



**PARAMOUNT COSMETICS (INDIA) LIMITED**

**TWENTY FIFTH ANNUAL REPORT**

**2009-2010**



# PARAMOUNT COSMETICS (INDIA) LIMITED

## NOTICE

Notice is hereby given that the Twenty Fifth Annual General Meeting of the Members of Paramount Cosmetics (India) Limited will be held on Thursday, the 30<sup>th</sup> day of September 2010 at 11:00 a.m. at the Registered Office of the Company at A-1/2211, IIIrd Phase, G.I.D.C Vapi – 396 195, District Valsad, Gujarat to transact the following business:

### ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet of the Company for the year ended 31<sup>st</sup> March 2010, the Profit & Loss Account as on that date along with the Cash Flow Statement for the year ended on that date and the report of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Shishir B. Desai, who retires by rotation and is eligible for re-appointment.
3. To appoint M/s. R.U. Jain & Co., Chartered Accountants, as Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to authorize the Board of Directors/ Audit Committee to fix their remuneration.

### NOTES:

- a. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES, IN ORDER TO BE EFFECTIVE, MUST BE RECEIVED AT THE REGISTERED OFFICE/CORPORATE OFFICE OF THE COMPANY, NOT LESS THAN FORTY-EIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING. A PROXY MAY NOT VOTE EXCEPT ON A POLL. **A PROXY FORM IS APPENDED WITH THE ADMISSION SLIP.**
- b. The Register of Members and Share Transfer Books of the Company (applicable for Shares held in physical form) will remain closed from Saturday, September 25, 2010 to Thursday, September 30, 2010 (both days inclusive), in terms of the provisions of the Companies Act, 1956 and the Listing Agreement with the Stock Exchange where the Shares of the Company are listed.
- c. Members requiring information on the account /notice are requested to write to the Company at least seven days before the date of the Meeting to enable the Company to furnish information.
- d. Members are requested to notify immediately of any change in their address to the Company's Registrars and Share Transfer Agent. Members holding Shares in electronic form are advised to notify any change in their address to the concerned depository participant.
- e. Members are requested to send all correspondence concerning registration of transfers, transmissions, subdivision, consolidation of shares or any other share related matters and/or change in address, furnishing of details of their bank accounts or updation thereof to Company's Registrar and Share Transfer Agents.
- f. The Board of Directors have resolved to change the Company's Registrar and Transfer Agents and appoint **BgSE Financials Limited, Bangalore** as the new Registrar and Transfer Agents, owing to the fact that the Company's Head Office is situated in Bangalore and to bring about a synergy in operation and management, the Company wants to concentrate its activities from Bangalore. The shift would take a months' time. Shareholders are requested to contact the Company Secretary during this duration for all their queries /grievances. The Shareholders would be duly intimated after the shift.
- g. Corporate Members are requested to send, a duly certified copy of the board resolution/power of attorney authorising their representative to attend and vote at the Annual General Meeting.
- h. Members/proxies are requested to bring duly filled admission/attendance slips sent herewith along with the copies of Annual Reports at the Meeting.
- i. The Company's securities are listed at the Bombay Stock Exchange Limited, Mumbai. The Company has paid Annual Listing fee to the Stock Exchange for the Financial Year 2010-11.

By order of the Board of Directors

Place : Bangalore  
Date : 30<sup>th</sup> August 2010

(Pooja Agrawal)  
Company Secretary

<b>Details of Directors seeking appointment / re- appointment (Additional information pursuant to Clause 49 of the Listing Agreement)</b>	
Name of the Director	<b>Mr. Shishir B. Desai</b>
Date of Birth	30.09.1953
Date of Appointment	28.03.2003
Experience in specific functional areas	Rich experience as a solicitor and advocate
Qualification	B.Com., LL.B., A.C.S., Solicitor – Supreme Court of England, Non Practising
Shareholding	NIL
List of Public Companies in which outside Directorships held on March 31, 2010	Camlin Limited
List of Chairmanship / Membership of the Committees of Board of Public Companies as on March 31, 2010	Paramount Cosmetics (India) Limited· Audit Committee – Member· Remuneration Committee – Member· Shareholders' Grievance Committee - Member

**DIRECTORS' REPORT**

Your Directors have pleasure in presenting the 25<sup>th</sup> Annual Report of your Company, together with the Audited Statement of Accounts for the year ended **31<sup>st</sup> March, 2010**.

**FINANCIAL RESULTS**

Your Company's performance during the year as compared with that during the previous year is summarized below:

(Figures in Rs. lakh)

	<b>Year ended 31.03.2010</b>	<b>Year ended 31.03.2009</b>
Sales and other income	2894.98	2273.09
Profit before Depreciation and Tax	255.42	188.74
Depreciation	35.92	27.50
Interest and Finance Charges	106.07	84.23
Profit before Tax	113.43	77.01
Income Tax	20.91	6.43
Prior Year Exp	3.18	8.93
MAT credit entitlement of earlier years	21.06	-
Net Profit / (Loss)	110.40	61.65
Add: Profit / (Loss) for previous year brought forward	109.32	47.67
Surplus / (Deficit)	198.69	109.32
Appropriations:	-	-
Balance carried forward to the Balance Sheet	219.71	109.32

**PERFORMANCE DURING THE YEAR**

Sales and other Income of the Company for the year is 2894.98 as compared to Rs. 2273.08 lakh in the previous year, showing an increase of 27%. Profit before Interest and Depreciation for the current year is Rs. 255.42 lakh which is 35% higher than the preceding year which was Rs. 188.74 lakh. Profit after tax is Rs. 110.40 lakh which is 79% higher than the preceding year which stood at Rs. 61.65 lakh.

**DIVIDEND**

To conserve resources for funding business expenses & future business expansion and growth plans, your Directors do not propose any dividend this year.

**DIRECTORS**

During the year under review, Mr. N.K. Bhuta resigned from the directorship of the Company. The Board appreciated the contribution done by the Director.

**FIXED DEPOSITS**

The Company has not accepted any Fixed Deposits from the Public, during the current year under review.

**PARTICULARS OF CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO.**

Information pursuant to Section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 is annexed herewith as Annexure – A and forms part of this report.

**AUDITORS**

The Statutory Auditors of the Company, M/s R.U. Jain & Co., Chartered Accountants, retire at the ensuing Annual General Meeting of the Company and being eligible, offer themselves for reappointment and the Company seeks a letter from the Auditors, confirming that their re-appointment, if made, would be within limits under Section 224(1B) of the Companies Act, 1956.

**AUDITORS' REPORT**

Auditor's Report is self-explanatory and therefore, it does not call for any further comments and explanations.

Explanation on Auditor's remarks in the Audit Report.



1. In respect of non provision for doubtful debts the Company in process to recover the amount of Rs.1357582/- hence the same has not been provided in the books.
2. In respect of deferred assets of Rs. 4475364/- the same has not been accounted considering the prudence and also it is not certain that sufficient future taxable income will be available against which such deferred tax assets can be realised.
3. In respect of gratuity, the Company pays gratuity as per Gratuity Act, to only those employees who has completed 5 years services in the Company.

#### **PARTICULARS OF EMPLOYEES AND DISCLOSURE OF INFORMATION**

Particulars of employees, as required under Section 217(2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975 forms part of this report. Having regard to the provisions of Section 219 (1)(b)(iv) of the said Act, the Annual Report excluding the aforesaid information is being sent to all the Members of the Company and others entitled thereto. Any Member interested in obtaining such particulars may write to the Company at its Bangalore Head Office.

#### **CORPORATE GOVERNANCE**

The Company is committed to uphold the highest standards of corporate governance and adhere to the requirements set out by the Securities and Exchange Board of India.

A detailed report on Corporate Governance pursuant to the requirements of Clause 49 of the Listing Agreement forms part of the Annual Report. A certificate from the statutory auditors of the Company, R.U. Jain & Co., Chartered Accountants, confirming compliance of conditions of corporate governance as stipulated under the aforesaid Clause 49 is provided in this report.

#### **DIRECTORS' RESPONSIBILITY STATEMENT**

Pursuant to the provisions of Section 217 (2AA) of the Companies Act, 1956, your Directors state and confirm that:

- i) In the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- ii) 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 fair view of the state of affairs of the Company as on March 31, 2010 and of the profit of the Company for the year ended March 31, 2010;
- iii) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv) The Directors have prepared the annual accounts of the Company on a 'going concern' basis.

#### **ACKNOWLEDGEMENTS**

Your Directors wish to take this opportunity to express their appreciation & gratitude for the continued support from its Financial Institutions, Bankers, Suppliers and various Government Agencies.

Your Directors also express sincere appreciation for the commitment & dedicated services rendered by each employee of the Company at all levels.

**For and on behalf of the Board of Directors**

**(B.D. Topiwala)**  
**Chairman**

**Dated: 30th August 2010**

**Place: Bangalore**

## ANNEXURE TO THE DIRECTORS' REPORT

## ANNEXURE A

Information as per Section 217 (1) (e) read with Companies (Disclosure of Particulars in the report of Board of Directors) Rules, 1988 and forming part of the Directors' Report for the year ended 31<sup>st</sup> March, 2010 :

**I. CONSERVATION OF ENERGY**

- a) Energy Conservation measures taken** - As the Company is not engaged in major manufacturing activities, it has very limited scope for energy conservation. However, the Company is conscious of energy saving and continues to take appropriate steps, wherever feasible.
- b) Additional Investment and proposal, if any, being implemented for reduction of Energy** - No Investment was made during the year under review.
- c) Impact of the measures at (a) & (b) above for reduction of energy consumption and consequent impact on the production of goods** - Not Applicable.
- d) Total consumption and energy consumption per unit of production as per form "A" of the Annexure to the rules in respect of Industries specified in the Schedule thereto** - Not Applicable.

**2. (A) TECHNOLOGY ABSORPTION****RESEARCH & DEVELOPMENT (R&D)**

- |  |                |
|--|----------------|
| (a) Specified area in which R & D carried out by the Company | Not Applicable |
| (b) Benefits derived as a result of R & D                    | Not Applicable |
| (c) Future plan of action                                    | Not Applicable |
| (d) Expenditure on R & D                                     | Nil            |

**(B) TECHNOLOGY ABSORPTION, ADOPTION AND INNOVATION**

- |   |                 |
|---|-----------------|
| a) Efforts, in brief, made towards technology absorption, adoption and innovation | Not Applicable  |
| b) Benefit derived as a result of above efforts.                                  | Not Applicable. |

**(C) IN CASE OF IMPORTED TECHNOLOGY**

- |   |   |
|---|---|
| (a) Technology imported                                     | No new technology has been imported during the year |
| (b) Year of Import  | Not Applicable                                      |
| (e) Has Technology been Fully absorbed                      | Not Applicable                                      |
| (d) If not fully absorbed, reasons thereof and future plan. | Not Applicable                                      |

**3. FOREIGN EXCHANGE EARNINGS AND OUTGO**

- |   |                 |
|---|-----------------|
| (a) Activity relating to Exports; Travel, purchase and sales Initiative taken to increase export, development of new markets for products and services and export plan. | Not Applicable  |
| (b) Total Foreign Exchange Used and earned:   |                 |
| Foreign Exchange used:  | Rs. 1,03,49,175 |
| Foreign Exchange earned:  | Rs. 32,10,978   |

**MANAGEMENT DISCUSSION AND ANALYSIS REPORT****Economy, Industry Structure and Development**

The year 2009-10 saw the global economy emerging from the worst-ever financial crisis and slow down limiting the impact of the same on growth. India's growing importance in the world economy is now well accepted. While India may not have been affected by the global slowdown, the great depression and global financial meltdown did slow down the nation's growth. However, the economy bounced back quickly, demonstrating its inherent resilience and strength.

