

31st

Annual Report
2009-2010



COSCO

COSCO (INDIA) LIMITED

BOARD OF DIRECTORS

DEVINDER KUMAR JAIN
 NARINDER KUMAR JAIN
 DARSHAN KUMAR JAIN
 PANKAJ JAIN
 MANISH JAIN
 ARUN JAIN
 NEERAJ JAIN
 JOGINDER PAL JAIN
 MOHAN LAL MANGLA
 M. P. GUPTA
 SUNIL JAIN
 GULSHAN RAI JAIN
 RISHA JAIN
 VIJAY KUMAR SOOD

CHAIRMAN CUM MANAGING DIRECTOR
 MANAGING DIRECTOR
 WHOLE TIME DIRECTOR
 WHOLE TIME DIRECTOR
 WHOLE TIME DIRECTOR
 WHOLE TIME DIRECTOR
 WHOLE TIME DIRECTOR
 DIRECTOR
 DIRECTOR
 DIRECTOR
 DIRECTOR
 DIRECTOR
 DIRECTOR
 DIRECTOR
 DIRECTOR

REGISTERED OFFICE

2/8, Roop Nagar
 Delhi - 110007.

BRANCH OFFICES

- 244, Basti Guzan, Near Babrik Chowk, Jalandhar-144 002 (Punjab)
- Shop No. 12 to 15, 32 & 1, Laxmi Narayan Complex, Plot No. 3 & 3A, Sector-12A, Koperkhairne, Navi Mumbai-400 079 (Maharashtra)
- E-8, Sector-6, Noida-201 301 (U.P.)

WORKS

1688-2/31, Railway Road,
 Near Railway Station,
 Gurgaon - 122 001 (Haryana)

AUDITORS

M/s R. N. Bahl & Co.
 Chartered Accountants
 Flat No. 1003, 10th Floor,
 Kailash Building, K.G. Marg,
 New Delhi - 110 001.

BANKERS

Bank of India

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NOTICE

Notice is hereby given that the Thirty-First Annual General Meeting of the Members of Cosco (India) Limited will be held on Thursday, the 30th September, 2010 at 10.30 A.M. at Registered Office of the Company at 2/8, Roop Nagar, Delhi – 110 007 to transact the following business: -

ORDINARY BUSINESS

1. To receive, consider and adopt the Balance Sheet of the Company as at 31st March, 2010, Profit and Loss Account for the year ended on that date togetherwith the Reports of the Auditors' and Directors' thereon.
2. To appoint a Director in place of Shri Arun Jain, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Shri Pankaj Jain who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri. Mohan Lal Mangla who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Shri Joginder Pal Jain who retires by rotation and being eligible, offers himself for re-appointment.
6. To appoint Auditors to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting and to fix their remuneration.

NOTES

1. A member entitled to attend and vote at the Annual General Meeting may appoint a proxy to attend and vote on a Poll on his behalf. A proxy need not be a member of the Company. Proxies in order to be effective must be received at the office of the Registrar of the Company M/s Skyline Financial Services Pvt. Ltd., D-153 A, 1st Floor, Okhla Industrial Area, Phase – I, New Delhi – 110020. not less than Forty Eight hours before the commencement of the Annual General Meeting.
2. All documents referred to in the accompanying Notice are open for inspection at the Registered Office of the Company during office hours on all working days except Sundays between 11.0 A.M. – 1.00 P.M. up to the date of the Annual General Meeting.
3. Register of Members and the Transfer Books for Equity Shares shall remain closed from 25th September, 2010 to 30th September, 2010 (Both days inclusive) for the purpose of ascertaining the names of Members.
4. Please send all correspondence including requests for transfer/transmission/Demat of Shares, change of address etc. to the Registrar and Share Transfer Agents, M/s Skyline Financial Services Pvt. Ltd., D-153 A, 1st Floor, Okhla Industrial Area, Phase – I, New Delhi – 110020. Ph. 26812682, 26812683.
5. Members holding shares in more than one folio in identical order of names are requested to write to the Registrar and Share Transfer Agents enclosing their share certificates to enable the Company to consolidate their holdings in one folio to facilitate better service.
6. Members seeking any information with regard to accounts or operations are requested to write to the Company latest by 27th September, 2010 so as to enable the management to keep the information ready.

Registered Office:
2/8, Roop Nagar,
Delhi -110007

By order of the Board of Director

Devinder Kumar Jain
Chairman cum Managing Director

Place : Delhi

Date : 28th August, 2010



Details of Directors seeking appointment/re-appointment of Directors at the forthcoming Annual General Meeting in pursuance of Clause 49 Of the Listing Agreement.

(i) Shri Arun Jain – Whole Time Director

1.	Background details	1.1 Age 45 Years 1.2 Qualification B.E., M. Tech. 1.3 Experience More than 18 years.
2.	Past remuneration	Remuneration paid to Shri Arun Jain during 2009–10 has been provided in the report on corporate governance forming part of the Annual Report.
3.	Recognition or awards	---
4.	Job profile and his suitability	He has vast experience in Industrial Relations & Management and Research & Development of Rubber & Polymer Products.
5.	Remuneration proposed	As per Special Resolution(s) passed in the Annual General Meeting held on 30.09.2009.
6.	Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person (in case of expatriates the relevant details would be w.r.t. the country of his origin)	No Industry specific comparative data available.
7.	Pecuniary relationship directly or indirectly with the Company, or relationship with the managerial personnel, if any.	Promoter Director Cum Shareholder of the Company. Related to S/s Devinder Kumar Jain & Manish Jain, Directors of the Company. Number of Shares held by him in the Company are 84300 plus 500 as Karta of H.U.F.

(ii) Shri Pankaj Jain, Whole Time Director

1.	Background details	1.1 Age 39 Years 1.2 Qualification B. Com and MBA 1.3 Experience 17 years of experience
2.	Past remuneration	Remuneration paid to Shri Pankaj Jain during 2009-10 has been provided in the report on corporate governance forming part of the Annual Report
3.	Recognition or awards	---
4.	Job profile and his suitability	Finance and Export Marketing and developing of new products for International Market.
5.	Remuneration proposed	As per Special Resolution(s) passed in the Annual General Meeting held on 30.09.2008.
6.	Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person (in case of expatriates the relevant details would be w.r.t. the country of his origin)	No Industry specific comparative data available.
7.	Pecuniary relationship directly or indirectly with the Company, or relationship with the managerial personnel, if any.	Promoter Director Cum Shareholder of the Company. Related to Shri Darshan Kumar Jain, Director. Number of Shares held by him in the Company are 86,300 plus 17,700 as karta of HUF

(iii) Shri Mohan Lal Mangla, Non Executive Director

1.	Background details	1.1	Age	70 Years
		1.2	Qualification	Advocate by Profession
		1.3	Experience	45 years of experience
2.	Past remuneration	No Remuneration except sitting fees has been paid to him during the year 2009–10 as provided in the report on corporate governance forming part of the Annual Report.		
3.	Recognition or awards	—		
4.	Job profile and his suitability	He has vast legal experience including Intellectual Property Rights		
5.	Remuneration proposed	He will be paid sitting fees for attending board meeting(s)		
6.	Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person (in case of expatriates the relevant details would be w.r.t. the country of his origin)	No Industry specific comparative data available.		
7.	Pecuniary relationship directly or indirectly with the Company, or relationship with the managerial personnel, if any.	No pecuniary relationship directly or indirectly with the Company, or relationship with the managerial personnel except 500 shares of the company held by him.		

(iv) Shri Joginder Pal Jain, Non Executive Director

1.	Background details	1.1	Age	71 Years
		1.2	Qualification	Chartered Accountant
		1.3	Experience	40 years of experience
2.	Past remuneration	No Remuneration except sitting fees has been paid to him during the year 2009–10 as provided in the report on corporate governance forming part of the Annual Report.		
3.	Recognition or awards	—		
4.	Job profile and his suitability	He has vast experience in Finance, Taxation, Audit & Company Law matters.		
5.	Remuneration proposed	He will be paid sitting fees for attending board meeting(s)		
6.	Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person (in case of expatriates the relevant details would be w.r.t. the country of his origin)	No Industry specific comparative data available.		
7.	Pecuniary relationship directly or indirectly with the Company, or relationship with the managerial personnel, if any.	No pecuniary relationship directly or indirectly with the Company, or relationship with the managerial personnel except 100 shares of the company held by him.		



DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in submitting their 31st Annual Report together with Annual Accounts for the year ended 31st March, 2010.

FINANCIAL RESULTS	CURRENT YEAR (Rs. in Lacs)	PREVIOUS YEAR (Rs. in Lacs)
Sales and Other Income	5855.89	5507.07
Expenditure	5740.35	5443.32
Profit/(Loss) before Tax	115.54	63.75
Provision for Taxation-Current and Fringe Benefit Tax	47.99	11.04
Deferred Tax Provided (Written Back)	20.84	(30.45)
Net Profit/(Loss) After Taxation	46.70	83.16
Prior Period adjustments	(1.16)	(1.16)
Profit/(Loss) after Prior Period adjustments	48.67	82.00
Transfer to General Reserve	48.67	82.00

The company registered sales turnover of Rs. 5751.86 Lacs against previous year's sales turnover of Rs. 5373.34 Lacs. The performance of the company has further improved during the year ended 31.03.2010 registering an increase of about 7% over the previous year. The other income during the current year was lower at Rs. 104.03 Lacs (Previous year Rs. 133.73Lacs) mainly due to lesser export incentive pursuant to decline in exports because of global economic slow down. The current year's Profit before tax and depreciation amounted to Rs. 184.51 Lacs (Previous year Rs. 141 Lacs). After providing for depreciation of Rs. 68.97 Lacs (Previous year Rs. 77.25 Lacs) and Provision/Write Back of taxes as tabulated above, the company earned net Profit of Rs. 46.70 Lacs during the year ended 31.03.2010 (Previous year Rs. 83.16 Lacs).

PERFORMANCE REVIEW

The company registered moderate growth during the financial year ended 31st March 2010 due to stable domestic demand. Export Sales were affected due to marked slowdown in economic growth in major global economies.

The Management is continuously taking effective steps to improve operating margins by cost controls and better resource utilization. The conversion of boiler from oil fuel base to pet coke fuel last year, has enabled the company to reduce energy costs of steam generation significantly. The Company manufactures/source internationally at competitive prices quality products and develop/source new products on regular basis to increase sales and profitability;

The Company is keeping an edge in the market due to its quality products and popular 'COSCO' Brand. The management is focusing on expanding marketing network of health equipments and allied products as this segment is growing fast to capitalize on Cosco Brand name. Company is taking remedial measures on continuous basis to check the duplication of the Company's branded products.

WHOLLY OWNED SUBSIDIARY COMPANY IN SRI LANKA

The Project for the manufacture of Sports Ball Bladder Bodies/Bladders was set up in Wholly Owned Subsidiary Company M/s. Cosco Polymer Lanka Pvt. Ltd. in Sri Lanka.

The Project started commercial production in the later part of the year ended 31.03.2005. The project faced teething problems during these years which resulted in low capacity utilization. The project could not generate cash accruals till date mainly due to low capacity utilization coupled with continuous rise in Latex prices, fuel prices and other inputs over these years; significant expenditure on account of Research & Development; fixed establishment costs and Interest costs. The subsidiary operations were further affected due to global meltdown resulting in economic slowdown world over and adverse political situation in Sri Lanka. Therefore, the operations in the subsidiary company were suspended last year.

The Wholly Owned Subsidiary Company M/s. Cosco Polymer Lanka Pvt. Ltd has reported loss of INR 147.90 lacs (previous year INR 460.36 lacs). The accumulated loss as on 31.03.2010 is INR 1,296.25 lacs (Previous year Rs.1,279.99 lacs). The business operations of the subsidiary company, which were suspended last year due to global recession and unfavorable political situations in Sri Lanka, could not be re-started till date. Considering the favourable political environment in Sri Lanka at present and in view of the global recovery, the management is in active deliberations with the potential customers to re-start the production at commercially viable scale and is quite hopeful that the operations of the subsidiary will be restarted soon. The management is of the view that there will be no devolvement of any liability on account of Corporate Guarantee issued by it against the loan given by State Bank of India to its subsidiary having regard to the realisable market value of its assets.

DIVIDEND

Directors don't recommend any Dividend to plough back internal accruals.

DIRECTORS' RESPONSIBILITY STATEMENT

The Directors confirm that

- a) in the preparation of the Annual Accounts the applicable Accounting Standards have been followed;
- b) the Directors have applied sound accounting policies 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 of the Company for the period;
- c) the Directors have taken 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;
- d) the Directors have prepared the Annual Accounts on a "going concern basis";

FIXED DEPOSIT:

There are no unclaimed / overdue deposits as on 31st March 2010.

DIRECTORS

In accordance with the Articles of Association of the Company, Shri Arun Jain, Shri Pankaj Jain, Shri Mohan Lal Mangla and Shri Joginder Pal Jain retire by rotation as Directors at the ensuing Annual General Meeting and being eligible offer themselves for reappointment. Board recommends their reappointment.

AUDITORS

M/s R. N. Bahl & Co., Chartered Accountants, the present Auditors of the Company, retire at the conclusion of the forthcoming Annual General Meeting and being eligible, offer themselves for reappointment. The Directors recommend their re-appointment.

AUDITORS' REPORT

Clarifications, information and explanations on the reservations/observations, qualifications or adverse remarks contained in the Auditors Report are annexed hereto as **Annexure-1**. Management has given relevant disclosures in the Financial Statements, Schedules and Notes on Accounts.

COMPLIANCE CERTIFICATE

Compliance Certificate as required under section 383(A) of the Companies Act 1956, issued by Shri Akhil Rohatgi, Secretary in Whole Time in Practice, is annexed hereto as **Annexure-2**.

DEMATERIALISATION OF SHARES

The Company shares are being dealt in dematerialized form.

LISTING

Your Company is listed with Stock Exchanges at Mumbai and Delhi and Annual Listing fee for the Financial Year 2009 - 2010 has been paid to them.



CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

As required by the Companies (Disclosure of particulars in the Report of Board of directors) Rules 1988 the relevant information and data is given in **Annexure-'A'** annexed hereto and form part of this Report.

CORPORATE GOVERNANCE.

Your Company has taken adequate steps to ensure that mandatory provisions of 'Corporate Governance' as provided in the listing agreement of the Stock Exchanges with which the Company's shares are listed, are duly complied with.

Report on 'Corporate Governance' along with Statutory Auditors' Certificate for its due compliance is annexed hereto as part of this report as **Annexures --'B1 & B2'** respectively.

Report on Management Discussion and Analysis is annexed hereto as **Annexure --'C'** and form part of this report.

PARTICULARS OF EMPLOYEES

During the year under review none of the employees of the Company is covered under provisions of section 217(2A) of the Companies Act, 1956.

INDUSTRIAL RELATIONS

During the year the industrial relations remained cordial at all levels.

SUBSIDIARY COMPANY AND CONSOLIDATED FINANCIAL STATEMENTS

Cosco Polymer Lanka (Private) Limited is a Wholly Owned Subsidiary Company of Cosco (India) Limited, which is incorporated in Sri Lanka. Statement pursuant to Section 212 of the Companies Act, 1956 is attached as **Annexure-'D'** with this Report.

In accordance with 'Accounting Standard 21-Consolidated Financial Statements' issued by The Institute of Chartered Accountants of India, the Consolidated Accounts form part of this Report and Accounts.

ACKNOWLEDGEMENTS

Your Directors place on record their appreciation for the assistance and co-operation received from Bankers, Statutory and Internal Auditors, Government Authorities, Customers, Vendors & Shareholders during the year under review. Your involvement as shareholders is greatly valued. Your Directors acknowledge the dedication and commitment of the Executives, Staff and Workers of the Company and record their sincere appreciation of the contribution made to the organization by the team of its employees.

Registered Office:
2/8, Roop Nagar,
Delhi -110007

By order of the Board of Director

Devinder Kumar Jain
Chairman cum Managing Director

Place : Delhi

Date : 28th August, 2010

ANNEXURE TO DIRECTORS REPORT

Annexure – “A”

Statement of particulars under section 217(1)(e) of the Companies Act, 1956 forming part of the Directors' Report for the year ended 31st March 2010.

A. CONSERVATION OF ENERGY

Following measures are taken during the year for conservation of energy:-

- (i) Upgradation of the ion exchange system for the boiler feed water for providing better quality water to the boiler thus increasing the efficiency of the boiler and conserving energy.
- (ii) The piping inside the boiler was upgraded/changed for better efficiency.
- (iii) Losses in the compressor line were also minimized by upgrading old pipelines.
- (iv) Upgradation of electrical motors with new energy efficient motors in the mixing mills.

Information regarding total energy consumption per unit production as per Form A is not applicable to the Company.

B. TECHNOLOGY ABSORPTION

FORM-B

RESEARCH AND DEVELOPMENT (R & D)

1. Specific areas in which R & D carried out by the Company :
 - (i) Energy Conservation.
 - (ii) Installation of machines for machine stitched balls.
 - (iii) Installation of new moulds for light weight valves for ball bladders.
2. Benefits derived as a result of above R & D :
 - (i) Cost optimization.
 - (ii) Higher productivity of stitched balls.
3. Future Plans of Action :
 - (i) Research for thermal bonded balls with new technology.
 - (ii) To introduce automated packing of the products.
4. Expenditure on R & D :

Capital	Nil
Recurring	Rs. 51435
Total	Rs. 51435

Total R&D expenditure as a percentage of total turnover is 0.01 %.

TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

1. Better techniques were evaluated and implemented for quality and productivity improvement.
2. Benefits derived as a result of above
 - (i) Reduction in energy consumption.
 - (ii) Improvement in process efficiency.
3. Imported Technology

(a) Technology imported	None
(b) Year of Import	N.A.
(c) Has technology been fully absorbed	N.A.
(d) If not fully absorbed;	
Reasons and future course of action	N.A.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

- (i) Foreign Exchange earning during the year Rs. 48837676
- (ii) Foreign Exchange outgo during the year Rs. 148733130



ANNEXURE TO DIRECTORS' REPORT

ANNEXURE – 'B1'

CORPORATE GOVERNANCE REPORT

In compliance with Clause 49 of the Listing Agreements with Stock Exchanges, the Company submits the following report on the matters mentioned in the said clause and practices followed by the Company.

COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE.

The Board of Directors and the Management of your Company is committed to

- sound & ethical business practices
- ensure transparency and professionalism in all decisions and transactions of the Company
- build brand value of its products
- good Corporate Governance by conforming to prevalent mandatory guidelines on Corporate Governance.

BOARD OF DIRECTORS

- I. **Composition:** The Board of Directors is headed by Shri Devinder Kumar Jain - Chairman Cum Managing Director. Board consisted of the following Directors as on March 31, 2010, categorized as indicated.

(A) Promoters Group			DIN
Shri Devinder Kumar Jain	Chairman Cum Mg. Director	ED	00191539
Shri Narinder Kumar Jain	Managing Director	ED	00195619
Shri Darshan Kumar Jain	Whole Time Director	ED	00195789
Shri Arun Jain	Whole Time Director	ED	01054316
Shri Manish Jain	Whole Time Director	ED	00191593
Shri Pankaj Jain	Whole Time Director	ED	00190414
Shri Neeraj Jain	Whole Time Director	ED	00190592
(B) Independent			
Shri Mohan Lal Mangla	Director	NED	00311895
Shri Joginder Pal Jain	Director	NED	00190482
Prof. M.P. Gupta	Director	NED	00190550
Shri Sunil Jain	Director	NED	00387451
Shri Gulshan Rai Jain	Director	NED	00737177
Smt. Risha Jain	Director	NED	00311938
Shri Vijay Kumar Sood	Director	NED	01525607

ED – Executive Director, NED – Non Executive Director

- II. Attendance at Board Meetings and last Annual General Meeting and details of membership of Directors in other Boards and Board Committees.

(A) Details of Board Meetings held during the year 2009-10

Date of Meetings	Board Strength	No. of Directors Present
April 30, 2009	14	13
June 17, 2009	14	12
July 05, 2009	14	9
July 31, 2009	14	13
September 05, 2009	14	13
October 31, 2009	14	13
November 25, 2009	14	12
January 30, 2010	14	13

(B) Directors' Attendance Record and Directorships held:

Name of the Director	No. of Board Meetings Attended	Whether attended last AGM held on 30 th Sept. 2009	No. of Directorship held in other Public Limited Companies	No. of Committee position held in other Public Limited Companies as a Chairman	No. of Committee position held in other Public Limited Companies as a Member
Shri Devinder Kumar Jain	8	Yes	1	Nil	Nil
Shri Narinder Kumar Jain	8	Yes	1	Nil	Nil
Shri Darshan Kumar Jain	8	Yes	1	Nil	Nil
Shri Arun Jain	8	Yes	Nil	Nil	Nil
Shri Manish Jain	8	Yes	Nil	Nil	Nil
Shri Pankaj Jain	8	Yes	Nil	Nil	Nil
Shri Neeraj Jain	8	Yes	Nil	Nil	Nil
Shri Mohan Lal Mangla	6	No	Nil	Nil	Nil
Shri Joginder Pal Jain	6	No	Nil	Nil	Nil
Prof. M. P. Gupta	6	Yes	Nil	Nil	Nil
Shri Gulshan Rai Jain	6	No	Nil	Nil	Nil
Shri Sunil Jain	6	Yes	Nil	Nil	Nil
Smt. Risha Jain	6	No	Nil	Nil	Nil
Shri Vijay Kumar Sood	6	Yes	Nil	Nil	Nil

III. Information in respect of appointment of new Directors & re-appointment of existing Directors.

Details of Directors seeking appointment/re-appointment at the forthcoming Annual General Meeting in pursuance of Clause 49 Of the Listing Agreement.

Sl. No.	Name of Director	Brief Resume	Expertise in specific functional areas	Directorship in other Companies
1.	Shri Arun Jain	Aged about 45 years. B.E., M. Tech. More than 18 years experience.	Vast Experience in Industrial Relations & Management and Research & Development of Rubber & Polymer Products	Cosco Polymer Lanka (Pvt.) Ltd. Cosco Polymer Industries Pvt. Ltd.
2	Shri Pankaj Jain	Aged about 39 years. B. Com and MBA. About 17 years experience.	Well experienced in Finance and Export Marketing and developing of new products for International Market.	Cosco Polymer Industries Pvt. Ltd.
3	Shri Mohan Lal Mangla	Aged about 70 years. Law Graduate and Advocate. About 45 years experience.	Vast legal experience including Intellectual Property Rights	Nil
4	Shri Joginder Pal Jain	Aged about 71 years. Chartered Accountant. About 40 years experience.	He has vast experience in Finance, Taxation, Audit & Company Law matters.	Nil

(Refer also statement forming part of Notice of 31st Annual General Meeting issued to the Shareholders of the Company)



Details of Directors appointed/re-appointed in the last Annual General Meeting held on 30th September 2009.

Sl. No.	Name of Director	Brief Resume	Expertise in specific functional areas	Directorship in other Companies
1.	Shri Devinder Kumar Jain	Aged about 72 years. B.Sc. About 49 years experience.	Vast experience in industrial Relations & Management and Research & Development of Rubber Polymer Products.	Cosco Polymer Industries Pvt. Ltd. DDN Polymers Pvt. Ltd. Cosco International Pvt. Ltd. Navendu Investment Co. Pvt. Ltd. Vijay Vallabh Securities Ltd. Radha Phool Fin Investment Pvt. Ltd. Cosco Polymer Lanka (Pvt.) Ltd.
2	Shri Narinder Kumar Jain	Aged about 69 years. Graduate and Diploma In International Marketing About 44 years experience.	Vast experience in National & International Marketing. He also has indepth knowledge of finance and has excellent administrative qualities.	Cosco Polymer Industries Pvt. Ltd. DDN Polymers Pvt. Ltd. Cosco International Pvt. Ltd. Navendu Investment Co. Pvt. Ltd. Vijay Vallabh Securities Ltd. Radha Phool Fin Investment Pvt. Ltd. Cosco Polymer Lanka (Pvt.) Ltd.
3	Shri Darshan Kumar Jain	Aged about 78 years. Matriculate. About 49 years experience.	Vast Experience in Trade especially in the marketing consumer products.	Cosco Polymer Industries Pvt. Ltd. DDN Polymers Pvt. Ltd. Cosco International Pvt. Ltd. Navendu Investment Co. Pvt. Ltd. Vijay Vallabh Securities Ltd. Radha Phool Fin Investment Pvt. Ltd. Cosco Polymer Lanka (Pvt.) Ltd.
4	Shri Arun Jain	Aged about 45 years. B.E., M. Tech. About 18 years experience.	Vast experience in industrial Relations & Management and Research and Development of rubber & polymer products.	Cosco Polymer Lanka (Pvt.) Ltd. Cosco Polymer Industries Pvt. Ltd.
5	Shri Manish Jain	Aged about 40 years. Qualified Engineer and MBA with about 17 years Experience.	Managing Plant Operations and Associated with research and Development of new Products.	Cosco Polymer Industries Pvt. Ltd. Cosco International Pvt. Ltd.
6	Shri Neeraj Jain	Aged about 38 years. B.E. (Polymer Science) About 16 yrs. experience.	International Trade and Sourcing of new products	Cosco Polymer Industries Pvt. Ltd. Cosco International Pvt. Ltd.
7	Shri Vijay Kumar Sood	Aged about 68 years. Graduate. About 47 years experience	About 32 years in Armed Forces Retired as Lt. Col. and 15 years experience in Event Management and Sport Goods Promotion.	Nil

CODE OF CONDUCT

The Board has laid down a Code of Conduct for the Directors and Senior Management of the Company. All the Board Members and Senior Management personnel have affirmed their compliance with the Code. The Code of Conduct is available on the Company's website viz. www.cosco.in. A declaration to this effect signed by the CEO of your Company forms a part of this Report.

