

30th Annual Report
2008-2009



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

REGISTERED OFFICE

2/8, Roop Nagar
 Delhi - 110007.

BRANCH OFFICES

- Luthra Complex, Basti Nau, Jalandhar-144 002 (Punjab)
- Shop No. 18,19 & 20, Laxmi Narayan Complex, Plot No. 3, Sector 12A, Koperkhairne, Navi Mumbai - 400 079 (Maharashtra)
- 78-B, 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 Thirtieth Annual General Meeting of the Members of Cosco (India) Limited will be held on Wednesday, the 30th September, 2009 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 as at 31st March, 2009, Profit and Loss Account for the year ended on that date and the Reports of the Auditors' and Directors' thereon.
2. To appoint a Director in place of Shri Darshan Kumar Jain, who retires by rotation and, being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Shri Manish Jain who retires by rotation and, being eligible offers himself for re-appointment.
4. To appoint a Director in place of Shri. Neeraj Jain who retires by rotation and, being eligible offers himself for re-appointment.
5. To appoint a Director in place of Shri Vijay Kumar Sood 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.

SPECIAL BUSINESS

7. To consider and if thought fit to pass with or without modification(s) the following Resolution (s) as Special Resolution (s);
"RESOLVED THAT pursuant to the provisions of Section 198, 269, 309, 310 and 311 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 including any statutory modification(s) or re-enactment thereof for the time being in force the approval of the Company, be and is hereby accorded to the reappointment of Shri Devinder Kumar Jain as Chairman cum Managing Director of the Company in the whole time employment of the Company for a period of three years with effect from 16th March 2010. His remuneration terms and conditions are hereby approved as stated below:

SECTION – I

- | | |
|----------------|--|
| i. Salary | Rs. 90,000/- per month w.e.f 1 st April, 2009 for the current year ending 31 st March, 2010 and Rs. 95,000/- per month w.e.f. 01.04.2010 with annual increment of Rs. 5,000/- per month. |
| ii. Commission | 0.75% on sales which is to be Calculated as percentage of sales of previous Financial year, Commission shall accrue only on adoption of previous year's Accounts in Annual General Meeting and will be restricted to 80% of the Salary of the relevant year. |

SECTION-II

Shri Devinder Kumar Jain shall also be eligible to the following perquisites, which shall not be included in ceiling on remuneration specified in section (I) above.

- | | |
|---|--|
| i. Contribution to Provident Fund, Superannuation or Annuity Fund | Contribution to Provident Fund, Superannuation or Annuity Fund to the extent these either singly or put together are not taxable under the Income Tax Act. |
| ii. Gratuity | Gratuity payable at a rate not exceeding half month's salary for each completed year of service. |
| iii. Leave Encashment | Encashment of leave at the end of tenure. |

SECTION-III

In addition Shri Devinder Kumar Jain shall be entitled to the following perquisites:

- | | |
|---------------------------------|---|
| i. Furniture & Furnishing | The Company will provide furniture and furnishing for the residential accommodation. 10% of the cost of furniture and furnishing shall be added for calculation of ceiling for managerial remuneration under Companies Act. |
| ii. Medical & Hospitalization | Actual Medical expenses including hospitalization for self and dependent members of family. |
| iii. Accident Insurance Premium | Annual premium within permissible limit under Income Tax Act and Rules, the Company being beneficiary under the policy. |

- iv. Leave Travel Concession For self and family as permissible in the Income Tax Act and Rules.
- v. Club Fees Fees of Clubs subject to a maximum of two clubs. This will not include admission and life Membership Fees.
- vi. Car with Driver Shall be provided for Company's business and personal use. In case driver is not provided then the Company shall reimburse the actual expenses incurred by the employee for engaging a driver. Perquisites value of personal use for the purpose of ceiling on remuneration to be determined by remuneration committee following Income Tax Act and Rules as applicable from time to time subject to the provisions of the Companies Act in force.
- vii. Telephone(s) Telephone(s) shall be provided at the residence for the benefit of Company's business, the cost of which shall be borne/paid by the Company. Mobile Phone (s) to be provided for Company's business use. Company shall recover 5% of the expenses incurred for telephone(s) installed at the residence deemed to be for personal use.

Explanation: Family means the Spouse, dependent children and dependent parents of the appointee.

RESOLVED FURTHER THAT in the event of inadequacy or absence of Profit in any financial year, the remuneration payable to Shri Devinder Kumar Jain shall be governed by Section II of Part II of Schedule XIII of the Companies Act, 1956, or any statutory amendment/modification(s) thereof."

RESOLVED FURTHER THAT in the event of any statutory amendment(s) or modification(s) or further liberalization/revision by the Central Government to Schedule XIII of the Companies Act, 1956 the Board of Directors and/or Committee thereof be and is hereby authorized to vary and/or increase the remuneration including the Salary, perquisites, allowances etc. within such prescribed limits or ceiling without any further Resolution or consent or reference to the members in General Meeting, subject however to the provisions of Section 302 of the Companies Act, 1956 and subject further to the same falling within, the powers of the Remuneration Committee and Board.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to do all such acts, deeds, things and matters as may be necessary to give effect to the above Resolution(s)".

8. To consider and if thought fit to pass with or without modification(s) the following Resolution (s) as Special Resolution (s);

"RESOLVED THAT pursuant to the provisions of Section 198, 269, 309, 310 and 311 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 including any statutory modification(s) or re-enactment thereof for the time being in force the approval of the Company, be and is hereby accorded to the reappointment of Shri Narinder Kumar Jain as Managing Director of the Company in the whole time employment of the Company for a period of three years with effect from 16th March 2010. His remuneration terms and conditions are hereby approved as stated below:

SECTION - I

- Salary Rs. 90,000/- per month w.e.f 1st April, 2009 for the current year ending 31st March, 2010 and Rs. 95,000/- per month w.e.f. 01.04.2010 with annual increment of Rs. 5,000/- per month.
- ii. Commission 0.75% on sales which is to be Calculated as percentage of sales of previous Financial year, Commission shall accrue only on adoption of previous year's Accounts in Annual General Meeting and will be restricted to 80% of the Salary of the relevant year.

SECTION-II

Shri Narinder Kumar Jain shall also be eligible to the following perquisites, which shall not be included in ceiling on remuneration specified in section (I) above.

- i. Contribution to Provident Fund, Superannuation or Annuity Fund Contribution to Provident Fund, Superannuation or Annuity Fund to the extent these either singly or put together are not taxable under the Income Tax Act.
- ii. Gratuity Gratuity payable at a rate not exceeding half month's salary for each completed year of service.
- iii. Leave Encashment Encashment of leave at the end of tenure.

SECTION-III

In addition Shri Narinder Kumar Jain shall be entitled to the following perquisites:

- | | |
|---------------------------------|--|
| i. Furniture & Furnishing | The Company will provide furniture and furnishing for the residential accommodation. 10% of the cost of furniture and furnishing shall be added for calculation of ceiling for managerial remuneration under Companies Act. |
| ii. Medical & Hospitalization | Actual Medical expenses including hospitalization for self and dependent members of family. |
| iii. Accident Insurance Premium | Annual premium within permissible limit under Income Tax Act and Rules, the Company being beneficiary under the policy. |
| iv. Leave Travel Concession | For self and family as permissible in the Income Tax Act and Rules. |
| v. Club Fees | Fees of Clubs subject to a maximum of two clubs. This will not include admission and life Membership Fees. |
| vi. Car with Driver | Shall be provided for Company's business and personal use. In case driver is not provided then the Company shall reimburse the actual expenses incurred by the employee for engaging a driver. Perquisites value of personal use for the purpose of ceiling on remuneration to be determined by remuneration committee following Income Tax Act and Rules as applicable from time to time subject to the provisions of the Companies Act in force. |
| vii. Telephone(s) | Telephone(s) shall be provided at the residence for the benefit of Company's business, the cost of which shall be borne/paid by the Company. Mobile Phone (s) to be provided for Company's business use. Company shall recover 5% of the expenses incurred for telephone(s) installed at the residence deemed to be for personal use. |

Explanation: Family means the Spouse, dependent children and dependent parents of the appointee.

RESOLVED FURTHER THAT in the event of inadequacy or absence of Profit in any financial year, the remuneration payable to Shri Narinder Kumar Jain shall be governed by Section II of Part II of Schedule XIII of the Companies Act, 1956, or any statutory amendment/modification(s) thereof."

RESOLVED FURTHER THAT in the event of any statutory amendment(s) or modification(s) or further liberalization/revision by the Central Government to Schedule XIII of the Companies Act, 1956 the Board of Directors and/or Committee thereof be and is hereby authorized to vary and/or increase the remuneration including the Salary, perquisites, allowances etc. within such prescribed limits or ceiling without any further Resolution or consent or reference to the members in General Meeting, subject however to the provisions of Section 302 of the Companies Act, 1956 and subject further to the same falling within the powers of the Remuneration Committee and Board.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to do all such acts, deeds, things and matters as may be necessary to give effect to the above Resolution(s)".

9. To consider and if thought fit to pass with or without modification(s) the following Resolution (s) as Special Resolution (s); "RESOLVED THAT pursuant to the provisions of Section 198, 269, 309, 310 and 311 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 including any statutory modification(s) or re-enactment thereof for the time being in force the approval of the Company, be and is hereby accorded to the reappointment of Shri Darshan Kumar Jain as Whole Time Director of the Company in the whole time employment of the Company for a period of three years with effect from 16th March 2010. His remuneration terms and conditions are hereby approved as stated below:

SECTION – I

- | | |
|----------------|--|
| i. Salary | Rs. 90,000/- per month w.e.f 1 st April, 2009 for the current year ending 31 st March, 2010 and Rs. 95,000/- per month w.e.f. 01.04.2010 with annual increment of Rs. 5,000/- per month. |
| ii. Commission | 0.75% on sales which is to be Calculated as percentage of sales of previous Financial year, Commission shall accrue only on adoption of previous year's Accounts in Annual General Meeting and will be restricted to 80% of the Salary of the relevant year. |

SECTION – II

Shri Darshan Kumar Jain shall also be eligible to the following perquisites, which shall not be included in ceiling on remuneration specified in section (I) above.

- | | |
|--|--|
| i. Contribution to Provident Fund Superannuation or Annuity Fund | Contribution to Provident Fund, Superannuation or Annuity Fund to the extent these either singly or put together are not taxable under the Income Tax Act. |
| ii. Gratuity | Gratuity payable at a rate not exceeding half month's salary for each completed year of service. |
| iii. Leave Encashment | Encashment of leave at the end of tenure. |

SECTION-III

In addition Shri Darshan Kumar Jain shall be entitled to the following perquisites:

- | | |
|---------------------------------|--|
| i. Furniture & Furnishing | The Company will provide furniture and furnishing for the residential accommodation. 10% of the cost of furniture and furnishing shall be added for calculation of ceiling for managerial remuneration under Companies Act. |
| ii. Medical & Hospitalization | Actual Medical expenses including hospitalization for self and dependent members of family. |
| iii. Accident Insurance Premium | Annual premium within permissible limit under Income Tax Act and Rules, the Company being beneficiary under the policy. |
| iv. Leave Travel Concession | For self and family as permissible in the Income Tax Act and Rules. |
| v. Club Fees | Fees of Clubs subject to a maximum of two clubs. This will not include admission and life Membership Fees. |
| vi. Car with Driver | Shall be provided for Company's business and personal use. In case driver is not provided then the Company shall reimburse the actual expenses incurred by the employee for engaging a driver. Perquisites value of personal use for the purpose of ceiling on remuneration to be determined by remuneration committee following Income Tax Act and Rules as applicable from time to time subject to the provisions of the Companies Act in force. |
| vii. Telephone(s) | Telephone(s) shall be provided at the residence for the benefit of Company's business, the cost of which shall be borne/paid by the Company. Mobile Phone (s) to be provided for Company's business use. Company shall recover 5% of the expenses incurred for telephone(s) installed at the residence deemed to be for personal use. |

Explanation: Family means the Spouse, dependent children and dependent parents of the appointee.

RESOLVED FURTHER THAT in the event of inadequacy or absence of Profit in any financial year, the remuneration payable to Shri Darshan Kumar Jain shall be governed by Section II of Part II of Schedule XIII of the Companies Act, 1956, or any statutory amendment/modification(s) thereof."

RESOLVED FURTHER THAT in the event of any statutory amendment(s) or modification(s) or further liberalization/revision by the Central Government to Schedule XIII of the Companies Act, 1956 the Board of Directors and/or Committee thereof be and is hereby authorized to vary and/or increase the remuneration including the Salary, perquisites, allowances etc. within such prescribed limits or ceiling without any further Resolution or consent or reference to the members in General Meeting, subject however to the provisions of Section 302 of the Companies Act, 1956 and subject further to the same falling within the powers of the Remuneration Committee and Board.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to do all such acts, deeds, things and matters as may be necessary to give effect to the above Resolution(s)".

10. To consider and if thought fit to pass with or without modification(s) the following Resolution (s) as Special Resolution (s); RESOLVED THAT pursuant to the provisions of Section 198, 269, 309, 310 and 311 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 including any statutory modification(s) or re-enactment thereof for the time being in force the approval of the Company, be and is hereby accorded to the appointment of Shri Arun Jain as Whole Time Director of the Company in the whole time employment of the Company for a period of three years with effect from 1st May, 2010. His remuneration terms and conditions are hereby approved as stated below:

SECTION – I

- | | |
|----------------|--|
| i. Salary | Rs. 75,000/- per month w.e.f 1st April, 2009 for the current year ending 31st March, 2010 and Rs. 80,000/- per month w.e.f. 01.04.2010 with annual increment of Rs. 5,000/- per month. |
| ii. Commission | 0.75% on sales which is to be Calculated as percentage of sales of previous Financial year, Commission shall accrue only on adoption of previous year's Accounts in Annual General Meeting and will be restricted to 80% of the Salary of the relevant year. |

SECTION – II

Shri Arun Jain shall also be eligible to the following perquisites, which shall not be included in ceiling on remuneration specified in section (I) above.

- | | |
|--|--|
| i. Contribution to Provident Fund Superannuation or Annuity Fund | Contribution to Provident Fund, Superannuation or Annuity Fund to the extent these either singly or put together are not taxable under the Income Tax Act. |
| ii. Gratuity | Gratuity payable at a rate not exceeding half month's salary for each completed year of service. |

SECTION-III

In addition Shri Arun Jain shall be entitled to the following perquisites:

- | | | |
|------|---|--|
| i. | Furniture & Furnishing
Superannuation or Annuity | The Company will provide furniture and furnishing for the residential accommodation. 10% of the cost of furniture and furnishing shall be added for calculation of ceiling for managerial remuneration under Companies Act. |
| ii. | Medical & Hospitalization | Actual Medical expenses including hospitalization for self and dependent members of family. |
| iii. | Accident Insurance Premium | Annual premium within permissible limit under Income Tax Act and Rules, the Company being beneficiary under the policy. |
| iv. | Leave Travel Concession | For self and family as permissible in the Income Tax Act and Rules |
| v. | Club Fees | Fees of Clubs subject to a maximum of two clubs. This will not include admission and life Membership Fees. |
| vi. | Car with Driver | Shall be provided for Company's business and personal use. In case driver is not provided then the Company shall reimburse the actual expenses incurred by the employee for engaging a driver. Perquisites value of personal use for the purpose of ceiling on remuneration to be determined by remuneration committee following Income Tax Act and Rules as applicable from time to time subject to the provisions of the Companies Act in force. |
| vii. | Telephone(s) | Telephone(s) shall be provided at the residence for the benefit of Company's business, the cost of which shall be borne/paid by the Company. Mobile Phone (s) to be provided for Company's business use. Company shall recover 5% of the expenses incurred for telephone(s) installed at the residence deemed to be for personal use. |

Explanation: Family means the Spouse, dependent children and dependent parents of the appointee

RESOLVED FURTHER THAT in the event of inadequacy or absence of Profit in any financial year, the remuneration payable to Shri Arun Jain shall be governed by Section II of Part II of Schedule XIII of the Companies Act, 1956, or any statutory amendment/modification(s) thereof."

RESOLVED FURTHER THAT in the event of any statutory amendment(s) or modification(s) or further liberalization/revision by the Central Government to Schedule XIII of the Companies Act, 1956 the Board of Directors and/or Committee thereof be and is hereby authorized to vary and/or increase the remuneration including the Salary, perquisites, allowances etc. within such prescribed limits or ceiling without any further Resolution or consent or reference to the members in General Meeting, subject however to the provisions of Section 302 of the Companies Act, 1956 and subject further to the same falling within the powers of the Remuneration Committee and Board.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to do all such acts, deeds, things and matters as may be necessary to give effect to the above Resolution(s)".

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., 246, 1st Floor, Sant Nagar, East of Kailash, New Delhi – 110 065. not less than Forty Eight hours before the commencement of the Annual General Meeting.
2. The explanatory statement under section 173 (2) of the Companies Act, 1956 setting out material facts in respect of the business under item Nos. 7, 8, 9 & 10 are annexed hereto.
3. 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.
4. Register of Members and the Transfer Books for Equity Shares shall remain closed from 26th September, 2009 to 30th September, 2009 (Both days inclusive) for the purpose of ascertaining the names of Members.
5. 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., 246, 1st Floor, Sant Nagar, East of Kailash, New Delhi –110 065. Ph. 26292680, 26292681, 26292682, 26292683, Fax 26292681.
6. 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.
7. Members seeking any information with regard to accounts or operations are requested to write to the Company latest by 27th September, 2009 so as to enable the management to keep the information ready.

Explanatory Statement

Item No. 7.

Shri Devinder Kumar Jain was re-appointed as Chairman Cum Managing Director in the Annual General Meeting of the Shareholders held on 30th September, 2006 for a period of 3 years w.e.f. 16 March, 2007. His term will expire on 15th March, 2010. Shri Devinder Kumar Jain has been managing the affairs of the Company efficiently. The Directors feel that the experience of Shri Devinder Kumar Jain will be of immense help to the Company.

Statement giving information pursuant to the requirements of Section II Para 1(B)(iv) of Schedule XIII to the Companies Act, 1956 for appointment and approval of Managerial remuneration is attached to this Notice.

The Board recommends the re-appointment of Shri Devinder Kumar Jain as Chairman Cum Managing Director of the Company for a further period of 3 years w.e.f. 16th March 2010 upon the remuneration, terms & conditions as set out in the Resolution(s) and which the Remuneration Committee has approved. The Board recommends the resolution for your approval.

Shri Devinder Kumar Jain, Shri Narinder Kumar Jain, Shri Darshan Kumar Jain, Shri Manish Jain and Shri Arun Jain are concerned or interested in the said Resolution(s).

This may be treated as an abstract to the nature of the concern or interest of the Directors pursuant to section 302 of the Companies Act, 1956.

Item No. 8

Shri Narinder Kumar Jain was re-appointed as Managing Director in the Annual General Meeting of the Shareholders held on 30th September, 2006 for a period of 3 years w.e.f. 16 March, 2007. His term will expire on 15th March, 2010.

Shri Narinder Kumar Jain has been actively associated with number of National & international Sports Organizations/ Federations. He has got rich marketing experience both in International & Domestic markets and has been instrumental in making COSCO as leading National Brand in Sports Goods.

Statement given information pursuant to the requirements of Section II Para 1(B)(iv) of Schedule XIII to the Companies Act, 1956 for appointment and approval of Managerial remuneration is attached to this Notice.

The Board recommends the re-appointment of Shri Narinder Kumar Jain as Managing Director of the Company for a further period of 3 years w.e.f. 16th March 2010 upon the remuneration, terms & conditions as set out in the Resolution(s) and which the Remuneration Committee has approved. The Board recommends the resolution for your approval.

Shri Narinder Kumar Jain, Shri Devinder Kumar Jain, Shri Darshan Kumar Jain and Shri Neeraj Jain are concerned or interested in the said Resolution(s).

This may be treated as an abstract to the nature of the concern or interest of the Directors pursuant to section 302 of the Companies Act, 1956.

Item No. 9

Shri Darshan Kumar Jain was re-appointed as Whole Time Director in the Annual General Meeting of the Shareholders held on 30th September, 2006 for a period of 3 years w.e.f. 16 March, 2007. His term will expire on 15th March, 2010. Shri Darshan Kumar Jain has successfully established the local market for the company's products during his long association with the Company.

Statement given information pursuant to the requirements of Section II Para 1(B)(iv) of Schedule XIII to the Companies Act, 1956 for appointment and approval of Managerial remuneration is attached to this Notice.