The year also witnessed a delayed and below normal monsoon followed by drought like conditions in several parts of the country. In the second half of the year, a big concern – in the form of food Inflation along with firming up of commodity prices globally started to trouble the country and the industry, especially in the second half of the year. While the Indian economy stride through the same, the Gross Domestic Product (GDP) which had slowed down to 6.7% in 2008-09 but recovered again in 2009-10 growing at 7.4% (as per CSO Revised Estimates). The economy has witnessed a demand revival as indicated by a 10.4% expansion in industrial production during 2009-10 as against 2.8% during 2008-09. In spite of all the challenges, FMCG markets and consumer demand in India has grown and was benefited by this revival in the economy. Indian market has become attractive and there were new entries in the market leading to the intense competition. The FMCG sector witnessed enhanced and intense competitive activities coupled by revival in consumer demand.

**Developments in the Company during the year:**

The market for Indian traditional cosmetic products like bindis, kumkum and kajal is very large and scattered among the unbranded products from unorganised sectors. In the organized sector, the traditional cosmetic products of the Company are one of the leading brand and commands immense brand equity among the consumers.

The Company has started the process to re-launch the existing products. In addition to the range of products in traditional cosmetic category for women, the Company has developed products in modern cosmetics for personal care, hair care and skin care for men and women. The Company has started the process of promoting and launching these new products during the year.

Encouraged by the initial response of the consumers for the new products in the men and women personnel care range and cosmetic range, Company is planning to come out with further new products in various categories of cosmetics in the year 2010-11. Post this product launch the Company is looking forward to a noteworthy growth in business volume.

The process of automisation of the production of traditional cosmetics at the existing facilities will be complete in the first half of the year 2010-11. On completion of the automisation, the Company will achieve higher production volumes with reduced costs. The Company is planning to set up state of the art manufacturing facility for traditional and modern cosmetic products for men and women. This is expected to be operational in the second half of the year 2011-12. On completion of this green field project, the Company will have its own manufacturing set up of international standards to manufacture various cosmetics in different categories. This will result in reduced dependency on outsourcing and further cost savings.

**Financial Analysis****a. Sales and other income**

The Sales and other income of your Company for the year was Rs. 2894.98 lakh as against Rs. 2273.08 lakh in the previous year, showing an outstanding growth of 27% over the previous year.

**b. Material Costs**

The trading and manufacturing expenses for the year were Rs. 1898.42 lakh as against Rs. 1471.57 lakh in the previous year. The material costs have increased by 29% due to increase in the costs of various basic materials and increase in the sales volumes.

**c. Employment Costs**

The expenses pertaining to employment costs have also increased from Rs. 279.96 lakh in the previous year to Rs. 349.17 lakh showing an increase of 25%. The main reasons attributing to increase in employment costs are induction of professionals in the team and increase in salary and wages. Considering the growth plans the Company has started inducting professionals in the team and building up human capital.

**d. Operational and other expenses**

During the year under review, the operational and other expenses, as compared to the previous year, have increased by 24% from Rs. 330.65 lakh to Rs. 408.85 lakh in 2009-10.

**e. Interest**

The interest paid has increased from Rs. 84.24 lakh in the previous year to Rs. 106.07 lakh in the current year showing an increase of 26% over the last year. The interest cost has gone up due to more utilization of working capital facilities and also medium term loan taken by the Company to fund the launch of the new products.

**f. Depreciation**

The depreciation for the year was Rs. 35.92 lakh as against Rs. 27.50 lakh in the previous year showing an increase of 30% due to addition of fixed assets.

**g. Profit Before tax**

Profit before tax (PBT) stood at Rs. 113.43 lakh as against Rs. 77.00 lakh in the previous year, showing an increase of Rs. 36.43 lakh i.e., 47%. The increase in the PBT was mainly due to an increase in the sales turnover.

**h. Profit After tax**

Profit after tax (PAT) stood at Rs. 113.58 lakh as against Rs. 70.57 lakh in the previous year, showing an increase of Rs. 43.01 lakh i.e., 61%.

**Opportunities and Threats****Opportunities**

The Company's brand is mainly known for bindi and other traditional cosmetic products. Launch of these products of traditional cosmetics in new pack and new design will enhance the brand equity and visibility. Launch of modern cosmetic products for women also will result into higher recognition and acceptance of the product by the user.

The cosmetics industry, traditionally believed to target women, has a new target segment: Men. No longer do cosmetics represent a 'women only' market. Many players are coming up with personal care and skin care products for men also. The modern cosmetic product for men in personal care, hair care and skin care category is having tremendous potential. The Company has launched the products in these categories for men and will be coming out with more new products.

The personal care and skin care products, which were considered to be for the upper class of the society, have now become common for the middle class and even in rural markets. This is mainly due to an increase in the purchasing power. Also, the awareness for skin care and personal care has increased in the consumer's mind.

The overall cosmetics and toiletries industry is having a very huge potential. The Company has planned to launch further personal care products and penetrate into this market.

**Threats**

The main threat to our brands of traditional cosmetics is from the spurious products dumped in the market by the unorganised sector using our brand names. Another threat can be due to the change in consumer behaviour.

Even with the apparent growth of the cosmetic industry during the past four decades, there are currently many growing cosmetic companies competing in the market. Additionally, there are also market leaders that dominate the cosmetic industry. Consequently, it creates stiff and intensifying competition especially to smaller companies as market leaders are putting pressure on these smaller cosmetic companies.

**Outlook**

It is believed that India's GDP will continue to grow robustly in coming years. FMCG categories have very good potential to grow, as the current per capita consumption levels are still low, compared even to some other Developing and Emerging economies like China, Indonesia, Thailand, etc. Increased per capita income will also provide opportunities to consumers for brand experiences. Significant upward trends due to global triggers could cause unit prices of products to rise and consequently slow down market growth. Your Company will continue to focus on both development and expansion of markets and share gains as appropriate to secure competitive growth. Underlying volume growth is a key requirement to deliver this. Managing margins through judicious pricing and sustained efficiencies and cost saving will receive constant attention.

**Risks and Concerns**

Major risks identified are systematically addressed through mitigating actions on a continuing basis. Some of the risks relate to economic volatility, competitive intensity and slower market growth. In order to ensure long term corporate success, it is essential to identify, analyse and find solutions for these risks.

One of the key risks faced by the Company is an increase in the imitation / fake products and brands which can hamper our growth. However, the Company is well aware of these risks and challenges and has put in place mechanisms to mitigate the same.

**Internal Control Systems**

The Company has an Internal Audit and control system, manned and managed by qualified and experienced people. Company's internal control systems are well commensurate with the nature of its business and the size and complexity of its operations. These are routinely tested and cover all the offices, factories and key areas of business. Significant audit observations and follow up actions thereon are reported to the Audit Committee. Audit Committee reviews the adequacy and effectiveness of the Company's internal control and monitors the implementation of audit recommendations including those relating to strengthening of the Company's systems.

**Cautionary Statement**

Statements in this Report, particularly those which relate to Management Discussion and Analysis, describing the Company's objectives, projections, estimates and expectations may constitute 'forward looking statements' within the meaning of applicable laws and regulations. Actual results might differ materially from those either expressed or implied.

**Corporate Governance Report for the year 2008-09**

(as required under Clause 49 of the Listing Agreements entered into with the Bombay Stock Exchange)

The report on Corporate Governance is pursuant to Clause 49 of the Listing Agreement entered into with the Bombay Stock Exchange Limited and forms a part of the report of the Board of Directors. The Company has complied with the applicable requirements of Clause 49 of the Listing Agreement.

**1. The Company's Corporate Governance Philosophy**

The Company believes in adopting the best practices in the areas of Corporate Governance. Even in a fiercely competitive business environment, the Management and Employees of the Company are committed to uphold the core values of transparency, integrity, honesty and accountability which are fundamental to the Company.

The Company's mission is to constantly review its systems and procedures to achieve the highest level of Corporate Governance.

The Company will continue to focus its resources, strengths and strategies for creation and safeguarding of shareholders' wealth and at the same time protect the interests of all its stakeholders. The aim of the Corporate Governance is not merely a matter of creating checks and balances, but it is about creating an outperforming organization.

**2. Board of Directors**

As on March 31, 2010, the Company had 4 Directors, comprising of 3 Non-Executive Directors and 1 Executive Director. During the year the Company had a Non-Executive Chairman from the promoter group and the numbers of Independent Directors were not less than 50% of the total number of Directors in compliance with the Clause 49(1) (A) of the Listing Agreement.

The Board of Directors met seven times during the Financial Year 2009-10. Board Meetings were held on April 21, 2009, July 31, 2009, August 28, 2009, October 30, 2009, November 23, 2009, January 4, 2010 and January 29, 2010. The names and categories of the Directors on the Board, their attendance at Board Meetings during the year and at the last Annual General Meeting, the number of Directorships & Committee Memberships held by them in domestic public companies as on March 31, 2010 are indicated below:

Name of Director	Category	No. of Meetings Attended	Whether Attended Last Annual General Meeting	No. of Directorship in domestic public companies (including this Company)		No. of Committee memberships in domestic public companies (including this Company)	
				As Chairman	As Director	As Chairman	As Member
Mr. B.D. Topiwala (Chairman)	Promoter & Non-Executive	7	No	1	1	-	2
Mr. Hitesh Topiwala (Managing Director)	Promoter & Executive	7	Yes	-	1	-	-
Mr. N.K. Bhuta (resigned on 30/11/2009)	Independent & Non-Executive	4	Yes	N.A.	N.A.	N.A.	N.A.
Mr. Shishir Desai	Independent & Non-Executive	7	No	-	2	-	2
Mr. V.N. Mehta (w.e.f. 31/07/2009)	Independent & Non-Executive	5	Yes	-	1	2	-

**3. Code of Conduct**

The Company has adopted a Code of Conduct and Ethics which is applicable to all the Directors, Managers and all the employees of the Company. All the Board Members and Senior Management of the Company have affirmed compliance with the Code of Conduct for the financial Year ended March 31, 2010. A declaration to this effect, duly signed by the Managing Director is annexed to this report.

