



NOTICE

Notice is hereby given that the Twenty - Fourth 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 22nd day of September, 2010 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, 2010, the Balance Sheet as at that date, the report of the Board of Directors and the Auditors of the Company thereon.
2. To appoint a Director in place of Mr. N.K. Gupta who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Mr. B.D. Gupta who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint auditors to hold office from conclusion of this meeting until the conclusion of next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS

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

"RESOLVED THAT pursuant to the provisions of sections 198, 269, 302, 309 read with Schedule XIII of the companies act 1956 and all other applicable provisions, if any, of the said act, including any statutory modification(s) or reenactment thereof for the time being in force, Mr. Ambrish Jaipuria be and is hereby reappointment as Executive Director of the Company, w.e.f. April 1st, 2010 for a period of five years as per the terms and conditions as stated below:

- (a) **Basic Salary:** Rs. 1,75,000/- (Rupees One Lac Seventy Five Thousand only) per month with such annual increments as the Board may decide from time to time.
The Board of Directors may in its absolute discretion and from time to time, will fix the salary payable to the Executive Director.
- (b) **Perquisites & Allowances:**
 - House Rent allowance @ 50% of the basic salary per month.
 - Medical allowance/re-imbursements: One month's basic salary or such allowance/re-imbursement 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 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's car and telephone: Use of Company's car and telephone at the residence for official purposes, as per rules of the Company.

RESOLVED that the company hereby approves the salary, perquisites, allowances and commission as per the terms and conditions as may be decided by the Board of Directors, within the overall limit specified under Section I of Part II of Schedule XIII to the Companies Act, 1956 or any statutory modification(s) thereof and to alter and vary the terms and conditions as the Board of Directors may in their absolute discretion consider necessary.

RESOLVED FURTHER that the remuneration payable as aforesaid by way of salary, commission, and perquisites etc. shall not exceed 5% of net profits of the company in any financial year.

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(s) thereof.

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. Shareholders are requested to bring their copy of Annual Report to the Meeting.
2. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ANOTHER PERSON AS HIS PROXY TO ATTEND AND ON A POLL TO VOTE INSTEAD OF HIMSELF. THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. A BLANK FORM OF PROXY IS ENCLOSED AND IF



INTENDED TO BE USED, IT SHOULD BE DULY COMPLETED AND DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FORTY-EIGHT HOURS BEFORE THE SCHEDULED TIME OF THE MEETING.

3. In case of joint holders attending the meeting, only such joint holder who is higher in the order of names will be entitled to vote.
4. The Register of Members and share Transfer Books of the Company will be closed from Thursday, the 16th day of September, 2010 to Wednesday, the 22nd day of September, 2010 (Both days inclusive).
5. Members, who are holding shares in identical order of names in more than one folio are requested to write to the Company enclosing their share certificates to consolidate their holdings in one folio.
6. Members who hold shares in dematerialized form are requested to bring their Client ID and DPID numbers for easy identification of attendance at the meeting.
7. The Members are also requested to notify any change in their addresses immediately to the Company's Share Registrar and Transfer Agents M/s. Alankit Assignments Limited, Alankit House, 2E/21, Jhandewalan Extension, New Delhi 110 055.
8. Members / Proxy holders are requested to produce at the entrance of the Meeting hall the enclosed admission slip duly completed and signed.
9. Register of Directors' shareholding, maintained under Section 307 of the Companies Act, 1956 will be available for inspection by the members at the registered office of the company.
10. The Register of Contracts, maintained under Section 301 of the Companies Act, 1956, will be available for inspection by the members at the registered office of the Company.
11. 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.
12. 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

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

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

ITEM NO. 5

The term of Mr. Ambrish Jaipuria as Executive Director, expired on 31st March, 2010. In the Meeting of the Board of Directors of the Company held on 27th April, 2010 the Board of Directors reappointed Mr. Ambrish Jaipuria for a period of five years, w.e.f. 1st April, 2010 on the following remuneration and perquisites, subject to approval of the shareholders at the General Meeting.

The terms and conditions of his appointment which are as follows were agreed by the Board in addition to the unanimously passed resolution:

1. Period of appointment: Five years beginning April 1st, 2010 and ending March 31st 2015.
2. Details of remuneration: As provided in the resolution.
3. Mr. Ambrish Jaipuria shall perform such duties as shall from time to time entrusted to him subject to the superintendence, guidance and control of the Board of Directors and he shall perform such duties as shall from time to time entrusted to him by Board of Directors.
4. All other terms and conditions of his appointment will remain unchanged.

As per the requirement of the listing agreement signed with the Stock Exchange, the details of Directors seeking re-appointment are set out in the Annexure to the Corporate Governance Report. Accordingly the respective resolution in the above item of the Notice is recommended for your acceptance.

