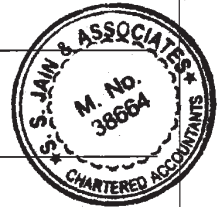


FORM A

Covering Letter of the Annual Audit Report to be filed with the Stock Exchange

| | | |
|---|--|---|
| 1 | Name of the Company | Paramount Cosmetics (India) Limited |
| 2 | Annual Financial Statements for the Year ended | 31.03.2015 |
| 3 | Type of Audit Observation | Unqualified / Matter of Emphasis |
| 4 | Frequency of Observation | Whether appeared first time..... / repetitive / Since how long period..... N.A. |
| 5 | To be signed by - | |
| | • CEO/Managing Director | <i>Hitendra</i> |
| | • CFO | <i>Umesh</i> |
| | • Auditor of the Company | <i>Sudhni Jata</i> |
| | • Audit Committee Chairman | <i>Devi</i> |





PARAMOUNT COSMETICS (INDIA) LIMITED

THIRTIETH ANNUAL REPORT 2014-2015

CORPORATE INFORMATION**BOARD OF DIRECTORS**

Mr. Hiitesh Topiwaalla - Managing Director
(DIN – 01603345)
Ms. Aartii Topiwaala - Director
(DIN – 03487105)
Mr. Shishir B. Desai - Independent Director
(DIN – 01453410)
Mr. V.N. Mehta - Independent Director
(DIN – 02800993)
Mr. Mukesh Kumar Tyagi - Independent Director
(DIN – 01649644)

REGISTERED OFFICE

A-1/2211, III Phase,
G.I.D.C., Vapi
Gujarat - 396 195
Email: compliance.officer@parammount.com
Website: www.parammount.com
CIN: L24240GJ1985PLC008282

CHIEF FINANCIAL OFFICER

Mr. Hansraj Rathor

COMPANY SECRETARY

Mr. Anurag Srivastava

BANKERS

IDBI Bank Limited

CORPORATE OFFICE

902-904, 9th Floor,
Prestige Meridian-1,
No. 29, M. G. Road,
Bangalore - 560 001
Ph: +91 80 25320870/71
Email: compliance.officer@parammount.com

STATUTORY AUDITORS

M/s. S.S. Jain & Associates
Chartered Accountants,
Mumbai

REGISTRAR & SHARE TRANSFER AGENT

BgSE Financials Limited
Stock Exchange Towers, No. 51,
1st Cross, J.C Road,
Bangalore- 560 027
Ph: 080 4132 9661
Email: rta_admin@bfsf.co.in; manager_rta@bfsf.co.in

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AS AN AUSTERITY MEASURE, COPIES OF THE ANNUAL REPORT WILL NOT BE DISTRIBUTED AT THE ANNUAL GENERAL MEETING. MEMBERS ARE REQUESTED TO BRING THEIR COPIES AT THE ANNUAL GENERAL MEETING

NOTICE

Notice is hereby given that the **Thirtieth Annual General Meeting** of the Members of Paramount Cosmetics (India) Limited will be held on Wednesday, the 30th day of September, 2015 at 11: 00 a.m. at VIA Hall, Vapi Industrial Association, Plot No. 135, VIA House, GIDC, Vapi – 396 195 to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet of the Company as at 31st March, 2015 and Profit & Loss Account for the year ended on that date together with the report of the Board of Directors and Auditors thereon.
2. To declare Dividend on Equity Shares for the Financial Year 2014-15.
3. To appoint a Director in place of Ms. Aartii Topiwaala (DIN - 03487105), who retires by rotation and being eligible offers herself for re-appointment.
4. To ratify the appointment of M/s. S.S. Jain & Associates, Chartered Accountants as Statutory Auditor and fix their remuneration and in this regard to consider and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution:**

“**RESOLVED THAT** pursuant to the provisions of Section 139 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, (including any statutory modification(s) or re-enactment thereof) and pursuant to the recommendations of the Audit Committee and the Board of Directors, appointment of M/s. S.S. Jain & Associates, Chartered Accountants (FRN 103970W), as the Statutory Auditor of the Company, be and is hereby ratified to hold office from conclusion of this meeting for till the conclusion of the next Annual General Meeting on a remuneration to be fixed by the Board of Directors of the Company.”