**4. Audit Committee**

The constitution of the Audit Committee is in conformation with the requirements of Section 292A of the Companies Act, 1956 and also as per the requirements of Clause 49 (II) (A) of the Listing Agreement. During the Financial Year 2009-10 followings were members of the Audit Committee:



Mr. N.K. Bhuta – Chairman ( upto 30/10/2009 )  
 Mr. Shishir Desai  
 Mr. V. N. Mehta – Chairman ( w.e.f. 30/10/2009)  
 Mr. B.D. Topiwala

The scope of the activities, roles and powers of the Audit Committee were in line with the provisions of Section 292A of the Companies Act, 1956 and revised Clause 49 of the Listing Agreement.

The Audit Committee met five times during the year on April 21, 2009, July 31, 2009, August 28, 2009, October 30, 2009 and January 29, 2010. All the members attended these meetings. In addition, the Managing Director and Finance Controller were present at the meetings of Audit Committee. Representatives of the Statutory Auditors are invited to the Meetings as and when required. The Company Secretary acts as the Secretary of the Audit Committee.

**5. Remuneration Committee**

The Company has constituted a Remuneration Committee on 30<sup>th</sup> January 2009. The scope of the activities of the Remuneration Committee includes, recommending to the Board, the appointment / re-appointment of Managing Director, the remuneration payable to the Managing Director etc.

The Composition of the Remuneration Committee is as follows:

Mr. N.K. Bhuta – Chairman ( upto 30/10/2009 )  
 Mr. Shishir Desai  
 Mr. V. N. Mehta – Chairman ( w.e.f. 30/10/2009)  
 Mr. B.D. Topiwala

The Remuneration Committee has met once on April 21, 2009 during the financial year.

The Non – Executive Directors of the Company are paid sitting fee for attending Board Meetings only. No Commission was paid to the Non – Executive Directors. Details of the sitting fee paid for the year ended 31<sup>st</sup> March 2010 are as follows:

Name of the Director	Sitting Fees per meeting	No. of meetings attended	Total Fees
Mr. B.D. Topiwala	Rs.5,000	7	Rs. 35,000
Mr. Shishir Desai	Rs.5,000	7	Rs. 35,000
Mr. N.K. Bhuta	Rs.5,000	4	Rs. 20,000
Mr. V.N. Mehta	Rs.5,000	5	Rs. 25,000

The Managing Director is not eligible to receive sitting fees as per the Articles of Association of the Company. The Company has during the year paid remuneration to its Managing Director by way of salary, perquisites and commission within the limits approved by the Shareholders. Details of the remuneration to the Managing Director during 2009-10 are as under:

Name	Salary	Perquisites & Allowances	Commission
Mr.Hitesh Topiwala, Managing Director	12,00,000	15,62,100	-

Details of the shares of the Company held by Non – Executive Directors as on March 31, 2010 are as below:

Name of Director	Number of Shares
Mr. B.D. Topiwala	4,08,654
Mr. Shishir Desai	NIL
Mr. V.N. Mehta	200

**6. Shareholders’ Grievance Committee**

The Shareholders’ Grievance Committee was constituted to specifically look into the redressal of various complaints received from the Shareholders. During the Financial Year 2009-10 followings were members of the Shareholders’ Grievance Committee:



Mr. N.K. Bhuta – Chairman ( upto 30/10/2009 )  
 Mr. Shishir Desai  
 Mr. V. N. Mehta – Chairman ( w.e.f. 30/10/2009)  
 Mr. B.D. Topiwala

The scope of activities of the Committee is to look into specific investor complaints, approve the transfer / transmission of shares, approve issue of duplicate shares, etc.

The Shareholders' Grievance Committee met once during the year on January 29, 2009 . All the members attended the meeting. The Company Secretary acts as the Compliance Officer of the Company.

Investor Complaints status as on 31<sup>st</sup> March 2010:

Number of complaints received during the year	25
Number of complaints pending	Nil
Number of complaints resolved	25
Number of complaints not resolved to the satisfaction of the investor	Nil

**7. General Body Meetings**

Details of last three Annual General Meetings of the Company are as follows

Date	Time	Location
30 <sup>th</sup> September 2009	11 a.m.	A-1/2211, G.I.D.C. Vapi – 396195, Dist – Valsad, Gujarat
30 <sup>th</sup> September 2008	11 a.m.	A-1/2211, G.I.D.C. Vapi – 396195, Dist – Valsad, Gujarat
29 <sup>th</sup> September 2007	11 a.m.	A-1/2211, G.I.D.C. Vapi – 396195, Dist – Valsad, Gujarat

**Whether Special Resolutions –**

- i) Passed in the previous 3 Annual General Meetings – Yes
- ii) Were put through postal ballot last year - No
- iii) Are proposed to be conducted through postal ballot - No

**8. Disclosures**

- i) **Related Party Transactions:** During the year, besides the transactions reported in Note No. 15 of Schedule 20 to the Accounts in the Annual Report, there are no materially significant related party transactions which have potential conflict with the interest of the Company at large.
- ii) **Details of Non-Compliance by the Company:** The Company has complied with the requirements of the Stock Exchange, SEBI and other statutory authorities on all matters relating to capital markets during the last three years. No penalties or strictures have been imposed on the Company by the Stock Exchange, SEBI or other statutory authorities relating to the above.
- iii) **Whistle Blower Policy:** The Company has adopted a Whistle Blower Policy and has established the necessary mechanism for employees to report concerns about unethical behavior. No personnel has been denied access to the Chairman of the Audit Committee.
- iv) **Disclosure by Senior Management:** Senior Management has made disclosure to the Board relating to all material financial and commercial transactions stating that they did not have personal interest that could result in a conflict with the interest of the Company at large.
- v) **Secretarial Audit:** Pursuant to clause 47 (c) of the Listing Agreement, certificates on half-yearly basis, have been issued by a Company Secretary in practice, for due compliance of share transfer formalities by the Company. Pursuant to SEBI (Depositories and Participants) Regulations, 1996, certificates have also been received from the Company Secretary in practice for timely dematerialization of the shares of the Company and for conducting a secretarial audit on a quarterly basis for reconciliation of the share capital of the Company.

**9. Means of Communication**

The Annual, Half-yearly and quarterly results as required under Clause 41 of the Listing Agreement are published in English and Gujarati in the Western Times English and Western Times Gujarati.

The Management Discussion & Analysis Report forms a part of the Directors' Report. All matters pertaining to industry structure and developments, opportunities and threats, segment/product wise performance, outlook, risks and concerns, internal control and systems, etc. are discussed in the said report.

**10. General Shareholder Information**

<b>AGM: Date, time and venue –</b>	Thursday, 30 <sup>th</sup> September 2010 at 11 a.m. A-1/2211, G.I.D.C. Vapi – 396195, Dist – Valsad, Gujarat
<b>Financial Calendar –</b>	Year ending: March 31, 2010
<b>Date of Book Closure –</b>	September 25, 2010 to September 30, 2010 (Both days inclusive)
<b>Listing on Stock Exchanges –</b>	Bombay Stock Exchange Limited Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001
<b>Scrip Name–</b>	PARAMOUNT CO
<b>Scrip Code / Scrip ID -</b>	507970 / PARMCOS-B
<b>*Registrar and Transfer Agents–</b>	<b>Link Intime India Private Limited</b> C-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (W), Mumbai – 400 078 Ph No. 022 25946970 E-mail: rnt.helpdesk@linkintime.co.in

**\*Note:** The Board of Directors have resolved to change the Company's Registrar and Transfer Agents and appoint **BgSE Financials Limited, Bangalore** as the new Registrar and Transfer Agents, owing to the fact that the Company's Head Office is situated in Bangalore and to bring about a synergy in operation and management, the Company wants to concentrate its activities from Bangalore. The shift would take a months' time. Shareholders are requested to contact the Company Secretary during this duration for all their queries /grievances. The Shareholders would be duly intimated after the shift.

**Distribution of Shareholding as on 31st March 2010–**

Share held	No. of Shareholders	% of Shareholders	No. of Shares held	% of Shares held
01-5000	7854	97.34	1020480	21.02
5001-10000	156	1.93	113298	2.33
10001-20000	34	0.42	45845	0.94
20001-30000	6	0.07	14414	0.30
30001-40000	2	0.03	7550	0.16
40001-50000	3	0.04	13369	0.27
50001-100000	4	0.05	31300	0.65
100001 and above	10	0.12	3608744	74.33
<b>Total</b>	<b>8069</b>	<b>100.00</b>	<b>4855000</b>	<b>100.00</b>

**Shareholding Pattern as on 31<sup>st</sup> March 2010**

Category	No. Of Shares Held	Percentage of Shareholding
Promoters	3628390	74.74
Financial Institutions / Banks	2100	0.04
Bodies Corporate	21733	0.45
Mutual Funds and Unit Trust of India	-	-
Others	1202777	24.77
<b>Total</b>	<b>4855000</b>	<b>100.00</b>

**Dematerialisation of Shares and liquidity as on 31<sup>st</sup> March 2010**

The Company's shares are traded in physical and dematerialized form and are available for trading on both the Depositories in India – National Securities Depository Limited (NSDL) and Central Depository Services (India) Ltd. (CDSL). 3385896 Ordinary Shares of the Company representing 69.74% of the Company's share capital is dematerialized as on 31st March, 2010.

Under the Depository System, the International Securities Identification Number (ISIN) allotted to the Company's shares is INE 143I01013.

**Plant Locations-** **Vapi-A-1/2211, G.I.D.C. Vapi – 396 195, Dist : Valsad (GJ)**  
**Daman -168/244 & 168/245,**  
Dabhel Industrial Society Limited, Dabhel, Daman.

**Address for Correspondence-** Paramount Cosmetics (India) Limited  
902, 9<sup>th</sup> Floor, Prestige Meridian – I, 29, M.G. Road, Bangalore – 560 001  
**Phone:** +91 080 2532 0870 / 7  
**Fax:** +91 080 2559 9065 **Email:** [compliance.officer@paramountcosmetics.com.sg](mailto:compliance.officer@paramountcosmetics.com.sg)



**Chief Executive Officer (CEO) and Chief Financial Officer (CFO) Certification  
as per Clause 49(V) of the Listing Agreement**

August 30, 2010  
The Board of Directors,  
Paramount Cosmetics (India) Limited

Certification to the Board pursuant to Clause 49 (V) of the Listing Agreement

We, Hitesh Topiwala, Managing Director and Bhavik Pandit, Finance Controller, hereby certify that in respect of the Financial Year ended on March 31, 2010

- a. We have reviewed the financial statements and the cash flow statement of the Company for the year and declare that to the best of my knowledge and belief:
  - I. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - II. these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year 2009-10 which are fraudulent, illegal or violative of the Company's Code of Conduct.
- c. We accept responsibility for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and we have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any, of which we are aware and the steps taken or proposed to be taken to rectify the same.
- d. We have indicated to the Auditors and the Audit Committee:
  - I. significant changes, if any, in internal control over financial reporting during the year 2009-10;
  - II. significant changes, if any, in accounting policies during the year 2009-10 and the same have been disclosed in the notes to the financial statements; and
  - III. instances of significant fraud, if any, wherein there has been involvement of management or an employee having a significant role in the Company's internal control system.

