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CUPID LIMITED

**18th
Annual Report
2010-2011**

We help the world play safe....



18th ANNUAL REPORT 2010 - 2011

BOARD OF DIRECTORS	: Mr. Omprakash Chhangamal Garg Chairman & Executive Director Mr. Durgesh Garg Director Mr. Raju Subba Sagi Independent & Non Executive Director Mr. Pradeep Jain Independent & Non Executive Director
AUDITORS	: M/s. Bhatner & Company Chartered Accountants 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 Eighteen Annual General Meeting of the shareholders of Cupid Limited will be held on Friday, 30th September, 2011 at 103, Sona Chambers, 507/509, J.S.S. Road, Mumbai - 400002 at 10.15 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, 2011 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. Durgesh Garg who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint Auditors of the Company and to fix their remuneration.

For and on behalf of the Board of the Directors

OMPRAKASH GARG
Chairman & Executive Director

REGISTERED OFFICE

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

Place : Mumbai

Date : 20th August, 2011

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.

2. The Register of Members and Share Transfer Books of the Company shall remain closed from Friday 23rd September, 2011 to Friday 30th September, 2011.

**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. Omprakash Garg	Mr. Durgesh Garg
Date of Birth	25 th June, 1943	08 th September, 1970
Qualification	M. Sc.	B. Com
Date of Appointment	8 th August, 1994	1 st October, 2009
Specific Experience	Having experience in Business Environment. Industrialist with wide Business experience for more than 40 years.	Having experience in Business Environment. Industrialist with wide Business experience for more than 13 years.
Directorships held in other Public Companies	Nil	Nil
Membership/ Chairman of Other Public Companies (Includes only Audit and Shareholders / Investors Grievance Committee)	Nil	Nil



REPORT OF BOARD OF DIRECTORS

Your Directors herewith present the **Eighteen Annual Report** on the business and operations of the Company for the year ended 31st March, 2011.

Financial Results

The highlights of financial results of the company are as follows:

PARTICULARS	(Amount in Lacs)	
	31st March, 2011	31st March, 2010
Turnover and Other Income	1939.44	864.68
Profit / (Loss) before depreciation, finance charges and tax	287.59	(78.56)
Less: - Depreciation and finance charges	231.50	237.55
Profit / (Loss) before tax	56.09	(316.11)
Add / Less: - Provision for Deferred tax	(17.29)	121.71
Net Profit / (Loss) after Tax	38.80	(194.41)
Balance brought forward from previous year	228.15	422.55
Balance Carried forward to Balance sheet	266.94	228.15

Operations

The year under report ended with profit of Rs. 38.80 Lacs against Loss of Rs. 194.41 Lacs. In terms of turnover, your company achieved a turnover of Rs. 1939.44 Lacs as against Rs. 864.68 Lacs in the previous year. The profit of Rs. 38.80 Lacs is after absorbing interest cost of Rs. 93.83 Lacs (previous year at Rs. 98.21 Lacs) and depreciation of Rs. 137.67 Lacs (previous year at Rs. 139.32 Lacs).

Finance

The Company has raised fund by issue of securities which has been used to meet the requirement of working capital. The Company was able to report profit during the year due to comparatively higher capacity utilization and receipt of government order after a gap of almost two years. The management's continuous efforts in keeping expenditure under-control has also contributed in improvement of bottom line.

Conversion of Warrant and Issue of New Convertible Warrants

During the year as approved by shareholders in EGM held on 5th June 2010, 11,50,000 convertible warrants were issued at Rs 10.50 to be converted into equal number of Equity Shares of Rs. 10 each at a premium of Rs 0.50 per shares to the promoters, of which 5,07,900 warrants were converted to 5,07,900 equity shares on receipt of 100% amount for the convertible warrants on 30th September 2010. Similarly outstanding 6,42,100 convertible warrants were converted on 7th April 2011.

Due to commitments for repayment of terms loans and increasing needs of working capital. The Company additionally approved issue of 15,00,000 convertible warrants at par and same is being approved by shareholders in EGM held on 20th July, 2011.



