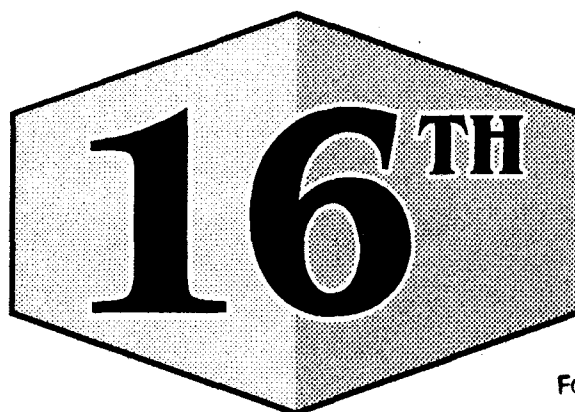




**COSMETICS AND CHEMICALS LTD.**



For Arsi Cosmetics & Chemicals Ltd.

  
Authorised Signatory Mg. Director

# **ANNUAL REPORT**

**2009 - 2010**

**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**

**Mr. Yashesh S. Sutaria**

**Mr. Hardik M. Shah**

**Mr. Darshik B. Gajjar**

**Chairman & Managing Director**

**Executive Director**

**Non-Executive Independent Director**

**Non-Executive Independent Director**

**Registered Office :**

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

**BANKERS**

Rajkot Nagrik Sahakari Bank

Indusind Bank

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

**MUMBAI**

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

# ARSI COSMETICS AND CHEMICALS LIMITED

## NOTICE

**NOTICE** is hereby given that the 16th Annual General Meeting of the Members of **Arsi Cosmetics and Chemicals Limited** will be held on 25-09-2010 at 4-30 p.m. at the Registered Office of the Company at 5th Floor Bhagawati 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, 2010, Balance Sheet as at that date together with the Reports of Directors and Auditors thereon.
2. To appoint a Director in place of Shri Yashesh S. Suta ria who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint Auditors of the Company and fix their remuneration.

Place : Ahmedabad  
Date : 26-08-2010  
Regd. Office:  
5th Floor, Bhagawati Complex,  
Jain Merchant Society,  
Paldi, Ahmedabad – 380 007

By Order of the Board

Susmit B. Sutarria  
CHAIRMAN

### 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. Register of Members and Share Transfer Books will remain closed from 21-09-2010 to 25-09-2010 (both days inclusive).

# ARSI COSMETICS AND CHEMICALS LIMITED

## DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in placing before you the 16th Annual Report and Audited Accounts for the year ended on 31st March, 2010.

Financial Results	(Rs. in lacs)	(Rs. in lacs)
Particulars	Year ended 31-03-2010	Year ended 31-03-2009
Total sales and income	62.19	427.53
Depreciation	1.63	1.63
Profit / (Loss) before tax	(11.55)	6.50
Provision for tax	---	---
Profit / (Loss) after tax	(11.55)	6.50
Balance Brought Forward	(19.76)	(26.27)
Net Profit / (Loss) carried to Balance Sheet	(31.32)	(19.76)

### Dividend

In view of accumulated losses, your Directors do not recommend any Dividend on equity shares for the year ended 31st March, 2010.

### Performance

During the year under review, total income of the Company was Rs. 62,19,323/- (previous year Rs. 4,27,53,912/-). Net loss after tax was Rs. (11,55,166/-) (Previous year Net profit was Rs. 6,50,817/-).

### Directorate

Shri Yashesh S. Sutaria, Director of the Company who retires by rotation, and being eligible, offers himself for reappointment. He is an engineering graduate. He has good experience of computer hardware and software business and administration for more than 6 years. Your director recommends his appointment.

Shri Chitresh B. Sutaria, Director of the Company resigned from the directorship of the Company w.e.f. 30-10-2009. Your Directors express their deep sense of appreciation for the valuable services rendered by him during the tenure of his office.

### Disclosure on Stock Exchanges

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

### 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) (c) 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. There are no foreign exchange earning and outgo 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 31.03.2010 and of the Profit of the Company for the year ended on 31.03.2010;
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 : 26-08-2010**

**Susmit B. Sutaria  
CHAIRMAN**

To  
The Board of Directors  
Arsi Cosmetics and Chemicals Ltd.

## CERTIFICATE

I have reviewed the financial results and the cash flow statement of Arsi Cosmetics and Chemicals Ltd. (the Company) for the financial year ended 31 March 2010, and certify that:

- (a) These results and statements, to the best of my knowledge and belief:
  - (i) do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - (ii) present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (b) To the best of my knowledge and belief, there are no transactions entered into by the Company during the year, which are fraudulent, illegal or violative of the Company's Code of Conduct.
- (c) I accept responsibility for establishing and maintaining internal controls and have evaluated the effectiveness of the internal control systems of the Company and have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of internal controls of which I am aware, and the steps taken and proposed to be taken to rectify these deficiencies.
- (d) I have also indicated to the Auditors and the Audit committee:
  - (i) Significant changes in the internal controls with respect to financial reporting during the year;
  - (ii) Significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
  - (iii) To the best of my knowledge and belief, there are no instances of fraud involving either the Management or employees having a significant Role in the Company's internal control systems with respect to financial reporting.