The Board recommends the re-appointment of Shri Darshan Kumar Jain as Whole Time Director of the Company for a further period of 3 years w.e.f. 16th March 2010 upon the remuneration, terms & conditions as set out in the Resolution(s) and which the Remuneration Committee has approved. The Board recommends the resolution for your approval.



Shri Darshan Kumar Jain Shri Devinder Kumar Jain, Shri Narinder Kumar Jain and Shri Pankaj Jain are concerned or interested in the said Resolution(s).

This may be treated as an abstract to the nature of the concern or interest of the Directors pursuant to section 302 of the Companies Act, 1956.

Item No. 10.

Shri Arun Jain was appointed as Whole Time Director by the Board of Directors in the Annual General Meeting of the Shareholders held on 29th September, 2007 for a period of 3 years w.e.f. 1st May, 2007. His term will expire on 30th April, 2010. Mr. Arun Jain is about 44 years of age having B.E., M. Tech. qualification. He has vast experience of more than 17 years in Industrial Relations & Management and Research & Development of Rubber & Polymer Products. The Directors feel that the experience of Shri Arun Jain will be of immense help to the Company.

Statement giving information pursuant to the requirements of Section II Para 1(B)(iv) of Schedule XIII to the Companies Act, 1956 for appointment and approval of Managerial Remuneration is attached to this Notice.

The Board recommends the appointment of Shri Arun Jain as Whole Time Director of the Company for a further period of 3 years w.e.f. 1st May, 2010 upon the remuneration, terms & conditions as set out in the Resolution(s) and which the Remuneration Committee has approved. The Board recommends the resolution for your approval.

Shri Devinder Kumar Jain, Shri Manish Jain and Shri Arun Jain are concerned or interested in the said Resolution(s).

This may be treated as an abstract to the nature of the concern or interest of the Directors pursuant to section 302 of the Companies Act, 1956.

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: 5th September, 2009

Statement forming part of Notice of 30th Annual General Meeting issued to the Shareholders of the Company pursuant to the requirements of Section II Para 1(B) of Schedule XIII to the Companies Act, 1956 for appointment and approval of Managerial Remuneration as per Agenda Items Nos.7, 8, 9 and 10.

I. General Information:

- | | |
|--|--|
| 1. Nature of industry | The Company manufactures Sports Balls & Sports Ball Bladders and markets Sports Goods and Fitness Equipments & allied items. |
| 2. Date or expected date of commencement of commercial production | Existing Company. Already in commercial production. |
| 3. In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus | Not Applicable |
| 4. Financial performance based on given indicators | |

FINANCIAL RESULTS	CURRENT YEAR (Rs. in Lacs)	PREVIOUS YEAR (Rs. in Lacs)
Income	5507.07	4940.40
Expenditure including		
Depreciation	5443.32	4922.20
Profit before tax & depreciation	141.00	92.67
Depreciation	77.25	74.47
Profit/(Loss) before Tax	63.75	18.20
Provision for Taxation (including Fringe Benefit and Deferred Tax)	(19.41)	4.01
Profit/(Loss) after Taxation	83.16	14.19
Prior period adjustment- Income/(Expenditure)	(1.16)	(1.67)
Net Profit/(Loss)	82.00	12.52
Paid up Capital	416.10	416.10
Reserve & Surplus	1434.88	1352.88
Secured Term Loans	74.69	111.44
Working Capital Loans	1257.98	1248.67
Unsecured Loans/Deposits	1537.27	1284.41
Investments	715.88	728.03
FOB Value of Exports	648.38	676.50
As stated at Sr. No. 6		
Investment in wholly owned Foreign Subsidiary Company	586.48*	586.48*
*Equivalent to US\$ 1295000		

- | | |
|--|--|
| 5. 5.1 Export performance | |
| 5.2 Net foreign exchange collaborations | |
| 6. Foreign investment of collaboration, if any | |

II. Information about the appointees:

(i) Shri Devinder Kumar Jain, Chairman cum Managing Director

- | | |
|---|---|
| 1. Background details | 1.1 Age 71 Years
1.2 Qualification B.Sc.
1.3 Experience 48 years of Experience. |
| 2. Past Remuneration | Remuneration paid to Shri Devinder Kumar Jain during 2008-09 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 | International Trade and Sourcing of new Products |
| 5. Remuneration proposed | As per details given in the main body of the Resolution(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. | Promoter Director Cum Shareholder of the Company. Related to Shri Narinder Kumar Jain – Managing Director, Shri Darshan Kumar Jain, Director, Shri Manish Jain- Director, Shri Arun Jain - Director. Number of Shares held by him in the Company are 167200 plus 83600 as Karta of H.U.F. |

(ii) Shri Narinder Kumar Jain, Managing Director

1. Background details	1.1 Age	68 Years
	1.2 Qualification	Graduate and diploma in International Marketing
	1.3 Experience	43 years of Experience.
2. Past Remuneration	Remuneration paid to Shri Narinder Kumar Jain during 2008–09 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, Marketing, Developing of new products and Public relations	
5. Remuneration proposed	As per details given in the main body of the Resolution(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.	Promoter Director Cum Shareholder of the Company. Related to Shri Darshan Kumar Jain-Director, Devinder Kumar Jain – Chairman cum Managing Director and Shri Neeraj Jain - Director. Number of Shares held by him in the Company are 167200 plus 83600 as Karta of H.U.F.	

(iii) Shri Darshan Kumar Jain, Whole Time Director

1. Background details	1.1 Age	77 Years
	1.2 Qualification	Matriculate
	1.3 Experience	48 years of experience
2. Past Remuneration	Remuneration paid to Shri Darshan Kumar Jain during 2008 – 09 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	Vast experience in Trade especially in the marketing of consumer products	
5. Remuneration proposed	As per details given in the main body of the Resolution(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.	Promoter Director Cum Shareholder of the Company. Related to Shri Devinder Kumar Jain-Chairman & Managing Director, Shri Narinder Kumar Jain, Managing Director and Shri Pankaj Jain, Director. Number of Shares held by him in the Company are 167200 plus 83600 as Karta of H.U.F.	

(iv) Shri Arun Jain – Whole Time Director

1. Background details	1.1 Age	44 Years
	1.2 Qualification	B.E., M. Tech.
	1.3 Experience	More than 17 years.
2. Past remuneration	Remuneration paid to Shri Arun Jain during 2008–09 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 details given in the main body of the Resolution(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)
7. Pecuniary relationship directly or indirectly with the Company, or relationship with the managerial personnel, if any.

No Industry specific comparative data available.

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.

(v) Shri Manish Jain, Whole Time Director

1. Background details
2. Past Remuneration
3. Recognition or awards
4. Job profile and his suitability
5. Remuneration proposed
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)
7. Pecuniary relationship directly or indirectly with the Company, or relationship with the managerial personnel, if any.

- 1.1 Age 39 Years
- 1.2 Qualification Qualified Engineer and MBA
- 1.3 Experience 16 years of experience

Remuneration paid to Shri Manish Jain during 2008–09 has been provided in the report on corporate governance forming part of the Annual Report.

—

Managing Plant Operations and Associated with research and Development of new Products.

No fresh Resolution to this effect is being proposed in the ensuing Annual General Meeting. Remuneration to be given as per Special Resolution(s) passed in the Annual General Meeting held on 30.09.2008.

No Industry specific comparative data available.

Promoter Director Cum Shareholder of the Company. Related to Shri Devinder Kumar Jain – Chairman cum Managing Director, Shri Arun Jain - Director. Number of Shares held by him in the Company are 91300 plus 12700 as Karta of H.U.F.

(iii) Shri Neeraj Jain–Whole Time Director

1. Background details
2. Past Remuneration
3. Recognition or awards
4. Job profile and his suitability
5. Remuneration proposed
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)
7. Pecuniary relationship directly or indirectly with the Company, or relationship with the managerial personnel, if any.

- 1.1 Age 37 Years
- 1.2 Qualification B.E., M.Sc. (Polymer Science) & MBA
- 1.3 Experience 15 years of experience

Remuneration paid to Shri Neeraj Jain during 2008–09 has been provided in the report on corporate governance forming part of the Annual Report.

—

International Trade and Sourcing of new Products.

No fresh Resolution to this effect is being proposed in the ensuing Annual General Meeting. Remuneration to be given as per Special Resolution(s) passed in the Annual General Meeting held on 30.09.2008.

No Industry specific comparative data available.

Promoter Director Cum Shareholder of the Company. Related to Shri Narinder Kumar Jain – Managing Director. Number of Shares held by him in the Company are 91500 plus 12500 as Karta of H.U.F.

(vii) Shri Vijay Kumar Sood, Director

1. Background details	1.1 Age	67 Years
	1.2 Qualification	Graduate
	1.3 Experience	32 years in Armed Forces. Retired as Lt. Col. Able administrator. About 14 years experience in Event Management and Sports Goods promotion.
2. Past remuneration	—	
3. Recognition or awards	—	
4. Job profile and his suitability	He has vast experience in Armed Forces. Retired as Lt. Col. Able administrator. About 14 years experience in Event Management and Sports Goods promotion.	
5. Remuneration proposed	Sitting fees as per rules	
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.	

III. OTHER INFORMATION

1. Reasons of inadequate profits	<ul style="list-style-type: none"> > Increase in input Costs and Manpower Cost. > Exchange Losses. > Duplication of the Company's branded products by grey market operators. > Competition in Domestic and International Markets resulting in low margins 	
2. Steps taken or proposed to be taken for improvement.	<p>Taking following measures on continuous basis: -</p> <ul style="list-style-type: none"> i) Cost control & Cost cutting; ii) Development of new products & designs & product re-engineering; iii) Expanding and strengthening marketing network to capitalize on Cosco Brand name; iv) Sourcing new product ranges from international markets; v) Expanding trading of health equipments and allied products as this segment is growing fast ; vi) Taking remedial measures against grey market operators who are producing duplicate products by using company's brand; 	
3. Expected increase in productivity and profit in measurable terms.	Barring unforeseen circumstances Sales Turnover during the current year is likely to increase by about 10% and the Company expects to earn about 1% net profits.	

IV. DISCLOSURES:

1. Remuneration packages of the managerial person.	Details of remuneration package of Shri Devinder Kumar Jain, Shri Narinder Kumar Jain, Shri Darshan Kumar Jain and Shri Arun Jain, requiring Shareholders approval by Special Resolutions is given in the Resolutions vide Agenda items No. 7, 8, 9 and 10.
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DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in submitting their 30th Annual Report together with Annual Accounts for the year ended 31st March, 2009 .

FINANCIAL RESULTS	CURRENT YEAR (Rs. in Lacs)	PREVIOUS YEAR (Rs. in Lacs)
Sales and Other Income	5507.07	4,940.40
Expenditure	5443.32	4,922.20
Profit/(Loss) before Tax	63.75	18.20
Provision for Taxation Current and Fringe Benefit Tax	11.04	8.21
Deferred Tax Written Back	(30.45)	(4.20)
Net Profit/(Loss) After Taxation	83.16	14.19
Prior Period adjustments	(1.16)	(1.67)
Profit/(Loss) after Prior Period adjustments	82.00	12.52
Transfer to General Reserve	82.00	12.52

The company registered sales turnover of Rs. 5373.34 Lacs against previous year's sales turnover of Rs. 4740.40 Lacs. The performance of the company has further improved during the year ended 31.03.2009 registering an increase of about 13% over the previous year. The other income during the current year was lower at Rs. 133.73 Lacs (Previous year Rs. 200.07 Lacs). The current year's Profit before tax and depreciation amounted to Rs. 141 Lacs (Previous year Rs. 92.67 Lacs). After providing for depreciation of Rs. 77.25 Lacs (Previous year Rs. 74.47 Lacs) and Provision for Current Taxation & Fringe Benefit Tax Rs. 11.04 Lacs (Previous year Rs. 8.21 Lacs) and upon writing back deferred tax Rs. 30.45 Lacs (Previous year Rs. 4.20 Lacs), company earned net Profit of Rs. 83.16 Lacs (Previous year Rs. 14.19 Lacs) during the year ended 31.03.2009.

PERFORMANCE REVIEW

The company maintained its growth momentum during the financial year ended 31st March 2009. The traded segment showed impressive growth of 22%, whereas the manufactured goods segment grew moderately by 6%.

The operating margins of the manufactured products which were under constant pressure due to increase in prices of raw materials, fuel cost and manpower cost has gradually started showing improvement. The Management is continuously taking effective steps to optimize resource utilization; development of new products & product re-engineering; sourcing some good product internationally at competitive prices; gradual upward revision of sale prices of its products and control costs. The company implemented the process of converting boiler from oil fuel base to pet coke fuel to reduce energy costs of steam generation during the current financial year and this will further improve the operating margins of manufactured products in coming years.

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

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 having regard to the locational advantages viz, proximity to raw material source i.e. latex, easy access to export markets as located near sea port, moderate power tariffs etc and with a focus to tap Pakistan as potential market being major hub of sport ball manufacturing. 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 have been suspended for the time being. However, the management is hopeful that the operations of the subsidiary will be restarted at the earliest upon improvement of global economic conditions and after commercial viability assessment. 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 Wholly Owned Subsidiary Company M/s. Cosco Polymer Lanka Pvt. Ltd registered Sale Turnover of SLR 286.22 lacs equivalent to INR 125.80 lacs during the current year ended 31.03.2009 (Previous year SLR 566.87 lacs equivalent to INR 249.14 lacs). The sales turnover was lower as the company scaled down/suspended its operations due to reasons given above. The company incurred Loss amounting SLR 1047.47 lacs equivalent to INR 460.36 lacs during the year ended 31.03.2009 (Previous year SLR 577.41 lacs equivalent to INR 253.77 lacs).

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 2009.

DIRECTORS

In accordance with the Articles of Association of the Company, Shri Darshan Kumar Jain, Shri Manish Jain, Shri Neeraj Jain and Shri Vijay Kumar Sood 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 2008 – 2009 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, commitment and contribution of the Executives, Staff and Workers of the Company.

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

By order of the Board of Directors

(Devinder Kumar Jain)
Chairman cum Managing Director

Place : Delhi

Date : 5th September, 2009

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 2009

A. CONSERVATION OF ENERGY

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

- (i) The Company has imbibed conservation in its working culture. The focus is to conserve energy by eliminating waste and improving efficiencies. During the year under review, focus was towards eliminating wastages by every consumer of energy.
- (ii) Boiler fuel was changed from furnace oil to pet coke. Usage of pet coke based boiler instead of furnace oil helped in reducing the fuel cost.
- (iii) All the heat ovens which used to run on diesel were modified to run through steam produced by pet coke based boiler and this helped the company in conserving and reducing the cost of energy.
- (iv) The quality of water used in the boiler is regularly monitored in order to get better efficiency thus reducing cost and conserving energy.

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) Improvement in productivity and product quality.
- (iii) New products development.

2. Benefits derived as a result of above R & D :

- (i) Cost optimization.
- (ii) Improvement of process efficiency.

3. Future Plans of Action :

After getting encouraging results by changing the boiler fuel from furnace oil to pet coke, the company plans to convert the another boiler also to pet coke fired boiler.

4. Expenditure on R & D :

Capital	Nil
Recurring	Rs. 92307
Total	Rs. 92307

Total R&D expenditure as a percentage of total turnover is 0.02 %.

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) Improved product quality.
- (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. 64838376 |
| (ii) Foreign Exchange outgo during the year | Rs. 153601065 |

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, 2009, categorized as indicated.

			DIN
(A) Promoters Group			
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 Pankaj Jain	Whole Time Director	ED	00190414
Shri Manish Jain	Whole Time Director	ED	00191593
Shri Neeraj Jain	Whole Time Director	ED	00190592
Shri Arun Jain	Whole Time Director	ED	01054316
(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 2008-09

Date of Meetings	Board Strength	No. of Directors Present
April 30, 2008	14	14
July 05, 2008	14	7
July 31, 2008	14	11
September 05, 2008	14	10
October 31, 2008	14	13
December 15, 2008	14	11
January 27, 2009	14	11
January 29, 2009	14	11
January 31, 2009	14	10
March 03, 2009	14	8
March 04, 2009	14	11

(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. 2008	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	11	Yes	1	Nil	Nil
Shri Narinder Kumar Jain	11	Yes	1	Nil	Nil
Shri Darshan Kumar Jain	11	Yes	1	Nil	Nil
Shri Pankaj Jain	10	Yes	Nil	Nil	Nil
Shri Manish Jain	11	Yes	Nil	Nil	Nil
Shri Neeraj Jain	11	Yes	Nil	Nil	Nil
Shri Arun Jain	10	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	No	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.

The following Directors who were appointed/re-appointed in the last Annual General Meeting held on 30th September 2008.

Sl. No.	Name of Director	Brief Resume	Expertise in specific functional areas	Directorship in other Companies
1.	Shri Manish Jain	Aged about 39 years. Qualified Engineer and MBA with about 16 years Experience	Managing Plant Operations and Associated with research and Development of new Products.	Cosco Polymer Industries Pvt. Ltd. Cosco International Pvt. Ltd.
2	Shri Pankaj Jain	Aged about 38 years. B. Com & MBA with about 16 years Experience.	Finance and Export Marketing and developing of new products for International Market.	Cosco Polymer Industries Pvt. Ltd.
3	Shri Neeraj Jain	Aged about 37 years. B.E. (Polymer Science) About 15 years experience.	International Trade and Sourcing of new products	Cosco Polymer Industries Pvt. Ltd. Cosco International Pvt. Ltd.
4	Prof. M. P. Gupta	Aged about 69 years. Post Graduate-Educationist, Former Head and Dean of Delhi School of Management Studies. About 41 years experience.	Vast Knowledge in the areas of Business and Management.	Nil
5	Shri Sunil Jain	Aged about 54 years. Graduate. About 26 years experience.	Well experienced in Industrial Management.	H. B. velvet (Pvt.) Ltd.
6	Shri Gulshan Rai Jain	Aged about 59 years. Graduate. About 31 years experience	Experienced in Running and Managing Industry.	Jainson Rubber Pvt. Ltd.
7	Smt. Risha Jain	Aged about 42 years. Chartered Accountant. About 16 years experience.	Finance, Accounts and Project Work.	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.coscoindia.com. 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, 2009.

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

By order of the Board of Directors

Place : Delhi
Date : 5th September, 2009

(Devinder Kumar Jain)
Chairman cum Managing Director

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, 2008, 31st July, 2008, 4th September, 2008, 31st October, 2008 & 31st January, 2009.

(B) Details of Meetings of Audit Committees held during the year 2008-09

Name of the Member	No. of Meetings held	No. of Meetings attended
Smt. Risha Jain	5	4
Shri Joginder Pal Jain	5	3
Prof. M. P. Gupta	5	4
Shri Sunil Jain	5	4

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, 2008 and 4th September, 2008. 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 31.03.2009 is given below:

Name	Designation	Salary	Commission	PF	Medical Exp.	Other perks	Contract Period (No. of Yrs.)
Shri Devinder Kumar Jain	Chairman Cum Mg. Director	1,080,000	8,16,000	9360	46,549	Refer Note	3
Shri Darshan Kumar Jain	Whole Time Director	1,080,000	8,16,000	9360	81,709	Refer Note	3
Shri Narinder Kumar Jain	Managing Director	1,080,000	8,16,000	9360	1,542	Refer Note	3
Shri Pankaj Jain	Whole Time Director	900,000	6,72,000	9360	37,398	Refer Note	3
Shri Manish Jain	Whole Time Director	900,000	6,72,000	9360	25,345	Refer Note	3
Shri Neeraj Jain	Whole Time Director	900,000	6,72,000	9360	26,678	Refer Note	3
Shri Arun Jain	Whole Time Director	1,278,000 (includes HRA 3,78,000)	6,16,000	9360	43,406	Refer Note	3

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
- Car with Driver partly for personal use.
- 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 2009 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 2008–09.

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	: 2
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
27 th AGM-2006	2/8, Roop Nagar, Delhi- 110 007	30 th September, 2006 – 10.30 A.M.
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.

(a) No other Shareholders 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 Dividend declared which remained unpaid or unclaimed for a period of 7 years has to be transferred to Investor Education and Protection Fund of the Central Government. The Company has accordingly already transferred the dividends unclaimed for 7 years viz. Rs. 55,401/- (declared in AGM held on 23rd September, 1996), Rs. 36,000/- (declared in AGM held on 30th September, 1997), Rs. 90,800/- (declared in AGM held on 30th September, 1998) & Rs. 37,650/- (declared in AGM held on 30th September, 1999) & Rs. 31,200/- (declared in AGM held on 30th September, 2000) to the Investor Education and Protection Fund (IEPF) of the Central Government. The Company has not declared any dividend for the financial year 2000-01 and onward.

