



## 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 **31<sup>st</sup> March 2019**.

### 1. SUMMARY FINANCIAL RESULTS

The Financial Results of the company for the financial year ended 31<sup>st</sup> March, 2019 were as follows:

(Rs. in Lacs)

Particulars	Year Ended 31st March 2019	Year Ended 31st March 2018
<b>Net Sales</b>	7,842	7,924
Other Income	120	128
<b>Profit before Interest, Depreciation and Tax</b>	312	258
Finance Cost (including interest)	514	514
Depreciation	414	430
Exceptional Item	530	-
<b>Profit before Tax</b>	<b>(1,146)</b>	<b>(686)</b>
<b>Provision for Taxation</b>		
- Current Tax	-	-
- Deferred Tax	(311)	(446)
<b>Profit After Tax</b>	<b>(835)</b>	<b>(240)</b>
Extraordinary Item	14	(1)
Profit after Tax Including Extraordinary Item	(821)	(241)

Note: The restated revenue for the quarter and year ended 31<sup>st</sup> March 2018 are lower by Rs 224 lakhs respectively with the corresponding decrease in other expenses.

### 2. REVIEW OF OPERATIONS

- For the year ending 31<sup>st</sup> March 2019 sales decreased to Rs 7842 Lacs as compared to Rs. 7924 Lacs for previous year.
- Net loss for the year is Rs. 821 lacs as compared to Net Loss Rs. 241 Lacs in the previous year.

### 3. DIVIDEND

In view of the null profitability during this year, the Directors are unable to recommend any dividend on the equity shares for the year ended March 31, 2019.

### 4. RESEARCH & DEVELOPMENT

Continuous efforts on Research & Development activities are being made to expand the domestic and export markets.

### 5. CORPORATE GOVERNANCE

Company is committed to maintaining the best standards of Corporate Governance and has always tried to build the maximum trust with shareholders, employees, customers, suppliers and other stakeholders.

A separate section on Corporate Governance forming part of the Directors' Report and the certificate from the Practicing Company Secretary confirming compliance of the Corporate Governance norms as stipulated in the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") is included in the Annual Report in **Annexure - A**.

### 6. MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Pursuant to regulations 34 of the Listing Regulations, Management's Discussion and Analysis Report for the year is presented in a separate section forming part of the Annual Report

### 7. INTERNAL CONTROLS SYSTEMS

The Internal Control systems are routinely tested and certified by Statutory as well as Internal Auditors and cover all key areas of business. Independence of the internal audit and compliance is ensured by direct reporting to the Audit Committee of the Board.

A CEO and CFO Certificate, forming part of the Corporate Governance Report, further confirms the existence and effectiveness of internal controls and reiterates their responsibilities to report deficiencies to the Audit Committee and rectify the same.

### 8. DIRECTORS\*

#### (a) Chairman

Mr. Ambrish Jaipuria, is the Chairman of the Board.

#### (b) Reappointment and Appointment

Mr. Anil Kumar Jain, Non-Independent and Non-Executive Director of the Company, retires by rotation and being eligible himself for re-appointment at the ensuing Annual General Meeting.

#### (c) Status of Directors

Mr. Ambrish Jaipuria is the Executive Director & CEO of the Company. Mr Anil Kumar Jain is Non-Independent and Non-Executive Director. Mr. Naresh Kumar Gupta, Ms. Jyoti Dixit, Dr. Rama Kant Dwivedi and Mr. Janardhan Pralhadrao Gupta are the Independent Directors of the Company.

*\*This clause may be read with Annexure-I to the Directors Report*



**(d) Declaration from Independent Directors**

The Company has received declarations from all the Independent Directors of the Company confirming that they meet with the criteria of independence as prescribed both under sub-section (6) of Section 149 of the Companies Act, 2013 and under Regulation 16 of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015.

**9. KEY MANAGERIAL PERSONNEL'S**

Mr. Ambrish Jaipuria, Executive Director & CEO, Mr. Ramesh Chand, Chief Financial Officer and Mr. Pawan Kumar Lakhotia, Company Secretary are the Key Managerial Personnel of the Company in accordance with the provisions of Section 2(51), 203 of the Companies Act, 2013 read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

During the year under review, Mr. Pawan Kumar Lakhotia was appointed as Company Secretary of the Company.

**10. FAMILIARISATION PROGRAMME FOR DIRECTORS**

At the time of appointing a Director, a formal letter of appointment is given to him, which inter alia explains the role, function, duties and responsibilities expected of him as a Director of the Company. The Director is also explained in detail the Compliance required from him under the Companies Act, 2013, SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015 and other relevant regulations and affirmation taken with respect to the same.

Management does one to one discussion with the newly appointed Director to familiarize him with the Company's operations. Further the Company has put in place a system to familiarize the Independent Directors about the Company, its products, business and the ongoing events relating to the Company

The details of the familiarisation programme may be accessed on the Company's website ([www.cosmoferrites.com](http://www.cosmoferrites.com)).

