



Cupid Limited

19th ANNUAL REPORT 2011 - 2012

BOARD OF DIRECTORS	:	Mr. Omprakash Chhangamal Garg Chairman & Managing Director Mr. Raju Subba Sagi Independent & Non Executive Director Mr. Pradeep Jain Independent & Non Executive Director
AUDITORS	:	M/s. Bhatler & Company Chartered Accountants Mumbai.
BANKERS	:	ING Vysya Bank Limited HDFC Bank Limited State Bank of India
SECRETARIAL AUDITORS	:	Mr. Shailesh Kachalia Practicing Company Secretary Mumbai.
FACTORY ADDRESS	:	A-68, M.I.D.C., Sinnar, Malegaon, Nashik District, Maharashtra (India). Pin Code - 422113.
REGISTERED AND CORPORATE OFFICE	:	103, Sona Chambers, 507/509, J. S. S. Road, Mumbai, Maharashtra (India). Pin code - 400 002,
REGISTRARS & SHARE TRANSFER AGENTS	:	Bigshare Services (P) Ltd., E-2/3, Ansa Industrial Estate, Sakivihar Road, Saki Naka, Andheri(East), Mumbai – 400 072.
COMPLIANCE OFFICER	:	Mr. Omprakash Chhangamal Garg



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NOTICE

Notice is hereby given that the Nineteen Annual General Meeting of the shareholders of Cupid Limited will be held on Friday, 28th September, 2012 at 103, Sona Chambers, 507/509, J.S.S. Road, Mumbai - 400 002 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, 2012 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 Subba 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.

For and on behalf of the Board of the Directors

OMPRAKASH GARG

Chairman & Managing Director

REGISTERED OFFICE

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

Place : Mumbai

Date : 17th August, 2012

Notes for Member 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 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 Member and Share Transfer Book of the Company shall remain closed from Friday 21st September, 2012 to Friday 28th September, 2012.



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Details of Directors Seeking Appointment at the Annual General Meeting

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

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



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REPORT OF BOARD OF DIRECTORS

Your Directors herewith present the **Nineteen Annual Report** on the business and operations of the Company for the year ended 31st March, 2012.

Financial Results

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

PARTICULARS	31st March, 2012	(Amount in Lacs)
		Rupees
		31st March, 2011
Turnover and Other Income	2,622.88	1,939.44
(Loss) / Profit before depreciation, finance charges and tax	295.47	287.59
Less: - Depreciation and finance charges	223.48	231.50
(Loss) / Profit before tax	71.99	56.09
Earlier year taxes provision W/off	(8.14)	-
Provision for Deferred tax	21.48	(17.29)
Net (Loss) / Profit after Tax	58.64	38.80
Balance brought forward from previous year	266.94	228.15
Balance Carried forward to Balance sheet	325.59	266.94

Operations

The year under report ended with profit of Rs. 58.64 Lacs against previous profit of Rs.38.80 Lacs. In terms of turnover, your company achieved a turnover of Rs. 2622.88 Lacs as against Rs. 1939.44 Lacs in the previous year. The profit of Rs. 58.64 Lacs is after absorbing finance cost of Rs. 86.22 Lacs (previous year at Rs. 93.83 Lacs) and depreciation of Rs. 137.26 Lacs (previous year at Rs. 137.67 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 improvement in bottomline inspite of global slow-down & up-trend in input cost due to higher inflation and high volatility in currency rates.

The Company have reported total revenue of Rs 2622.88 Lacs, which is highest ever in history of Company. The management's continuous efforts in keeping expenditure under-control have also contributed in improvement of bottom line. With a view to reduce future debt commitments, a part of Working capital loan was converted into Term loan liability of Rs.100 Lacs alienated into 24 monthly repayment term from March 2012.



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Conversion of Warrant and Issue of New Convertible Warrants

Outstanding 6,42,100 Convertible Warrants were converted to 6,42,100 Equity Shares on 7th April 2011 in consideration to receipt of 100% amount.

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 of which 95,000 warrants were converted to 95,000 equity shares on receipt of 100% amount for the convertible warrants on 27th March, 2012.

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. The export revenue contribution from female condom segment during the year was about Rs. 174.31 lacs.

