



CE 0470



CUPID LIMITED



We help the world play safe....



17th ANNUAL REPORT 2009 - 2010

BOARD OF DIRECTORS	Mr. Omprakash Chhangamal Garg Non Executive Chairman Mr. Durgesh Garg Executive Director Mr. Anup Prakash Garg Independent & Non Executive Director Mr. Raju Subba Sagi Independent & Non Executive Director Mr. Pradeep Jain Non Executive Director
AUDITORS	M/s. Bhatler & Company Chartered Accountants Mumbai.
LEGAL ADVISOR	Singhania & Co., LLP Solicitors & Advocates Mumbai.
SECRETARIAL AUDITORS	Mr. Shailesh Kachalia Practicing Company Secretary Mumbai.
BANKERS	ING Vysya Bank Limited HDFC Bank Limited State Bank of India
FACTORY ADDRESS	A-68, M.I.D.C., Sinnar Village, Malegaon, Dist. Nashik- 422 113, Maharashtra (India).
REGISTERED AND CORPORATE OFFICE	103, Sona Chambers, 507/509, J. S. S. Road, Mumbai – 400 002, Maharashtra (India).
REGISTRARS & SHARE TRANSFER AGENTS	Bigshare Services (P) Ltd., E-2/3, Ansa Industrial Estate, Sakivihar Road, Saki Naka, Andheri(East), Mumbai – 400 072.



NOTICE

Notice is hereby given that the Seventeenth Annual General Meeting of the shareholders of Cupid Limited will be held on Thursday, 30th September, 2010 at 103, Sona Chambers, 507/509, J.S.S. Road, Chira Bazar, Mumbai - 400 002 at 10.00 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, 2010 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. Raju Subbha Sagi who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Mr. Pradeep Jain 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 Special resolution

"RESOLVED THAT pursuant to the provisions of sections 198, 268, 269, 310, 311 and Schedule XIII of the Companies Act, 1956 the appointment of Mr. Durgesh Garg as Executive Director of the Company from 1st October, 2009 to 30th September, 2014 be and is hereby ratified on the following terms and conditions.

- a) Monthly 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 month salary for each completed year of service.
- d) Encashment of leave as per company rule.
- e) Reimbursement of Medical Expenses for the personal & dependants as per company rule but not exceeding one monthly salary payable.
- f) Leave Traveling Allowance as per Company rule.
- g) Ex – gratia / Bonus not exceeding as per company rule but not exceeding one month salary payable.

"RESOLVED FURTHER THAT wherein any financial year during the tenure of Mr. Durgesh Garg as Executive Director, the company has no profits or its profits are inadequate, the Company shall pay minimum remuneration to Mr. Durgesh Garg by way of consolidated monthly salary not exceeding the ceiling limit of Rs 4.20 Lacs 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

Omprakash Garg
Chairman

REGISTERED OFFICE

103, Sona Chamber,
507/509, J.S.S. Road,
Mumbai – 400 002.

Place : Mumbai

Date : 25th August, 2010



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 Thursday 23rd September, 2010 to Thursday 30th September, 2010, both the days inclusive.
3. Members can avail facilities of nomination in respect of shares held by them and may send their Nomination form duly filled in to the Company.
4. Members holding shares in dematerialized mode are requested to intimate all changes with respect to their address, nomination, mandate, and other related to their Depository Participant (DP), where they hold their demat account.
5. Members holding the shares in physical form should intimate any change in their address, nominate, mandate and others be informed to the Companies Registrars and Shares transfer agent (i.e. Bigshare Services Private Ltd)
6. In all correspondence with the Company, members are requested to quote their for physical share the Folio No. and for the dematerialised form quote their DP ID and Client Id.
7. A copy of the explanatory statement under section 173 (2) of the Companies Act, 1956 is annexed herewith.



Explanatory statement pursuant to section 173(2) 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 of the in the Notice of the Annual General Meeting.