SPECIAL BUSINESS:

5. **To enhance the Borrowing powers of Board to Rs 35 Crores**

To consider and if thought fit, to pass, with or without modifications, the following resolution as **Special Resolution:**

“**RESOLVED THAT** in supersession of the earlier resolutions passed, the consent of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as the “Board” which term shall be deemed to include any committee thereof) under provisions of Section 180(1)(c) of the Companies Act, 2013 as amended from time to time and Articles of Association of the Company for borrowing, from time to time, any sum or sums of monies which together with the monies already borrowed by the Company (apart from temporary loans obtained or to be obtained from the Company’s bankers in the ordinary course of business) from time to time, either by way of rupee loans or by way of foreign currency loans or by way of issue of debentures or by issue of other instruments, and either from the Company’s Bankers or from any other Banks/Financial Institutions or any other lending institutions or bodies corporate or other persons on such terms, conditions and covenants as are stipulated and as may be considered appropriate by the Board of Directors may exceed the aggregate of the paid up capital of the Company and its free reserves provided that the total amount so borrowed by the Board shall not at any time exceed Rs. 35,00,00,000/- (Rupees Thirty Five Crore) or the aggregate of the paid up capital and free reserves of the Company, whichever is higher.”

“**RESOLVED FURTHER THAT** for the purpose of giving effect to the resolution, Mr. Hiitesh Topiwaalla, Managing Director of the Company be and is hereby authorized to finalise, settle and execute all documents/deeds/agreements as may be required, and generally to take all other necessary steps and to do all acts, deeds, matters and things as it may in its absolute discretion deem necessary, expedient, proper or desirable.”

6. **Creation of Charges on the movable and immovable properties of the Company, both present and future.**

To consider and, if thought fit, to pass the following resolution as **Special Resolution:**

“**RESOLVED THAT** in supersession of the earlier resolutions passed for creation of charges, mortgage and hypothecation for the borrowings, the consent of the Company be and is hereby given to the Board of Directors of the Company (hereinafter referred to as the “Board” which term shall be deemed to include any committee thereof) in terms of Section 180(1)(a) of the Companies Act, 2013 as amended from time to time to create such charges, mortgages and hypothecations in addition to the existing charges, mortgages and hypothecations created by the Company, on such movable and immovable properties, both present and future, and in such manner as

the Board may deem fit to secure the borrowings of the Company together with interest at the respective agreed rates, additional interest, compound interest in case of default, accumulated interest, liquidated damages, commitment charges, premia on prepayment or on redemption, remuneration of Agent(s)/ Trustee(s) and all other costs, charges and expenses, including any increase as a result of devaluation/revaluation/fluctuation in the rates of exchange and all other monies payable by the Company in terms of loan agreements/debenture trust deeds or any other document entered into/to be between the Company and the Lender(s) Agent(s) Trustee(s) in respect of the said loans/borrowings/debentures either by way of mortgage (including equitable mortgage), hypothecation, pledge, and/or lien in addition to the mortgages/charges created/ to be created by Company on such terms and conditions, in such form and manner and with such ranking for priority and at such times as the Board of Directors may determine, on all or any of the properties of the Company including land, building, plant, machinery, other fixed assets, stock in trade, book debts, bank deposits, shares, securities and any other assets as held presently and/or to be acquired in future and by giving guarantees, indemnities, undertakings for and on behalf of the Company". Provided that the total amount of Loans together with interest thereon, additional interest, compound interest, liquidated damages, commitment charges, expenses and all other monies payable by the Company in respect of the said Loans for which the charge is to be created, shall not, at any time exceed Rs Rs. 35,00,00,000/- (Rupees Thirty Five Crore) or the aggregate of the paid up capital and free reserves of the Company, whichever is higher."

