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CUPID CONDOM LIMITED



We help the world play safe...

11th Annual Report 2003-2004



ELEVENTH ANNUAL REPORT

Board of Directors	:	Mr. Om Prakash Garg Non Executive Chairman Mr. Pawan Bansal Executive Director Mr. J. L. Sharma Independent & Non Executive Director Mr. Suresh Chand Garg Independent & Non Executive Director Mr. Brij Mohan Garg Independent & Non Executive Director Mr. Sachin Prasad Independent & Non Executive Director
Auditors	:	Bhatter & Company Chartered Accountants Mumbai
Bankers	:	Oriental Bank of Commerce, HDFC Bank Ltd.
Factory Address	:	A-68, M.I.D.C., Sinnar, Village Malegaon, Dist. Nashik - 422 103 (India).
Registered and Corporate Office	:	103, Sona Chambers, 507/509, J. S. S. Road, Chira Bazar, Mumbai - 400 002. (India)
Share Transfer Agents	:	Bigshare Services (P) Ltd, E-2/3, Ansa Industrial Estate, Sakivihar Road, Saki Naka, Andheri(E), Mumbai - 400 072



Cupid Condom Limited

(formerly known as Cupid Rubbers Limited)

NOTICE

Notice is hereby given that the Eleventh Annual General Meeting of the members of Cupid Condom Limited will be held on Thursday 30th September, 2004 at 103, Sona Chambers, 507/509, J.S.S. Road, Chira Bazar, Mumbai 400 002 at 9.00 a.m. to transact the following business.

ORDINARY BUSINESS

1. To receive, consider and adopt the audited Balance Sheet of the Company as at 31st March, 2004 and the Profit & Loss Account of the Company for the year ended on that Date and Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Om Prakash Garg who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Mr. Pawan Bansal who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint Auditors of the Company and to fix their remuneration.

SPECIAL BUSINESS

5. To consider and if thought fit to pass with or without any modifications the following resolution as Ordinary resolution:

“RESOLVED THAT Mr. J. L. Sharma be and is hereby appointed as Director of the Company liable to retire by rotation.”

6. To consider and if thought fit to pass with or without any modifications the following resolution as Ordinary resolution:

“RESOLVED THAT Mr. Suresh Chand Garg be and is hereby appointed as Director of the Company liable to retire by rotation.”

7. To consider and if thought fit to pass with or without any modifications the following resolution as Ordinary resolution:

“RESOLVED THAT Mr. Brij Mohan Garg be and is hereby appointed as Director of the Company liable to retire by rotation.”

8. To consider and if thought fit to pass with or without any modifications the following resolution as Ordinary resolution

“RESOLVED THAT Mr. Sachin Prasad be and is hereby appointed as Director of the Company liable to retire by rotation.”



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9. To consider and if thought fit to pass with or without any modifications the following resolution as Special resolution

"RESOLVED THAT pursuant to the provisions of sections 198, 268, 269, 310, 311 and Schedule XIII of the Companies Act, 1956 the consent of the Shareholders of the Company is accorded for increase in remuneration payable to Mr. Pawan Bansal as Executive Director of the Company from consolidated monthly salary of Rs. 10,000/- to as per the details mention below from October 1, 2004 to December 31, 2006.

- (a) Consolidated Salary of Rs 25,000 per month.
- (b) Contribution to Provident Fund, Superannuation Fund or Annuity Funds to the extent these, either singly or put together are not taxable under the Income Tax Act, 1961.
- (c) Gratuity payable as per the Group Gratuity Scheme of LIC of India.
- (d) Encashment of leave at the end of tenure.

"RESOLVED FURTHER THAT wherein any financial year during the tenure of Mr. Pawan Bansal as Executive Director, the company has no profits or its profits are inadequate, the Company shall pay minimum remuneration to Mr. Pawan Bansal by way of consolidated monthly salary not exceeding the ceiling limit of Rs 3,00,000 per annum or Rs. 25,000 per month, or within such ceiling limits as may be prescribed under Schedule XIII to the act from time to time. The said ceiling limit of minimum remuneration does not include the perquisites as mention in clauses (b) to (d) above in the computation of ceiling of minimum remuneration.

