and Asia .
 - Exports during the year aggregated to 58 % of total sales.
- b) Foreign Exchange Earned- Rs. 1829.99 Lacs
Foreign Exchange Outgo- Rs. 343.64 Lacs

On behalf of the Board

17th April, 2007
New Delhi

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, 2007

Mr. N.S. Iyer	President
1. Gross Annual Remuneration	Rs. 30,01,488/
2. Qualification	B. Tech, PGDM
3. Experience	30 Years
4. Date of Joining	22.11.2005
5. Age	53 Years
6. Last Employment	Motherson Sumi Systems Ltd.
7. Last Designation	Sr. Vice President

Notes:

- (a) Remuneration is as defined under Section 198 of the Companies Act, 1956.
- (b) Mr. Iyer is not related to any director or manager of the Company.
- (c) The conditions of employment are contractual and are terminable as per agreement of employment.
- (d) The designations represent the nature of duties performed by the employee.

MANAGEMENT DISCUSSION AND ANALYSIS

Sales Performance

The company's net sales increased from Rs 2786 Lacs in FY 2005-06, to Rs 3118 lacs in the current financial year 2006-07, a growth of 12 %. Powder sales declined by Rs 6 Lacs, domestic component sales increased by Rs 281 Lacs, export component sales increased by 24 Lacs and traded product sales increased by 33 Lacs. Despite hardly any increase in sales tonnages, increase in revenues was achieved on account of significantly improved realisations per ton, by virtue of improved product mix, i.e. higher value added products being included in the sales. There was an overall 16 % improvement in the price realisation on component sales. Export and Deemed Export revenue remained at around 58 % of the total revenue.

Costs

Price of zinc oxide, a major ingredient in the raw material mix for ferrites, continued upward trend. After a 65% increase last year, the prices further increased by 27 % during FY 06-07. This was a significant factor in the increase in input costs by 11 %. Other than this factor and a 10 % increase in employee costs, all other costs were contained at previous year's levels. Conversion ratios were improved resulting in overall production cost increase being contained at 6 %.

Growth Strategy

Our strategies for the current year include:

- ✘ Increase material usage efficiencies by improving input-output ratios, improving energy consumption efficiencies and productivity of all assets.
- ✘ Improving sales realizations of existing products.
- ✘ Introducing newer and higher value-added products.
- ✘ The expansion project is expected to go on stream in phased manner over course of this financial year. This will yield not only higher capacity for current products but also, in the latter part of the year, the capability for products in higher material grades heretofore not possible with existing equipment.

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 risk 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 Zinc 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. 3118 lacs as on 31st March, 2007 (Previous Year Rs. 2786 lacs).

Exports during the year aggregated to 58.25 % of total sales.

R & D

- a) Developed High permeability with improved performance upto 400kHz for high end EMI applications & new customer added with this powder material.
- b) Low power loss material upto (<300kHz) applications Product range enhanced.
- c) Product basket in 10K permeability ferrites enhanced.
- d) Future directions in Power ferrites & High permeability ferrites (with improved performance)
- e) Factors over Temperature, Frequencies etc is clearly understood and taken up for the year 2007-08 development plans.

Finance Costs

Finance costs are more or less same as compared to previous year (109.94 Lac in FY 2006-07 Compare to 110.70 Lac last year). Expected reduction in finance cost could not be achieved mainly due to increased borrowing for the expansion project of unit-II.

Provision of Tax

The company has made a provision of Rs 151.24 lacs towards income tax.

Reserves & Surplus

The reserves & surplus of the Company are Rs. 628.19 Lacs as on 31st March, 2007 (Previous Year Rs 414.13 Lacs)

Debt Profile

Total secured debts has gone up from Rs 940.55 lacs as on March 2006 to Rs. 1335.50 lacs as on March 2007.

Receivables

Percentage of Receivable to turnover improved to 10.04% in the current year from 12.14% the previous year.

Manufacturing costs

Percentage of manufacturing costs to turnover has decreased by 4% in comparison to the previous year in spite of increase in prices of raw materials like Zinc Oxide & Ferric Oxide. Moreover, power & fuel cost has also decreased by 1.3% to the previous year.

Inventories

Percentage of inventories to turnover increased to 13.80 % the previous year of 12.4 %. This is mainly due to increased of stores and spares, kiln refractory for refurbish of Double channel old redhammer kiln. However, Raw material inventories to turnover decreased to 2.5 % from 3.1% of previous year.

Human Resources Development

The number of regular workers employed were 249 (Previous Year 247). The number of staff employed was 94 (Previous Year 81).



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 other interest group setting out guidelines for more effective and new quality of performance, changing the face of relation between the board and executive officers. Your Company is committed to adopting the best global practices of Corporate Governance. The philosophy of Corporate Governance as manifested in the Company's functioning is to achieve business excellence by enhancing long-term shareholders value and interest. 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.

Name	Executive / Non-executive / Independent	No. of other Directorships Held	No. of Chairmanships / Memberships of other Board Committees
Mr. Ashok Jaipuria	Non-executive Chairman	3	Membership - Chairmanship 2
Mr. S. K. Mittal	Non-executive- Non independent	2	3 -
Mr. Shreekant Somany	Non-executive, Independent	10	1 -
Mr. Rakesh Nangia	Non-executive, Independent	2	- -
Mr. B. D. Gupta	Non-executive, Independent	3	- 1
Mr. N. K. Gupta	Non-executive, Independent	1	- -
Mr. Ambrish Jaipuria	Executive Director, Non Independent	3	-
Mr. B.B. Tandon	Non-executive, Independent	6	3 1

NOTE:

- (i) 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.
- (ii) Mr. B.B. Tandon has been appointed as Additional Director w.e.f. 25th January, 2007.
- (iii) None of the Directors is a member of more than 10 Board-level committees of public ltd. 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 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 MEETING HELD DURING THE F.Y 2006-07 AND ATTENDANCE OF DIRECTORS