Declaration

As provided under clause 49 of the Listing Agreement with the Stock Exchanges, the Board Members and the Senior Management personnel of the Company have affirmed compliance with the Code of Conduct formulated by the Board of Directors of the Company for the year ended 31st March, 2010.

Registered Office:
2/8, Roop Nagar,
Delhi -110007

By order of the Board of Director

Devinder Kumar Jain
Chairman cum Managing Director

Place : Delhi

Date : 28th August, 2010

BOARD COMMITTEES

The Board of Directors has constituted the following committees with adequate delegation of powers.

1. AUDIT COMMITTEE

The composition of the Audit Committee is as follows :

Independent Directors	—	Smt. Risha Jain – Chairperson
	—	Prof. M.P. Gupta
	—	Shri Joginder Pal Jain
	—	Shri Sunil Jain

The members of the Audit Committee are well experienced in the field of finance, accounts and management. Two members of the Committee including the Chairperson are Chartered Accountants. The powers and terms of reference of the committee are as contained in Clause 49 of the Listing Agreement with the Stock Exchanges and Section 292A of the Companies Act, 1956.

The Meetings of the Committee during the year were held on 30th April, 2009, 31st July, 2009, 5th September, 2009, 31st October, 2009 & 30th January, 2010.

(B) Details of Meetings of Audit Committees held during the year 2009-10

Name of the Member	No. of Meetings held	No. of Meetings attended
Smt. Risha Jain	5	5
Shri Joginder Pal Jain	5	5
Prof. M. P. Gupta	5	3
Shri Sunil Jain	5	5

2. REMUNERATION COMMITTEE

The Remuneration Committee consists of following Directors.

Independent Directors	—	Shri Mohan Lal Mangla – Chairman
	—	Shri Gulshan Rai Jain
	—	Shri Sunil Jain

The terms of reference of the committee are as contained in Clause 49 of the Listing Agreement with the Stock Exchanges and as specified in schedule XIII of the Companies Act, 1956.

The Meetings of the committee were held on 4th April, 2009 and 5th September, 2009. The Remuneration Committee approved the remuneration of all the Executive Directors.

The appointment and remuneration of all the Executive Directors have been fixed in terms of Resolutions passed by members in General Meetings.

Remuneration paid to the Executive Directors during the financial year ended 31.03.2010 is given below:

Name	Designation	Salary	Commission	PF	Medical Exp.	Car Perks**	Other perks	Contract Period (No. of Yrs.)
Shri Devinder Kumar Jain	Chairman Cum Mg. Director	1,080,000	864,000	9360	16,992	39600	Refer Note	3
Shri Darshan Kumar Jain	Whole Time Director	1,080,000	864,000	9360	119,119	39600	Refer Note	3
Shri Narinder Kumar Jain	Managing Director	1,080,000	864,000	9360	259,098	39600	Refer Note	3
Shri Arun Jain	Whole Time Director	900,000	720,000	9360	29,406	39600	Refer Note	3
Shri Manish Jain	Whole Time Director	900,000	720,000	9360	58,403	32400	Refer Note	3
Shri Pankaj Jain	Whole Time Director	900,000	720,000	9360	55,512	32400	Refer Note	3
Shri Neeraj Jain	Whole Time Director	900,000	720,000	9360	35,267	32400	Refer Note	3

** Car with Driver partly for personal use valued as per Income Tax Rules.

Note :- Other Perks and Allowances

In addition following Perks and Allowances were permissible / allowed to all the Directors:

- Gratuity and Leave encashment as per actuarial valuation
- Telephones provided for official use. For Telephone installed at the residence expenses recovered for personal long distance calls @ 5% of the Bill.



The sitting fees paid to Non Executive Directors for the year ended on 31st March 2010 are as follows:

Shri Mohan Lal Mangla	: Rs. 3000/-	Shri Sunil Jain	: Rs. 3000/-
Shri Joginder Pal Jain	: Rs. 3000/-	Shri Gulshan Rai Jain	: Rs. 3000/-
Prof. M.P. Gupta	: Rs. 3000/-	Smt Risha Jain	: Rs. 3000/-
Shri Vijay Kumar Sood	: Rs. 3000/-		

Detail of Shareholding of Non-Executive Directors

Name	No. of Equity Shares held	Name	No. of Equity Shares held
Shri Mohan Lal Mangla	: 500	Shri Sunil Jain	: -
Shri Joginder Pal Jain	: 100	Shri Gulshan Rai Jain	: 2,000
Prof. M.P. Gupta	: -	Smt Risha Jain	: -
Shri Vijay Kumar Sood	: -		

3. SHAREHOLDERS/INVESTORS GRIEVANCE COMMITTEE

The Committee consists of following Directors.

Shri Sunil Jain	---	Chairman – Non Executive Director
Shri Darshan Kumar Jain	---	Executive Director
Shri Pankaj Jain	---	Executive Director
Shri Neeraj Jain	---	Executive Director

Shri Pankaj Jain, Director acted as Compliance officer.

The terms of reference of the committee are as specified in Clause 49 of the Listing Agreement with the Stock Exchanges.

The Meetings of the Committee were normally held three times in a month during the year 2009–10.

The Committee is looking after the work of Share Transfer/Transmission/Split/ Consolidation of Shares and Investors grievances. Any two of the above are authorised to consider and approve the Share Transfer/Transmission/Split/ Consolidation of Shares.

Total No. of Complaints received during the year	:	Nil
No. of unsolved complaints to the satisfaction of Shareholders	:	Nil
No. of transfers pending for registration for more than 30 days	:	Nil

GENERAL BODY MEETINGS

(i) Details of location and time of holding the last three AGMs.

Year	Location	Date & Time
28 th AGM – 2007	2/8, Roop Nagar, Delhi- 110 007	29 th September, 2007 – 10.30 A.M.
29 th AGM – 2008	2/8, Roop Nagar, Delhi- 110 007	30 th September, 2008 – 10.30 A.M.
30 th AGM – 2009	2/8, Roop Nagar, Delhi- 110 007	30 th September, 2009 – 10.30 A.M.

(a) No other Shareholder's Meeting was held in the last three years.

(b) Some Special Resolutions were approved at the above meetings. There has been no use of Postal Ballot so far.

Unclaimed Dividends

As per the provisions of Section 205A read with Section 205C of the Companies Act, 1956, the Dividends declared which remained unpaid or unclaimed for a period of 7 years have already been transferred to Investor Education and Protection Fund of the Central Government as reported in earlier years. The Company has not declared any dividend for the financial years from 2000-01 and onward.

Disclosures

Related party disclosure

Related party disclosures are given at Note No. 16 of Schedule 'S' in relation to Notes on Accounts to Financial Statements of the Company. The transactions with the related parties were not in conflict with the interests of the Company at large.

The Company has complied with the requirements of the regulatory authorities on capital markets. There have been no instances of non compliance on matters related to capital markets and no penalties or strictures have been imposed on the Company by the Stock Exchanges, SEBI or any other statutory authority during the last three years except as stated hereinafter. The Company received an order from the Registrar of Companies, NCT of Delhi & Haryana under section 234(1) of the Companies Act, 1956 instructing the Company to offer its comments on certain qualifications/ observations made by the auditors in their report under section 227(4A) of the Act read with CARO, 2003 on the Annual Account for the year ended 31.03.2007. All the points mentioned in the said order / subsequent notice have been replied/information furnished to the Registrar of Companies.

CEO/CFO Certification

A certificate from Chairman cum Managing Director and Finance Head as per the requirements of clause 49. V of the Listing Agreement with the Stock Exchanges was placed before the Board regarding the Financial Statements of the Company, Specified Transactions, Internal Controls, Significant Changes, if any, in Accounting Policies, for the year ended 31st March, 2010.

Means of Communication

The Quarterly, Half Yearly and Annual Results are regularly submitted to Stock Exchanges and are published in daily news-papers - Pioneer (English) and Veer Arjun (Hindi). The Quarterly, Half Yearly Results were not sent to household of Shareholders.

The Company has not displayed any official news release on the Company's website. No presentations were made to any institutional investors or analysts.

Management Discussion & Analysis

Management Discussion & Analysis forms part of the Annual Report.

GENERAL SHAREHOLDER INFORMATION

a) 31st Annual General Meeting

Date and Time : 30th September, 2010 – 10.30 AM
Venue : 2/8, Roop Nagar, Delhi –110 007.

b) Financial Calendar

Financial Year : 1st April to 31st March

For the year ended 31st March 2010, the quarterly results were announced as under:-

1st Quarter ended 30th June 2009 : 31st July 2009
2nd Quarter ended 30th September 2009 : 31st October 2009
3rd Quarter ended 31st December 2009 : 30th January 2010
4th Quarter ended 31st March 2010 : 30th April 2010

For the year ending 31st March 2011, the schedule of announcement of results is as under:-

1st Quarter ended 30th June 2010 : 31st July 2010 – already announced
2nd Quarter ending 30th September 2010 : Last week of October 2010
3rd Quarter ending 31st December 2010 : Last week of January 2011
4th Quarter ended 31st March 2011 : Last week of April 2011

c) Book Closure Date

From 25th September 2010 to 30th September 2010 (both days inclusive)

d) Dividend Payment Date : Dividend not declared.

e) Listing of Equity Shares : Delhi and Mumbai

The listing fee has been paid up to date, to both the Stock Exchanges

f) (i) Stock Code : Mumbai Stock Exchange : 30545
Delhi Stock Exchange : 3177
(ii) Demat ISIN Numbers in NSDL & CDSL : Equity Shares - INE 949B01018

Stock Market Price Data: High low quotations on the Bombay Stock Exchanges during each month for the year 2009-2010 & performance in comparison to BSE Index :

Month	MARKET PRICE*		BSE INDEX**	
	High (Rs.)	Low (Rs.)	High	Low
April, 2009	17.00	15.50	11,492.10	9,546.29
May, 2009	22.45	15.25	14,930.54	11,621.30
June, 2009	27.30	22.50	15,600.30	14,016.95
July, 2009	27.50	23.95	15,732.81	13,219.99
August, 2009	30.55	24.95	16,002.46	14,684.45
September, 2009	33.25	26.40	17,142.52	15,356.72
October, 2009	33.25	28.30	17,457.26	15,805.20
November, 2009	33.75	26.00	17,290.48	15,330.56



December, 2009	32.55	27.25	17,530.94	16,577.78
January, 2010	33.35	28.30	17,790.33	15,982.08
February, 2010	30.00	25.65	16,669.25	15,651.99
March, 2010	29.75	26.00	17,793.01	16,438.45

Distribution of Shareholding as on 31st March 2010

Cat Code	Category of Shareholder	No of Share Holder	Total No. of Shares	No of Shares Held in Demat Form	Total Shareholding As a Percentage of Total Number of Shares	
					% of (A+B)	% of (A+B+C)

(A) Shareholding of Promoter and Promoter Group

1. Indian						
(a)	Individuals/HUF Central Government/State	22	1,672,800	0	40.20	40.20
(b)	Government (S)			0	0.00	0.00
(c)	Bodies Corporate	1	1,447,000	0	34.78	34.78
(d)	Financial Institutions/Banks			0	0.00	0.00
(e)	Any Others (Specify)			0	0.00	0.00
Sub Total A (1)		23	3,119,800	0	74.98	74.98
2. Foreign						
(a)	Individuals (Non-Residents Individuals/Foreign Ind.)	0	0	0	0.00	0.00
(b)	Bodies Corporate	0	0	0	0.00	0.00
(c)	Institutions	0	0	0	0.00	0.00
(d)	Any Others (Specify)	0	0	0	0.00	0.00
Sub Total A (2)		0	0	0	0.00	0.00

Holding of Promoter and Promoter Group

A=A(1)+A(2)	23	3,119,800	0	74.98	74.98
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(B) Public Shareholding

1. Institutions						
(a)	Mutual Funds/UTI	0	0	0	0.00	0.00
(b)	Financial Institutions/Banks Central Government/State	0	0	0	0.00	0.00
(c)	Government(S)	0	0	0	0.00	0.00
(d)	Venture Capital Funds	0	0	0	0.00	0.00
(e)	Insurance Companies	0	0	0	0.00	0.00
(f)	Foreign Institutional Investors Foreign Venture Capital	0	0	0	0.00	0.00
(g)	Investors	0	0	0	0.00	0.00
(h)	Any Others (Specify)	0	0	0	0.00	0.00
Sub Total B (1)		0	0	0	0.00	0.00

(B)2 Non Institutions

(a)	Bodies Corporate	49	268,144	266,244	6.44	6.44
(b)	Individuals					
	i) Individual Shareholders Holding Share Capital Upto Rs.1 lakh	1,716	411,873	305,517	9.90	9.90
	ii) Individual Shareholders Holding Nominal Share Capital in Exces of Rs.1 lakh	11	360,181	360,181	8.66	8.66
(c)	Any Other (NRI) Clearing House	2 0	1,002 0	1,002 0	0.02 0.00	0.02 0.00
Sub Total B(2)		1,778	1,041,200	932,944	25.02	25.02

Total Public Shareholding B=B(1)+B(2)	1,778	1,041,200	932,944	25.02	25.02
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Sub Total of A+B	1,801	4,161,000	932,944	100.00	100.00
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(C) Shares held by custodians and against which depository receipts have been issued	0	0	0	0	0
Grand Total (A+B+C)	1,801	4,161,000	932,944	100.00	100.00

Dematerialization of Shares and liquidity

The Shares of the Company are traded in Demat mode. The Company has entered into an agreement with National Securities Depository Limited and Central Depository Services (India) Ltd. The shares of the Company were dematerialized w.e.f. 27th November 2000. Approx. 22.42% of the Equity Shares of the Company have been dematerialized as on March 31st 2010.

REGISTRAR AND TRANSFER AGENTS

Securities Transfer work in respect of both physical and Demat segment are handled by the Registrar and Share Transfer Agents (R & TA) of the Company for all aspects of investor servicing relating to shares. The Share Transfers were approved by the Shareholders/Investors Grievance Committee of the Company.

Plant Location:

The Factory is situated at : 1688-2/31, Railway Road, Near Railway Station, Gurgaon-122001 (Haryana)
 Phones: 91-124-2251781, 2251782, 2251783
 Email: cosco@satyam.net.in

Address for Correspondence:

For Share Transfer/Demat of Share or any other query relating to Shares:
 M/s. Skyline Financial Services Pvt. Ltd
 D-153 A, 1st Floor, Okhla Industrial Area, Phase – I, New Delhi – 110020.
 Ph. 26812682, 26812683.

Status of compliances of Non mandatory requirements

1. The Board: The Company is headed by an Executive Chairman cum Managing Director. No Independent Director has been appointed for the period exceeding, nine years on the Board of the Company.
2. Remuneration Committee: The Company has constituted Remuneration Committee details whereof are given herein above in this report.

The Company has not adopted the non-mandatory requirements of Clause 49 of the Listing Agreement except as stated hereinabove.

ANNEXURE TO DIRECTORS' REPORT

ANNEXURE – 'B2'

CERTIFICATE BY PRACTICING COMPANY SECRETARY ON COMPLIANCE WITH THE CONDITIONS OF CORPORATE GOVERNANCE UNDER CLAUSE 49 OF THE LISTING AGREEMENT(S)

TO THE MEMBERS OF
 COSCO INDIA LIMITED

1. We have examined the compliance of conditions of corporate governance by Cosco India Ltd., for the year ended on 31.3.2010, as stipulated in Clause 49 of the Listing Agreement of the said company with stock exchange(s).
2. 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.
3. In our opinion and to the best of our information and according to the explanations given to us, Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.
4. We 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 **AKHIL ROHATGI & CO.**
 Companies Secretaries

(**AKHIL ROHATGI**)
 Company Secretary in Practice
 C.P. No. 2317

Place : New Delhi

Date : 28th August, 2010



ANNEXURE TO DIRECTORS' REPORT ANNEXURE - 'C'

MANAGEMENT DISCUSSION AND ANALYSIS

(MD & A)

This may be read in conjunction with the Directors' Report

ECONOMIC SCENARIO

India is the world's sixth largest economy, and is second fast growing economy after China. After the slowdown in economic growth and financial crisis during 2008 & 2009, many global economies are showing notable recovery. The Indian economy despite challenging times is slated to grow by over 8% consistently. The major segments of the Indian Economy viz Agriculture, Industrial and Service Sectors have reported growth trend .

Industry structure and developments

Sports goods industry is stable. However, due to global slowdown India's Exports of Sports Goods and Toys decreased from Rs. 587Crores in 2008-09 to Rs. 548 Crores during 2009-10 as per data reported by the Sports Goods Export Promotion Council. India's contribution to total world import of these items is less than 1%. Sports Goods Industry is getting more competitive with the International Trade Liberalisation and Free Trade Agreements. Indian Sports Goods manufacturers need conducive business environment to be cost effective efficient producers to cope with strong challenge posed by foreign players both in the Domestic and International Markets. Growth potential of Indian Sports Goods & Toys industry is immense and still untapped by the Indian industry.

The Indian Sports Goods & Toys Industry, which was affected by global recession, received full support from the Govt. of India through progressive policy initiatives. With the support from Govt. this industry is striving hard to bounce back on the path of growth.

The Company is in the business of manufacture of Sports balls and Sports Ball Bladders and is marketing wide range of other Sports Goods and Fitness Equipments. The products manufactured/traded by the company conform to International Standards. The Company on continuous basis upgrades the quality of its products with in-house R & D. The main raw materials/inputs for manufactured products are rubber, rubber chemicals, felt, yarn and fuel etc. There has been consistent rise in the material costs over the past few years.

Opportunities & Threats, Risks and Concerns:

The Company has strong brand i.e. 'Cosco' and maintaining leading share position in the Sports Goods Industry in India and with vast network of branches, distributors and about 800 authorized dealers in India is the most organized Indian Company in sports Industry which offers it an opportunity to lead the domestic market. The company has immense potential to leverage upon its brand, accreditation and quality to increase sales and profitability. The Company has got ISO 9001:2000 accreditation and is also registered under ISO 14001:1996 – for implementing an Environmental Management System and OHSAS 18001:1999 - for implementing Occupational Health & Safety Management System. Increasing popularity of sports among masses and awareness about Health & Fitness offers good market opportunity. The company is expanding its marketing network of Health and Fitness Goods. The company is also exploring new markets for export as there has been trend towards export market diversification. .

The Sports Industry in India is facing pressure of Global recession, stiff challenge from international brands and cost competitive products offered by producers from nations like China, Vietnam, Thailand, Bangladesh etc.. The company has tie ups and arrangements with international reputed manufacturers /suppliers to meet the challenges.

Budgetary allocations for Development of Sports in India have been quite less compared to the expenditure on sports by developed countries. Inadequate infrastructure and Anarchical labour laws still pose as major bottlenecks for the company and sports goods industry.

Segment-wise product-wise performance

The Company's products segments are classified broadly into two segments viz

- Own manufactured products viz Sports Balls & Sports Ball Bladders
- Traded Goods viz Fitness Equipments and other sports goods.

The segment wise performance and relevant information is given in Notes on Accounts to the Financial Statements (Refer Note No. 19 of Schedule 'S' relating to Notes on Accounts to the Financial Statements)

Outlook

India is hosting prestigious Commonwealth Games 2010. Allocations on Sports have gone up by government, semi government and private sector. The company see promising future of Sports in India due to increase in spending, creation of Sports related infrastructure and hosting of major sports events. Demand of sports and fitness goods is poised for growth as awareness towards sports, health and fitness among people is increasing.

Threats

1. Rising Inflation
2. Stiff challenge provided by the international brands
3. Infringement of Company's Brand and Trade mark by gray market operators
4. Rising trend in prices of Rubber, a major Raw Material over the last few years.
5. High energy cost due to high international oil prices and inadequate state power supply.
6. Increasing financial costs due to frequent upward revision of interest rates by bank.

Internal control systems and their adequacy.

Your Company has in place adequate internal control systems and procedures commensurate with size and nature of its business. The internal control systems provide for policies, guidelines, authorizations and approval procedures. The Company has appointed Internal Auditors who conduct Internal Audit periodically. The company is gradually enhancing the scope of Internal Audit to include Branches and physical verification of Assets and Stocks. Audit Committee reviews Internal Audit Reports and adequacy of internal controls for ensuring checks and balances and that internal control systems are properly followed.

Discussion on financial performance with respect to operational performance.

The relevant information is given in the Directors' Report under headings Financial Results and Performance Review.

Material developments in Human Resources/Industrial Relations front.

The management believes that Human Resources is the driving force towards progress of the Company and regards it as its most valuable asset. The Company has created a pool of dedicated personnel. The Management believes in trust, transparency and teamwork. The thrust of the Company is to create responsive and market driven organization. The relations with employees remained cordial and satisfactory. The Company seeks to motivate and provide opportunities to its personnel to grow with the organization.

