



COSMETICS AND CHEMICALS LTD.



ANNUAL REPORT

2008 - 2009

Registered Office :
5th Floor, Bhagwati Complex,
Jain Merchant Society, Paldi,
Ahmedabad - 380 007. Gujarat, INDIA



**COSMETICS AND
CHEMICALS LTD.**

Board of Directors

Mr. Susmit B. Sutaria

Chairman & Managing Director

Mr. Chitresh B. Sutaria

Non-Executive Director

Mrs. Amita S. Sutaria

Director (resigned w.e.f. 03-09-2009)

Mr. Yashesh S. Sutaria

Executive Director

Mr. Hardik M. Shah**

Independent Director

Mr. Darshik B. Gajjar**

Independent Director

(** = Appointed as an additional director w.e.f 03-09-2009)

Registered Office :

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

BANKERS

Union Bank of India

Rajkot Nagrik Sahakari Bank

Indusind Bank

AUDITORS

M/s. N. S. Shah & Associates

Chartered Accountants

REGISTRAR & SHARE TRANSFER AGENT

SYSTEM SUPPORT SERVICES

209, Shivai Industrial Estate, 89, Andheri - Kurla Road,
Sakinaka, Andheri (E), Mumbai - 400 072.

LISTING AT

AHMEDABAD

The Stock Exchange Ahmedabad
Kamdhenu Complex, Nr. Panjara Pole,
Ambawadi, Ahmedabad-380015.

MUMBAI

The Stock Exchange Mumbai
25th Floor, P. J. Towers, Dalal Street,
Fort, Mumbai-400 001.

ARSI COSMETICS AND CHEMICALS LIMITED

NOTICE

NOTICE is hereby given that the 15th Annual General Meeting of the Members of **ARSI Cosmetics and Chemicals Limited** will be held on 30th September, 2009 at 11.00 a.m. at the Registered Office of the Company at 5th Floor Bhagwati Complex, Jain Merchant Society, Paldi, Ahmedabad - 380007 to transact the following business :

Ordinary Business

1. To receive, consider and adopt the Audited Profit and Loss Account for the year ended on 31st March. 2009, Balance Sheet as at that date together with the Reports of Directors and Auditors thereon.
2. To appoint a Director in place of Shri Chitresh B. Sutaria who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint Auditors of the Company and fix their remuneration.

Special Business :

4. Appointment of Shri Hardik M. Shah as a Director

To consider and if thought fit, to pass with or without modifications, the following resolution as an Ordinary Resolution.

“RESOLVED THAT pursuant to the provisions of Section 260 and all other applicable provisions if any of the Act and the provisions of Articles of Association of the Company, Shri Hardik M. Shah, who was appointed as the Additional Director of the Company by the Board of Directors, who holds office of the director of the Company upto the date of this Annual General Meeting and in respect of whom the Company has received notice u/s. 257 from some of the members proposing his candidature for the post of Director and who has agreed to act as the director of the Company if appointed, be and is hereby appointed as the Director of the Company.”

5. Appointment of Shri Darshik B. Gajjar as a Director

To consider and if thought fit, to pass with or without modifications, the following resolution as an Ordinary Resolution.

“RESOLVED THAT pursuant to the provisions of Section 260 and all other applicable provisions if any of the Act and the provisions of Articles of Association of the Company, Shri Darshik B. Gajjar, who was appointed as the Additional Director of the Company by the Board of Directors, who holds office of the director of the Company upto the date of this Annual General Meeting and in respect of whom the Company has received notice u/s. 257 from some of the members proposing his candidature for the post of Director and who has agreed to act as the director of the Company if appointed, be and is hereby appointed as the Director of the Company.”

