



# CUPID LIMITED



*We help the world play safe...*

**13th ANNUAL REPORT 2005 - 2006**

<b>Board of Directors</b>	<b>:</b>	<b>Mr. Omprakash Chhangamal Garg</b> Non Executive Chairman <b>Mr. Pawan Murarilal Bansal</b> Executive Director <b>Mr. Jandhyala Lakshminarayana Sharma</b> Independent & Non Executive Director <b>Mr. Dinesh Mohanlal Pachori</b> Independent & Non Executive Director <b>Mr. Sachin Prasad</b> Independent & Non Executive Director
<b>Auditors</b>	<b>:</b>	<b>M/s. Bhatler &amp; Company</b> Chartered Accountants Mumbai
<b>Bankers</b>	<b>:</b>	<b>HDFC Bank Ltd.</b> <b>Oriental Bank of Commerce</b>
<b>Compliance Officer</b>	<b>:</b>	<b>Mr. Pawan Murarilal Bansal</b>
<b>Factory Address</b>	<b>:</b>	A-68, M.I.D.C., Sinnar Village, Malegaon, Dist. Nashik- 422 113, Maharashtra (India).
<b>Registered and Corporate Office</b>	<b>:</b>	103, Sona Chambers, 507/509, J. S. S. Road, Mumbai – 400 002, Maharashtra (India).
<b>Registrars &amp; Share Transfer Agents</b>	<b>:</b>	<b>Bigshare Services (P) Ltd,</b> E-2/3, Ansa Industrial Estate, Sakivihar Road, Saki Naka, Andheri(East), Mumbai – 400 072.
<b>Share Holder General Information</b>	<b>:</b>	Listed at Bombay Stock Exchange Limited, (BSE Code; 530 843) Member of NSDL & CSDL
<b>ISIN No.</b>	<b>:</b>	<b>INE509 F01011</b>
<b>Compliance for</b>	<b>:</b>	<b>ISO 9001:2000 &amp; CE 0407</b>



## **NOTICE**

Notice is hereby given that the Thirteenth Annual General Meeting of the Members of Cupid Limited will be held on Friday September 29, 2006 at The Silk Merchants Association Hall, 1<sup>st</sup> Floor, Dahanukar Building, 480, Kalbadevi Road, 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 March 31, 2006 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. Omprakash 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. Appointment of Mr. Dinesh Pachori as Director of the Company**

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

**"RESOLVED THAT** Mr. Dinesh Pachori who was appointed by the Board of Directors as an Additional Director of the Company with effect from December 31, 2005 and who holds office upto the date of this Annual General Meeting of the Company in term of Section 260 of the Companies Act, 1956 ("Act") and in respect of whom the Company has received a notice in writing from Shareholders under Section 257 of the Companies Act, 1956 proposing his candidature for the office of Director of the Company, be and is hereby appointed a Director of the Company liable to retire by rotation.

#### **6. Increase in Remuneration of Mr. Pawan Bansal, Director of the Company**

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. 25,000/- to as per the details mention below from 1st October 2006 to 31st December, 2006.

- a) Consolidated salary of Rs 35,000 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 at a rate not exceeding half a month salary for each completed year of service.
- d) Contribution to group employees welfare insurance.
- e) 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 4,20,000 per annum or Rs. 35,000 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 above mentioned perquisites in the computation of the ceiling of minimum remuneration.

**For and on behalf of the Board of the Directors**

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**PAWAN BANSAL**  
Executive Director

**REGISTERED OFFICE**

103, Sona Chamber,  
507/509, J.S.S. Road,  
Mumbai – 400 002,  
Maharashtra (India).

Place : Mumbai

Date : 23<sup>rd</sup> August , 2006


**Notes for Members Attention**

1. **A Member entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote instead of himself and a proxy need not be a member 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 meeting. Proxies submitted on behalf of Limited Companies, Societies, Partnership firm, etc must be supported by appropriate resolution / authority, as applicable, issued on behalf of the nominating organization.
2. The Register of Members and Share Transfer Books of the Company shall remain closed from Friday, September 22, 2006 to Friday, September 29, 2006, both the days inclusive.
3. A copy of the explanatory statement under section 173 (2) of the Companies Act, 1956 is annexed herewith:

**Explanatory statement pursuant to the Companies Act, 1956.**

As required by Section 173(2) of the Companies Act, 1956, ("ACT") the following explanatory statements set out all material facts relating to the business mentioned under Item 5 and 6 of the accompanying in the Notice of the Annual General Meeting.