Disclosures

Related party disclosure

Related party disclosures are given at Note No. 16 of Schedule 'S' in relating 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. However, the Company has received an order (REF. NO. 5/299/08/ROC/D/MS/2712 dated 29/07/08) 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 have been

replied/information furnished to the Registrar of Companies by the Company. So far no reply/comments have been received from the Office of the Registrar of Companies in this respect.

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, 2009.

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 got EDIFAR Registration with Mumbai Stock Exchange for uploading of Financial Statements/Documents in EDIFAR Website. 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) 30th Annual General Meeting

Date and Time : 30th September, 2009 – 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 2009, the quarterly results were announced as under:-
1st Quarter ended 30th June 2008 : 31st July 2008
2nd Quarter ended 30th September 2008 : 31st October 2008
3rd Quarter ended 31st December 2008 : 31st January 2009
4th Quarter ended 31st March 2009 : 30th April 2009

For the year ending 31st March 2010, the schedule of announcement of results is as under:-

1st Quarter ended 30th June 2009 : 31st July 2009 – already announced
2nd Quarter ending 30th September 2009 : Last week of October 2009
3rd Quarter ending 31st December 2009 : Last week of January 2010
4th Quarter ended 31st March 2010 : Last week of April 2010

c) Book Closure Date

From 27th September 2009 to 30th September 2009 (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 2008-2009 & performance in comparison to BSE Index :

Month	MARKET PRICE*		BSE INDEX**	
	High (Rs.)	Low (Rs.)	High	Low
April, 2008	41.00	27.00	17480.74	15297.96
May, 2008	33.70	27.05	17735.70	16196.02
June, 2008	29.70	22.30	16632.72	13405.54
July, 2008	24.80	19.85	15130.09	12514.02
August, 2008	26.90	23.35	15579.78	14002.43
September, 2008	26.20	23.70	15107.01	12153.55
October, 2008	25.25	13.55	13203.86	7697.39

November, 2008	17.95	13.35	10945.41	8316.39
December, 2008	20.90	15.50	10188.54	8467.43
January, 2009	18.45	13.50	10469.72	8631.60
February, 2009	15.21	13.50	9724.87	8619.22
March, 2009	15.95	15.20	10127.09	8047.17

Source: *moneypore.com, **bseindia.com

Distribution of Shareholding as on 31st March 2009

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)
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(A) Shareholding of Promoter and Promoter Group

1. Indian						
(a)	Individuals/HUF	22	1,672,800	0	40.20	40.20
	Central Government/State					
(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
1. Foreign						
	Individuals (Non-Residents)					
(a)	Individuals/Foreign Ind.	0	0	0	0.00	0.00
(b)	Bodies Corporate	0	0	0	0.00	0.00
(c)	Institutions	0		0	0.00	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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(A) Public Shareholding

1. Institutions						
(a)	Mutual Funds/UTI	0	0	0	0.00	0.00
(b)	Financial Institutions/Banks	0	0	0	0.00	0.00
	Central Government/State			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	0	0	0	0.00	0.00
(g)	Foreign Venture Capital 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	53	249,029	247,129	5.98	5.98
(b)	Individuals					
i)	Individual Shareholders Holding Share Capital Upto Rs.1 lakh	1,802	442,625	333,269	10.64	10.64
ii)	Individual Shareholders Holding Nominal					
iii)	Share Capital in Exces of Rs.1 lakh	10	348,544	348,544	8.38	8.38
(c)	Any Other (NRI)	2	1,002	1,002	0.02	0.02
	Clearing House	0	0	0	0.00	0.00
Sub Total B(2)		1,867	1,041,200	929,944	25.02	25.02

Total Public Shareholding B=B(1)+B(2)	1,867	1,041,200	929,944	25.02	25.02
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Sub Total of A+B	1,890	4,161,000	929,944	100.00	100.00
(C) Shares held by custodians and against which depository receipts have been issued	0	0	0	0	0
Grand Total (A+B+C)	1,890	4,161,000	929,944	100.00	100.00

Dematerialization of Shares and liquidity

The Shares of the Company are compulsorily 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. 22.35% of the Equity Shares of the Company have been dematerialized as on March 31st 2009.

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.

Address for Correspondence:

For Share Transfer/Demat of Share or any other query relating to Shares:
M/s. Skyline Financial Services Pvt. Ltd
246, 1st Floor, Sant Nagar, East of Kailash, New Delhi – 110 065
Ph. 26292680-83, Fax. 26292681

Plant Location:

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

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 31.3.2009, 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 abovementioned 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 : 5th September, 2009

ANNEXURE TO DIRECTORS' REPORT

ANNEXURE - 'C'

MANAGEMENT DISCUSSION AND ANALYSIS (MD & A)

This may be read in conjunction with the Directors' Report

ECONOMIC SCENARIO

World is still struggling with an unprecedented financial crisis and an economic slowdown that has also affected India. During the year 2008-09, there has been a dip in the growth rate of GDP from an average of about 9% in the previous three fiscal years to 6.7%. Government faces tough task to lead the economy back to the high GDP growth rate of 8-9% per annum under the current global economic situation. External trade and external capital flows are an important part of the economy.

Industry structure and developments

The growing integration of the Indian economy with the rest of the world has brought new opportunities and challenges. Sports Goods Industry is getting more competitive with the opening up of the economies, Import liberalisation and Free Trade Agreements. Indian Sports Goods manufacturers need to gear up to cope with strong challenge posed by foreign players both in the Domestic and International Markets. Indian Sports Goods & Toys industry has Growth potential which is untapped by the Indian industry. It needs adequate support and conducive business environment. The Indian Sports Goods & Toys industry has achieved steady double digit growth in exports over the last few years. The country's sports goods export increased by about 13% from Rs. 519 Crores in 2007-08 to Rs. 585 Crores during 2008-09. However, India's contribution to total world import of these items is less than 1%.

The Company manufactures Sports balls and Sports Ball Bladders and is importing Fitness Equipments and wide range of Sports Goods from reputed and quality conscious manufacturers. The Company on continuous basis upgrades the quality of its products with in-house R & D. The products manufactured/traded by the company conform to International Standards. 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 in the past and prices are not stable. The imports have become costlier due to rupee depreciation..

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. Cosco products are well accepted both in the domestic and international markets due to its quality standards. The company is leveraging its accreditation and quality conscious image to garner more orders from present customers and attracting new customers. 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 capitalizing on its vast network of branches, distributors and about 800 authorized dealers and adding new products in the sports and health/fitness segments.

The company is also exploring new markets.

The Sports Industry in India is underdeveloped. Inadequate infrastructure and anarchical labour laws still pose as major bottlenecks for the company and sports goods industry.

It is facing two prong stiff challenge provided by the international brands on one side and products offered by cheaper producing nations like China, Vietnam, Thailand, Bangladesh etc. on the other. The company has gone into tie ups and arrangements to meet the challenges.

Four main areas that present the limitations and the potential of sport to contribute to economic development are :

- Underdevelopment of sport
- Exploitation and child protection in sport
- Developing local markets through sport by means of hosting local sports events, producing low-cost and affordable sporting goods and through athletes' remittances
- Building skills for employment through sport

Budgetary allocations for Development of Sports in India though increasing gradually are still quite less compared to the expenditure on sports by developed countries.

Segment-wise product-wise performance

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). 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.

Outlook

Due to global economic downturn and demand slowdown in the international markets, the exports are likely to suffer. However, in the domestic market the demand situation is stable. Awareness towards sports, health and fitness among people is increasing. Future Demand of sports and fitness goods is likely to rise gradually.

With the Commonwealth Games coming in 2010 which are being hosted by India, allocations on sports have gone up by government, semi government and private sector. The company see quite promising future due to increase in spending and creation of Sports related infrastructure which will inculcate sporting activity in Individuals.

Threats

1. Unstable Prices of Rubber and Oil, a major Input Materials for the industry.
2. Inflation.
3. Depreciation of Indian Rupee and Relatively high financial costs.
4. Infringement of Company's Brand and Trade mark by gray market operators
5. Stiff challenge provided by the international brands

Internal control systems and their adequacy.

The Company has 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.

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 thrust of the Company is to create responsive and market driven organization. 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 relations with employees remained cordial. Your Directors record their sincere appreciation of the contribution made to the organization by the team of its employees. The Management believes in trust, transparency and teamwork. 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 | 31.03.2009 |
| 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% |

5. The net aggregate amount of the subsidiary company profit/(loss) so far as it concerns the members of the holding company.

Sri Lankan Rs. 291237795/-
equivalent to INR 1279.99 lacs (Loss)

a. Not dealt with in the holding company's account

Sri Lankan Rs. 104746613/-
equivalent to INR 460.36 lacs (Loss)

i) For the financial year ended 31st March, 2009

ii) For the previous financial years of the subsidiary company since it become the holding company's subsidiary.

Sri Lankan Rs. 186491182/-
equivalent to INR 819.63 lacs (Loss)

b. Dealt with in the holding Company's accounts.

i) For the financial year ended 31st March, 2009

NIL

ii) For the previous financial years of the subsidiary company since it become the holding Company's subsidiary.

NIL

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)	<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. 118.02 Lacs. Management has informed, on the basis of internal technical / commercial evaluation of these stocks, these are usable / saleable. 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.</i>	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 got the major items of opening raw materials and finished goods evaluated by a technical officer of an independent body during the year under audit. Further, 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. 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.
Para 1 (ii)	<i>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. However, company has produced a confirmation certificate of the builder / developer specifying the balance outstanding. 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.</i>	As stated in the note no. 26 of Notes on Accounts (Schedule S), Investments include advance for Immovable Properties aggregating Rs.1,26,24,129/- in respect of which Agreements and Title documents shall be entered shortly since allocation and earmarking of specific properties / apartments / flats is delayed due to some hiccups in administrative clearances which shall be done in due course as confirmed by the Builder / Developer. Further, the builder/developer has given confirmation certificate acknowledging its liability. Management is pursuing the same for the needful to be done at the earliest.

Para 1 (iii)	<p><i>Note No. 31</i></p> <p><i>Company's exposure in the wholly owned subsidiary as at 31.03.2009 is (a) Investment in the Equity shares Rs. 5,86,47,778/- (b) Loans & Advances Rs. 3,08,50,840/- and (c) Sundry Debtors Rs. 36,34,789/-. 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 the operations shall be restarted in near future considering the global economic environment and after ascertaining the commercial viability of the operations of subsidiary. Considering the facts and representation 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. 31 of Notes on Accounts (Schedule S), during the year Cosco Polymer Lanka Pvt. Ltd., the business operations of the subsidiary company were suspended due to global recession and unfavorable political situations in Sri Lanka. However, the management is hopeful to restart the operations in near future after ascertaining the commercial viability of the operations of the subsidiary company and considering global economic environment. 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. 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 investments / Advances / Sundry Debtors are recoverable.</p>
Para 1 (iv)	<p><i>Note No. 39</i></p> <p><i>Reg. Loans & Advances of Rs. 40 Lacs given in earlier year towards purchase of property. As the Management is hopeful of recovery of the amount since the Company has obtained post dated cheques, we have relied upon the management.</i></p>	<p>As stated in the note no. 39 of Notes on Accounts (Schedule S), Loans & Advances include Rs 40,00,000/- paid on capital account for purchase of commercial property for business purposes of the company. Company has obtained post dated cheques from the party for the said amount. The Management is hopeful of recovery of the amount.</p>
Para 1 (iv)	<p><i>Inventories as at 31.03.09 includes repairable health & fitness & other equipment valued at cost at Rs. 2457313/-; old models of fitness equipment valued at cost at Rs. 19,55,517/-; spares in respect of health equipment valued at sale price minus average margin of profit of 25% at Rs. 60,65,949/- and synthetic panel valued at Rs. 86,57,390/- (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><i>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 (v) as mentioned above and subject to non provision of accumulated loss of Rs.1279.99 lacs (692.44 lacs) including current year loss of Rs.460.36 lacs (214.39 lacs) in wholly owned subsidiary (note no.31);</i></p>	<p>Auditors' remarks in sub para (i) to (v) 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 para1(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</p>

		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 upon improvement of global economic conditions. 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 1197.99 lacs (711.81 lacs) against the reported figure of profit of Rs. 82 lacs (12.52 lacs), the reserves & surplus would have been Rs.154.90 lacs (628.55 Lacs) against the reported figure of Rs 1434.89 (1352.88 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 reports discussed hereinabove. Actually the current year loss of subsidiary is Rs. 460.36 lacs and on that basis the net loss for the year including subsidiary's current losses would be Rs.378.36 lacs instead of Rs. 1197.99 lacs reported by the Auditors. On cumulative basis the figures stated by Auditors are factual. As explained hereinabove (Refer clarifications/explanation w.r.t para1(f) of Auditors Report) on long term perspective, the project being viable the subsidiary will generate internal accruals and offset losses.
Para (i) (b) of Annexure to Auditors' Report	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. <i>No evidence of physical verification of fixed assets has been submitted in respect of furniture & fixtures and other assets of Branches.</i>	Regarding physical verification in respect of furniture & fixtures and other assets of Branches, the same is being carried out as per programme and the evidence is at the respective Branches. However, the same couldn't be adduced before the Auditors due to time constraints and preoccupation of company officials in other pressing matters.
Para (ii) (a) of Annexure to Auditors' Report	The inventories have been physically verified by the management at close of the year. <i>We have not been informed about the status of stock Audit conducted by the independent agency. Therefore our observations are subject to the same.</i>	Stock Audit was conducted by Stock Auditors appointed by the company's bankers. The Report/complete details in this respect were not provided to company.
Para (v) (b) of Annexure to Auditors' Report	Company has sold goods including plant machinery & equipments of Rs. 8.53 lacs (Rs10.25 lacs) to its wholly owned subsidiary; of Rs. NIL (Rs. 4.18 lacs) to a company in which Directors are interested. Similarly Company has made purchases of Rs. 120.99 lacs (Rs. 208.28 lacs) from its wholly owned subsidiary; and Rs. 0.30 lacs (Rs. 225.62 lacs) from a company in which Directors are interested. The transactions have been placed before the Board at regular intervals. <i>In respect of within referred purchases/sales we have been informed that the Company has purchased mainly intermediate product viz body of sports ball bladders which is not being traded in the open market by other manufacturers/ suppliers and for which suitable alternative sources do not exist for obtaining comparable quotations. It is certified by the</i>	Regarding Auditors' observation on purchases of goods from Wholly owned Subsidiary Company and from a Company in which Directors are interested, the Auditors have stated the factual position and is not a qualification. Being intermediate product for which there are no suitable alternate sources, the comparable quotations are not available. However, the prices are considered reasonable having regard to prevailing costs. Regarding transactions with a company in which Directors are interested as stated these have been made at prevailing market prices.

	<p><i>Management that sale made by the subsidiary company to holding company is less than the cost of sales (including depreciation and Production overheads). We have relied upon the certificate of the Management and on the basis of the same, we have no further comments to make. Regarding transactions with a company in which Directors are interested it is informed that these have been made at prevailing market prices.</i></p>	
Para (vii) of Annexure to Auditors' Report	<p><i>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.</i></p>	<p>Regarding Auditors' observation and opinion for enhancing Internal Audit's scope of work, the company is gradually enhancing the scope of Internal Audit. 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.</p>
Para (x) of Annexure to Auditors' Report	<p><i>Considering our remarks in para (i to v) of main report and para (xv) of this annexure, we are unable to comment on the networth of the company.</i></p>	<p>Auditors remarks in para (i to v) 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 31.03.2009 shall not be affected.</p>
Para (xv) of Annexure to Auditors' Report	<p><i>The company has given guarantee of US \$ 20.05 Lacs (20.05 Lacs) equivalent to INR of Rs. 1019.74 Lacs (801Lacs) 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.</i></p>	<p>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</p>

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, 2009. 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 or on payment of additional fees for late filing of the said forms or returns. 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 eleven times on 30.04.2008, 05.07.2008, 31.07.2008, 05.09.2008, 31.10.2008, 15.12.2008, 27.01.2009, 29.01.2009, 31.01.2009, 03.03.2009 and 04.03.2009 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 27th September, 2008 to 30th September, 2008 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, 2008 was held on 30/09/2008 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. However, during the financial year 2008-09, the Company has advanced loan to its Wholly Owned Subsidiary Company (Cosco Polymer Lanka Private Limited). The loans by holding company to its subsidiary company are allowed under section 295 of the Act.
9. During the financial year 2008-09 the Company has sold goods including plant machinery & equipments to its wholly owned subsidiary company. Similarly Company has made purchases from its wholly owned subsidiary company. The transactions have been placed before the Board at regular intervals. It has been informed by the management that the Company has purchased mainly intermediate product viz body of sports ball bladders which is not being traded in the open market by other manufacturers/ suppliers and for which suitable alternative sources do not exist for obtaining comparable quotations and that the sales made by the subsidiary company to holding company is less than the cost of sales. The Company has also purchased mill stores goods, accessories and lab equipment aggregating to Rs. 29646/- from a company in which Directors are interested. It has been informed by the management that the purchases are at prevailing market price. In view of the explanation furnished by the management, we are of the view that there is no violation of the provisions of section 297 of the Act.
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 share 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 Company has not appointed Managing Director/Manager during the financial year. The re-appointment of Whole-Time Directors, during the financial year, has been made in compliance with the provisions of Section 269 read with Schedule XIII to the Act.
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 taken loans from Directors and Companies during the financial year 2008-09. 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 or show cause notices received by the Company 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 (Ref. No. 5/299/08/ROC/D/MS/2712 dated 29/07/08) 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 made by the auditors in their report and on the adverse comments 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 have been replied/information furnished to the Registrar of Companies by the Company. So far no reply/intimation has been received from the Office of the Registrar of Companies in this respect.
32. The Company has not received any money as security from its employees during the financial year.
33. The Company has deposited both employee's 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

Place : New Delhi

Date : 5th September, 2009

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, 2009.

- (a) Annual Returns in Form No. 20B.
- (b) Balance sheet, etc., under Section 220 in Form No. 23AC & ACA.
- (c) Returns of Modification of Charges in Form No. 8.
- (d) Return of Registration of Resolution(s) and Agreement(s) in Form No. 23 in respect of appointments of Whole Time Directors.
- (e) Returns of appointment of Whole Time Directors in Form No.25C
- (f) Intimation of Director Identification Number in Form No. 3.

AUDITORS' REPORT

The Members,
Cosco (India) Ltd.

We have audited the Balance Sheet of **Cosco (India) Ltd.** as at 31st March, 2009 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. 118.02 Lacs. Management has informed, on the basis of internal technical / commercial evaluation of these stocks, these are usable / saleable. 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. However company has produced a confirmation certificate of the builder / developer specifying the balance outstanding. 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. 31** *Company's exposure in the wholly owned subsidiary as at 31.03.2009 is (a) Investment in the Equity shares Rs. 5,86,47,778/- (b) Loans & Advances Rs. 3,08,50,840/- and (c) Sundry Debtors Rs. 36,34,789/- . 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 the operations shall be restarted in near future considering the global economic environment and after ascertaining the commercial viability of the operations of subsidiary.*

Considering the facts and representation 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) **Note No. 39** *Reg. Loans & advances of Rs. 40 Lakh given in earlier year towards purchase of property. As the management is hopeful of recovery of the amount since the company has obtained post dated cheques, we have relied upon the management.*

(v) Inventories as at 31.03.09 includes repairable health & fitness & other equipment valued at cost at Rs. 2457313/-; old models of fitness equipment valued at cost at Rs. 19,55,517; spares in respect of health equipment valued at sale price minus average margin of profit of 25% at Rs. 60,65,949 and synthetic panel valued at Rs. 86,57,390/- (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 *except our remarks in para (ii) (a) of Annexure.*
- (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 31.3.2009 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 (v) as mentioned above and subject to non provision of accumulated loss of Rs. 1279.99 lacs(692.44 lacs) including current year loss of Rs. 460.36 lacs(214.39 lacs) in wholly owned subsidiary(note no.31);*

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, 2009 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 1197.99 lacs (711.81 lacs) against the reported figure of profit of Rs. 82 lacs (12.52 lacs), the reserves & surplus would have been Rs. 154.90 lacs (628.55 Lacs) against the reported figure of Rs 1434.89 (1352.88 lacs).*

For R.N. BAHL & Co.
Chartered Accountants

(R.N. BAHL)
Partner

Membership No. 2277

Place : New Delhi

Date : 5th September, 2009

**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. *No evidence of physical verification of fixed assets has been submitted in respect of furniture & fixtures and other assets of Branches.*
- (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. We have not been informed about the status of stock Audit conducted by the independent agency. Therefore our observations are subject to the same.*
- (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. 30 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 15 and the amount outstanding at the year end is Rs. 1483.27 Lacs. The maximum amount outstanding during the year was Rs. 1507.15 Lacs. Company has advanced interest free loan of Rs. 308.51 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. 149.47 Lakhs, Company has paid Rs. 91.42 Lakhs 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) Company has sold goods including plant machinery & equipments of Rs. 8.53 lacs (Rs. 10.25 lacs) to its wholly owned subsidiary; of Rs. NIL (Rs. 4.18 lacs) to a company in which Directors are interested. Similarly Company has made purchases of Rs. 120.99 lacs (Rs. 208.28 lacs) from its wholly owned subsidiary; and Rs. 0.30 lacs (Rs. 225.62 lacs) from a company in which Directors are interested. The transactions have been placed before the Board at regular intervals. *In respect of within referred purchases/sales we have been informed that the Company has purchased mainly intermediate product viz body of sports ball bladders which is not being traded in the open market by other manufacturers/ suppliers and for which suitable alternative sources do not exist for obtaining comparable quotations. It is certified by the Management that sale made by the subsidiary company to holding company is less than the cost of sales (including depreciation and Production overheads). We have relied upon the certificate of the Management and on the basis of the same, we have no further comments to make. Regarding transactions with a company in which Directors are interested it is informed that these have been made at prevailing market prices.*
- (vi) During the year company has repaid the deposits accepted from the shareholders in the earlier years. No public deposits have been accepted by the company during the year. We have been informed by the company that no order has been passed by the Company Law Board.

