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COSMO FERRITES LIMITED

Annual Report 2007-08

**BOARD OF DIRECTORS**

Mr. Ashok Jaipuria Chairman
 Mr. Shreekanth Saomany
 Mr. Rakesh Nangia
 Mr. B. D. Gupta
 Mr. N. K. Gupta
 Mr. S. K. Mittal
 Mr. Ambrish Jaipuria
 Mr. B. B. Tandon

COMPANY SECRETARY

Mr. Sanjay Kumar Dash (upto 29/04/08)
 Ms. Jyoti Verma wef 26/05/08

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
 Ph. : 011-26863968, 26863969
 Fax : 011-26862969
 Email : sales@cosmoferrites.com

MFG. PLANT

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NOTICE

Notice is hereby given that the Twenty- Second 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 24th day of September, 2008 at 2.00 P.M to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the audited Profit & Loss Account for the year ended 31st March, 2008 , the Balance Sheet as at that date ,the report of the Board of Directors and the Auditors of the Company thereon.
2. To declare dividend on unlisted cumulative redeemable preference shares @ 15% for the year ending 31st March, 2008.
3. To appoint a Director in place of Mr. Shreekanth Somany who retires by rotation and being eligible offers himself for reappointment.
4. To appoint a Director in place of Mr. S. K. Mittal who retires by rotation and being eligible offers himself for reappointment.
5. To appoint auditors to hold office from conclusion of this meeting until the conclusion of next Annual General Meeting and to fix their remuneration.
3. In case of joint holders attending the meeting, only such joint holder who is higher in the order of names will be entitled to vote.
4. The Register of Members and share Transfer Books of the Company will be closed from Wednesday, 24th day of September, 2008 to Thursday, 25th day of September, 2008.
5. Subject to provisions of Section 206A of the Companies Act, 1956 dividend on preference shares as recommended by the Board of Directors, if declared at the meeting, will be payable on or after 26th day of September, 2008.
6. 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.
7. 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.
8. The Members are also requested to notify any change in their addresses immediately to the Company's Share Registrar and Transfer Agents M/s. Alankit Assignments Limited, Alankit House, 2E/21, Jhandewalan Extension, New Delhi 110 055.
9. Members / Proxy holders are requested to produce at the entrance of the Meeting Hall the enclosed admission slip duly completed and signed.

NOTES:

1. Shareholders are requested to bring their copy of Annual Report to the Meeting.
2. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ANOTHER PERSON AS HIS PROXY TO ATTEND AND ON A POLL TO VOTE INSTEAD OF HIMSELF. THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. A BLANK FORM OF PROXY IS ENCLOSED AND IF INTENDED TO BE USED, IT SHOULD BE DULY COMPLETED AND DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FORTY-EIGHT HOURS BEFORE THE SCHEDULED TIME OF THE MEETING.
10. 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.
11. 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.
12. 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 Regd. Office. Members are requested to note that dividends not encashed or claimed within seven years from the date of transfer to the Company's Unpaid Dividend Account, will, as per Section 205A of the Companies Act, 1956, be transferred to the Investor Education and Protection Fund.



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

Financial Year	Type of dividend	Date of declaration	Due for transfer
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.

13. Corporate Members intending to send their authorized representatives are requested to send a duly certified copy of the Board Resolution authorizing their representatives to attend and vote at the Annual General Meeting.
14. Consequent upon the introduction of Section 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
15. Pursuant to the requirements of the Listing agreement of Stock Exchanges, on Corporate Governance, the information about the Directors proposed to be appointed/ re-appointed is given in the Annexure to the Corporate Governance Report.

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

By order of the Board

Date : 21st July, 2008

Jyoti Verma
Company Secretary



DIRECTORS' REPORT

THE MEMBERS

COSMO FERRITES LTD.

The Directors have pleasure in submitting the Annual Report on the business and operations of the company along with Audited Balance Sheet and Profit & Loss A/c for the year ended 31st March 2008.

(Rs. in Lacs)

FINANCIAL RESULTS

	2007-08	2006-07
Sales	3333	3334
Profit before depreciation & tax	437	645
Depreciation	251	264
Profit before Tax	186	381
Provision for current Tax	24	150
Profit after current Tax	162	231
Provision for deferred tax	33	(33)
Profit after deferred tax	129	264
Add:		
(a) Balance brought forward	245	31
(b) Prior period Liability for employee retirement benefit	(54)	-
(b) Provision for Dividend on cumulative preference shares written back	-	44
(c) Provision for Corporate Tax on dividend written back	-	6
(d) Transfer from Investment Allowance reserve	Nil	Nil
Profit available for appropriation	320	345
Add/less transfer to / from General Reserve	-	-
Profit available for distribution	320	345
APPROPRIATIONS		
Dividend-		
Interim Dividend on Pref. Shares	-	-
Equity shares	-	-
Proposed dividend on Cumulative		
Preference shares (Last year including arrears)	29	88
Preference share capital redemption reserve	98	
Dividend Tax	8	12
Balance carried to Balance Sheet	185	245
	320	345

DIVIDEND

Your Directors have recommended 15% dividend on Cumulative Preference Shares for the financial year 2007-08 out of current year profits available for distribution subject to approval of shareholders at 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, 2008 (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 3333 lacs for the year ending 31st March 2008 (Previous Year Rs. 3334 Lacs). Powder sales volume increased from 37.05 MT to 53.95 MT and Component sales increased from 1166 MT to 1242 MT.