5. The Board of Directors appointed Mr. Dinesh Pachori as Additional Director of the Company at their board meeting held on December 31, 2005.  
 As per the provisions of Section 260 of the Companies Act 1956, Mr. Dinesh Pachori holds office of the Director of the Company up to date of Annual General Meeting. The Company has received notices from the shareholders of the Company under the provisions of Section 257 of the Companies Act, 1956 proposing the appointment of Mr. Dinesh Pachori as Director of the Company liable to retire by rotation alongwith requisite deposit.  
 Details regarding the persons proposed to be appointed as Directors and their brief resume have been given in the Annexure attached to the Notice. Keeping in view the experience and expertise Director of the Company recommended to the Shareholders to accord their approval by way of passing Ordinary Resolution.  
 Each of the Director may be deemed to be interested in the resolution relating to his own appointment.
6. The shareholders have appointed Mr. Pawan Bansal as Executive Director of the Company at their Annual General Meeting held on 29 th December, 2001 for the period of five year with effect from 1st January, 2002 on monthly consolidated Salary of Rs. 10,000. The Shareholder have increased salary payable to Executive Director to Rs. 25,000 per month at their meeting held on 30th September, 2004.  
 In View of increase in Business activities it is proposed to increase the payment of monthly consolidated salary to Rs. 35,000 per month for the balance period of his acting as Executive Director upto 31st December, 2006.  
 The terms & conditions of appointments and payment of remuneration to Mr. Pawan Bansal as Executive Director are as follows:
  - a) **Period of Appointment:** 1st October, 2004 to 31st December, 2006.
  - b) **Remuneration:**
    - i) Consolidated salary of Rs. 35,000 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 at a rate not exceeding half a month salary for each completed year of service.

iv) Contribution to group employees welfare insurance.

v) 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. 4,20,000 per annum or Rs. 35,000 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 above mentioned perquisites. Except the proposed appointee and Mr. Omprakash Garg being his relative 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.

The Board of Directors recommends to the Shareholders to accord their approval by way of passing Special Resolution.

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**For and on behalf of the Board of the Directors**

**OM PRAKASH GARG**

Chairman

**PAWAN BANSAL**

Executive Director

Place : Mumbai

Date : 23<sup>rd</sup> August , 2006




**Details Of Directors Seeking Appointment at the Annual General Meeting**

Details regarding the persons proposed to be appointed as Directors and their brief resume in pursuance of Clause 49 of Listing Agreement.

<b>Name of Director</b>	Mr. Omprakash Garg	Mr. Pawan Bansal	Mr. Dinesh Pachori
<b>Date of Birth</b>	25 June, 1943	22 May, 1963	15 December, 1968
<b>Qualification</b>	M. Sc.	Graduate	Chartered Accountant
<b>Date of Appointment</b>	8 August, 1994	1 December, 2001	31 December, 2005
<b>Specific Experience</b>	Hold experience in Business Environment. Industrialist with wide Business experience since past more than 30 years.	Hold experience in Business Environment. Experienced in Marketing and Corporate Management	Hold as Practicing Chartered Accountant. Leading variety of Professional team to encourage prospective growth in Corporate
<b>Directorships held in other Public Companies</b>	Nil	Nil	Nil
<b>Membership/ Chairman Of Other Public Companies (Includes only Audit and Shareholders / Investors Grievance Committee)</b>	Nil	Nil	Nil

**Details of Directors seeking increase in Remuneration payable**

Details regarding their brief resume in pursuance of Clause 49 of 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. 35,000 per month by way of consolidated salary for the balance term of his appointment that is upto 31st December, 2006.

The Company is not paying any other remuneration for Mr. Pawan Bansal, except Contribution for Group Gratuity Scheme with LIC, and Contribution for the provident fund and contribution for other group employees welfare insurance.

The Company has not entered into any Agreement with Executive Director.

The office of the Executive Director is terminable by giving 3 month notice.



## REPORT OF BOARD OF DIRECTORS

The Directors hereby pleased to present the **Thirteenth Annual Report** together with audited statements of accounts for the year ended 31<sup>st</sup> March 2006.