"RESOLVED FURTHER THAT for the purpose of giving effect to the resolution, Mr. Hiitsh Topiwaalla, Managing Director of the Company be and is hereby authorized to finalise, settle and execute all documents/deeds/agreements as may be required, and generally to take all other necessary steps and to do all acts, deeds, matters and things as it may in its absolute discretion deem necessary, expedient, proper or desirable."

Registered Office:
A-1/2211, III Phase, G I D C,
Vapi, Gujarat-396195
CIN: L24240GJ1985PLC008282

By Order of the Board
For Paramount Cosmetics (India) Limited

Place: Bangalore
Date: 10th August, 2015

Sd/-
Anurag Srivastava
Company Secretary

NOTES:

1. An Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 relating to the Special Business to be transacted at the Annual General Meeting (AGM) is annexed hereto.
2. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON HIS / HER BEHALF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. Pursuant to the provisions of Section 105 of the Companies Act, 2013, a person can act as a proxy on behalf of not more than fifty members and holding in aggregate not more than ten percent of the total Share Capital of the Company. Members holding more than ten percent of the total Share Capital of the Company may appoint a single person as proxy, who shall not act as a proxy for any other Member. The instrument of Proxy, in order to be effective, should be deposited at the Registered Office of the Company, duly completed and signed, not later than 48 hours before the commencement of the meeting. A Proxy Form is annexed to this Report. Proxies submitted on behalf of limited companies, societies, etc., must be supported by an appropriate resolution / authority, as applicable.
3. The Register of Members and Share Transfer Books of the Company will remain closed from Thursday, 24th September, 2015 to Wednesday, 30th September, 2015 (both days inclusive), in terms of Section 91 of Companies Act, 2013 and the Listing Agreement with the Bombay Stock Exchange where the shares of the Company are listed.
4. The Dividend on equity shares as recommended by the Directors, if declared at the meeting, will be paid within the statutory period of 30 days from the date of declaration of dividend to those members whose names shall appear on the Company's Register of Members on September 23rd, 2015. In respect of shares held in dematerialized form, the Dividend will be paid to members whose names shall be furnished by National Security Depository Ltd. (NSDL) and Central Depository Services Ltd. (CDSL) as beneficial owners as on the aforementioned date.
5. In accordance with the Articles of Association and the Companies Act, 2013, one-third of the directors who are liable to retire by rotation (except Mr. Hiitsh Topiwaalla, who has been re-appointed as the Managing Director for a term of five years effective from 1st April, 2014) retire every year and, if eligible, offer themselves for re-appointment at the Annual General Meeting. As per the provisions of the Companies Act, 2013, Independent Directors are required to be appointed for a term of upto five consecutive years and are not liable to retire by rotation. The relevant detail of Director seeking appointment / re-appointment under item no. 3 is elaborated in the Statement annexed to the notice.
6. Members are requested to notify immediately of any change in their address to the Company's Registrar and Share Transfer Agent. Members holding shares in electronic form are advised to notify any change in their address to the concerned depository participant.

