

19th ANNUAL REPORT



SONAL

COSMETICS (EXPORTS) LTD.

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Regd. Off. : 20, Manish Society, Manish Hall, Navrangpura,
Ahmedabad - 380 013.

CHAIRMAN	:	MR. RAJENDRA THAKKAR
MANAGING DIRECTOR	:	MR. NARESH SHAH
DIRECTOR	:	MR. ANISH SHAH
REGISTERED OFFICE	:	20 MANISH SOCIETY, BEHIND MANISH HALL, NARANPURA, AHMEDABAD(GUJ)-380013
AUDITORS	:	SHIRISH DALAL & ASSOCCOATES. CHARTERED ACCOUNTANTS C/10/11 UDAYBHANU FLATS OPP. ANKUR SCHOOL PALDI, AHMEDABAD- 380001
BANK	:	KOTAK MAHENDRA BANK AXIS BANK LIMITED YES BANK LTD
BOOK CLOSURE	:	28-09-2011 TO 30-09-2011 (BOTH DAYS INCLUSIVE)
ANNUAL GENERAL MEETING DATE	:	30 TH SEPTEMBER, 2011

NOTICE

NOTICE is hereby given that 19th Annual General Meeting of the members of SONAL COMSETICS (EXPORTS) LIMITED will be held on 30th September 2011 at 4.00 p.m. at the Registered Office of the Company to transact the following business.

ORDINARY BUSINESS:

01. To receive, consider and adopt the Audited Balance Sheet as at 31st March 2011 and Profit and Loss Accounts for the year ended on 31st March 2011 and Directors' and Auditors' Report thereon.
02. To appoint a Director in place of Mr.Naresh Shah, Director who retires by rotation at this Annual General Meeting and being eligible offers himself for reappointment.
03. To appoint M/s. Shirish Dalal & Associates Chartered Accountants, Ahmedabad as new Statutory Auditors of the Company in place of M/s. N. S. Shah & Associates, Chartered Accountants, Ahmedabad.

1**NOTES:**

01. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF / HERSELF ON A POLL AND THAT A PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXY IN ORDER TO BE EFFECTIVE MUST BE RECEIVED BY 48 HOURS BEFORE THE DATE OF MEETING.
02. The Register of members and share transfer book of the Company will remain closed from 28th Sept. 2011 to 30th Sept., 2011 (both days inclusive).
03. Members are requested to bring their own copies of Annual Report to the meeting.
04. Members are requested to inform about the change of address, if any to the Company immediately.
05. Members desirous of making nomination in terms of Section 109A of the Companies Act, 1956 in respect of their shareholding may approach the company for obtaining prescribed form and return the same duly filled in and signed for registration with the company.

**BY ORDER OF THE BOARD OF DIRECTORS
SONAL COSMETICS (EXPORTS) LTD.,**

**PLACE: AHMEDABAD
DATE : 01-09-2011**

**Sd/-
RAJENDRA G THAKKAR
(CHAIRMAN)**

DIRECTORS' REPORT

To,
The Members,

Your Directors have pleasure in presenting the 19TH Annual Report together with audited statement of accounts of the Company for the year ended on 31st March 2011.

OPERATIONS DURING THE YEAR:

The company has a very good Operational activity during the year due to good market.

FINANCIAL RESULTS:

The financial results are as under :-

PARTICULARS	AMOUNT (RS. IN LACS)	
	2010-11	2009-10
Turn Over	2.47	8.95
Expenses	2.42	6.47
Profit Before Tax	0.04	2.48
Provision for Taxation	0	0.42
Profit after Tax	0.04	2.06

AUDITORS:

During the year, the existing auditors of the company have shown their unwillingness to continue to be the Auditors of the company hence the members are requested to appoint new auditors M/s. SHIRISH DALAL & ASSOCIATES, Chartered Accountants, Ahmedabad for the current year and to fix their remuneration. M/s. SHIRISH DALAL & ASSOCIATES, Chartered Accountants have consented to act as the auditors of the Company.

PUBLIC DEPOSITS :

During the year the company has not accepted any deposit u/s. 58A of the Companies Act. 1956.

DIRECTORS:

During the year Naresh Shah, will retire by rotation at the ensuing A.G.M and being eligible, offer himself for re-appointment.

FOREIGN EXCHANGE EARNING AND EXPENDITURE:

There were no Foreign Exchange transactions during the year.

PERSONNEL AND OTHER MATTERS:

As required by the provisions of Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, as amended, the names and other particulars of the employees are not given as no employee was coming under the provisions set of section 217 (2A).

Since the Company does not own any manufacturing activity, the disclosure of information relating to conservation of energy and technology absorption to be disclosed in terms of 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, are not applicable and hence not given.

AUDIT COMMITTEE :

The Company has formed an Audit Committee comprising of 3 directors. The terms of the reference of the committee are in line with the requirements as stipulated u/s 292A of the Co. Act, 1956 and Corporate Governance as stated in Clause 49 of the Listing Agreement.