**(Hitesh Topiwala)**  
Managing Director

**(Bhavik Pandit)**  
Finance Controller

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**Declaration by the CEO under Clause 49 I (D) of the Listing Agreement  
regarding adherence to the Code of Conduct and Ethics**

In accordance with Clause 49 sub-clause I (D) of the Listing Agreement entered into by the Company with Bombay Stock Exchange Limited, I hereby confirm that, all the Directors and Senior Management Personnel of the Company have affirmed compliance with the Code of Conduct and Ethics for the Financial Year ended March 31, 2010.

**For Paramount Cosmetics (India) Limited**

**August 30, 2010**

**Hitesh Topiwala**  
**(Managing Director)**

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**Auditor's Certificate on Corporate Governance**

To the Members of  
Paramount Cosmetics (India) Limited

We have examined the compliance of conditions of Corporate Governance by Paramount Cosmetics (India) Limited, for the year ended March 31, 2010, as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchange.

The compliances of conditions of Corporate Governance is the responsibility of the management. Our examination has been limited to a review of the procedures and implementations thereof, adopted by the Company for ensuring compliance with the conditions of the Corporate Governance as stipulated in the said clause. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us and the representations made by the Directors and the management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above mentioned Listing Agreement.

We state that such compliance is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

**For R.U. Jain & Co.**  
**Chartered Accountants**

**R.U. Jain**  
**Proprietor**  
**Membership No: 031037**

**Place: Bangalore**  
**Date: 30 August, 2010**

**AUDITORS' REPORT**

To The Members  
PARAMOUNT COSMETICS (INDIA) LIMITED

We have audited the attached Balance sheet of PARAMOUNT COSMETICS (INDIA) LIMITED as at 31st March 2010 and the Profit and Loss Account for the year ended on that date annexed there to and CashFlow Statement of the Company for the year ended on that date. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.

1. We conducted our audit in accordance with Auditing Standards generally accepted in India. These Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material mis-statement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Management, as well as evaluating the overall financial presentation. We believe that our audit provides reasonable basis for our opinion.
2. As required by the Companies (Auditor's Report) Order 2003 ( as amended ) issued by the Central Government of India in terms of Sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure hereto a statement on the matters specified in paragraphs 4 & 5 of the said Order.
3. Further to our comments in the Annexure referred to in paragraph 2 above, we report that:
  - a) 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;
  - b) In our opinion, proper books of accounts as required by law, have been kept by the Company so far as appears from our examination of those books;
  - c) The Balance Sheet ,Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the Books of Accounts;
  - d) In our opinion, the Balance Sheet, the Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the mandatory Accounting Standards referred in sub section (3C) of Section 211 of the Companies Act, 1956;
  - e) In our opinion, and based on information and explanations given to us, none of the Director are disqualified as on 31<sup>st</sup> March 2010 from being appointed as directors in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
  - f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the Significant Accounting Policies and other notes thereon give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principle generally accepted in India, subject to :
    - a) Provision for gratuity for Rs. 13,01,064/- is made for those employees who have completed five years of their service (Note 4 - Schedule 20).
    - b) Balance of Debtors and Creditors are subject to confirmation & reconciliation, any loss on account of these are undeterminable.
    - c) No provision is made for doubtful debts for Rs.13,57,582/- (Schedule 8)
    - d) Non compliance of Accounting Standard 22 for Deferred Tax, deferred tax assets are under stated by Rs.44,75,364/- (Note 14 Schedule 20)
      - i) In so far as related to the Balance Sheet, of the statement of affairs of the company as at 31st March 2010;
      - ii) In so far as it relates to the Profit & Loss Account, of the Profit of Company for the period ended on that date; and
      - iii) In so far as it relates to the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

**For R. U. JAIN & CO.**  
Chartered Accountants

Place : Bangalore,  
Dated: 30<sup>th</sup> August, 2010

**R. U. JAIN**  
Proprietor  
Membership No. 031037



**ANNEXURE TO AUDITORS' REPORT**

Referred to in Paragraph 2 of our report of even date

1. In respect of its fixed assets:
  - a. The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets on the basis of available information.
  - b. As explained to us, the fixed assets have been physically verified by the management during the year in a phased periodical manner, which in our opinion is reasonable, having regard to the size of the Company and nature of its assets. No material discrepancies were noticed on such physical verification.
  - c. In our opinion, the Company has not disposed of substantial part of fixed assets during the year and the going concern status of the Company is not affected.
2. In respect of its inventories:
  - a. As explained to us, inventories have been physically verified by the management at regular intervals during the year, in our opinion the frequency of verification needs to be increased.
  - b. 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.
  - c. The Company has maintained proper records of inventories. As explained to us, there were no material discrepancies noticed on physical verification of inventory as compared to the book records.
3. In respect of the loans, Secured or Unsecured, granted or taken by the Company to/from Companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956 :
  - a. The Company has granted unsecured loans to one company covered in the register maintained under section 301 of the Companies Act 1956. In respect of the said loan, the maximum amount outstanding at any time during the year was Rs. 6,05,602/- and the year end balance of such loans aggregate to Rs. 6,05,602/-.
  - b. In our opinion and according to the information and explanations given to us, no interest is charged on the loan and other terms and conditions are not prima facie prejudicial to the interest of the Company.
  - c. In respect of the aforesaid loan, There is no stipulation about the repayment hence the clause iii (d) is not applicable. The said Loan is repayable on demand and there is no repayment Schedule.
  - d. In respect of the Loan given by the Company, the same is repayable on demand and therefore the question of overdue amount does not arise.
  - e. The Company has taken unsecured loans from two parties covered in the register maintained under section 301 of the Act. The maximum amount outstanding at any time during the year and the year-end balance of such loan aggregate to Rs.60,74,372/- and Rs. 4,70,122/- respectively.
  - f. In our opinion and according to the information and explanations given to us, the rate of interest, wherever applicable and other terms and conditions are not prima facie prejudicial to the interest of the Company, there is no stipulation about the repayment of two of these loan hence clause (iii) (g) is not applicable.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business for the purchase of inventory, fixed assets and also for the sale of goods and services. During the course of our audit, we have not observed any major weaknesses in internal controls.
5. In respect of transactions covered under Section 301 of the Companies Act, 1956.
  - (a) To the best of our knowledge and belief and according to the information and explanations given to us, we are of the opinion that the particulars of contracts or arrangements that needed to be entered into in the register maintained under Section 301 of the Companies Act, 1956 have been properly entered.
  - (b) According to the information and explanations given to us, the transactions of purchase of goods and materials and sales of goods, material and services, made in pursuance to contracts or arrangement entered in the registers maintained under Section 301 of the Companies Act, 1956 and aggregating during the year to Rs.5,00,000/- (Rupees Five lacs only) or more in respect of each party, have been made at prices which in our opinion are reasonable having regard to prevailing market prices for such goods, materials or services or prices at which similar transactions have been made with other parties as the case may be, since the purchases/sales are for branded goods, comparative prices are not available.
6. The Company has not accepted any deposits from the public within the meaning of Section 58A and 58AA of the Companies Act and rules framed there under.
7. In our opinion, the company's present internal audit system needs to be strengthened having regard to the nature and size of its business.
8. The Central Government has not prescribed maintenance of Cost Records under Section 209(1) (d) of the Companies Act, 1956 in respect of certain manufacturing activities of the Company.
9. In respect of statutory dues:
  - a. According to the records of the Company, undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance dues, Income-Tax, Sales-tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess, FBT and other material statutory dues have not been regularly deposited with the appropriate authorities. According to the information and explanations given to us, Rs. 27,14,887/- undisputed amounts payable in respect of the aforesaid dues

## 25th ANNUAL REPORT

were outstanding as at 31<sup>st</sup> March 2010 for a period of more than six months from the date of becoming payable, as per Annexure 1.

- b. As at March,31,2010 there have been disputed Sales Tax dues aggregating to Rs.9,45,477/-, that have not been deposited on account of matters pending before appropriate appellate are as under:

Sr. No.	Name of statute	Nature of the Dues Sales Tax-	Amount (Rs.)	Forum where dispute is pending	Period to which the amount relates
1.	Daman	Sales Tax	95,580	Commissioner (Appeals)	92-95
2.	Guwahati	"	1,23,192	Board of Revenue	99-00
3.	Guwahati	"	1,75,708	-do-	98-99
4.	Guwahati	"	2,50,797	-do-	97-98
5.	Guwahati	"	3,00,000	-do-	96-97
	<b>Total:</b>		<b>9,45,477</b>		

10. The Company has not incurred cash loss during the financial year covered by our audit and the immediately preceding financial year.
11. According to the records of the Company, the Company has settled loan account with G.S.F.C., and no outstanding balance.
12. In our opinion and according to the information and explanation given to us, no loans and advances have been granted by the Company on the basis of security by way of pledge of shares, debentures and other securities.
13. In our opinion, the Company is not a chit fund or a niche/mutual benefit fund/ society. Therefore, clause 4(xiii) of the Companies (Auditors' Report) Order 2003 as amended is not applicable to the Company.
14. The Company has not dealt in or of trading in shares, securities, debentures and other investments. Accordingly, the provisions of Clause v(xiv) of the Companies (Auditors Report) order, 2003 are not applicable to the Company.
15. The Company has given guarantees for loans taken by others from bank. The same was cancelled on 12<sup>th</sup> May, 2009.
16. As explained to us, the Company has raised business loan for the purpose of products development and launching and it has been used for the said purpose.
17. According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we are of the opinion that there are no funds raised on short term basis which have been used for long term investment.
18. During the year, the Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Companies Act, 1956.
19. The Company has not issued any debentures during the year.
20. The Company has not raised any money by way of public issue during the year.
21. In our opinion and according to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year that causes the financial statements to be materially misstated.