DIRECTOR	12TH APRIL, 2006	20TH JULY, 2006	25TH OCT., 2006	25TH JAN. 2007
MR. ASHOK JAIPURIA	YES	YES	YES	YES
MR. S.K.MITTAL	NO	NO	YES	YES
MR. SHREEKANT SOMANY	YES	NO	NO	YES
MR. B.D. GUPTA	YES	YES	NO	YES
MR. N.K.GUPTA	YES	NO	YES	YES
MR. RAKESH NANGIA	YES	YES	YES	YES
MR. AMBRISH JAIPURIA	YES	YES	YES	YES
MR. B.B. TANDON	N.A	N.A	N.A	YES

ATTENDANCE AT AGM

Following Directors attended the AGM held on 28th August, 2006 at JABLI

Mr. Ambrish Jaipuria
Mr. Rakesh Nangia



4. DISCLOSURE REGARDING APPOINTMENT AND RE-APPOINTMENT OF DIRECTORS

- a) Mr. B.B. Tandon has been appointed as Additional Director in the category of Independent Non Executive Director by the Board of Directors w.e.f. 25-01-2007 subject to approval of shareholders at the ensuing Annual General Meeting.
- b) Mr. N. K. Gupta and Mr. B. D. Gupta, are liable to retire by rotation and being eligible offers themselves for reappointment at the ensuing Annual General Meeting. Pursuant to the requirements of the Listing agreement with Stock Exchanges, 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, 2007 other than those listed in Note No. 12 in Schedule 20 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 four board-level committees:

- Audit Committee.
- Share Transfer and Investor Grievance Committee.
- Operations Review 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.

Terms of reference of the Audit Committee are as per the guidelines set out in the listing agreements with the Stock Exchanges that inter alia includes:

- a) The oversight of the Company's financial reporting processes and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- b) Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditors and the fixation of the audit fees.
- c) Approval of the payment to statutory auditors for any other services rendered by the statutory auditors.
- d) Review with the management the annual financial statements before submission to the Board, with particular reference to:
 - Matters required to be included in the Director's responsibility statement to be included in the Board's report in terms of clause(2AA) of section 217 of the Companies Act, 1956.
 - Any changes in accounting policies and practices and reasons for the same.
 - Major accounting entries based on exercise of 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 four members and every member of the Committee possesses a strong financial management and accounting background. The Audit committee was reconstituted on Jan 29, 2004. The members of the reconstituted Committee are as follows:

- Mr. B. D. Gupta (Chairman)
- Mr. Rakesh Nangia
- Mr. S. K. Mittal
- Mr. N. K. Gupta

➤ MEETINGS AND ATTENDANCE DURING THE YEAR

The Audit Committee met four times during the year- on 12th April, 2006, 20th July, 2006, 25th October, 2006, and 25th January, 2007. 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 Director	No. of Meetings attended
Mr. B. D. Gupta	3
Mr. Rakesh Nangia	4
Mr. S. K. Mittal	2
Mr. N. K. Gupta	3

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 interalia include looking into the investors complaints on transfer of shares, non receipt of declared dividends etc and Redressal thereof.

➤ COMPOSITION OF THE COMMITTEE

The committee was reconstituted on January 29, 2004. The members of the reconstituted committee are as follows:

- Mr. Shreekant Somany (Chairman)
- Mr. Rakesh Nangia
- Mr. S. K. Mittal
- Mr. Ambrish Jaipuria

➤ MEETING AND ATTENDANCE DURING THE YEAR

The Committee met four times during the year on 12th April, 2006, 20th July, 2006, 25th October, 2006 and 25th January, 2007.

Name of the Director	No. of Meetings attended
Mr. Shreekant Somany	2
Mr. S. K. Mittal	2
Mr. Rakesh Nangia	4
Mr. Ambrish Jaipuria	4

➤ COMPLIANCE OFFICER

The Compliance Officer of the Company was Mr. Nitin Mittal, Company Secretary till 4th December, 2006. He has resigned from the Company w.e.f. the above date. Ms. Jyoti Verma is been appointed as Company Secretary /Compliance Officer of the Company w.e.f. 15th January, 2007.

➤ 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 31/03/2007.

3. OPERATIONS REVIEW COMMITTEE

➤ Terms of reference

The Operations Review Committee has mandate to provide inputs on strategic and performance-related issues. The Operations Review Committee was reconstituted on 29th January 2004, and the members of the reconstituted committee are as follows:

- Mr. Ashok Jaipuria (Chairman)
- Mr. N. K. Gupta
- Mr. B. D. Gupta
- Mr. S. K. Mittal
- Mr. Ambrish Jaipuria



➤ MEETING AND ATTENDANCE DURING THE YEAR

There was no meeting of this committee during the year.

4. REMUNERATION COMMITTEE

➤ TERMS OF REFERENCE

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

➤ COMPOSITION

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

➤ MEETING DURING THE YEAR

There was no meeting of the committee during the financial year 2006-07.

C. MANAGEMENT DISCUSSION AND ANALYSIS

The Management Discussion and Analysis has been discussed in detail and is Annexed to this Report.

D. REMUNERATION POLICY

(i) Non-Executive Directors

Non-executive directors are paid only Sitting Fees for attending the meetings of the Board of Directors and Committee thereof within the prescribed limits.

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

Name of the Director	Sitting Fees (Total Amount for the year 2006-07) In Rs.
Mr. Ashok Jaipuria	-
Mr. S. K. Mittal	-
Mr. Shreekant Somany	12000
Mr. Rakesh Nangia	36000
Mr. N. K. Gupta	18000
Mr. B. D. Gupta	18000
Mr. B.B. Tandon	3000
Mr. Ambrish Jaipuria	-

(ii) Executive Directors

Mr. Ambrish Jaipuria was appointed as an Executive Director (Business Development) w.e.f. 16th January, 2006 with approval of members taken in the Last AGM held in August, 2006. The following remuneration was paid during the Financial year 2006-07:

Particulars of Remuneration	Amount (In Rs.)
Salary	7,20,000 (Basic)
HRA	3,60,000
LTA	60,000
Perquisites	Nil

Provident & other funds	86,400
Superannuation	93,600
Gratuity	34,615
Total	13,54,615
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

C. 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	87,400
Mr. S. K. Mittal	-
Mr. Shreekant Somany	-
Mr. Rakesh Nangia	-
Mr. N. K. Gupta	-
Mr. B. D. Gupta	-
Mr. B.B. Tandon	-

G. CORPORATE GOVERNANCE POLICIES

Cosmo has defined a policy framework for ethical business conduct by its personnel.