7. 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 - **BgSE Financials Limited**, Stock Exchange Towers, No. 51, 1st Cross, J. C. Road, Bangalore – 560027. Ph. No. 080 41329661. E-mail: rta_admin@bfsi.co.in or manager_rta@bfsi.co.in
8. Pursuant to Section 108 of the Companies Act, 2013, Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended and Clause 35B of the Listing Agreement, the Company is pleased to provide the facility to Members to exercise their right to vote on the resolutions proposed to be passed at AGM by electronic means.
9. The Members, whose names appear in the Register of Members / list of Beneficial Owners as on Wednesday, 23rd September, 2015, i.e. the date prior to the commencement of book closure, are entitled to vote on the Resolutions set forth in this Notice.
10. Any person who becomes a member of the Company after dispatch of the Notice of the Meeting and holding shares as on Wednesday, 23rd September, 2015, may obtain the User ID and password by sending a request at helpdesk.evoting@cdslindia.com or compliance.officer@paramount.com.
11. The members may cast their votes on electronic voting system from place other than the venue of the meeting (remote e-voting). The remote e-voting period will commence at 9.00 a.m. on Thursday, 24th September, 2015 and will end at 5.00 p.m. on Saturday, 26th September, 2015. The e-voting module shall be disabled by CDSL for voting thereafter.
12. The facility for voting, through ballot paper, will be made available at the AGM and the members attending the AGM who have not already cast their votes by remote e-voting shall be able to exercise their right at the AGM through ballot paper. Members who have cast their votes by remote e-voting prior to the AGM may attend the AGM but shall not be entitled to cast their votes again
13. The Company has appointed M/s. G.R. & Associates, Practising Company Secretary, to act as the Scrutinizer, to scrutinize the entire e-voting process in a fair and transparent manner. The Members desiring to vote through remote e-voting are requested to refer to the detailed procedure given hereinafter. The Members desiring to vote through electronic mode may refer to the detailed procedure on e-voting given hereinafter.

PROCEDURE FOR E-VOTING:

- I. The Company has entered into an agreement with Central Depository Services Ltd (CDSL) for facilitating e-voting for AGM.

(A) In case a member receiving e-mail

- (i) The voting period begins on 24th September, 2015 at 09.00 a.m. and ends on 26th September, 2015 at 05.00 p.m. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of 23rd September, 2015, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) The shareholders should log on to the e-voting website www.evotingindia.com.
- (iii) Click on Shareholders.
- (iv) Now Enter your User ID
 - a. For CDSL: 16 digits beneficiary ID,
 - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (v) Next enter the Image Verification as displayed and Click on Login.
- (vi) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.
- (vii) If you are a first time user follow the steps given below:

| For Members holding shares in Demat Form and Physical Form | |
|---|---|
| PAN | Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) <ul style="list-style-type: none"> • Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN Field. • In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field. |
| DOB | Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format. |

| | |
|-----------------------|--|
| Dividend Bank Details | Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio. |
| | <ul style="list-style-type: none"> Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (iv). |

- (viii) After entering these details appropriately, click on “SUBMIT” tab.
- (ix) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach ‘Password Creation’ menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xi) Click on the EVSN for the Paramount Cosmetics (India) Limited on which you choose to vote.
- (xii) On the voting page, you will see “RESOLUTION DESCRIPTION” and against the same the option “YES/NO” for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xiii) Click on the “RESOLUTIONS FILE LINK” if you wish to view the entire Resolution details.
- (xiv) After selecting the resolution you have decided to vote on, click on “SUBMIT”. A confirmation box will be displayed. If you wish to confirm your vote, click on “OK”, else to change your vote, click on “CANCEL” and accordingly modify your vote.
- (xv) Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.
- (xvi) You can also take out print of the voting done by you by clicking on “Click here to print” option on the Voting page.
- (xvii) If Demat account holder has forgotten the same password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xviii) Note for Non – Individual Shareholders and Custodians:
- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to www.evotingindia.com and register themselves as Corporates.
 - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
 - After receiving the login details a compliance user should be created using the admin login and password. The Compliance user would be able to link the account(s) for which they wish to vote on.
 - The list of accounts should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
 - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.

(B) In case a member receives physical copy of the Notice by Post

For members whose e-mail addresses are not registered with the Company / Depository Participant(s):

- User ID and initial password - These will be sent separately.
- Please follow all steps from Sr. No. (i) to (xvi) as aforementioned, to cast your vote.