Except Mr. Ambrish Jaipuria and Mr. Ashok Jaipuria, none of the director is concerned or interested in the resolution. Mr. Ambrish Jaipuria is the son of Mr. Ashok Jaipuria.

Copies of the resolution passed by the Board of Directors at the meeting held on 27th April 2010 in respect of the above, may be inspected at the Registered Office of the Company on any working day excluding Saturdays between 2.00 p.m. and 4.00 p.m.

Head office:
517, 5th Floor,
DLF Tower A
Jasola District Centre
New Delhi-110025

By the order of the Board

12th August 2010

Anas Ahmad Khan
Company Secretary



DIRECTORS' REPORT

THE MEMBERS

COSMO FERRITES LTD.

The Directors have pleasure in presenting the Annual Report on the business and operations of the company along with Audited Balance Sheet and Profit & Loss A/c for the year ended 31st March 2010.

	(Rs. in Lacs)	
FINANCIAL RESULTS	2009-10	2008-09
Sales	3934	3087
Profit/(Loss) before depreciation & tax	532	148
Depreciation	280	271
Profit/(Loss) before Tax	252	(123)
Provision for current	43	9
Provision for earlier Year	14	-
Profit/(Loss) after current Tax	195	(132)
Provision for deferred tax	19	8
Profit/(Loss) after deferred tax	176	(140)
Add:-Mat Credit Entitlement	42	4
	218	(137)
Add:Balance brought forward	(13)	185
Less:Transfer to Preference Share		
Capital Redemption Reserve	---	(13)
		98
Add:Transfer from General Reserve	--	37
Profit/(Loss) available for appropriation	205	(13)
Provision for arrears of Dividend on Cumulative Redeemable Preference Shares	15	-
Proposed Dividend on Cumulative Redeemable Preference Shares	5	-
Corporate Tax on Dividend	3	-
Balance carried to Balance Sheet	182	(13)
	182	(13)

ISSUE/REDEMPTION OF 10% CUMULATIVE REDEEMABLE PREFERENCE SHARES

During the year company had redeemed 98080 Cumulative Redeemable Preference Share issued to ICICI Bank on 27th November, 1999. The company has also issued fresh 135000 10% Cumulative Redeemable Preference Shares of Rs. 100/- each

DIVIDEND

In view of the profit after appropriation being low during this year, the Directors are unable to recommend any dividend on the equity shares for the year ended 31st March 2010.

Board has recommended dividend @ 10% on the 10% Cumulative Redeemable Preference Shares of the Company.

DEPOSITORY SYSTEM

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

DEPOSITS

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

REVIEW OF OPERATIONS

- Sales Revenue increased to Rs 3934 lacs for the year ending 31st March 2010 as compared to Rs. 3087 Lacs previous year. Component sales increased from 1217 MT to 1564 MT.
- Net Profit after tax for the year is Rs. 218 Lacs as compared to Net Loss of Rs.137 lacs in the previous year by strengthen the marketing, revised the price policy and reduction in costs.
- Costs remained within control and have been rationalized across all strata of the organization.
- This year was challenging on various fronts, viz upward pressure on key raw materials prices along with increased competition in global ferrites market.

FUTURE OUTLOOK

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

DIRECTORS

Mr. N.K. Gupta and Mr. B.D. Gupta, Directors of the Company are liable to retire by rotation and being eligible offer themselves for reappointment at the ensuing Annual General Meeting.

Mr. S.K. Mittal and Mr. B.B. Tandon ceased to be Directors of the Company w.e.f 8th April 2009 and 25th February 2010 respectively. The Directors place on record their appreciation for the help, guidance and contribution made by Mr. S.K. Mittal and Mr. B.B. Tandon, during their tenure as director.

Mr. H.L. Paranjpe was appointed as Additional Director of the Company on 29th July, 2009 and his appointment as Director of the Company was confirmed in the Annual General Meeting of the Company held on 23rd September, 2009.



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

STATUTORY STATEMENTS

Following information as per the requirements of the Companies Act, 1956 is given below:

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

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, 2010 and of the profit of the Company for the year ended on that date.
- (iii) Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) The annual accounts of the company have been prepared on a going concern basis

CORPORATE GOVERNANCE

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

A separate report on Corporate Governance along with Auditors certificate on compliance of conditions of Corporate Governance as stipulated in clause 49 of the listing agreement with the stock exchange form part on this report.