- (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, 2009 for a period of more than six months from the date they became payable.
- (c) As explained to us and according to the records of the company, the following dues have not been deposited on account of dispute:

S.No.	Name of the Statute	Nature of the Dues	Disputed Amount Rs.	Period to which the amount relates	Forum where dispute is pending
1.	Haryana General Sales Tax Act, 1973	Objection raised by the audit in respect of sales tax case assessed for excess rebate allowed under Rule 24A	84530/-	1998-1999	The Assessing Authority Gurgaon
2.	Haryana General Sales Tax Act, 1973	Objection raised by the audit in respect of sales tax case assessed for excess rebate allowed under Rule 24A	273000/-	1999-2000	The Assessing Authority Gurgaon
3.	ESI Act 1948	ESI Contribution in respect of amount paid for job work	599674/-	2004-05	Employees Insurance court

- (x) *Considering our remarks in para (i to v) of main report and para (xv) of this annexure, we are unable to comment on the networth 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 intercorporate investments in its wholly owned subsidiary company in Sri Lanka and made investments/traded in shares of other bodies corporate. The company has categorized the investments of shares in other bodies corporate as long term and current investments. Internal Auditor of the company has confirmed having checked / inspected periodically the entries made in the records / register maintained by the company on computer system on day to day basis relating to investment and sale / purchase of shares and the same has 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. 1019.74 Lacs (801Lacs) 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

(**R.N. BAHL**)
Partner
Membership No. 2277

Place : New Delhi

Date : 5th September, 2009

BALANCE SHEET AS AT 31ST MARCH, 2009

(Amount in Rupees)

SCHEDULES			AS AT 31 ST MARCH, 2009	AS AT 31 ST MARCH, 2008
I. SOURCES OF FUNDS				
SHAREHOLDERS' FUNDS				
(a) Share Capital	A	41,610,000		41,610,000
(b) Reserves & Surplus	B	143,488,576	185,098,576	135,288,122
Loan Funds				
(a) Secured	C	133,266,767		136,011,051
(b) Unsecured	D	153,727,149	286,993,916	128,441,040
Deferred Tax Liability (Net)			-	2,419,761
(Refer Note 17 of Schedule S)				
			472,092,492	443,769,974
II. APPLICATION OF FUNDS				
Fixed Assets :	E			
(a) Gross Block		178,134,535		171,941,839
(b) Less: Depreciation		135,669,406		129,218,831
(c) Net Block		42,465,129		42,723,008
(d) Capital Work in Progress		1,104,530	43,569,659	3,643,838
Investments	F		71,588,283	72,802,893
Deferred Tax Asset (Net)			625,015	-
(Refer Note 17 of Schedule S)				
Current Assets,				
Loans & Advances :				
(a) Inventories	G	289,853,716		262,930,192
(b) Sundry Debtors	H	74,248,176		80,858,929
(c) Cash & Bank Balances	I	6,865,460		4,790,253
(d) Loans and Advances	J	57,707,392		49,197,580
LESS :		428,674,744		397,776,954
Current Liabilities & Provisions :				
(a) Liabilities	K	65,590,527		67,465,834
(b) Provisions	L	6,774,682		5,710,885
		72,365,209		73,176,719
Net Current Assets			356,309,535	324,600,235
			472,092,492	443,769,974

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

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 : 5th September, 2009.



PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2009

		(Amount in Rupees)	
	SCHEDULES	FOR THE YEAR ENDED 31.03.2009	FOR THE YEAR ENDED 31.03.2008
I. INCOME :			
(a) Sales		537,333,567	474,033,205
(b) Other Income	M	13,373,442	20,007,238
		<u>550,707,009</u>	<u>494,040,443</u>
II. EXPENDITURE :			
a) Purchase of Traded Goods		178,608,595	148,153,942
b) Raw Materials Consumed	N	160,110,828	168,258,844
c) Salary, Wages & Benefits	O	66,911,293	56,881,174
d) Manufacturing, Administration and Selling	P	140,130,093	111,046,287
e) Interest & Bank Charges	Q	25,057,125	23,425,133
f) Depreciation		7,725,423	7,446,663
		<u>578,543,357</u>	<u>515,212,043</u>
g) (Increase)/Decrease in Finished Goods and Work in Progress	R	(34,211,361)	(22,991,653)
		<u>544,331,996</u>	<u>492,220,390</u>
III. PROFIT / (LOSS) BEFORE TAXATION		6,375,013	1,820,053
IV. PROVISION FOR TAXATION : CURRENT	574,372		380,864
FRINGE BENEFIT	529,508		440,472
DEFERRED TAX	(3,044,776)	(1,940,896)	(420,354)
		<u>8,315,909</u>	<u>1,419,071</u>
V. PROFIT/(LOSS) AFTER TAXATION			
VI. PRIOR PERIOD ADJUSTMENTS ADD / (DEDUCT)			
i) Expenses		(115,455)	(167,299)
VII. PROFIT/(LOSS) AFTER PRIOR PERIOD ADJUSTMENTS		<u>8,200,454</u>	<u>1,251,772</u>
APPROPRIATIONS			
Transferred to :			
General Reserve		8,200,454	1,251,772
Basic and Diluted Earning per share Rs. (Refer Note No. 18 in Schedule S)		1.97	0.30
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

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 : 5th September, 2009.

SCHEDULES TO ACCOUNTS

		(Amount in Rupees)	
		As at 31st March, 2009	As at 31st March, 2008
A. SHARE CAPITAL			
AUTHORISED :			
100,00,000 Equity Shares of Rs. 10/- each		100,00,000	100,00,000
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 01.04.2008 Rs.	Additions Rs.	Deductions Rs.
Share Premium Account	31,230,000	—	31,230,000
General Reserve	95,558,122	8,200,454	—
Profit & Loss Account	8,500,000	—	—
	135,288,122	8,200,454	—
Previous Year	134,036,350	1,251,772	—
C. SECURED LOANS			
(i) WORKING CAPITAL LOANS			
From Banks			
Rupee Loans		96,671,814	80,641,110
Foreign Currency Loans		29,125,773	44,226,083
(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	10,012,500
(Repayable within one year Rs. 64.01 lacs)			
(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		1,067,930	1,131,358
(Secured against hypothecation of Vehicles)			
(Repayable within one year Rs. 6.83 lacs)			
		133,266,767	136,011,051
D. UNSECURED LOANS			
a) Deposits from			
i) Companies		56,299,407	35,454,407
ii) Directors		92,027,742	70,442,539
iii) Others		—	22,544,094
b) From Bank		5,400,000	—
		153,727,149	128,441,040

E. FIXED ASSETS

(Amount in Rupees)

S.No.	Block of Assets	Gross Block as at 1.04.2008 (Rs.)	Additions During the Year (Rs.)	Deductions During the Year (Rs.)	Gross Block As at 31.03.2009 (Rs.)	Depreciation upto 31.03.2009 (Rs.)	Net Block As at 31.03.2009 (Rs.)	Net Block As at 31.03.2008 (Rs.)
1.	Land	560,725	—	—	560,725	—	560,725	560,725
2.	Buildings	40,653,263	—	—	40,653,263	26,030,517	14,622,746	15,847,047
3.	Furniture & Fittings	6,502,505	13,976	2,791	6,513,690	5,390,338	1,123,352	1,363,619
4.	Plant and Machinery	116,501,559	6,409,919	1,274,433	121,637,045	99,069,443	22,567,602	21,157,758
5.	Vehicles	7,723,786	1,046,026	—	8,769,812	5,179,108	3,590,704	3,793,859
		171,941,838	7,469,921	1,277,224	178,134,535	135,669,406	42,465,129	42,723,008
6.	Capital work in progress (Including advance on Capital Account Rs. 461407/- Previous Year Rs. 759697/-)						1,104,530	3,643,838
	TOTAL	171,941,838	7,469,921	1,277,224	178,134,535	135,669,406	43,569,659	46,366,846
	PREVIOUS YEAR	170,877,711	3,893,926	2,829,798	171,941,839	129,218,831	46,366,846	47,025,899

(Amount in Rupees)
As at
31st March, 2008

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
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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 Rupees each	58,647,928	58,647,928
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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
(69,750) 4,750 Marksans Pharma Ltd. of Rs. 1/- each	94,226	1,214,036
	99,226	1,219,036
Less : Provision for Diminution in Investment	78,000	21,226
		—
		1,219,036

In Bonds-Unquoted

(168) Nil unit Bonds of Unit Scheme 1964, Unit Trust of India of Rs. 100/- each	—	16,800
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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
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Immovable Properties (Advance Payment)

12,624,129	12,624,129
71,588,283	72,802,893

Aggregate Cost of Quoted Investments	99,226	1,219,036
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Aggregate Market Value of Quoted Investments	21,226	1,219,036
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G. INVENTORIES

(As taken, valued and certified by the Management)

1. Stores & Spare parts [Including in transit Rs. 21,389/- (Previous Year Rs. 2,841/-)]	7,947,738	6,990,026
2. Stock-in-Trade :		
(a) Raw Materials [Including in Transit Rs. 8,01,347/- (Previous Year Rs. 38,84,216/-)]	34,322,567	40,737,561
(b) Samples	66,525	66,525
(c) Finished Goods	201,232,455	192,109,920
	235,621,547	232,914,006
Less : Provision for Non Moving Stocks	203,663	235,417,884
		203,663
3. Work in Progress	46,488,094	21,399,268
4. Stock at Port	—	1,830,555
	289,853,716	262,930,192

	(Amount in Rupees)	
	As at 31.03.2009	As at 31.03.2008
H. SUNDRY DEBTORS		
(UNSECURED)		
1. Debts outstanding for a period exceeding six months :		
a) Considered good*	7,253,121	7,173,764
b) Considered doubtful	642,600	1,375,171
	<u>7,895,721</u>	<u>8,548,935</u>
Less : Provision for doubtful debts	<u>642,600</u>	<u>1,375,171</u>
	7,253,121	7,173,764
2. Other debts considered good*	66,995,055	73,685,165
	<u>74,248,176</u>	<u>80,858,929</u>
*Includes amount of Rs. 36,34,798/- (Previous year Rs. 20,37,520/-) due from subsidiary company, Cosco Polymer Lanka (Private) Ltd. and maximum balance outstanding during the year is Rs. 36,34,798/- (Previous year Rs. 46,51,285/-)		
I. CASH & BANK BALANCES		
1. Cash in hand (Including Imprest Accounts)	2,308,815	1,323,338
2. Bank Balances with Scheduled Banks		
In Current Accounts	4,556,645	3,466,915
	<u>6,865,460</u>	<u>4,790,253</u>
J. LOANS AND ADVANCES		
(Unsecured and considered good)		
Advance to Subsidiary Company**	30,850,840	20,031,875
Advances recoverable in cash or in kind or for value to be received		
a) Considered good	22,468,735	24,501,815
b) Considered doubtful	-	51,495
	<u>22,468,735</u>	<u>24,553,310</u>
Less : Provision for doubtful advances	-	51,495
Security Deposits	1,755,662	1,693,142
Advance Tax Paid	2,632,155	2,970,748
	<u>57,707,392</u>	<u>49,197,580</u>
**During the year, maximum balance outstanding from Cosco Polymer Lanka (Private) Limited, a wholly owned subsidiary company Rs. 3,08,50,840/- (Previous Year Rs. 2,14,72,960/-).		
K. CURRENT LIABILITIES		
1. Sundry Creditors	38,673,850	39,925,902
2. Other Liabilities	23,479,881	23,794,126
3. Interest Accrued But Not Due	612,796	1,275,806
4. Security Deposits from Customers	2,824,000	2,470,000
	<u>65,590,527</u>	<u>67,465,834</u>
L. PROVISIONS		
For Fringe Benefit Tax	529,508	819,756
For Income Tax & Wealth Tax	2,802,125	2,073,079
For Leave Encashment & Gratuity	3,443,049	2,818,050
	<u>6,774,682</u>	<u>5,710,885</u>

(Amount in Rupees)

	For the year ended 31.03.2009	For the year ended 31.03.2008
M. OTHER INCOME		
Interest received	57,878	105,059
Miscellaneous Income	2,490,153	10,022,526
Export Incentives	10,825,411	9,879,653
	<u>13,373,442</u>	<u>20,007,238</u>
N. MATERIALS CONSUMED		
Opening Stock	40,737,560	57,098,361
Add : Purchase	153,695,835	151,898,043
	<u>194,433,395</u>	<u>208,996,404</u>
Less : Closing Stock	34,322,567	40,737,560
	<u>160,110,828</u>	<u>168,258,844</u>
O. SALARIES, WAGES AND BENEFITS		
Directors' Remuneration	12,298,000	11,073,043
Wages	32,518,666	24,646,027
Salary	9,704,549	11,054,762
Bonus	1,412,868	1,582,924
Provident & Other funds (Includes for Directors Rs. 65,520/-)	6,631,394	5,162,456
Gratuity Fund	1,398,024	1,129,857
Compensation	1,039,455	832,278
Welfare Expenses	1,908,337	1,399,827
(Includes Rs. 262,628/- towards medical expenses reimbursed to Directors, Previous year Rs. 202,553/-)	<u>66,911,293</u>	<u>56,881,174</u>
P. MANUFACTURING, ADMINISTRATION & SELLING		
Power & Fuel	25,546,004	26,578,082
Balls Stitching Charges	15,862,989	11,309,785
Valve Cutting Charges	7,205,027	6,209,389
Transportation & Forwarding	4,898,976	4,276,778
Stores & Spares Consumed	15,092,593	12,053,893
Repairs & Maintenance :		
Plant & Machinery	6,224,560	3,835,409
Building	352,616	386,933
Others	3,575,633	3,224,483
	<u>10,152,809</u>	<u>7,446,825</u>
Rent, Rates & Taxes	3,499,899	2,703,874
Insurance	1,534,822	1,450,487
Shipping	2,138,978	2,851,450
Packing	6,259,861	5,473,387
Export Commission	660,503	1,204,177
Advertisement & Publicity	2,237,573	1,712,043
Sales Promotion	2,132,151	2,096,812
Travelling & Conveyance	3,187,453	2,341,549
(Including Directors' Travelling Rs. 367,874/- Previous Year Rs. 201,060/-)		
Legal & Professional Fees	2,580,807	1,891,519
Postage, Telegram & Telephone	1,954,909	2,018,761

	For the year ended 31.03.2009		(Amount in Rupees) For the year ended 31.03.2008	
Auditors' Remuneration & Expenses :				
(Including Service Tax & Education Cess)				
For Audit & Tax Representation	357,417		202,248	
For Other Services	8,012		38,652	
Out of Pocket Expenses	21,290	386,719	27,167	268,067
Commission Against Sales		2,021,062		1,381,164
Special Discount		7,929,739		6,486,918
Foreign Tour Expenses		1,176,302		1,336,219
(Including Directors' Expenses Rs. 11,76,302/- Previous Year Rs. 13,34,719/-)				
Directors' Sitting Fees		21,000		21,000
Bad & Doubtful Debts Provision		288,404		209,555
Difference in Exchange Rates		7,797,105		-
Miscellaneous Expenses		15,564,408		9,724,553
		140,130,093		111,046,287
Q. INTEREST & BANK CHARGES				
Unsecured Loans		10,570,841		9,449,717
Security Deposits		-		225,286
Banks		12,485,962		12,302,723
Others		432		29,827
Bank Charges		1,999,890		1,417,580
		25,057,125		23,425,133
R. (INCREASE) / DECREASE IN FINISHED GOODS AND WORK IN PROGRESS				
Opening Stocks				
Finished Goods	192,109,920		171,336,234	
Work in Progress	21,399,268	213,509,188	19,181,301	190,517,535
Closing Stocks				
Finished Goods	201,232,455		192,109,920	
Work in Progress	46,488,094	247,720,549	21,399,268	213,509,188
		(34,211,361)		(22,991,653)

S. NOTES ON ACCOUNTS

Annexed to and forming part of the statement of Accounts for the year ended on 31.03.2009.

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) except latex bladders which is 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. 20.40 lacs (previous year Rs. 28.59 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.

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 31.03.2009 Rs.	As at 31.03.2008 Rs.
(i) Letters of Credit for purchase of Raw Materials, Stores & Spares	11,298,763	7,767,563
(ii) Guarantee		
(a) To Sales Tax Authorities:-		
for group concerns	100,000	100,000
for others	300,000	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.	101,974,300 (USD 20,05,000)	80,100,000 (USD 20,00,000)
(iii) Sales Tax Under Appeal / Dispute	357,530	409,348
(iv) Cases against the Company in Labour Court & High Court by ex-employees	1,403,479	1,262,359
(v) Case against the Company by ESIC	599,674	599,674
(vi) LADT from January, 2007 to March, 2008	-	2,155,414
3. (i) MANAGERIAL REMUNERATION		
Salaries	6,840,000	6,350,000
Commission	5,080,000	4,176,000
Contribution to Provident & Other Funds	65,520	64,740
Perquisites (excluding car perks)	171,085	202,553
Gratuity	-	200,543
H.R.A	378,000	346,500
	<u>12,534,605</u>	<u>11,340,336</u>
(ii) Computation of Profits in accordance with Section 198 of The Companies Act, 1956.		
Net Profit / (Loss) as per Profit & Loss A/c	8,315,907	1,419,069
ADD :		
(i) Depreciation charged in account	7,725,423	7,446,663
(ii) Provision for Taxation	(1,940,895)	400,982
(iii) Managerial Remuneration	12,534,605	11,340,336
(iv) Provision for doubtful debts & advances	<u>288,404</u>	<u>209,555</u>
	<u>18,607,537</u>	<u>19,397,536</u>
	26,923,444	20,816,605
LESS :		
(i) Profit on Sale of Assets	-	168,784
(ii) Depreciation in accordance with Section 350 of The Companies Act, 1956	7,725,423	7,446,663
(iii) Provisions Written Back	<u>1,152,323</u>	<u>1,675,798</u>
	<u>8,877,746</u>	<u>9,291,246</u>
NET PROFIT U/S 198 OF THE COMPANIES ACT, 1956	<u>18,045,698</u>	<u>11,525,360</u>
Directors' Remuneration @ 10% of Profits	1,804,570	1,152,536

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, 2008 & 4th September, 2008.

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	9.11	10.42	35.20	74.87
Store & Spares	7.42	1.89	5.87	14.76
Traded Goods	19.33	1.64	21.00	16.38
Finished Goods (own)	-	-	20.09	20.89

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 got the major items of opening raw material and finished goods evaluated by a technical officer of an independent body during the year under audit. Further, 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.105.46 lacs (Previous Year Rs.81.81 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, Jyoti Transpet Ltd., Lexpo Overseas, Paras Cotton Industries, Premier Legguard Works, S.S Printers, Star Engineering Works, Throu Flex House Division, Speciality Organics Pvt. Ltd.