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 performances during financial year 2011-2012 was better than previous year and also are pleased to mention that in terms revenue company had reported a turnover of Rs 2597.75 lacs due to repeated order from Government of India has further added to improvement in Company's performances.

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 to conserve resources, the Board do not recommend payment of any dividend for the year 2011-2012.

Directors

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

Mr. Anup Prakash Garg resigned as Director of the Company on 14th May, 2011 and Mr. Durgesh Garg resigned as Director of Company on 24th December, 2011.

As per shareholder approval in EGM held on 20th July, 2011 in pursuant to provisions of section 269 of the Companies Act, 1956 and as per approval received by letter dated 9th February, 2012 from Central Government Mr. Omprakash Garg is qualified as Executive Directors for the period of 5 years with effect from 20th July, 2011 to 19th July, 2016. Then after further to his reliability and deliberation the Board of Directors at their meeting held on 21st April, 2012 under alike requisites apprised



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Mr. Omprakash Garg designation as Chairman and Managing Director of 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 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.348.69 Lacs (Previous year Rs. 189.15 Lacs) through exports, whereas the Company spent foreign exchange of Rs.2.93 Lacs (Previous Year Rs. 0.89 Lacs).

Fixed Deposit

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

Auditors

M/s Bhatte & 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 2011 - 2012, 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.



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- 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 & Managing Director

Place : Mumbai

Date : 17th August, 2012



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MANAGEMENT DISCUSSION AND ANALYSIS REPORT

This discussion contains forward-looking statements, the performance of the Company for the year 2011-2012 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 200 condom brands, most of them are regional. Assuming an industrial growth of 5 to 9% 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:

Particulars	31st March, 2012	(Amount in Lacs)
		31st March, 2011
Turnover and Other Income	2622.88	1939.44
(Loss) / Profit before depreciation, finance charges and tax	295.47	287.59
Less: - Depreciation and finance charges	223.48	231.50
(Loss) / Profit before tax	71.99	56.09
Earlier year taxes provision W/off	(8.14)	-
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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.



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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, 2012 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, 2012 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 : 17th August, 2012



REPORT ON CORPORATE GOVERNANCE

The Company's policies on the Corporate Governance and due compliance report on specific areas wherever applicable for the year ended 31st March, 2012 are given hereunder divided into the following areas.

A. Company's Philosophy on Corporate Governance

Your Company is fully committed to good corporate governance practices as laid down by SEBI. It envisages attainment of a highest level of transparency, accountability and equity in all facts of the Company operations and helps the management in the efficient conduct of the Company's affairs and in protecting the interest of various participants like shareholders, employees, lenders, clients and at the same time places due emphasis on compliance of various statutory laws.

B. Board of Directors

- a) The names and categories of the Directors on the Board, their attendance at Board Meetings held during the year and the number of Directorships and Committee Chairmanships / Memberships held by them in other companies is given below. Other directorships do not include alternate directorships, directorships of private limited companies and of companies incorporated outside India. Chairmanship / Membership of Board Committees include only Audit and Shareholders / Investors Grievance Committees.

Name	Category	Attendance at board Meeting in year 2011-12		Directorships in other public Companies		Committee Position held in other public Companies		Attendance at Last AGM
		Held	Attended	Chairman	Member	Chairman	Member	
Omprakash Garg	Chairman & Managing Director	10	6	NIL	NIL	NIL	NIL	Present
Durgesh Garg #	Director	8	8	NIL	NIL	NIL	NIL	Present
Anup Prakash Garg*	Independent Director, Non Executive	3	2	NIL	1	NIL	1	N. A.
Raju Subba Sagi	Independent Director, Non-Executive	10	5	NIL	NIL	NIL	NIL	Absent
Pradeep Jain	Independent Director, Non-Executive	10	9	NIL	NIL	NIL	NIL	Present

* Resigned on 14th May, 2011

Resigned on 24th December, 2011

b) Board Procedures

Ten board meetings were held during the year on the following dates: 7th April, 2011, 28th April, 2011, 14th May, 2011, 3rd August, 2011, 12th August, 2011, 20th August, 2011, 14th November, 2011, 24th December, 2011, 11th February, 2012 and 27th March, 2012.

The Company has a mandatory annual requirement for every director to inform the company about the Committees/Board member position he occupies in other Companies and notifies the change, if any.