RE-APPOINTMENT OF AUDITORS

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

APPRECIATION

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

On behalf of the Board

New Delhi
12th May, 2010

Ashok Jaipuria
Chairman

ANNEXURE TO THE DIRECTORS' REPORT

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

I. CONSERVATION OF ENERGY

a) Energy conservation measures taken:

- Decided not to run N2 plant, Attritors and Ball Mills in peak load hours.
- Minimized diesel consumption by taking peak load exemption from HPSEB.
- Switching of lights and fans to save consumption of electricity when not required.
- b) Additional investments and proposals, if any, being implemented for reduction of consumption of energy:
 - No additional investment done during the year.
- c) Impact of the measures at A and B for reduction of energy consumption and consequent impact of the cost of production of goods:
 - Contract demand reduced to 750 KVA instead of 1100 KVA in unit II.
- d) Total energy consumption and energy consumption per unit of production as per prescribed Form 'A' - Not Applicable.



II. TECHNOLOGY ABSORPTION

1. Research & Development

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

- Process oriented projects taken up in all the operation areas to improve the quality and reduce the rejection.
- Regular upgradation projects were undertaken for improvements in existing product portfolios and new materials developments.

(b) Benefits derived as a result of above R&D:

- A significant improvement in quality is experienced with a notable reduction in rejection percentage.
- Significant approvals received from customers especially in EMI/EMC segments for large toroids.

(c) Future plan of action:

To get competitive edge through world class material range and to achieve shortest lead time for product development.

2. 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

- Activities relating to export incentives taken to increase exports, development of new export markets for products and services and export plans.
 - New customers developed in Europe and Asia.
 - Exports during the year aggregated to 44 % of total sales.
- Foreign Exchange Earned- Rs. 1664.83 Lacs
Foreign Exchange Outgo- Rs. 496.66 Lacs

On behalf of the Board

New Delhi
12th May, 2010

Ashok Jaipuria
Chairman



MANAGEMENT DISCUSSION & ANALYSIS REPORT

Industry Structure & Developments:

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

Opportunities & threats:

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

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

Segment Wise or Product Wise Performance

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

Outlook

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

Risks & Concerns

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

The Competition Risk

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

Risk Mitigation

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

Customer Attrition Risk

All customers are sensitive to quality, delivery and price.

Risk Mitigation

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

Raw Material Price Risk

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

Risk Mitigation

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

People Risk Management

High Quality human resources are vital to the success of our business.

People are valuable assets of the company.

Risk mitigation

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

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

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

Security Risk Management

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



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

Risk Mitigation

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

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

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

Foreign Exchange Risk

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

Risk mitigation

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

Operational & Financial performance

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

Internal Control Systems & their adequacy

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

Human Resources /Industrial Relations front

Human resource is considered as vital to the strength of the company. There was unity of purpose among all level of employees i.e. to continuously strive for the improvement in work practices & productivity. As on 31st March 2010, there were 278 employees on the rolls of the company.

Cautionary statement

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



CORPORATE GOVERNANCE REPORT

Corporate Governance for your company means achieving high level of accountability, efficiency, responsibility and fairness in all areas of operation. Our workforce is committed towards the protection of the interest of the stakeholders' viz. shareholders, creditors, investors, customers, employees etc. The Company is committed to adopting the best 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 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 (other than receipt of setting fees) or transactions with the company, promoters, and management, which may affect their judgment in any manner. The structure of the Board and record of other directorships and Committee memberships and Chairmanships as on 31st March, 2010:

Name	Executive / Non-executive / Independent	No. of other Directorships held		No. of Chairmanships / Memberships of other Board level Committees	
		Pub.Ltd	Pvt. Ltd	Membership	Chairmanship
Mr. Ashok Jaipuria	Non-executive – Chairman(Promoter)	2	-	-	-
Mr. Shreekant Somany	Non-executive, Independent	5	1	-	-
Mr. Rakesh Nangia	Non-executive, Independent	-	3	-	-
Mr. B. D. Gupta	Non-executive, Independent	2	-	-	-
Mr. N. K. Gupta	Non-executive, Independent	-	-	-	-
Mr. Ambrish Jaipuria	Executive	2	-	-	-
Mr. H. L. Paranjpe	Non Executive	-	-	-	-

NOTE:

- For Board Level committees only Audit Committee and STIGC have been considered.
- 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.
- Mr. H. L. Paranjpe was appointed as Director on 29th July, 2010

B. BOARD MEETINGS:

1. SCHEDULING THE MEETINGS AND AGENDA FOR THE MEETING

Months for the Board meetings in the ensuing year are usually 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 FY 2009-10 AND ATTENDANCE OF DIRECTORS

DIRECTOR	No. of Meetings held	No of Meetings attended
MR. ASHOK JAIPURIA	4	3
MR. SHREEKANT SOMANY	4	2
MR. B.D. GUPTA	4	4
MR. N.K. GUPTA	4	2
MR. RAKESH NANGIA	4	3
MR. AMBRISH JAIPURIA	4	4
MR. B.B. TANDON	4	4
MR. H. L. PARANJPE	3	3

*Mr. B.B. Tandon resigned on 25th February, 2010 from the directorship of the company.