10. To consider and if thought fit to pass with or without any modifications the following resolution as Special resolution

"RESOLVED THAT pursuant to the provisions of sections 149 (2A) of the Companies Act, 1956 the consent of the Shareholders is accorded to the company for commencement of new business as mentioned in clause 42 of other object clause of Memorandum of Association of the company regarding dealing in chemicals and allied activities.

ON BEHALF OF THE BOARD

PAWAN BANSAL
Executive Director

REGISTERED OFFICE :

103, SONA CHAMBERS, 507/509, J.S.S. RD,
CHIRA BAZAR, MUMBAI - 400 002.

Place : Mumbai

Dated : 31st August, 2004

CERTIFIED TRUE COPY

[Signature]
BANSAL



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NOTES :

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY NEED NOT BE A MEMEBR OF THE COMPANY.** Proxies in order to be effective must be received at the registered office of the company at least 48 hours before the time fixed for the meeting.
2. The register of members and share transfer books of the Company shall remain closed from Thursday, 23rd September 2004 to Thursday 30th September 2004.
3. A copy of the explanatory statement under section 173 (2) of the Companies Act, 1956 is annexed herewith.

Explanatory statement under section 173 (2) of the Companies Act, 1956.

5. The Board of Directors appointed Mr J. L. Sharma as additional director of the Company at their board meeting held on 21st January 2004.

As per the provisions of section 260 of the Companies Act 1956, Mr. J. L. Sharma holds office of the director of the Company upto the date of annual general meeting.

The Company has received notices from the shareholders under the provisions of section 257 of the Companies Act, 1956 proposing the appointment of Mr. J. L. Sharma as Director of the Company liable to retire by rotation alongwith refundable security deposit of Rs. 500.

The Board of Directors recommend to the shareholders to accord their approval by way of passing ordinary resolution.

Except the proposed appointee none of the directors of the Company are interested in the resolution.

6. The Board of Directors appointed Mr. Suresh Chand Garg as additional director of the Company at their board meeting held on 21st January 2004.

As per the provisions of section 260 of the Companies Act, 1956, Mr. Suresh Chand Garg holds office of the director of the Company upto the date of annual general meeting.

The Company has received notices from the shareholders under the provisions of section 257 of the Companies Act, 1956 proposing the appointment of Mr.Suresh Chand Garg as director of the Company liable to retire by rotation alongwith refundable security deposit of Rs.500/-.

The Board of Directors recommends to the shareholders to accord their approval by way of passing ordinary resolution.

Except the proposed appointee and Mr.Om Prakash Garg, Mr Brij Mohan Garg and Mr.Pawan Bansal none of the directors of the Company are interested in the resolution.

7. The Board of Directors appointed Mr.Brij Mohan Garg as additional director of the Company at their board meeting held on 15th March 2004.

As per the provisions of section 260 of the Companies Act 1956, Mr. Brij Mohan Garg holds office of the director of the Company upto the date of annual general meeting.

The Company has received notices from the shareholders under the provisions of section 257 of the Companies Act, 1956 proposing the appointment of Mr.Brij Mohan Garg as director of the Company liable to retire by rotation alongwith refundable security deposit of Rs.500/-.

The Board of Directors recommend to the shareholders to accord their approval by way of passing ordinary resolution.



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Except the proposed appointee and Mr.Om Prakash Garg, Mr Sureshchand Garg and Mr.Pawan Bansal none of the directors of the Company are interested in the resolution.

8. The Board of Directors appointed Mr.Sachin Prasad as additional director of the Company at their board meeting held on 21st January 2004.

As per the provisions of section 260 of the Companies Act 1956, Mr. Sachin Prasad holds office of the director of the Company upto the date of annual general meeting.

The Company has received notices from the shareholders under the provisions of section 257 of the Companies Act, 1956 proposing the appointment of Mr. Sachin Prasad as director of the Company liable to retire by rotation alongwith refundable security deposit of Rs.500.

The Board of Directors recommend to the shareholders to accord their approval by way of passing ordinary resolution.

Except the proposed appointee none of the directors of the Company are interested in the resolution.

9. The shareholders have appointed Mr. Pawan Bansal as executive director of the Company at their annual general meeting held on December 29, 2001 for the period of five year with effect from January 1, 2002 on monthly consolidated salary of Rs. 10,000/-

In view of increase in business activities it is proposed to increase the payment of monthly consolidated salary to Rs. 25,000/- for the balance period of his acting as executive director upto December 31, 2006

The terms & conditions of appointment and remuneration to Mr. Pawan Bansal as executive director are as follows:

(a) Period of Appointment: October 1, 2004 to December 31, 2006.

