



COSMETICS AND CHEMICALS LIMITED

4th

MD	✓	BKC	✓
CS	NA	VPY	NA
RO	✓	SVV	NA
TR	NA	VP	✓
AGM	✓	ST	✓
YE	✓		

ANNUAL REPORT

1997-1998

Registered Office :

5th Floor, Bhagwati Complex,
Jain Merchant Society, Paldi,
Ahmedabad - 380 007 Gujarat, India



Board of Directors

■◆ Mr. Susmit B. Sutaria	Chairman & Managing Director
■◆ Mr. Chitresh B. Sutaria	Director
■◆ Mrs. Amita S. Sutaria	Director
■◆ Dr. Prakash Vaghela	Director

Registered Office

5th Floor, Bhagwati Complex,
Jain Merchant Society, Paldi,
Ahmedabad - 380 007

Bankers

Oriental Bank of Commerce
Bank of Baroda
Madhavpura Merc. Co-op. Bank Ltd.

Auditors

M/s. Shailesh Gandhi & Associates
Chartered Accountants

NOTICE

NOTICE is hereby given that the **FOURTH** Annual General Meeting of the members of **ARSI COSMETICS AND CHEMICALS LIMITED** will be held at the Registered Office of the Company at 5th Floor, Bhagwati Complex, Jain Merchant Society, Paldi, Ahmedabad - 380 007 on Tuesday, the 29th September, 1998 at 1.30 P.M. to transact the following business:

ORDINARY BUSINESS :

1. To consider and adopt the audited Balance Sheet as at 31st March, 1998, Profit and Loss Account for the year ended on that date and the Reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Mrs. Amita S. Sutaria who retires by rotation and being eligible, offers herself for re-appointment.
3. To appoint Auditors who shall hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS :

4. To consider and, if thought fit, to pass with or without modification, the following resolution as an ordinary resolution :
"RESOLVED THAT pursuant to the provisions of section 257 of the Companies Act, 1956, Mr. Yogesh Manubhai Shah be and is hereby appointed as a Director of the Company."

BY ORDER OF THE BOARD

Sd/-

(SUSMIT SUTARIA)**CHAIRMAN & MANAGING DIRECTOR****PLACE : AHMEDABAD.****DATE : 29-08-1998****NOTES :**

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY SO APPOINTED NEED NOT BE A MEMBER OF THE COMPANY.
2. Pursuant to section 154 of the Companies Act 1956, the register of members and the Share Transfer Book of the Company will remain closed from 23-09-98 to 06-10-98 (both days inclusive).
3. The Shareholders are requested to notify the change, if any, in their registered address to the Company immediately.

EXPLANATORY STATEMENT AS REQUIRED BY SECTION 173 OF THE COMPANIES ACT, 1956

The following explanatory statement sets out all material facts relating to the business mentioned in the accompanying Notice dated 29.08.1998.

Item No. 4. : The company has received notice from a member of the company pursuant to the provisions of section 257 of the companies Act, 1956 together with required deposit signifying his intention to propose Mr. Yogesh M. Shah as the candidate for the office of the Director. In view of his experience, the Directors commend his appointment as Director of the Company.

Shri Yogesh M. Shah is a relative of all the directors, they may be deemed to be interested in the said resolution.

CERTIFIED TRUE COPY

(Signature)
 Authorized Signatory _____

DIRECTORS' REPORT**TO****THE MEMBERS,****ARSI COSMETICS AND CHEMICALS LIMITED**

Your Directors have pleasure in presenting the Fourth Annual Report of the Company and the Audited Financial Accounts for the year ended 31st March, 1998.

	Year ended	
	31-03-1998 (Rs. in lacs)	31-03-1997 (Rs. in lacs)
(A) FINANCIAL RESULTS		
Sales	117.98	115.58
Interest income	23.71	23.46
Profit before depreciation and Provision for taxation	4.90	2.65
Depreciation	2.09	1.20
Provision for Taxation	0.40	0.70
Net Profit for the year carried to Balance Sheet	2.41	0.75

(B) DIVIDEND

The Directors do not recommend any dividend for the year under review.