The Board of Directors adopted the following policies on January 29, 2004 with immediate effect

1. COMPENSATION POLICY FOR NON-EXECUTIVE DIRECTORS

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

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

2. CODE OF CONDUCT

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

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

I hereby declare all Board members and senior management personnel have affirmed compliance with the code of conduct for the current year.

Mr. Natarajan Slyer
President & CEO



1. WHISTLEBLOWER POLICY

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

H. INFORMATION TO SHAREHOLDERS

1. REGISTERED AND CORPORATE OFFICE

Registered Office

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

Corporate Office

30 Community Centre,
Saket, New Delhi - 110 017
Phone : +91 11 26863968 / 26863969
Fax : +91 11 26868093 / 26862969

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
2003-04	Jabli, Dist. Solan (H.P.) 173209	24.08.04
2004-05	Jabli, Dist. Solan (H.P.) 173209	31.05.05
2005-06	Jabli, Dist Solan (H.P) 173209	28.08.06

1. FINANCIAL CALENDER

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

Financial reporting for the quarter ending June 30, 2007	July 2007
Financial reporting for the quarter ending September 30, 2007	October 2007
Financial reporting for the quarter ending December 31, 2007	January 2008
Financial reporting for the quarter ending March 31, 2008	April 2008

1. WEBSITE

The company's Web site is www.cosmoferrites.com

2. DIVIDEND

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

Year	Final dividend %	Total dividend (Rs.)
2000-01	20%	240.6 Lacs
2001-02	11%	132 Lacs

1. LISTING ON STOCK EXCHANGES

Company's shares are currently listed on the following Stock Exchanges:

Name of the Exchange	Stock Code
-The Stock Exchange, Mumbai	(523100)
-The Stock Exchange, Calcutta	(13167)

The Company has applied for delisting approval to Calcutta Stock Exchange. No formal approval since date is received.

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 124B01018.

9. ANNUAL LISTING FEE

Annual Listing Fee for the year 2006-07 has been paid to each of the above Stock Exchanges. There are no arrears of listing fees with any of the said Stock Exchanges till date.

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). 79.77 % of equity share capital (95,95,874 equity shares) has been dematerialized as on 31st March, 2007.

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 41540060-63
Fax: +91 11 41540064

Contact Person: Mr. J.P Rastogi / Mr. Maurya

Following is the Procedure for Transfer of Physical Share Certificates.

- Share certificate received at the Registrars 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 and Grievances to:

Mail: Company Secretary\Compliance Officer,
Cosmo Ferrites Limited,
P.O. Jabli, District Solan
Himachal Pradesh-173209
Phone: 91-1792-277235 Extn:265
Fax: 91-1792-277234
E-mail: jyoti_v@cosmoferrites.com
plant@cosmoferrites.com

13. INVESTOR COMMUNICATION

The Company is sending Quarterly Investor Newsletter after adoption of Quarterly financial results by the Board. The newsletter is also being posted on our website www.cosmoferrites.com. 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.

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, 2007.

16. POSTAL BALLOT

Only One special resolution was passed during the three previous AGM. No resolution was passed through postal ballot.

17. ANALYSIS OF SHAREHOLDERS COMPLAINTS RECEIVED DURING 2006-07

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

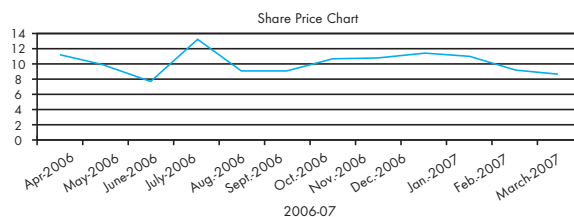
The status of complaints received and replied/ disposed off during the year 2006-07 is as follows:

Nature of Complaints	Received	Replied
Non-receipt of dividend warrants and revalidation of dividend warrants	7	7
Non-receipt of share certificate after transfer	1	1

18. SHARE PERFORMANCE CHART

Price on the Mumbai Stock Exchange on the closing date of month.

Month	BSE Share Price(Rs.)
April 2006	11.25
May 2006	9.75
June 2006	7.76
July 2006	13.07
August 2006	9.06
September 2006	9.11
October 2006	10.63
November 2006	10.76
December 2006	11.48
January 2007	11.00
February 2007	9.30
March 2007	8.60





19. DISTRIBUTION OF SHAREHOLDING AS ON MARCH 31, 2007

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, 2007		March 31, 2006	
	Number of Shares	% Holding	Number of shares	% Holding
Promoters	7430125	61.763	7486575	62.233
Person acting in concert	Nil	Nil	Nil	Nil
Institutional Investors	187400	1.558	187400	1.558
Others	4412475	36.679	4356025	36.209
Total	12030000	100.00	12030000	100.00

Distribution of shareholding according to the number of shares held on March 31, 2007:

S.No.	No. of equity shares held	As on 31st March, 2007				As on 31st March, 2006			
		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	5235	81.251	941788	7.829	5638	82.055	1040110	8.646
2	5001 to 10000	590	9.157	521566	4.336	610	8.878	542317	4.508
3	10001 to 20000	253	3.927	419123	3.484	268	3.9	451532	3.753
4	20001 to 30000	138	2.142	356237	2.961	132	1.921	346976	2.884
5	30001 to 40000	50	0.776	182849	1.52	49	0.713	176570	1.468
6	40001 to 50000	51	0.792	245298	2.039	50	0.728	241098	2.004
7	50001 to 100000	69	1.071	508566	4.227	68	0.99	501432	4.168
8	100001 and above	57	0.085	8854573	73.604	56	0.815	8729965	72.568
	Total	6443	100	12030000	100	6871	100	12030000	100

20. MONTHLY HIGH-LOW

Monthly high and low quotations as well as volume of shares traded on Mumbai Stock Exchange is:

Month	BSE		
	High (Rs.)	Low (Rs.)	No. of Shares traded
April 2006	14.00	9.90	324818
May 2006	14.20	8.10	328254
June 2006	10.40	6.42	184434
July 2006	13.20	6.15	493586
August 2006	15.90	9.00	1175033
September 2006	9.88	8.76	153848
October 2006	11.48	9.01	202323
November 2006	11.73	9.80	240601
December 2006	11.73	10.00	217543
January 2007	12.89	10.75	269511
February 2007	11.70	9.00	181902
March 2007	9.76	7.72	166534
TOTAL			3938387