**11. EVALUATION OF BOARD'S PERFORMANCE**

In compliance with the Companies Act, 2013 and Regulation 17(10) of SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015, the performance evaluation of the Board was carried out during the year under review. More details on the same are given in the Corporate Governance Report.

**12. MEETINGS**

During the year five (5) Board Meetings and four (4) Audit Committee Meetings were convened and held. The details of which are given in the Corporate

Governance Report. The intervening gap between the Meetings was within the period prescribed under Companies Act, 2013.

Details of the composition of the Board and its Committees and of the Meetings held, attendance of the Directors at such meetings and other relevant details are provided in Corporate Governance Report.

**13. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS**

Details of Loans, Guarantees and Investments covered under the provisions of Section 186 of the Companies Act, 2013 are given in the notes to the Financial Statements.

**14. DEPOSITS**

The Company has not accepted deposit from the public within the ambit of Section 73 of the Companies Act, 2013 and The Companies (Acceptance of Deposits) Rules, 2014.

**15. ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS & OUTGO**

The details of energy conservation, technology absorption and foreign exchange earnings and outgo as required under Section 134(3) of the Companies Act, 2013, read with the Rule 8 of Companies (Accounts of Companies) Rules, 2014 is annexed herewith as **Annexure - C** to this report.

**16. VIGIL MECHANISM / WHISTLE BLOWER POLICY**

The Company has adopted a Whistle Blower Policy establishing vigil mechanism, to provide a formal mechanism to the Directors and employees to report their concerns about unethical behaviour, actual or suspected fraud or violation of the Company's Code of Conduct or ethics policy without fear of reprisal. The policy may be accessed on the Company's website.

**17. DIVERSITY OF BOARD**

The Company sees increasing diversity at the Board level as an essential element in supporting the attainment of its strategic objectives and its sustainable development. In particular, a diverse Board, among others, will enhance the quality of decisions by utilizing different skills, qualifications and professional experience for achieving sustainable and balanced development.

**18. REMUNERATION POLICY**

Pursuant to the applicable provisions of the Companies Act, 2013 and the Listing Regulations, the Board, in consultation with its Nomination & Remuneration Committee, has formulated a framework containing, inter-alia, the criteria for performance evaluation of the



entire Board of the Company, its Committees and Individual Directors, including Independent Directors.

Members can download the complete remuneration policy on the Company's website ([www.cosmoferrites.com](http://www.cosmoferrites.com)).

Disclosure of details of payment of remuneration to Managerial Personnel *under* Schedule V Part II, Section II (A) forms part of this Corporate Governance Report.

## 19. RELATED PARTY TRANSACTIONS

With reference to Section 134(3)(h) of the Companies Act, 2013, all contracts and arrangements with related parties under Section 188(1) of the Act, entered into by the Company during the financial year, were in the ordinary course of business and on an arm's length basis. The details of the related party transactions as required under Accounting Standard-18 are set out in Note 34 to the financial statements forming part of this Annual Report.

During the year, there were no transactions with related parties which qualify as material transactions under SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015. The Disclosure required in Form AOC-2 pursuant to Section 134 (3)(h) of the Companies Act, 2013 is Not Applicable.

The Company has developed a Policy for Consideration and Approval of Related Party Transactions which can be accessed on Company's website ([www.cosmoferrites.com](http://www.cosmoferrites.com)).

## 20. EXTRACT OF ANNUAL RETURN

The details forming part of the extract of the Annual Return in form MGT 9 is annexed herewith as **Annexure D** to this Report.

## 21. RISK MANAGEMENT

Every organization is exposed to a number of risks that it needs to effectively identify, manage and mitigate. Company has a process in place to identify key risks across the organisation and relevant action plans to mitigate these risks. The Audit Committee has been entrusted with the responsibility to assist the Board members about the risk assessment and its minimization procedures.

There are no risks which in the opinion of the Board threaten the existence of your Company. However, some of the risks which may pose challenges are set out in the Management Discussion and Analysis which forms part of this Report.

## 22. AUDITORS

### Statutory Audit:

M/s. Suresh Kumar Mittal & Co., Chartered Accountants,

were appointed as Statutory Auditors of the Company in 31<sup>st</sup> AGM (held on 25 September, 2017) to hold office for a period of 5 years until the conclusion of 36<sup>th</sup> AGM.

There are no observations (including any qualification, reservation, adverse remark or disclaimer) of the Auditors in their Audit Report that may call for any explanation from the Directors. Further, the notes to accounts referred to in the Auditor's Report are self-explanatory. During the year, the Auditor had not reported any matter under Section 143 (12) of the Act, therefore no detail is required to be disclosed under Section 134(3)(ca) of the Act.

