



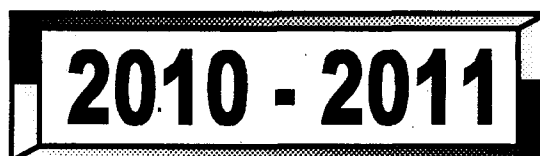
arSi

COSMETICS AND CHEMICALS LTD.



17TH

ANNUAL REPORT



2010 - 2011

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





**COSMETICS AND
CHEMICALS LTD.**

BOARD OF DIRECTORS

Mr. Susmit Bhupendrabhai Sutaria
Mr. Sushil Kumar Jain
Mr. Losho Daikho Mao
Mr. Haraprosad Banerjee
Mr. Yashesh Susmit Sutaria
Mr. Hardik M Shah
Mr. Darshik B Gajjar
Mr. Sadanand C Pandey

Chairman & Managing Director
Executive Director
Non Executive Director
Independent Director
Director (Resigned w.e.f. 12th August, 2011)
Director (Resigned w.e.f. 12th August, 2011)
Director (Resigned w.e.f. 12th August, 2011)
Director (Resigned w.e.f. 26th April, 2011)

AUDITORS

N.S.Shah & Associates
Chartered Accountants
G.F.2, Mahak Complex, Opp. Loha Bhavan,
Nr. Old High Court,
Navrangpura,
Ahmedabad-380009.

REGISTERED OFFICE

5th Flr, Bhagwati Complex,
Jain Merchant Soc,
Paldi,
Ahemdabad - 380007.

REGISTRAR & SHARE TRANSFER AGENTS

System Support Services
209, Shivai Ind. Estate,
89, Andheri Kurla Road,
Saki Naka, Andheri (E),
Mumbai – 72.

NOTICE:

Notice is hereby given that the 17th Annual General Meeting of the Members of Arsi Cosmetics & Chemicals Limited held on Friday, 30th day of September, 2011 at 4:00 P.M. at 5th Flr, Bhagwati Complex, Jain Merchant Soc, Paldi, Ahemdabad - 380007 to transact the following business, with or without modifications.

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as on 31st March 2011 and Profit & Loss Account for the period ended on that date along with Reports of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Sushil Kumar Jain Director of the Company, who retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment.
3. To appoint Auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of next Annual General Meeting and to fix their remuneration.

“RESOLVED THAT pursuant to Sub-Section (1) of Section 224 of the Companies Act, 1956, M/s Chhager & Co., Chartered Accountants, Kolkatta, be and are hereby appointed auditors of the company to fill the vacancy caused by the resignation of M/s N. S. Shah & Associates, Chartered Accountants, Ahmedabad, to hold the office from the date of this meeting until the conclusion of the next annual general meeting of the company on a remuneration as may be decided by the Board of Directors plus reimbursement of out-of-pocket expenses that may be incurred by the auditors in the performance of their duties as auditors of the company.”

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 and all other applicable provisions, if any, of the Companies Act 1956, Mr. Haraprosad Banerjee, who was appointed by the Board of Directors as Additional Director as per the provisions of Section 260 of Companies Act 1956, at their meeting held on 4th November, 2010 and who hold office up to the date of ensuing Annual General Meeting and in respect of whom the Company has received a notice in writing along with requisite Deposit as per the provisions of Section 257 of Companies Act 1956 from a member proposing the candidature of Mr. Haraprosad Banerjee, for the office of the Director, be and is hereby appointed as a Director of the Company.”

5. 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 and all other applicable provisions, if any, of the Companies Act 1956, Mr. Losho Daikho Mao, who was appointed by the Board of Directors as Additional Director as per the provisions of Section 260 of Companies Act 1956, at their meeting held on 21st April, 2011 and who hold office up to the date of ensuing Annual General Meeting and in respect of whom the Company has received a notice in writing along with requisite Deposit as per the provisions of Section 257 of

Companies Act 1956 from a member proposing the candidature of Mr. Losho Daikho Mao, for the office of the Director, be and is hereby appointed as a Director of the Company.”