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 been transferred to the Investor Education and Protection Fund established by the Central Government under Section 205C of the Companies Act, 1956. 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
2000-01	Final Dividend	24.07.01	30.08.08
2001-02	Final Dividend	30.08.02	06.10.09

22. COMPLIANCE WITH SEBI (PROHIBITION OF INSIDER TRADING) REGULATION, 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	March 15, 2006 to April 14, 2006	Consideration of Audited Financial Results for the quarter ended March 31, 2006
2	June 15, 2006 to July 22, 2006	Consideration of Audited Financial Results for the quarter ended June 30, 2006
3	September 15, 2006 to 27 October, 2006	Consideration of Audited Financial Results for the quarter ended September 30, 2006
4	December 15, 2006 to 27 January, 2007	Consideration of Audited Financial Results for the quarter ended December 31, 2006

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

We have complied with the Mandatory requirements and the status of compliance with the Non-mandatory requirement is 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.
4.	Audit Qualifications	Nil
5.	Training of Board Members	No formal training during the year.
6.	Mechanism for evaluating non-executive Board members	Done by Chairman in consultation with other Directors.
7.	Whistle Blower Policy	Implemented by the company



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

NEWLY APPOINTED DIRECTOR:

NAME	MR. BRIJ BEHARI TANDON
DOB	30TH JUNE 1941
QUALIFICATION	CAIIB, M.A ECO, L.L.B
EXPERTISE	IAS, FORMER CHIEF ELECTION COMMISSIONER OF INDIA
OTHER DIRECTORSHIP	1. NAGARJUNA FERTILIZERS & CHEMICALS LTD 2. LOTUS INFRABUILD LTD. 3. PRECISION PIPES & PROFILES LTD 4. SAGAR SUGARS AND ALLIED PROUDUCTS PVT. LTD. 5. AMBUJA CEMENT FOUNDATION 6. ADANI POWER PRIVATE LTD.
COMMITTEE MEMBRSHIP IN OTHER COMPANIES	1. NAGARJUNA FERTILIZERS & CHEMICALS LTD Asset Sale Management Committee-Member 2. PRECISION PIPES & PROFILES LTD: Remuneration Committee-Chairman Share Transfer & Investor Grievance Committee-Member Audit Committee- Member
SHAREHOLDING PROPOSED TO BE APPOINTED AS	NIL NON EXECUTIVE INDEPENDENT DIRECTOR

DIRECTOR RETIRING BY ROTATION

NAME	MR. N.K.GUPTA	MR. B.D. GUPTA
DOB	15th APRIL, 1938	8TH NOV. 1936
QUALIFICATION	BE(ELECTRICAL), B.SC	M.COM, ICWA
EXPERTISE	GENERAL, STRATEGIC & PROJECT MGT., TURNAROUND STRATEGY ETC.	FINANCIAL CONSULTANCY, INVESTMENT BANKING ETC.
OTHER DIRECTORSHIP	AUTHURA FINANCIAL SERVICES (P) LTD.	1. METAL JUNCTION.COM PVT. LTD. 2. JINDAL STAINLESS LTD. 3. KLG SYSTELS LTD.
COMMITTEE MEMBRSHIP IN OTHER COMPANIES	NIL	CHAIRMAN AUDIT COMMITTEE OF -METAL JUNCTION.COM PVT. LTD.
SHAREHOLDING IN COMPANY PROPOSED TO BE APPOINTED AS	NIL DIRECTOR RETIRING BY ROTATION	NIL DIRECTOR RETIRING BY ROTATION

CERTIFICATE FROM CEO, AND FINANCE HEAD UNDER CLAUSE 49 V OF THE LISTING AGREEMENT

We, the undersigned hereby certify that :

- We have reviewed financial statements and the cash flow statement for the year and that to the best of our knowledge and belief:
 - these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - 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.
- 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.
- 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.
- We have indicated to the auditors and the Audit committee
 - significant changes in internal control over financial reporting during the year;
 - 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
 - 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.

N. S. IYER
PRESIDENT & CEO

ASHISH GARG
AM-FINANCE

PLACE: Jabli, H.P.



DATE: 17 April, 2007

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 his 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: Jabli, H.P.

DATE: 17th April, 2007

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 31st March 2007 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

12th April, 2007
New Delhi

Anil Gupta
Partner



AUDITORS REPORT
To The Members of Cosmo Ferrites Limited

1. We have audited the attached Balance Sheet of Cosmo Ferrites Limited, as at 31st March, 2007 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 misstatement. 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 account as required by law have been kept by the company so far as appears from our examination of those books;
 - iii) The Balance Sheet, Profit & Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account ;
 - iv) In our opinion, the Balance Sheet, Profit & Loss Account and the Cash Flow Statement comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ;
 - v) On the basis of written representations received from the directors and taken on record by the board of directors, we report that none of the directors is disqualified as on 31-03-2007 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 case of the Balance Sheet, of the state of affairs of the company as at 31st March, 2007;
 - b. in the case of the Profit & Loss Account, of the profit for the year ended on that date ;and
 - c. in the case of cash flow statement of the cash flows for the year ended on that date.

For B.K.Shroff & Co.
Chartered Accountants

Date : 17th April, 2007
Place: New Delhi

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. During the year the company has not disposed off any substantial part of its fixed assets.
- c) 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) a) 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.
- b) The company has neither granted or 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. 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 31.03.2006 for a period of more than six months from the date they became payable. 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	CIT Appeals
Central Excise Act, 1944	Differential Duty & Penalty	27,62,007	Jan 2000 to Nov 2004	Commissioner of Central Excise (Appeals)

- (x) ~~The company does not have any accumulated losses at the end of the financial year nor has it incurred any cash loss during the financial year covered by our audit and in the immediately preceding financial year.~~
- (xi) In our opinion and according to the information and explanations given to us the company has not defaulted in repayment of dues to a financial institution or bank or debentureholders.
- (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 the 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 Companies Act, 1956.
- (xix) According to the information and explanations given to us during the year the 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 explanations given to us no fraud on or by the company has been noticed or reported during the course of our audit.