(C) FIXED DEPOSITS

The Company has not accepted any deposits during the year.

(D) DIRECTORS

Mrs. Amita S. Sutaria, Director of the Company retires by rotation and being eligible, offers herself for reappointment. Dr. Prakash Vaghela has resigned during the year. The Board places on record its appreciation of service rendered by him during his tenure.

(E) AUDITORS :

The Statutory Auditors M/s. Shailesh Gandhi & Associates, Chartered Accountants, Ahmedabad retire at the forthcoming Annual General Meeting and are eligible for reappointment.

(F) PROJECTIONS V/S ACTUALS FOR THE YEAR

As per Clause 43 of the Listing Agreement with Stock Exchange, the performance of the Company vis a vis projections for the year ended 31st March 1998 made in the prospects dated 15.09.1995 and the explanations for variations are as under.

Particulars	(Rs. in Lacs)	
	Projections	Actuals
TOTAL INCOME	2269.36	141.69
NET PROFIT AFTER TAX	240.78	2.41

The reasons for variations are due to delay in project implementation and severe recession and consequent lower margins.

(G) INFORMATION OF EMPLOYEES:

No employee was drawing salary in excess of limit prescribed u/s. 217 (2A) of the Companies Act, 1956 and the Rules made there under.

(H) PARTICULARS UNDER SECTION 217(1) (e)

Details required under section 217(1)(e) regarding conservation of energy, technology absorption, foreign exchange earnings and outgo are given in Annexure - A to the Directors' Report.

(I) REGULATORY STATEMENT

In conformity with newly amended provision of Clause 32 in the Listing Agreement/(s) the Cash Flow statement for the year ended 31.03.1998 is annexed hereto.

(J) ACKNOWLEDGMENT

Your Directors wish to express their appreciation of co-operation and support received from bankers and employees.

BY ORDER OF THE BOARD

Sd/-

(SUSMIT SUTARIA)

CHAIRMAN & MANAGING DIRECTOR

PLACE : AHMEDABAD.

DATE : 29-08-1998

ANNEXURE A TO THE DIRECTORS' REPORT

INFORMATION PURSUANT TO SECTION 217(1)(e) OF THE COMPANIES ACT, 1956, READ WITH THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF THE BOARD OF DIRECTORS) RULES, 1988 IN RESPECT OF CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS & OUTGO.

A. Conservation of Energy

- (a) Energy conservation measures taken : N.A.
- (b) Additional investments and proposals for reduction of consumption of energy. : Nil.
- (c) Impact of the above measures : N.A.
- (d) Total energy consumption and energy consumption per unit of Production :

	31-03-98	31-03-97
(i) Power and Fuel consumption		
Electricity Purchased :		
Units	2320	930
Total amount (in Rs.)	158924 *	133170 *
Rate per unit (in Rs.)	N.A.	N.A.
* Including fixed & minimum charges		

- (ii) Consumption per unit of production : Not possible.

B. Technology Absorption

The Company is using indigenous technology which is labour intensive.

For Arsi Cosmetics & Chemicals Ltd

C. Foreign Exchange earnings & outgo

There is no foreign exchange earnings & outgo during the year.