(b) Remuneration:

- (i) Consolidated Salary of Rs 25,000 per month.
- (ii) Contribution to Provident Fund, Superannuation Fund or Annuity Funds to the extent these, either singly or put together are not taxable under the Income Tax Act, 1961.
- (iii) Gratuity payable as per the Group Gratuity Scheme of LIC of India.
- (iv) Encashment of leave at the end of tenure.

Total monetary value of the above perquisites will be calculated as per the Income Tax Rules and subject to such ceiling as may be prescribed by the Central Government.

(c) Minimum Remuneration: Wherein any financial year during the tenure of Mr. Pawan Bansal as executive director, the company has no profits or its profits are inadequate, the Company shall pay minimum remuneration to Mr. Pawan Bansal by way of consolidated monthly salary not exceeding the ceiling limit of Rs 3,00,000 per annum or Rs. 25,000 per month, or within such ceiling limits as may be prescribed under Schedule XIII to the act from time to time. The said ceiling limit of minimum remuneration does not include the perquisites as mention in clauses (b) to (d) above in the computation of ceiling of minimum remuneration.

Except the proposed appointee, Mr Sureshchand Garg, Mr Brij Mohan Garg and Mr. O. P. Garg being his relatives no other directors of the company are interested in the resolution.

The above explanation be treated as disclosure to members an abstract of the terms of variation of appointment and remuneration payable to executive director under the provisions of section 302(2) of the Companies Act 1956.

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The Board of Directors recommend to the shareholders to accord their approval by way of passing special resolution

10. Clause No 42 of other object clause of Memorandum of Association of the Company permit to carry on the business of dealing in chemicals and allied activities. The Board of Directors feel that the said business can be conveniently and profitably carried on with the existing business activities of the Company.

Your approval is required to commence the said new Business.

The Board of Directors recommend to the shareholders to accord their approval by way of passing special resolution

The Board of Directors recommend you to accord the approval.

None of the directors of the Company are interested in the resolution.

A copy of the Memorandum of Association of the Company is available for inspection to the members at the registered office of the company from 9.00 am to 5.00 pm

ON BEHALF OF THE BOARD**PAWAN BANSAL**

Executive Director

BRIJ MOHAN GARG

Director

REGISTERED OFFICE :

103, SONA CHAMBERS, 507/509, J.S.S. RD,
CHIRA BAZAR, MUMBAI-400 002.

Place : Mumbai

Dated : 31st August, 2004



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Details of Directors seeking re-appointment at the Annual General Meeting

(In Pursuance of Clause 49 of the Listing Agreement)

Name of Director	O. P. Garg	Pawan Bansal	J. L. Sharma	Suresh Chand Garg	Brij Mohan Garg	Sachin Prasad
Age	60	41	64	49	41	38
Qualification	M. Sc.	Graduate	Ph. D., J. D.	Graduate	Graduate	M. B. A.
Date of Appointment	16-08-1994	01-12-2001	21-01-2004	21-01-2004	15-03-2004	21-04-2004
Experience	Industrialist	Business	Business	Business	Business	Service
Other Directorships	Nil	Nil	1	Nil	Nil	Nil
Chairman / Member Of Audit Committee	Nil	Nil	2	1	Nil	1

Details of Directors seeking increase in remuneration payable

(In Pursuance of Clause 49 of the Listing Agreement)

Mr. Pawan Bansal, executive director of the Company seeks the approval of the shareholders at the annual general meeting for increase in remuneration to Rs. 25,000/- per month by way of consolidated salary for the balance term of his appointment i.e upto December 31, 2006.

The details of remuneration payable is already mentioned in the Notice of the annual general meeting.

The Company has not entered into any agreement with executive director.

The office of the executive director is terminable by giving 3 months notice.



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REPORT OF BOARD OF DIRECTORS

Your directors have pleasure in presenting this Eleventh Annual Report together with audited accounts for the year ended 31st March 2004.