### Financial Results

The highlights of financial result of the Company are as follows :

	<b>(Amount in Lacs)</b>	
	<b>31<sup>st</sup> March 2006</b>	<b>31<sup>st</sup> March 2005</b>
<b>PARTICULARS</b>		
Turnover and Other Income	1293.40	1393.22
<b>Profit before depreciation, finance charges and tax</b>	<b>394.20</b>	<b>411.78</b>
Add: - Interest Written back	159.56	305.22
Less: - Depreciation and finance charges	68.66	84.85
<b>Profit before tax</b>	<b>485.10</b>	<b>632.15</b>
Less: - Provision for Current year Income tax	50.00	42.00
Less: - Provision for Earlier year Income tax	3.85	-
Less: - Provision for Current year FBT	2.50	-
Less: - Provision for Deferred tax	126.04	119.70
<b>Net Profit after Tax</b>	<b>302.71</b>	<b>470.44</b>
Balance brought forward from previous year	12.29	(458.15)
<b>Balance Carried forward to Balance sheet</b>	<b>315.00</b>	<b>12.29</b>

### Operations

During the accounting year under review, the Company achieved turnover of Rs 1293.40 Lacs as compared to Rs 1393.22 Lacs i.e. decrease of 7.16% over the corresponding year. After providing for all the charges the Company has made a profit before tax of Rs 302.71 Lacs (which includes Interest write back of Rs. 159.56 Lacs) as compared to Rs. 632.15 Lacs i.e. an decrease of 52.11% over the corresponding year. However, the profit before tax and extra ordinary income has marginally decreased by 0.48% over the corresponding year.

### Finance

During the year Company has paid dues of Rs.425 Lacs committed under One Time Settlement (OTS) to Bank of India (BOI) towards full & final settlement of their outstanding dues. The Company has received no dues certificate from IIBI Limited and Bank of India. The Company has incorporated the financial impact of OTS settlement in the books of accounts resulting into one time gain of Rs. 159.56 by virtue of reversal of liability, no longer payable.

### Change of Name

During the year with the permission of Central Government and Shareholders name of the Company was changed from 'Cupid Condom Limited' to 'Cupid Limited' w.e.f. 2 January, 2006.



**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. and other diseases. During the year under the 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 and International Health Bodies like UNFPA, WHO etc. The Company proposed to widening of the customer base by penetrating new market and domestic front. The Company can look forward to bright business prospects.

**Quality and Systematic Organisation flow Initiatives**

Company reinforcing commitments to High Standards of quality products and Systematic Organisation flow recommended by programs, like the ISO 9001:2000 and CE 0407 Certification. This had added productive to quality products to the Company.

**Dividend**

To conserve the resources, the Board does not recommend payment of any dividend for the year 2005 - 2006.

**Directors**

Mr. Omprakash Garg and Mr. Pawan Bansal retires by rotation but being eligible offer themselves for re-appointment. During the year under review Mr. Brij Mohan Garg and Mrs. Veena Garg resigned as Directors of the Company.

The Board of Directors also appointed Mr. Dinesh Pachori as Non-Executive Independent Director of the Company. The shareholders are requested to re-appoint him as mentioned at Item No. 5 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.

**Conservation Of Energy, Technology absorption, Innovation & Adaptation**

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

The Company has deployed Indigenous Technology to manufacture its products. 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. 61.51 Lacs through exports and spent foreign exchange of Rs. 2.30 Lacs towards import of raw material.


**Fixed Deposit**

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

**Auditors**

M/s Bhattar & Company, Chartered Accountants, Mumbai, who is the statutory auditors of the Company, in accordance to the provision of Companies Act, 1956 upto the conclusion of forthcoming Annual General Meeting and are eligible for re-appointment.

**Insurance**

Adequate Insurance Cover has been taken for the Major Assets of the Company including Buildings, Plant & Machinery and Stocks.

**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 for the year 2005 - 2006, the applicable Accounting Standards have been followed alongwith proper explanation relating to material departures.
- ii. they have selected such accounting policies and applied them consistently and made judgments 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 financial year and of the profit or loss of the company for the financial 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. They confirm that there are adequate systems and control 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.

**Committees of the Board of Directors Reconstituted**

Pursuant Clause 49 of Listing Agreement of the Bombay Stock Exchange Limited reconstituted the Committees of the Board of Directors as follow

Audit Committee was reconstituted on 31st December, 2005 comprising the following Members:

- Mr. J. L. Sharma – Chairman & Non-Executive Director
- Mr. Dinesh Pachori – Independent & Non-Executive Director
- Mr. Sachin Prasad - Independent & Non-Executive Director

Some of the terms of references of audit committee are to review the financial reporting process and to examine accountancy, taxation and disclosure aspect of significant transaction.

Remuneration Committee was reconstituted on 31st December, 2005 comprising the following members:

- Mr. J. L. Sharma – Chairman & Non-Executive Director
- Mr. Dinesh Pachori – Independent & Non-Executive Director
- Mr. Sachin Prasad - Independent & Non-Executive Director

Shareholders/Investors Grievance Committee was reconstituted on 31st December, 2005 comprising the following members:

- Mr. J. L. Sharma – Chairman & Non-Executive Director
- Mr. Dinesh Pachori– Independent & Non-Executive Director
- Mr. Sachin Prasad - Independent & Non-Executive Director