5. The Board of Directors appointed Mr. Durgesh Garg as Executive Director of the Company at their meeting held on 30th September, 2009 on the following terms and conditions for the period of five years w.e.f. 1st October, 2009.
- a) Monthly 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 month salary for each completed year of service.
 - d) Encashment of leave as per company rule.
 - e) Reimbursement of Medical Expenses for the personal & dependants as per company rule but not exceeding one month salary payable.
 - f) Leave Traveling Allowance as per Company rule
 - g) Ex-Gratia / Bonus not exceeding as per company rule but not exceeding one month salary payable.
 - h) **Minimum Remuneration:** Wherein any financial year during the tenure of Mr. Durgesh Garg as Executive Director, the company has no profits or its profits are inadequate, the Company shall pay minimum remuneration to Mr. Durgesh Garg by way of consolidated monthly salary not exceeding the ceiling limit of Rs. 4.20 Lacs 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

The Company has not entered into any Agreement with Executive Director. The office of the Executive Director is terminable by giving 3 months notice.

The appointment and payment of remuneration to Mr. Durgesh Garg as Executive Director of the Company is subject to the approval of the shareholders at the general meeting.

Details regarding the person proposed to be appointed as Directors and their brief resume have been given in the annexure attached to the notice.

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 and conditions 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.

For and on behalf of the Board of the Directors

Omprakash Garg
Chairman

Place : Mumbai
Date : 25th August, 2010



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.

Name of Director	Mr. Raju Subbha Sagi	Mr. Pradeep Jain	Mr. Durgesh Garg
Date of Birth	10 th December, 1942	15 th September, 1974	08 th September, 1970
Qualification	M. Sc.	M. Sc. FCS, LL.B (Hon's)	M. Com
Date of Appointment	28 th February, 2009	28 th February, 2009	1 th October, 2009
Specific Experience	Having experience in Business Environment. Industrialist with wide Business experience for nearly 30 years	Having experience in Legal Consultancy and Practicing Lawyer in well known International firm.	Having experience in Business Environment. Industrialist with wide Business experience for more than 12 years.
Directorships held in other Public Companies	Nil	Nil	Nil
Membership/ Chairman of Other Public Companies (Includes only Audit and Shareholders / Investors Grievance Committee)	Nil	Nil	Nil



REPORT OF BOARD OF DIRECTORS

Your Directors herewith present the **Seventeenth Annual Report** on the business and operations of the company for the year ended 31st March, 2010.

Financial Results

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

PARTICULARS	(Amount in Lacs)	
	31st March, 2010	31st March, 2009
Turnover and Other Income	864.68	1,246.57
(Loss) / Profit before depreciation, finance charges and tax	(78.56)	(142.69)
Less: - Depreciation and finance charges	237.55	242.39
(Loss) / Profit before tax	(316.11)	(385.08)
Less: - Provision for Current year Income tax	NIL	NIL
Less: - Provision for Current year FBT	NIL	1.80
Add / (Less) - Provision for Deferred tax	121.71	115.09
Net (Loss) / Profit after Tax	(194.41)	(271.78)
Balance brought forward from previous year	422.55	694.33
Balance Carried forward to Balance sheet	228.15	422.55

Operations

The year under report ended with a loss of Rs.194.41 Lacs against Loss of Rs. 271.78 Lacs. In terms of turnover, your company achieved a turnover of Rs. 864.68 Lacs as against to Rs. 1,246.57 Lacs in the previous year. The Loss of Rs. 194.41 Lacs is after absorbing interest cost of Rs. 98.21 Lacs (previous year at Rs. 102.55 Lacs) and depreciation of Rs. 139.32 Lacs (previous year at Rs. 137.82 Lacs) and Provision of Deferred Tax Assets of Rs. 121.71 Lacs (previous year at Rs. 115.09 Lacs).

Loss during the year is due to increased capacity could not be utilised due to nonreceipt of Government order, slow down in global economy and stiff competition in the international market. Therefore performance during the year was not satisfactory.

Finance

The Company has raised fund by issue of securities which has been used to meet the requirement of working capital. Term Loan liability with Bank were restructured with a moratorium for repayment of installment upto March, 2010 in view of losses incurred by company and its negative cash flows.