6. To consider and, if thought fit, to pass the following resolution with or without modification(s), if any, as Special Resolution:

“RESOLVED THAT in accordance with the all applicable provisions of the Companies Act, 1956 and subject to the provisions of Securities and Exchange Board of India (Delisting of Securities)

Guidelines, 2003 ("Delisting Guidelines") and all applicable laws, rules, regulations, notifications, clarifications and guidelines and subject to such other statutory and / or contractual approvals, permissions, consents and sanctions as may be required from any relevant authority including the Stock Exchanges where the Equity Shares of the Company are listed being complied with by the Company, and / or their associates and / or any person acting in concert, the consent of the members of the Company is hereby accorded to the Board of Directors (which term shall include any Committee constituted/ to be constituted by the Board of Directors) to seek voluntary delisting of equity shares of the Company, without opting for public offer to shareholders from Ahmedabad Stock Exchange Limited.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to take all the requisite, incidental, consequential and necessary steps to implement the foregoing resolution and to do and perform all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary, expedient, desirable or appropriate in the best interest of the Company, to settle any question, query, doubt or difficulty that may arise in regard to voluntary delisting of equity shares of the Company, and to execute/ publish all such notice (s), applications, deeds, agreements, documents, papers, undertakings/ bonds and writings as may be necessary or required for giving effect to this resolution."

7. To consider and, if thought fit, to pass the following resolution with or without modification(s), if any, as Special Resolution :

"RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309, 316 Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 and Article of the Article of Association of the company, the company hereby accords its approval to the appointment of Mr. Susmit B. Sutaria as the Managing Director of the Company with effect from 01.10.2009 for five years on the terms and conditions on terms & conditions including remuneration and perquisites as set out in the explanatory statement annexed hereto and as may be agreed to between the Company and Mr. . Susmit B. Sutaria.

RESOLVED FURTHER THAT the Board of Directors of the company be and is hereby authorised to revise the remuneration payable to him as Managing Director, from time to time subject to the ceiling laid down in Section 198, 309 and Schedule XIII of the Companies Act, 1956, without further approval of the members of the company, but with such other approvals, sanctions, or permissions, if any, required for such revision in the remuneration.

RESOLVED FURTHER THAT notwithstanding anything contained hereinabove, where in any financial year, during the currency of the tenure of the director, the Company has no profits or its profits are inadequate, the company shall pay to Mr. Susmit B. Sutaria, minimum remuneration by way of salary, perquisites and other allowances as above subject to the ceiling laid down in under Part II of Schedule XIII to the Companies Act, 1956 and such other amendments to the act from time to time.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to do all such acts, deeds, matters, and things as in its absolute discretion, it may consider necessary, expedient or desirable, in order to give effect to the foregoing Resolution or otherwise considered by it to be in the best interest of the Company."

Notes :

1. A Member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and such proxy need not be a member of the Company.

2. An Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 for Special Business is annexed hereto.
3. Register of Members and Share Transfer Books will remain closed from 28-09-2009 to 30-09-2009 (both days inclusive).

Place : Ahmedabad

Date : 03-09-2009

Regd. Office :

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

By Order of the Board

**Susmit B. Sutaria
CHAIRMAN**

**EXPLANATORY STATEMENT PURSUANT TO
SECTION 173(2) OF THE COMPANIES ACT, 1956**

Item No. 4

Shri Hardik M. Shah was appointed as an additional Director of the Company. He holds office upto the ensuing Annual General Meeting.

The Company has received a notice from a shareholder for his reappointment.

Shri Hardik M. Shah is Bachelor in Computer Application and has good experience in the field of Computer Hardware and Software and also in working with administrative aspects of the business for 5 years.

Other Directorship - Nil.

Your Directors recommend his appointment.

None of the Directors may be deemed to be interested or concerned in the appointment.

Item No. 5

Shri Darshik B. Gajjar was appointed as an additional Director of the Company. He holds office upto the ensuing Annual General Meeting.

The Company has received a notice from a shareholder for his reappointment.

Shri Darshik B. Gajjar is Master in Computer Application and has good experience in the field of Computer Hardware and Software and also in working with administrative aspects of the business for 6 years.

Other Directorship - Nil.

Your Directors recommend his appointment.

None of the Directors may be deemed to be interested or concerned in the appointment.

ITEM NO. 6

Presently, the company's securities are listed on the following 2 stock exchanges in India:

1. Bombay Stock Exchange Limited
2. Ahmedabad Stock Exchange Limited

The Ahmedabad Stock Exchange is the regional stock exchange. Further there is no trading in the shares of the Company. Thus the benefits accruing to the investors by keeping the shares of the

company listed on Ahmedabad Stock Exchange are not commensurate with the costs incurred by the company for continued listing on this Stock Exchange.

As per Delisting Guidelines prior approval of the Shareholders of the Company is required by passing of a Special Resolution.