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.	2,633,885	3,257,516
ii) Synthetic Sports Balls & Components	Pcs.	885,193	720,353
iii) Latex Bladders for sports balls	Pcs.	4,156,822	5,580,227

8. TURNOVER*

Products	Qty (Pcs.)	Current Year	Previous Year
		Value (Rs.)	Value (Rs.)
i) Rubber Moulded Sports Balls	2,696,451	113,247,679	3,462,508
ii) Synthetic Sports Balls & Components	916,761	118,755,025	694,597
iii) Latex Bladders for sports balls	3,949,991	56,179,666	5,238,125
iv) Others (includes trading goods)	-	249,153,255	-
		<u>537,335,625</u>	<u>474,033,205</u>

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

9. RAW MATERIAL CONSUMED

Items	Unit	Current Year		Previous Year	
		Qty (Pcs.)	Value (Rs.)	Qty (Pcs.)	Value (Rs.)
Rubber	Kgs.	499,322	61,426,313	315,565	34,088,480
Cloth	Mtr.	381,337	24,131,693	374,263	22,105,923
Ball Covering Material			9,101,320		7,082,734
Chemicals			23,561,854		15,743,963
Latex Bladders Body	Nos.	1,678,327	20,918,245	5,862,439	72,396,069
Others			20,971,404		16,841,673
			<u>160,110,829</u>		<u>168,258,844</u>

10. VALUE OF IMPORTED & INDIGENOUS MATERIAL CONSUMED

	%	Rs.	%	Rs.
Raw Materials				
Imported	19	31,082,096	43	71,811,610
Indigenous	81	129,028,732	57	96,447,233
Stores & Spares				
Imported	2	727,273	1	342,247
Indigenous	98	40,838,922	99	39,432,526

11. VALUE OF IMPORTS ON C.I.F. BASIS

	Current Year Rs.	Previous Year Rs.
Raw Material	27,047,544	39,547,695
Stores & Spares	774,231	—
Traded Goods	133,043,597	103,665,051
Capital Goods	404,915	—

12. EARNINGS IN FOREIGN EXCHANGE

F.O.B. value of exports	64,838,376	67,649,683
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13. EXPENDITURE IN FOREIGN CURRENCY

Raw Material	25,834,403	37,925,949
Stores & Spares	698,443	—
Travelling	680,854	622,434
Commission	660,503	1,198,177
Conference	44,805	—
Royalty	1,175,625	—
Subscription	115,468	68,519
Capital Goods	380,369	—
Traded Goods	121,613,933	92,735,999
Rebate	84,814	35,714
Ball Testing Fees	179,782	348,798
Interest & Swap Charges on Foreign Currency Loans	2,132,066	3,331,300
	<u>153,601,065</u>	<u>136,266,890</u>

14. PURCHASES OF TRADED GOODS

Sports Goods & Accessories	74,222,319	61,273,187
Others	104,386,275	86,880,754
	<u>178,608,595</u>	<u>148,153,942</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	1,966,239	53,513,544	2,028,805	49,689,924	2,233,797	45,825,329
ii) Syn. Sports Balls & Components	494,972	39,422,092	526,540	43,458,991	500,784	38,103,259
iii) Sports Ball Butyl Bladders	31,075	539,868	31,075	570,209	31,075	556,292
iv) Latex Bladders for Sports Balls	1,667,829	28,424,149	1,460,998	22,721,452	1,118,896	14,832,388
v) Others (Includes Trading goods)		79,332,801	—	75,669,343	—	72,018,967
		201,232,455		192,109,920		171,336,235

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 |

(ii) Disclosure of transactions between the company and related parties and the status of outstanding balance as on 31st March 2009 :

	Amount in Rs. 2008-09	Amount in Rs. 2007-08
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 20,00,000)	101,974,300 (US \$ 1=50.86)	80,100,000 (US \$ 1=40.05)
Sale of goods including Plant and Machinery	852,911 (US \$ 20289.31)	1,024,833 (US \$ 24661.40)
Balance amount receivable at the year end against sales	3,634,798 (US \$ 71664.01)	2,037,520 (US \$ 51374.70)
Purchase of goods	12,099,376 (US \$ 264239.05)	20,828,486 (US \$ 510356.44)
Balance amount payable at the year end against purchases	Nil	1,924,850 (US \$ 47951.07)
<u>Advance payment for purchases</u>		
Amount paid during the year	2,236,600 (US \$ 50000)	17,778,530 (US \$ 445000)
Balance amount receivable at the year end	22,001,864 (US \$ 429640)	15,219,000 (US \$ 380000)
Amount receivable on account of expenses	8,848,976	4,812,875
Companies under the same Management		
<u>Inter Corporate Deposits</u>		
Received during the year	23,240,000	3,200,000
Repaid during the year	2,395,000	8,139,829
Outstanding at the year end	56,299,407	35,454,407
Interest paid/credited	2,400,600	2,553,185
Sale of Goods	Nil	417,810
Purchase of Goods	29,646	22,561,583
Guarantee	100,000	100,000
Purchase Advance given outstanding at the year end (Dr.)	Nil	241,488
Sales Advance received outstanding at the year end (Cr.)	316,536	190,912
Lease Rent	600,000	100,000
Key Management Personnel		
Remuneration	Refer Note No. 3 of Notes to the Accounts	
Rent	25,764	25,764
<u>Deposit</u>		
Received during the year	28,030,000	12,914,530
Repaid during the year	6,444,797	11,412,411
Outstanding at the year end	92,027,742	70,442,539
Interest paid/Credited	6,500,324	5,095,304

	Amount in Rs. 2008-09	Amount in Rs. 2007-08
Key Management Personnel's Relatives		
<u>Deposit</u>		
Repaid during the year	22,544,094	1,601,228
Outstanding at the year end	Nil	22,544,094
Interest paid/Credited	1,669,917	1,801,228
Rent	29,436	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 31 March, 2009	Rs. Nil

17. The Deferred Tax Asset / Liability (net) comprise of the following :

	As At 31st March, 2009	As At 31st March, 2008
a) Deferred Tax Assets		
i) Related to other timing differences	279,772	496,719
ii) Related to Loss brought forward	2,600,300	2,880,072
b) Deferred Tax Liability		
i) Related to fiscal allowance on fixed assests	2,009,881	2,629,728
ii) Related to other timing differences	245,177	286,752
	625,014	(2,419,761)

18. Earning per Share :-

	Rs.	Rs.
(i) Net Profit After Tax	8,200,452	1,251,770
(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	1.97	0.30
(v) Diluted Earning per Share	1.97	0.30

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". Activity relating to purchase & sale of shares has not been included in segment reporting. During the year, the company has earned Rs. 2.81 lacs (net) included in Misc. Income on a turnover of Rs. 18.96 lacs and purchase of shares of Rs. 17.10 lacs (including opening).
- 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., 2009	31 st Mar., 2008	31 st Mar., 2009	31 st Mar., 2008	31 st Mar., 2009	31 st Mar., 2008	31 st Mar., 2009	31 st Mar., 2008
1.	Segment Revenue								
	Sales	288,998,190	271,430,089	248,335,377	202,603,116			537,333,567	474,033,205
	Other Income	12,124,884	15,635,540	909,927	2,966,317			13,034,811	18,601,857
	Total	301,123,074	287,065,629	249,245,304	205,569,433			550,368,378	492,635,062
2.	Segment Results								
	Profit/(Loss) Before Interest and Tax	1,157,066	(5,197,387)	29,936,440	29,073,743			31,093,506	23,876,356
	Less : Interest Expense	13,476,664	13,413,166	11,580,461	10,011,967			25,057,125	23,425,133
	Add : Interest/Dividend/Other Income					338,632	1,405,382	338,632	1,405,382
	Total Profit/(Loss) Before Tax	(12,319,598)	(18,610,553)	18,355,979	19,061,776	338,632	1,405,382	6,375,013	1,856,605
	Less Tax								
	Current Tax					1,103,880	821,336	1,103,880	821,336
	Deferred Tax					(3,044,776)	(420,354)	(3,044,776)	(420,354)
	Net Profit/(Loss) After Tax							8,315,909	1,455,623
3.	Other Information								
	A. Segment Assets	291,317,308	277,619,205	120,465,668	123,087,010	132,674,725	116,240,479	544,457,701	516,946,694
	B. Segment Liabilities	50,699,481	54,826,969	21,052,932	17,073,945	612,796	1,275,806	72,365,209	73,176,720
	Capital Expenditure	4,275,382	6,399,295	655,230	1,138,469			4,930,613	7,537,764
	Depreciation	6,499,188	6,315,355	1,226,235	1,131,308			7,725,423	7,446,663
	C. Working Capital (A-B)	240,617,827	222,792,236	99,412,736	106,013,065	132,061,929	114,964,673	472,092,492	443,769,974

(ii) Secondary Segment Information

	Year 2008-2009	Year 2007-2008
1. Segment Revenue		
– Within India	487,009,486	423,607,514
– Outside India	63,358,892	69,027,548
Total Revenue	550,368,378	492,635,062
2. Segment Assets		
– Within India	485,809,773	458,298,766
– Outside India	58,647,928	58,647,928
Total Assets	544,457,701	516,946,694
3. Segment Liabilities		
– Within India	72,365,209	73,176,720
– Outside India	—	—
Total Liabilities	72,365,209	73,176,720
4. Capital Expenditure		
– Within India	4,930,613	7,537,764
– Outside India	—	—
Total Expenditure	4,930,613	7,537,764

20. Details of Investments purchased and sold during the year ended March 31, 2009

Particulars	Purchased		Sold	
	No. of Units	Amount (Rs.)	No. of Units	Amount (Rs.)
Equity Shares				
K.S.Oils Ltd.	—	—	—	—
	(293,417)	(22,866,612)	(293,417)	(23,329,489)
OK Play India Ltd.	—	—	—	—
	(3,000)	(438,222)	(3,000)	(350,353)
Marksans Pharma Ltd.	25,000	495,925	90,000	1,896,489
	(22,725)	(2,911,053)	(15,750)	(3,147,851)
Orissa Sponge Iron & Steel Ltd.	—	—	—	—
	(1,500)	(960,753)	(1,500)	(689,342)
Nifty (F & O)	—	—	—	—
	(43,550)	(9,543,946)	(43,550)	(9,458,688)
Sahara Housingfin Corporation Ltd.	—	—	—	—
	(500)	(528,280)	(500)	(351,930)
Total		495,925		1,896,489
		(37,248,867)		(37,327,654)

Note : Previous year figures are mentioned in brackets.

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

	<u>31.03.2009</u>	<u>31.03.2008</u>
<u>Future Lease Rentals</u>		
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	100,000
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:-

	<u>Year Ended</u> <u>March 31, 2009</u>	<u>Year Ended</u> <u>March 31, 2008</u>
	<u>Rs.</u>	<u>Rs.</u>
Employer's contribution to provident fund	1,416,587	1,050,703
Employer's contribution to pension fund	2,838,865	2,078,335

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.

	<u>Gratuity (Funded)</u>	
	<u>Year Ended</u> <u>March 31, 2009</u>	<u>Year Ended</u> <u>March 31, 2008</u>
	<u>Rs.</u>	<u>Rs.</u>
I. Change in the benefit obligation		
Defined benefit obligation at beginning of the year	5,272,784	4,448,695
Current service cost	406,017	354,395
Interest cost	421,823	333,652
Benefits paid	319,390	746,730
Actuarial (Gain) / Loss on obligations	1,107,252	882,772
Defined benefit obligation at the end of the year	6,888,486	5,272,784
II. Change in plan assets		
Fair value of plan assets at the beginning of the year	5,906,916	5,098,020
Expected return on plan assets	537,068	440,962
Employer Contribution	735,274	1,114,664
Benefits paid	319,390	746,730
Actuarial (gain)/Loss on plan assets	—	—
Fair value of plan assets at the year end	6,859,868	5,906,916
Actual return on plan assets	537,068	440,962
III. Reconciliation of fair value of assets and obligations		
Fair value of plan assets at the end of the year	6,859,868	5,906,916
Present value of obligation at the end of the year	6,888,486	5,272,784
Funded Status	28,618	634,132
Net Asset / (Liability)	(28,618)	634,132

IV. Expenses recognised during the year

Current Service Cost	406,017	354,395
Interest Cost	421,823	333,652
Expected return on plan assets	537,068	440,962
Net actuarial (Gain) / Loss	1,107,252	882,772
Expenses charged to Profit & Loss Account	1,398,024	1,129,857

V. Actuarial Assumptions

Discount Rate	8% p.a	8% p.a
Salary Escalation	6% p.a	5% 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.1,63,945/- has been provided by charge to current year's profit.

23. The amount of net exchange difference (Loss) in respect of transactions other than fixed assets included in the Profit & Loss Account for the year is Rs.77,97,105/- [Previous Year - Rs.25,92,541/- (Profit)].
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.
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 Agreements and Title documents shall be entered shortly since allocation and earmarking of specific properties / apartments / flats is delayed due to some hiccups in administrative clearances which shall be done in due course as confirmed by the Builder / Developer.
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. During the year, the company has invested / traded in the equity shares of various companies. Investments were held in the name of the company and such activity of the Company is covered vide clause 13 of the Ancillary or Incidental objects stipulated in the Memorandum of Association of the company and falls within the purview of section 372A of The Companies Act,1956. The purchase & sale of equity shares includes purchase of Rs.4.96 lacs (previous year Rs. 372.49 lacs) and sale of Rs.18.96 lacs (previous year Rs. 373.28 lacs) resulting a net profit of Rs. 2.81 lacs (previous year Rs.12.93 lacs) included in Miscellaneous Income.
29. The outstanding balances of deposits / unsecured loans accepted from promoter shareholders, which were being retained pursuant to stipulations of Bankers for renewal of credit facilities, has been repaid during the year. However, in view of the management, these deposits from promoter shareholders are exempt in terms of Rule 2(xi) of Companies (Acceptance of Deposit) Rules,1975.
30. 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;
 - @ 8% per annum on inter-corporate loans (same as per last year), from Cosco Polymer Industries Pvt. Ltd, taken during current year;
 - @ 8% per annum (same as per last year) on loans taken from Directors.
31. During the year Cosco Polymer Lanka Pvt. Ltd., the subsidiary company, has reported loss of Rs.460.36 lacs (Previous year Rs.214.39 lacs). The accumulated loss as on 31.03.2009 is Rs.1279.99 lacs (Previous year Rs.692.44 lacs reconverted at Rs.819.63 lacs). The business operations of the subsidiary company were suspended due to global recession and unfavourable political situations in Sri Lanka. However, the management is hopeful to restart the operations in near future after ascertaining the commercial viability of the operations of the subsidiary company and considering global economic environment. 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 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.

32. In respect of payments overdue from foreign customers excluding subsidiary company amounting to Rs.4,32,312/- (previous year Rs.14,11,785/-), the management is in active touch for recovery of the amount. Therefore no provision for doubtful debts is made in the accounts. Similarly, in respect of export incentive receivable for earlier years amounting to Rs.18,457/- (previous year Rs.31,89,451/-), the management is hopeful of realisation and accordingly no provision is made in the books of accounts.
33. 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.
34. No impairment loss is recognised as on 31.03.2009 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.
35. 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.
36. Advance of Rs.3,08,50,840/- (previous year Rs.2,00,31,875/-) to wholly owned subsidiary, Cosco Polymer Lanka Private Limited, includes Rs.2,20,01,864/- (previous year Rs.1,52,19,000/-) on account of Advance against Supplies and Rs.88,48,976/- (previous year Rs.48,12,875/-) recoverable on account of expenses incurred on their behalf.
37. Loans & Advances include 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 initiated the filing of claims subsequent to the date of Balance Sheet and it is hoped that all the claims shall be received in the subsequent year.
38. Loans & Advances include Rs.19,70,623/- (as Sales Tax Recoverable from U.P. Commercial Tax, Noida) on account of amount deposited under protest against provisional assessment order of Noida branch sales for 2008-2009. The demand has been set aside by Allahabad High Court on 13.05.09.
39. 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. The company has obtained post dated cheques from the party for the said amount and accordingly the management is hopeful of realising the amount.
40. Loans & Advances include a sum of Rs.30,245/- and Current Liabilities include a sum of Rs.27,607/- on account of difference in Inter Branch Account and Unlinked Credit respectively. The final adjustment entries shall be passed in the subsequent year on completion of reconciliation of accounts.
41. The amount of sundry debtors and Loans & Advances include Rs.10,01,668/- overdue for which the management is in active touch for recovery of the same. Therefore, no provision for doubtful debts is made in the accounts.
42. Other income includes Rs.33,73,305/- 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.
43. Unsecured Loans include Rs.54 lacs borrowed from bank against term deposit receipt of the promoter company.
44. Misc. Income includes Bonus Provision Written Back Rs.62,883/- (previous year Rs.2,229/-).
45. Previous year figures have been regrouped / rearranged wherever considered necessary to make them comparable with those of current year figure.
46. 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 : 5th September, 2009.

CASH FLOW STATEMENT FROM 1ST APRIL, 2008 TO 31ST MARCH, 2009
ANNEXED TO THE BALANCE SHEET AS ON 31.03.2009.

	For the Year ended 31.03.2009 Rs.	For the Year ended 31.03.2008 Rs.
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before tax and extra ordinary items	29,173,557	22,264,673
Adjustments for :		
Depreciation	7,725,423	7,446,663
	36,898,980	29,711,336
Adjustments for :		
(Increase)/Decrease in Trade and Other Receivables	6,610,753	(21,220,373)
(Increase)/Decrease in Inventories	(26,923,524)	(4,356,385)
(Increase)/Decrease in Loans and Advances	(9,134,827)	(13,569,678)
(Decrease)/ Increase in Trade Payables	(1,252,052)	8,840,781
(Decrease)/Increase in Other Current Liabilities	(1,048,825)	38,198,111
Cash Generated From Operations	5,150,505	37,603,792
Less : Interest Paid	23,056,803	21,977,726
Direct Taxes Paid	(1,940,896)	423,627
Cash Flow Before Extra Ordinary Items	(15,965,402)	15,202,439
Extra Ordinary Items	(115,455)	(167,299)
Net Cash From Operating Activities	(16,080,857)	15,035,140
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(4,930,613)	(7,095,963)
Sale of Fixed Assets	-	458,722
Purchase of Investments	(495,925)	(37,248,867)
Sale of Investments	1,913,289	37,327,654
Interest Received	57,878	105,059
Dividend Received	-	4,500
Net Cash Flow from / (Used in) Investing Activities	(3,455,371)	(6,448,895)

C. CASH FLOW FROM FINANCING ACTIVITIES

Proceeds From Long Term Borrowings / Loans	58,805,952	16,788,242
Repayment/ Adjustments of Long Term Borrowings/Loans	37,194,517	28,447,728
Net Cash Flow from Financing Activities	21,611,435	(11,659,486)
Increase in Cash and Cash Equivalents (A+B+C)	2,075,207	(3,073,241)
Opening Balance of Cash and Cash Equivalents	4,790,253	7,863,494
Closing Balance of Cash and Cash Equivalents	<u>6,865,460</u>	<u>4,790,253</u>

NOTES :

1. CASH AND CASH EQUIVALENT INCLUDE :

Cash on hand	2,308,815	1,323,338
<u>With Scheduled Banks</u>		
On Current Accounts (Including accounts with overdraft facility)	4,556,645	3,466,915
	<u>6,865,460</u>	<u>4,790,253</u>

As per our report of even date.

FOR R.N. BAHL & CO.
CHARTERED ACCOUNTANTS

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 : 5th September, 2009.