- In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions (“FAQs”) and e-voting manual available at www.evotingindia.com under help section or write an email to helpdesk.evoting@cdslindia.com.
- Members holding shares in demat form are hereby informed that bank particulars registered with their respective Depository Participant(s), with whom they maintain their demat accounts, will be used by the Company for payment of dividend. The Company or its Registrar cannot act on any request received directly from the Members holding shares in demat form for any change in bank particulars. Members holding shares in demat form are requested to intimate any change in their address and / or bank mandate to their Depository Participants immediately.
- Members are requested to contact M/s. BgSE Financial Limited / Corporate Department of the Company for encashing the unclaimed dividends standing to the credit of their account.



- V. The Securities and Exchange Board of India has mandated submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in demat form are, therefore, requested to submit PAN details to the Depository Participants with whom they have demat accounts. Members holding shares in physical form can submit their PAN details to the Company/Registrar and Share Transfer Agent.
- VI. For convenience of the Members and proper conduct of the meeting, entry to the meeting venue will be regulated by Attendance Slip. Members are requested to sign at the place provided on the Attendance Slip and hand it over at the registration counter.
- VII. Members desiring any information relating to the accounts are requested to write to the Company well in advance so as to enable the management to keep the information ready.

Registered Office:
A-1/2211, III Phase, G I D C,
Vapi, Gujarat-396195

By Order of the Board
For Paramount Cosmetics (India) Limited

Place: Bangalore
Date: 10th August, 2015

Sd/-
Anurag Srivastava
Company Secretary

STATEMENT PURSUANT TO SECTION 102(1) OF THE COMPANIES ACT, 2013

The following Statement sets out all material facts relating to the Special Business mentioned in the accompanying Notice:
Item No 5 and 6:

The Company has recently completed the new project at Shoolagiri, Tamilnadu. To meet the fund requirements of the Company to meet working capital requirement, the Company may require to borrow funds from time to time by way of loans and/or issue of Bonds, Debentures or other securities and the existing approved limit may likely to be exhausted in near future and it is therefore recommended to enhance the borrowing limits of the Company upto Rs. 35,00,00,000/- (Rupees Thirty Five Crores).

As per Section 180(1)(c) of the Companies Act, 2013, borrowings (apart from temporary loans obtained from the Company's bankers in ordinary course of business) by the Company beyond the aggregate of the paid up capital of the company and its free reserve requires approval from the shareholders of the Company. It is, therefore, proposed to seek the approval of the shareholders for enhancing the Borrowing limits upto Rs 35,00,00,000/- (Rupees Thirty Five Crores) (apart from temporary loans obtained from the Company's bankers in ordinary course of business) for both domestic and foreign currency borrowings under section 180(1)(c) and 180(1)(a) of the Companies Act, 2013 by way of a Special Resolution.

It is proposed to pass a Special Resolution under Section 180(1)(a) of the Companies Act, 2013, inter alia, provides that the Board of Directors of a public company shall not without the consent of members sell, lease or otherwise dispose of the whole or substantially the whole of the undertaking of the company or where a company owns more than one undertaking, the whole or substantially the whole of any such undertaking. Since the creation of a mortgage and/or charge by the company on its movable and/or immovable assets in favour of the lender(s) may be regarded as disposal of the Company's undertaking within the meaning of Section 180(1)(a) of the Companies Act, 2013, it is desirable by way of abundant caution to pass Special resolution under Section 180(1)(a) of the Companies Act, 2013. Accordingly, the Directors recommend the resolution set out in this item of the accompanying notice for your approval. The Directors recommend the Special Resolution pursuant to Section 180(1)(c) and 180(1)(a) of the Companies Act, 2013 of the accompanying Notice for the approval of the Members of the Company.

None of the Directors, Key Managerial Personnel and their relatives are, in any way, concerned or interested in the said resolutions either financially or otherwise, except to the extent of their equity holding in the Company.