ANNEXURE TO DIRECTORS' REPORT

Annexure – 'D'

Statement pursuant to Section 212 of the Companies Act, 1956, relating to Company's Interest in Subsidiary Companies

1. Name of the Company	Cosco Polymer Lanka (Private) Ltd. (Incorporated in Sri Lanka)
2. The Financial year of the subsidiary company ended on	31.03.2010
3. Date from which they become subsidiary Company.	30.11.2002
4. a. Number of shares held by Cosco (India) Limited with its nominees in the subsidiary at the end of the financial year of the subsidiary company.	1298553 * ordinary shares of face value of Sri Lankan Rs. 100/- each fully paid up**. *Includes 3 ordinary shares of face value of Sri Lankan Rs. 100/- each fully paid up held through Nominees
b. Extent of interest of holding Company at the end of the financial year of the subsidiary company.	100%

<p>5. The net aggregate amount of the subsidiary company profit/(loss) so far as it concerns the members of the holding company.</p> <p>a. Not dealt with in the holding company's account</p> <p>i) For the financial year ended 31st March, 2010</p> <p>ii) For the previous financial years of the subsidiary company since it become the holding company's subsidiary.</p> <p>b. Dealt with in the holding Company's accounts.</p> <p>i) For the financial year ended 31st March, 2010</p> <p>ii) For the previous financial years of the subsidiary Company since it become the holding Company's subsidiary.</p>	<p>Sri Lankan Rs. 328748044/- equivalent to INR 1296.25 lacs (Loss)</p> <p>Sri Lankan Rs. 37510250/- equivalent to INR 147.90 lacs (Loss)</p> <p>Sri Lankan Rs. 291237795/- equivalent to INR 1279.99 lacs (Loss)</p> <p>NIL</p> <p>NIL</p>
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Annexure-1

Clarifications, information and explanations on the reservations/observations, qualifications or adverse remarks contained in the Auditors Report

Para Ref. No. of Auditors Report	Reservations/observations, qualifications or adverse remarks contained in the Auditors Report	Board of Directors' clarifications, information and explanations
Para 1 (i)	<p><i>Note No. 5</i> Reference is invited to Note No. 5 of Notes on Accounts regarding valuation of slow moving / non moving stocks of Rs. 109.19 Lakh. Management has informed, on the basis of internal technical / commercial evaluation of these stocks, these are usable /salable. Management has further represented that these stocks have been valued at cost and realizable value in respect of these stocks will not be less than cost. We have relied upon the management as the matter is technical & subjective and therefore are unable to quantify the provision of loss if any.</p>	<p>As stated in the note no. 5 of Notes on Accounts (Schedule S), Part of these stocks have been consumed / sold during the subsequent year. The efforts are being made to use / dispose of the balance stocks. The management did internal technical / commercial evaluation of major items of opening raw materials and finished goods during the year under audit and is of the view that these stocks are useable / saleable. Having regard to the technical and commercially evaluation and movement of stocks in the subsequent year, the management is of the view that the realisable value of these stocks will not be less than the value stated in the financial statements. The Auditors have relied upon the management as the matter is technical and subjective and expressed inability to quantify loss. Since , these stocks are usable/ saleable at the stated values, management foresee no loss and hence no provision of loss is to be made.</p>
Para 1 (ii)	<p><i>Note No. 26</i> Reg. Investments in immovable properties amounting to Rs. 1,26,24,129/- made in earlier years for which builder / developer has not made allocation of the property till date. In view of the long over due of the amount/ non allocation of property, we are unable to comment upon the recoverability of the amount</p>	<p>As stated in the note no. 26 of Notes on Accounts (Schedule S),</p> <p>Investments include advance for Immovable Properties aggregating Rs.1,26,24,129/- in respect of which neither formal agreements have been executed nor any allocation / earmarking of the property has been made till date by the Builder/Developer. However the company has received balance confirmation from the party in the earlier year. The management is pursuing for execution of agreement / title Investments documents or alternatively for refund of amount advanced and exploring the alternate possibility for specific performance of the contract. As such the Amount is considered good for recovery.</p>

Para 1 (iii)	<p><i>Note No. 29/34</i></p> <p><i>Company's exposure in the wholly owned subsidiary as at 31.03.2010 is (a) Investment in the Equity shares Rs. 5,86,47,778/- (b) Loans & Advances Rs. 2,89,48,160/- and (c) Sundry Debtors Rs. 32,16,996/-.</i></p> <p><i>The subsidiary company's operations have been suspended and in view of the same operational viability of the subsidiary Company is under pressure. The management has represented that it is likely to restart the production in view of the favourable political environment in Sri Lanka and global economic recovery.</i></p> <p><i>Considering the facts and representations of company and in view of absence of the information regarding the fair value of the Assets of the company by an independent Agency, we have relied upon the Management of the company and therefore are unable to comment upon the recovery of the investments / Advances / Sundry Debtors as stated.</i></p>	<p>As stated in the note no. 29/34 of Notes on Accounts (Schedule S),</p> <p>The business operations of the subsidiary company, which were suspended last year due to global recession and unfavourable political situations in Sri Lanka, could not be re-started till date. Considering the favourable political environment in Sri Lanka at present and in view of the global recovery, the management is in active deliberations with the potential customers to re-start the production at commercially viable scale. The management is quite hopeful that investment of the company in the subsidiary is well protected by fair value of the assets of subsidiary / future operational profits.</p> <p>It is pertinent to mention that the products manufactured by the Subsidiary company conform to international standards and have been accepted in the International markets. The project is technically sound. On long term perspective, the project being viable, the (a) Investment in the Equity shares Rs. 5,86,47,778/- (b) Loans & Advances Rs. 2,89,48,160/- and (c) Sundry Debtors Rs. 32,16,996/- are considered good and recoverable.</p>
Para 1 (iv)	<p><i>Inventories as at 31.03.10 includes repairable health & fitness & other equipment valued at cost less 50% at Rs.16,54,976/-; old models of fitness equipment valued at cost less 50% at Rs.1,05,619/-; spares in respect of health equipment valued at sale price minus average margin of profit of 50% at Rs.41,87,452/- and synthetic panel sets valued at Rs.1,02,55,710/-(as estimated by management). Management has certified that these stocks have been valued at fair prices and net realizable value in respect of these stocks would not be less than the price at which they are valued. In absence of complete information about disposal of these stocks and other particulars, we have relied upon the Certificate of the Management and therefore are unable to comment on the same.</i></p>	<p>As stated these stocks have been valued at fair prices and net realizable value in respect of these stocks would not be less than the price at which they are valued. The repairable health & fitness equipments are being repaired. Old models are being sold gradually. Regarding spares in respect of health equipments, we have multiple models and variants in this product segment and we have to maintain reasonable level of spares for post sale service. Synthetic panel shall be consumed in due course.</p>
Para 2 (f)	<p>In our opinion and to the best of our information and according to the explanation given to us, the said accounts read together with notes thereon and Accounting Policies and subject to remarks in sub para (i) to (iv) as mentioned above and subject to non provision of accumulated loss of Rs.1296.25 Lacs (1279.99 lacs) including current year loss of Rs. 147.90 lacs (460.36 lacs) in wholly owned subsidiary (note no.29);</p>	<p>Auditors' remarks in sub para (i) to (iv) have been duly dealt in above paragraphs. Accumulated losses in the subsidiary company have been caused due to the reasons stated in this Directors Report under the head 'Wholly Owned Subsidiary Company in Sri Lanka'. The operational aspects of the project in the subsidiary company have been dealt therein. The recovery status of company's exposure in the subsidiary as per para 1 (iii) of Auditors Report has been dealt hereinabove. The company invested a sum of Rs. 586.48 lacs in equity of Wholly Owned Subsidiary Company in Sri Lanka for setting up project for the manufacture of Sports Ball Bladders/ Bladder Bodies. As stated products manufactured by the Subsidiary company conform to international standards and have been accepted in the International markets and management is hopeful that the operations of the subsidiary will be restarted at the earliest having regard to the favourable</p>

		political environment in Sri Lanka at present and in view of the global recovery. On long term perspective, the project being viable the subsidiary will generate internal accruals and offset losses. In view of the factual position stated herein and futuristic perspective and the investments / Advances / Sundry Debtors being recoverable, no provision has been made in respect of accumulated losses of the subsidiary.
Para 2 (g)	<i>We further report that had the remarks given by us in para (f) above been considered, loss for the year would have been Rs.1247.58 lacs (1197.99 lacs) against the reported figure, of profit of Rs.48.67 lacs (82 lacs), the reserves & surplus would have been Rs.187.31 lacs (154.90 Lacs) against the reported figure of Rs.1483.56 lacs (1434.89 lacs).</i>	Auditors have reported the resultant figures of loss for the year on the basis of accumulated loss of subsidiary company as stated in para1(f) of their report-s discussed hereinabove. Actually the current year loss of subsidiary is Rs. 147.90 lacs and on that basis the net loss for the year including subsidiary's current losses would be Rs.99.23 lacs instead of Rs.1247.58 lacs reported by the Auditors. On cumulative basis the figures stated by Auditors are factual. As explained hereinabove (Refer clarifications/explanation w.r.t para2(f) of Auditors Report) on long term perspective, the project being viable the subsidiary will generate internal accruals and offset losses.
Para (vii) of Annexure to Auditors' Report	Company has appointed External Firm of Chartered Accountants as Internal Auditors. Internal Audit has issued Audit Reports in respect of Factory and Head Office on quarterly basis. We have gone through the scope of work, Audit Reports and compliance thereof. <i>In our opinion the Internal Audit's scope of work needs to be enhanced to report on Internal controls / checks operating in the organization, participation in the physical verification of Fixed Assets and to cover branches, to make it commensurate with the size and nature of company's business.</i>	Regarding Auditors' observation and opinion for enhancing Internal Audit's scope of work, the company is gradually enhancing the scope of Internal Audit. They participated in physical verification of Stocks. Management shall endeavor to further enhance the scope of Internal Audit. The Company has adequate internal control systems and procedures commensurate with size and nature of its business and these are being monitored by the management.
Para (x) of Annexure to Auditors' Report	<i>Considering our remarks in para (i to iv) of main report and para (xv) of this annexure, we are unable to comment on the networth of the company.</i>	Auditors remarks in sub para (i to iv) of para 1 of the main report have been suitably responded hereinabove and remarks in para (xv) of Annexure to Auditors' Report explained in the following paragraph. Management is of the view that the stated net worth of the company as per audited balance sheet as on 31.03.2010 shall not be affected.
Para (xv) of Annexure to Auditors' Report	The company has given guarantee of US \$ 20.05 Lacs (20.05 Lacs) equivalent to INR of Rs.900.04 lacs (1019.74 lacs) to State bank of India Colombo in respect of loans granted by the Bank to Company's subsidiary. <i>In view of the continued sufferings of losses and suspension of operations, subsidiary company's viability as a going concern is under pressure. Company has informed that the realizable value of fixed assets is more than the secured debt of wholly owned subsidiary and therefore company does not foresee any liability on that Account. We have relied upon the representation of the management and therefore are unable to comment upon whether there would be any devolvement of liability on the company due to issuance of guarantee.</i>	The management is of the view that there will no devolvement of any liability on account of Corporate Guarantee issued by it against the loan given by State Bank of India to its subsidiary as the realizable value of fixed assets is expected to be more than the secured debt of wholly owned subsidiary.

Annexure-2
Compliance Certificate under section 383(A) of the Companies Act 1956

To,
The Members
COSCO (INDIA) LIMITED.
2/8. Roop Nagar,
Delhi-110 007.

We have examined the registers, records, books and papers of COSCO (INDIA) LIMITED as required to be maintained under the Companies Act, 1956, (the Act) and the rules made thereunder and also the provision contained in the Memorandum and Articles of Association of the Company for the financial year ended on 31st March, 2010. In our opinion and to the best of our information and according to the examinations carried out by us and explanations furnished to us by the Company, its officers and agents, we certify that in respect of the aforesaid financial year:

1. The Company has kept and maintained all registers as stated in Annexure '2A' to this certificate, as per the provisions and the rules made thereunder and all entries therein have been duly recorded.
2. The Company has duly filed the forms and returns as stated in Annexure '2B' to this certificate, with the Registrar of Companies within the time prescribed under the Act and the rules made thereunder. The Company was not required to file any forms or returns to the Regional Director, Central Government and Company Law Board.
3. The Company has a paid up capital of Rs. 4,16,10,000/- (Rupees Four Crores Sixteen Lacs Ten Thousand Only).
4. The Board of Directors duly met eight times on 30.04.2009, 17.06.2009, 05.07.2009, 31.07.2009, 05.09.2009, 31.10.2009, 25.11.2009 and 30.01.2010 in respect of which meetings proper notices were given and the proceedings were properly recorded and signed in the Minutes Book maintained for the purpose.
5. The Company closed its Register of Members from 26th September, 2009 to 30th September, 2009 and necessary compliance of Section 154 of the Act has been made.
6. The Annual General Meeting for the financial year ended on 31st March, 2009 was held on 30.09.2009 after giving due notice to the members of the Company and resolutions passed thereat were duly recorded in Minutes Book maintained for the purpose.
7. No Extra Ordinary Meeting was held during the financial year.
8. The Company has not advanced any loans to its directors or persons or firms or companies referred to under Section 295 of the Act.
9. During the financial year 2009-10 the Company has sold Compound Rubber Sheet amounting to Rs. 2,61,570.60 to a company in which Directors are interested. The transactions have been placed before the Board at regular intervals.
10. The Company has made necessary entries in the register maintained under Section 301 of the Act.
11. As there were no instances falling within the purview of Section 314 of the Act, the Company has not obtained any approvals from the Board of directors, members or Central Government, as the case may be.
12. The Company has not issued any duplicate certificates during the financial year.
13.
 - i) The Company has delivered all the share certificates on lodgment thereof for transfer/transmission or any other purpose in accordance with the provisions of Act during the financial year.
 - ii) The company has not deposited any amount in a separate Bank Account as no dividend was declared during the financial year.
 - iii) The Company has not posted warrants to any member of the Company as no dividend was declared during the financial year.
 - iv) There has not been any unpaid dividend, application money due for refund, matured deposits, matured debentures and the interest accrued thereon which have remained unclaimed or unpaid for a period of seven years.
 - v) The Company has duly complied with the requirements of section 217 of the Act.
14. The Board of Directors of the Company is duly constituted. There was no appointment of additional directors, alternate directors or casual directors during the financial year.



15. The Board of Directors of the Company is duly constituted and the appointment of directors, additional directors, alternate directors and directors to fill casual vacancies have been duly made.
16. The Company has not appointed any sole selling agent during the financial year.
17. *The Company was not required to obtain any approvals of the Central Government, Company Law Board, Regional Director, Registrar of Companies and/or such authorities prescribed under the various provisions of the Act.*
18. *The Directors have disclosed their interest in other firms/companies to the Board of Directors pursuant to the provisions of the Act and the rules made thereunder.*
19. The Company has not issued any shares, debentures or other securities during the financial year.
20. The Company has not bought back any shares during the financial year.
21. There was no redemption of preference shares or debentures during the financial year as no such securities were issued by the Company.
22. There were no transactions necessitating the Company to keep in abeyance rights to dividend, rights shares and bonus shares pending registration of transfer of shares during the financial year.
23. *The company has not invited/accepted any deposits including any unsecured loans falling within the purview of Section 58A during the financial year. However, the Company has taken loans from Directors and Companies during the financial year 2009-10. These loans are exempted under rule 2(b)(ix) and 2(b)(iv) of the Companies (Acceptance of Deposits) Rules 1975 and as such are exempted borrowings and not considered as deposits.*
24. The amount borrowed by the Company from directors, members, financial institutions, banks and other during the financial year is within the borrowing limits of the Company.
25. The Company has made loans and investments, or given guarantees or provided securities to other bodies corporate in compliance with the provisions of the Act and has made necessary entries in the register kept for the purpose.
26. The Company has not altered the provisions of the Memorandum of Association with respect to situation of the Company's registered office from one State to another during the year under scrutiny.
27. *The Company has not altered the provisions of the Memorandum of Association with respect to the objects of the Company during the year under scrutiny.*
28. *The Company has not altered the provisions of the Memorandum of Association with respect to name of the Company during the year under scrutiny.*
29. *The Company has not altered the provisions of the Memorandum of Association with respect to share capital of the Company during the year under scrutiny.*
30. The Company has not altered its Articles of Association during the financial year.
31. *There was no prosecution initiated against and no fines or penalties or any other punishment was imposed on the Company during the financial year, for offences under the Act. However, the Company has received an order from the Registrar of Companies, NCT of Delhi & Haryana under section 234(1) of the Companies Act, 1956 instructing the Company to offer its comments on certain qualifications/ observations made by the auditors in their report under section 227(4A) of the Act read with CARO, 2003 on the Annual Accounts for the year ended 31.03.2007. All the points mentioned in the said order / subsequent notice have been replied/information furnished to the Registrar of Companies.*
32. The Company has not received any money as security from its employees during the financial year.
33. *The Company has deposited both employees' and employer's contribution to Provident Fund with prescribed authorities pursuant to Section 418 of the Act.*

For AKHIL ROHATGI & CO.
Companies Secretaries

(AKHIL ROHATGI)
(Company Secretary in Practice)
C.P. No. 2317
F.C.S. No. 1600

Place : New Delhi
Date : 28th August, 2010

Annexure 2A

REGISTERS MAINTAINED BY THE COMPANY

- a) Register of Members under Section 150
- b) Minutes Book of Meetings of Shareholders, Board of Directors, Audit Committee, Remuneration Committee and Shareholders/Investors Grievance Committee.
- c) Register of Contract in which Directors are interested u/s 301.
- d) Register of Directors, Managing Director, Manager and Secretary under Section 303
- e) Register of Directors' Shareholdings under Section 307
- f) Register of Charges.
- g) Register of Investments
- h) Register of Allotment of shares.
- i) Register of Director's Attendance
- j) Register of Shareholder's Attendance

Annexure 2B

FORMS, RETURNS AND DOCUMENTS FILED BY THE COMPANY DURING THE FINANCIAL YEAR ENDING ON 31st MARCH, 2010.

- (a) Annual Returns in Form No. 20B filed on 26.11.2009.
- (b) Balance sheet, etc., under Section 220 in Form No. 23AC & ACA filed on 30.10.2009.
- (c) Compliance Certificate in Form No. 66 filed on 22.10.2009.
- (d) Return of Resignation of Company Secretary in Form No. 32 filed on 24.07.2009.
- (e) Returns of Registration of Charges in Form No. 8 filed on 08.04.2009.
- (f) Returns of Registration of Charges in Form No. 8 filed on 26.12 2009.
- (d) Return of Registration of Resolution(s) and Agreement(s) in Form No. 23 filed on 22.10.2009 in respect of appointments of Chairman cum Managing Director, Managing Director and Whole Time Directors.
- (e) Returns of appointment of Managing/Whole Time Directors in Form No.25C filed on 30.03.2010.



AUDITORS' REPORT

**The Members,
Cosco (India) Ltd.**

We have audited the Balance Sheet of **Cosco (India) Ltd.** as at 31st March, 2010 and also the Profit & Loss Account and the cash flow statement of the Company for the year ended on that date, annexed thereto. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

We report that :-

1. As required by the Companies (Auditors' Report) Order, 2003, issued by the Central Government in terms of Section 227 (4A) of the Companies Act, 1956, we enclose in the annexure a statement on the matters specified in paragraphs 4 & 5 of the Said Order.

Attention of the Members is drawn to the following:

- (i) Note No. 5 *Reference is invited to Note No. 5 of Notes on Accounts regarding valuation of slow moving / non moving stocks of Rs. 109.19 Lakh. Management has informed, on the basis of internal technical / commercial evaluation of these stocks, these are usable / salable. Management has further represented that these stocks have been valued at cost and realizable value in respect of these stocks will not be less than cost. We have relied upon the management as the matter is technical & subjective and therefore are unable to quantify the provision of loss if any.*
- (ii) Note No. 26 *Reg. Investments in immovable properties amounting to Rs. 1,26,24,129/- made in earlier years for which builder / developer has not made allocation of the property till date. In view of the long over due of the amount/ non allocation of property, we are unable to comment upon the recoverability of the amount .*
- (iii) Note No. 29/34 *Company's exposure in the wholly owned subsidiary as at 31.03.2010 is (a) Investment in the Equity shares Rs. 5,86,47,778/- (b) Loans & Advances Rs. 2,89,48,160/- and (c) Sundry Debtors Rs. 32,16,996/-. The subsidiary company's operations have been suspended and in view of the same operational viability of the subsidiary Company is under pressure. The management has represented that it is likely to restart the production in view of the favourable political environment in Sri Lanka and global economic recovery.*
Considering the facts and representations of company and in view of absence of the information regarding the fair value of the Assets of the company by an independent Agency, we have relied upon the Management of the company and therefore are unable to comment upon the recovery of the investments / Advances / Sundry Debtors as stated.
- (iv) *Inventories as at 31.03.10 includes repairable health & fitness & other equipment valued at cost less 50% at Rs.16,54,976/-; old models of fitness equipment valued at cost less 50% at Rs.1,05,619/-; spares in respect of health equipment valued at sale price minus average margin of profit of 50% at Rs.41,87,452/- and synthetic panel sets valued at Rs.1,02,55,710/-(as estimated by management). Management has certified that these stocks have been valued at fair prices and net realizable value in respect of these stocks would not be less than the price at which they are valued. In absence of complete information about disposal of these stocks and other particulars, we have relied upon the Certificate of the Management and therefore are unable to comment on the same.*

2. Further to our comments in the annexure referred to in the paragraph 1 above.
- (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
- (b) In our opinion, proper books of account as required by law have been kept by the Company so far, as appears from our examination of the books.
- (c) The Balance Sheet, Profit & Loss Account and Cash flow statement dealt with by this report are in agreement with the books of account;
- (d) In our opinion the Balance Sheet, Profit & Loss A/c. and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub section (3C) of section 211 of the Companies Act, 1956.
- (e) We have been informed by the Company that none of the Directors is disqualified as on 31.3.2010 from being appointed as director under clause (g) of sub section (1) of section 274 of the Companies Act, 1956.
- (f) In our opinion and to the best of our information and according to the explanation given to us, the said accounts read together with notes thereon and Accounting Policies *and subject to remarks in sub para (i) to (iv) as mentioned above and subject to non provision of accumulated loss of Rs.1296.25 Lacs (1279.99 lacs) including current year loss of Rs.147.90 lacs (460.36 lacs) in wholly owned subsidiary (note no.29);*
- give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India.
- (i) In case of the Balance Sheet, of the state of affairs of the company as at 31st March, 2010 and
- (ii) In case of the Profit & Loss Account, of the profit of the company for the year ended on that date and
- (iii) In the case of cash flow statement, of the cash flows for the year ended on that date.
- (g) *We further report that had the remarks given by us in para (f) above been considered, loss for the year would have been Rs.1247.58 lacs (1197.99 lacs) against the reported figure of profit of Rs.48.67 lacs (82 lacs), the reserves & surplus would have been Rs.187.31 lacs (154.90 Lacs) against the reported figure of Rs.1483.56 lacs (1434.89 lacs).*

For **R.N. BAHL & Co.**
Chartered Accountants
Firm's Registration No.000185N

(C.A. R.N. BAHL)
M. No. 2277
Partner

Place : New Delhi

Date : 28th August, 2010



**ANNEXURE REFERRED TO IN PARAGRAPH 1 OF THE AUDITORS' REPORT TO THE MEMBERS OF
COSCO (INDIA) LTD. ON THE ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2009**

- (i) (a) The company is maintaining proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) As informed, the company has a programme of physical verification of all major fixed assets over a period 2-3 years and as per programme, dies, computers & printers, Moulds and Machinery purchased in last three years at Factory were physically verified during the year.
- (c) Since there is no disposal of substantial part of fixed assets during the year, paragraph 4 (i) (c) of the Companies (Auditors' Report) Order, 2003 (hereinafter referred to as the Order) is not applicable.
- (ii) (a) The inventories have been physically verified by the management at close of the year.
- (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
- (c) On the basis of our examination of the records of inventory, we are of the opinion that the company is maintaining proper records of inventory. According to the information and explanations given to us, no material discrepancies were noticed on physical verification between the physical stock and the book records.
- (iii) (a) The company has taken loans from companies, Directors and others (shareholders/Directors' relatives) as per interest rates stated in note no. 28 of Notes on Accounts (Schedule S). The other terms and conditions of loans are not stipulated. In our opinion the rates of interest are not prima facie prejudicial to the interest of the company. Total no. of parties from whom loans are taken is 9 and the amount outstanding at the year end is Rs.1420.81 lacs. The maximum amount outstanding during the year was Rs.1517.27 lacs. Company has advanced interest free loan of Rs. 289.48 lacs to its wholly owned subsidiary.
- (b) As stated in para(iii) (a) above, the terms of repayment are not specified. Of the interest outstanding at the beginning of the year of Rs. 149.23 lacs, Company has paid Rs. 38.50 lacs during the year.
- (c) In view of the comments in para (iii) (a) & (b) above, the requirements of para 4 (iii) (d) of the order are not applicable.
- (iv) In our opinion and according to the information and explanations given to us there are adequate internal control procedures commensurate with the size of the company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods. We have not observed any continuing failure to correct major weaknesses in internal controls except as stated.
- (v) (a) To the best of our knowledge and belief and according to the information and explanation given to us, we are of the opinion that the transactions that need to be entered in the register maintained under section 301 of the Companies Act, 1956 have been so entered.
- (b) The company has not entered into transactions exceeding value of Rs.5 lacs each with the parties listed in the register under section 301 of the Companies Act, 1956.
- (vi) The Company has not received public deposits during the year.
- (vii) Company has appointed External Firm of Chartered Accountants as Internal Auditors. Internal Audit has issued Audit Reports in respect of Factory and Head Office on quarterly basis. We have gone through the scope of work, Audit Reports and compliance thereof. *In our opinion the Internal Audit's scope of work needs to be enhanced to report on Internal controls / checks operating in the organization, participation in the physical verification of Fixed Assets and to cover branches, to make it commensurate with the size and nature of company's business.*
- (viii) The Central Government has not prescribed the maintenance of cost records under section 209 (1) (d) of the Companies Act, 1956 in respect of any of the products of the company.

- (ix) (a) According to the information and explanations given to us and according to the records of the company, the company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income tax, tax deducted at source, tax collected at source, professional tax, sales tax, custom duty, excise duty, service tax, octroi charges, property tax, water tax, license fees, works contract tax, cess and other material statutory dues applicable to it.
- (b) According to the information and explanations given to us, no undisputed amounts in respect of the statutory dues referred to above were outstanding as at March 31, 2010 for a period of more than six months from the date they became payable.

According to the information and explanations given to us, there is no disputed liability outstanding in respect of statutory dues comprising of Sales tax/ income tax / Custom tax / Wealth tax / Cess as at March 31, 2010.