Launch of Female Condoms commercially in Market

The Company's own developed female condoms got registration certificate from Government of India-Ministry of Science & Technology, Department of Scientific & Industrial Research New Delhi. Our Company acclaimed to be 1st Indian Company having in-house manufacturing of female condoms in domestic market. Company launched female condoms commercially and had been able to acquire superior order from international and domestic markets.

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 2010-2011 was better than previous year, but is not entirely satisfactory to management. After a gap of 2 year, the company was awarded order from Government of India and expects good orders in coming years in view to Government's continuous efforts to control birth, prevention of HIV and other sexually transmitted diseases.

Your Company also making all its efforts to source the orders for male & female condom from Domestic and International Market for its absolute production capacity utilisation. Thereby helping to improve Company's performance in future.

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 leads to a prospective growth in Quality & Quantity of Company products and services.

Dividend

In view of marginal profit earned by your Company and to conserve resources, the Board do not recommend payment of any dividend for the year 2010 - 2011.

Directors

Mr.Omprakash Garg and Mr.Durgesh Garg retire by rotation but being eligible offer themselves for re-appointment.

Mr. Anup Prakash Garg resigned as Directors of the Company 14th May 2011 and Mr Durgesh Garg resigned as Executive Director of Company in view of appointment of Mr Omprakash Garg as Executive Director of Company, Mr Durgesh Garg continue to be Director of the Company.

Employees

The Company has not employed any employee drawing the salary in excess of the limits prescribed under section 217 (2A) 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.189.15 Lacs (Previous year Rs. 110.25 Lacs) through exports, whereas the Company spent foreign exchange of Rs.0.89 Lacs (Previous Year Rs. 0.74 Lacs)

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

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 2010 - 2011, the applicable Accounting Standards have been followed along with 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 & Executive Director

Place : Mumbai

Date : 20th August, 2011



MANAGEMENT DISCUSSION AND ANALYSIS REPORT

This discussion contains forward-looking statements, the performance of the Company for the year 2010-2011 and an outlook for the future. The report conveys expectations of future performance based on an assessment of current business environment. This could vary based on future developments. The following discussion and analysis should be read in connection with our audited financial statements prepared in accordance with the generally accepted accounting principles.

Industry Structure and Developments

The Company's products are well accepted in the market. The Company is marketing its products through Local distribution network and has successfully executing tender awarded by Ministry of Health, Government of India.

Opportunities and Threats

There are Opportunities towards concentration in Rural Market and exploring the Export Market. Whereas there are threats of Competition from unorganized / small-scale sectors and new entrants in the open market.

Outlook

The Indian condom market is highly fragmented there are over 175 condom brands, most of them are regional. Assuming an industrial growth of 8 to 10 % will absorb company's entire production capacity. The Company is also penetrating new market in the International and Domestic front.

Risks and Concerns

Competition from the unorganized small-scale sector via cut throat competition from the new entrants in the market, thereby squeezing the Company's profit margins.

Internal Control Systems

The Company has an adequate system of internal controls, which ensures that all assets are protected against loss from unauthorized use or disposition and all transactions are recorded and reported in conformity with generally accepted accounting principles.

Financial Results

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

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Human Resources and Industrial Relations

The Industrial relations at the plant continue to be cordial. Training Programme for personnel in various areas of corporate interest were held at different levels in the organisation in order to build-up execution capability at regular intervals.



AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE

To the Members of Cupid Limited,

We have examined the compliance of conditions of corporate governance by Cupid Limited ("the Company") for the year ended 31st March, 2011 as stipulated in clause 49 of the Listing Agreement.

The compliance of conditions of corporate governance is the responsibility of the Management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned listing agreement.

We state that in respect of investors' grievances received during the year ended 31st March, 2011 based on the information received from the Company and presented to the Shareholder's/Investors' Grievances Committee, there are no investor grievances pending against the Company for more than 30 days.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

For BHATTER & COMPANY

Chartered Accountants
Firm Reg. No.131092W

DAULAL H. BHATTER

Proprietor
Membership No. 16937

Place : Mumbai

Date : 20th August, 2011