Registered Office:
A-1/2211, III Phase, G I D C,
Vapi, Gujarat-396195

By Order of the Board
For Paramount Cosmetics (India) Limited

Place: Bangalore
Date: 10th August, 2015

Sd/-
Anurag Srivastava
Company Secretary

Additional Information on Directors recommended for appointment/re-appointment as required under Clause 49 of the Listing Agreement**Item No 3:**

As per the provisions of Section 152(6) of the Companies Act, 2013, Ms. Aartii Topiwaala, Director of the Company seeks re-appointment at the Annual General Meeting.

Details of Director seeking re-appointment at the Annual General Meeting:

| Particulars | Details |
|--|---|
| Name of the Director | Aartii Topiwaala |
| Date of Birth | 18.07.1972 |
| Date of Appointment | 31.03.2011 |
| Brief Profile and experience in specific functional areas | Rich experience of more than 20 years in the fashion industry |
| Qualification | Bachelor of Commerce |
| Shareholding in the Company | 2,600 Equity shares of Rs. 10/- each |
| List of other Public companies in which directorships held as on March 31, 2015 | NIL |
| List of Chairmanship/Membership of the Committees of the Board of as on March 31, 2015 | Paramount Cosmetics (India) Limited <ul style="list-style-type: none"> • Audit Committee- Member • Nomination and Remuneration Committee - Member • Stakeholder Relationship Committee - Member • Share Transfer Committee – Member |

DIRECTORS' REPORT

Your Directors have pleasure in presenting the 30th Annual Report of your Company, together with the business and operations for the year ended 31st March, 2015.

FINANCIAL RESULTS

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

(Figures in Lakh)

| Particulars | Year ended 31.03.2015 | Year ended 31.03.2014* |
|--|--------------------------|---------------------------|
| Sales and other Income | 4,852.81 | 4,757.16 |
| Profit before Depreciation, Interest, Exceptional Items, Extraordinary Items and Tax | 509.09 | 473.71 |
| Depreciation | 79.79 | 60.48 |
| Interest and Finance Charges | 191.86 | 187.88 |
| Exceptional Items and Extraordinary Items | 00.15 | 00.25 |
| Profit before Tax | 237.29 | 225.61 |
| Net Profit | 173.56 | 150.18 |
| Surplus | 840.93 | 703.07 |
| Appropriations | 60.47 | 35.70 |
| Balance carried forward to the Balance Sheet | 780.46 | 667.37 |

* Previous year's figures have been regrouped / reclassified, wherever necessary to confirm to the current year presentation.

PERFORMANCE DURING THE YEAR

Sales and other Income of the Company for the year is Rs. 4852.81 lakhs as compared to Rs.4757.16 lakhs in the previous year, showing an increase of 2.01 %. Profit after tax is Rs.173.56 lakhs which is 15.57% higher than the preceding year which stood at Rs. 150.18 lakhs due to increase in sales volume.

DIVIDEND

The Board of Directors are pleased to recommend a final dividend on Equity shares of Rs. 0.60/- per Equity share (i.e. at the rate of 6%), subject to approval by the Shareholders at the Annual General Meeting.

The Final Dividend, subject to the approval of Members at the Annual General Meeting on 30th September, 2015, will be paid to the Members whose names appear in the Register of Members, as on 23rd September, 2015.

SHARE CAPITAL

The paid up Equity Share Capital as at March 31, 2015 stood at Rs.485.50 Lakhs. During the year under review, the Company has not issued shares with differential voting rights nor has granted any stock option or sweat equity. As on March 31, 2015, none of the Directors of the Company hold instruments convertible into equity shares of the Company.

DIRECTORS AND KEY MANAGERIAL PERSONNEL

In accordance with the provisions of the Companies Act, 2013 and rules made thereunder, Ms. Aartii Topiwaala would retire by rotation at the ensuing Annual General Meeting and, being eligible, offers herself for re-appointment.

During the year under review, the members approved the appointment of Mr. Mukesh Kumar Tyagi as Independent Director for a period of five consecutive years.

The Company has received declarations from all the Independent Directors of the Company confirming that they meet the criteria of independence as prescribed both under the Companies Act and Clause 49 of the Listing Agreement with the Stock Exchange.