Place: New Delhi
Date: 17th April, 2007

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



BALANCE SHEET

As at 31st March, 2007

	Schedule		Current Year Rs. 000		Previous Year Rs. 000
SOURCES OF FUNDS					
SHAREHOLDERS FUNDS					
Share Capital	1	149725		149725	
Reserves & Surplus	2	<u>62819</u>	212544	<u>41431</u>	191156
LOAN FUNDS					
Secured Loans	3	133550		94055	
Unsecured Loans	4	<u>-</u>	133550	<u>8078</u>	102133
DEFERRED TAX LIABILITY					
	5		<u>56840</u>		<u>60114</u>
			<u>402934</u>		<u>353403</u>
APPLICATION OF FUNDS					
FIXED ASSETS					
Gross Block	6	613845		596896	
Less: Depreciation		<u>345616</u>		<u>322752</u>	
		268229		274144	
Add: Capital work in progress		<u>28267</u>	296496	<u>1911</u>	276055
INVESTMENTS					
	7		17875		17875
CURRENT ASSETS, LOANS & ADVANCES					
Inventories	8	46117		37362	
Receivables	9	35093		36015	
Cash & Bank Balances	10	18999		8725	
Loans & Advances	11	<u>48474</u>		<u>22184</u>	
		<u>148683</u>		<u>104286</u>	
LESS: Current Liabilities & Provisions					
Current Liabilities	12	30248		32710	
Provisions	13	<u>30392</u>		<u>12884</u>	
		<u>60640</u>		<u>45594</u>	
NET CURRENT ASSETS			88043		58692
MISCELLANEOUS EXPENDITURE					
(To the extent not written off or adjusted)	14		520		781
			<u>402934</u>		<u>353403</u>
NOTES ON ACCOUNTS					
Schedules 1 to 20 form an integral part of the accounts	20				

As per our report of even date annexed

For B.K. SHROFF & CO.,
Chartered Accountants

Partner
Anil Gupta
Place : New Delhi
Dated: 17th April, 2007

Jyoti Verma
Company Secretary

Ashok Jaipuria
Chairman

Ambrish Jaipuria
Director



PROFIT & LOSS ACCOUNT

For the year ended 31st March ,2007

	Schedule	Current Year Rs. 000	Previous Year Rs. 000
INCOME			
Turnover (Gross)		333381	296635
Less:Excise Duty		<u>21525</u>	<u>17976</u>
Turnover (Net)		311856	278659
Other Income	15	4682	3573
Increase(Decrease) in Stocks	16	<u>(150)</u>	<u>1249</u>
		<u>316388</u>	<u>283481</u>
EXPENDITURE			
Purchases- Traded goods		6265	3306
Manufacturing & Other expenses	17	221255	214496
Selling & Distribution expenses	18	13338	18119
Finance charges	19	10993	11070
Depreciation		<u>26434</u>	<u>31234</u>
		<u>278285</u>	<u>278225</u>
Profit before Taxation		38103	5256
Excess provision for tax written back		<u>168</u>	-
		<u>38271</u>	<u>5256</u>
Provision for			
- Current Tax (including Rs. 4.10 Lacs for earlier year)		14478	280
- Fringe Benefit Tax		646	915
- Deferred Tax		<u>(3274)</u>	<u>(3,855)</u>
Profit after Tax		26421	7916
Add : Provision for Dividend on cumulative Pref. Shares written back		4414	-
Add : Provision for Dividend Tax for earlier years written back		<u>619</u>	-
		31454	7916
Balance brought forward		<u>3108</u>	<u>369</u>
Profit available for appropriation		<u>34562</u>	<u>8285</u>
Provision for Proposed Dividend on Cummulative Preference Shares (including arrears)		8828	4414
Corporate Tax on Dividend		1238	763
Surplus carried to Balance Sheet		<u>24496</u>	<u>3108</u>
		<u>34562</u>	<u>8285</u>
EARNINGS PER SHARE			
(note I(p) and note 15 schedule 20)			
Basic		1.78	0.24
Diluted		1.78	0.24

NOTES ON ACCOUNTS 20
Schedule 1 to 20 form an integral part of the accounts
As per our report of even date annexed

For B.K. SHROFF & CO.,
Chartered Accountants

Partner
Anil Gupta
Place : New Delhi
Dated: 17th April, 2007

Jyoti Verma
Company Secretary

Ashok Jaipuria
Chairman

Ambrish Jaipuria
Director



Cash flow statement for year ended 31st March 2007

Particulars	Schedules	Current Year Rs. 000	Previous Year Rs. 000 A.
A. Cash Flow from Operating Activities			
Net Profit before tax		38103	5,256
Adjustments for :			
Depreciation		26434	31,234
Dividend		(2200)	(1,952)
Interest paid		9348	8,455
Miscellaneous expenditure written off		261	261
Loss on sale of fixed assets		1007	57
Operating profit before working capital changes		<u>72953</u>	<u>43,311</u>
Adjustment for :			
Trade & Other receivables		(4079)	(4,924)
Inventories		(8756)	(7,720)
Trade payables & other liabilities		(820)	5,987
Cash generated from operations		<u>59298</u>	<u>36,654</u>
Interest paid		(9348)	(8,666)
Direct Taxes paid		(14943)	(7,052)
Dividend paid		-	(17,112)
Net cash from operating activities		<u>35007</u>	<u>3,824</u>
B. Cash Flow from Investing Activities			
Purchase of fixed assets (including capital advance)		(59043)	(16,781)
Sale of fixed assets		919	983
Dividend received		2200	1,952
Net cash used in investing activities		<u>(55924)</u>	<u>(13,846)</u>
C. Cash Flow from Financing Activities			
Proceeds from Issuing shares or other equity instruments		-	(29,425)
Proceeds from long term borrowings		46313	50,000
Repayments of long term borrowings		(15879)	(30,585)
Increase in bank borrowings		8835	20,660
Decrease in unsecured loans		(8078)	(8,862)
Cash flow from financing activities		<u>31191</u>	<u>1,788</u>
Net increase in cash and cash equivalents		10274	(8,234)
Cash and Cash equivalents (Opening Balance)		8725	16,959
Cash and Cash equivalents (Closing Balance)		18999	8,725