### Secretarial Audit:

Pursuant to the Provisions of Section 204 of the Companies Act, 2013 and The Companies (Appointment and Managerial Personnel) Rules, 2014, the Company has appointed "M/s DMK Associates", a firm of Company Secretaries in Practice to undertake the Secretarial Audit of the Company.

The Secretarial Auditors have submitted their report, confirming compliance by the Company of all the provisions of the applicable corporate laws. As per the remark raised by Secretarial Auditor in their report regarding filling of form MGT-14, the company has filled necessary forms for Condonation of Delay. The Secretarial Audit Report annexed as **Annexure - B**

### Cost Auditor:

The Board of Directors, on the recommendation of Audit Committee, has appointed M/s Ravi Sahni & Co., Cost Accountants, as Cost Auditor to audit the cost accounts of the Company for the Financial Year 2019-20 at a remuneration of Rs. 1,50,000/- plus service tax as applicable and reimbursement of out of pocket expenses. As required under the Companies Act, 2013, a resolution seeking members' approval for the remuneration payable to the Cost Auditor forms part of the Notice convening the Annual General Meeting.

In terms of the Section 148 of the Companies Act, 2013 ('the Act') read with Rule 8 of the Companies (Accounts) Rules, 2014, it is stated that the cost accounts and records are made and maintained by the Company as specified by the Central Government under sub-section (1) of Section 148 of the Companies Act, 2013.

During the year, the Auditor had not reported any matter under Section 143 (12) of the Act, therefore no detail is required to be disclosed under Section 134(3)(ca) of the Act.

## 23. AUDITORS' REMARKS

The Auditors' remarks on the annual accounts are self explanatory and do not require further comments from the Company.



**24. CHANGE IN NATURE OF BUSINESS, IF ANY**

No change in the nature of the business of the Company done during the year under review.

**25. MATERIAL CHANGES AND COMMITMENTS, IF ANY, AFFECTING FINANCIAL POSITION OF THE COMPANY**

There are no material changes and commitments which have occurred subsequent to the close of the financial year of the Company to which the balance sheet relates and the date of the report that may affect the financial position of the Company.

**26. SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS**

There are no significant material orders passed by the Regulators / Courts which would impact the going concern status of the Company and its future operations.

**27. LISTING WITH STOCK EXCHANGES**

The Company confirms that it has paid the Annual Listing Fees for the year FY 2018- 19 to the Bombay Stock Exchange where the Company's equity shares are listed.

**28. PROMOTION OF WOMEN'S WELL BEING AT WORKPLACE**

Cosmo Ferrites has zero tolerance for sexual harassment at workplace and has adopted a Policy on prevention, prohibition and redressal of sexual harassment at workplace in line with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules there under for prevention and redressal of complaints of sexual harassment at workplace. The Company has complied with provisions relating to the constitution of Internal Complaints Committee under the said act. There have been no complaints of sexual harassment received during the year.

**29. PARTICULARS OF EMPLOYEES AND RELATED DISCLOSURES**

The information required pursuant to Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is also enclosed as **Annexure E** to this Report.

The information pursuant to Section 197(12) of the Companies Act, 2013 read with Rule 5(2) & 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 pertaining to the top ten employees in terms of remuneration drawn and their other particulars also form part of this report. However, the report and the accounts are being sent to the members excluding the aforesaid annexure. In terms of Section 136 of the Act, the said annexure is open for

inspection at the Registered Office of the Company. Any shareholder interested in obtaining a copy of the same may write to the Company Secretary.

**30. DIRECTORS' RESPONSIBILITY STATEMENT**

In accordance with the provisions of section 134 (5) of the Companies Act, 2013, the Board of Directors, to the best of knowledge and belief and according to the information and explanations obtained by them, hereby confirm that:

- (i) In the preparation of the annual accounts, applicable accounting standards have been followed along with proper explanation relating to material departures.
- (ii) Accounting policies selected were applied consistently. Reasonable and prudent judgments and estimates are made so as to give a true and fair view of the state of affairs of the Company as of 31<sup>st</sup> March, 2019 and of the profits 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, 2013, 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.
- (v) Proper Internal Financial Controls were in place and that the Financial Controls were adequate and were operating effectively.
- (vi) Systems to ensure compliance with the provisions of all applicable laws were in place and were adequate and operating effectively.

**31. SECRETARIAL STANDARDS**

During the year 2019, the Company has complied with applicable Secretarial Standards issued by the Institute of the Company Secretaries of India.

**32. APPRECIATION**

Your Directors wish to place on record their appreciation of continued support extended by the dealers, distributors, suppliers, investors, bankers, financial institutions. Your Directors also express their appreciation for the committed services by the employees of the Company.

For and on behalf of the Board

**Ambrish Jaipuria**  
Chairman

New Delhi  
**13<sup>th</sup> May, 2019**