- (x) *Considering our remarks in para (i to iv) of main report and para (xv) of this annexure, we are unable to comment on the net worth of the company.*
- (xi) As per information given to us, company has not defaulted in repayment of dues to a financial institution or bank or debenture holder.
- (xii) Since the company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures and other securities, paragraph 4 (xii) of the Order is not applicable.
- (xiii) As the company is not a nidhi/mutual benefit fund/society, paragraph 4 (xiii) of the Order is not applicable.
- (xiv) The Company has made inter-corporate investments in its wholly owned subsidiary company in Sri Lanka and made investments/traded in shares of other bodies corporate in earlier year. The company has categorized the investments of shares in other bodies corporate as long term and current investments. The Internal Auditor of the company has confirmed that the required records / register have been maintained by the company on computer system on day to day basis and the same have been found to be in order.
- (xv) The company has given guarantee of US \$ 20.05 Lacs (20.05 Lacs) equivalent to INR of Rs.900.04 lacs (1019.74 lacs) to State bank of India Colombo in respect of loans granted by the Bank to Company's subsidiary. *In view of the continued sufferings of losses and suspension of operations, subsidiary company's viability as a going concern is under pressure. Company has informed that the realizable value of fixed assets is more than the secured debt of wholly owned subsidiary and therefore company does not foresee any liability on that Account. We have relied upon the representation of the management and therefore are unable to comment upon whether there would be any devolvement of liability on the company due to issuance of guarantee.*
- (xvi) During the year the company has not raised term loans.
- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the company, no funds raised on short term basis have been used for long term investments.
- (xviii) According to the information and explanations given to us, the company has not made any preferential allotment of shares during the year to parties and companies covered in the register maintained under section 301 of the Act.
- (xix) Since the company has not issued any debentures during the year, paragraph 4 (xix) of the Order is not applicable.
- (xx) Since the company has not raised any money during the year by way of public issue, paragraph 4(xx) of the Order is not applicable.
- (xxi) Based upon the audit procedures performed and the information and explanations given by the management, we report that no fraud on or by the company has been noticed or reported during the year.

For **R.N. BAHL & Co.**
Chartered Accountants
Firm's Registration No.000185N

(C.A. R.N. BAHL)
M. No. 2277
Partner

Place : New Delhi

Date : 28th August, 2010

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BALANCE SHEET AS AT 31ST MARCH, 2010

SCHEDULES		AS AT 31 ST MARCH, 2010		(Amount in Rupees) AS AT 31 ST MARCH, 2009	
I. SOURCES OF FUNDS					
SHAREHOLDERS' FUNDS					
(a) Share Capital	A	41,610,000		41,610,000	
(b) Reserves & Surplus	B	<u>148,355,505</u>	189,965,505	<u>143,488,576</u>	185,098,576
Loan Funds					
(a) Secured	C	112,863,801		133,266,767	
(b) Unsecured	D	<u>147,480,671</u>	260,344,472	<u>153,727,149</u>	286,993,916
Deferred Tax Liability (Net) (Refer Note 17 of Schedule S)			1,459,026		-
			<u>451,769,003</u>		<u>472,092,492</u>
II. APPLICATION OF FUNDS					
Fixed Assets :					
(a) Gross Block	E	180,610,921		178,134,535	
(b) Less: Depreciation		<u>141,071,753</u>		<u>135,669,406</u>	
(c) Net Block		39,539,168		42,465,129	
(d) Capital Work in Progress		<u>492,149</u>	40,031,317	<u>1,104,530</u>	43,569,659
Investments	F		71,592,737		71,588,283
Deferred Tax Asset (Net) (Refer Note 17 of Schedule S)			-		625,015
Current Assets,					
Loans & Advances :					
(a) Inventories	G	263,481,621		289,853,716	
(b) Sundry Debtors	H	92,833,254		74,248,176	
(c) Cash & Bank Balances	I	6,123,947		6,865,460	
(d) Loans and Advances	J	<u>68,825,025</u>		<u>57,707,392</u>	
LESS :		<u>431,263,847</u>		<u>428,674,744</u>	
Current Liabilities & Provisions :					
(a) Liabilities	K	83,118,381		65,590,527	
(b) Provisions	L	<u>8,000,517</u>		<u>6,774,682</u>	
		<u>91,118,898</u>		<u>72,365,209</u>	
Net Current Assets			340,144,949		356,309,535
			<u>451,769,003</u>		<u>472,092,492</u>

Note : Schedules 'A' to 'L' and 'S' (Notes on Accounts) form an integral part of this Balance Sheet. This is the Balance Sheet referred to in our report of even date attached.

FOR R.N. BAHL & CO.
CHARTERED ACCOUNTANTS
FIRM'S REGISTRATION NO. : 000185N

FOR AND ON BEHALF OF BOARD OF DIRECTORS

(R.N. BAHL)
Partner
M.No. 2277

D.K. JAIN
Chairman-cum-Mg. Director

N.K. JAIN
Mg. Director

PLACE : New Delhi
DATED : 28th August, 2010.

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010

(Amount in Rupees)

	SCHEDULES	FOR THE YEAR ENDED 31.03.2010		FOR THE YEAR ENDED 31.03.2009
I. INCOME :				
(a) Sales		575,185,578		537,333,567
(b) Other Income	M	<u>10,403,254</u>		<u>13,373,442</u>
		585,588,832		550,707,009
II. EXPENDITURE :				
a) Purchase of Traded Goods		179,386,296		178,608,595
b) Raw Materials Consumed	N	142,876,673		160,110,828
c) Salary, Wages & Benefits	O	67,928,328		66,911,293
d) Manufacturing, Administration and Selling	P	125,879,301		140,130,093
e) Interest & Bank Charges	Q	27,362,322		25,057,125
f) Depreciation		<u>6,896,832</u>		<u>7,725,423</u>
g) (Increase)/Decrease in Finished Goods and Work in Progress	R	<u>550,329,752</u> <u>23,705,489</u>		<u>578,543,357</u> <u>(34,211,361)</u>
		574,035,241		544,331,996
III. PROFIT / (LOSS) BEFORE TAXATION		11,553,591		6,375,013
IV. PROVISION FOR TAXATION : CURRENT		4,799,452		574,372
	FRINGE BENEFIT	-		529,508
	DEFERRED TAX	<u>2,084,039</u>		<u>(3,044,776)</u> <u>(1,940,896)</u>
V. PROFIT/(LOSS) AFTER TAXATION		4,670,100		8,315,909
VI. PRIOR PERIOD ADJUSTMENTS ADD / (DEDUCT)				
i) Taxation		313,032		-
i) Expenses		<u>(116,203)</u>		<u>(115,455)</u>
VII. PROFIT/(LOSS) AFTER PRIOR PERIOD ADJUSTMENTS		4,866,929		8,200,454
APPROPRIATIONS				
Transferred to : General Reserve		<u>4,866,929</u>		<u>8,200,454</u>
Basic and Diluted Earning per share Rs. (Refer Note No. 18 in Schedule S)		1.17		1.97
Nominal Value per share (in Rs.)		10.00		10.00

Note : Schedules 'M' to 'R' and 'S' (Notes on Accounts) form an integral part of this Profit & Loss Account.

This is the Profit & Loss Account referred to in our report of even date attached.

FOR R.N. BAHL & CO.
CHARTERED ACCOUNTANTS
FIRM'S REGISTRATION NO. : 000185N

FOR AND ON BEHALF OF BOARD OF DIRECTORS

(R.N. BAHL)
Partner
M.No. 2277

D.K. JAIN
Chairman-cum-Mg. Director

N.K. JAIN
Mg. Director

PLACE : New Delhi
DATED : 28th August, 2010.



SCHEDULES TO ACCOUNTS

		(Amount in Rupees)	
		As at	As at
		31st March, 2010	31st March, 2009
A. SHARE CAPITAL			
AUTHORISED :			
100,00,000 Equity Shares of Rs. 10/- each	100,000,000		100,000,000
ISSUED & SUBSCRIBED :			
41,61,000 Equity Shares of Rs. 10/- each	41,610,000		41,610,000
(includes 19,20,000 Nos. Equity Shares allotted as fully paid up Bonus Shares by capitalisation of Rs. 192 Lacs from General Reserve)			
B. RESERVES & SURPLUS		As at	As at
		01.04.2009	31.03.2010
		Rs.	Rs.
Share Premium Account	31,230,000	-	31,230,000
General Reserve	103,758,576	4,866,929	108,625,505
Profit & Loss Account	8,500,000	-	8,500,000
	143,488,576	4,866,929	148,355,505
Previous Year	135,288,122	8,200,454	143,488,576
C. SECURED LOANS			
(i) WORKING CAPITAL LOANS			
From Banks			
Rupee Loans	102,022,336		96,671,814
Foreign Currency Loans	9,558,680		29,125,773
(Secured against hypothecation of all moveable properties including plant & machinery, stocks of raw materials, semi-finished goods and manufactured goods and all book debts, bills and claims receivables.)			
(The loans are collaterally secured against equitable mortgage of factory land/building and guaranteed by Executive Directors.)			
(ii) TERM LOANS			
From Banks			
Foreign Currency Loans	-		6,401,250
(Secured by first pari-passu charge on the fixed assets of the company viz. equitable mortgage over factory land and building situated at 1688-2/31 Railway Station Road, Gurgaon (India) and hypothecation of all tangible fixed and movable assets/property/ plant & machineries, spare tools, accessories (both present and future) wherever located, whether installed or not and guaranteed by Executive Directors)			
(iii) Other Loans	1,282,785		1,067,930
(Secured against hypothecation of Vehicles) (Repayable within one year Rs. 7.09 lacs)			
	112,863,801		133,266,767
D. UNSECURED LOANS			
a) Deposits from			
i) Companies	56,467,564		56,299,407
ii) Directors	85,613,107		92,027,742
b) From Bank	5,400,000		5,400,000
	147,480,671		153,727,149

E. FIXED ASSETS

(Amount in Rupees)

S.No.	Block of Assets	Gross Block as at 1.04.2009 (Rs.)	Additions During the Year (Rs.)	Deductions During the Year (Rs.)	Gross Block As at 31.03.2010 (Rs.)	Depreciation upto 31.03.2010 (Rs.)	Net Block As at 31.03.2010 (Rs.)	Net Block As at 31.03.2009 (Rs.)
1.	Land	560,725	—	3,091	557,634	—	557,634	560,725
2.	Buildings	40,653,263	—	—	40,653,263	27,150,409	13,502,854	14,622,746
3.	Furniture & Fittings	6,513,690	478,219	60,156	6,931,753	5,584,832	1,346,921	1,123,352
4.	Plant and Machinery	121,637,045	2,411,935	281,864	123,767,116	103,299,780	20,467,336	22,567,602
5.	Vehicles	8,769,812	1,331,257	1,399,914	8,701,155	5,036,732	3,664,423	3,590,704
		178,134,535	4,221,411	1,745,025	180,610,921	141,071,753	39,539,168	42,465,129
6.	Capital work in progress (Including advance on Capital Account Rs. 313013/- Previous Year Rs. 461407/-)	—	—	—	—	—	492,149	1,104,530
	TOTAL	178,134,535	4,221,411	1,745,025	180,610,921	141,071,753	40,031,317	43,569,659
	PREVIOUS YEAR	171,941,839	7,469,921	1,277,224	178,134,535	135,669,406	43,569,659	



	As at 31st March, 2010	(Amount in Rupees) As at 31st March, 2009
F. INVESTMENTS		
LONG TERM INVESTMENTS (AT COST)		
Government and other securities Unquoted (Non Trade)		
6 years National Savings Certificate	5,000	5,000
In Ordinary Shares of Wholly owned Subsidiary Company		
Unquoted fully paid up (Trade)		
(12,98,553) 12,98,553 Cosco Polymer Lanka (Private) Ltd., of 100 Sri Lankan Rs. each	58,647,928	58,647,928
CURRENT INVESTMENTS		
Other Investments (Non Trade)		
In Equity Shares-Quoted, fully paid-up		
(5,000) 5,000 Antarctica Ltd. of Rs. 1/- each	5,000	5,000
(4,750) 4,750 Marksans Pharma Ltd. of Rs. 1/- each	94,226	94,226
	99,226	99,226
Less : Provision for Diminution in Investment	73,546	78,000
	25,680	21,226
In Mutual Fund - Unquoted		
(11,319,211) 11,319,211 units UTI Master Share Unit Scheme (Growth) of Rs. 10/- each	290,000	290,000
Immovable Properties (Advance Payment)	12,624,129	12,624,129
	71,592,737	71,588,283
Aggregate Cost of Quoted Investments	99,226	99,226
Aggregate Market Value of Quoted Investments	25,680	21,226
G. INVENTORIES		
(As taken, valued and certified by the Management)		
1. Stores & Spare parts [Including in transit Rs. 248,260/- (Previous Year Rs. 21,389/-)]	8,527,704	7,947,738
2. Stock-in-Trade :		
(a) Raw Materials [Including in Transit Rs. 18,52,833/- (Previous Year Rs. 8,01,347/-)]	31,142,520	34,322,567
(b) Samples	-	66,525
(c) Finished Goods	167,395,770	201,232,455
	198,538,290	235,621,547
Less : Provision for Non Moving Stocks	203,663	203,663
	198,334,627	235,417,884
3. Work in Progress	56,619,290	46,488,094
	263,481,621	289,853,716

(Amount in Rupees)
As at
31st March, 2009

	As at 31st March, 2010	As at 31st March, 2009
H. SUNDRY DEBTORS		
(UNSECURED)		
1. Debts outstanding for a period exceeding six months :		
a) Considered good*	6,660,775	7,253,121
b) Considered doubtful	518,449	642,600
	<u>7,179,224</u>	<u>7,895,721</u>
Less : Provision for Doubtful Debts	518,449	642,600
	<u>6,660,775</u>	<u>7,253,121</u>
2. Other debts considered good*	86,172,479	66,995,055
	<u>92,833,254</u>	<u>74,248,176</u>
*Includes amount of Rs. 32,16,996/- (Previous year Rs. 36,34,798/-) due from subsidiary company, Cosco Polymer Lanka (Private) Ltd. and maximum balance outstanding during the year is Rs. 32,16,996/- (Previous year Rs. 36,34,798/-)		
I. CASH & BANK BALANCES		
1. Cash in hand (Including Imprest Accounts)	1,587,528	2,308,815
2. Bank Balances with Scheduled Banks In Current Accounts	4,536,419	4,556,645
	<u>6,123,947</u>	<u>6,865,460</u>
J. LOANS AND ADVANCES		
(Unsecured and considered good)		
Advance to Subsidiary Company**	28,948,160	30,850,840
Advances recoverable in cash or in kind or for value to be received		
a) Considered good	35,378,544	22,468,735
b) Considered doubtful	74,117	-
	<u>35,452,661</u>	<u>22,468,735</u>
Less : Provision for Doubtful Advances	74,117	-
Security Deposits	1,793,162	1,755,662
Advance Tax Paid	2,705,159	2,632,155
	<u>68,825,025</u>	<u>57,707,392</u>
**During the year, maximum balance outstanding from Cosco Polymer Lanka (Private) Limited, a wholly owned subsidiary company Rs. 3,14,78,740/- (Previous Year Rs. 3,08,50,840/-).		
K. CURRENT LIABILITIES		
Sundry Creditors	40,909,477	38,673,850
Other Liabilities	38,954,640	23,479,881
Interest Accrued But Not Due	97,264	612,796
Security Deposits from Customers	3,157,000	2,824,000
	<u>83,118,381</u>	<u>65,590,527</u>
L. PROVISIONS		
For Fringe Benefit Tax	-	529,508
For Income Tax & Wealth Tax	4,799,452	2,802,125
For Leave Encashment & Gratuity	3,201,065	3,443,049
	<u>8,000,517</u>	<u>6,774,682</u>



	For the year ended 31.03.2010	(Amount in Rupees) For the year ended 31.03.2009
M. OTHER INCOME		
Interest received	45,974	57,878
Miscellaneous Income	2,620,328	2,490,153
Export Incentives	7,736,952	10,825,411
	<u>10,403,254</u>	<u>13,373,442</u>
N. MATERIALS CONSUMED		
Opening Stock	34,322,567	40,737,560
Add : Purchase	139,696,626	153,695,835
	<u>174,019,193</u>	<u>194,433,395</u>
Less : Closing Stock	31,142,520	34,322,567
	<u>142,876,673</u>	<u>160,110,828</u>
O. SALARIES, WAGES AND BENEFITS		
Directors' Remuneration	12,358,286	12,298,000
Wages	31,720,823	32,518,666
Salary	11,110,799	9,704,549
Bonus	2,126,955	1,412,868
Provident & Other funds (Includes for Directors Rs. 65,520/-)	6,651,967	6,631,394
Gratuity Fund	491,764	1,398,024
Compensation	1,078,002	1,039,455
Welfare Expenses	2,389,732	1,908,337
(Includes Rs. 573,816/- towards medical expenses reimbursed to Directors, Previous year Rs. 262,628/-)	<u>67,928,328</u>	<u>66,911,293</u>
P. MANUFACTURING, ADMINISTRATION & SELLING		
Power & Fuel	22,181,826	25,546,004
Balls Stitching Charges	14,141,493	15,862,989
Valve Cutting Charges	4,986,829	7,205,027
Transportation & Forwarding	5,201,826	4,898,976
Stores & Spares Consumed	15,663,611	15,092,593
Repairs & Maintenance :		
Plant & Machinery & Mould	5,675,819	6,224,560
Building	1,415,391	352,616
Others	<u>3,512,794</u>	<u>3,575,633</u>
	<u>10,604,004</u>	<u>10,152,809</u>
Rent, Rates & Taxes	4,277,934	3,499,899
Insurance	1,211,233	1,534,822
Shipping	1,755,687	2,138,978
Packing	5,909,925	6,259,861
Export Commission	335,508	660,503
Advertisement & Publicity	1,684,860	2,237,573
Sales Promotion	2,412,893	2,132,151
Travelling & Conveyance	3,150,219	3,187,453
(Including Directors' Travelling Rs. 178,531/- Previous Year Rs. 367,874/-)		
Legal & Professional Fees	2,422,217	2,580,807
Postage, Telegram & Telephone	1,957,368	1,954,909

	<u>For the year ended 31.03.2010</u>	(Amount in Rupees) <u>For the year ended 31.03.2009</u>	
Auditors' Remuneration & Expenses :			
(Including Service Tax & Education Cess)			
For Audit & Tax Representation	277,956		357,417
For Other Services	82,980		8,012
Out of Pocket Expenses	<u>56,412</u>	417,348	<u>21,290</u> 386,719
Commission Against Sales		2,296,516	2,021,062
Special Discount		7,096,702	7,929,739
Foreign Tour Expenses		923,402	1,176,302
(Including Directors' Expenses Rs. 923,402/- Previous Year Rs. 11,76,302/-)			
Directors' Sitting Fees		21,000	21,000
Bad & Doubtful Debts Provision		210,055	288,404
Difference in Exchange Rates		-	7,797,105
Miscellaneous Expenses		<u>17,016,845</u>	<u>15,564,408</u>
		<u>125,879,301</u>	<u>140,130,093</u>
Q. INTEREST & BANK CHARGES			
Unsecured Loans		12,826,137	10,570,841
Banks		12,855,573	12,485,962
Others		2,293	432
Bank Charges		<u>1,678,319</u>	<u>1,999,890</u>
		<u>27,362,322</u>	<u>25,057,125</u>
R. (INCREASE) / DECREASE IN FINISHED GOODS AND WORK IN PROGRESS			
Opening Stocks			
Finished Goods	201,232,455		192,109,920
Work in Progress	<u>46,488,094</u>	247,720,549	<u>21,399,268</u> 213,509,188
Closing Stocks			
Finished Goods	167,395,770		201,232,455
Work in Progress	<u>56,619,290</u>	224,015,060	<u>46,488,094</u> 247,720,549
		<u>23,705,489</u>	<u>(34,211,361)</u>

S. NOTES ON ACCOUNTS

Annexed to and forming part of the Statement of Accounts for the year ended on 31.03.2010.

1. SIGNIFICANT ACCOUNTING POLICIES

The Significant Accounting Policies followed by the Company are as stated below :

A. GENERAL

The Financial Statements are prepared on Mercantile Basis of Accounting following the Historical Cost Convention and the Principle of going concern.

B. FIXED ASSETS

Fixed Assets including capital work in progress are stated at cost (net of grants received) including Taxes, Duties, Freight and other incidental expenses incurred in relation to acquisition and installation of the same. Depreciation has been provided on pro-rata basis (completed months of use) by Written Down value Method at the rate and manner prescribed in Schedule XIV of the Companies Act, 1956.

C. INVENTORIES

(1) The inventories other than work-in-progress have been valued at the lower of cost and the net realisable value, cost means weighted average cost determined on FIFO basis.

- (2) The Company is engaged in the manufacturing and trading of various products. The cost of conversion has been worked out for all the products on the basis of weighted average cost derived by preparing the manufacturing account wherein 50% of the fixed production overheads are allocated to the units of production having regard to capacity utilisation which is reviewed after three years and accordingly allocation of overheads is made. For trading goods, cost means direct cost.
- (3) The net realisable value in respect of each category of products has been determined on the basis of list price less the necessary estimated cost to make the sale.
- (4) Work-in-progress is valued at direct cost plus cost of conversion (weighted average cost) (previous year only bladder was valued at list price being lower than cost). The indirect expenses have been allocated on the proportionate basis of raw material lying in work-in-progress to total raw material consumed.
- (5) The net realisable value of finished goods in respect of export surplus balls has been determined as under :-
 - a) Stock lying for less than two years List price
 - b) Stock lying for more than two years but less than five years List price less 25%
 - c) Stock lying for more than five years List price less 40%

As a result, the inventories have been written down by Rs. 26 lacs (previous year Rs. 20.40 lacs) to its net realisable value.

D. RETIREMENT BENEFITS

a) Defined Contribution Plans

Contributions paid / payable to defined contribution plans comprising of provident fund and pension fund are charged on accrual basis.

b) Defined Benefit Plan

Gratuity for employees who have completed two years of service other than Directors in the whole time employment of the Company below 60 years of age is fully covered under the Group Gratuity scheme of Life Insurance Corporation of India. The amount paid to the trust has been charged to Profit & Loss Account. In respect of Directors, gratuity is provided during the year on actuarial valuation basis, subject to maximum limit of Rs.3.50 lacs per director as per the Payment of Gratuity Act, 1972. The company is of the view that amendment in Gratuity Act, 1972 raising the maximum limit to Rs.10 lacs is applicable from F.Y.2010-11 and hence gratuity provision has been made on the basis of maximum limit of Rs.3.50 lacs instead on the limit of Rs.10 lacs.

c) Other Long term employee benefits

Other long term employee benefits comprise of leave encashment which is provided for based on the actuarial valuation carried out in accordance with revised AS 15 as at the end of the year.

E. FOREIGN EXCHANGE TRANSACTIONS

Transactions in Foreign Currency including investments made in wholly owned subsidiary abroad are recorded at the exchange rate as on the date of transaction. For all foreign currency liabilities and monetary assets are stated at the exchange rate prevailing as at the date of Balance Sheet or at the contracted rate and the difference taken to Profit & Loss Account as exchange fluctuation loss or gain except in respect of liabilities, if any, for acquisition of fixed assets, in which case such exchange difference is adjusted in the carrying cost of the respective fixed assets.

F. INVESTMENT

Investments are classified into current and long term investments. Current investments are stated at lower of cost or fair market value. Long Term Investments are valued at cost. Provision is made for diminution in value to recognise decline if any other than that of temporary nature, in value of Long Term Investments.

G. REVENUE / EXPENDITURE

The Company is following mercantile system of accounting but certain items, i.e., over due Bank Interest on export and domestic sales realisation, insurance claims and interest in respect of import under usance LC are accounted for on actual / receipt basis.

H. EXPORT SALES

Export Sales are accounted for on the basis of date of shipment irrespective of the date of invoice as per Impex Policy.

I. BORROWING EXPENDITURE

Borrowing costs that are attributable to acquisition / construction of qualifying assets within the meaning of AS-16 issued by The Institute of Chartered Accountants of India are capitalised as a part of total cost of such assets. All other borrowing costs are charged to revenue.

2. CONTINGENT LIABILITIES NOT PROVIDED FOR IN RESPECT OF

	As at 31.03.2010 Rs.	As at 31.03.2009 Rs.
(i) Letters of Credit for purchase of Raw Materials, Stores & Spares	30,316,937	11,298,763
(ii) Guarantee		
(a) To Sales Tax Authorities:- for group concerns	100,000	100,000
for others	527,303	300,000
(b) To State Electricity Board:- for others	Not Ascertainable	Not Ascertainable
(c) To Others	5,132,099	5,132,099
(d) To Bank on behalf of Cosco Polymer Lanka Pvt. Ltd., wholly owned subsidiary company to secure fund based & non-fund based limits.	90,004,450 (USD 20,05,000)	101,974,300 (USD 20,05,000)
(iii) Sales Tax Under Appeal / Dispute	-	357,530
(iv) Cases against the Company in Labour Court & High Court by ex-employees	3,297,056	1,403,479
(v) Case against the Company by ESIC	-	599,674
(vi) House Tax Liability	915,052	-
3. (i) MANAGERIAL REMUNERATION		
Salaries	6,840,000	6,840,000
Commission	5,472,000	5,080,000
Contribution to Provident & Other Funds	65,520	65,520
Perquisites	724,415	171,085
Gratuity	46,286	-
H.R.A	-	378,000
	<u>13,148,221</u>	<u>12,534,605</u>
(ii) Computation of Profits in accordance with Section 198 of The Companies Act, 1956.		
Net Profit / (Loss) as per Profit & Loss A/c	4,670,100	8,315,909
ADD :		
(i) Depreciation charged in account	6,896,832	7,725,423
(ii) Provision for Taxation	6,883,491	(1,940,895)
(iii) Managerial Remuneration	13,148,221	12,534,605
(iv) Provision for doubtful debts & advances	284,172	288,404
	<u>31,882,816</u>	<u>26,923,445</u>
LESS :		
(i) Profit on Sale of Assets	829,545	-
(ii) Depreciation in accordance with Section 350 of The Companies Act, 1956	6,896,832	7,725,423
(iii) Provisions Written Back	417,232	1,152,323
	<u>8,143,609</u>	<u>8,877,746</u>
Net Profit Under Section 198 Of The Companies Act, 1956	<u>23,739,207</u>	<u>18,045,699</u>
Directors' Remuneration @ 10% of Profits	2,373,921	1,804,570

The Company has paid within the limits prescribed under Schedule XIII of the Companies Act, 1956 in case of inadequacy of profits. The remuneration of the directors has been approved by the remuneration committee in its meetings held on 4th April, 2009 & 5th September, 2009.