Conversion of Warrant and Issue of New Convertible Warrants

During the year 5,92,600 convertible warrants issued to promoter were converted into 5,92,600 equity shares of Rs. 10 each @ Rs.16.50 per equity shares including premium of Rs 6.50 per share on 29th March, 2010.

The Management further realised the need to raise long term funds due to loss incurred in last two consecutive years to meet working capital needs. Therefore 11,50,000 convertible warrants were issued at Rs. 10.50 to be converted to equal number of Equity Shares of Rs. 10 each at a premium of Rs. 0.50 per shares to the promoters. The approval for allotment of warrants was accorded by shareholders of Company at the EGM held on 5th June, 2010.

Research and Development Recognition for developing Female Condoms

The Company has set up state of art Research and Development facilities for developing the female condom. In this process your Company has already got registration certificate from Government of India-Ministry of Science & Technology, Department of Scientific & Industrial Research New Delhi. The Company is confident of launching of female condom commercially in the current financial year.

Future Prospects

The Company's products is well recognized in the market and is best in terms of quality and standards. The Company enjoys a cost advantage given the proximity to Markets. The costs of productions are also kept under constant reviews and controls.

The performance of financial year 2009 – 2010 was adversely affected due to non -receipt of Government order, slow down in global economy and stiff competition of price. The global economy has started showing signs of improvement, stable Government placed in our country and Government's continuous efforts to control birth, prevention of HIV and other sexually transmitted diseases. This will help to improve the company's performance in future.

Your Company also making all its efforts to source the orders for male & female condom from Domestic and International Market for capacity utilisation.

Quality and Systematic Organisation flow Initiatives

Company is regularly reinforcing commitments to High Standards of quality products and Systematic Organisation flow as recommended by programs of the ISO 9001:2008, ISO 13485 : 2003, WHO – GMP Certification, USFDA and CE 0407 approvals. Certification leading to a prospective growth in Quality & Quantity of Company products and services.

Dividend

In view of Losses incurred by your Company, the Board do not recommend payment of any dividend for the year 2009 - 2010.

**Directors**

Mr.Raju Subbha Sagi and Mr.Pradeep Jain retires by rotation but being eligible offer themselves for re-appointment.

The Board of Directors also appointed Mr. Durgesh Garg as Executive Director of the Company for the period of five year at their meeting held on 30th September, 2009 on the terms and conditions mentioned at item No.5 of notice of meeting. The shareholders are requested to ratify his appointment as Executive Director of the Company.

During the year under review Mr. Sureshchand Garg, Mr. Sachin Prasad and Mr. Pawan Bansal resigned as Directors of the Company.

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 it 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.110.25 Lacs (Previous year Rs. 96.40 Lacs) through exports, where as the Company spent foreign exchange of Rs.0.74 Lacs (Previous Year Rs. 135.52 Lacs {Including Import of Plant & Machinery}) towards commission, professional fees and Documents charges.

Fixed Deposit

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

Auditors

M/s Bhatler & 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

Subsidiary

The Company has incorporated a subsidiary Company by the name 'Cupid Medical Research Centre Private Limited' and subscribed to the equity share capital of said company of Rs. 0.98 Lacs equivalent to 98% of shares capital. The company has not started any business activities in the said company.



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 2009 - 2010, the applicable Accounting Standards have been followed alongwith proper explanation relating to material departures.
- ii) We 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) We 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) We have prepared the annual accounts on a going concern basis.

Auditors Report

The observations made by the Auditors are replied in notes forming part of accounts, which are self-explanatory.

Report on Corporate Governance, Management Discussion and Analysis

A report on the Corporate Governance alongwith Management Discussion and Analysis Report and a certificate from the auditors of the Company regarding compliance of conditions of Corporate Governance, in terms of Clause 49 of the Listing Agreement, are annexed herewith.

Appreciation

The Board of Directors would like to place on records their gratitude for the co-operation and the unstinted support received from Vendors, Traders, Customers, Banks and Shareholders. The support of the Bankers, Auditors and Members of Cupid family cannot go unmentioned here.

Your Directors look forward to having a long and fruitful relationship with all of them.

For and on behalf of the Board of the Directors

Omprakash Garg

Chairman

Place : Mumbai

Date : 25th August, 2010