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

“Resolved that in accordance with the provisions of section 81, 81(1A) and other applicable provisions if any of the Companies act, 1956 and in accordance with the existing guidelines issued by the Securities and Exchange Board of India (SEBI) and subject to all necessary approvals, consents, permissions and / or sanctions of the Government of India, Reserve Bank of India, Foreign Investment Promotion Board, Secretarial of Industrial Approvals under the Foreign Exchange Management Act, 1999 (including any statutory modification or reenactment thereof, for the time being in force) and other applicable laws, and enabling provisions in the Memorandum and Articles of association of the company and the listing agreements entered into by the company with the stock exchange where the shares of the company are listed and subject to such terms and conditions as may be determined by the board of directors of the company (herein after referred to as “The Board” which expression shall include a committee, constituted for the time being in force, thereof) and subject to such conditions and modifications as may be prescribed or imposed by any of them while granting such approvals, consents, permissions or sanctions and agreed to by the Board, the consent and approval of the company be and is hereby accorded to Board and the Board be and is hereby authorised to offer, issue and allot on preferential basis, up to 20,00,000 (Twenty Lac) Equity Shares of Face Value of Rs. 10/- each at a premium of Rs. 26/- (Twenty Six) per share aggregating to Rs. 72000000/- (Rupees Seven Crore Twenty Lac only) to persons not falling under promoters group, being the price which is in accordance with the guidelines for Preferential Issue contained in Chapter XIII of the SEBI (issue of Capital and Disclosure Requirement) Regulations, 2009, (SEBI ICDR Regulations”) persons mentioned below on a Preferential basis:

S. No.	Name of the proposed Allottees	Address of the Proposed Allottees	No of equity shares to be allotted	Category	Allottee is : QIB/MF/FI/ Trust/Banks
	Trade City Barter Pvt Ltd	Martin Burn House Room No 11, 1st Floor 1, R N Mukherjee Road Kolkatta West Bengal	100000	Non Promoter	N.A.
	Neena Jain	21 Ballygunj Park Road Flat No 503 Kolkatta 19	100000	Non Promoter	N.A.
	Nakul Arun Jagjivan	Kasturi Building, 171/172, 2nd Floor, J. Tata Road, Churchgate, Mumbai – 400 020	300000	Non Promoter	N.A.
	Nimish Hasmukhlal Shah	402 May Building 297- 301 Princess Street	200000	Non Promoter	N.A.

	Shah	301 Princess Street Mumbai 400 002		Promoter	
	Kushal Thaker	Sukhada Apartment, Ground Floor, Sarojini Road, Opp Sir Vithaldas Nagar Temple Santacruz (West) Mumbai 400 054	100000	Non Promoter	N.A.
	Sudheer Kumar Jain	21 Ballygunj Park Road, Flat No 503 Kolkatta19 W.B.	100000	Non Promoter	N.A.
	Yogesh Vinayak Sarkhot	H702 Mystique Moods Near Symbiosis Institute Of Design New Airport Road Viman Nagar Pune 411014	50000	Non Promoter	N.A.
	Kishan Chhabaldas Shahani	702, Prathmesh Park Off Veera Desai Road Andheri West Mumbai 400053	25000	Non Promoter	N.A.
	Sonali Kishan Shahani	702, Prathmesh Park Off Veera Desai Road Andheri West Mumbai 400053	25000	Non Promoter	N.A.
	Sutaria Yashesh	4, Shalibhadra, Bhattha Paldi, Ahmedabad 380007	100000	Non Promoter	N.A.
	Sutaria Rushang	4, Shalibhadra, Bhattha Paldi, Ahmedabad 380007	100000	Non Promoter	N.A.
	Adroit Tradelink Private Ltd	145/1, Sector - 14, Gandhinagar, Gujarat	400000	Non Promoter	N.A.
	Shree Bhuvanakaram Tradinvest Private Ltd	A-01, Parshwa Towers, Nr. 132 Feet Ring Road, Satellite, Ahmedabad - 380015	400000	Non Promoter	N.A.
	TOTAL		2000000		

Resolved Further that the Equity Shares on Preferential basis shall be issued by the company on the following terms and conditions :

- 1) The equity shares to be issued on preferential basis to above allottees shall be locked in for a period as prescribed under SEBI (Issue of Capital and Disclosure Requirement) Regulations, 2009.
- 2) The entire amount of the value per share i.e. Rs. 36/- (Rupees Thirty Six only) per share (Including a share premium of Rs. 26/- per share) to be paid at the time of application.

Resolved Further that for the purpose of giving effect to the said Special Resolution u/s. 81, 81(1A) and other applicable provisions of the Companies Act, 1956 the Board of Directors of the Company are hereby Authorized to take such steps and to do all such acts, deeds, matters and things and agree and accept any alteration(s) or amendment(s) or correction(s) or modification(s) as they deem fit and appropriate and give such directions / instructions as may be necessary to settle any question or difficulty for the offer / issue and allotment of Equity Shares in such manner as may be deemed fit and appropriate by the Board of Directors and or any legal / regulatory body, to be most beneficial to the company.

Resolved Further that the Board of Directors of the company be and are hereby Authorized to delegate any or all the powers conferred upon it by this resolution, to any committee formed thereof for the powers conferred upon it by this resolution, to any individual so Authorized by the Board.