Pursuant to the provisions of the Companies Act, 2013 and Clause 49 of the Listing Agreement, the performance of Independent Directors was completed. The performance evaluation of Chairman and the Non Independent Directors was carried out by the Independent Directors. The Board of Directors expressed their satisfaction with the evaluation process.

The details of programmes for familiarisation of Independent Directors with the Company, their roles, rights, responsibilities in the Company, nature of the industry in which the Company operates, business model of the Company and related matters are forming part of the Corporate Governance Report.

Details of Key Managerial Personnel

Following are the Details of Key Managerial Personnel who were appointed or have resigned during the Financial Year 2014-15:

| Name of KMPs | Designation | Date of Appointment | Date of Cessation |
|-------------------|-------------------------|---------------------------------|--------------------------------|
| Deepika Shrinivas | Company Secretary | 01 st March, 2013 | 17 th April, 2014 |
| Nitya Babu | Company Secretary | 08 th May, 2014 | 13 th January, 2015 |
| S Chakravarthi | Chief Financial Officer | 01 st April, 2014 | 28 th August, 2014 |
| Hansraj Rathor | Chief Financial Officer | 13 th February, 2015 | - |

BOARD COMMITTEES

The details of following committees of the Board are provided in the Corporate Governance Report.

- Audit Committee
- Nomination and Remuneration Committee
- Share Transfer Committee
- Stakeholders Relationship Committee
- Risk Management Committee

DIRECTORS' RESPONSIBILITY STATEMENT

The Directors confirm that:

- in the preparation of the annual accounts, the applicable accounting standards have been followed alongwith proper explanation relating to material departures, if any;
- they 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 at the end of the financial year and of the profits of the Company for that period;
- they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- they have prepared the annual accounts on a going concern basis;
- they have laid down internal financial controls for the Company and such internal financial controls are adequate and operating effectively; and
- they have devised proper systems to ensure compliance with the provisions of all applicable laws and such systems are adequate and operating effectively.

AUDITORS AND AUDITORS' REPORT

M/s. S.S. Jain & Associates, Chartered Accountant, Statutory Auditor of the Company, hold office till the conclusion of the 34th Annual General Meeting subject to the ratification in the ensuing Annual General Meeting. They have confirmed their eligibility to the effect that their re-appointment, if made, would be within the prescribed limits under the Companies Act, 2013 and that they are not disqualified for re-appointment.

The Notes on financial statement referred to in the Auditors' Report are self-explanatory and do not call for any further comments. The Auditors' Report does not contain any qualification, reservation or adverse remark.

SECRETARIAL AUDIT

Pursuant to provisions of Section 204 of the Companies Act, 2013 and rules made thereunder, the Company has appointed M/s. G.R. & Associates, a firm of Company Secretaries (C P No.6526) to undertake the Secretarial Audit of the Company. The Secretarial Audit Report is included as an **Annexure 1** forming part of this Annual Report.

There is no Secretarial Audit Qualification for the year under review.

CORPORATE GOVERNANCE REPORT

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

The report on Corporate Governance as stipulated under the Listing Agreement is presented in a separate section forming part of the Annual Report.

The requisite certificate from the Practicing Company Secretary, M/s. G.R. & Associates confirming compliance with the conditions of Corporate Governance as stipulated under Clause 49 is presented in a separate section forming part of the Annual Report.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Management's Discussion and Analysis Report for the year under review, as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges in India, is presented in a separate section forming part of the Annual Report.

POLICIES OF THE COMPANY

The Board of Directors has framed the following policies. The details of these policies are explained in the Corporate Governance Report.