NOTE: Figures in parentheses represent cash outflow

NOTES ON ACCOUNTS

20

Schedules 1 to 20 form an integral part of the accounts

As per our report of even date annexed

For B.K. SHROFF & CO.,

Chartered Accountants

Partner

Place : New Delhi

Dated:

Jyoti Verma
Company Secretary

Ashok Jaipuria
Chairman

Ambrish Jaipuria
Director



	Current Year Rs. 000	Previous Year Rs. 000
1. SHARE CAPITAL		
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
2,94,250 (previous year 2,94,250) Preference Shares of Rs. 100 each	<u>29425</u>	<u>29425</u>
Shares of Rs. 100 each	<u>149725</u>	<u>149725</u>

2. RESERVES & SURPLUS

	As at 01.04.2006 Rs. 000	Addition Rs. 000	Deduction Rs. 000	As at 31.03.2007 Rs. 000
Capital Reserve	5188	-	-	5188
General Reserve	3710	-	-	3710
Preference Share Capital Redemption Reserve	29,425	-	-	29425
Profit & Loss Account	3108	21388	-	24496
	<u>41431</u>	<u>21388</u>	<u>-</u>	<u>62819</u>

3. SECURED LOANS

From Banks			
Term Loan			
foreign currency	28099		-
Working Capital Term Loans	62494		60000
Cash Credit/ Working Capital Demand Loans	41497		31320
Hire Purchase Finance	1168		2510
From Others			
Hire Purchase Finance	292		225
	<u>133550</u>		<u>94055</u>

Term Loans/ Working Capital 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. Loans of Rs 41497 thousands (previous year Rs 36815 thousands). Cash credit / working capital demand loans from banks are secured by hypothecation of inventories and book debts and further secured by way 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.

4. UNSECURED LOANS

Short Term Loans and Advances		
From a Bank		8078
-External Commercial Borrowing	<u>-</u>	<u>8078</u>

5. DEFERRED TAX LIABILITY

As per last Balance sheet	60114	63969
Add : Created during the year	<u>(3274)</u>	<u>(3855)</u>
	<u>56840</u>	<u>60114</u>

6. FIXED ASSETS

Particulars	GROSS BLOCK			DEPRECIATION			NET BLOCK			
	As at 01.04.2006 Rs. 000	Additions Rs. 000	Sales / Adjustments Rs. 000	As at 31.03.2007 Rs. 000	Upto 31.03.2006 Rs. 000	For the year Rs. 000	Adjustment Rs. 000	Total Rs. 000	As at 31.03.2006 Rs. 000	As at 31.03.2007 Rs. 000
Land & Site Development	1926	-	-	1926	-	-	-	-	1926	1926
Buildings	40005	54	-	40049	14932	1337	-	16269	23790	25073
Plant, Machinery & Office Equipment*	544794	21811	3970	562635	304780	24319	3160	325939	236696	240016
Furniture, Fixture & Fittings	2749	238	30	2957	1599	162	24.00	1737	1220	1151
Vehicles	7422	344	1498	6268	1444	615	388	1671	268229	274144
Previous year	596896	22447	5498	613845	322755	26433	3572	345616		
Capital work in progress	580485	17575	1164	596896	291642	31234	124	322752	28267	1911
									296496	276055

* Includes Rs. 594 thousands (Previous year Rs.458 thousands) on account of exchange difference.





	No. of Shares		Current Year	Previous Year
	Current Year	Previous Year		
7. INVESTMENTS				
Long Term Investments-Trade				
(Fully paid equity shares of Rs. 10 each)				
Quoted				
Cosmo Films Ltd.	5,50,000	5,50,000	<u>17875</u>	<u>17875</u>
			<u>17875</u>	<u>17875</u>
Aggregate market value of quoted investments			<u>40342</u>	<u>38252</u>
8. INVENTORIES				
As taken, valued and certified by the management				
Raw Materials (including in transit				
Rs. Nil (previous year Rs.832743)			8556	9252
Stores & spares (including in transit				
Rs. 7346 (previous year Rs.356342)			18026	8425
Stock in Process			9215	14589
Finished goods (including in transit				
Rs. 6384809 previous year Rs. 3664229)			<u>10320</u>	<u>5096</u>
			<u>46117</u>	<u>37362</u>
9. RECEIVABLES				
(Unsecured)				
Exceeding six months				
Considered good			611	356
Considered doubtful			<u>89</u>	<u>2401</u>
			700	2757
Less: Provision for doubtful debts			<u>89</u>	<u>2401</u>
			611	356
Others - considered good			<u>34482</u>	<u>35659</u>
			<u>35093</u>	<u>36015</u>
10. CASH AND BANK BALANCES				
Cash in hand			135	399
Balances with Scheduled Banks				
In Current Account			5432	3932
In Fixed Deposit/Margin Money Account			<u>13432</u>	<u>4394</u>
			<u>18999</u>	<u>8725</u>
11 LOANS AND ADVANCES				
(Unsecured - Considered good)				
Loans - to Staff			89	172
Interest accrued on loans and deposits			107	354
Advances for Capital Assets			10176	-
Advances (recoverable in cash or in kind or for value to be received)			8616	6060
Balances with Central Excise/Customs			2825	1515
Security Deposits			4665	3136
Income Tax Payments (including tax deducted at source)			<u>21996</u>	<u>10947</u>
			<u>48474</u>	<u>22184</u>