Resolved Further that the shares referred to above shall in all respect rank pari-passu with the existing fully paid up equity shares of the company, provided that they shall confer on the holders of the right to dividend, if any, for the financial year in which they are allotted pari-passu from the date of allotment of new shares.

Resolved Further that the Board of Directors of the company be and are hereby Authorized to determine the terms and conditions of the issue including face value, quantity, issue price (Including Price range), manner of calls etc. in such manner as the Board may deem fit and proper in its absolute discretion to be most beneficial to the company and to approach SEBI and / or any other competent authority to do all such acts, deeds, matters and things as may be necessary, appropriate and proper or expedient for giving effect to the above Resolution.

Resolved Further that the funds so raised shall be fulfill the additional fund requirements for capital expenditure including acquisition of companies /business, funding long term working capital requirements, marketing, setting up of offices abroad and for other approved corporate purposes.

Resolved Further that the relevant date in relation to the shares for the purpose of determining the issue price under SEBI (Issue of Capital and Disclosure Requirements) Regulation 2009 relating to the preference issue shall be 31st August, 2011.

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

“RESOLVED THAT pursuant to section 297 of the Companies Act, 1956 and other applicable statutory provisions and subject to the approval of the Regional Director, Western Region, consent of the members be and is hereby given to the Company to enter into a transaction contract with M/s Exotic Contractors Private Limited, as below, in which Mr. Losho Daikho Mao, Director of the Company is interested, on the terms and conditions as given in the draft Agreement, placed before the meeting duly initialed by the Chairman for the purpose of identification.

Exotic Contractors Private Limited

S.No.	Nature of Transaction	Amount Per Year	No. of Years	Interested Director
1	Purchase of Coal	Rs.50 Crores	5 Years	Mr. Losho Daikho Mao

RESOLVED FURTHER THAT Board of Directors of the Company be and is hereby authorised to take all necessary actions and do such things as may be deemed necessary, expedient and desirable from time to time for giving affect to the above resolutions and in connection with all the matters related to the above.

RESOLVED FURTHER THAT pursuant to the provisions of section 297 of the Companies Act, 1956 and all other applicable provisions, if any, of the Act, an application be made to the Regional Director, Western Region, for the approval of said Agreement to be executed with Exotic Contractors Private Limited in which the Director of the company is interested."

By Order of the Board of Directors
For **ARSI COSMETICS & CHEMICALS LIMITED**

Date: 5th September, 2011
Place: Ahemdabad

Sd/-
MR. SUSHIL KUMAR JAIN
EXECUTIVE DIRECTOR

Registered Office:
5th Flr, Bhagwati Complex,
Jain Merchant Soc, Paldi,
Ahemdabad - 380007.

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING AND ALSO ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF / HERSELF AND THE PROXY NEED NOT BE A MEMBER. THE PROXIES SHOULD, HOWEVER, BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LATER THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
2. The members are requested to notify immediately changes, if any, in their registered address to the Company's Registrar & Share Transfer Agent M/S System Support Services, email ID: sysss72@yahoo.com.
3. Members are requested to write their Folio Number in the Attendance Slip for easy identification at the meeting and number of shares held by them.
4. The Share Transfer Books and the Register of Members will remain closed from Sunday the 25th day of September, 2011 to Friday the 30th day of September, 2011 (both days inclusive).
5. At the ensuing Annual General Meeting Mr. Sushil Kumar Jain- Director, retires by rotation and being eligible offers himself for re-appointment, the brief resume of this director is as under:

Name	Mr. Sushil Kumar Jain
Age	53
Qualification	Graduate
Expertise in Specific Area	Operational Finance & Administration
Date of First Appointment on the Board of the Company	1 st October, 2010
Name(s) of the other companies in which Directorship held and Committee Membership/Chairmanship held.	Refer to Report on Corporate Governance.

6. At the ensuing Annual General Meeting Mr. Haraprosad Banerjee & Mr. Losho Daikho Mao, Directors who were appointed by the Board of Directors as Additional Director during the year retires by completion of their term and being eligible offers themselves for reappointment, the brief resume of this director is as under:-

Name	Mr. Losho Daikho Mao	Mr. Haraprosad Banerjee
Age	45	48
Qualification	B.A.	Graduate
Expertise in Specific Area	Mining	Operational Finance & Administration
Date of First Appointment on the Board of the Company	21 st April, 2011	4 th November, 2010
Name(s) of the other companies in which Directorship held and Committee	Refer to Report on Corporate Governance.	Refer to Report on Corporate Governance.