Susmit Sutaria
 Authorised Signatory Mg. Director

AUDITOR'S REPORT

To,
The Members,
ARSI COSMETICS AND CHEMICALS LIMITED

We have audited the attached Balance Sheet of ARSI COSMETICS AND CHEMICALS LIMITED as at 31st March, 1998 and the Profit & Loss Account of the Company for the year ended on that date annexed thereto. We report as follows :

- (1) 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 ;
- (2) 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;
- (3) The Balance Sheet and the Profit & Loss Account dealt with by the report are in agreement with the books of account;
- (4) In our opinion, and to the best of our information and according to the explanations given to us, the said Balance Sheet and Profit & Loss Account read together with the notes thereon, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view -
 - i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 1998 and
 - ii) in the case of the Profit & Loss Account, of the Profit of the Company for the year ended on that date.
- (5) As required by the Manufacturing and Other Companies (Auditor's Report) Order, 1988, issued by the Company Law Board in terms of Section 227 (4A) of the Companies Act, 1956, we further report that :
 1. The Company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets. We are informed that the assets have been physically verified by the management at the year end and no material discrepancies have been noticed by the management on such verification.
 2. None of the fixed assets have been revalued during the year.
 3. Inventories of finished goods and raw materials have been physically verified by the Management during the year. In our opinion, the frequency of such verification is reasonable.
 4. 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.
 5. The discrepancies noticed on verification between physical inventories and the book records were not material and the same have been properly dealt with in the books of account.
 6. In our opinion, the valuation of the abovementioned inventories is fair and proper in accordance with the normally accepted accounting principles and is on the same basis as in the previous year.
 7. The Company has not taken any loan, secured or unsecured, from companies, firms or other parties as listed in the register maintained under section 301 of the Companies Act, 1956. As per our information there is no Company under the same management as defined under section 370 (1-B) of the Companies Act, 1956.
 8. The Company has not granted any loans, secured or unsecured to companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956. As per our information there is no Company under the same management as defined under section 370 (1-B) of the Companies Act, 1956.
 9. In respect of loans and advances in the nature of loans given by the Company, except in some cases, parties are repaying the principal amounts as stipulated and are also regular in payment of interest wherever charged.

10. In our opinion, there is an adequate internal control procedure commensurate with the size of the company and the nature of its business for the purchase of stores, raw materials including components, plant and machinery, equipments and other assets and for sale of goods.
11. In our opinion and according to the information and explanations given to us, the prices paid for purchases of goods and materials and prices charged for sale of goods, materials and services in respect of transactions made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956, and aggregating during the year to Rs.50,000 or more in respect of each party, are reasonable having regard to prevailing market prices for such goods, materials or services, where available, or the prices at which transactions for similar goods or services have been made with other parties.
12. As explained to us, the Company has a regular procedure for the determination of unserviceable or damaged stores, raw materials and finished goods. Adequate provision for the loss, if any, has been made in the accounts.
13. According to the information and explanations given to us the Company has not accepted any deposit from the public during the year under review.
14. In our opinion, reasonable records have been maintained by the Company for the sale and disposal of realisable by - products and scrap wherever significant.
15. In our opinion, the company is having internal audit system commensurate with its size and nature of its business.
16. Maintenance of Cost records under section 209 (1) (d) of the Companies Act, 1956 is not applicable to the Company during the year.
17. According to the information and explanations given to us, the provisions of the Employees' Provident Fund and Miscellaneous Provisions Act, 1952 and the Employees' State Insurance Act, 1948 are not applicable to the Company.
18. There are no undisputed amounts of Income-Tax, Wealth Tax, Custom Duty, Excise Duty and Sales Tax whichever applicable outstanding for a period of six months or more at the last date of the financial year.
19. According to the information and explanations given to us, no personal expenses of employees or directors have been charged to revenue account, other than those payable under contractual obligations or in accordance with generally accepted business practice.
20. The Company is not a sick industrial company within the meaning of Section 3(1)(O) of the Sick Industrial Companies (Special Provisions) Act, 1985.
21. In respect of its trading activity, the Company has a procedure for determining damaged goods and adequate provision is made for loss, if any.

FOR, SHAILESH GANDHI & ASSOCIATES
CHARTERED ACCOUNTANTS

PLACE : AHMEDABAD.
DATE : 29TH AUGUST, 1998

Sd/-
(S.D.GANDHI)
PROPRIETOR