**For R.U. Jain & Co.**  
Chartered Accountants

Place : Bangalore  
Date : 30<sup>th</sup> August, 2010

**R.U. Jain**  
**Proprietor**  
**Membership No 031037**

### Annexure 1 to Auditors' Report Statement of undisputed amount of arrears of statutory dues Outstanding for More than 6 Months

Sr.	Name of The Statute	Nature of the Dues	Amount	Period to Which Amount Relates	Due Date
1	VAT - All Depots	Sales Tax	1,781,713	From July 05 to Sept, 09	From August 05 to Oct, 09
2	Central Sales Tax-All Depots	CST	73,732	From July 05 to Sept, 09	From August 05 to Oct, 09
3	Income Tax Act – Tax Deducted at Source	TDS	662,547	From April, 08 to Sept, 09	From May, 08 to Oct, 09
4	ESIC employees Contribution	ESIC	66,460	From April, 08 to Sept, 09	From May, 08 to Oct, 09
5	ESIC employers Contribution	ESIC	130,435	From April, 08 to Sept, 09	From May, 08 to Oct, 09
	<b>TOTAL</b>		<b>2,714,887</b>		



## BALANCE SHEET AS ON 31ST MARCH 2010

	Schedule No.	AS AT 31.03.2010 Rs.	AS AT 31.03.2009 Rs.
<b>SOURCES OF FUNDS</b>			
Shareholders' Funds			
Share Capital	1	48,550,000	48,550,000
Reserves & Surplus	2	130,703,371	120,645,569
		<u>179,253,371</u>	<u>169,195,569</u>
<b>Loan Funds</b>			
Secured Loans	3	55,289,136	35,562,616
Unsecured Loans	4	6,681,652	10,489,591
		<u>61,970,788</u>	<u>46,052,206</u>
<b>Total Funds Employed</b>		<b><u>241,224,160</u></b>	<b><u>215,247,776</u></b>
<b>APPLICATION OF FUNDS</b>			
Fixed Assets			
Gross Block	5	174,361,682	169,422,777
Less: Depreciation		42,159,468	37,585,822
Net Block		<u>132,202,214</u>	<u>131,836,955</u>
<b>INVESTMENT</b>	6	23,500	23,500
<b>Current Asset, Loans &amp; Advances</b>			
Inventories	7	87,701,689	76,567,196
Sundry Debtors	8	131,799,447	85,670,691
Cash & Bank Balances	9	6,428,869	4,480,433
Loans & Advances	10	9,983,137	8,298,577
		<u>235,913,142</u>	<u>175,016,898</u>
<b>Less: Current Liabilities &amp; Provisions</b>			
Liabilities	11	127,039,748	94,173,662
Provisions		2,141,000	854,992
		<u>129,180,748</u>	<u>95,028,654</u>
<b>Net Current Assets</b>		106,732,394	79,988,244
Miscellaneous Expenditure (To the Extent not written off or adjusted)			
Advertisement Expenses		2,266,052	3,399,077
<b>Total Fund Utilised</b>		<b><u>241,224,160</u></b>	<b><u>215,247,776</u></b>
Significant Accounting Policies and Notes on Accounts	20		

## SIGNATORIES TO BALANCE SHEET AND SCHEDULES FORMING PART OF ACCOUNTS FOR THE PERIOD ENDED 31ST MARCH, 2010

As per our Report Attached of even date  
**R.U.JAIN & CO.**  
Chartered Accountants

For and on behalf of Board  
**Hitesh Topiwala**  
Managing Director

**Vishwajeet Mehta**  
Director

**R.U. JAIN**  
Proprietor  
M.No:031037  
**Bangalore**  
Dated : 30 August, 2010

**Pooja Agrawal**  
Company Secretary



## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2010

	Schedule No.	AS AT 31.03.2010 Rs.	AS AT 31.03.2009 Rs.
<b>INCOME</b>			
Sales (Net)	12	289,154,011	226,368,588
Other Income	13	344,347	940,375
Increase/Decrease in Stock	14	6,996,481	4,527,680
<b>TOTAL INCOME</b>		<u>296,494,839</u>	<u>231,836,643</u>
<b>EXPENDITURE</b>			
Material Cost	15	189,842,435	147,157,026
Manufacturing & Other Expenses	16	4,175,021	2,815,497
Employment Cost	17	34,917,897	27,996,435
Administrative, Selling and General Expenses	18	40,884,690	33,064,658
Interest and Finance Charges	19	10,607,211	8,423,892
Advertisement Expenses written off		1,133,025	1,928,759
Depreciation		3,591,590	2,750,384
<b>TOTAL EXPENDITURE</b>		<u>285,151,869</u>	<u>224,136,650</u>
<b>PROFIT BEFORE TAXATION</b>		11,342,970	7,699,993
Provision for Taxation (see note 14 & 17 of sch.20)		2,141,000	581,081
Fringe Benefit Tax	-		61,893
Short provision of tax of earlier years		(50,208)	-
MAT Credit entitlements of earlier years (see note 17 of sch.20)		2,105,797	-
<b>PROFIT AFTER TAXATION</b>		<u>11,357,975</u>	<u>7,057,019</u>
Less : Prior Period Expenditure		318,117	892,631
<b>NET PROFIT</b>		11,039,858	6,164,388
Add: BALANCE OF PROFIT BROUGHT FORWARD		10,931,537	4,767,150
BALANCE AVAILABLE FOR APPROPRIATION		<u>21,971,395</u>	<u>10,931,537</u>
APPROPRIATIONS		-	-
<b>BALANCE CARRIED TO RESERVE AND SURPLUS</b>		<u>21,971,395</u>	<u>10,931,537</u>
Basic and Diluted earnings per share of Rs.10/- each (in Rupees) Ref. Note No. 18 of Schedule 20			
Basic and Diluted Earning Per Share		2.27	1.45
Significant Accounting Policies and Notes on Accounts	20		

## SIGNATORIES TO BALANCE SHEET AND SCHEDULES FORMING PART OF ACCOUNTS FOR THE PERIOD ENDED 31ST MARCH, 2010

As per our Report Attached of even date  
**R.U.JAIN & CO.**  
Chartered Accountants

For and on behalf of Board  
**Hitesh Topiwala**  
Managing Director

**Vishwajeet Mehta**  
Director

**R.U. JAIN**  
Proprietor  
M.No:031037  
**Bangalore**  
Dated : 30 August, 2010

**Pooja Agrawal**  
Company Secretary



## SCHEDULES FORMING PART OF BALANCE SHEET

	AS AT 31.03.2010 Rs.	AS AT 31.03.2009 Rs.
<b>SCHEDULE - 1</b>		
<b>SHARE CAPITAL</b>		
Authorised		
50,00,000 Equity Shares of Rs.10/-each (Previous year : 50,00,000 Equity Shares of Rs. 10/- each)	50,000,000	50,000,000
Issued		
48,87,150 Equity Shares of Rs.10/-each (Previous year : 48,87,150 Equity Shares of Rs. 10/- each)	48,871,500	48,871,500
Subscribed		
48,56,650 Equity Shares of Rs.10/-each (Previous year : 48,56,650 Equity Shares of Rs. 10/- each)	48,566,500	48,566,500
Paid-Up		
48,55,000 Equity Shares of Rs.10/-each (Previous year : 48,55,000 Equity Shares of Rs. 10/- each)	48,550,000	48,550,000
<b>TOTAL</b>	<b>48,550,000</b>	<b>48,550,000</b>
<b>SCHEDULE - 2</b>		
<b>RESERVES AND SURPLUS</b>		
Share Premium		
Balance as per last Balance Sheet	108,525,000	108,525,000
Capital Reserve		
Balance as per last Balance Sheet	30,650	30,650
Revaluation Reserve		
Balance as per last Balance Sheet	1,158,382	2,249,555
Less: Transferred to Profit & Loss A/c ( Note 10 Schedule 20 )	982,056	1,091,173
	176,326	1,158,382
<b>Profit &amp; Loss Account</b>		
	21,971,395	10,931,537
<b>TOTAL</b>	<b>130,703,371</b>	<b>120,645,569</b>
<b>SCHEDULE - 3</b>		
<b>SECURED LOANS</b>		
Term Loans		
From Banks - Corporate Loan	10,142,571	-
Hypothication of entire plant and machinery of the Company, equitable mortgage of all immovable properties of the Company, personal guarantee of two directors of the Company, Corporate guarantee of associate company and equitable mortgage of immovable property of associate company at Bangalore. (Repayable Within one year Rs. 33,30,000 Previous Year : Rs. Nil/-)		
Cash Credit		
From Banks	45,119,693	34,960,466
Secured by hypothication of all the current assets of the Company and Plant and Machinery of the Company, equitable mortgage of immovable property of the Company, personal guarantees of two directors of the Company and equitable mortgage of immovable property at Bangalore of associate company and corporate guarantee of associate company		
Vehicle Loans (Refer Note 8 of Schedule 20)		
Secured by way of hypothecation of respective motor vehicles purchased. (Repayable Within one year Rs.26872/- Previous Year : Rs. 442917/-)	26,872	602,150
<b>TOTAL</b>	<b>55,289,136</b>	<b>35,562,616</b>

## SCHEDULES FORMING PART OF BALANCE SHEET

	AS AT 31.03.2010 Rs.	AS AT 31.03.2009 Rs.
<b>SCHEDULE - 4 UNSECURED LOANS</b>		
Loan from Director	4,069,984	6,349,494
Loan from Others	2,611,668	4,140,097
(Repayable within a year Rs. 15,20,067/- previous year Rs. 19,83,311)		
<b>TOTAL</b>	<b>6,681,652</b>	<b>10,489,591</b>

**SCHEDULE - 5  
FIXED ASSETS**

Description of Assets	GROSS BLOCK			DEPRECIATION				NET BLOCK		
	As at 01.04.2009	Additions	Deletion	As at 31-03-2010	As at 01-04-2009	for the period 01-04-2009 to 31-03-2010	Accumulated Depreciation on Sale of Assets	Up to 31-03-2010	As at 31.03.2010	As at 31.03.2009
Intellectual property	100,000,000			100,000,000					100,000,000	100,000,000
Factory Land *	6,755,000			6,755,000					6,755,000	6,755,000
Factory Building *	18,647,325			18,647,325	4,669,597	1,397,773		6,067,370	12,579,955	13,977,728
Plant & Machinery	15,375,224			15,375,224	12,143,031	372,684		12,515,715	2,859,509	3,232,192
Electrical Installation		90,457		90,457	0	9,618		9,618	80,839	0
Technical Knowhow	500,000	0		500,000	500,000	0		500,000	0	0
Furniture & Fixture	12,960,342	2,988,275		15,948,617	10,465,635	656,158		11,121,793	4,826,824	2,494,707
Computer Equipments	5,922,389	1,230,632		7,153,021	3,205,307	1,502,315		4,707,621	2,445,400	2,717,082
Office Equipment	1,182,068	94,754		1,276,822	628,184	86,469		714,653	562,169	553,884
Factory Equipment	0	28,759		28,759		3,288		3,288	25,471	
Vehicles	8,080,429			8,080,429	5,974,068	545,341		6,519,409	1,561,020	2,106,361
<b>Total</b>	<b>169,422,777</b>	<b>4,432,877</b>	<b>0</b>	<b>173,855,654</b>	<b>37,585,822</b>	<b>4,573,646</b>	<b>0</b>	<b>42,159,468</b>	<b>131,696,186</b>	<b>131,836,954</b>
Capital Work in Progress (including Capital Advances)		506,028		506,028					506,028	0
<b>Grand Total</b>	<b>169,422,777</b>	<b>4,938,905</b>	<b>0</b>	<b>174,361,682</b>	<b>37,585,822</b>	<b>4,573,646</b>	<b>0</b>	<b>42,159,468</b>	<b>132,202,214</b>	
Previous Year	164,311,242	6,423,035	1,311,500	169,422,777	34,727,068	2,750,384	982,802	37,585,822	131,836,954	129,584,175