	Current Year Rs. 000	Previous Year Rs. 000
12. CURRENT LIABILITIES		
Sundry Creditors		
Due to small scale industrial undertakings (note 10(b) schedule 20)	-	4842
Due to others	16218	15490
Interest accrued but not due on loans	141	260
Trade Deposits	285	285
Other Liabilities	13188	11405
Unclaimed Dividend	416	428
	<u>30248</u>	<u>32710</u>
13. PROVISIONS		
Taxation	14747	3794
Arrears of dividend on Preference Shares	4414	-
Provision for dividend on Preference Shares	4414	4414
Premium on redemption of Preference shares	3941	2637
Corporate Tax on Dividend	1238	619
Leave encashment	1638	1420
	<u>30392</u>	<u>12884</u>
14. MISCELLANEOUS EXPENDITURE (To the extent not written off or adjusted)		
Share issue expenses		
As per last balance sheet	781	1042
Less : Written off during the year	261	261
	<u>520</u>	<u>781</u>
15. OTHER INCOME		
Interest		
On Fixed Deposits with Banks (Tax deducted at source Rs 103404 previous year Rs 14802)	437	322
From others	2	58
	<u>439</u>	<u>380</u>
Dividend	2200	1952
Claims received	95	84
Miscellaneous receipts and income	1278	179
Previous year Income (Net)	288	53
Excess provisions/sundry balances written off	382	925
	<u>4682</u>	<u>3573</u>
16. INCREASE(DECREASE) IN STOCKS		
Closing Stocks		
Finished goods	10320	5096
Stock in Process	9215	14589
	<u>19535</u>	<u>19685</u>
Opening Stocks		
Finished goods	5096	8115
Stock in Process	14589	10321
	<u>19685</u>	<u>18436</u>
Increase(Decrease) in stocks	<u>(150)</u>	<u>1249</u>



	Current Year Rs. 000	Previous Year Rs. 000
17. MANUFACTURING & OTHER EXPENSES		
Raw materials consumed	66146	65629
Stores, Spares & Packing materials	44878	43222
Power & Fuel	34250	34181
Salaries, Wages, Bonus & other benefits	45406	40274
Gratuity	1145	1031
Contribution to Provident/Superannuation Funds	3505	2976
Welfare expenses	2673	3077
Staff Recruitment & Training expenses	166	424
Rent	938	613
Rates, Taxes and Fees	301	149
Insurance	1471	2006
Repairs & Maintenance		
- Plant & Machinery	5216	5633
- Buildings	207	351
- Others	<u>1129</u>	<u>955</u>
Professional & Consultancy charges	784	1403
Travelling & Conveyance	2985	3462
Vehicle Running & Maintenance	3501	3189
Communication expenses	1802	1849
Director s Fees	81	99
Bad Debts provided/written off		
Bad Debts written off	2401	44
Add : Provision for the year	<u>89</u>	-
	2490	44
Less : Provided in earlier years	<u>-2401</u>	-
Charity & donation	1	8
Miscellaneous expenses	1635	1611
Auditor s remuneration		
- As Statutory Audit fees	150	150
- As audit fees for quarterly audited results	129	129
- As Tax Audit fees	36	36
- For certification work	6	11
- For reimbursement of expenses	<u>10</u>	<u>12</u>
Exchange rate difference	-	202
Sales tax paid	-	22
Loss on assets sold / discarded/ scrapped	1007	57
Loss on sale of DEPB	43	123
Provision for premium on redemption of Preference Share	1304	1307
Share issue expenses written off	<u>261</u>	<u>261</u>
	<u>221255</u>	<u>214496</u>
18. SELLING & DISTRIBUTION EXPENSES		
Selling Commission	1357	1609
Freight & Forwarding	10075	13726
Rebates and discounts	1286	2432
Other selling expenses	<u>620</u>	<u>352</u>
	<u>13338</u>	<u>18119</u>
19. FINANCE CHARGES		
Interest		
On Term Loans	5681	6570
To Bank & Others	3420	1885
Bank Charges	1892	2317
Finance procurement expenses	-	298
	<u>10993</u>	<u>11070</u>



20. 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

The company has separate Provident Fund and Superannuation Trusts in respect of certain categories of employees. For others provident fund is accrued on monthly basis in accordance with the terms of contract with the employees and is deposited with the Statutory Provident Fund. The company has also set up an Employees' Gratuity Fund through a Group Gratuity and Life Assurance Scheme of the Life Insurance Corporation of India. The contributions made to these funds/schemes are charged to revenue every year.

Provision for liability on account of leave encashment benefit is being made on the basis of actuarial valuation

i) Miscellaneous expenditure

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

j) 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
2. Estimated amount of contracts (net of advances) remaining to be executed on capital account and not provided for	15139	-
3. Contingent Liabilities not provided for in respect of :		
a) Claims not acknowledged by the company	60	60
c) Income Tax & Excise duty demands disputed in appeals and against which payments made		
Rs. 36.63 Lacs (Previous Year NIL)	2953	8631

4. (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 8th, 9th & 10th 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 50% of the paid up preference share capital amounting to Rs. 294.25 lacs by transferring Rs.294.25 lacs to preference share capital redemption reserve from General reserve.

5. In respect of loans availed by Cosmo Films Limited (CFL) from International Finance Corporation (IFC), and also in respect of investment in share capital of CFL by 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 along 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.

6. 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.

- 7 a) Secured loans include Term loans / vehicle loans repayable within one year Rs. 17573 thousands (Previous year Rs.16378 thousands)

- b) Unsecured loan includes repayable within one year Rs.Nil thousands (Previous year Rs. 8012 thousands)

8. The arbitration proceedings with Himachal Builders for recovery of Rs. 699 thousands was decided against the company vide award dated 21-9-1999. According to the award the company was required to pay Rs. 863 thousands to Himachal Builders towards balance of their bill and security deposit alongwith interest and Rs. 80 thousands towards cost of the suit resulting in a total liability of Rs. 2668 thousands. 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. As the matter is sub judice no effect of the award has been given in the accounts.

9. a) There are no claims from suppliers under the "Interest on Delayed payment to small scale Ancillary Industrial Undertakings Act, 1993".

- b) Names of small scale industrial undertakings to whom the company owes any sum together with interest and outstanding for more than 30 days.



-Nil as no amount is overdue for more than 30 days and payments are being made as per agreed terms.

10. There is no amount due and outstanding to be credited to Investor Education and Protection Fund as on 31.03.2007

11. 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 31-03-2007 has been charged to the profit & loss account as under:-

	As at 31st March 2006 Rs. 000	Tax effect for the year Rs. 000	As at 31st March 2007 Rs. 000
Deferred Tax liability			
Fixed Assets	(58881)	1586	(57295)
	<u>(58881)</u>	<u>1586</u>	<u>(57295)</u>
Deferred Tax Assets			
Others	(1233)	1688	455
	<u>(1233)</u>	<u>1688</u>	<u>455</u>
Net Deferred Tax Assets/(Liability)	(60114)	3274	(56840)

12. 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	20481 (24789)	- (-)	20481 (24789)
Remuneration paid	- (-)	1355 (821)	1355 (821)
Dividend received	2200 (1925)	- (-)	2200 (1925)
Balance outstanding at the end of year			
a) Investments	17875 (17875)	- (-)	17875 (17875)
b) Advance paid for material	- (3)	- (-)	- (3)
c) Creditors for goods supplied	- (832)	- (-)	- (832)

13 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.