Sd  
Susmit B. Sutaria  
Chairman & Managing Director  
Ahmedabad, August 26, 2010

## CODE OF CONDUCT

The Board has laid down a code of conduct for all Board members and Senior Management personnel of the Company. All Board members and Senior Management personnel have affirmed compliance with the Code of Conduct and the Managing Director has confirmed the same.

Sd  
Susmit B. Sutaria  
Chairman & Managing Director  
Ahmedabad, August 26, 2010

## 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 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 4 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	1	2
Shri Yashesh B. Sutaria	Executive Director	Nil	2
Smt. Amita S. Sutaria**	Non-Executive Director, independent	Nil	2
Shri Hardik M. Shah	Non-Executive Director, independent	Nil	2
Shri Darshik B. Gajjar	Director	Nil	2

(\* = resigned as a director w.e.f. 30-10-2009)

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

During the Financial Year 2009-2010, 6 meetings of the Board of Directors were held. These meetings were held on 30th April 2009, 31st July 2009, 26th August 2009, 3rd September 2009, 30th October 2009 and 31st January 2010.

The last Annual General Meeting was held on 30-09-2009 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	6	6	Yes	---
Chitersh .B. Sutaria*	4	4	Yes	---
Shri Yashesh B. Sutaria	6	6	Yes	---
Smt. Amita S. Sutaria**	3	3	---	---
Shri Hardik M. Shah	2	---	---	----
Shri Darshik B. Gajjar	2	---	---	---

(\* = resigned as a director w.e.f. 30-10-2009)

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

### III. AUDIT COMMITTEE

#### ❖ Composition

Shri Susmit B. Sutaria - Managing Director  
Shri Chitresh B. Sutaria\* - Non- Executive Director  
Smt. Amita S. Sutaria\*\* - Non- Executive Director  
Shri Darshik B. Gajjar\*\*\* - Chairman, Non-Executive Director, independent Director  
Shri Hardik M. Shah\*\*\*\* - Non-Executive Director, independent Director

(\* = resigned as a director w.e.f. 30-10-2009)

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

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

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

The meetings of the Audit Committee were held for 5 times during the year on the following dates viz., 30th April 2009, 31st July, 2009, 3rd September, 2009, 30th October 2009 and 31st January, 2010.

#### Meetings and attendance during the financial year

Members	Meetings held	Meetings attended
Susmit B. Sutaria	5	5
Chitresh B. Sutaria*	3	3
Amita S. Sutaria**	2	2
Darshik B. Gajjar***	2	2
Shri Hardik M. Shah****	2	2

(\* = resigned as a director w.e.f. 30-10-2009)

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

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

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

#### ❖ Terms of Reference

The following areas are referred to the Audit Committee:

- Overall assessment of the Company's financial reporting process and the disclosure of its financial information.
- To review compliance with internal control systems.
- Reviewing with management the annual financial statements before submission to the Board, focusing primarily on;
  - Changes, if any accounting policies and practices
  - Observations, if any in draft audit report
  - Compliance with accounting standards.
- Compliance with Stock Exchange and requirements concerning financial statements.
- Reviewing the Company's financial and risk management policies.

### IV. Details of remuneration paid / payable to the Directors for Financial Year 2009-2010 (Amount in Rupees)

Name	Salary and Perquisites Rs.	Commission	Shares issued under ESOP	Details of service contracts: notice period and severance fees
Susmit B. Sutaria	1,20,000/- p.a.	----	----	Appointed w.e.f 01-10-2009. Notice period as per Provisions of the Act and no severance fees.
Yashesh S. Sutaria	84,000/- p.a.	----	----	Appointed as Executive Director w.e.f 01-04-2007. Notice period as per Provisions of the Act and no severance fees.



## V. SHARE TRANSFER CUM INVESTOR GRIEVANCE COMMITTEE

The Board has constituted a Share Transfer Cum Investor Grievance Committee which looks after shareholders' and investors' grievances.