Note : 1. Depreciation for the period Rs. 4573646 includes Rs. 982056 relating to depreciation on Revalued amount of factory building.  
(Refer note no. 10 of Schedule 20)

**SCHEDULE - 6  
INVESTMENTS**

At Cost Unquoted		
1) Government Securities	23,500	23,500
7-year National Saving Certificate (Face value Rs.10,500/-) (Lodged with Sales Tax Authorities as Securities)		
<b>TOTAL</b>	<b>23,500</b>	<b>23,500</b>

**SCHEDULE - 7  
INVENTORIES**

As valued and certified by Management  
(at lower of cost or Net Realisable value unless stated other wise )

Stock In Trade ( At Cost )	3,527,187	9,901,273
Stock of Raw materials	4,584,757	1,412,099
Stock of Finished goods - Manufacturing	74,733,378	61,362,811
Stock of Packaging Material	4,856,367	3,891,013
<b>TOTAL</b>	<b>87,701,689</b>	<b>76,567,196</b>

**SCHEDULE - 8  
SUNDRY DEBTORS**

Unsecured		
Over six months considered good	13,691,412	1,998,889
Considered doubtful	1,357,582	1,357,582
Other Debts considered good	116,750,453	82,314,220
<b>TOTAL</b>	<b>131,799,447</b>	<b>85,670,691</b>



	AS AT 31.03.2010 Rs.	AS AT 31.03.2009 Rs.
<b>SCHEDULE - 9</b>		
<b>CASH AND BANK BALANCES</b>		
Cash on Hand	695,760	1,245,443
With Scheduled Bank :-		
In Current Accounts	1,462,799	1,883,955
In Fixed Deposit Account	35,000	371,805
In Margin Account (Lien with Bank)	4,235,310	979,231
<b>TOTAL</b>	<b><u>6,428,869</u></b>	<b><u>4,480,433</u></b>
<b>SCHEDULE - 10</b>		
<b>LOANS AND ADVANCES</b>		
Unsecured, Considered Good		
Advances recoverable in cash or in kind or for value to be received	5,592,906	6,388,488
Advance Payment of Taxes	74,549	-
MAT credit entitlements	2,105,797	-
Other Deposits	1,604,283	1,304,487
Loans ( to companies in which Directors are interested )	605,602	605,602
<b>TOTAL</b>	<b><u>9,983,137</u></b>	<b><u>8,298,577</u></b>
<b>SCHEDULE - 11</b>		
<b>CURRENT LIABILITIES AND PROVISIONS</b>		
Current Liabilities		
Trade Deposits	9,434,402	8,934,402
Sundry Creditors	93,291,514	57,708,334
Other Liabilities ( including advances against sales)	24,313,832	27,530,925
<b>TOTAL</b>	<b><u>127,039,748</u></b>	<b><u>94,173,662</u></b>
Provision		
Provision for Taxation	2,141,000	854,992
	<b><u>2,141,000</u></b>	<b><u>854,992</u></b>
<b>SCHEDULES FORMING PART OF PROFIT &amp; LOSS ACCOUNT</b>		
	AS AT 31.03.2010 Rs.	AS AT 31.03.2009 Rs.
<b>SCHEDULE - 12</b>		
<b>SALES</b>		
Sales Manufacturing	132,903,817	113,037,006
Sales Trading	156,250,194	113,331,582
<b>TOTAL</b>	<b><u>289,154,011</u></b>	<b><u>226,368,588</u></b>
<b>SCHEDULE - 13</b>		
<b>OTHER INCOME</b>		
Miscellaneous Income	141,043	548,886
Interest on Deposit	203,304	69,187
Note: Tax deducted at source from Interest Rs. 20,355 (Previous year Rs. Nil )		
Profit on Sale of Asset	-	322,302
<b>TOTAL</b>	<b><u>344,347</u></b>	<b><u>940,375</u></b>
<b>SCHEDULE - 14</b>		
<b>INCREASE IN STOCK</b>		
Finished Goods		
Closing Stock	78,260,565	71,264,084
Opening Stock	71,264,084	66,736,404
<b>TOTAL</b>	<b><u>6,996,481</u></b>	<b><u>4,527,680</u></b>

## SCHEDULES FORMING PART OF PROFIT &amp; LOSS ACCOUNT

	AS AT 31.03.2009 Rs.	AS AT 31.03.2008 Rs.
<b>SCHEDULE - 15</b>		
<b>MATERIAL COST :</b>		
Raw Materials Consumed		
Opening stock	1,412,099	2,284,985
Purchases	16,919,637	10,936,107
Less : Closing Stock	<u>4,584,757</u>	<u>1,412,099</u>
Consumption of Raw materials	13,746,979	11,808,993
Packing Materials Consumed	22,585,381	27,245,286
Trading Goods Purchased	153,510,076	108,102,746
<b>TOTAL</b>	<b><u>189,842,435</u></b>	<b><u>147,157,026</u></b>
<b>SCHEDULE - 16</b>		
<b>MANUFACTURING AND OPERATING COSTS</b>		
Consumable Stores and Spares	75,131	77,960
Labour Charges	1,219,532	313,658
Electricity Expenses	1,201,652	925,585
Repairs & Maintenance	1,628,408	1,398,684
R & D Expences	<u>50,298</u>	<u>99,610</u>
<b>TOTAL</b>	<b><u>4,175,021</u></b>	<b><u>2,815,497</u></b>
<b>SCHEDULE - 17</b>		
<b>Employment Costs</b>		
Salaries, Wages, Bonus	31,374,181	25,342,946
Contribution to Provident and Other Funds, Gratuity	3,024,735	2,145,317
Staff Welfare Expenses	<u>518,981</u>	<u>508,172</u>
<b>TOTAL</b>	<b><u>34,917,897</u></b>	<b><u>27,996,435</u></b>
<b>SCHEDULE - 18</b>		
<b>Administrative, Selling and General Expenses</b>		
Rent, Rates & Taxes	1,790,585	1,444,884
Licence, Registration & Application Fees	40,430	26,337
Insurance	147,511	191,995
General Expenses	1,594,210	1,019,116
Legal & Professional Fees	2,776,926	730,923
Directors Sitting Fees	115,000	140,000
Conveyance & Travelling	1,493,945	1,178,447
Postage, Telephone & Telegram	2,228,331	2,273,299
Printing & Stationery	483,302	572,767
Sales Tax	282,787	-
Advertisement & Publicity	2,716,702	3,498,872
Commission	3,542,656	3,182,986
Audit Fees	319,870	319,870
Sales Promotion Expenses	13,358,232	12,178,038
Freight & Forwarding Charges	7,178,026	6,256,437
Director's Remuneration	2,762,100	-
Foreign Exchange Loss	<u>54,078</u>	<u>50,686</u>
<b>TOTAL</b>	<b><u>40,884,690</u></b>	<b><u>33,064,658</u></b>
<b>SCHEDULE - 19</b>		
<b>INTEREST</b>		
To Bank	8,967,618	6,285,911
To Others	<u>1,639,593</u>	<u>2,137,981</u>
<b>TOTAL</b>	<b><u>10,607,211</u></b>	<b><u>8,423,892</u></b>



**SCHEDULE 20**

**NOTES ON ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2010**

**A. Significant Accounting Policies**

**1. Accounting Convention**

The financial statements are prepared under the historical cost convention on the "Accrual Concept" of accountancy in accordance with the accounting principles generally accepted in India and comply with the accounting standards issued by the Institute of Chartered Accountants of India to the extent applicable and with the relevant provisions of the Companies Act, 1956. Item of exceptional nature and assessment dues are accounted on cash basis.

**2. Fixed Assets**

All Fixed assets are stated at cost except the Land & Factory Buildings which have been valued at its current market value as on 31.3.2007. Cost comprised the purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

**3. Depreciation**

Depreciation on Fixed Assets is provided on the Written Down Method at the Rates and in the manner specified in the Schedule XIV of the Companies Act, 1956.

**4. Foreign Currency Transactions**

Transaction in foreign currency is recorded at the rate of exchange prevailing on the date of transaction. Current assets and liabilities are translated at the year-end closing rates. The resulting exchange gain/loss is reflected in the profit and loss account except in case where the relates to acquisition of Fixed Assets in which case they are adjusted to the carrying Cost of such Assets.

**5. Investment**

Long Term Investments are stated at cost after deducting provision, if any for decline other than temporary in value. Current investments are stated at lower of cost and market fair value.

**6. Inventories**

Raw Materials, Stores and Spares are valued at Cost and finished goods are valued at lower of Cost or Net Realizable Value. Cost of raw materials, stores & spares parts are ascertained on FIFO basis. Trading Goods are valued at cost.

**7. Revenue Recognition**

Sales are recognized when goods are supplied. Sales are net of trade discounts, rebates, returns and sales tax. Revenue in respect of other item is recognized when no significant uncertainty as to its determination or realization exists.

**8. Research & Development:**

Revenue expenditure on research and development is charged out in the year in which it is incurred.

Advertisement and Sales Promotion expenses on introduction of new products and on account of Re-Launch of Products are written off over a period of five years.

**9. Employee Benefit :**

Leave Encashment : Leave Encashment is accounted for on accrual basis. Gratuity: Gratuity liability under the payment of Gratuity Act is accounted for on a accrual basis for those employees who has completed five year of their employment with the company at the end of financial year.

**10. Taxes on Income**

Income tax expenses for the year comprises of current tax and deferred tax. Current tax provision is determined on the basis of taxable income computed as per the provisions of the Income Tax Act. Deferred tax is recognized for all timing differences that are capable of reversal in one or more subsequent periods subject to conditions of prudence and by applying tax rates that have been substantively enacted by the balance sheet date.

**11. Provision, Contingent Liabilities and Contingent Assets**

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent liabilities are not recognized but are disclosed in the notes. Contingent assets are neither recognized nor disclosed in the financial statements.

**B. NOTES ON ACCOUNTS**

**1. CONTINGENT LIABILITIES IN RESPECT OF :-**

- a) Guarantee given to Sales Tax Department for Rs. 50,000 (Previous Year Rs. 15,00,000)
- b) Guarantee given to Corporates for Rs. 30,00,000. (Previous Year Rs. Nil)
- c) The Sales Tax demand in dispute at various depots and contested in appeal.