7. Shareholders desiring any information as regards to the Accounts are requested to write to the Company at least Seven days in advance of the Annual General Meeting so that the information, to the extent practicable, can be made available at the Annual General Meeting.
8. **Green initiative in Corporate Governance:** The Government Of India, Ministry Of Corporate Affairs (MCA) vide its circular no. 17/2011 dated 21.04.2011 and 18/2011 dated 29.04.2011 has taken a "Green Initiative" and has allowed companies to make service of documents including Annual Report, Audited Financial Statements, Director's Report, Auditor's Report, etc. to the members through the electronic mode, to the registered email addresses of the members. This is a golden opportunity to contribute to our Nation at large. All you have to do is to register your e-mail address with the company to receive communication through the electronic mode.

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

Item No. 3

The Existing Auditors M/s N. S. Shah & Associates, Chartered Accountants, Ahmedabad, do not wish to continue as the auditor of the company due to their other preoccupations and have submitted their resignation to the Company. The Board proposed to appoint M/s. Chhager & Co., Chartered Accountant, Kolkatta as the new Auditors of the Company.

Pursuant to the provisions of Section 224(1) of the Companies Act, 1956, any changes in the Auditors of the company need the shareholders approval. Thus, the resolution is placed for the member's approval.

None of the directors are interested in the said resolutions.

Item No. 4 & 5

Mr. Haraprosad Banerjee & Mr. Losho Daikho Mao were appointed as additional directors of the Company on 4.11.2010 and 21.4.2011 respectively by the Board of Directors of the Company, at their meeting, as per the provisions of Section 260 of Companies Act 1956. They hold office of the Company up to the conclusion of the ensuing Annual General Meeting. As required by Section 257 of the Companies Act 1956, a notice has been received from a member signifying his intention to propose the candidature of Mr. Haraprosad Banerjee & Mr. Losho Daikho Mao as Directors of the Company. The Board recommends their appointment as Directors.

Except Mr. Haraprosad Banerjee & Mr. Losho Daikho Mao none of the Directors are concerned or interested in this resolution.

Item 6

As per Section 81(1A) of the Companies Act, 1956, approval of shareholders in the General Meeting is required for allotment of shares on preferential basis and hence the resolution is placed before the shareholders.

The Directors recommended the resolution for your approval.

The required disclosure as per 73(1) of SEBI ICDR Regulations regarding Proposed issue is as under:-

- 1) **Objects of this issue:** - The object of the issue is to fulfill the additional fund requirements for capital expenditure including acquisition of companies /business, funding long term working capital requirements, marketing, setting up of offices abroad and for other approved corporate purposes).
- 2) **Intention of Promoters /Directors /Key management persons to subscribe to the offer :**
None of the Promoters/Directors/Key Management Persons intend to subscribe to the issue of Equity Shares offered pursuant to this Resolution.

3) Shareholding pattern before and after the issue:-

The shareholding pattern before and after completion of the proposed preferential issue would be as under:-

Sr. No.	Category	Pre – issue		Post issue	
		No. of shares	% of Capital	No. of shares	% of Capital
A	Promoters Holding				
1	Indian Promoters	137,700	3.50	137,700	2.32
	Foreign Promoters	-	-	-	-
2	Persons Acting in Concert	-	-	-	-
	Sub-Total	137,700	3.50	137,700	2.32
B	Non-Promoter Holding				
1	Institutional investors				
	Mutual Funds	-	-	-	-
	Banks, FIs, Insurance companies	-	-	-	-
	NRIS/OCBs	800	0.02	800	0.01
	FIIIs	-	-	-	-
	Sub-Total	138500	3.52	138500	2.33
2	Others				
	Private Body Corporates	510,931	12.98	1010931	17.03
	Indian Public	3286669	83.50	4786669	80.64
	Clearing Members	-	-	-	-
	Sub-Total	3936100	100	5936100	100
	Grand Total	3936100	100	5936100	100

Notes:-

- 1) The above shareholding pattern has been prepared on the basis of shareholding as on 30th June, 2011 as provided by the Registrar and Share Transfer Agent.
- 2) The post- issue shareholding pattern has been arrived on the assumption that 20,00,000 equity shares to be issued.
- 4) **Proposed Time within which the allotment shall be completed.**

The allotment of shares on Preferential basis shall be completed within 15 days from the date of shareholders approval provided where the allotment on preferential basis is pending on account of pendency of any approval by any regulatory authority or Central Government as per SEBI Guidelines, the allotment shall be completed within 15 days from the date of such approval.

- 5) **The Identity of the proposed allottee and the percentage of post preferential issue capital that may be held by him:**

The proposed allottees were interested to invest in our company and they approached us in the past when the company decided to raise funds by way of issue of preference share for expanding existing finance related activities and for working capital etc. Subsequently the company approached the allottees to find out their intention to subscribe to preferential issue and the proposed allottees have given their consent to subscribe to the same. The percentage of the post-preferential issue capital held by the proposed allottees is follows:-