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	31.03.2009

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	472,092,492
Total Assets	472,092,492
Sources of Funds	
Paid-up Capital	41,610,000
Reserves and Surplus	143,488,576
Secured Loan	133,266,767
Unsecured Loans	153,727,149
Application of Funds	
Net Fixed Assets (Incl. Capital Work in progress)	43,569,659
Investments	71,588,283
Net Currents Assets	356,309,535
Miscellaneous Expenditure	—

IV. PERFORMANCE OF COMPANY

Turnover (Net Sales and other income)	550,707,009
Total Expenditure	544,331,996
Profit/(Loss) before Tax	6,375,013
Profit/(Loss) after Tax	8,315,909
Profit/(Loss) after prior period adjustments	8,200,454
Earning per Share	1.97
Dividend	—

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 31-03-2009, 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. 716.66 lacs (Rs.833.09 lacs) as at 31.03.2009 and total turnover of Rs. 125.80 lacs (Rs.210.48 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; note no. 24 reg. loans & advances and regarding valuation of inventories of repairable health & fitness equipment of Rs. 24.57 Lakhs; old models of fitness equipment of Rs. 19.55 Lakh and spares in respect of health equipment of Rs. 60.65 Lakhs and synthetic panels of Rs. 86.57 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 observe the taking of physical stocks as of March 31, 2009 and did not verify the value of inventories by other audit procedures. Inventories are stated at values placed by the directors. Further we were not provided with a direct confirmation from the Bank for the bank loans of Rs. 81398966.79 (Sri Lankan Rupees) as stated in Note 17
2. 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.
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. Management plans to resume operations once its customers recover from the effects of global economic downturn. 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 31.03.09
 - (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

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

Place : New Delhi
Date : 5th September, 2009

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2009

(Amount in Rupees)

SCHEDULES			AS AT 31.03.2009	AS AT 31.03.2008
I. SOURCES OF FUNDS				
Share Holders' Funds				
(a) Share Capital	A	41,610,000		41,610,000
(b) Reserves & Surplus	B	12,402,049	54,012,049	63,968,289
Loan Funds				
(a) Secured	C	225,992,564		211,585,717
(b) Unsecured	D	153,727,149	379,719,713	128,441,040
Deferred Tax Liability (Net)			-	2,419,761
(Refer Note 8 of Schedule T)				
			<u>433,731,762</u>	<u>448,024,807</u>
II. APPLICATION OF FUNDS				
Fixed Assets :				
(a) Gross Block	E	256,071,107		237,594,284
(b) Less: Depreciation		163,781,637		146,464,646
(c) Net Block		92,289,470		91,129,638
(d) Goodwill Arising on Consolidation		1,576,524		10,432,655
(e) Capital Work in Progress		1,104,530	94,970,524	3,643,838
Investments	F		12,940,355	14,154,965
Deferred Tax Asset (Net)			625,015	-
(Refer Note 8 of Schedule T)				
Current Assets,				
Loans & Advances :				
(a) Inventories	G	307,972,631		290,144,247
(b) Sundry Debtors	H	71,112,870		79,888,372
(c) Cash & Bank Balances	I	7,011,702		5,272,054
(d) Loans and Advances	J	28,223,493		31,691,685
Less : Current Liabilities & Provisions :		414,320,696		406,996,358
(a) Liabilities	K	84,433,532		76,143,097
(b) Provisions	L	6,774,682		5,710,885
		91,208,214		81,853,982
Net Current Assets			323,112,482	325,142,376
Miscellaneous Expenditure	M		2,083,386	3,521,335
(to the extent not w/off)				
			<u>433,731,762</u>	<u>448,024,807</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

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 : 5th September, 2009.



CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2009

	SCHEDULES	FOR THE YEAR ENDED 31.03.2009 Rs.	FOR THE YEAR ENDED 31.03.2008 Rs.
I. INCOME :			
(a) Sales		536,480,656	473,015,988
(b) Other Income	N	13,391,967	25,993,145
		<u>549,872,623</u>	<u>499,009,133</u>
II. EXPENDITURE :			
a) Purchase of Traded Goods		178,608,595	148,153,942
b) Raw Materials Consumed	O	154,712,290	155,067,344
c) Salary, Wages & Benefits	P	72,774,525	62,422,715
d) Manufacturing, Administration and Selling	Q	169,960,415	120,443,471
e) Interest & Bank Charges	R	32,238,071	30,953,365
f) Depreciation		15,461,732	13,427,848
g) Miscellaneous Expenditure written off		2,085,047	1,761,497
		<u>625,840,675</u>	<u>532,230,182</u>
h) (Increase)/Decrease in Finished Goods and Work-in-Progress	S	(22,576,371)	(20,126,585)
		<u>603,264,304</u>	<u>512,103,597</u>
III. PROFIT/(LOSS) BEFORE TAXATION		(53,391,681)	(13,094,464)
IV. PROVISION FOR TAXATION : CURRENT	574,372		380,864
FRINGE BENEFIT	529,508		440,472
DEFERRED TAX	(3,044,776)	(1,940,896)	(420,354)
		<u>(1,940,896)</u>	<u>400,982</u>
V. PROFIT/(LOSS) AFTER TAXATION		(51,450,785)	(13,495,446)
VI. PRIOR PERIOD ADJUSTMENTS ADD / (DEDUCT)			
Expenses		(115,455)	(167,299)
		<u>(51,566,240)</u>	<u>(13,662,745)</u>
VII. PROFIT/(LOSS) AFTER PRIOR PERIOD ADJUSTMENTS			
APPROPRIATIONS			
Transferred to :			
GENERAL RESERVE		(51,566,240)	(13,662,745)
Basic and Diluted Earnings per share Rs. (Refer Note No. 11 in Schedule T)		(12.39)	(3.28)
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

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 : 5th September, 2009.

SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET

	As at 31.03.2009	(Amount in Rupees) As at 31.03.2008
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

	As at 01.04.2008 Rs.	Additions Rs.	Deductions Rs.	As at 31.03.2009 Rs.
B. RESERVES & SURPLUS				
Share Premium Account	31,230,000	—		31,230,000
General Reserve	24,238,289	(51,566,240)	—	(27,327,951)
Profit & Loss Account	8,500,000	—	—	8,500,000
	63,968,289	(51,566,240)	—	12,402,049
Previous Year	77,631,034	(13,662,745)	—	63,968,289

	As at 31st March, 2009	As at 31st March, 2008
--	---------------------------	---------------------------

C. SECURED LOANS

(i) WORKING CAPITAL LOANS

From Banks

Rupees Loans	96,671,814	80,641,110
Foreign Currency Loans	29,125,773	44,226,083

(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

Export Bill Discount*	—	1,556,294
Bank Overdraft*	56,950,950	39,394,445

(Secured by primary mortgage over stock in trade and other movables)

	(Amount in Rupees)	
	As at	As at
	31st March, 2009	31st March, 2008

(ii) **TERM LOAN**

From Banks

Foreign Currency Loans

6,401,250 10,012,500

(Repayable within one year Rs. 64.01 lacs)

(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)

State Bank of India, Colombo

Term Loan No. 1*

15,586,428 15,782,223

(Repayable within one year Rs. 60.33 lacs)

(Secured against primary mortgage over leasehold land, building and immovable plant and machinery)

Term Loan No. 2*

9,730,428 9,535,124

(Repayable within one year Rs. 30.17 lacs)

(Secured against territory mortgage over leasehold land, building and immovable plant and machinery)

Term Loan No. 3*

10,457,991 9,285,414

(Repayable within one year Rs. 18.10 lacs)

(Secured against territory mortgage over leasehold land, building and immovable plant and machinery)

(iii) **OTHER LOANS**

(Secured against hypothecation of Vehicles)

1,067,930 1,152,524

(Repayable within one year Rs. 6.83 lacs)

225,992,564 211,585,717

D. UNSECURED LOANS

196,971,176 174,208,825

a) Deposits from

i) Companies

56,299,407 35,454,407

ii) Directors

92,027,742 70,442,539

iii) Others

– 22,544,094

b) From Bank

5,400,000 –

153,727,149 128,441,040

E. FIXED ASSETS

(Amount in Rupees)

Block of Assets	Gross Block as at 1.04.2008	Additions	Deductions	Gross Block as at 31.03.2009	Depreciation upto 31.03.2009	Net Block 31.03.2009	Net Block 31.03.2008
Land – Free Hold	560,725	—	—	560,725	—	560,725	560,725
– Lease Hold	1,891,848	347,493	—	2,239,341	—	2,239,341	1,891,848
Buildings	57,531,041	3,100,093	—	60,631,134	29,914,360	30,716,774	30,287,552
Furniture & Fittings	7,463,295	219,864	2,791	7,680,368	6,470,434	1,209,934	1,689,917
Plant and Machinery	162,060,894	15,011,538	1,274,433	175,797,999	121,826,007	53,971,992	52,815,063
Vehicles	8,086,481	1,112,645	37,586	9,161,540	5,570,836	3,590,704	3,884,533
	237,594,284	19,791,633	1,314,810	256,071,107	163,781,637	92,289,470	91,129,638
Capital Work-in-Progress (Including advance on Capital Account Rs. 461,407/- Previous Year Rs. 759,697/-)						1,104,530	3,643,838
TOTAL	237,594,284	19,791,633	1,314,810	256,071,107	163,781,637	93,394,000	94,773,476

PREVIOUS YEAR 241,798,005 4,018,117 8,221,838 237,594,284 146,464,646 94,773,476

Additions include Rs. 1,23,21,712/- (exchange rate difference on consolidation)
(previous year deductions include Rs. 5,392,040/- exchange rate difference on consolidation).

	(Amount in Rupees)	
	As at 31st March, 2009	As at 31st March, 2008
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
(69,750) 4,750 Marksans Pharma Ltd. of Rs. 1/- each	94,226	1,214,036
	99,226	1,219,036
Less : Provision for Diminution in Investment	78,000	21,226
		1,219,036
In Bonds-Unquoted		
(168) Nil unit Bonds of Unit Scheme 1964, Unit Trust of India of Rs. 100/- each	—	16,800
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
	12,940,355	14,154,965
Aggregate cost of Quoted Investments	99,226	1,219,036
Aggregate Market Value of Quoted Investments	21,226	1,219,036
G. INVENTORIES		
(As taken, valued and certified by the Management)		
1. Stores & Spare Parts		
[Including in Transit Rs. 21,389/-		
(Previous Year Rs. 2,841/-)]	8,803,691	7,628,648
2. Stock-in-Trade		
(a) Raw Materials		
[Including in Transit Rs. 8,01,347/-		
(Previous Year Rs. 38,84,216/-)]	41,389,343	47,312,373
(b) Samples	66,525	66,525
(c) Finished Goods	201,418,309	204,864,330
	242,874,177	252,243,228
Less : Provision for Non Moving Stocks	203,663	242,670,514
		203,663
3. Work in Progress	56,498,426	30,476,034
	307,972,631	290,144,247

	As at 31.03. 2009	(Amount in Rupees) As at 31.03.2008
H. SUNDRY DEBTORS		
<u>UNSECURED</u>		
1. Debts outstanding for a period exceeding six months :		
a) Considered good	7,253,121	7,173,764
b) Considered doubtful	642,600	1,375,171
	<u>7,895,721</u>	<u>8,548,935</u>
Less : Provision for doubtful debts	642,600	1,375,171
	<u>7,253,121</u>	<u>7,173,764</u>
2. Other Debts Considered good	63,859,749	72,714,608
	<u>71,112,870</u>	<u>79,888,372</u>
I. CASH & BANK BALANCES		
1. Cash in hand (Including Imprest Accounts)	2,454,008	1,327,345
2. Bank Balances with Scheduled Banks		
i) In Current & Savings Accounts	4,557,694	3,944,709
	<u>7,011,702</u>	<u>5,272,054</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	23,489,570	26,713,117
b) Considered doubtful	—	51,495
	<u>23,489,570</u>	<u>26,764,612</u>
Less : Provision for Doubtful Advances	—	51,495
Security Deposits	2,101,768	2,007,820
Advance Tax Paid	2,632,155	2,970,748
	<u>28,223,493</u>	<u>31,691,685</u>
K. CURRENT LIABILITIES		
1. Sundry Creditors	48,406,422	48,603,165
2. Other Liabilities	32,590,314	23,794,126
3. Interest Accrued But Not Due	612,796	1,275,806
4. Security Deposits from Customers	2,824,000	2,470,000
	<u>84,433,532</u>	<u>76,143,097</u>
L. PROVISIONS		
For Fringe Benefit Tax	529,508	819,756
For Income Tax & Wealth Tax	2,802,125	2,073,079
For Leave Encashment & Gratuity	3,443,049	2,818,050
	<u>6,774,682</u>	<u>5,710,885</u>
M. MISCELLANEOUS EXPENDITURE		
(To the extent not written off or adjusted)		
Preliminary Expenses	3,521,335	5,708,381
Less : Amount written off*	1,437,949	2,187,046
	<u>2,083,386</u>	<u>3,521,335</u>

*Amount Written Off decreased by Rs. 6,47,100/- on account of exchange rate fluctuation (previous year increased by Rs. 425,549/-)

(Amount in Rupees)
For the year
ended 31.3. 2008

	For the year ended 31.3. 2009		For the year ended 31.3. 2008
N. OTHER INCOME			
Interest received	57,878		106,417
Miscellaneous Income	2,508,678		16,007,075
Export Incentives	10,825,411		9,879,653
	<u>13,391,967</u>		<u>25,993,145</u>
O. MATERIALS CONSUMED			
Opening Stock	47,312,372		69,009,363
Add : Purchase	148,789,261		133,370,353
	196,101,633		202,379,716
Less : Closing Stock	<u>41,389,343</u>		<u>47,312,372</u>
	<u>154,712,290</u>		<u>155,067,344</u>
P. SALARY, WAGES & BENEFITS			
Directors' Remuneration	12,298,000		11,073,043
Wages	35,457,554		27,588,690
Salary	11,015,354		12,795,822
Bonus	1,412,868		1,582,924
Provident & Other funds (Includes for Directors Rs. 65,520/-)	6,871,664		5,452,314
Gratuity Fund	1,398,024		1,129,857
Compensation	1,942,239		832,278
Welfare Expenses (Includes Rs. 262,628/- towards medical expenses reimbursed to Directors, Previous year Rs. 202,553/-)	<u>2,378,822</u>		<u>1,967,787</u>
	<u>72,774,525</u>		<u>62,422,715</u>
Q. MANUFACTURING, ADMINISTRATION & SELLING			
Power & Fuel	28,226,702		29,395,670
Balls Stitching Charges	15,862,989		11,309,785
Valve Cutting Charges	7,205,027		6,209,389
Transportation & Forwarding	5,020,257		4,276,778
Stores & Spares Consumed	15,006,189		12,112,731
<u>Repairs & Maintenance :</u>			
Plant & Machinery	6,241,290		3,864,556
Building	352,616		386,933
Others	<u>3,719,664</u>	10,313,570	<u>3,325,559</u>
Rent, Rates & Taxes	3,856,594		3,010,713
Insurance	1,702,541		1,580,088
Shipping	2,138,978		2,924,446
Packing	6,271,781		5,501,184
Export Commission	660,503		1,204,177
Advertisement & Publicity	2,237,573		1,712,043
Sales Promotion	2,132,151		2,096,812
Travelling & Conveyance (Including Directors' Travelling Rs. 367,874/- Previous Year Rs. 201,060/-)	<u>3,187,453</u>		<u>2,341,549</u>
Legal & Professional Fees	2,593,498		1,906,742
Postage, Telegram & Telephone	2,083,894		2,239,199
<u>Auditors' Remuneration & Expenses :</u> (including Service Tax & Education Cess)			
For Audit & Tax Representation	390,380		231,952
For Other Services	8,012		38,652
Out of Pocket Expenses	<u>21,290</u>	419,682	<u>27,167</u>
			297,771

(Amount in Rupees)

	For the year ended 31.03.2009	For the year ended 31.03.2008
Commission Against Sales	2,021,062	1,381,164
Special Discount	7,929,739	6,486,918
Foreign Tour Expenses (Including Directors' Expenses Rs. 1,176,302/- Previous Year Rs. 1,334,719/-)	1,246,919	1,460,375
Directors' Sitting Fees	21,000	21,000
Bad & Doubtful Debts Provision	288,404	209,555
Difference in Exchange Rates	31,938,560	-
Miscellaneous Expenses	17,595,349	15,188,334
	<u>169,960,415</u>	<u>120,443,471</u>
R. INTEREST & BANK CHARGES		
Unsecured Loans	10,570,841	9,449,717
Security Deposits	-	225,286
Banks	14,614,725	15,134,538
Others	432	29,827
Bank Charges	7,052,073	6,113,997
	<u>32,238,071</u>	<u>30,953,365</u>
S. (INCREASE) / DECREASE IN FINISHED GOODS AND WORK IN PROGRESS		
Opening Stocks		
Finished Goods	204,864,330	183,334,240
Work in Progress	30,476,034	31,879,539
	<u>235,340,364</u>	<u>215,213,779</u>
Closing Stocks		
Finished Goods	201,418,309	204,864,330
Work in Progress	56,498,426	30,476,034
	<u>257,916,735</u>	<u>235,340,364</u>
	<u>(22,576,371)</u>	<u>(20,126,585)</u>

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 :-

- 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.
- 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.
- 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.
- 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 31.03.2009 Rs.	AS AT 31.03.2008 Rs.
4. CONTINGENT LIABILITIES NOT PROVIDED FOR IN RESPECT OF		
(i) Letters of Credit for purchase of Raw Materials, Stores & Spares	11,298,763	7,767,563
(ii) Guarantee		
(a) To Sales Tax Authorities:- for group concerns for others	100,000 300,000	100,000 300,000
(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	409,348
(iv) Cases against the Company in Labour Court & High Court by ex-employees	1,403,479	1,262,359
(v) Case against the Company by ESIC	599,674	599,674
(vi) LADT from January, 2007 to March, 2008	-	2,155,414
5. (i) MANAGERIAL REMUNERATION		
Salaries	6,840,000	6,350,000
Commission	5,080,000	4,176,000
Contribution to Provident & Other Funds	65,520	64,740
Perquisites (excluding car perls)	171,085	202,553
Gratuity	-	200,543
H.R.A	378,000	346,500
	12,534,605	11,340,336

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	9.11	10.42	35.20	74.87
Store & Spares	7.42	1.89	5.87	14.76
Traded Goods	19.33	1.64	21.00	16.38
Finished Goods (own)	-	-	20.09	20.89

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 got the major items of opening raw material and finished goods evaluated by a technical officer of an independent body during the year under audit. Further, 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, 2009	As At 31st March, 2008
a) Deferred Tax Assets			
i) Related to other timing differences	279,772		496,719
ii) Related to Loss brought forward	<u>2,600,300</u>	<u>2,880,072</u>	<u>—</u> 496,719
b) Deferred Tax Liability			
i) Related to fiscal allowance on fixed assets	2,009,880		2,629,728
ii) Related to other timing differences	<u>245,177</u>	<u>2,255,057</u>	<u>286,752</u> 2,916,480
		<u>625,015</u>	<u>(2,419,761)</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 |

(ii) Disclosure of transactions between the company and related parties and the status of outstanding balance as on 31st March 2009 :

	Amount in Rs. 2008-09	Amount in Rs. 2007-08
Companies under the same Management		
<u>Inter Corporate Deposits</u>		
Received during the year	23,240,000	3,200,000
Repaid during the year	2,395,000	8,139,829
Outstanding at the year end	56,299,407	35,454,407
Interest paid/credited	2,400,600	2,553,185
Sale of Goods	Nil	417,810
Purchase of Goods	29,646	22,561,583
Guarantee	100,000	100,000
Purchase advance given outstanding at the year end (Dr.)	Nil	241,488
Sales Advance received outstanding at the year end (Cr.)	316,536	190,912
Lease Rent	600,000	100,000

Key Management Personnel

Remuneration	Refer Note No. 3 of Notes to the Accounts	
Rent	25,764	25,764

Deposits

Received during the year	28,030,000	12,914,530
Repaid during the year	6,444,797	11,412,411
Outstanding at the year end	92,027,742	70,442,539
Interest paid/Credited	6,500,324	5,095,304

Key Management Personnels Relatives

Deposits

Repaid during the year	22,544,094	1,601,228
Outstanding at the year end	Nil	22,544,094
Interest paid/Credited	1,669,917	1,801,228
Rent	29,436	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, 2009	Nil