4. In the opinion of the board, the current assets, loans and advances have a value on realisation in the ordinary course of business at least equal to the amount at which they are stated.

5. The following Slow moving and non-moving stocks have been identified by the management.

	Slow Moving Stocks (Rs. in Lacs)		Non-Moving Stocks (Rs. in Lacs)	
	Current Year	Previous Year	Current Year	Previous Year
	Raw Materials	19.60	9.11	41.36
Store & Spares	3.20	7.42	15.28	5.87
Traded Goods	4.39	19.33	3.50	21.00
Finished Goods (own)	-	-	21.86	20.09

Part of above stocks have been consumed / sold during the subsequent year. The efforts are being made to use / dispose of the balance stocks. The management has technically and commercially evaluated these stocks internally and is of the view that these stocks are useable / saleable. Having regard to the technical and commercially evaluation and movement of stocks in the subsequent year, the management is of the view that the realisable value of these stocks will not be less than the value stated in the financial statements.

6. Sundry Creditors include amount due to Small Scale Industrial Undertakings Rs.106.63 lacs (Previous Year Rs.105.46 lacs). In terms of section 22 of the Micro, Small and Medium Enterprises Development Act, 2006, the outstanding to these enterprises are required to be disclosed. However, these enterprises are required to be registered under the Act. In the absence of the information about registration of the Enterprises under the above Act, the required information could not be furnished.

The names of the Small Scale Industrial Undertakings so far ascertained having outstanding more than thirty days from the company are given below:

Abhishek Enterprises, Ajit Pershad Jai Pal Jain & Co., D.P.Packaging Industries, Lexpo Overseas, Paras Cotton Industries, Premier Legguard Works, S.S Printers, Star Engineering Works, Speciality Organics Pvt.Ltd., Throu Flex House Division.

The above information regarding small scale undertakings has been determined to the extent such parties are identified on the basis of information available with the Company, which has been relied upon by the Auditors.

7. CAPACITIES AND PRODUCTION

a) Licenced Capacity

No licence is required for the products manufactured by the Company.

b) Installed Capacity*

(On Single Shift Basis)

Products	Qty. (Lac pcs. p.a)
i) Rubber Moulded Sports Balls	98.10
ii) Synthetic Sports Balls & Components	7.50
iii) Sports Balls Butyl Bladders	15.00
iv) Latex Bladders valve fixing for sports balls	45.00
v) Latex Bladders Body for sports balls	30.00

*As certified by the Management and not verified by the auditors being a technical matter.

c) Actual Production

Products	Unit	Current Year	Previous Year
		Qty.	Qty.
i) Rubber Moulded Sports Balls	Pcs.	2,877,809	2,633,885
ii) Synthetic Sports Balls & Components	Pcs.	844,586	885,193
iii) Latex Bladders for sports balls	Pcs.	2,373,929	4,156,822

8. TURNOVER –

Products	Current Year		Previous Year	
	Qty (Pcs.)	Value (Rs.)	Qty (Pcs.)	Value (Rs.)
i) Rubber Moulded Sports Balls	3,441,258	143,751,842	2,696,451	113,247,679
ii) Synthetic Sports Balls & Components	803,361	114,504,833	916,761	118,755,025
iii) Latex Bladders for Sports Balls	2,693,583	41,945,422	3,949,991	56,179,666
iv) Others (includes trading goods)	-	274,983,481	-	249,153,255
		<u>575,185,578</u>		<u>537,335,625</u>

+Quantitative figures included sales replacements, free samples and condemnns.

9. RAW MATERIAL CONSUMED		Current Year		Previous Year	
Items	Unit	Qty.	Value (Rs.)	Qty.	Value (Rs.)
Rubber	Kgs.	470,185	60,970,178	499,322	61,426,313
Cloth	Mtr.	394,498	26,378,001	381,337	24,131,693
Ball Covering Material			9,363,355		9,101,320
Chemicals			24,324,856		23,561,854
Latex Bladders Body	Nos.	36,455	479,489	1,678,327	20,918,245
Others			21,360,794		20,971,403
			<u>142,876,673</u>		<u>160,110,828</u>
10. VALUE OF IMPORTED & INDIGENOUS MATERIAL CONSUMED					
		%	Rs.	%	Rs.
Raw Materials					
Imported		10	14,506,643	19	31,082,096
Indigenous		90	128,370,030	81	129,028,732
Stores & Spares					
Imported		1	198,030	2	727,273
Indigenous		99	37,818,505	98	40,838,922
11. VALUE OF IMPORTS ON C.I.F. BASIS					
Raw Material			10,531,065		27,047,544
Stores & Spares			–		774,231
Traded Goods			145,573,768		133,043,597
Capital Goods			184,441		404,915
12. EARNINGS IN FOREIGN EXCHANGE					
F.O.B. value of exports			48,837,676		64,838,376
13. EXPENDITURE IN FOREIGN CURRENCY					
Raw Material			9,710,889		25,834,403
Stores & Spares			–		698,443
Travelling			597,316		680,854
Commission			309,163		660,503
Conference			–		44,805
Royalty			1,955,477		1,175,625
Subscription			124,605		115,468
Capital Goods			176,201		380,369
Traded Goods			133,672,669		121,613,933
Rebate			722,850		84,814
Ball Testing Fees			144,238		179,782
Technical Fees			701,914		–
Interest & Swap Charges on Foreign Currency Loans			617,808		2,132,066
			<u>148,733,130</u>		<u>153,601,065</u>
14. PURCHASES OF TRADED GOODS					
Sports Goods & Accessories			79,938,691		74,222,319
Others			99,447,605		104,386,276
			<u>179,386,296</u>		<u>178,608,595</u>

(Quantitative detail is not given due to multiplicity of the items involved)



15. STOCKS

Particulars	Current Year Closing		Current Year Opening/ Previous Year Closing		Previous Year Opening	
	Qty. Nos.	Value Rs.	Qty. Nos.	Value Rs.	Qty. Nos.	Value Rs.
i) Rubber Moulded Sports Balls	1,402,790	35,908,678	1,966,239	53,513,544	2,028,805	49,689,924
ii) Syn. Sports Balls & Components	536,197	42,784,356	494,972	39,422,092	526,540	43,458,991
iii) Sports Ball Butyl Bladders	31,075	539,700	31,075	539,868	31,075	570,209
iv) Latex Bladders for Sports Balls	1,348,175	22,140,606	1,667,829	28,424,149	1,460,998	22,721,452
v) Others (Includes Trading goods)	—	66,022,430	—	79,332,801	—	75,669,343
		167,395,770		201,232,454		192,109,919

16. RELATED PARTY DISCLOSURE

As per Accounting Standard 18 issued by the Institute of Chartered Accountants of India the disclosure of transactions with the related parties as defined in the Accounting Standard are given below :

(i) List of Parties

Wholly owned subsidiary Company

1. Cosco Polymer Lanka (P) Ltd.

Companies under the same Management

1. Cosco Polymer Industries (P) Ltd.
2. Navendu Investment Co. (P) Ltd.
3. Cosco International (P) Ltd.
4. Radha Phool Fin-Investments (P) Ltd.
5. DDN Polymers (P) Ltd.
6. Vijay Vallabh Securities Ltd.

Key Management Personnel

- | | |
|------------------------|---------------------------------|
| 1. Devinder Kumar Jain | Chairman Cum. Managing Director |
| 2. Narinder Kumar Jain | Managing Director |
| 3. Darshan Kumar Jain | Whole Time Director |
| 4. Pankaj Jain | Whole Time Director |
| 5. Manish Jain | Whole Time Director |
| 6. Neeraj Jain | Whole Time Director |
| 7. Arun Jain | Whole Time Director |

Relatives of Key Management Personnel

- | | |
|------------------------|-----|
| 1. Devinder Kumar Jain | HUF |
| 2. Darshan Kumar Jain | HUF |
| 3. Narinder Kumar Jain | HUF |
| 4. Pankaj Jain | HUF |
| 5. Manish Jain | HUF |
| 6. Neeraj Jain | HUF |
| 7. Arun Jain | HUF |
| 8. Prabha Jain | |
| 9. Veena Jain | |

(ii) **Disclosure of transactions between the company and related parties and the status of outstanding balance as on 31st March 2010 :**

	Amount in Rs. 2009-10	Amount in Rs. 2008-09
Wholly owned subsidiary company		
Contribution towards		
Investment in Ordinary Share Capital (through nominee)	150	150
Investment in Ordinary Share Capital (12,98,550 ordinary shares of SLR 100/- amounting to USD 12,95,000)	58,647,778	58,647,778
Corporate Guarantee (to secure fund based & non-fund based limits from Bank aggregating to USD 20,05,000) (Previous Year USD 20,05,000)	90,004,450 (US \$ 1=44.89)	101,974,300 (US \$ 1=50.86)
Sale of goods including Plant and Machinery	Nil	852,911 (US \$ 20289.31)
Balance amount receivable at the year end against sales	3,216,996 (US \$ 71664.01)	3,634,798 (US \$ 71664.01)
Purchase of goods	Nil	12,099,376 (US \$ 264239.05)
Advance payment for purchases		
Amount paid during the year	Nil	2,236,600 (US \$ 50000)
Balance amount receivable at the year end	19,471,284 (US \$ 429640)	22,001,864 (US \$ 429640)
Amount receivable on account of expenses	9,476,876	8,848,976
Companies under the same Management		
Inter Corporate Deposits		
Received during the year	4,500,000	23,240,000
Repaid during the year	4,331,843	2,395,000
Outstanding at the year end	56,467,564	56,299,407
Interest paid/credited	4,563,700	2,400,600
Sale of Goods	261,572	Nil
Purchase of Goods	Nil	29,646
Guarantee	100,000	100,000
Sales Advance received outstanding at the year end (Cr.)	54,714	316,536
Lease Rent	600,000	600,000
Key Management Personnel		
Remuneration	Refer Note No. 3 of Notes to the Accounts	
Rent	76,716	25,764
Deposit		
Received during the year	10,058	28,030,000
Repaid during the year	6,424,693	6,444,797
Outstanding at the year end	85,613,107	92,027,742
Interest Paid/Credited	8,262,437	6,500,324

	<u>Amount in Rs. 2009-10</u>	<u>Amount in Rs. 2008-09</u>
Key Management Personnel's Relatives		
Deposits		
Repaid during the year	Nil	22,544,094
Interest Paid/Credited	Nil	1,669,917
Rent	87,684	29,436
(iii) As required by the amendment to Clause 32 of the Listing Agreement vide SEBI Circular No. 2/2003 dated 10th January, 2003, the following disclosure is made :		
1. Loans and advances in the nature of loans to subsidiary company		Rs. Nil
2. Loans and advances in the nature of loans to associates		Rs. Nil
3. Loans and advances in the nature of loans where there is no repayment schedule or no interest or interest below Section 372A of the Companies Act, 1956		Rs. Nil
4. Loans and advances in the nature of loans to firms/companies in which directors are interested		Rs. Nil
5. Investments by the Loanee in the shares of the Company as on 31st March, 2010		Rs. Nil
17. The Deferred Tax Asset /Liability (net) comprise of the following :		
	<u>As At 31st March, 2010</u>	<u>As At 31st March, 2009</u>
a) Deferred Tax Assets		
i) Related to other timing differences	490,426	279,772
ii) Related to Loss brought forward	—	2,600,300
	<u>490,426</u>	<u>2,880,072</u>
b) Deferred Tax Liability		
i) Related to fiscal allowance on fixed assests	1,689,878	2,009,880
ii) Related to other timing differences	259,574	245,177
	<u>1,949,452</u>	<u>2,255,057</u>
	<u>(1,459,026)</u>	<u>625,015</u>
18. Earning per Share :-		
	Rs.	Rs.
(i) Net Profit After Tax	4,866,929	8,200,454
(ii) Weighted Average No. of Equity Share for Basic / Diluted EPS (Nos.)	4,161,000	4,161,000
(iii) Nominal Value of Equity Per Share	10	10
(iv) Basic Earning per Share	1.17	1.97
(v) Diluted Earning per Share	1.17	1.97

19. Segment Information :

The company has identified two segments viz. Own Manufactured Products and Traded Goods. Segments have been identified and reported taking into account nature of products and services, the differing risk and returns and the internal business reporting systems. The accounting policies adopted for segment reporting are in line with the accounting policy of the company with following additional policies for segment reporting :

- a) Expenses have been identified to a segment on the basis of sale of the respective segment to the total sale of the company. Revenue and expenses which relate to enterprise as a whole and are not allocable to a segment on reasonable basis have been disclosed as "Unallocable".
- b) Segment assets and segment liabilities represent assets and liabilities in respective segments. Investments, tax related assets and other assets and liabilities that cannot be allocated to a segment on reasonable basis have been disclosed as "Unallocable".

i) Primary Segment Information

Sr. No.	Particulars	Own Manufactured Products		Traded Goods		Unallocable		Total	
		For the Year Ended on		For the Year Ended on		For the Year Ended on		For the Year Ended on	
		31 st Mar., 2010	31 st Mar., 2009	31 st Mar., 2010	31 st Mar., 2009	31 st Mar., 2010	31 st Mar., 2009	31 st Mar., 2010	31 st Mar., 2009
1.	Segment Revenue								
	Sales	303,618,408	288,998,190	271,567,170	248,335,377			575,185,578	537,333,567
	Other Income	8,875,555	12,124,884	696,632	909,927			9,572,187	13,034,811
	Total	312,493,963	301,123,074	272,263,802	249,245,304			584,757,765	550,368,378
2.	Segment Results								
	Profit/(Loss) Before Interest & Tax	624,534	1,157,066	37,460,312	29,936,440			38,084,846	31,093,506
	Less : Interest Expense	14,443,520	13,476,664	12,918,802	11,580,461			27,362,322	25,057,125
	Add : Interest/Dividend/Other Income					831,067	338,632	831,067	338,632
	Total Profit/(Loss) Before Tax	(13,818,986)	(12,319,598)	24,541,510	18,355,979	831,067	338,632	11,553,591	6,375,013
	Less Tax								
	Current Tax					4,799,452	1,103,880	4,799,452	1,103,880
	Deferred Tax					2,084,039	(3,044,776)	2,084,039	(3,044,776)
	Net Profit/(Loss) After Tax							4,670,100	8,315,909
3.	Other Information								
	A. Segment Assets	283,824,939	291,317,308	126,145,648	120,465,668	132,917,314	132,674,725	542,887,901	544,457,701
	B. Segment Liabilities	60,832,120	50,699,481	30,189,514	21,052,932	97,264	612,796	91,118,898	72,365,209
	Capital Expenditure	2,617,180	4,275,382	991,850	655,230			3,609,030	4,930,613
	Depreciation	5,856,409	6,499,188	1,040,423	1,226,235			6,896,832	7,725,423
	C. Working Capital (A-B)	222,992,819	240,617,827	95,956,134	99,412,736	132,820,050	132,061,929	451,769,003	472,092,492



(ii) **Secondary Segment Information**

	Year 2009-2010	Year 2008-2009
1. Segment Revenue		
– Within India	535,823,100	487,009,486
– Outside India	48,934,665	63,358,892
Total Revenue	584,757,765	550,368,378
2. Segment Assets		
– Within India	484,239,973	485,809,773
– Outside India	58,647,928	58,647,928
Total Assets	542,887,901	544,457,701
3. Segment Liabilities		
– Within India	91,118,898	72,365,209
– Outside India	—	—
Total Liabilities	91,118,898	72,365,209
4. Capital Expenditure		
– Within India	3,609,030	4,930,613
– Outside India	—	—
Total Expenditure	3,609,030	4,930,613

20. No investments are purchased and sold during the year.

21. The Company has taken certain Plant & Machinery on lease from a company under the same management and this machinery as per technical opinion obtained by the company is of immovable nature and permanently attached to the earth. The Company's future lease rentals under the operating lease arrangements as at the year end are as under

	31.03.2010	31.03.2009
Future Lease Rentals		
Within 1 year	600,000	600,000
Over 1 year but less than 5 years	600,000	600,000
Amount Charged to Profit & Loss A/C (as part of rent)	600,000	600,000

The lease term contain an option given to Company to renew the lease or purchase the equipments.

22. EMPLOYEE BENEFITS

As per Accounting Standard AS-15 (Revised), the disclosures of Employee benefits as defined in the Accounting Standard are given below:-

Defined Contribution Plans

The Company makes contribution towards provident fund and pension fund. These funds are administered by Government of India. Under the schemes; the Company is required to contribute a specified percentage of salary to the retirement benefit schemes to fund the benefit. Contribution to Defined Contribution Plan, recognised as expense for the year are as under:-

	Year Ended March 31, 2010 Rs.	Year Ended March 31, 2009 Rs.
Employer's contribution to provident fund	1,430,009	1,416,587
Employer's contribution to pension fund	2,867,653	2,838,865

Defined Benefit Plan

Gratuity

The Company provides the gratuity benefit to its employees through annual contributions to a Gratuity trust which in turn contributes to Life Insurance Corporation of India which administers the plan and determines the contributions required to be paid by the trust. The present value of obligation is determined based on actuarial valuation using the Projected Unit Credit Method.

	Gratuity (Funded)	
	Year Ended March 31, 2010 Rs.	Year Ended March 31, 2009 Rs.
I. Change in the benefit obligation		
Defined benefit obligation at beginning of the year	6,888,486	5,272,784
Current service cost	512,645	406,017
Interest cost	551,079	421,823
Benefits paid	116,996	319,390
Actuarial (Gain) / Loss on obligations	70,951	1,107,252
Defined benefit obligation at the end of the year	7,906,165	6,888,486
II. Change in plan assets		
Fair value of plan assets at the beginning of the year	6,859,868	5,906,916
Expected return on plan assets	642,911	537,068
Employer Contribution	1,690,679	735,274
Benefits paid	116,996	319,390
Fair value of plan assets at the year end	9,076,462	6,859,868
Actual return on plan assets	642,911	537,068
III. Reconciliation of fair value of assets and obligations		
Fair value of plan assets at the end of the year	9,076,462	6,859,868
Present value of obligation at the end of the year	7,906,165	6,888,486
Funded Status	1,170,297	28,618
Net Asset / (Liability)	1,170,297	(28,618)
IV. Expenses recognised during the year		
Current Service Cost	512,645	406,017
Interest Cost	551,079	421,823
Expected return on plan assets	642,911	537,068
Net actuarial (Gain) / Loss	70,951	1,107,252
Expenses charged to Profit & Loss Account	491,764	1,398,024
V. Actuarial Assumptions		
Discount Rate	8% p.a	8% p.a
Salary Escalation	6% p.a	6% p.a
Expected return on plan assets	8% p.a	8% p.a
The management of funds is entrusted with Life Insurance Corporation of India. The detail of investments made by them are not available.		

Leave Encashment

It is an unfunded defined benefit plan for which the obligation is recognised on actuarial valuation basis. A sum of Rs.189,754/- has been provided by charge to current year's profit.

23. The amount of net exchange difference (profit) in respect of transactions other than fixed assets included in the Profit & Loss Account for the year is Rs.4,23,168/- [Previous Year - Rs.77,97,105/-(loss)].
24. Minimum Bonus provision for the year has been made on estimated basis and any adjustment on account of final liability will be made in the subsequent year. Bonus charged to Profit & Loss Account includes Rs.3,07,276/- relating to previous year.
25. No provision has been made for leave encashment in respect of directors as it is decided that actual leave will be granted.
26. Investments include advance for Immovable Properties aggregating Rs.1,26,24,129/- in respect of which neither formal agreements have been executed nor any allocation / earmarking of the property has been made till date by the Builder/ Developer. However the company has received balance confirmation from the party in the earlier year. The management is pursuing for execution of agreement / title documents or alternatively for refund of amount advanced and exploring the alternate possibility for specific performance of the contract.
27. The National Saving Certificate of Rs. 5,000/- shown as investment is in the name of a Director of the Company and the same is with the Sales Tax Authorities, Mumbai.
28. The company has taken loans from Companies, directors & others (related persons) during the year, carrying differential interest rates viz.
 - @ 6% per annum (same as per last year), the minimum permissible u/s 372A of the Companies Act, 1956, on existing inter-corporate loans taken at the specified rates;
 - @ 9% p.a on inter-corporate loans (previous year 8%), from Cosco Polymer Industries P. Ltd., taken during current year;
 - @ 9% per annum (previous year 8%) on loans taken from Directors.
29. During the year Cosco Polymer Lanka Pvt. Ltd., the subsidiary company, has reported loss of Rs. 147.90 lacs (Previous year Rs. 460.36 lacs). The accumulated loss as on 31.03.2010 is Rs.1,296.25 lacs (Previous year Rs.1279.99 lacs reconverted at Rs. 1,148.35 lacs). The business operations of the subsidiary company, which were suspended last year due to global recession and unfavourable political situations in Sri Lanka, could not be re-started till date. Considering the favourable political environment in Sri Lanka at present and in view of the global recovery, the management is in active deliberations with the potential customers to re-start the production at commercially viable scale. The management is quite hopeful that investment of the company in the subsidiary is well protected by fair value of the assets of subsidiary / future operational profits. Further, the management is of the view that there will be no devolvement of any liability on account of Corporate Guarantee issued by it against the loan given by State Bank of India to its subsidiary having regard to the realisable market value of its assets.
30. In respect of payments overdue from foreign customers excluding subsidiary company amounting to Rs.7,51,560/- (previous year Rs.4,32,312/-). The company has received payment of Rs.3,82,620/- from the party in the next financial year; so the management is hopeful to recover the balance amount. Therefore no provision for doubtful debts is made in the accounts.
31. As per Accounting Standard 21 on "Consolidated Financial Statements" issued by the Institute of Chartered Accountants of India, the company has presented consolidated financial statements separately in this annual report.
32. No impairment loss is recognised as on 31.03.2010 since the present value of estimated future cash flows over a period of five years exceeds the carrying value of assets of the Company's cash generating units.
33. The possession of land, belonging to the company, bearing Khasra No.420, total area measuring 1 bigha, 19 biswas and 3 biswansi situated at village Gurgaon is in dispute and company has filed a suit for getting possession of the same.
34. Advance of Rs. 2,89,48,160/- (previous year Rs.3,08,50,840/-) to wholly owned subsidiary, Cosco Polymer Lanka Private Limited, includes Rs.1,94,71,284/- (previous year Rs.2,20,01,864/-) on account of Advance against Supplies and Rs.94,76,876/- (previous year Rs.88,48,976/-) recoverable on account of expenses incurred on their behalf. In view of Note No.29, advance is considered recoverable and does not require any provision in the accounts.

35. Loans & Advances include Rs.76,67,584/- (previous year Rs.42,20,060/-) as Additional Custom Duty Recoverable as per Notification No.102/2007 Customs dated 14/09/2007, being refund of 4% special additional duty paid on import of goods for trading, accordingly the income has increased to that extent. The company has regularly received the claim amount from time to time.
36. Loans & Advances include Rs.40,00,000/- (previous year Rs.40,00,000/-) paid on capital account for purchase of commercial property for business purposes of the company. Agreement for purchase of property has been cancelled by the company in the interest of business. The company has received Rs.20 lacs from the party in the next financial year and the management is hopeful of realising the balance amount.
37. Other income includes Rs.23,22,508/- towards value of license granted by DGFT subsequent to the date of Balance Sheet, on account of exports made during the year under Product Focus Scheme. The said license was accordingly sold in the subsequent year. Income being in the nature of Export Incentive has been accounted for in terms of AS-9 issued by ICAI.
38. Unsecured Loans include Rs.54 lacs (previous year Rs.54 lacs) borrowed from bank against term deposit receipt of the company under the same management.
39. Sundry Debtors include Rs.16,40,279/- due from Zenith Cycle Co. who have closed their business and the said amount will be adjusted against the goods to be returned by the party. Therefore no provision for doubtful debts is made in the accounts.
40. Misc. Income includes Bonus Provision Written Back Rs.5,025/- (previous year Rs 62,883/-).
41. No provision has been made in respect of tax on Capital Gain relating to compulsory acquisition of part of factory land during the year. Since the compensation has not been received till date.
42. Previous year figures have been regrouped / rearranged wherever considered necessary to make them comparable with those of current year figure.
43. Figures have been rounded off to nearest rupee.