Net profit after current tax for the year have decreased to Rs. 162 lacs compared to Rs. 231.47 lacs in the previous year.

FUTURE OUTLOOK

Unit II with a capacity of 450 MT Per annum of soft ferrites component has been set up at Jabli. The commercial production of Unit II has been commenced during the second quarter of the financial year ended 31st March, 2008, we are looking forward for the future growth.

DIRECTORS

Mr. B.B. Tandon, who was appointed as an additional director by the Board of Directors of the Company on 25th day of January, 2007, has been appointed as Director of the Company in the Annual General Meeting held on 25th July, 2007.

REAPPOINTMENT OF DIRECTOR RETIRING BY ROTATION

Mr. S. Somany and Mr. S. K. Mittal, Directors of the Company are liable to retire by rotation and are eligible for reappointment at the ensuing AGM.

STATUTORY STATEMENTS

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

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



DIRECTORS' RESPONSIBILITY STATEMENT

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

- (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, 2008 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

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

For and on behalf of the Board

18th April, 2008
New Delhi

Ashok Jaipuria
Chairman

ANNEXURE TO THE DIRECTORS' REPORT

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

CONSERVATION OF ENERGY

- A. Energy conservation measures taken:
 - 1. Energy saving done by process elimination of de-binding the cores before sintering in the kilns
 - 2. Milling time reduction in material preparation
 - 3. Reduce wastage in natural resources - water, electricity through ISO14000 activities.
- B. Additional investments and proposals, if any, being implemented for reduction of consumption of energy:
 - Energy efficient motors with drive installed for two DORST PRESSES.
- C. Impact of the measures at A and B for reduction of energy consumption and consequent impact of the cost of production of goods:
 - 4.3 % unit of power & fuel saved per MT as compared to previous year
- D. Total energy consumption and energy consumption per unit of production as per prescribed Form 'A' - Not Applicable.

II. TECHNOLOGY ABSORPTION

- (i) Research & Development
 - a) Specific areas in which R & D carried out by the Company:
 - New Process and material developed for JUMBO cores production
 - New core shapes product developed for Plasma TV power supply application, which is under the commercialization stage.
 - b) Benefits derived as a result of above R&D:
 - Our improved process to produce jumbo cores in larger volume has resulted in more
 - Business share with OEMs of Power supply of higher rating capacities.
 - c) Future plan of action:
 - Material development for Low power loss for wide temperature application (high end low power loss applications) and high permeability.
- (ii) Technology absorption, adaptation & innovation

Technical Losses reduced by adopting innovative process methodologies.

The company has not imported any technology during the year.



III. FOREIGN EXCHANGE EARNINGS AND OUTGO

a) Activities

- New customers developed in Europe and Asia.
- Exports during the year aggregated to 52 % of total sales.

b) Foreign Exchange Earned- Rs. 2198.20 Lacs

Foreign Exchange Outgo- Rs. 472.72 Lacs

On behalf of the Board

New Delhi
18th April, 2008

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, 2008

During the financial year 2007-08 no employee of the Company has been paid remuneration of Rs.24 Lacs per annum or Rs.2 lakhs per month and hence particulars under Section 217(2A) of the Companies Act, 1956 is not required to be given in this report.

MANAGEMENT DISCUSSION AND ANALYSIS

Sales Performance

The company's net sales has not registered any growth as it increased marginally from Rs 3118 Lac in FY 2006-07, to Rs 3130 lac in the current financial year 2007-08. Powder sales increased by Rs 17 Lac, domestic component sales decreased by Rs 90 Lacs, export component sales increased by 73 Lacs and traded product sales decreased by 36 Lacs, despite hardly any increase in sales tonnages. Export and Deemed Export revenue remained at around 52 % of the total revenue.

Costs

Raw material cost shown continued upward trend again, after 18% hike last year it again increased by 4 % this year mainly due to hike in prices of Zinc oxide and MN304. Other than this there is 11 % increase in employee cost and 28 % increase in other expenditure mainly due to consultancy services hired for improvement in process and new market development with a view of getting enhanced capacity utilization.

Growth Strategy

Our strategies for the current year include:

- ✗ Increase machine efficiencies and faster through feed by improving input-output ratios, improving energy consumption efficiencies and productivity of all assets.
- ✗ Improving plant utilization and hence more production.
- ✗ 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 risks from time to time. Some of the anticipated risks & strategies are outlined below:

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

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

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



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

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

Since, raw materials prices are increasing continuously, especially 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. 3130 lacs as on 31st March, 2008 (Previous Year Rs. 3118 lacs).