10. 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". Activity relating to purchase & sale of shares has not been included in segment reporting. During the year, company has earned Rs. 2.81 lacs (net) included in Misc. Income on a turnover of Rs. 18.96 lacs and purchase of shares of Rs. 17.10 lacs (including opening).
- 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., 2009	31 st Mar., 2008	31 st Mar., 2009	31 st Mar., 2008	31 st Mar., 2009	31 st Mar., 2008	31 st Mar., 2009	31 st Mar., 2008
1.	Segment Revenue								
	Sales	288,145,279	270,412,872	248,335,377	202,603,116			536,480,656	473,015,988
	Other Income	12,136,355	19,013,383	916,981	5,573,022			13,053,336	24,586,405
	Total	300,281,634	289,426,255	249,252,358	208,176,138			549,533,992	497,602,393
2.	Segment Results								
	Profit/(Loss) Before Interest and Tax	(33,118,964)	(5,647,861)	13,711,769	23,898,072			(19,407,195)	18,250,211
	Less Misc. Expense	2,085,047	1,761,497					2,085,047	1,761,497
	Less : Interest Expense	17,315,159	18,908,289	14,922,912	12,045,076			32,238,071	30,953,365
	Add : Interest/Dividend/Other Income					338,632	1,406,740	338,632	1,406,740
	Total Profit/(Loss) Before Tax	(52,519,170)	(26,317,647)	(1,211,143)	11,852,996	338,632	1,406,740	(53,391,681)	(13,057,911)
	Less Tax								
	Current Tax					1,103,880	821,336	1,103,880	821,336
	Deferred Tax					(3,044,776)	(420,354)	(3,044,776)	(420,354)
	Net Profit/(Loss) After Tax							(51,450,785)	(13,458,893)
3.	Other Information								
	A- Segment Assets	332,770,493	331,454,875	143,820,433	143,901,467	48,349,050	54,522,447	524,939,976	529,878,789
	B. Segment Liabilities	65,296,956	63,472,554	25,298,462	17,105,622	612,796	1,275,806	91,208,214	81,853,982
	Capital Expenditure	10,892,368	6,467,844	6,359,957	1,194,111			17,252,325	7,661,955
	Depreciation	10,652,432	9,732,234	4,809,300	3,695,614			15,461,732	13,427,848
	Other Than Depreciation					2,085,047	1,761,497	2,085,047	1,761,497
	C. Working Capital (A-B)	267,473,537	267,982,321	118,521,971	126,795,845	47,736,254	53,246,641	433,731,762	448,024,807

(ii) Secondary Segment Information	2008-2009	2007-2008		
1. Segment Revenue				
– Within India	487,028,011	429,592,062		
– Outside India	62,505,981	68,010,331		
Total Revenue	549,533,992	497,602,393		
2. Segment Assets				
– Within India	464,291,441	451,678,944		
– Outside India	60,648,535	78,199,845		
Total Assets	524,939,976	529,878,789		
3. Segment Liabilities				
– Within India	81,475,642	71,251,869		
– Outside India	9,732,572	10,602,113		
Total Liabilities	91,208,214	81,853,982		
4. Capital Expenditure				
– Within India	17,252,325	7,537,764		
– Outside India	–	124,191		
Total Expenditure	17,252,325	7,661,955		
11. Earning per Share :-	Rs.	Rs.		
(i) Net Profit After Tax	(51,566,240)	(13,662,745)		
(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	(12.39)	(3.28)		
(v) Diluted Earning per Share	(12.39)	(3.28)		
12. Details of Investments purchased and sold during the year ended March 31, 2009.				
Particulars	Purchased		Sold	
Equity Shares	No. of Units	Amount (Rs.)	No. of Units	Amount (Rs.)
K.S.Oils Ltd.	–	–	–	–
	(293,417)	(22,866,612)	(293,417)	(23,329,489)
OK Play India Ltd.	–	–	–	–
	(3,000)	(438,222)	(3,000)	(350,353)
Marksans Pharma Ltd.	25,000	495,925	90,000	1,896,489
	(22,725)	(2,911,053)	(15,750)	(3,147,851)
Orissa Sponge Iron & Steel Ltd.	–	–	–	–
	(1,500)	(960,753)	(1,500)	(689,342)
Nifty (F & O)	–	–	–	–
	(43,550)	(9,543,946)	(43,550)	(9,458,688)
Sahara Housingfin Corporation Ltd.	–	–	–	–
	(500)	(528,280)	(500)	(351,930)
Total		495,925		1,896,489
		(37,248,867)		(37,327,654)

Note : Previous year figures are mentioned in brackets.

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.
14. Investments include advance for Immovable Properties aggregating Rs.1,26,24,129/- in respect of which Agreements and Title documents shall be entered shortly since allocation and earmarking of specific properties / apartments / flats is delayed due to some hiccups in administrative clearances which shall be done in due course as confirmed by the Builder / Developer.
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. During the year, the company has invested / traded in the equity shares of various companies. Investments were held in the name of the company and such activity of the Company is covered vide clause 13 of the Ancillary or Incidental objects stipulated in the Memorandum of Association of the company and falls within the purview of section 372A of The Companies Act, 1956. The purchase & sale of equity shares includes purchase of Rs.4.96 lacs (previous year Rs. 372.49 lacs) and sale of Rs.18.96 lacs (previous year Rs. 373.28 lacs) resulting a net profit of Rs. 2.81 lacs (previous year Rs.12.93 lacs) included in Miscellaneous Income.
17. The outstanding balances of deposits / unsecured loans accepted from promoter shareholders, which were being retained pursuant to stipulations of Bankers for renewal of credit facilities, has been repaid during the year. However, in view of the management, these deposits from promoter shareholders are exempt in terms of Rule 2(xi) of Companies (Acceptance of Deposit) Rules, 1975.
18. 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;
 - @ 8% per annum on inter-corporate loans (same as per last year), from Cosco Polymer Industries P.Ltd, taken during current year;
 - @ 8% per annum (same as per last year) on loans taken from Directors.
19. In respect of payments overdue from foreign customers excluding subsidiary company amounting to Rs.4,32,312/- (previous year Rs.14,11,785/-), the management is in active touch for recovery of the amount. Therefore no provision for doubtful debts is made in the accounts. Similarly, in respect of export incentive receivable for earlier years amounting to Rs.18,457/- (previous year Rs.31,89,451/-), the management is hopeful of realisation and accordingly no provision is made in the books of accounts.
20. No impairment loss is recognised as on 31.03.2009 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.
21. 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.
22. Loans & Advances include 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 initiated the filing of claims subsequent to the date of Balance Sheet and it is hoped that all the claims shall be received in the subsequent year.

23. Loans & Advances include Rs.19,70,623/- (as Sales Tax Recoverable from U.P.Commercial Tax, Noida) on account of amount deposited under protest against provisional assessment order of Noida branch sales for 2008-2009. The demand has been set aside by Allahabad High Court on 13.05.09.
24. 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. The company has obtained post dated cheques from the party for the said amount and accordingly the management is hopeful of realising the amount.
25. Loans & Advances include a sum of Rs.30,245/- and Current Liabilities include a sum of Rs.27,607/- on account of difference in Inter Branch Account and Unlinked Credit respectively. The final adjustment entries shall be passed in the subsequent year on completion of reconciliation of accounts.
26. The amount of sundry debtors and Loans & Advances include Rs.10,01,668/- overdue for which the management is in active touch for recovery of the same. Therefore, no provision for doubtful debts is made in the accounts.
27. Other income includes Rs.33,73,305/- 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.
28. Unsecured Loans include Rs.54 lacs borrowed from bank against term deposit receipt of the promoter company.
29. Misc. Income includes Bonus Provision Written Back Rs.62,883/- (previous year Rs 2,229/-).
30. Previous year figures have been regrouped / rearranged wherever considered necessary to make them comparable with those of current year figure.
31. 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 : Delhi

DATED : 5th September, 2009.

CONSOLIDATED CASH FLOW STATEMENT FROM 1ST APRIL, 2008 TO 31ST MARCH, 2009
ANNEXED TO THE BALANCE SHET AS ON 31.03.2009

	2008-2009 Rs.	2007-2008 Rs.
A. Cash Flow From Operating Activities		
Net Profit before tax and extra ordinary items	(28,481,954)	10,180,613
Adjustments for :		
Depreciation	15,461,732	13,978,500
Misc. Expenditure written off	2,085,047	1,761,497
	(10,935,175)	25,920,610
Adjustments for :		
(Increase)/Decrease in Trade and Other Receivables	8,775,502	(21,520,161)
(Increase)/Decrease in Inventories	(17,828,384)	957,559
(Increase)/Decrease in Loans and Advances	2,843,177	(244,466)
(Decrease)/Increase in Trade Payables	(196,743)	8,000,417
(Decrease)/Increase in Other Current Liabilities	24,061,819	35,474,423
Cash Generated From Operations	6,720,196	48,588,382
Less : Interest Paid	25,185,566	24,809,541
Direct Taxes Paid	(1,940,896)	423,627
Cash Flow Before Extra Ordinary Items	(16,524,474)	23,355,214
Extra Ordinary Items	(762,555)	258,250
Net Cash From Operating Activities	(17,287,029)	23,613,464
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(8,396,194)	(11,102,827)
Sale of Fixed Assets	3,185,273	4,987,988
Purchase of Investments	(495,925)	(37,248,867)
Sale of Investments	1,913,289	37,327,654
Interest Received	57,878	106,417
Dividend Received	-	4,500
Net Cash Flow from / (Used in) Investing Activities	(3,735,679)	(5,925,135)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds From Long Term Borrowings / Loans	60,173,836	16,788,242
Repayment/Adjustment of Long Term Borrowings/Loans	37,411,480	37,238,569
Net Cash Flow from Financing Activities	22,762,356	(20,450,327)
Increase in Cash and Cash Equivalents (A+B+C)	1,739,648	(2,761,998)
Opening Balance of Cash and Cash Equivalents	5,272,054	8,034,052
Closing Balance of Cash and Cash Equivalents	7,011,702	5,272,054

NOTES :

1. Cash and Cash Equivalent Include :

Cash in hand	2,454,008	1,327,345
<u>With Scheduled Banks</u>		
On Current Accounts (including accounts with overdraft facility)	4,557,694	3,944,709
	7,011,702	5,272,054

As per our report of even date

FOR R.N. BAHL & CO.
CHARTERED ACCOUNTANTS

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 : 5th September, 2009.

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, 2009.

PRINCIPAL ACTIVITIES

The principal activity of the company is manufacturing of rubber and latex products for export. The company manufactured Latex Sports Ball Bladders / Bladder Bodies during the year ended 31.03.2009.

FINANCIAL RESULTS & PERFORMANCE OF THE COMPANY

The Company registered Sale Turnover of LKR 286.22 lacs during the current year ended 31.03.2009 (Previous year LKR 566.86 lacs). The sales turnover was lower as the company loss of its key customers. The company incurred Loss amounting LKR 1,047.46 lacs during the year ended 31.03.2009 (Previous year LKR 577.41 lacs). The accumulated loss as on 31.03.2009 (after accumulated Depreciation) was LKR 2,912.37 lacs. (Previous year LKR 1,864.91 lacs).

The company incurred loss mainly due to loss of its key customers, low capacity utilization coupled with higher input costs; fixed establishment costs and Interest costs. The company operations were further affected due to global meltdown resulting in economic slowdown world over and adverse political situation in the country. Therefore, the operations in the company have been suspended for the time being. However, the management is hopeful that the operations of the company will be restarted at the earliest upon improvement of global economic conditions. It is pertinent to mention that the products manufactured by the company conform to international standards and have been accepted in the International markets. The management is making all out efforts to restart and streamline the operations of the Company in the near future.

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, 2009 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 authorized and issued share capital of the company at the year ended were Rs.150,000,000/- and Rs. 129,855,300/- respectively

Details of shareholding as at March 31, 2009 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, 2009 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

INDEPENDENCE 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, 2009, and the income statement, statement of charges 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 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 observe the counting of the physical inventories as of March 31, 2009 and did not verify the value of inventories by other audit procedures. Inventories are stated at values placed by the directors. Further, we were not provided with a direct confirmation from the bank for the bank loans of Rs. 81,398,966.79 as stated in Note-17.

OPINION :

In our opinion, so far as appears from our examination, the company maintained proper accounting records for the year ended March 31, 2009 and except for the effects of such adjustments. If any, as might have been determined to be necessary had been able to examine evidence regarding inventories and bank loans, the financial statements give a true and fair view of the company's state of affairs as at March 31, 2009 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. Management plans to resume operations once its customers recover from the effects of global economic downturn. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

As discussed in Note-17, to the financial statements, the company has had numerous significant transactions with businesses controlled by, and with people who are related to, the directors of the company.

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 Act No. 10 of 2006.

P.F. MATHEW & CO.
CHARTERED ACCOUNTANTS

Place : Colombo,

Date : July 23, 2009

COSCO POLYMER LANKA (PRIVATE) LIMITED

C-6, SEETHAWAKA INDUSTRIAL AREA, AVISSAWELLA

BALANCE SHEET AS AT MARCH 31, 2009

		YEAR ENDED MARCH 31,			
	Note	2009 SLR	2009 INR	2008 SLR	2008 INR
<u>NON CURRENT ASSETS</u>					
Property, Plant and equipment	01	116,620,621.94	51,254,763.00	134,223,144.52	49,837,054
TOTAL NON CURRENT ASSETS		116,620,621.94	51,254,763.00	134,223,144.52	49,837,054
<u>CURRENT ASSETS</u>					
Inventories	02	41,863,298.42	18,398,922.00	73,981,104.36	27,469,184
Debtors	03	1,136,500.00	499,492.00	9,287,811.62	3,448,565
Deposits, advance and prepayments	04	787,500.00	346,106.00	1,981,337.05	735,672
Value Added Tax		2,322,725.77	1,020,835.00	3,600,211.07	1,336,758
Cash and bank balance	05	332,746.48	146,242.00	1,297,607.78	481,801
TOTAL CURRENT ASSETS		46,442,770.67	20,411,597.00	90,148,071.88	33,471,980
TOTAL ASSETS		163,063,392.61	71,666,360.00	224,371,216.40	83,309,034
<u>F I N A N C E D B Y:</u>					
<u>SHAREHOLDERS' EQUITY</u>					
<u>STATED CAPITAL</u>					
Issued and fully paid-up :					
1,298,553 Ordinary shares		129,855,300.00	57,071,404.00	129,855,300.00	48,215,273
Share application and allotment account		12,485,000.00	5,487,158.00	-	-
		142,340,300.00	62,558,562.00	129,855,300.00	48,215,273
<u>RESERVES</u>					
Accumulated loss		(291,237,794.92)	(127,999,011.00)	(186,491,182.28)	(69,244,176)
Less : Preliminary expenses		63,272.89	27,808.00	126,545.79	46,986
Pre-operational expenses		4,680,863.07	2,057,239.00	9,361,726.13	3,476,009
		(295,981,930.88)	(130,084,058.00)	(195,979,454.20)	(72,767,171)
SHAREHOLDERS'EQUITY		(153,641,630.88)	(67,525,496.00)	(66,124,154.20)	(24,551,698)
<u>NON CURRENT LIABILITIES</u>					
Bank loans - Net of current maturity	06	56,688,566.79	24,914,626.00	66,589,425.00	24,724,653
TOTAL NON CURRENT LIABILITIES		56,688,566.79	24,914,626.00	66,589,425.00	24,724,653
<u>CURRENT LIABILITIES</u>					
Advance-Cosco (India) Limited, 2/8, Roop Nagar, Delhi-110007 (India)		47,232,447.33	20,758,661.00	41,782,887.70	15,513,987
Cosco (Polymer Industries Pvt. Ltd. Amount due to related business—		1,689,000.00	742,316.00	-	-
Cosco (India) Limited- 2/8, Roop Nagar, Delhi-110007, India		28,103,651.51	12,351,555.00	16,617,735.93	6,170,166
Bank loans - Current maturity	06	24,710,400.00	10,860,221.00	26,604,114.45	9,878,108
Obligation under lease agreement - Current maturity				57,006.00	21,166
Export bills discounted - State Bank of India				4,191,471.59	1,556,294
Creditors	07	28,401,261.05	12,482,354.00	28,554,034.50	10,602,113
Bank overdraft	08	129,879,696.81	57,082,127.00	106,098,695.43	39,394,445
TOTAL CURRENT LIABILITIES		260,016,456.70	114,277,234.00	223,905,945.60	83,136,279
SHAREHOLDERS' EQUITY AND LIABILITIES		163,063,392.61	71,666,364.00	224,371,216.40	83,309,034

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

I certify that the above Financial Statements have been prepared in accordance with the requirements of the companies Act No. 07 of 2007.

ACCOUNTANT : Chetan Jain

The Board of Directors is responsible for the preparation and presentation of these financial statements.

Approved and signed for and on behalf of the Board of Directors.

DIRECTORS : 1. Arun Jain

2. Narinder Kumar Jain

Place: Colombo,

Date : July 23, 2009

COSCO POLYMER LANKA (PRIVATE) LIMITED

C-6, SEETHAWAKA INDUSTRIAL AREA, AVISSAWELLA

STATEMENT OF INCOME

FOR THE YEAR ENDED MARCH 31, 2009

	<u>Note</u>	<u>YEAR ENDED MARCH 31,</u>			
		<u>2009</u> <u>SLR</u>	<u>2009</u> <u>INR</u>	<u>2008</u> <u>SLR</u>	<u>2008</u> <u>INR</u>
SALES					
Exports		28,622,358.59	12,579,527.00	56,686,965.39	21,047,870
LESS : COST OF SALES					
Raw material consumed	9	17,095,881.32	7,513,640.00	42,620,978.58	15,825,170
Add : Direct expenses	10	10,879,619.57	4,781,592.00	17,089,225.76	6,345,231
PRIME COST		27,975,500.89	12,295,232.00	59,710,204.34	22,170,401
Add : Production overheads	11	17,013,203.73	7,477,305.00	18,713,975.73	6,948,499
		44,988,704.61	19,772,537.00	78,424,180.07	29,118,900
Add : Work-in-progress-beginning of the year		24,445,908.84	10,743,977.00	31,650,643.25	11,751,884
		69,434,613.45	30,516,514.00	110,074,823.32	40,870,784
Less : Work-in-progress-end of the year		22,776,636.75	10,010,332.00	24,445,908.84	9,076,766
COST OF PRODUCTION		46,657,976.70	20,506,182.00	85,628,914.48	31,794,018
Less : Research and Development cost				13,154,475.02	4,884,257
		46,657,976.70	20,506,182.00	72,474,439.46	26,909,761
Add : Finished goods - beginning of the year		34,350,686.49	15,097,127.00	29,905,299.60	11,103,838
		81,008,663.19	35,603,309.00	102,379,739.06	38,013,599
Less : Finished goods-end of the year		422,875.50	185,854.00	34,350,686.49	12,754,410
COST OF SALES		80,585,787.69	35,417,455.00	68,029,052.57	25,259,189
GROSS PROFIT/(LOSS)		(51,963,429.10)	(22,837,928.00)	(11,342,087.18)	(4,211,319)
LESS : OTHER EXPENSES					
Administration and establishment	12	12,539,621.97	5,511,166.00	12,907,866.33	4,792,689
Selling and distribution	13	436,627.00	191,898.00	509,134.00	189,042
Financial and others	14	24,398,016.86	10,722,928.00	38,298,264.34	14,220,145
TOTAL OTHER EXPENSES		37,374,265.83	16,425,992.00	51,715,264.67	19,201,876
NET PROFIT/(LOSS) BEFORE OTHER INCOME		(89,337,694.93)	(39,263,920.00)	(63,057,351.85)	(23,413,195)
ADD : OTHER INCOME	15	42,151.00	18,525.00	218,126.98	80,991
NET PROFIT/(LOSS) BEFORE EXCHANGE GAIN		(89,295,543.93)	(39,245,395.00)	(62,839,224.87)	(23,332,204)
Add : Exchange Gain/(Loss)		(15,451,068.71)	(6,790,745.00)	5,098,235.58	1,892,975
NET PROFIT/(LOSS) BEFORE TAXATION		(104,746,612.64)	(46,036,140.00)	(57,740,989.29)	(21,439,229)
Provision for Taxation					
NET PROFIT/(LOSS) FOR THE YEAR		(104,746,612.64)	(46,036,140.00)	(57,740,989.29)	(21,439,229)

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, 2009

	Ordinary Share capital <u>SLR</u>	Share Application and Allotment Account <u>SLR</u>	Retained profit/ (Accumulated loss) <u>SLR</u>	Total <u>SLR</u>
Balance as at April 01, 2007	129,855,300.00	-	(128,750,192.99)	1,105,107.01
Net profit /(loss) for the year	-	-	(57,740,989.29)	(57,740,989.29)
Balance as at March 31, 2008	129,855,300.00	-	(186,491,182.28)	(56,635,882.28)
Investment on shares	-	12,485,000.00	-	12,485,000.00
Net profit/(loss) for the year	-	-	(104,746,612.64)	(104,746,612.64)
Balance as at March 31, 2009	129,855,300.00	12,485,000.00	(291,237,794.92)	(148,897,494.92)
	<u>INR</u>	<u>INR</u>	<u>INR</u>	<u>INR</u>
Balance as at March 31, 2009	57,071,404.00	5,487,158.00	(127,999,011.00)	(65,440,449.00)