Year	2009-2010	2008-2009	Forum
1992-1995	Rs.95,580	Rs.95,580	Commissioner( Appeals ) Daman
1999-2000	Rs.1,23,192	Rs.1,23,192	Board of Revenue, Guwahati
1998-1999	Rs.1,75,708	Rs.1,75,708	Board of Revenue, Guwahati
1997-1998	Rs.2,50,797	Rs.2,50,797	Board of Revenue, Guwahati
1996-1997	Rs.3,00,000	Rs.3,00,000	Board of Revenue, Guwahati

- d) Claim not acknowledge as debts - Rs. 17,00,000/- (Previous year Rs. 17,00,000/-)

- e) The estimated amount of contracts remaining to be executed on capital accounts and not provided for Rs. 20,85,818 (Previous Year Nil)
- f) Letter of Credit of Rs. 12,86,299 (Previous Year Nil)

2. Balances of Debtors, Creditors, loans and advances are subject to confirmation.
3. In the opinion of the Board, the current assets, loans and advances are expected to realise atleast the amount at which they are stated, if realised in the ordinary course of business, and provision for all known liabilities have been adequately made in the accounts.
4. The provision for gratuity is made for those employees who have completed 5 years of their service.
5. Deferred Advertisement Expenditure Written off:

Particulars	2009-10	2008-09
Balance Bought Forward	33,99,077	53,27,836
Add: Incurred during the year	-	-
Less: Written off during the year	11,33,025	19,28,759
Balance Deferred Advertisement	22,66,052	33,99,077

6. Loans and Advances includes Advances & Deposits to Companies in which Directors are interested to the tune of Rs 6,05,602 (Previous Year Rs. 6,05,602), Maximum amount outstanding during the year was Rs 6,05,602 (Previous Year Rs. 6,05,602 )
7. **AUDITORS' REMUNERATION :**

Particulars	2009-10	2008-09
Statutory Auditors :		
Audit Fees	82,725	82,725
Tax Audit Fees	60,665	60,665
Certification & Others	1,76,480	1,76,480
<b>TOTAL</b>	<b>3,19,870</b>	<b>3,19,870</b>

8. The future liability towards the payment of interest on Hire Purchase loans will be accounted as and when accrue.
9. The Company has valued its intellectual property at Rs.10,00,00,000/- as at 31<sup>st</sup> March 2006 and the same was then credited to Intellectual Property Equalization Fund. The value of the intellectual property as per report of the valuer M/s Joy Dalia & Co. Dt. 07.09.2007 is Rs.1384 Lacs. However the management has taken the value in the books at Rs.1000 Lacs.
10. The management has revalued Office Building at Andheri and Land and Factory Buildings at Vapi and Daman by M/s Neelam Technocraft, and M/s Mahalaxmi Associates as on 31.03.2007 respectively, the difference in the market value and the book value as on 31.03.2007 amounting to Rs. 1,88,79,148 has been credited to the revaluation reserve account and out of the revaluation reserve Rs. 1,53,54,555 was credited to the profit and loss account in the financial year 2006-07.
11. **Micro, Small and Medium Enterprises Dues**  
The Company has not received information from vendors regarding their status under Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosure relating to amounts unpaid as at the year end together with interest paid / payable under this Act has not been given.
12. There is no amount due and outstanding as on 31<sup>st</sup> March, 2010 to be credited to Investor Education and Protection Fund.
13. The company operates in one segment only, namely "Cosmetics Products." And transactions in geographical segment are not material; therefore the segment wise figures are not given.
14. Deferred Tax :- Accounting Standard No.22 "Accounting for tax on Income" issued by Institute of Chartered Accountants of India, there is a net deferred tax assets amounting to Rs.44,75,364/- (Previous Year deferred tax assets Rs. 1,12,49,994) on account of accumulated business losses and unabsorbed depreciation up to 31.3.2010 which is not accounted for.

In compliance with provisions of Accounting Standard and based on General

Prudence, the Company has not recognized the deferred tax assets while preparing the accounts of current year, the provision for the current year has been made only for MAT liability in view of unabsorbed brought forward losses. The deferred tax on the same has not been accounted for.

15. **RELATED PARTY DISCLOSURES:**  
(As identified by Management)



Name of the party and relationships

a) **Companies and firms in which Directors/Directors' Relatives exercise control / significant influence:****Companies**Shingar Limited  
Paramount Kumkum Private Limited**Firms**

Paramount Products

b) **Key management personnel**B.D. Topiwala – Chairman  
Hitesh Topiwala – Managing Directorc) **Relatives of key management personnel**

Ms. Aarti H. Topiwala

**Transaction carried out with related parties referred in (1) above, in ordinary course of business:**

Particulars	Year	Related Referred in 15(a) Above	Related Referred Referred in 15(b) Above	Related Referred Referred in 15(c) Above	Total
<b>Part I: Volume of transactions</b>					
Unsecured Loans Taken / (Repaid)	09-10	0	(18,09,388)	(174,471)	(19,83,859)
	08-09	0	13,72,200	2,20,122	15,92,322
Purchase of Goods	09-10	12,38,176	0	0	12,38,176
	08-09	3,17,01,326		0	3,17,01,326
Remuneration	09-10	0	27,62,100	0	27,62,100
	08-09	0	0	0	0
<b>Part II: Balance as at year end</b>					
Unsecured Loans	09-10		40,69,984	2,95,651	43,65,635
	08-09		58,79,372	4,70,122	63,49,494
Sundry Creditors	09-10	39,32,065			39,32,065
	08-09	63,94,721			63,94,721

**Disclosure in respect of material transactions with related parties**

	Name of the related party	2009-10	2008-09
Loans taken/(Repaid)	Hitesh Topiwala	(18,09,388)	13,72,200
	Aarti Topiwala	(1,74,471)	2,20,122
Purchase of Goods	Paramount Products	5,46,976	2,19,28,418
	Shingar Ltd.	6,91,200	8,66,870
	Paramount Kumkum P. Ltd	0	89,06,038
Remuneration	Hitesh Topiwala	27,62,100	0

16. Remuneration to Directors	2009-2010	2008-2009
Salaries	12,00,000	0
Perquisites	15,62,100	0
Total *	27,62,100	0

\*Minimum remuneration paid in terms of Schedule XIII to the Companies Act, 1956

17. **Income Tax**

The Company has paid Income Tax as per the Minimum Alternate Tax (MAT). The company is entitled to carry forward and set off the MAT paid against the income tax in subsequent years. In 2009-10 the company has credited to the profit and loss account MAT credit of Rs. 21,05,797 relating to the financial year from 2005-06 to 2008-09.

18. **EARNINGS PER SHARE:**

PARTICULARS	2009-10Rs.	2008-09Rs.
Profit available for Equity Share Holders	1,10,39,858	61,64,388
No of Equity Shares	48,55,000	48,55,000
Weighted Average Number of Equity Shares in computing diluted earnings per share	48,55,000	48,55,000
Basic and Diluted Earnings Per Share	2.27	1.27



## 19. LICENSED / INSTALLED CAPACITY AND PRODUCTION

## Licensed /Installed Capacity

Sr. No	Particular	UOM	2009-10	2008-09
i)	Licensed Capacity		Not Applicable	Not Applicable
ii)	Installed Capacity (As certified by the Management)			
	Plastic Container Moulding Traditional Cosmetic	Packet	0 50,64,000	3,27,60,000 48,00,000
iii)	Actual Production			
	Plastic Container Moulding Traditional Cosmetic	Packet	0 25,48,571	0 20,78,423

20. DETAILS OF SALES AND PURCHASES OF FINISHED GOODS, RAW MATERIAL AND PACKING MATERIAL :-  
Sales

Particulars	UOM	2009-10		2008-09	
		Quantity	Value (Rs.)	Quantity	Value (Rs.)
<b>Trading Items:</b> Kumkum, Cosmetics & Toileteries	Packet	21,55,534	15,62,50,194	16,98,689	11,23,36,123
<b>Beans</b>	Ton	0	0	121	9,95,459
<b>Manufactured Items:</b> Kumkum	Packet	29,65,576	13,29,03,817	20,52,486	11,30,37,006

## Purchases

Particulars	UOM	2009-10		2008-09	
		Quantity	Value (Rs.)	Quantity	Value (Rs.)
<b>Trading Items:</b> Traditional/Modern Cosmetics	Packet	19,58,416	15,35,10,075	17,02,095	10,81,02,746
<b>Materials:</b> PVC Flocked Sheet	Yards	1,25,875	95,55,658	75703	55,87,014
Other Purchases			3,09,14,713		3,22,02,655
<b>Total</b>			19,39,80,447		14,58,92,415

## 21. DETAILS OF OPENING AND CLOSING STOCK - TRADING Opening Stock of Trading Goods

Particulars	2009-10		2008-09	
	Quantity	Value (Rs.)	Quantity	Value (Rs.)
Kumkum, Cosmetics & Toileteries	2,13,144	99,01,273	2,09,738	82,22,701
<b>Closing Stock of Trading Goods*</b>				
Particulars	2009-10		2008-09	
	Quantity	Value (Rs.)	Quantity	Value (Rs.)
Kumkum, Cosmetics & Toileteries	15,002	35,27,187	2,13,144	99,01,273

\*After adjusting free issues, samples and replacements.

## 22. DETAILS OF OPENING AND CLOSING STOCK – MANUFACTURING :

## Opening Stock – Raw Materials

Particulars	UOM	2009-10		2008-09	
		Quantity	Value (Rs.)	Quantity	Value (Rs.)
Bindi	Packet	98,239	2,55,803	1,32,680	3,85,481
PVC Roll	Yards	8,425	8,35,668	14,018	14,94,340
Raw materials	Kgs	2,363	3,20,628	2,067	4,05,164
<b>Others</b>		<b>0</b>	<b>38,91,013</b>		<b>42,82,737</b>

**Closing Stock – Raw Materials**

Particulars	UOM	2009-10		2008-09	
		Quantity	Value (Rs.)	Quantity	Value (Rs.)
Bindi	Packet	0	0	98,239	2,55,803
PVC Roll	Yards	33,823	35,58,524	8,425	8,35,668
Raw materials	Kgs	3,598	9,10,600	2,363	3,20,628
Others	Kgs	33	49,71,999	0	38,91,013

**Opening Stock of Finished Goods**

Particulars	2009-10		2008-09	
	Quantity	Value (Rs.)	Quantity	Value (Rs.)
Traditional Cosmetics	22,24,335	6,13,62,811	19,68,550	5,56,33,442

**Closing Stock of Finished Goods**

Particulars	2009-10		2008-09	
	Quantity	Value (Rs.)	Quantity	Value (Rs.)
Traditional Cosmetics	16,01,387	7,47,33,378	22,24,335	6,13,62,811