Signatures to Schedules A to S

D.K.JAIN

Chairman-cum-Mg. Director

N.K.JAIN

Mg. Director

PLACE : Delhi

DATED : 28th August, 2010.



**CASH FLOW STATEMENT FROM 1ST APRIL, 2009 TO 31ST MARCH, 2010
ANNEXED TO THE BALANCE SHEET AS ON 31.03.2010.**

	2009-2010	2008-2009
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before tax and extra ordinary items	36,692,310	29,173,557
Adjustments for :		
Depreciation	6,896,832	7,725,423
	<u>43,589,142</u>	<u>36,898,980</u>
Adjustments for :		
(Increase)/Decrease in Trade and Other Receivables	(18,585,078)	6,610,753
(Increase)/Decrease in Inventories	26,372,095	(26,923,524)
(Increase)/Decrease in Loans and Advances	(10,492,618)	(9,134,827)
(Decrease)/Increase in Trade Payables	2,235,627	(1,252,052)
(Decrease)/Increase in Other Current Liabilities	3,760,517	(1,048,825)
Cash Generated From Operations	46,879,685	5,150,505
Less : Interest Paid	25,681,710	23,056,803
Direct Taxes Paid	6,883,491	(1,940,896)
Cash Flow Before Extra Ordinary Items	14,314,484	(15,965,402)
Extra Ordinary Items	(116,203)	(115,455)
Net Cash From Operating Activities	<u>14,198,281</u>	<u>(16,080,857)</u>
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase Of Fixed Assets	(3,609,030)	(4,930,613)
Sale of Fixed Assets	1,056,136	-
Purchase of Investments	-	(495,925)
Sale of investments	-	1,913,289
Interest Received	45,974	57,878
Net Cash Flow from / (Used in) Investing Activities	<u>(2,506,920)</u>	<u>(3,455,371)</u>
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds From Long Term Borrowings/ Loans	5,619,617	58,805,952
Repayment / Adjustments of Long Term Borrowings / Loans	18,052,491	37,194,517
Net Cash flow from Financing activities	<u>(12,432,874)</u>	<u>21,611,435</u>
Increase in Cash and Cash Equivalents (A+B+C)	(741,513)	2,075,207
Opening Balance of Cash and Cash Equivalents	6,865,460	4,790,253
Closing Balance of Cash and Cash Equivalents	<u>6,123,947</u>	<u>6,865,460</u>

Notes :

Cash and cash equivalent include :

Cash in hand	1,587,528	2,308,815
With Scheduled Banks		
On Current Accounts (including accounts with overdraft facility)	4,536,419	4,556,645
	<u>6,123,947</u>	<u>6,865,460</u>

As per our report of even date.

FOR R.N. BAHL & CO.
CHARTERED ACCOUNTANTS
FIRM'S REGISTRATION NO. : 000185N

FOR AND ON BEHALF OF BOARD OF DIRECTORS

(R.N. BAHL)
Partner
M.No. 2277

D.K. JAIN
Chairman-cum-Mg. Director

N.K. JAIN
Mg. Director

PLACE : New Delhi
DATED : 28th August, 2010.

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

Statement showing particulars as described in the amendment to Schedule VI to the Companies Act, 1956, vide Notification No. G.S.R. 368(E) dated May 15, 1995.

I. REGISTRATION DETAILS		
a) Registration No./ CIN		L25199DL 198OPLCO10173
b) State Code		55
c) Balance Sheet Date		31.03.2010
II. CAPITAL RAISED DURING THE YEAR		
Public Issue		—
Rights Issue		—
Bonus Issue		—
Private Placement		—
Others		—
III. POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS		
		(Amount in Rs.)
Total Liabilities		451,769,003
Total Assets		451,769,003
Sources of Funds		
Paid-up Capital		41,610,000
Reserves and Surplus		148,355,505
Secured Loan		112,863,801
Unsecured Loans		147,480,671
Application of Funds		
Net Fixed Assets (Incl. Capital Work in progress)		40,031,317
Investments		71,592,737
Net Currents Assets		340,144,949
IV. PERFORMANCE OF COMPANY		
Turnover (Net Sales and other income)		585,588,832
Total Expenditure		574,035,241
Profit/(Loss) before Tax		11,553,591
Profit/(Loss) after Tax		4,670,100
Profit/(Loss) after prior period adjustments		4,866,929
Earning per Share		1.17
V. GENERIC NAMES OF THREE PRINCIPAL PRODUCTS / SERVICES OF THE COMPANY (as per monetary terms)		
- Item Code No. (NIC Code)		3854
Product Description		Lawn Tennis Balls and Moulded Sports Balls
- Item Code No. (NIC Code)		3859
Product Description		Inflatable Sports Balls Synthetic Sports Balls
- Item Code No. (NIC Code)		3129
Product Description		Sports Balls Butyl/Latex Bladders



AUDITORS' REPORT

The Board of Directors
Cosco (India) Ltd.,
2/8, Roop Nagar,
Delhi

We have examined the attached Consolidated Balance Sheet of Cosco (India) Ltd. and its subsidiary as at 31-03-2010, the Consolidated Profit & Loss Account and also the Consolidated Cash Flow Statement for the year then ended.

The Financial statements are the responsibility of Cosco (India) Ltd's management. Our responsibility is to express an opinion on these financial statements based on our Audit. We conducted our audit in accordance with generally accepted auditing standards in India. These standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are prepared, in all material respects, in accordance with the identified financial reporting framework and are free from material mis-statements. An audit includes, examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An Audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements. We believe our audit provides a reasonable basis of our opinion.

We did not audit the financial statements of the subsidiary Cosco Polymer Lanka (Private) Ltd., whose financial statements reflect total assets of Rs. 575.68 lacs (Rs. 716.66 lacs) as at 31.03.2010 and total turnover of Rs. Nil (Rs.125.80 lacs) for the year then ended. These financial statements have been prepared and presented in accordance with Sri Lanka Accounting standards and audited by other auditors' whose report has been furnished to us, and in our opinion, in so far as it relates to the amounts included in respect of the subsidiary, is based solely on the report of the other auditors'.

We report that the Consolidated Financial Statements have been prepared by the Company in accordance with the requirements of Accounting Standard (AS) 21, Consolidated Financial Statements, issued by the Institute of Chartered Accountants of India and on the basis of the separate audited financial statements of Cosco (India) Ltd. and its subsidiary, included in the Consolidated Financial Statements.

Based on our audit and on consideration of reports of other Auditor, and to the best of our information and according to explanation given to us, we are of the opinion that *subject to Note No. 7 regarding non provision of slow/non moving stocks Note No. 14 reg. investments in the immovable properties; and regarding valuation of inventories of repairable health & fitness equipment of Rs. 16.55 Lakhs; old models of fitness equipment of Rs. 1.06 Lakh and spares in respect of health equipment of Rs. 41.87 Lakhs and synthetic panels of Rs.102.56 Lakh for which we have relied upon management and read with the following remarks of subsidiary Auditors/Accounting Policies of subsidiary company:*

1. *We did not take part in the count of physical inventories stated in the accompanying financial statements at Rs. 16,506,699/- as of March 31, 2010 and at Rs. 18,398,922/- as of March 31, 2009 and were unable to verify the inventory through other auditing procedures. Further, confirmations supporting the bank loans stated in the financial statements at Rs. 21,658,134/- as of March 31, 2010 and Rs. 35,774,846/- as of March 31, 2009 were not available.*
2. *Since the company is not in operation no evidence was available to substantiate the recoverability of the carrying amount of the inventory and property, plant and equipment.*
3. *The accompanying financial statements have been prepared assuming that the company will continue as a going concern. The company has discontinued its operations due to loss of its key customers and suffered recurring losses from operations over the past several years that raise substantial doubt about its ability to continue as a going concern. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.*
 - (a) the Consolidated Balance Sheet gives a true and fair view in conformity with the accounting principles generally accepted in India of the consolidated state of affairs of Cosco (India) Ltd. and its subsidiary as at 31.03.2010
 - (b) the Consolidated Profit & Loss Account gives a true and fair view of the consolidated results of operations of Cosco (India) Ltd. and its subsidiary for the year ended on that date; and
 - (c) in case of Consolidated Cash Flow Statement, of the consolidated cash flow of the company and its subsidiary for the year then ended.

For **R.N. BAHL & Co.**
Chartered Accountants
Firm's Registration No. : 000185N

(C.A. R.N. BAHL)
Partner
Membership No. 2277

Place : New Delhi

Date : 28th August, 2010

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2010

		SCHEDULES		AS AT 31.03.2010	AS AT 31.03.2009
(Amount in Rupees)					
AS AT					
31.03.2009					
I. SOURCES OF FUNDS					
Share Holders' Funds					
(a)	Share Capital	A	41,610,000	41,610,000	
(b)	Reserves & Surplus	B	15,888,035	<u>12,402,049</u>	54,012,049
Loan Funds					
(a)	Secured	C	198,172,290	225,992,564	
(b)	Unsecured	D	147,480,671	<u>153,727,149</u>	379,719,713
Deferred Tax Liability (Net)			1,459,026		-
(Refer Note 8 of Schedule T)					
			404,610,022	<u>433,731,762</u>	
II. APPLICATION OF FUNDS					
Fixed Assets :					
E					
(a)	Gross Block		250,385,059	256,071,107	
(b)	Less: Depreciation		<u>172,886,029</u>	<u>163,781,637</u>	
(c)	Net Block		77,499,030	92,289,470	
(d)	Goodwill Arising on Consolidation		7,445,983	1,576,524	
(e)	Capital Work in Progress		<u>492,149</u>	<u>1,104,530</u>	94,970,524
Investments			F	12,944,809	12,940,355
Deferred Tax Asset (Net)				-	625,015
(Refer Note 8 of Schedule T)					
Current Assets,					
Loans & Advances :					
(a)	Inventories	G	279,708,313	307,972,631	
(b)	Sundry Debtors	H	89,616,258	71,112,870	
(c)	Cash & Bank Balances	I	6,137,356	7,011,702	
(d)	Loans and Advances	J	41,533,998	<u>28,223,493</u>	
Less : Current Liabilities & Provisions :			416,995,925	<u>414,320,696</u>	
(a)	Liabilities	K	102,767,357	84,433,532	
(b)	Provisions	L	8,000,517	<u>6,774,682</u>	
			<u>110,767,874</u>	<u>91,208,214</u>	
Net Current Assets			306,228,051		323,112,482
Miscellaneous Expenditure			M	-	2,083,386
(to the extent not w/off)					
			404,610,022	<u>433,731,762</u>	

Note : Schedules 'A' to 'M' and 'T' (Notes on Accounts) form an integral part of this Balance Sheet.

This is the Balance Sheet referred to in our report of even date attached.

FOR R.N. BAHL & CO.
 CHARTERED ACCOUNTANTS
 FIRM'S REGISTRATION NO. : 000185N

FOR AND ON BEHALF OF BOARD OF DIRECTORS

(R.N. BAHL)
 Partner
 M.No. 2277

D.K. JAIN
 Chairman-cum-Mg. Director

N.K. JAIN
 Mg. Director

PLACE : New Delhi
DATED : 28th August, 2010.



CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010

SCHEDULES	FOR THE YEAR ENDED 31.03.2010 Rs.	FOR THE YEAR ENDED 31.03.2009 Rs.
I. INCOME :		
(a) Sales	575,185,578	536,480,656
(b) Other Income N	<u>24,438,939</u>	<u>13,391,967</u>
	599,624,517	549,872,623
II. EXPENDITURE :		
(a) Purchase of Traded Goods	179,386,296	178,608,595
(b) Raw Materials Consumed O	142,876,674	154,712,290
(c) Salary, Wages & Benefits P	67,928,328	72,774,525
(d) Manufacturing, Administration and Selling Q	126,350,884	169,960,415
(e) Interest & Bank Charges R	32,794,912	32,238,071
(f) Depreciation	13,490,055	15,461,732
(g) Miscellaneous Expenditure written off	<u>1,870,613</u>	<u>2,085,047</u>
	564,697,762	625,840,675
(h) (Increase)/Decrease in Finished Goods and Work-in-Progress S	<u>24,754,107</u>	<u>(22,576,371)</u>
	589,451,869	603,264,304
III. PROFIT/(LOSS) BEFORE TAXATION	10,172,648	(53,391,681)
IV. PROVISION FOR TAXATION : CURRENT	4,799,452	574,372
FRINGE BENEFIT	-	529,508
DEFERRED TAX	<u>2,084,039</u>	<u>(3,044,776)</u>
	6,883,491	(1,940,896)
V. PROFIT/(LOSS) AFTER TAXATION	3,289,157	(51,450,785)
VI. PRIOR PERIOD ADJUSTMENTS ADD / (DEDUCT)		
(i) Taxation	313,032	-
(ii) Expenses	<u>(116,203)</u>	<u>(115,455)</u>
VII. PROFIT/(LOSS) AFTER PRIOR PERIOD ADJUSTMENTS	3,485,986	(51,566,240)
APPROPRIATIONS		
Transferred to : General Reserve	<u>3,485,986</u>	<u>(51,566,240)</u>
Basic and Diluted Earnings per share Rs. (Refer Note No. 10 in Schedule T)	0.84	(12.39)
Nominal Value per share (in Rs.)	10.00	10.00

Note : Schedules 'N' to 'S' and 'T' (Notes on Accounts) form an integral part of this Profit & Loss Account.

This is the Profit & Loss Account referred to in our report of even date attached.

FOR R.N. BAHL & CO.
 CHARTERED ACCOUNTANTS
 FIRM'S REGISTRATION NO. : 000185N

FOR AND ON BEHALF OF BOARD OF DIRECTORS

(R.N. BAHL)
 Partner
 M.No. 2277

D.K. JAIN
 Chairman-cum-Mg. Director

N.K. JAIN
 Mg. Director

PLACE : New Delhi
 DATED : 28th August, 2010.

SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET

	(Amount in Rupees)		
	As at 31.03.2010	As at 31.03. 2009	
A. SHARE CAPITAL			
Authorised :			
100,00,000 Equity Shares of Rs. 10/- each	100,000,000	100,000,000	
Issued & Subscribed :			
41,61,000 Equity Shares of Rs. 10/- each			
(Includes 19,20,000 Nos. Equity Shares allotted as fully paid up Bonus Shares by capitalisation of Rs. 192 Lacs from General Reserve)	41,610,000	41,610,000	
B. RESERVES & SURPLUS			
	As at 01.04.2009 Rs.	Additions/ (Deductions) Rs.	As at 31.03.2010 Rs.
Share Premium Account	31,230,000	—	31,230,000
General Reserve	(27,327,951)	3,485,986	(23,841,965)
Profit & Loss Account	8,500,000	—	8,500,000
	12,402,049	3,485,986	15,888,035
Previous Year	63,968,289	(51,566,240)	12,402,049
	As at 31st March, 2010	As at 31st March, 2009	
C. SECURED LOANS			
(i) WORKING CAPITAL LOANS			
From Banks			
Rupees Loans	102,022,336		96,671,814
Foreign Currency Loans	9,558,680		29,125,773
(Secured against hypothecation of all moveable properties including plant & machinery, stocks of raw materials, semi-finished goods and manufactured goods and all book debts, bills and claims receivables.)			
(The loans are collaterally secured against equitable mortgage of factory land/building and guaranteed by Executive Directors)			
State Bank of India, Colombo			
Bank Overdraft	63,650,355		56,950,950
(Secured by primary mortgage over stock in trade and other movables)			

	(Amount in Rupees)	
	As at	As at
	<u>31st March, 2010</u>	<u>31st March, 2009</u>
(ii) TERM LOAN		
From Banks		
Foreign Currency Loans	–	6,401,250
<p>(Secured by first pari-passu charge on the fixed assests of the company viz. equitable mortgage over factory land and building situated at 1688-2/31, Railway Station Road, Gurgaon (India) and hypothecation of all tangible fixed and movable assets/property/ plant & machineries, spare tools, accessories (both present and future) wherever located, whether installed or not and guaranteed by Executive Directors)</p>		
State Bank of India, Colombo		
Term Loan No. 1*	8,545,782	15,586,428
(Repayable within one year Rs. 53.97 lacs)		
(Secured against primary mortgage over leasehold land, building and immovable plant and machinery)		
Term Loan No. 2*	6,005,860	9,730,428
(Repayable within one year Rs. 26.99 lacs)		
(Secured against territory mortgage over leasehold land, building and immovable plant and machinery)		
Term Loan No. 3*	7,106,492	10,457,991
(Repayable within one year Rs. 26.99 lacs)		
(Secured against territory mortgage over leasehold land, building and immovable plant and machinery)		
(iii) OTHER LOANS	1,282,785	1,067,930
(Secured against hypothecation of Vehicles)		
(Repayable within one year Rs. 7.09 lacs)		
	<u>198,172,290</u>	<u>225,992,564</u>
D. UNSECURED LOANS		
a) Deposits from		
i) Companies	56,467,564	56,299,407
ii) Directors	85,613,107	92,027,742
b) From Bank	5,400,000	5,400,000
	<u>147,480,671</u>	<u>153,727,149</u>

E. FIXED ASSETS

(Amount in Rupees)

Sr.	Block of Assets	Gross Block as at 1.04.2009	Additions During the Year	Deductions During the Year	Gross Block as at 31.03.2010	Depreciation upto 31.03.2010	Net Block as at 31.03.2010	Net Block as at 31.03.2009
1.	Land – Free Hold	560,725	—	233,394	327,331	—	327,331	560,725
	– Lease Hold	2,239,341	—	—	2,239,341	—	2,239,341	2,239,341
2.	Buildings	60,631,134	—	2,054,608	58,576,526	31,530,984	27,045,542	30,716,774
3.	Furniture & Fittings	7,680,368	478,219	196,610	7,961,977	6,775,180	1,186,797	1,209,934
4.	Plant and Machinery	175,797,999	2,411,935	5,982,646	172,227,288	129,191,692	43,035,596	53,971,992
5.	Vehicles	9,161,540	1,331,257	1,440,201	9,052,596	5,388,173	3,664,423	3,590,704
		256,071,107	4,221,411	9,907,459	250,385,059	172,886,029	77,499,030	92,289,470
6.	Capital Work-in-Progress (Including advance on Capital Account Rs. 313,013/-) (Previous Year Rs. 461,407/-)						492,149	1,104,530
	TOTAL	256,071,107	4,221,411	9,907,459	250,385,059	172,886,029	77,991,179	93,394,000
	PREVIOUS YEAR	237,594,284	19,791,633	1,314,810	256,071,107	163,781,637	93,394,000	

*Deduction includes Rs. 81,62,434/- (previous year additions included Rs. 1,23,21,712/-) as exchange rate difference on consolidation.



	As at 31st March, 2010	(Amount in Rupees) As at 31st March, 2009
F. INVESTMENTS		
LONG TERM INVESTMENTS (AT COST)		
Government and other securities Unquoted (Non Trade)		
6 years National Savings Certificate	5,000	5,000
CURRENT INVESTMENTS		
Other Investments (Non Trade)		
In Equity Shares-Quoted, fully paid-up		
(5,000) 5,000 Antarctica Ltd. of Re. 1/- each	5,000	5,000
(4,750) 4,750 Marksans Pharma Ltd. of Rs. 1/- each	94,226	94,226
	<u>99,226</u>	<u>99,226</u>
Less : Provision for Diminution in Investment	<u>73,546</u>	<u>78,000</u>
	25,680	21,226
In Mutual Fund - Unquoted		
(11,319.211) 11,319.211 units UTI Master Share Unit Scheme (Growth) of Rs. 10/- each	290,000	290,000
Immovable Properties (Advance Payment)	12,624,129	12,624,129
	<u>12,944,809</u>	<u>12,940,355</u>
Aggregate cost of Quoted Investments	99,226	99,226
Aggregate Market Value of Quoted Investments	25,680	21,226
G. INVENTORIES		
(As taken, valued and certified by the Management)		
1. Stores & Spare Parts [Including in Transit Rs. 248,260/- (Previous Year Rs. 21,389/-)]	9,288,952	8,803,691
2. Stock-in-Trade		
(a) Raw Materials [Including in Transit Rs. 18,52,833/- (Previous Year Rs. 8,01,347/-)]	37,460,396	41,389,343
(b) Samples	-	66,525
(c) Finished Goods	167,562,510	201,418,309
	<u>205,022,906</u>	<u>242,874,177</u>
Less : Provision for Non Moving Stocks	<u>203,663</u>	<u>203,663</u>
	204,819,243	242,670,514
3. Work in Progress	65,600,118	56,498,426
	<u>279,708,313</u>	<u>307,972,631</u>

	As at 31st March, 2010	(Amount in Rupees) As at 31st March, 2009
H. SUNDRY DEBTORS		
UNSECURED		
1. Debts outstanding for a period exceeding six months :		
a) Considered good	6,660,775	7,253,121
b) Considered doubtful	518,449	642,600
	<u>7,179,224</u>	<u>7,895,721</u>
Less : Provision for Doubtful Debts	518,449	642,600
	<u>6,660,775</u>	<u>7,253,121</u>
2. Other Debts Considered good	82,955,483	63,859,749
	<u>89,616,258</u>	<u>71,112,870</u>
I. CASH & BANK BALANCES		
1. Cash in hand (Including Imprest Accounts)	1,587,562	2,454,008
2. Bank Balances with Scheduled Banks In Current & Savings Accounts	4,549,794	4,557,694
	<u>6,137,356</u>	<u>7,011,702</u>
J. LOANS AND ADVANCES (Unsecured and considered good) Advances recoverable in cash or in kind or for value to be received		
a) Considered good	36,725,166	23,489,570
b) Considered doubtful	74,117	-
	<u>36,799,283</u>	<u>23,489,570</u>
Less : Provision for Doubtful Advances	74,117	-
Security Deposits	2,103,673	2,101,768
Advance Tax Paid	2,705,159	2,632,155
	<u>41,533,998</u>	<u>28,223,493</u>
K. CURRENT LIABILITIES		
1. Sundry Creditors	52,462,449	48,406,422
2. Other Liabilities	47,050,644	32,590,314
3. Interest Accrued But Not Due	97,264	612,796
4. Security Deposits from Customers	3,157,000	2,824,000
	<u>102,767,357</u>	<u>84,433,532</u>
L. PROVISIONS		
For Fringe Benefit Tax	-	529,508
For Income Tax & Wealth Tax	4,799,452	2,802,125
For Leave Encashment & Gratuity	3,201,065	3,443,049
	<u>8,000,517</u>	<u>6,774,682</u>
M. MISCELLANEOUS EXPENDITURE (To the extent not written off or adjusted)		
Preliminary Expenses	2,083,386	3,521,335
Less : Amount written off*	2,083,386	1,437,949
	<u>-</u>	<u>2,083,386</u>

*Amount Written Off decreased by Rs. 2,12,773/- on account of exchange rate fluctuation (previous year decreased by Rs. 6,47,100/-).