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, 2009

		YEAR ENDED MARCH 31,			
	Note	2009 SLR	2009 INR	2008 SLR	2008 INR
Operating Activities :					
Cash received from Customers		22,340,719	9,818,746	100,669,660	37,378,645
Less: Payments to :					
Suppliers of goods		21,594,832	9,490,929	25,963,877	9,640,388
Employees for services		11,449,462	5,032,039	14,193,393	5,270,007
Other entities for expenses		26,201,625	11,515,614	50,999,492	18,936,111
		59,245,919	26,038,582	91,156,762	33,846,506
Net cash provided by operating activities		(36,905,200)	(16,219,836)	9,512,898	3,532,139
Investing Activities:					
Cash was provides by :					
Disposal of assets		40,000	17,580	-	-
Cash was used to:					
Purchase of property, plant and euipment		-	-	334,475	124,191
Net cash provided by investing activities		40,000	17,580	(334,475)	(124,191)
Financing Activities :					
Cash was provided by:					
Shareholders		12,485,000	5,487,158	-	-
Related Business		11,485,916	5,048,060	2,815,116	1,045,253
		23,970,916	10,535,218	2,815,116	1,045,253
Cash was used to :					
Repayment of temporary loan		11,794,573	5,183,715	1,250,000	464,125
Repayment of bank loan		-	-	13,405,862	4,977,597
Repayment lease rentals		57,006	25,054	283,312	105,194
		11,851,579	5,208,769	14,939,174	5,546,916
Net cash provided by financing activities		12,119,337	5,326,449	(12,124,058)	(4,501,663)
Net increase in cash and cash equivalents		(24,745,863)	(10,875,808)	(2,945,635)	(1,093,715)
Cash and cash equivalents as at April 01		(104,801,087)	(46,060,077)	(101,855,452)	(37,818,929)
Cash and cash equivalents as at March 31, (Note-A)		(129,546,950)	(56,935,885)	(104,801,087)	(38,912,644)
NOTE - A - CASH AND CASH EQUIVALENTS					
Cash at Bank		2,388	1,049	1,286,816	477,794
Cash in hand		330,359	145,193	10,792	4,007
Bank Overdraft		(129,879,697)	(57,082,127)	(106,098,695)	(39,394,445)
		(129,546,950)	(56,935,885)	(104,801,088)	(38,912,644)

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, 2009

NOTE- 01-PROPERTY, PLANT AND EQUIPMENT

	C	O	S	T	C	O	S	T
	Balance as at April 01, 2008	Additions during the year	Disposals during the year	Balance as at March 31, 2009	Balance as at April 01, 2008	Additions during the year	Disposals during the year	Balance as at March 31, 2009
	SLR	SLR	SLR	SLR	INR	INR	INR	INR
Freehold -								
Building	45,455,910.24	-	-	45,455,910.24	19,977,873.00	-	-	19,977,873
Plant and machinery	109,799,664.68	-	-	109,799,664.68	48,256,953.00	-	-	48,256,953
Electrical installation	11,648,534.74	-	-	11,648,534.74	5,119,531.00	-	-	5,119,531
Computer and accessories	1,841,697.96	-	-	1,841,697.96	809,426.00	-	-	809,426
Furniture and fittings	3,018,889.27	-	-	3,018,889.27	1,326,802.00	-	-	1,326,802
Factory and office equipment	2,833,542.97	-	-	2,833,542.97	1,245,342.00	-	-	1,245,342
Motor vehicles	85,519.00	-	(85,519.00)	-	37,586.00	-	(37,586.00)	-
Leased -								
Land	5,095,200.00	-	-	5,095,200.00	2,239,340.00	-	-	2,239,340
Motor vehicle	891,304.00	-	-	891,304.00	391,728.00	-	-	391,728
	180,670,263.86	-	(85,519.00)	180,584,743.86	79,404,581.00	-	(37,586.00)	79,366,995

D E P R E C I A T I O N				D E P R E C I A T I O N			
	Accumulated		Accumulated	Accumulated		Accumulated	
Rate	as at April 01, 2008	For the year	On disposals	as at March 31, 2009	as at April 01, 2008	For the year	On disposals
%	SLR	SLR	SLR	SLR	INR	INR	INR
Freehold -							
Building	5	6,564,161.56	2,272,795.51	-	8,836,957.07	2,884,949.00	998,894
Plant and machinery	10	27,999,053.90	10,979,966.47	-	38,979,020.37	12,305,584.00	4,825,695
Electrical installation	20	6,391,248.67	2,329,706.95	-	8,720,955.62	2,808,954.00	1,023,906
Computers and accessories	25	1,370,445.49	460,424.49	-	1,830,869.98	602,311.00	202,356
Furniture and fittings	25	1,708,840.52	748,714.82	-	2,457,555.34	751,035.00	329,060
Factory and office equipment	20	1,680,750.95	566,708.59	-	2,247,459.54	738,690.00	249,068
Motor vehicles	25	64,139.25	21,379.75	(85,519.00)	-	28,189.00	9,397
Leased -							
Motor vehicle	25	668,478.00	222,826.00	-	891,304.00	293,796.00	97,932
		46,447,118.34	17,602,522.58	(85,519.00)	63,964,121.92	20,413,508.00	7,736,308
							(37,586)
NET BOOK VALUE		134,223,144.52		116,620,621.94	58,991,073.00		51,254,763

NOTE-02-INVENTORIES

	2009 SLR	2009 INR	2008 SLR	2008 INR
Rubber Latex	35,156.00	15,451.00	805,032.00	298,908.00
Chemicals	16,517,382.34	7,259,390.00	11,362,561.67	4,218,919.00
Rubber Valves	16,032.00	7,046.00	1,144,022.39	424,776.00
Oil and Lubricants	-	-	25,535.40	9,481.00
Electrical Items	206,264.08	90,653.00	206,264.08	76,586.00
Machinery spares	953,985.57	419,277.00	953,985.57	354,215.00
Work-in-progress	22,776,636.75	10,010,332.00	24,445,908.84	9,076,766.00
Finished goods	422,875.50	185,854.00	34,350,686.49	12,754,410.00
Packing materials	29,324.01	12,888.00	27,681.01	10,278.00
Consumables	844,577.02	371,192.00	598,361.76	222,172.00
Pipe items	56,194.84	24,698.00	56,194.84	20,865.00
Temporary tools	4,870.31	2,141.00	4,870.31	1,808.00
	<u>41,863,298.42</u>	<u>18,398,922.00</u>	<u>73,981,104.36</u>	<u>27,469,184.00</u>

NOTE-03-DEBTORS
Trade—

Cosco (India) Limited	-	-	5,192,705.56	1,928,052.00
2/8, Roop Nagar, Delhi-110007, India				
Saga Sports (Pvt.) Limited	-	-	2,873,586.06	1,066,963.00
Saga City, Daska Road, Sialkot, Pakistan				

Staff—

Staff loan	-	-	28,610.00	10,623.00
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Sundry—

Mr. D.R.T.R. Abeyrathne	-	-	56,410.00	20,945.00
Mr. Mosche	1,136,500.00	499,492.00	1,136,500.00	421,982.00
	<u>1,136,500.00</u>	<u>499,492.00</u>	<u>9,287,811.62</u>	<u>3,448,565.00</u>

NOTE-04-DEPOSITS, ADVANCES AND PREPAYMENTS
Deposit—
Rent—

Mr. P. Hewavitharana-				
56/6 A, Karunathilaka Mawatha,	-	-	55,000.00	20,422.00
Thalangama North, Battaramulla				
Ceylon Electricity Board	787,500.00	346,106.00	787,500.00	292,399.00
Container	-	-	5,000.00	1,857.00
Latex-Malwatte Valley Plantation Ltd.	-	-	250,000.00	92,825.00
280, Dam Street, Colombo-12				
Chemical - Silvest import and	-	-	854,568.00	317,301.00
Export Corporation, China				
Medical Insurance	-	-	29,269.05	10,868.00
	<u>787,500.00</u>	<u>346,106.00</u>	<u>1,981,337.05</u>	<u>735,672.00</u>

NOTE-05-CASH AND BANK BALANCES
Cash at bank—
State Bank of India-Colombo-01-
Margin account

LKR Account No.	1,738.99	764.00	3,747.40	1,391.00
Bank of Ceylon- Awissawella				
Branch (US \$ Savings Account) A/c				
No. 0006875339	648.65	285.00	1,283,068.21	476,403.00
Cash in hand	330,358.84	145,193.00	129.37	48.00
Petty Cash	-	-	10,662.80	3,959.00
	<u>332,746.48</u>	<u>146,242.00</u>	<u>1,297,607.78</u>	<u>481,801.00</u>

NOTE-06-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-(\$ 396,875)	13,728,000.00	21,736,000.00	35,464,000.00	6,033,456	9,552,972	15,586,428
25273007160101 - Term loan - 2-(\$ 239,779.43)	6,864,000.00	15,275,766.79	22,139,766.79	3,016,728	6,713,700	9,730,428
25273007160102 - Term loan - 3-(\$ 233,500)	4,118,400.00	19,676,800.00	23,795,200.00	1,810,037	8,647,954	10,457,990
	<u>24,710,400.00</u>	<u>56,688,566.79</u>	<u>81,398,966.79</u>	<u>10,860,221</u>	<u>24,914,626</u>	<u>35,774,846</u>
		<u>2009 SLR</u>	<u>2009 INR</u>		<u>2008 SLR</u>	<u>2008 INR</u>

NOTE-07-CREDITORS

Trade Creditors	20,455,645.98	8,990,256.00	21,475,319.48	7,973,786.00
Expense creditors	7,945,615.07	3,492,098.00	7,078,715.02	2,628,327.00
	<u>28,401,261.05</u>	<u>12,482,354.00</u>	<u>28,554,034.50</u>	<u>10,602,113.00</u>

NOTE - 08 - BANK OVERDRAFTS

State Bank of India - Colombo-01 -				
FCBU A/c No. 25273007150219(\$1,132,703.04)	129,581,227.78	56,950,950.00	105,548,691.84	39,190,229.00
Bank of Ceylon - Awissawella -				
Current A/c. No. 0006875371	298,469.03	131,177.00	550,003.59	204,216.00
	<u>129,879,696.81</u>	<u>57,082,127.00</u>	<u>106,098,695.43</u>	<u>39,394,445.00</u>

NOTE - 09 - RAW MATERIAL CONSUMED

	Ruber	Chemicals	Valves	Total	Ruber	Chemicals	Valves	Total
	SLR	SLR	SLR	SLR	INR	INR	INR	INR
Stock-begining of the year	805,032.00	11,362,561.67	1,144,022.39	13,311,616.06	353,812.00	4,993,846.00	502,798.00	5,850,456.00
Add : Purchases	15,196,113.61	5,156,721.99	-	20,352,835.60	6,678,962.00	2,266,379.00	-	8,945,071.00
	<u>16,001,145.61</u>	<u>16,519,283.66</u>	<u>1,144,022.39</u>	<u>33,664,451.66</u>	<u>7,032,504.00</u>	<u>7,260,225.00</u>	<u>502,798.00</u>	<u>14,795,527.00</u>
Less : Stock-end of the year	35,156.00	16,517,382.34	16,032.00	16,568,570.34	15,451.00	7,259,390.00	7,046.00	7,281,887.00
	<u>15,965,989.61</u>	<u>1,901.32</u>	<u>1,127,990.39</u>	<u>17,095,881.32</u>	<u>7,017,053.00</u>	<u>835.00</u>	<u>495,752.00</u>	<u>7,513,640.00</u>
		<u>2009 SLR</u>	<u>2009 INR</u>		<u>2008 SLR</u>	<u>2008 INR</u>		

NOTE-10-DIRECT EXPENSES

Salaries and wages	2,783,523.62	1,223,359.00	3,281,248.62	1,218,328.00
Contract labour	1,692,896.00	744,028.00	3,412,359.49	1,267,009.00
Employees' provident fund	151,933.92	66,775.00	434,149.19	161,200.00
Employees' trust fund	39,407.07	17,319.00	106,883.23	39,686.00
Power and fuel	2,733,295.40	1,201,283.00	4,857,331.56	1,803,527.00
Electricity	3,366,132.12	1,479,415.00	4,538,720.17	1,685,227.00
Consumables	85,309.04	37,493.00	375,248.49	139,330.00
Packing material	27,122.39	11,920.00	83,285.01	30,924.00
	<u>10,879,619.57</u>	<u>4,781,592.00</u>	<u>17,089,226</u>	<u>6,345,231.00</u>

	2009 SLR	2009 INR	2008 SLR	2008 INR
NOTE - 11 - PRODUCTION OVERHEADS				
Salaries and allowances	2,210,467.81	971,501.00	3,261,197.50	1,210,883.00
Employees' provident fund	121,547.14	53,420.00	103,544.98	38,446.00
Employees' trust fund	31,525.66	13,856.00	25,941.75	9,632.00
Maintenance of -				
Machinery	53,062.14	23,321.00	437,041.21	162,273.00
Staff welfare	785,234.37	345,111.00	1,074,537.17	398,976.00
Screening, stamping and printing	3,685.00	1,620.00	14,747.78	5,476.00
Depreciation	13,807,681.61	6,068,476.00	13,796,965.34	5,122,813.00
	<u>17,013,203.73</u>	<u>7,477,305.00</u>	<u>18,713,975.73</u>	<u>6,948,499.00</u>

NOTE-12-ADMINISTRATION AND ESTABLISHMENT

Staff salaries and allowances	2,982,490.78	1,310,805.00	4,689,092.07	1,741,060.00
Employees' provident fund	160,615.86	70,591.00	191,699.70	71,178.00
Employees' trust fund	41,658.91	18,309.00	47,924.85	17,794.00
Telephone	293,481.38	128,985.00	526,165.82	195,365.00
Water	492,442.69	216,429.00	510,285.28	189,469.00
Security charges	677,395.00	297,715.00	727,580.00	270,150.00
Ground rent	732,566.38	321,963.00	729,251.60	270,771.00
Maintenance of vehicle	327,715.00	144,031.00	390,986.00	145,173.00
Photocopy, fax, Courier and call charges	21,684.19	9,530.00	67,527.17	25,073.00
Printing and stationery	25,492.00	11,204.00	71,959.01	26,718.00
Staff welfare	285,264.86	125,374.00	479,335.04	177,977.00
License and registration	20,900.00	9,186.00	30,963.00	11,497.00
Office rent and service charges	79,026.25	34,732.00	97,138.88	36,068.00
Insurance	381,612.70	167,719.00	349,046.94	129,601.00
Compensation	2,054,115.00	902,784.00	-	-
Visa and immigration	143,200.00	62,936.00	169,650.00	62,991.00
Sanitary expenses	25,120.00	11,040.00	34,420.00	12,780.00
Depreciation	3,794,840.97	1,667,833.00	3,794,840.97	1,409,024.00
	<u>12,539,621.97</u>	<u>5,511,166.00</u>	<u>12,907,866.33</u>	<u>4,792,689.00</u>

NOTE-13-SELLING AND DISTRIBUTION

Foreign Travel	160,675.00	70,617.00	334,381.00	124,156.00
Export Freight, Insurance and other charges	275,952.00	121,281.00	174,753.00	64,886.00
	<u>436,627.00</u>	<u>191,898.00</u>	<u>509,134.00</u>	<u>189,042.00</u>

NOTE-14-FINANCIAL AND OTHERS

Bank charges, Bank guarantee charges and overdraft interest	11,495,297.83	5,052,183.00	12,648,577.77	4,696,417.00
Interest on Bank Loans	4,843,602.01	2,128,763.00	7,582,664.59	2,815,443.00
Gift and donation	2,500.00	1,099.00	3,318.00	1,232.00
Bad Debts W/off	3,208,606.06	1,410,182.00	-	-
Lease interest and other charges	-	-	44,093.00	16,372.00
Professional fees	-	-	41,000.00	15,223.00
Legal fees	28,875.00	12,691.00	-	-
Audit fees -P.E. Mathew & Co.	75000.00	32,963.00	80,000.00	29,704.00
Amortization of-				
Preliminary expenses	63,272.90	27,808.00	63,272.90	23,493.00
Pre-operational expenses	4,680,863.06	2,057,239.00	4,680,863.06	1,738,004.00
Research and Development cost	-	-	13,154,475.02	4,884,257.00
	<u>24,398,016.86</u>	<u>10,722,928.00</u>	<u>38,298,264.34</u>	<u>14,220,145.00</u>

	2009 <u>SLR</u>	2009 <u>INR</u>	2008 <u>SLR</u>	2008 <u>INR</u>
NOTE-15-OTHER INCOME				
Profit on sale of Motor Vehicles (15.01)	40,000.00	17,580.00	—	—
Sale of miscellaneous chemicals	—	—	—	—
Scrap sales	2,151.00	945.00	214,470.00	79,633.00
Interest on savings account (USD)	—	—	3,656.98	1,358.00
	<u>42,151.00</u>	<u>18,525.00</u>	<u>218,126.98</u>	<u>80,991.00</u>

NOTE-15.01-PROFIT ON SALE OF MOTOR VEHICLES

Asset	Motor bicycle	
	SLR	INR
Sales proceeds	40,000.00	17,580.00
Less : Written down value—		
Cost	85,519.00	37,586.00
Less : Accumulated depreciation	<u>85,519.00</u>	<u>37,586.00</u>
	<u>—</u>	<u>—</u>
	<u>40,000.00</u>	<u>17,580.00</u>

NOTE-16-SECURITIES OFFERED TO OBTAIN BANK LOANS AND OTHER BANKING FACILITIES

<u>Nature of Facility</u>	<u>Facility Amount (US \$)</u>	<u>Security</u>
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-17-RELATED PARTY TRANSACTIONS

Company has entered into the following transactions with the Cosco (India) Limited, India, Directors of the Company are also the Directors of the Cosco (India) Limited.

	<u>SLR</u>	<u>INR</u>
Goods exported during the year	28,622,358.59	12,579,527.00
Raw material Imports during the year	2,202,883.28	968,167.00
Expenses paid on behalf of the company	9,283,032.30	4,079,893.00
Export advance received	5,488,500.00	2,412,196.00

NOTE-18-DETAILS OF SHAREHOLDERS

<u>Name</u>	<u>Address</u>	<u>No. of Share</u>
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	1,298,550
		<u>1,298,553</u>



COSCO (INDIA) LIMITED

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

PROXY FORM

	Client Id	
	No. of Shares	

Father/Husband's Name

Address as Regd. with the Company

I (India) Limited, hereby appoint _____ of _____ in the _____ or failing him _____ of _____ in the district _____ as my/our Proxy to attend and vote for me/us on my/our behalf at the meeting of the Company schedule to be held on Wednesday the 30th Sept., 2009 at _____ of the Company 2/8, Roop Nagar, Delhi-110007 or/and at any adjournment thereof. d on this _____ day of _____ 2009.

Affix Rs. 1/-
Revenue
Stamp

_____ holding shares in physical from

_____ completed and signed should be deposited at The Office of the Registrar and share Transfer Financial Services Pvt. Ltd., 123, Vinoba Puri Lajpat Nagar-II, New Delhi-110 024 not less than _____ the commencement of the Annual General Meeting.

COSCO (INDIA) LIMITED

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

ADMISSION SLIP

I am requested to present this form for admission, duly signed in accordance with their specimen form of the Company.

	Client Id	
	No. of Shares	

Father/Husband's Name

Address as Regd. with the Company

I am requested to attend the Thirtieth Annual General Meeting of the Company schedule to be held on _____ at _____, 2009 at 10.30 A.M. at Regd. Office of the Company 2/8, Roop Nagar, Delhi-110007.

Member's Signature

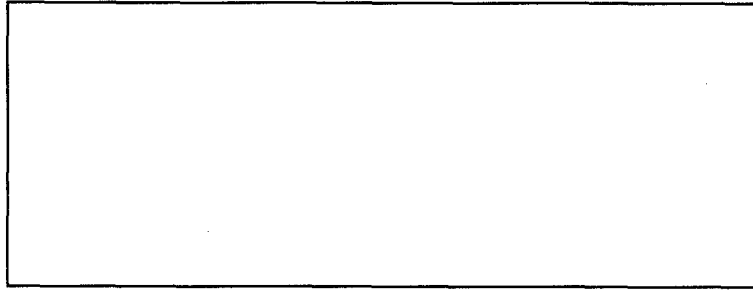
Proxy's Signature

_____ holding shares in physical form.

I note that no Gifts/Coupons shall be distributed at the meeting.

I am 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