It is now proposed to seek voluntary delisting of equity shares from the Ahmedabad Stock Exchanges.

The Board recommends the resolution for acceptance by the members.

None of the Directors of the Company is in any way concerned or interested in the proposed amendments to the memorandum and articles of association of the company.

ITEM NO. 7

The Board of Directors recommends reappointment of Mr. . Susmit B. Sutaria as the Chairman and Managing Director of the Company with effect from 1st October, 2009. The brief terms and conditions of his appointment are set out below:

1. Period: Five years with effect from 1st October, 2009 till 30th September, 2014.
2. Remuneration: He shall be entitled to salary of Rs. 1.20 Lac P.A. subject to the limit as specified in Schedule XIII of the Act. He will be provided such facilities as telephone, car, etc as may be necessary exclusively for the business of the Company.
3. He shall be entitled to the perquisites in the form of membership fees of the clubs to be paid by the Company.
4. The Company shall reimburse actual entertainment and traveling expenses incurred in the course of the Company's business.
5. He will be entitled to privilege leave and sick leave and casual leave benefits as per the rules of the Company.
6. He will not be entitled for any sitting fees for attending meetings of the Board or Committees thereof.
7. He shall keep the secrets of the Company.

In compliance with the provisions of Section 269, 198, 309 read with Schedule XIII of the Companies Act, 1956, the Board recommends the above resolution for your approval.

Except Mr. Susmit B. Sutaria, none of the other Directors is in any way concerned or interested in the said resolution.

The Board recommends the re-appointment of Mr. Susmit B. Sutaria as the Chairman and Managing Director of the company w.e.f. 1st October, 2009 for a period of five years.

The board recommends their re-appointment as directors and Managing Director respectively of the Company and put the resolution for Members approval.

Place : Ahmedabad

Date : 03-09-2009

By Order of the Board

Regd. Office:

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

**Susmit B. Sutaria
CHAIRMAN & MANAGING DIRECTOR**

ARSI COSMETICS AND CHEMICALS LIMITED

DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in placing before you the 15th Annual Report and Audited Accounts for the year ended on 31st March, 2009.

Financial Results	(Rs. in lacs)	(Rs. in lacs)
Particulars	Year ended	Year ended
	31-03-2009	31-03-2008
Total sales and income	427.53	30.91
Depreciation	1.63	1.63
Profit / (Loss) before tax	6.50	13.73
Provision for tax	—	—
Profit / (Loss) after tax	6.50	13.73
Balance Brought Forward from Balance Sheet	(26.27)	(40.01)
Net Profit / (Loss) carried to Balance Sheet	(19.76)	(26.28)

Dividend

In view of accumulated losses, your Directors do not recommend any Dividend on equity shares for the year ended 31st March, 2009.

Performance

During the year under review, total income of the Company was Rs. 4,27,53,912/- (previous year Rs. 30,90,774/-). Net Profit after tax was Rs.6,50,817/- (Previous year Net profit was Rs. 13,73,268/-)

Directorate

Shri Chitresh B. Sutaria, Director of the Company who retires by rotation, and being eligible, offers himself for reappointment. He has good experience of business and administration for more than 20 years. Your director recommends his appointment.

Shri Hardik M. Shah was appointed as additional Director of the Company. He holds office upto the ensuing Annual General Meeting. Shri Hardik M. Shah is Bachelor in Computer Application and has good experience in the field of Computer Hardware and Software and also in working with administrative aspects of the business and line of activities of the Company. Your Directors recommend his appointment.

Shri Darshik B. Gajjar was appointed as additional Director of the Company. He holds office upto the ensuing Annual General Meeting. Shri Darshik B. Gajjar is a Master in Computer Application

and has good experience in the field of Computer Hardware and Software and also in working with administrative aspects of the business and line of activities of the Company. Your Directors recommend his appointment.

Smt. Amita S. Sutaria, Director of the Company resigned from the directorship of the Company w.e.f. 03-9-2009. Your Directors express their deep sense of appreciation for the valuable services rendered by her during the tenure of her office.

Disclosure on Stock Exchanges

The equity shares of the Company are listed on the Ahmedabad Stock Exchange and Bombay Stock Exchange Limited. Presently the shares are suspended from trading.