	(Amount in Rupees)	
	For the year ended 31.3. 2010	For the year ended 31.3. 2009
N. OTHER INCOME		
Interest received	45,974	57,878
Miscellaneous Income	16,656,013	2,508,678
Export Incentives	7,736,952	10,825,411
	<u>24,438,939</u>	<u>13,391,967</u>
O. MATERIALS CONSUMED		
Opening Stock	41,389,343	47,312,372
Add : Purchase	138,947,727	148,789,261
	<u>180,337,070</u>	<u>196,101,633</u>
Less : Closing Stock	37,460,396	41,389,343
	<u>142,876,674</u>	<u>154,712,290</u>
P. SALARY, WAGES & BENEFITS		
Directors' Remuneration	12,358,286	12,298,000
Wages	31,720,823	35,457,554
Salary	11,110,799	11,015,354
Bonus	2,126,955	1,412,868
Provident & Other funds (Includes for Directors Rs. 65,520/-)	6,651,967	6,871,664
Gratuity Fund	491,764	1,398,024
Compensation	1,078,002	1,942,239
Welfare Expenses (Includes Rs. 573,816/- towards medical expenses reimbursed to Directors, Previous year Rs. 262,628/-)	2,389,732	2,378,822
	<u>67,928,328</u>	<u>72,774,525</u>
Q. MANUFACTURING, ADMINISTRATION & SELLING		
Power & Fuel	22,181,826	28,226,702
Balls Stitching Charges	14,141,493	15,862,989
Valve Cutting Charges	4,986,829	7,205,027
Transportation & Forwarding	5,201,826	5,020,257
Stores & Spares Consumed	15,663,611	15,006,189
Repairs & Maintenance :		
Plant & Machinery	5,675,819	6,241,290
Building	1,415,391	352,616
Others	<u>3,836,307</u>	<u>3,719,664</u>
Rent, Rates & Taxes	4,277,934	3,856,594
Insurance	1,343,369	1,702,541
Shipping	1,755,687	2,138,978
Packing	5,909,925	6,271,781
Export Commission	335,508	660,503
Advertisement & Publicity	1,684,860	2,237,573
Sales Promotion	2,412,893	2,132,151
Travelling & Conveyance (Including Directors' Travelling Rs. 178,531/- Previous Year Rs. 367,874/-)	3,150,219	3,187,453
Legal & Professional Fees	2,422,217	2,593,498
Postage, Telegram & Telephone	1,957,368	2,083,894
Auditors' Remuneration & Expenses : (including Service Tax & Education Cess)		
For Audit & Tax Representation	293,890	390,380
For Other Services	82,980	8,012
Out of Pocket Expenses	<u>56,412</u>	<u>21,290</u>
	<u>433,282</u>	<u>419,682</u>

	For the year ended 31.03.2010	(Amount in Rupees) For the year ended 31.03.2009
Commission Against Sales	2,296,516	2,021,062
Special Discount	7,096,702	7,929,739
Foreign Tour Expenses (Including Directors' Expenses Rs. 923,402/- Previous Year Rs. 1,176,302/-)	923,402	1,246,919
Directors' Sitting Fees	21,000	21,000
Bad & Doubtful Debts Provision	210,055	288,404
Difference in Exchange Rates	-	31,938,560
Miscellaneous Expenses	17,016,845	17,595,349
	126,350,884	169,960,415
R. INTEREST & BANK CHARGES		
Unsecured Loans	12,826,137	10,570,841
Banks	14,165,481	14,614,725
Others	2,293	432
Bank Charges	5,801,001	7,052,073
	32,794,912	32,238,071
S. (INCREASE) / DECREASE IN FINISHED GOODS AND WORK IN PROGRESS		
Opening Stocks		
Finished Goods	201,418,309	204,864,330
Work in Progress	56,498,426	30,476,034
	257,916,735	235,340,364
Closing Stocks		
Finished Goods	167,562,510	201,418,309
Work in Progress	65,600,118	56,498,426
	233,162,628	257,916,735
	24,754,107	(22,576,371)
T. NOTES ON ACCOUNTS		

SIGNIFICANT ACCOUNTING POLICIES TO THE CONSOLIDATED BALANCE SHEET AND PROFIT AND LOSS ACCOUNT

1. Principles of Consolidation

The consolidated financial statements relate to Cosco (India) Limited (the Company) and its subsidiary company. The consolidated financial statements have been prepared on the following basis :-

- (i) The financial statements of the company and its subsidiary company are combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses after fully eliminating intra-group balances and intra-group transactions resulting in unrealised profits or losses in accordance with Accounting Standard AS-21 - "Consolidated Financial Statements" issued by the Institute of Chartered Accountants of India.
- (ii) All assets and liabilities of the foreign subsidiary are converted at rate prevailing at the end of the year. Any exchange difference arising on consolidation is recognised in the profit and loss account except in cases where these relate to acquisition of fixed assets in which case they are adjusted to the carrying cost of such assets.
- (iii) The difference between the cost of investment in the subsidiary company over its net assets is recognised in the financial statements as Goodwill or Capital Reserve as the case may be.
- (iv) As far as possible, the consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances.

2. Other Significant accounting policies

These are set out under "Significant Accounting Policies" as given in the Unconsolidated Financial Statements of Cosco (India) Limited and its subsidiary company.

3. The subsidiary company considered in the financial statements is :

Name of the subsidiary	Country of Incorporation	Proportion of ownership Interest
Cosco Polymer Lanka (Private) Limited	Sri Lanka	100%

	AS AT 31.03.2010 Rs.	AS AT 31.03.2009 Rs.
4. CONTINGENT LIABILITIES NOT PROVIDED FOR IN RESPECT OF		
(i) Letters of Credit for purchase of Raw Materials, Stores & Spares	30,316,937	11,298,763
(ii) Guarantee		
(a) To Sales Tax Authorities:- for group concerns	100,000	100,000
for others	527,303	300,000
(b) To State Electricity Board:- for others	Not Ascertainable	Not Ascertainable
(c) To Others	5,132,099	5,132,099
(iii) Sales Tax Under Appeal/Dispute	-	357,530
(iv) Cases against the Company in Labour Court & High Court by ex-employees	3,297,056	1,403,479
(v) Case against the Company by ESIC	-	599,674
(vi) House Tax Liability	915,052	-
5. (i) MANAGERIAL REMUNERATION		
Salaries	6,840,000	6,840,000
Commission	5,472,000	5,080,000
Contribution to Provident & Other Funds	65,520	65,520
Perquisites	724,415	171,085
Gratuity	46,286	-
H.R.A	-	378,000
	13,148,221	12,534,605

6. In the opinion of the board, the current assets, loans and advances have a value on realisation in the ordinary course of business at least equal to the amount at which they are stated.

7. The following Slow moving and non-moving stocks have been identified by the management.

	Slow Moving Stocks (Rs. in Lacs)		Non-Moving Stocks (Rs. in Lacs)	
	Current Year	Previous Year	Current Year	Previous Year
Raw Materials	19.60	9.11	41.36	35.20
Store & Spares	3.20	7.42	15.28	5.87
Traded Goods	4.39	19.33	3.50	21.00
Finished Goods (own)	-	-	21.86	20.09

Part of above stocks have been consumed / sold during the subsequent year. The efforts are being made to use / dispose of the balance stocks. The management has technically and commercially evaluated these stocks internally and is of the view that these stocks are useable / saleable. Having regard to the technical and commercially evaluation and movement of stocks in the subsequent year, the management is of the view that the realisable value of these stocks will not be less than the value stated in the financial statements.

8. The Deferred Tax Liability (net) comprise of the following :

	As At 31st March, 2010	As At 31st March, 2009
a) Deferred Tax Assets		
i) Related to other timing differences	490,426	279,772
ii) Related to Loss brought forward	—	2,600,300
	<u>490,426</u>	<u>2,880,072</u>
b) Deferred Tax Liability		
i) Related to fiscal allowance on fixed assets	1,689,878	2,009,880
ii) Related to other timing differences	259,574	245,177
	<u>1,949,452</u>	<u>2,255,057</u>
	<u>(1,459,026)</u>	<u>625,015</u>

9. RELATED PARTY DISCLOSURE

As per Accounting Standard 18 issued by the Institute of Chartered Accountants of India the disclosure of transactions with the related parties as defined in the Accounting Standard are given below :

(i) List of Parties

Companies under the same Management

1. Cosco Polymer Industries (P) Ltd.
2. Navendu Investment Co. (P) Ltd.
3. Cosco International (P) Ltd.
4. Radha Phool Fin-Investments (P) Ltd.
5. DDN Polymers (P) Ltd.
6. Vijay Vallabh Securities Ltd.

Key Management Personnel

- | | |
|------------------------|---------------------------------|
| 1. Devinder Kumar Jain | Chairman Cum. Managing Director |
| 2. Narinder Kumar Jain | Managing Director |
| 3. Darshan Kumar Jain | Whole Time Director |
| 4. Pankaj Jain | Whole Time Director |
| 5. Manish Jain | Whole Time Director |
| 6. Neeraj Jain | Whole Time Director |
| 7. Arun Jain | Whole Time Director |

Relatives of Key Management Personnel

- | | |
|------------------------|-----|
| 1. Devinder Kumar Jain | HUF |
| 2. Darshan Kumar Jain | HUF |
| 3. Narinder Kumar Jain | HUF |
| 4. Pankaj Jain | HUF |
| 5. Manish Jain | HUF |
| 6. Neeraj Jain | HUF |
| 7. Arun Jain | HUF |
| 8. Prabha Jain | |
| 9. Veena Jain | |



(ii) **Disclosure of transactions between the company and related parties and the status of outstanding balance as on 31st March 2010 :**

	Amount in Rs. 2009-10	Amount in Rs. 2008-09
Companies under the same Management		
Inter Corporate Deposits		
Received during the year	4,500,000	23,240,000
Repaid during the year	4,331,843	2,395,000
Outstanding at the year end	56,467,564	56,299,407
Interest paid/credited	4,563,700	2,400,600
Sale of Goods	261,572	Nil
Purchase of Goods	Nil	29,646
Guarantee	100,000	100,000
Sales Advance received outstanding at the year end (Cr.)	54,714	316,536
Lease Rent	600,000	600,000

Key Management Personnel

Remuneration	Refer Note No. 3 of Notes to the Accounts	
Rent	76,716	25,764
Deposits		
Received during the year	10,058	28,030,000
Repaid during the year	6,424,693	6,444,797
Outstanding at the year end	85,613,107	92,027,742
Interest paid/Credited	8,262,437	6,500,324

Key Management Personnels Relatives

Deposits		
Repaid during the year	Nil	22,544,094
Interest paid/Credited	Nil	1,669,917
Rent	87,684	29,436

(iii) **As required by the amendment to Clause 32 of the Listing Agreement vide SEBI Circular No. 2/2003 dated 10th January, 2003, the following disclosure is made :**

1. Loans and advances in the nature of loans to subsidiary company	Nil
2. Loans and advances in the nature of loans to associates	Nil
3. Loans and advances in the nature of loans where there is no repayment schedule or no interest or interest below Section 372A of the Companies Act, 1956.	Nil
4. Loans and advances in the nature of loans to firms/companies in which directors are interested	Nil
5. Investments by the Loanee in the shares of the Company as on 31 st March, 2010	Nil

10. Earning per Share :-

	Rs.	Rs.
(i) Net Profit After Tax	3,485,986	(51,566,240)
(ii) Weighted Average No. of Equity Share for Basic / Diluted EPS (Nos.)	4,161,000	4,161,000
(iii) Nominal Value of Equity Per Share	10	10
(iv) Basic Earning per Share	0.84	(12.39)
(v) Diluted Earning per Share	0.84	(12.39)

11. Segment Information :

The company has identified two segments viz. Own Manufactured Products and Traded Goods. Segments have been identified and reported taking into account nature of products and services, the differing risk and returns and the internal business reporting systems. The accounting policies adopted for segment reporting are in line with the accounting policy of the company with following additional policies for segment reporting :

- Expenses have been identified to a segment on the basis of sale of the respective segment to the total sale of the company. Revenue and expenses which relate to enterprise as a whole and are not allocable to a segment on reasonable basis have been disclosed as "Unallocable".
- Segment assets and segment liabilities represent assets and liabilities in respective segments. Investments, tax related assets and other assets and liabilities that cannot be allocated to a segment on reasonable basis have been disclosed as "Unallocable".

i) Primary Segment Information

Sr. No.	Particulars	Own Manufactured Products		Traded Goods		Unallocable		Total	
		For the Year Ended on		For the Year Ended on		For the Year Ended on		For the Year Ended on	
		31 st Mar., 2010	31 st Mar., 2009	31 st Mar., 2010	31 st Mar., 2009	31 st Mar., 2010	31 st Mar., 2009	31 st Mar., 2010	31 st Mar., 2009
1.	Segment Revenue								
	Sales	303,618,408	288,145,279	271,567,170	248,335,377			575,185,578	536,480,656
	Other Income	16,265,227	12,136,355	7,342,645	916,981			23,607,872	13,053,336
	Total	319,883,635	300,281,634	278,909,815	249,252,358			598,793,450	549,533,992
2.	Segment Results								
	Profit/(Loss) Before Interest & Tax	3,236,347	(33,118,964)	40,770,759	13,711,769			44,007,106	(19,407,195)
	Less Misc. Expense	1,870,613	2,085,047					1,870,613	2,085,047
	Less : Interest Expense	17,311,176	17,315,159	15,483,736	14,922,912			32,794,912	32,238,071
	Add : Interest/Dividend/Other Income					831,067	338,632	831,067	338,632
	Total Profit/(Loss) Before Tax	(15,945,442)	(52,519,170)	25,287,023	(1,211,143)	831,067	338,632	10,172,648	(53,391,681)
	Less Tax								
	Current Tax					4,799,452	1,103,880	4,799,452	1,103,880
	Deferred Tax					2,084,039	(3,044,776)	2,084,039	(3,044,776)
	Net Profit/(Loss) After Tax							3,289,157	(51,450,785)
3.	Other Information								
	A. Segment Assets	334,794,497	332,770,493	126,145,648	143,820,433	54,437,751	48,349,050	515,377,896	524,939,976
	B. Segment Liabilities	74,708,913	65,296,956	35,961,697	25,298,462	97,264	612,796	110,767,874	91,208,214
	Capital Expenditure	2,617,180	10,892,368	991,850	6,359,957			3,609,030	17,252,325
	Depreciation	9,336,718	10,652,432	1,040,423	4,809,300			10,377,141	15,461,732
	Other Than Depreciation						2,085,047	-	2,085,047
	C. Working Capital (A-B)	260,085,584	267,473,537	90,183,951	118,521,971	54,340,487	47,736,254	404,610,022	433,731,762

(ii) Secondary Segment Information	<u>2009-2010</u>	<u>2008-2009</u>
1. Segment Revenue		
– Within India	549,858,785	487,028,011
– Outside India	48,934,665	62,505,981
Total Revenue	598,793,450	549,533,992
2. Segment Assets		
– Within India	449,927,943	464,291,441
– Outside India	65,449,953	60,648,535
Total Assets	515,377,896	524,939,976
3. Segment Liabilities		
– Within India	99,214,902	81,475,642
– Outside India	11,552,972	9,732,572
Total Liabilities	110,767,874	91,208,214
4. Capital Expenditure		
– Within India	3,609,030	17,252,325
– Outside India	–	–
Total Expenditure	3,609,030	17,252,325

12. No investments are purchased and sold during the year.
13. Minimum Bonus provision for the year has been made on estimated basis and any adjustment on account of final liability will be made in the subsequent year. Bonus charged to Profit & Loss Account includes Rs.3,07,276/- relating to previous year.
14. Investments include advance for Immovable Properties aggregating Rs.1,26,24,129/- in respect of which neither formal agreements have been executed nor any allocation / earmarking of the property has been made till date by the Builder/Developer. However the company has received balance confirmation from the party in the earlier year. The management is pursuing for execution of agreement / title documents or alternatively for refund of amount advanced and exploring the alternate possibility for specific performance of the contract.
15. The National Saving Certificate of Rs. 5,000/- shown as investment is in the name of a Director of the Company and the same is with the Sales Tax Authorities, Mumbai.
16. The company has taken loans from Companies, directors & others (related persons) during the year, carrying differential interest rates viz.
- @ 6% per annum (same as per last year), the minimum permissible u/s 372A of the Companies Act, 1956, on existing inter-corporate loans taken at the specified rates;
- @ 9% p.a on inter-corporate loans (previous year 8%), from Cosco Polymer Industries P. Ltd., taken during current year;
- @ 9% per annum (previous year 8%) on loans taken from Directors.
17. In respect of payments overdue from foreign customers amounting to Rs.7,51,560/- (previous year Rs.4,32,312/-). The company has received payment of Rs.3,82,620/- from the party in the next financial year; so the management is hopeful to recover the balance amount. Therefore no provision for doubtful debts is made in the accounts.
18. No impairment loss is recognised as on 31.03.2010 since the present value of estimated future cash flows over a period of five years exceeds the carrying value of assets of the Company's cash generating units.

19. The possession of land, belonging to the company, bearing Khasra No.420, total area measuring 1 bigha, 19 biswas and 3 biswansi situated at village Gurgaon is in dispute and company has filed a suit for getting possession of the same.
20. Loans & Advances include Rs.76,67,584/- (previous year Rs.42,20,060/-) as Additional Custom Duty Recoverable as per Notification No.102/2007 Customs dated 14/09/2007, being refund of 4% special additional duty paid on import of goods for trading, accordingly the income has increased to that extent. The company has regularly received the claim amount from time to time.
21. Loans & Advances include Rs.40,00,000/- (previous year Rs.40,00,000/-) paid on capital account for purchase of commercial property for business purposes of the company. Agreement for purchase of property has been cancelled by the company in the interest of business. The company has received Rs.20 lacs from the party in the next financial year and the management is hopeful of realising the balance amount.
22. Other income includes Rs.23,22,508/- towards value of license granted by DGFT subsequent to the date of Balance Sheet, on account of exports made during the year under Product Focus Scheme. The said license was accordingly sold in the subsequent year. Income being in the nature of Export Incentive has been accounted for in terms of AS-9 issued by ICAI.
23. Unsecured Loans include Rs.54 lacs (previous year Rs.54 lacs) borrowed from bank against term deposit receipt of the company under the same management.
24. Sundry Debtors include Rs.16,40,279/- due from Zenith Cycle Co. who have closed their business and the said amount will be adjusted against the goods to be returned by the party. Therefore no provision for doubtful debts is made in the accounts.
25. Misc. Income includes Bonus Provision Written Back Rs.5,025/- (previous year Rs 62,883/-).
26. No provision has been made in respect of tax on Capital Gain relating to compulsory acquisition of part of factory land during the year. Since the compensation has not been received till date.
27. Previous year figures have been regrouped / rearranged wherever considered necessary to make them comparable with those of current year figure.
28. Figures have been rounded off to nearest rupee.

Signatures to Schedules A to T

D.K.JAIN
Chairman-cum-Mg. Director

N.K.JAIN
Mg. Director

PLACE : New Delhi

DATED : 28th August, 2010.



**CONSOLIDATED CASH FLOW STATEMENT FROM 1ST APRIL, 2009 TO 31ST MARCH, 2010
ANNEXED TO THE BALANCE SHEET AS ON 31.03.2010**

	2009-2010 Rs.	2008-2009 Rs.
A. Cash Flow From Operating Activities		
Net Profit before tax and extra ordinary items	36,621,275	(28,481,954)
Adjustments for :		
Depreciation	13,490,055	15,461,732
Misc. Expenditure written off	1,870,613	2,085,047
	<u>51,981,943</u>	<u>(10,935,175)</u>
Adjustments for :		
(Increase)/Decrease in Trade and Other Receivables	(18,503,388)	8,775,502
(Increase)/Decrease in Inventories	28,264,318	(17,828,384)
(Increase)/Decrease in Loans and Advances	(12,685,490)	2,843,177
(Decrease)/Increase in Trade Payables	4,056,027	(196,743)
(Decrease)/Increase in Other Current Liabilities	9,445,493	24,061,819
	<u>62,558,903</u>	<u>6,720,196</u>
Cash Generated From Operations	62,558,903	6,720,196
Less : Interest Paid	26,991,618	25,185,566
Direct Taxes Paid	6,883,491	(1,940,896)
	<u>28,683,794</u>	<u>(16,524,474)</u>
Cash Flow Before Extra Ordinary Items	28,683,794	(16,524,474)
Extra Ordinary Items	96,570	(762,555)
	<u>28,780,364</u>	<u>(17,287,029)</u>
Net Cash From Operating Activities	<u>28,780,364</u>	<u>(17,287,029)</u>
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(9,478,489)	(8,396,194)
Sale of Fixed Assets	6,327,391	3,185,273
Purchase of Investments	-	(495,925)
Sale of Investments	-	1,913,289
Interest Received	45,974	57,878
	<u>(3,105,124)</u>	<u>(3,735,679)</u>
Net Cash Flow from / (Used in) Investing Activities	<u>(3,105,124)</u>	<u>(3,735,679)</u>
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds From Long Term Borrowings / Loans	5,619,618	60,173,836
Repayment/Adjustment of Long Term Borrowings/Loans	32,169,204	37,411,480
	<u>(26,549,586)</u>	<u>22,762,356</u>
Net Cash Flow from Financing Activities	<u>(26,549,586)</u>	<u>22,762,356</u>
Increase in Cash and Cash Equivalents (A+B+C)	(874,346)	1,739,648
Opening Balance of Cash and Cash Equivalents	7,011,702	5,272,054
	<u>6,137,356</u>	<u>7,011,702</u>
Closing Balance of Cash and Cash Equivalents	6,137,356	7,011,702
NOTES :		
Cash and Cash Equivalent Include :		
Cash in hand	1,587,562	2,454,008
With Scheduled Banks		
On Current Accounts (including accounts with overdraft facility)	4,549,794	4,557,694
	<u>6,137,356</u>	<u>7,011,702</u>
As per our report of even date.		

FOR R.N. BAHL & CO.
CHARTERED ACCOUNTANTS
FIRM'S REGISTRATION NO. : 000185N

(R.N. BAHL)
Partner
M.No. 2277

FOR AND ON BEHALF OF BOARD OF DIRECTORS

D.K. JAIN
Chairman-cum-Mg. Director

N.K. JAIN
Mg. Director

PLACE : New Delhi
DATED : 28th August, 2010.

COSCO POLYMER LANKA (PRIVATE) LIMITED

REPORT OF THE DIRECTORS

The Directors have pleasure in presenting their report together with the audited financial statements of the company for the year ended March 31, 2010.

PRINCIPAL ACTIVITIES

The principal activity of the company is manufacturing of rubber and latex products for export.

FINANCIAL RESULTS & PERFORMANCE OF THE COMPANY

The company suffered recurring losses from operations over the past several years and suspended its business operations last year due to global recession, unfavorable political situations in Sri Lanka and low business volume. The company suffered loss of LKR 375.10 lacs during the year ended 31.03.2010 (previous year LKR 1047.46 lacs). Considering the favourable political environment in Sri Lanka at present and in view of the global recovery, the management is in active deliberations with the potential customers to re-start the production at commercially viable scale and is quite hopeful that the operations of the company will be restarted soon.

PROPERTY, PLANT AND EQUIPMENT

The changes in property, plant and equipment during the year are disclosed in Note No. 01 to the Financial Statements.

DIRECTORS

The names of the Directors of the company together with their shareholdings as at March 31, 2010 are given below:

Name	No. of Shares
Mr. Devinder Kumar Jain	01
Mr. Narinder Kumar Jain	01
Mr. Arun Jain	01
Total	03

There have been no changes in the directorate during the year under review. The present Board of Directors will continue for the next year too.

SHARE CAPITAL

The stated capital of the company at the year ended was Rs. 129,855,300/-.

Details of shareholding as at March 31, 2010 are as follows.

Name	No. of Shares	(%)
Cosco (India) Limited	1,298,550	99.99
Individual	03	00.01
Total	1,298,553	100.00

DIRECTORS' INTEREST IN CONTRACTS WITH THE COMPANY

The Directors have no direct or indirect interest in contracts with the company.

AUDITORS

The Financial Statements for the year ended March 31, 2010 have been audited by P.E. Mathew & Company, Chartered Accountants, who retire and are eligible for re-appointment. The Directors recommended the re-appointment.

CHAIRMAN

DIRECTOR



INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF COSCO POLYMER LANKA (PRIVATE) LIMITED

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of Cosco Polymer Lanka (Private) Limited which comprise the balance sheet as at March 31, 2010, and the income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Sri Lanka Accounting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

SCOPE OF AUDIT AND BASIS OF OPINION

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Sri Lanka Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

Except as discussed in the following paragraph, we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit. We therefore believe that our audit provides a reasonable basis for our opinion.

We did not take part in the count of physical inventories stated in the accompanying financial statements at Rs. 41,863,298 as of March 31, 2010 and 2009 and were unable to verify the inventory through other auditing procedures. Further, confirmations supporting the bank loans stated in the financial statements at Rs. 54,928,062 as of March 31, 2010 and Rs. 81,398,967 as of March 31, 2009 were not available.

Since the company is not in operation, no evidence was available to substantiate the recoverability of the carrying amount of the inventory and property, plant and equipment.

OPINION

In our opinion, so far as appears from our examination, the Company maintained proper accounting records for the year ended March 31, 2010 and except for the effects of the matters described in the two preceding paragraphs, the financial statements give a true and fair view of the Company's state of affairs as at March 31, 2010 and its profit and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

The accompanying financial statements have been prepared assuming that the company will continue as a going concern. The Company has discontinued its operations due to loss of its key customers and suffered recurring losses from operations over the past several years that raise substantial doubt about its ability to continue as a going concern. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

These financial statements also comply with the requirements of Section 151(2) of the Companies Act No. 07 of 2007 and contain all particulars specified by the Commissioner General of Inland Revenue under S: 107(2)(a) of the Inland Revenue Act No: 10 of 2006.

P.E. MATHEW & Co.
CHARTERED ACCOUNTANTS.