**23. Imported and indigenous Raw-Materials, Stores and Spare parts and Components consumed during the year:**

Sr.No	Particulars	2009-10		2008-09	
		Indigenous	Imported	Indigenous	Imported
1)	Raw Materials % Consumption	70,36,838 51.19%	67,10,140 48.81%	7,057,647 60.00%	47,51,346 40.00%
2)	Packing Materials % Consumption	2,25,85,380 100%	Nil	2,72,45,286 100%	Nil

**24. CIF Value of Imports**

Particulars	2009-10	2008-09
Raw Materials	1,03,49,175	55,87,014

**25. Expenditure in foreign currency**

Particulars	2009-10	2008-09
Traveling	NIL	99,825

**26. Earnings in foreign currency**

Particulars	2009-10	2008-09
FOB value of Export Sales	32,10,978	45,90,750

**27. Previous year's figures have been regrouped / rearranged wherever necessary so as to make them comparable with the figures of the current year.****SIGNATORIES TO BALANCE SHEET AND SCHEDULES FORMING PART OF ACCOUNTS FOR THE PERIOD ENDED 31ST MARCH, 2010**

As per our Report Attached of even date  
**R.U.JAIN & CO.**  
 Chartered Accountants

For and on behalf of Board  
**Hitesh Topiwala**  
 Managing Director

**Vishwajeet Mehta**  
 Director

**R.U. JAIN**  
 Proprietor  
 M.No:031037  
 Bangalore  
 Dated : 30 August, 2010

**Pooja Agrawal**  
 Company Secretary

## CASHFLOW STATEMENT FOR THE YEAR ENDED MARCH 31st 2010

	AS AT 31.03.2010 Rs.	AS AT 31.03.2009 Rs.
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit after taxation, and extraordinary items	11,357,975	7,057,019
Adjustments for :		
Profit/Loss on Sale of Fixed Asset	-	(322,302)
Depreciation	3,591,590	2,750,384
Prior Period expenses	(318,117)	(892,631)
Deferred Revenue Expenditure written off	1,133,025	1,928,759
Interest expense	10,607,211	8,423,892
Interest income	(203,304)	(69,187)
Operating profit before working capital changes	<u>26,168,380</u>	<u>18,875,934</u>
Adjustments for :		
Decrease/(Increase) in trade and other receivables	(47,813,316)	(27,810,481)
Increase/Decrease in Inventories	(11,134,493)	(3,263,070)
Increase/(Decrease) in trade and other payable	34,152,095	33,004,527
<b>Net Cash flow from Operating Activities</b>	<u>1,372,666</u>	<u>20,806,910</u>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	(4,938,905)	(6,423,035)
Sale of Fixed assets	-	651,000
Interest received	203,304	69,187
<b>Net Cash Flow from Investing activities</b>	<u>(4,735,600)</u>	<u>(5,702,848)</u>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from Share Capital Calls in Arrears		
Interest paid	(10,607,211)	(8,423,892)
Proceeds from long term borrowings	6,334,633	-
Proceeds /(Repayment) of short term borrowings	9,583,949	(5,916,362)
<b>Net Cash flow from Financing Activities</b>	<u>5,311,371</u>	<u>(14,340,254)</u>
Net Cash Flow during the year (A+B+C)	1,948,437	763,809
Cash and Cash Equivalents at the beginning of the year	4,480,433	3,716,624
<b>Cash and Cash Equivalents at the end of the year</b>	<u>6,428,869</u>	<u>4,480,433</u>

Notes to the Cash Flow Statement For the year ended March 31, 2010

1 Previous year's figure have been regrouped, recast wherever necessary.

### SIGNATORIES TO BALANCE SHEET AND SCHEDULES FORMING PART OF ACCOUNTS FOR THE PERIOD ENDED 31ST MARCH, 2010

As per our Report Attached of even date  
**R.U.JAIN & CO.**  
Chartered Accountants

For and on behalf of Board  
**Hitesh Topiwala**  
Managing Director

**Vishwajeet Mehta**  
Director

**R.U. JAIN**  
Proprietor  
M.No:031037  
**Bangalore**

**Pooja Agrawal**  
Company Secretary

Dated : 30 August, 2010



**ADDITIONAL INFORMATION PURSUANT TO PART FOR IV OF SCHEDULE VI TO THE COMPANIES ACT,1956  
BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE**

**I. Registration Details**

Registration no. State code

0 0 8 2 8 2

Balance Sheet Date

3 1 - 0 3 - 2 0 1 0

State code

0 4

**II. Capital raised during the year(Amount is lacs)**

Public issue

N I L

Bonus issue

N I L

Right issue

N I L

Private placements

N I L

**III. Position of mobilisation and deployment of funds (Amount in lacs)**

Total Liabilities

2 4 1 2 . 2 4

Source of fund

Paid up capital

4 8 5 . 5 0

Secured loan

5 5 2 . 8 9

Application of funds

Net Fixed Assets

1 3 2 2 . 0 2

Net Current assets

1 0 6 7 . 3 2

Total Assets

2 4 1 2 . 2 4

Reserves and surplus

1 3 0 7 . 0 3

Unsecured loan

6 6 . 8 2

Investment

0 . 2 3

Miscellaneous expenditure

2 2 . 6 6

**IV. Performance of the company (Amount in Rs.lacs)**

Turnover & Other Income

2 9 6 4 . 9 5

Profit before tax

1 1 3 . 4 3

Earning per Share in Rs.

2 . 2 7

Total expenditure

2 8 5 1 . 5 1

Profit after tax

1 1 3 . 5 8

Dividend Rate

N I L

**V. Generic Names of Three Principal Products/Services of the Company (as per monetary terms)  
Item Code No.**

Product Description

K U M K U M C Y L I N D E R

Item Code No.

Product Description

K U M K U M S T I C K E R

Item Code No.

Product Description

A Y U R V E D I C K A J A L

For and on behalf of Board

Bangalore

Date : 30 August, 2010

HITESH TOPIWALA  
Managing Director

VISHWAJEET MEHTA  
Director

POOJA AGRAWAL  
Company Secretary

**PARAMOUNT COSMETICS (INDIA) LIMITED**

Regd. Office: A-1/2211, IIIrd Phase, GIDC, Vapi - 396195, Dist. Valsad, Gujarat

**ATTENDANCE SLIP**

Full Name of the Member attending: \_\_\_\_\_

Full Name of the First joint holder: \_\_\_\_\_  
(To be filled in if first named joint-holder does not attend meeting)

Name of the Proxy: \_\_\_\_\_  
(To be filled in if Proxy Form has been duly deposited with the Company)

I hereby record my presence at the Twenty Fourth Annual General Meeting of the Company to be held at A-1/2211, IIIrd Phase, G.I.D.C., Vapi - 396195, Dist. Bulsar, Gujarat on Wednesday, September 30, 2010 at 11.00 a.m.

Registered Folio No. : \_\_\_\_\_

No. of Shares held : \_\_\_\_\_

\_\_\_\_\_  
Signature of Member / Proxy

**PARAMOUNT COSMETICS (INDIA) LIMITED**

Regd. Office: A-1/2211, IIIrd Phase, GIDC, Vapi - 396195, Dist. Valsad, Gujarat

**PROXY FORM**

I/We \_\_\_\_\_ of \_\_\_\_\_

in the district of \_\_\_\_\_ being a Member/ Members of the above named Company hereby appoint

\_\_\_\_\_ of \_\_\_\_\_ in the district of

\_\_\_\_\_ or failing him, \_\_\_\_\_ of

\_\_\_\_\_ in the district of \_\_\_\_\_ as my/our proxy to attend

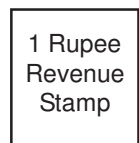
and vote on my/our behalf at the

Twenty Fourth Annual General Meeting of the Company to be held at A-1/2211, IIIrd Phase, G.I.D.C., Vapi - 396195, Dist. Valsad, Gujarat on Wednesday, September 30, 2010 at 11.00 a.m. and at any adjournment thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2010.

No. of Shares held: \_\_\_\_\_

Name of the Proxy : \_\_\_\_\_



Signature of Member

Note: The Proxy must be deposited at the Registered / Corporate Office of the Company not less than 48 hours before the time for holding the Meeting. The Proxy need not be a member of the Company.



August 30, 2010

**Subject: Dematerialization of Shares**

Dear Shareholder,

In the present scenario holding shares of a company in **DEMAT** form rather than in physical form (i.e. in the form of share certificates) has many advantages like easier trading, transfer and transmission of securities, reduced brokerage charges, easier pledging / hypothecation of securities. Further, dematerialization eliminates the risks associated with forgery, counterfeiting and loss due to fire, theft or mutilation. Also, no stamp duty has to be paid on transfer of shares in **DEMAT** form (as against 0.5 per cent payable on physical shares) and the shareholder of **DEMAT** shares has an advantage of quick receipt of corporate benefits such as stock splits and bonus.

We understand from our records that the equity shares of the Company held by you are still in Physical Form. Considering the advantages of scrip less trading, we request you to have your Equity Shares dematerialized. The procedure for dematerialization is very simple and is briefly enumerate below:

- a. A **DEMAT** account has to be opened with a Depository Participants (DP) registered with either NSDL or CDSL. List of DP registered with NSDL and CDSL is available on the websites of NSDL ([www.nsdl.co.in](http://www.nsdl.co.in)) and CDSL ([www.cdslindia.com](http://www.cdslindia.com)).
- b. You will be required to fill a Dematerialization Requisition Form (DRF) which can be availed by you from the DP of your choice.
- c. You will have to submit the physical Share Certificates along with the Dematerialization Requisition Form to the DP. Please ensure to write “**submitted for dematerialization**” on the Share Certificates before the handing it over to the DP for **DEMAT**.
- d. The DP shall forward the form to the Company’s Registrar & Share Transfer Agent and after the Company validates your request, the Depository shall credit the DP’s account.
- e. The DP will then update your **DEMAT** account and inform you accordingly.

**The ISIN of the Company is:**

I	N	E	1	4	3	1	0	1	0	1	3
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 For any further information or assistance you can contact our Registrars and Share Transfer Agent at the below mentioned address or you can directly contact me at the Company’s Head Office Address.

**Mr. Dayanand Patil**  
**Link Intime India Private Limited**  
**C-13, Pannalal Silk Mills Compound**  
**L.B.S. Marg, Bhandup (W),**  
**Mumbai – 400 078**  
**Ph No. 022 25946970**  
**E-mail: [rnt.helpdesk@linkintime.co.in](mailto:rnt.helpdesk@linkintime.co.in)**

Thanking you.  
 Yours Sincerely,

**For Paramount Cosmetics (India) Limited**

**(Pooja Agrawal)**  
**Company Secretary**



**PARAMOUNT COSMETICS (INDIA) LIMITED**

**BOOK-POST**

**If Undelivered Please return to :**

**PARAMOUNT COSMETICS (INDIA) LIMITED**

**REGISTERED OFFICE**

A-1/2211, G.I.D.C. Vapi - 396 195

Dist. Valsad, Gujarat