DIRECTORS' RESPONSIBILITY STATEMENT :

The Directors confirm that in preparation of the annual accounts for the year ended March 31, 2011 -

1. the applicable accounting standards had been followed along with proper explanation relating to material departures;
2. they had selected such accounting policies and applied them consistently and made;
3. judgements and estimates that are reasonable and prudent had been taken 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 that period;
4. they had 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; and
5. they had prepared the annual accounts on a going concern basis.

CORPORATE GOVERNANCE AND COMPLIANCE:

A report on corporate governance is annexed to this report. A certificate from Statutory Auditors with regards to the compliance of the corporate governance by the company is annexed to this report.

The company has fully complied with all mandatory requirements prescribed under clause 49 of the listing agreement. In addition, the company has also implemented some of the non mandatory provisions of clause 49.

ACKNOWLEDGEMENTS:

The Directors thank the clients for the confidence reposed, which has enabled the Company in successfully achieving the satisfactory performance.

The Directors also thank the Company's bankers, lenders, the Government of India, the Securities and Exchange Board of India, the Reserve Bank of India and other statutory authorities for their continued support to the Company.

The Directors express their gratitude for the support and guidance received from its shareholders.

The Directors also express their sincere thanks and appreciation to all the employees for their commendable teamwork, professionalism and contribution during the year.

**BY ORDER OF THE BOARD OF DIRECTORS
SONAL COSMETICS (EXPORTS) LTD.,**

**PLACE: AHMEDABAD
DATE : 01-09-2011**

**Sd/-
RAJENDRA G THAKKAR
(CHAIRMAN)**

Annexure - A to the Directors' Report for the year ended 31st March, 2011**REPORT ON CORPORATE GOVERNANCE****1. Corporate Governance Philosophy:**

The Company believes in good Corporate Governance and is putting into practice the prevailing guidelines. The Company believes in providing detailed information to the shareholders in respect of Company's business and financial performance. The objective of the Company is to achieve business excellence and thereby enhance the value of long-term interest of all the shareholders.

2. Board of Directors:

- (i) Composition, Category of Directors and their other Directorship and Membership / Chairmanship of Committees.

SR. No.	Name of Director	Category	Number of other		
			Director ships	Committee Member-ships	Committee Chairman - ships
1	Anish Shah	Non-exe. Ind Director	6	3	1
2	Naresh N Shah	Managing Director	4	3	1
3	Rajendra G Thakkar	Non-Executive Chairman	5	3	1

- (ii) Board Meetings held and attendance of Directors.

During the year under review, Five Board Meetings were held on 15-04-2010, 15-07-2010, 01-09-2010, 15-10-2010, 15-01-2011. The attendance of each Director at these meetings was as follows.

Sr. No.	Name of Director	No. Of Board Meeting Attended	Attendance at the AGM Held on 30-09-2011
1	Anish Shah	3	No
42	Rajendra G Thakkar	5	Yes
53	Naresh N Shah	5	Yes

3. Audit Committee:

The Board constituted an Audit Committee and presently consisting of following three Directors. As required u/s. 292A of the Co. Act, 1956 and u/c 49 of the Listing Agreement, 2 Directors have financial & accounting expertise. Details of Audit Committee meetings held during the year April 2010 to March 2011 and the attendance of the Audited Committee Members are as under:

SR. NO	Name of the Director	Category	No. Of Meeting Held
1	Anish Shah	Indep. Director & Chairman	Held 5 Attend 3
2	Rajendra Thakkar	Member	Held 5 Attend. 5
3	Naresh Shah	Member	Held 5 Attend. 5

The terms of reference as laid down by the Board are in line with the requirements specified in the Companies Act, 1956 and Clause 49 of the Listing Agreement. These interalia review of annual financial statement, adequacy of internal control system and internal audit function.

4. Remuneration Committee :

Being non-mandatory requirement, the company constituted the said committee to decide and fix payment of remuneration and sitting fees to the Director of the Company.

Presently Mr. Rajendra Thakkar is the Chairman of the said committee and Mr. Naresh Shah and Anish Shah are the members of the committee.

5. Share Transfer Committee:

A Share Transfer Committee constituted, consisting of Mr. Naresh Shah, Chairman of the said Committee and Mr. Anish Shah and Rajendra Thakkar, Directors of the Company to take care of matters relating to share transfer, transmission, issue of duplicate / consolidated / split share certificate etc. The committee meets regularly to approve share transfer. As on date the Committee comprises of 3 Directors. This Committee also looks into the grievance, complaints and other issues concerning the shareholders / investors.

All transfers received have been proceeded in time with no pending share transfers. There are no unresolved shareholders complaints pending.

Mr. Naresh N Shah, Managing Director of the Company is the Compliance Officer to monitor share transfers, shareholders grievances and complaints and liaise with regulatory authorities.

6. General Body Meeting :

The last three Annual General Meeting

Financial Year	Date	Time	Location
2009-10	30-09-2010	04.00 P.M	At the Registered Office of the Company
2008-09	30-09-2009	04.00 P.M	At the Registered Office of the Company
2007-08	30-09-2008	04.00 P.M.	At the Registered Office of the Company

No special resolutions required to be put through postal ballot last year.

No special resolutions on matters requiring postal ballot are placed for shareholders approval at this meeting.