Place : Colombo

Date : July 30, 2010



COSCO POLYMER LANKA (PRIVATE) LIMITED
C-6, SEETHAWAKA INDUSTRIAL AREA, AVISSAWELLA
STATEMENT OF INCOME
FOR THE YEAR ENDED MARCH 31, 2010

	Note	YEAR ENDED MARCH 31,			
		2010 SLR	2010 INR	2009 SLR	2009 INR
SALES					
Exports		-	-	28,622,358.59	12,579,527
LESS : COST OF SALES					
Raw material consumed	08	-	-	17,095,881.32	7,513,640
Add : Direct expenses		-	-	10,879,619.56	4,781,593
PRIME COST		-	-	27,975,500.88	12,295,233
Add : Production overheads		-	-	17,013,203.73	7,477,303
		-	-	44,988,704.61	19,772,536
Add : Work-in-progress-beginning of the year		22,776,636.75	8,980,828	24,445,908.84	10,743,977
		22,776,636.75	8,980,828	69,434,613.45	30,516,513
Less : Work-in-progress-end of the year		22,776,636.75	8,980,828	22,776,636.75	10,010,332
COST OF PRODUCTION		-	-	46,657,976.70	20,506,181
Add : Finished goods - beginning of the year		422,875.50	166,740	34,350,686.49	15,097,127
		422,875.50	166,740	81,008,663.19	35,603,308
Less : Finished goods-end of the year		422,875.50	166,740	422,875.50	185,854
COST OF SALES		-	-	80,585,787.69	35,417,454
GROSS PROFIT/(LOSS)		-	-	(51,963,429.10)	(22,837,927)
LESS : OTHER EXPENSES					
Administration and establishment	9	1,155,589.21	455,649	12,539,621.97	5,511,166
Selling and distribution		-	-	436,627.00	191,898
Financial and others	10	18,562,357.23	7,319,137	24,398,016.86	10,722,928
TOTAL OTHER EXPENSES		19,717,946.44	7,774,786	37,374,265.83	16,425,992
NET PROFIT/(LOSS) BEFORE DEPRECIATION		(19,717,946.44)	(7,774,786)	(89,337,694.93)	(39,263,919)
Less : Depreciation on unused assets		16,721,339.43	6,593,223		
NET PROFIT/(LOSS) AFTER DEPRECIATION		(36,439,285.87)	(14,368,009)	(89,337,694.93)	(39,263,919)
ADD : OTHER INCOME		-	-	-	-
NET PROFIT/(LOSS) BEFORE EXCHANGE GAIN		(36,439,285.87)	(14,368,009)	(89,337,694.93)	(39,263,919)
Add : Exchange Gain/(Loss)		(1,070,963.72)	(422,281)	42,151.00	18,525
NET PROFIT/(LOSS) BEFORE TAXATION		(37,510,249.59)	(14,790,290)	(89,295,543.93)	(39,245,394)
Provision for Taxation		-	-	(15,451,068.71)	(6,790,745)
NET PROFIT/(LOSS) FOR THE YEAR		(37,510,249.59)	(14,790,290)	(104,746,612.64)	(46,036,139)

The accounting policies and notes are an integral part of these financial statements.

COSCO POLYMER LANKA (PRIVATE) LIMITED
C-6, SEETHAWAKA INDUSTRIAL AREA, AVISSAWELLA
STATEMENT OF CHANGES IN EQUITY AS AT MARCH 31, 2010

	Stated Capital			
	Ordinary Share capital SLR	Share Application and Allotment Account SLR	Retained profit/ (Accumulated loss) SLR	Total SLR
Balance as at March 31, 2008	129,855,300.00	–	(186,491,182.28)	(56,635,882.28)
Call of share application	–	12,485,000.00	(104,746,612.64)	(104,746,612.64)
Net profit /(loss) for the year	–	–	(291,237,794.92)	(161,382,494.92)
Balance as at March 31, 2009	129,855,300.00	12,485,000.00	–	–
Repayment of share application money	–	–	–	–
Net profit/(loss) for the year	–	–	(37,510,249.59)	(37,510,249.59)
Balance as at March 31, 2010	129,855,300.00	12,485,000.00	(328,748,044.51)	(198,892,744.51)
	INR	INR	INR	INR
Balance as at March 31,2010	51,201,945	49,22,836	(129,625,354)	(78,423,409)

The accounting policies and notes are an integral part of these financial statements.



COSCO POLYMER LANKA (PRIVATE) LIMITED

C-6, SEETHAWAKA INDUSTRIAL AREA, AVISSAWELLA

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2010

	YEAR ENDED MARCH 31,			
	2010 SLR	2010 INR	2009 SLR	2009 INR
Operating Activities :				
Cash received from customers	-	-	22,340,719	9,818,746
Less: Payments to :				
Suppliers of goods	1,628,971.75	642,304	21,594,832	9,490,929
Employees for services	-	-	11,449,462	5,032,039
Other entities for expenses	335,388.70	132,244	26,201,625	11,515,614
	<u>1,964,360.45</u>	<u>774,548</u>	<u>59,245,919</u>	<u>26,038,582</u>
Net cash provided by operating activities	<u>(1,964,360.45)</u>	<u>(774,548)</u>	<u>(36,905,200)</u>	<u>(16,219,836)</u>
Investing Activities:				
Cash was provides by :				
Disposal of assets	-	-	40,000	17,580
Net cash provided by investing activities	-	-	40,000	17,580
Financing Activities :				
Cash was provided by:				
Shareholders	3,438,012.00	1,355,608	12,485,000	5,487,158
Temporary loans	4,609,588.00	1,817,561	-	-
Related Business	3,391,180.24	1,337,142	11,485,916	5,048,060
	<u>11,438,780.24</u>	<u>4,510,311.10</u>	<u>23,970,916</u>	<u>10,535,218</u>
Cash was used to :				
Repayment of temporary loan	-	-	11,794,573	5,183,715
Repayment of bank loan	26,470,904.92	10,437,478	-	-
Repayment lease rentals	-	-	57,006	25,054
Bank charges, bank guarantee charges & Overdraft interest	10,455,699.82	4,122,682	-	-
Loan interest paid	3,322,109.45	1,309,907	-	-
Exchange rate fluctuation	1,070,963.82	422,281	-	-
	<u>41,319,678.01</u>	<u>16,292,348</u>	<u>11,851,579</u>	<u>5,208,769</u>
Net cash provided by financing activities	<u>(29,880,897.77)</u>	<u>(11,782,037)</u>	<u>12,119,337</u>	<u>5,326,449</u>
Net increase in cash and cash equivalents	<u>(31,845,258.22)</u>	<u>(12,556,585)</u>	<u>(24,745,863)</u>	<u>(10,875,808)</u>
Cash and cash equivalents as at April 01	<u>(129,546,950.00)</u>	<u>(51,080,362)</u>	<u>(104,801,087)</u>	<u>(46,060,077)</u>
Cash and cash equivalents as at March 31, (Note-A)	<u>(161,392,208.22)</u>	<u>(63,636,947)</u>	<u>(129,546,950)</u>	<u>(56,935,885)</u>
NOTE - A - CASH AND CASH EQUIVALENTS				
Cash at Bank	33,918.61	13,374	2,388	1,049
Cash in hand	85.00	34	330,359	145,193
Bank Overdraft	<u>(161,426,211.83)</u>	<u>(63,650,355)</u>	<u>(129,879,697)</u>	<u>(57,082,127)</u>
	<u>(161,392,208.22)</u>	<u>(63,636,947)</u>	<u>(129,546,950)</u>	<u>(56,935,885)</u>

The accounting policies and notes are an integral part of these financial statements.

COSCO POLYMER LANKA (PRIVATE) LIMITED
LOT NO C-6, SITHAWAKA INDUSTRIAL PARK, AVISSAWELLA
ACCOUNTING POLICIES

A summary of the significant accounting policies followed by the Company is presented below to assist the reader in evaluating the financial statements and other data contained in this report.

1). **GENERAL ACCOUNTING POLICIES**

1.1. **Overall Valuation Policy**

The financial results and the financial position of the Company are arrived at and presented in accordance with generally accepted accounting principles, on the historical cost basis.

As such, individual and aggregate valuations of assets are a mixture of different values which although added are infact non-additive. Therefore valuations and adjusted figures disclosed in the Balance Sheet indicate neither the worth of the entity as a whole nor the separate worth of the individual assets. The expenses charged, such as depreciation based on historical cost of different assets are for the same reasons may not be realistic. Furthermore depreciation is based on estimations of useful lives of the assets concerned which estimates cannot be made with a reasonable accuracy.

Valuations have not been placed on assets such as human resources, expertise gained etc. which are contributory to maintaining the operating capability of the entity. All financial expenditure related to the use and maintenance of such assets like wages etc. have been written off.

1.2. **Taxation**

Under Agreement No: 407 dated December 18, 2002 entered with the Board of Investment of Sri Lanka the Company is not liable to Sri Lanka Taxation for a period of three years reckoned from the year of assessment in which the enterprise commence its commercial operation or production. The said tax exemption period to be followed by a concessionary rate of 10% for a period of two years immediately succeeding the last date of the said tax exemption period and 15% thereafter.

1.3. **Conversion of Foreign Currencies**

All foreign exchange transactions are converted at the rates of exchange prevailing at the time of the transactions were effected. Assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. The resulting gains or losses are written off against profit and loss account.

2). **ASSETS AND THE BASIS OF VALUATION**

2.1. **Non Current Assets - Property, Plant and Equipment**

Expenditure incurred in acquiring, constructing, extending or improving asset of a permanent nature by means of which to carry on the business or for the purposes of improving the operating capability of the business have been capitalized and described as non current assets.

Maintenance, repairs and minor renewals are charged as expenses when incurred. Major renewals and improvements are capitalized.

All depreciable non current assets are depreciated on a straight-line basis over the estimated useful lives of the assets.

Depreciation is not provided in the year of purchase while a full year's depreciation is made in the year of sale.

When depreciable assets are retired or otherwise disposed of the cost and related allowances for depreciation are removed from the accounts and the resulting gain or loss is reflected in the Profit and Loss Account.

The non current assets are stated at cost less accumulated depreciation.

2.2 Leased Assets

In the case of leased assets, the asset and the related liability is reported on the Balance Sheet when the lease agreement pertaining to such asset, transfer substantially all the benefits and risks inherent in the ownership of the property.

Depreciation is provided for such assets on the same basis as if such assets were a free hold property.

2.3 Assets acquired under Instalment Purchase Schemes

All Assets acquired under lease purchase or hire purchase agreements have been capitalized. The obligations to the Hirer or Lessor as the case may be is reported net of finance charges on the Balance Sheet.

2.4 Debtors

Debtors are stated at the amounts they are estimated to realize.

2.5 Stocks

Stocks are stated at the cost.

3) PROFIT AND LOSSES

3.1 Revenue Recognition

Sales of products and services are recognized when the products are despatched or services rendered.

3.2 Turnover

Turnover from sale of goods is stated after deduction of returns, allowances and sales discounts.

3.3 Matching Expenses with Revenue

Profit earned is shown after charging all pertinent expenses incurred in running the business and in maintaining the capital assets in a state of efficiency and after making provisions for bad and doubtful debts, all known liabilities and for depreciation of non current assets.

3.4 Foreign Currency Translation

Profit and loss items are translated in to rupees at average exchange rates and assets and liabilities are translated at the exchange rate ruling at the Balance Sheet date. Foreign currency transactions covered by forward exchange contracts are converted at such contracted rates. Exchange differences arising from the above translations are taken to the profit and loss account as a revenue item.

3.5 Preliminary and pre-operational expenses

Preliminary and pre-operational expenses are amortized over a period of 5 years commencing from the first year of commercial operations.

COSCO POLYMER LANKA (PRIVATE) LIMITED
C-6, SEETHAWAKA INDUSTRIAL AREA, AVISSAWELLA
NOTES TO ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2010

NOTE- 01-PROPERTY, PLANT AND EQUIPMENT

	C	O	S	T	C	O	S	T
	<i>Balance as at April 01, 2009</i>	<i>Additions during the year</i>	<i>Balance as at March 31, 2010</i>	<i>2010</i>	<i>Balance as at April 01, 2009</i>	<i>Additions during the year</i>	<i>Balance as at March 31, 2010</i>	<i>2010</i>
	SLR	SLR	SLR	SLR	INR	INR	INR	INR
Freehold -								
Building	45,455,910.24	-	45,455,910.24		17,923,265	-	17,923,265	
Plant and machinery	109,799,664.68	-	109,799,664.68		43,294,005	-	43,294,005	
Electrical installation	11,648,534.74	-	11,648,534.74		4,593,017	-	4,593,017	
Computer and accessories	1,841,697.96	-	1,841,697.96		726,182	-	726,182	
Furniture and fittings	3,018,889.27	-	3,018,889.27		1,190,348	-	1,190,348	
Factory and office equipment	2,833,542.97	-	2,833,542.97		1,117,266	-	1,117,266	
Leased -								
Land	5,095,200.00	-	5,095,200.00		2,009,037	-	2,009,037	
Motor vehicle	891,304.00	-	891,304.00		351,441	-	351,441	
	180,584,743.86	-	180,584,743.86		71,204,564	-	71,204,564	

	D E P R E C I A T I O N				D E P R E C I A T I O N		
	Rate	Accumulated as at April 01, 2009	For the year	Accumulated as at March 31, 2010	Accumulated as at April 01, 2009	For the year	Accumulated as at March 31, 2010
	%	SLR	SLR	SLR	INR	INR	INR
Freehold -							
Building	5	8,836,957.07	2,272,795.51	11,109,752.58	3,484,412	896,163	4,380,575
Plant and machinery	10	38,979,020.37	10,979,966.47	49,958,986.84	15,369,428	4,329,401	19,698,829
Electrical installation	20	8,720,955.62	2,329,706.95	11,050,662.57	3,438,673	918,603	4,357,276
Computers and accessories	25	1,830,869.98	10,827.98	1,841,697.96	721,912	4,269	726,181
Furniture and fittings	25	2,457,555.34	561,333.93	3,018,889.27	969,014	221,334	1,190,348
Factory and office equipment	20	2,247,459.54	566,708.59	2,814,168.13	886,173	223,453	1,109,626
Leased -							
Motor vehicle	25	891,304.00	-	891,304.00	351,441	-	351,441
		63,964,121.92	16,721,339.43	80,685,461.35	25,221,053	6,593,223	31,814,276
NET BOOK VALUE		116,620,621.94		99,899,282.51	45,983,511		39,390,288



	2010 SLR	2010 INR	2009 SLR	2009 INR		
NOTE-02-INVENTORIES						
Rubber Latex	35,156.00	13,862	35,156.00	15,451		
Chemicals	16,517,382.34	6,512,804	16,517,382.34	7,259,390		
Rubber Valves	16,032.00	6,321	16,032.00	7,046		
Electrical Items	206,264.08	81,330	206,264.08	90,653		
Machinery spares	953,985.57	376,157	953,985.57	419,277		
Work-in-progress	22,776,636.75	8,980,828	22,776,636.75	10,010,332		
Finished goods	422,875.50	166,740	422,875.50	185,854		
Packing materials	29,324.01	11,562	29,324.01	12,888		
Consumables	844,577.02	333,017	844,577.02	371,192		
Pipe items	56,194.84	22,158	56,194.84	24,698		
Temporary tools	4,870.31	1,920	4,870.31	2,141		
	<u>41,863,298.42</u>	<u>16,506,699</u>	<u>41,863,298.42</u>	<u>18,398,922</u>		
NOTE-03-DEPOSIT						
Ceylon Electricity Board	787,500.00	310,511	787,500.00	346,106		
	<u>787,500.00</u>	<u>310,511</u>	<u>787,500.00</u>	<u>346,106</u>		
NOTE - 04 - CASH AND BANK BALANCES						
Cash at bank—						
State Bank of India-Colombo-01-						
Margin account	1,738.99	686				
LKR Account No.	31,530.97	12,433	1,738.99	764		
Bank of Ceylon- Awissawella Branch						
US \$ Savings Account A/c No. 0006875339 9	648.65	256	648.65	285		
Cash in hand	85.00	34	330,358.84	145,193		
	<u>34,003.61</u>	<u>13,409</u>	<u>332,746.48</u>	<u>146,242</u>		
NOTE-05-BANK LOANS						
	Current Maturity	Net of Current Maturity	Total	Current Maturity	Net of Current Maturity	Total
	SLR	SLR	SLR	INR	INR	INR
State Bank of India - Colombo - 01 -						
25273007160100 - Term loan - 1-(\$ 190,000)	13,688,400.00	7,984,900.00	21,673,300.00	5,397,336	3,148,446	8,545,782
25273007160101 - Term loan - 2-(\$ 133,529.43)	6,844,200.00	8,387,502.08	15,231,702.08	2,698,668	3,307,192	6,005,860
25273007160102 - Term loan - 3-(\$ 158,000)	6,844,200.00	11,178,860.00	18,023,060.00	2,698,668	4,407,824	7,106,492
	<u>27,376,800.00</u>	<u>27,551,262.08</u>	<u>54,928,062.08</u>	<u>10,794,672</u>	<u>10,863,462</u>	<u>21,658,134</u>
		2010 SLR	2010 INR	2009 SLR	2009 INR	
NOTE-06-CREDITORS						
Trade creditors	18,826,674.25	7,423,358	20,455,645.98	8,990,256		
Expense creditors	8,762,227.58	3,454,946	7,945,615.07	3,492,098		
Advance creditors	20,532,600.00	8,096,004	—	—		
	<u>48,121,501.83</u>	<u>18,974,308</u>	<u>28,401,261.05</u>	<u>12,482,354</u>		

	2010 SLR	2010 INR	2009 SLR	2009 INR
NOTE - 07 - BANK OVERDRAFTS				
State Bank of India - Colombo-01 - FCBU A/c. No: 25273007150219 (USD 1,415,150.45)	161,426,211.83	63,650,355	129,581,227.78	56,950,950
Bank of Ceylon - Awissawella - Current A/c. No. 0006875371	-	-	298,469.03	131,177
	<u>161,426,211.83</u>	<u>63,650,355</u>	<u>129,879,696.81</u>	<u>57,082,127</u>

NOTE - 08 - RAW MATERIAL CONSUMED

	Ruber SLR	Chemicals SLR	Valves SLR	Total SLR	Ruber INR	Chemicals INR	Valves INR	Total INR
Stock beginning of the year	35,156.00	16,517,382.34	16,032.00	16,568,570.34	13,862	6,512,804	6,321	6,532,987
Add : Purchases	-	-	-	-	-	-	-	-
	<u>35,156.00</u>	<u>16,517,382.34</u>	<u>16,032.00</u>	<u>16,568,570.34</u>	<u>13,862</u>	<u>6,512,804</u>	<u>6,321</u>	<u>6,532,987</u>
Less : Stock-end of the year	35,156.00	16,517,382.34	16,032.00	16,568,570.34	13,862	6,512,804	6,321	6,532,987
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

	2010 SLR	2010 INR	2009 SLR	2009 INR
NOTE-09-ADMINISTRATION AND ESTABLISHMENT				
Staff salaries and allowances	-	-	2,982,490.78	1,310,805
Employees' provident fund	-	-	160,615.86	70,591
Employees' trust fund	-	-	41,658.91	18,309
Telephone	-	-	293,481.38	128,985
Water	-	-	492,442.69	216,429
Security charges	-	-	677,395.00	297,715
Ground rent	820,474.35	323,513	732,566.38	321,963
Maintenance of vehicle	-	-	327,715.00	144,031
Photocopy, fax, Courier and call charges	-	-	21,684.19	9,530
Printing and stationery	-	-	25,492.00	11,204
Staff welfare	-	-	285,264.86	125,374
License and registration	-	-	20,900.00	9,186
Office rent and service charges	-	-	79,026.25	34,732
Insurance	335,114.86	132,136	381,612.70	167,719
Compensation	-	-	2,054,115.00	902,784
Visa and immigration	-	-	143,200.00	62,936
Sanitary expenses	-	-	25,120.00	11,040
Depreciation	-	-	3,794,840.97	1,667,833
	<u>1,155,589.21</u>	<u>455,649</u>	<u>12,539,621.97</u>	<u>5,511,166</u>



	2010 SLR	2010 INR	2009 SLR	2009 INR
NOTE-10-FINANCIAL AND OTHERS				
Bank charges, Bank guarantee charges and overdraft interest	10,455,699.82	4,122,682	11,495,297.83	5,052,183
Interest on Bank Loans	3,322,109.45	1,309,908	4,843,602.01	2,128,763
Gift and donation	-	-	2,500.00	1,099
Legal fees	-	-	28,875.00	12,691
Audit fees -P.E. Mathew & Co.	40,412.00	15,934	75,000.00	32,963
Bad debtors written-off-				
Saga Sports (Private) Limited	-	-	2,873,586.06	1,262,941
Staff loan	-	-	28,610.00	12,574
Mr. D.R.T.R. Abeyratne	-	-	56,410.00	24,792
Malwatte Valley Plantation Limited	-	-	250,000.00	109,875
Amortization of-				
Preliminary expenses	63,272.89	24,949	63,272.90	27,808
Pre-operational expenses	4,680,863.07	1,845,664	4,680,863.06	2,057,239
	<u>18,562,357.23</u>	<u>7,319,137</u>	<u>24,398,016.86</u>	<u>10,722,928</u>

NOTE-11-SECURITIES OFFERED TO OBTAIN BANK LOANS AND OTHER BANKING FACILITIES

Nature of Facility	Facility Amount (US \$)	Security
Term Loan 1	500,000	Primary mortgaged over leasehold land, building and immovable plant and machinery.
Term Loan 2	300,000	Territory mortgaged over leasehold land, building and immovable plant and machinery.
Term Loan 3	250,000	Quartinery floating mortgage bond over land, building and fixed plant and machinery.
Letter of Credit	250,000	Primary mortgaged over stock in trade and other movables.
Bank Guarantee	100,000	Secondary mortgaged over leasehold land, building and immovable plant and machinery.

NOTE-12-RELATED PARTY TRANSACTIONS

Cosco India Limited has made payments of Rs. 3,369,130.24 on behalf of the company during the year.

Directors of the company are also the directors of Cosco India Limited.

NOTE-13-DETAILS OF SHAREHOLDERS

Name	Address	No. of Share
Mr. Narinder Kumar Jain	23/2, Shakti Nagar, New Delhi-110007, India	1
Mr. Devinder Kumar Jain	C-124, DLF Colony, Sector-14, Gurgaon-122001, India	1
Mr. Arun Jain	C-124, DLF Colony, Sector-14, Gurgaon-122001, India	1
Cosco (India) Limited	2/8, Roop Nagar, Delhi-110007, India	1,298,550
		<u>1,298,553</u>



COSCO (INDIA) LIMITED

Regd. Office : 2/8, Roop Nagar, Delhi-110007

PROXY FORM

DP Id		Client Id	
Regd. Folio No.*		No. of Shares	

I/We

Name(s) in full

Father/Husband's Name

Address as Regd. with the Company

Being a member of Cosco (India) Limited, hereby appoint _____ of _____ in the district of _____ or failing him _____ of _____ in the district of _____ as my/our Proxy to attend and vote for me/us on my/our behalf at the

Thirty First Annual General Meeting of the Company schedule to be held on Thursday the 30th September, 2010 at 10.30 A.M. at Regd. Office of the Company 2/8, Roop Nagar, Delhi-110007 or/and at any adjournment thereof.

AS WITNESS me/our hand on this _____ day of _____ 2010.

Signed by the said _____

Affix Rs. 1/- Revenue Stamp

*Applicable for investor holding shares in physical form

Notes : The Proxy form duly completed and signed should be deposited at The Office of the Registrar and share Transfer Agents M/s. Skyline Financial Services Pvt. Ltd., D-153A, 1st Floor, Okhla Industrial Area, Phase-I, New Delhi-20 not less than 48 hours before the commencement of the Annual General Meeting.

COSCO (INDIA) LIMITED

Regd. Office : 2/8, Roop Nagar, Delhi-110007

ADMISSION SLIP

Members or their proxies are requested to present this form for admission, duly signed in accordance with their specimen signatures registered with the Company.

DP Id		Client Id	
Regd. Folio No.*		No. of Shares	

Name(s) in full

Father/Husband's Name

Address as Regd. with the Company

I/We hereby record my presence at the Thirty First Annual General Meeting of the Company schedule to be held on Thursday the 30th September, 2010 at 10.30 A.M. at Regd. Office of the Company 2/8, Roop Nagar, Delhi-110007.

Please (√) in the box

Member

Member's Signature

Proxy

Proxy's Signature

*Applicable for investor holding shares in physical form.

Notes : 1. Shareholders note that no Gifts/Coupons shall be distributed at the meeting.
2. Members are requested to bring their copies of the Annual Report to the Meeting since further copies will not be available.

BOOK POST

If undelivered please return to :

COSCO (INDIA) LIMITED

2/8, Roop Nagar, Delhi-110007