Fixed Deposits

The Company has not accepted any deposits from the public.

Energy, Technology and Foreign Exchange

Since the Company is not engaged in manufacturing activities, the information as required under the provisions contained in section 217 (1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, with respect to conversion of energy and technology absorption are not applicable. Foreign exchange earning during the year under review was of Rs.9,73,196/- and foreign exchange outgo was Nil during the year under review.

Corporate Governance

Your Company has complied with major recommendations on Corporate Governance. A separate Report on Corporate Governance together with the Certificate from Auditors is provided in a separate Annexure.

Particulars of Employees

The information pursuant to the provisions of section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 as amended, is not required to be given as there were no employees coming within the purview of this section.

Directors' Responsibility Statement

In accordance with the provisions of Section 217 (2AA) of the Companies Act, 1956 as amended by Companies {Amendment} Act, 2000, your Directors state :

1. that in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
2. that the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and a fair view of the state of affairs of the Company at the end of the financial year ended on 31.03.2009 and of the Profit of the Company for the year ended on 31.03.2009;
3. that the Directors have taken proper and 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;
4. that the Directors have prepared annual accounts on a going concern basis.

Auditors

M/s. N. S. Shah & Associates, Chartered Accountants, Ahmedabad hold office until the conclusion of the ensuing Annual General Meeting. The Company has received a certificate under section 224(1)(B) of the Companies Act, 1956 from them. You are requested to appoint the Auditors and fix their remuneration.

The notes to the accounts referred to in the Auditors' Report are self-explanatory and therefore do not call for any further comments.

Acknowledgement

Your Directors express their gratitude for the co-operation and support from its customers, bankers and business associates and look forward to their continued support.

The Directors gratefully thank the shareholders for the confidence reposed in the Company.

For and on behalf of the Board

Place : Ahmedabad

Date : 03-09-2009

**SUSMIT B. SUTARIA
CHAIRMAN**

REPORT ON CORPORATE GOVERNANCE

I. COMPANY'S PHILOSOPHY

The Company is committed to maximize the wealth of its stakeholders on the one hand and to protect interest of customers, employees and associates on the other. The Board of Directors and the Management of the Company commit themselves to achieve excellence in Corporate Governance by complying in all respect with the mandatory guidelines in this regard and also regulatory reviewing management systems for further improvement.

Commitment to values, quality, fairplay and transparency are the corner stones of the principles of Corporate Governance.

The Company is committed to high standards of Corporate Governance. The Company lays emphasis on proper quality, customer satisfaction, legal compliances, enhancing the value of stakeholders and integrity in all its operations and dealings. at all levels.

II. BOARD OF DIRECTORS

The Board of Directors is comprised of 5 members of which 2 are Executive Directors. All other Directors are Non-Executive Directors.

Composition

Name of Director	Category	No. of other Directorships	Membership of Board Committees
Shri Susmit B. Sutaria	Chairman and Managing Director	Nil	2
Shri Chitersh B. Sutaria	Non-Executive Director	One	2
Mrs. Amita S. Sutaria*	Non-Executive Director	Nil	2
Shri Yashesh S. Sutaria	Executive Director	Nil	—
Shri Hardik M. Shah**	Independent Director	Nil	2
Shri Darshik B. Gajjar**	Independent Director	Nil	2

(* = resigned as a director w.e.f. 03-09-2009)

(** = appointed as an additional director w.e.f 03-09-2009)

During the Financial Year 2008-2009, 5 meetings of the Board of Directors were held. These meetings were held on 30th April 2008, 31st July, 2008, 1st September, 2008, 31st October 2008 and 31st January, 2009.

The last Annual General Meeting was held on 30-09-2008.

Attendance at the Board Meetings and the General Meetings :

Director	No. of Board Meetings held	No. of Board Meetings attended	Last AGM attendance	Remarks
Susmit B. Sutaria	5	5	Yes	—
Chitersh .B. Sutaria	5	5	Yes	—
Amita S. Sutaria*	5	4	Yes	—
Shri Yashesh S. Sutaria	5	5	Yes	—
Shri Hardik M. Shah**	—	—	—	—
Shri Darshik B. Gajjar**	—	—	—	—

(* = resigned as a director w.e.f. 03-09-2009)

(** = Appointed as an additional director w.e.f 03-09-2009)