3. ATTENDANCE AT AGM

Mr. N.K. Gupta, Director of the Company attended the AGM held on 23rd September, 2009, at Company's registered office at PO-Jabli, Distt. Solan, H.P. –173209.

4. DISCLOSURE REGARDING APPOINTMENT AND RE-APPOINTMENT OF DIRECTORS

Mr. N.K. Gupta and Mr. B.D. Gupta, 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 Exchange, on Corporate Governance, the information about the Directors proposed to be appointed / re-appointed is given in Annexure I to this Report.

5. AVAILABILITY OF INFORMATION TO THE BOARD

The Board has unfettered and complete access to any information within the company and to any employee of the company. Necessary information as mentioned in Annexure 1A of Clause 49 of Listing Agreement are being regularly placed before the Board for its consideration.

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, 2010 other than those listed in Note No. 13 in Schedule 18 to the annual accounts.

C. BOARD LEVEL COMMITTEES

Committees appointed by the Board focus on specific areas, and take decisions within the authority delegated to them by the Board. The committees also make specific recommendations to the Board on various matters from time to time. All decisions and recommendations of the committees are placed before the Board for information or approval. Company has three Board-Level Committees, in line with the requirements of clause 49 of the listing agreement.

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

1. AUDIT COMMITTEE

➤ TERMS OF REFERENCE

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

statements and for issuing the reports on the basis of such audits.

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

The role and terms of reference of the Audit Committee are as per the guidelines set out in the listing 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) Reviewing, with the management, the annual financial statements before submission to the Board for approval, 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.
 - Significant adjustments made in financial statements arising out of audit findings.
 - 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.
 - Qualifications in draft audit report, if any.
- e) Reviewing, with the management, the quarterly financial statements before submission to the board for approval.
- f) Reviewing, with the management, statement of uses / application of funds raised through an issue (public issue, right issue, preferential issue, etc.), the statement



of funds utilized for purposes other than those stated in the offer documents/prospectus/notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or right issue, and making appropriate recommendations to the Board to take up steps in this matter.

- g) Reviewing, with the management, performance of statutory auditors and the adequacy of internal control systems.
- h) Reviewing the findings of any internal audit function, if any, including the structure of internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
- i) Discussion with internal auditors any significant findings and follow up thereon.
- j) Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
- k) 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.
- l) Reviewing the company's financial and risk management policies.
- m) To look into the reasons for substantial defaults in the payment to the shareholders (in case of non payment of declared dividends) and creditors.
- n) To review the functioning of the Whistle blowing mechanism.
- o) 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.

- Mr. B. D. Gupta (Chairman)
- Mr. Rakesh Nangia
- Mr. N. K. Gupta
- Mr. B. B. Tandon*

* Mr. B.B. Tandon resigned on 25th February, 2010 from the directorship of the company.

➤ MEETINGS AND ATTENDANCE DURING THE YEAR

The Audit Committee met four times during the financial year from 1st April, 2009 to 31st March, 2010 on April 20, July 29, October 21, and January 19. The meeting preceded the adoption of quarterly audited results by the Board of Directors. The Company published audited quarterly results in compliance with clause 41 of the listing agreement. The following table gives the attendance record of the audit committee.

Name of the Audit Committee Members	No. of Meetings held	No. of Meetings attended
Mr. B. D. Gupta	4	4
Mr. Rakesh Nangia	4	3
Mr. N. K. Gupta	4	2
Mr. B. B. Tandon	4	4

2. SHARE TRANSFER AND INVESTOR GRIEVANCE COMMITTEE

➤ TERMS OF REFERENCE

It was constituted specifically to review compliance of rules and regulations, to redress shareholders' 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 attends 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 agreement with the Stock Exchange that inter-alia include looking into the investors complaints on transfer of shares, non receipt of declared dividends etc and redressal thereof.

➤ COMPOSITION OF THE COMMITTEE

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

*Mr. N.K. Gupta was appointed as the Chairman & Member of the committee w.e.f. 19th January, 2010.

**Mr. B.B. Tandon resigned from the Chairmanship & Membership of the committee on 21st October, 2009, after attending the meeting on that day .

➤ MEETING AND ATTENDANCE DURING THE YEAR

The Audit Committee met four times during the financial year from 1st April, 2009 to 31st March, 2010 on April 20, July 29, October 21, and January 19. The following table gives the attendance record of the Share Transfer and Investor Grievance Committee.