Financial Results

The highlights of financial result of the Company are as follows

(Rs.in Lacs)

	31 st March 2004	31 st March 2003
Income from operations	1045.65	561.18
Profit before Tax	217.94	20.32
Less: Provision for Taxation		
Current Tax	-	-
Deffered Tax	(78.36)	223.27
Profit after Tax	139.58	243.59
Deficit carried to Balance Sheet	(458.15)	(597.73)

Operations

During the current year, the Company has managed to achieve its highest ever turnover and profit with the excellent order performance and financial restructuring. The Company has achieved turnover of Rs. 1045.65 Lacs as Compared to Rs. 561.18 Lacs during the previous year i.e. increase of 86.33% over the corresponding period. After providing for all the charges, the company has made a profit before provision for deffered tax assets / liability of Rs. 217.94 Lacs as compared to Rs. 20.32 Lacs i.e. an increase of 972.54% for the corresponding year.

Finance

During the year, the Company has entered into 'One Time Settlement(OTS)' arrangement with IIBI Limited, whereby the Company's accumulated liability on the date of arrangement towards term loan availed from IIBI limited will be settled at an agreed amount of Rs. 400 Lacs, payable in insatallments in accorandance with the specified terms. Accordingly, the Company has not made any provision for interest as the Company is complying the terms of OTS arrangement with its lenders and has not defaulted in discharging its obligation under OTS arrangement. The settlements of term loans have favorably impacted the earnings of the Company.

Future Prospects

The management decision to convert its unit from 100% Export Oriented Unit (EOU) to Export Promotion Capital Goods (EPCG) Scheme has opened door of domestic market, which has huge potential for the company's product for birth control and prevention of non-curable disease like H.I.V. etc. During the year under review, the company was successful in getting tender business from Ministry of Health under its Social Welfare Programme. The company eyes large amount of tender business from Ministry of Health during the current year simultaneously Company also plans to launch its brand "Green Love" in the domestic market. The management's continuous efforts undertaken to improve productivity and cost reduction will further improve the income of the Company. Efforts are also being undertaken for new export orders. The company also plans to increase volume of trading business of chemicals and allied business for improving its profitability.

Change of Name

During the year with the permission of Central Government and shareholders name of the company was changed from 'Cupid Rubber Limited' to Cupid Condom Limited' w.e.f. December 08, 2003.



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Dividend

In view of the accumulated losses the Board do not recommend payment of any dividend for the year 2003-2004.

Directors

Mr. Om Prakash Garg and Mr. Pawan Bansal retires by rotation but being eligible, offer themselves for re-appointment. During the year under review Mr. Dinesh Pachori resigned as director of the Company and with regrets the Board of Directors would like to inform the sad demise of Mr. Dayanand Choudhary. The Board of Directors also appointed Mr. J. L. Sharma, Mr. Suresh Chand Garg, Mr. Brij Mohan Garg and Mr. Sachin Prasad to further strength the Board. They hold office of director upto the date of annual general meeting. The shareholders are requested to re-appoint them as mentioned at Item No. 5 to 9 of Notice of annual general meeting.

Employees

The Company has not employed any employees drawing the salary in excess of the limits prescribed under section 217 (2 A) of the Companies Act 1956 read with the companies (Particulars of Employees) Rules 1975 as amended.

Conservation of Energy, Technology Absorption, Innovation & Adaption

The Company has taken all the effective steps to conserve the energy. As stand by arrangement the Company has installed generator set.

The Company is also taking steps to upgrade its technology to improve the quality of its product so as to make same cost effective and compete in international market.

Foreign Exchange Earning & Outgo

The Company has earned foreign exchange of Rs. 22.63 Lacs through exports and spent foreign exchange of Rs. 5.91 Lacs towards import of raw material.

Fixed Deposits

The Company has not accepted any deposits during the year from the public.

Auditors

M/s Bhattar & Company Chartered Accountants, Mumbai auditors of the Company retire and being eligible offer themselves for re-appointment.

Directors Responsibility Statement

Pursuant to the provision of section 217(2AA) of the Companies Act, 1956, the directors to the best of their knowledge and belief confirm that:

- i. in the preparation of the annual accounts, the applicable Accounting Standards have been followed alongwith proper explanation relating to material departure.
- ii. they have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the accounting year and of the profit or loss of the company for the year.
- iii. they have taken proper and sufficient care 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. they have prepared the annual accounts on a going concern basis.