Exports during the year aggregated to 52 % of total sales.

R & D

- ✖ New Process and material developed for JUMBO cores production
- ✖ New core shapes product developed for Plasma TV power supply application, which is under the commercialization stage .

Finance Costs

Finance costs is 135.01 in Financial year 2007-08 as compare to 109.94 last year. This is high due to funds borrowed for expansion project of unit II.

Provision of Tax

The company has made a provision of Rs. 24.12 Lacs towards income tax in financial year 2007-08 as compared to 151.24 Lacs in 2006-07 as higher depreciation is admissible this year under income tax act due to capitalization of Unit II.

Reserves & Surplus

The reserves & surplus of the Company are Rs. 666.06 Lacs as on 31st March, 2008 (Previous Year Rs. 628.19 Lacs)

Debt Profile

Total secured debts has gone up from Rs. 1335.50 lacs as on March 2007 to Rs. 1709.25 Lacs as on March 2008 mainly due to funds borrowed for expansion.

Receivables

Percentage of Receivable to turnover increased to 12.39% in the current year from 10.04% in the previous year.

Manufacturing & Other costs

Percentage of manufacturing costs to turnover has increased by 6% in comparison to the previous year due to increase in prices of raw materials like Zinc Oxide & MN304. Moreover, Input/Output ration of Powder Preparation gone up to 1.04 from 0.94 last year.

Inventories

Percentage of inventories to turnover has increased to 18.94 % in comparison to the previous year of 13.80 %.

Human Resources Development

The number of regular workers employed were 227 (Previous Year 249). The number of staff employed was 75 (Previous Year 94).



CORPORATE GOVERNANCE REPORT

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

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

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

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

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

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

Name	Executive / Non-executive / Independent	No. of other Directorships Held	No. of Chairmanships / Memberships of other Board Committees
			Membership Chairmanship
Mr. Ashok Jaipuria	Non-executive – Chairman(Promoter)	4	- 3
Mr. S. K. Mittal	Non-executive, Independent	2	3 -
Mr. Shreekant Somany	Non-executive, Independent	6	2 -
Mr. Rakesh Nangia	Non-executive, Independent	8	3 -
Mr. B. D. Gupta	Non-executive, Independent	3	1 2
Mr. N. K. Gupta	Non-executive, Independent	-	2 1
Mr. B.B. Tandon	Non-executive, Independent	12	9 3
Mr. Ambrish Jaipuria	Executive	5	2 -

NOTE:

- (i) None of the Directors is a member of more than 10 Board-level committees of public

Companies in which they are Directors, nor is a Chairman of more than 5 such committees.

B. BOARD MEETINGS:

1. SCHEDULING THE MEETINGS AND AGENDA FOR THE MEETING

Months for the board meetings in the ensuing year are decided in advance and most of the board meetings are held at the company's corporate office at 30, Community Center, Saket, New Delhi. The company secretary drafts the agenda for each meeting, along with explanatory notes, and distributes these in advance to the directors. The board meets at least once in a quarter to review the quarterly results and other items on the agenda.

2. BOARD MEETING HELD DURING THE F.Y 2007-08 AND ATTENDANCE OF DIRECTORS

DIRECTOR	17 TH APRIL 2007	25 TH JULY 2007	30 TH OCT 2007	25 TH JAN 2008
MR. ASHOK JAIPURIA	YES	NO	YES	YES
MR. S.K.MITTAL	YES	NO	NO	YES
MR. SHREEKANT SOMANY	YES	YES	NO	YES
MR. B.D. GUPTA	YES	NO	YES	YES
MR. N.K.GUPTA	YES	YES	NO	YES
MR. RAKESH NANGIA	YES	YES	YES	YES
MR. AMBRISH JAIPURIA	YES	YES	YES	YES
MR. B.B. TANDON	NO	YES	YES	YES



3. ATTENDANCE AT AGM

Following Directors attended the AGM held on 25th July, 2007 at Company's registered office At/Po-Jabli, Dist-Solan, H.P.-173209

Mr. Ambrish Jaipuria
Mr. Rakesh Nangia
Mr. B. B. Tandon
Mr. N. K. Gupta
Mr. S. Somany

4. DISCLOSURE REGARDING APPOINTMENT AND RE-APPOINTMENT OF DIRECTORS

- a) Mr. B.B. Tandon was appointed as Additional Director in the category of Independent Non Executive Director by the Board of Directors w.e.f. 25-01-2007 and he was re-appointed as Director of the Company by the shareholders at their Annual General Meeting held on 25th July, 2007.
- b) Mr. S. K. Mittal and Mr. Shreekanth Somany, Directors of the Company 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 of 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, 2008 other than those listed in Note No. 12 of Schedule 19 to the annual accounts.

C. BOARD COMMITTEES

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

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

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