14.(a) Managerial remuneration:

Salary & Perquisites	Rs.1140 thousand (Previous Year Rs. 772 thousand)
Contribution to Provident Fund & Other Funds	Rs.215 thousand (Previous Year Rs. 109 thousand)

(b) The above remuneration has been paid as minimum remuneration

(c) No commission has been paid during the year.

15. 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	26421	7916
Less : Dividend and tax thereon in respect of preference shares.	5033	5033
Profit/(Loss) available for share holders (A)	21388	2883
No. of equity shares (B)	12030000	12030000
Earning per share (A/B)	1.78	0.24
Diluted Earnings Per Share		
Profit/(Loss) after tax as per profit & loss account	26421	7916
Less : Dividend & tax thereon in respect of Preference shares.	5033	5033
Add: Interest saving on loan converted to equity (if conversion option is exercised by the lenders)	-	-
Profit/(Loss) available for shareholders	21388	2883
No. of equity shares (A)	12030000	12030000
No. of equity shares to be allotted on conversion of loans to equity	-	-
Total no. of equity shares (B)	12030000	12030000
Diluted earning per share (A/B)	1.78	0.24



16. Capital work in progress included pre-operative expenditure incurred on new projects, to be capitalized to fixed assets on completion of the project:-

	Current Year	Previous Year
	Rs.000	Rs.000
Salaries, wages and allowances	754	-
Insurance	167	-
-L/C Charges	84	-
Upfront Fees	378	-
Interest on term loans	104	-
Other expenses	1745	-
	<u>3232</u>	-
Add Provision for Fringe benefits tax	<u>3</u>	-
	<u>3235</u>	-

17. As the recommendations of the Finance Bill 2007 are yet to be approved, provision for Corporate Tax on Dividend has been made at the rates applicable as per Finance Act, 2006

18. Figures have been expressed in thousands.

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

20. Production includes captive consumption of intermediary product, Ferrite Powder 1488 MT (previous year 1563 MT)

21. 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	
	Current Year (MT)	Previous Year (MT)	Current Year (MT)	Previous Year (MT)
Soft Ferrites	2850	2400	1500	1500
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)	Value (Rs. 000)	Quantity (MT)	Value (Rs. 000)
i) Soft Ferrites				
Production	1167		1189	
Turnover	1166	325365	1211	288769
Opening Stock	28	5096	48	8115
Closing Stock	29	9955	28	5096
ii) Pre-calcined Ferrite Powder				
Production	1541		1637	
Turnover	37	2989	41	3384
Opening Stock*	118	14539	85	4777
Closing Stock*	78	9701	118	14539

* 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 (Nos.)	Value (Rs. 000)	Quantity (Nos.)	Value (Rs. 000)	Quantity (Nos.)	Value (Rs. 000)	Quantity (Nos.)	Value (Rs. 000)
Soft Ferrite	-	-	938888	6265	455704	8016	483184	343
Accessories	(-)	(-)	(164475)	(3306)	(164475)	(4482)	(-)	(-)

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

D. Consumption of Raw Materials

Class of goods	Current Year		Previous Year	
	Quantity (MT)	Value (Rs. 000)	Quantity (MT)	Value (Rs. 000)
Inorganic oxides	1426	63448	1683	63037
Organic compounds	24	<u>2698</u>	24	<u>2592</u>
		<u>66146</u>		<u>65629</u>

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	39.27	25977	44.42	29152
Indigenous	<u>60.73</u>	<u>40169</u>	<u>55.58</u>	<u>36477</u>
	<u>100.00</u>	<u>66146</u>	<u>100.00</u>	<u>65629</u>
Stores & spares				
Imported	21.08	9458	20.90	9032
Indigenous	<u>78.92</u>	<u>35420</u>	<u>79.10</u>	<u>34190</u>
	<u>100.00</u>	<u>44878</u>	<u>100.00</u>	<u>43222</u>

F. CIF value of Imports

	Current year (Rs.000)	Previous year (Rs.000)
Rawmaterials	22839	30752
Stores & spares	8269	9061
G. Expenditure in Foreign Currency		
Currency		
Travelling,	675	852
Advertisement,		
Commission,		
Export Promotion,		
claims paid etc.	2236	1549
Interest	375	690

H. Earnings in Foreign Currency

FOB value of exports (including deemed exports Rs. 30403 thousands, previous year Rs. 20284 thousands)	182999	161730
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BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. Registration Details

Registration No. 006378

State Code 06

Balance Sheet date 31/03/2007
Date Month Year

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

Public Issue
00000000Rights Issue
000000NILBonus Issue
00000000Private Placement
000000NIL

III. Position of mobilisation and deployment of Funds (Amount in Rs. Thousands)

Total Liabilities
000402934Total Assets
000402934Sources of Funds
Paid-Up Capital
000149725Reserves & Surplus
000062819Secured Loans
000133550Unsecured Loans
000000000Application of Funds
Net Fixed Assets
000296496Investments
000017875Net Current Assets
000088043Misc. Expenditure
000000520Accumulated Losses
000000000

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

Turnover
000316538Total Expenditure
000278435+/- Profit/Loss Before Tax
(+) 000038103+/- Profit/Loss after Tax
(+) 000026421Earning per Share Rs.
1.78Dividend (%)
NIL

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

Item Code No. (ITC Code)

0008529.00

Product Description
S O F T F E R R I T E SItem Code No.
0008529.00Product Description
P R E C A L C I N E D F E R R I T E S P O W D E R

Signature to Schedule 1 to 20

As per our report of even date annexed

For B.K. SHROFF & CO.,
Chartered Accountants

Partner

Place : N Delhi

Dated : 17th April 2007

Jyoti Verma

Company Secretary

Ashok Jaipuria

Chairman

Ambrish Jaipuria

Director