### Composition

Shri Susmit B. Sutaria --- Chairman, Managing Director

Shri Chitresh B. Sutaria\* --- Non Executive Director

Shri Darshik B. Gajjar --- Non - Executive Director

Shri Hardik M. Shah --- Non - Executive Director

(\* = resigned as a director w.e.f. 30-10-2009)

The Share Transfer Cum Investor Grievance Committee has been constituted to administer the following activities:

- |  |                                       |
|--|---------------------------------------|
| a. Transfer of shares                    | g. Sub-Division of Share Certificates |
| b. Transmission shares                   | h. Consolidation of folios            |
| c. Issue of Duplicate Share Certificates |                                       |
| d. Change of Status                      |                                       |
| e. Change of Name                        |                                       |
| f. Transposition of Shares               |                                       |

The Committee meets from time to time and approves the transfer and transmission of shares, deletion of names, issue of duplicate share certificates etc. The Committee facilitates prompt and effective redressal of investors' complaints and the reporting of the same to the Board of Directors.

- No. of shareholders' complaints received -- Nil
- No. of complaints not solved to the satisfaction of shareholders -- Nil
- No. of pending share transfers ---- Nil

## VI. SHAREHOLDERS' MEETINGS

### Details of last three AGMs held

Year	Date	Time	Venue	No. of Special Resolutions passed
2006-2007	29-09-2007	11.00 a.m.	5th Floor, Bhagwati Complex, Jain Merchant Society, Paldi, Ahmedabad-380 007.	----
2007-2008	30-09-2008	11.00 a.m.	5th Floor, Bhagwati Complex, Jain Merchant Society, Paldi, Ahmedabad-380 007.	----
2008-2009	30-09-2009	11.00 a.m.	5th Floor, Bhagwati Complex, Jain Merchant Society, Paldi, Ahmedabad-380 007.	1

1) No Resolutions were put through postal ballot.

## NOTES ON DIRECTORS' APPOINTMENT / REAPPOINTMENT

Shri Yashesh S. Sutaria retires by rotation at the ensuing Annual General Meeting and being eligible offers himself for reappointment. Shri Yashesh S. Sutaria is an engineering graduate. He has good experience of computer hardware and software business and administration for more than 6 years.

Details of other Directorships: NIL

### Demat / Remat of Shares

## VII. DEMAT / REMAT OF SHARES

Details of Shares Dematerialised / Rematerialised during the last financial year is as below:

- |  |    |     |
|--|----|-----|
| a) Number of Demat requests approved   | :- | Nil |
| b) Number of Shares Dematerialised     | :- | Nil |
| c) Percentage of Shares Dematerialised | :- | Nil |
| d) Number of Remat requests approved   |    | Nil |
| e) Number of Shares Rematted           |    | Nil |

Representatives of the Company are constantly in touch with the Share Transfer Agents of the Company and reviewed periodically the outstanding matters.

## VII. DISCLOSURES

- a) Materially significant related party transactions i.e. transactions of the Company of material nature, with its Promoters, the Directors or the management, their subsidiaries or relatives etc. that may have potential conflict with the interests of Company at large.  
Details are provided in Note No. 12 under Schedule 13 of Notes to the Accounts in accordance with provisions of Accounting Standard 18.
- b) There has been no instance of non-compliance by the Company, on any matter relating to capital market. Hence, the question of penalties, strictures being imposed by Stock Exchange or SEBI does not arise.

## VIII. UNAUDITED FINANCIAL RESULTS

The quarterly as well as the half yearly unaudited financial results in the prescribed form are taken on record by the Board of Directors at its meetings within one month of the close of every quarter / half year respectively.

## IX. MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Management Discussion and Analysis Report forms part of this Annual Report.

## X. GENERAL SHAREHOLDERS INFORMATION

### 1. Annual General Meeting

The Annual General Meeting will be held on 17-09-2010 at 11.00 a.m. at Regd. Office of the Company at 5th Floor, Bhagwati Complex, Jain Merchant Society, Paldi, Ahmedabad – 380 007

Financial Calendar 2010-2011 (Tentative)

First Quarterly Results	: Last week of July, 2010
Half yearly Results	: Last week of October, 2010
Third Quarterly Results	: Last week of January, 2011
Fourth Quarterly Results	: Last week of April, 2011
Annual General Meeting	: September, 2011

2. **Date of Book Closure** : 21<sup>st</sup> September, 2010 to  
25<sup>th</sup> September, 2010 (both Days inclusive)
3. **Dividend Payment Date** : N. A.
4. **Regd. Office** : 5th Floor, Bhagawati Complex, Jain  
Merchant society, Paldi, Ahmedabad-380007.
5. **Listing of equity shares on Stock Exchanges** : Ahmedabad Stock Exchange Ltd.  
Bombay Stock Exchange Limited
6. **Demat ISIN Numbers in NSDL and CDSL** : INE898K01018
7. **Stock Code** : ASE :- 05036  
BSE :- 531320

### 8. Stock Market Data (in Rs. / Per Share)

No transaction has been recorded during the Financial Year.

### 9. Share Transfer System

Applications for transfer of shares held in physical form are received at the office of the Registrars and Share Transfer Agents of the Company who process the transfers accordingly. All valid transfers are processed within 15 days from the date of receipt.