- a) Code of Conduct
- b) Risk Management Policy
- c) Policy for selection of Directors and Performance Evaluation
- d) Remuneration Policy for Directors, Key Managerial Personnel and Other Employees
- e) Whistle Blower Policy
- f) Related Party Transactions

CONTRACTS AND ARRANGEMENTS WITH RELATED PARTIES

All contracts / arrangements / transactions entered by the Company during the financial year with related parties were in the ordinary course of business and on an arm's length basis. During the year, the Company had entered into contract / arrangement / transaction with related parties which could not be considered material in accordance with the policy of the Company on materiality of Related Party transactions.

Your Directors draw attention of the members to Note 30 to the financial statement which sets out related party disclosures.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company has an Internal Control System, commensurate with the size, scale and complexity of its operations. The scope and authority of the Internal Audit function is defined in the Internal Audit Manual. To maintain its objectivity and independence, the Internal Audit function reports to the Audit Committee of the Board and to the Managing Director of the Company.

The Internal Audit Department monitors and evaluates the efficacy and adequacy of internal control system in the Company, its compliance with operating systems, accounting procedures and policies at all locations of the Company.

Based on the report of internal audit function, process owners undertake corrective action in their respective areas and thereby strengthen the controls. Significant audit observations and recommendations along with corrective actions thereon are presented to the Audit Committee of the Board.

PARTICULARS OF EMPLOYEES AND RELATED DISCLOSURES

The particulars required in terms of the provisions of Section 197(12) of the Companies Act, 2013 read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is appended as **Annexure 2** to this Report.

In terms of Section 136 of the Companies Act, 2013, the reports and accounts are being sent to the members and others entitled thereto.

DISCLOSURES

- 1) Your Directors state that no disclosure or reporting is required in respect to the Deposits covered under Chapter V of the Companies Act, 2013 and rules made thereunder as there were no transactions on these items during the year under review.

2) No significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and Company's operations in future.

3) **Extract of the Annual Return**

The extract of the Annual Return in Form MGT 9 as required under Section 92(3) and Rule 12 of the Companies (Management and Administration) Rules, 2014 is appended as an **Annexure 3** to this Report.

4) **Number of Meetings of the Board**

The details of the number of meetings of the Board held during the financial year 2014-15 forms part of the Corporate Governance Report.

5) **Explanations or comments by the Board on every qualification, reservation or adverse remark or disclaimer made under the Auditors Report and Secretarial Audit Report**

The Auditors Report and Secretarial Audit Report do not contain any qualification, reservation or adverse remark.

6) **Particulars of Loans, Guarantees or Investments**

Details of Loans, Guarantees and investments covered under the provisions of Section 186 of the Companies Act, 2013 are given in the notes to Financial Statements.

7) **Particulars of contracts or arrangements with related parties referred to in sub-section (1) of section 188 in the prescribed form;**

The Particulars of contracts or arrangements with related parties referred to in sub-section (1) of section 188 and Rule 8 of the Companies (Accounts) Rules, 2014 in Form AOC-2 is appended as an **Annexure 4** to this Report.

8) **The amounts which it proposes to carry to any reserves**

NIL

9) **The amount which it recommends should be paid by way of Dividend**

Rs.29,13,000/- (Rupees Twenty Nine Lakhs Thirteen Thousand Only)

10) **Material changes and commitments, if any, affecting the financial position of the Company which have occurred between the end of the financial year of the Company to which the financial statements relate and the date of the Report**

NIL

11) **The Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo**

The particulars relating to conservation of energy, technology absorption, foreign exchange earnings and outgo, as required to be disclosed under the Companies Act, 2013, is appended as **Annexure 5** to this Report.

ACKNOWLEDGEMENTS

Your Directors wish to take this opportunity to express their appreciation and gratitude for the continued support extended by its Customers, Investors, Partners, Vendors, Financial Institutions, Bankers, Suppliers and various Government and Statutory Authorities for the Company's growth.

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

On behalf of Board of Directors

Dated: 10th August, 2015
Place: Bangalore

Sd/-
Hiitesh Topiwaalla
Managing Director

ANNEXURES TO DIRECTORS' REPORT**ANNEXURE - 1****Form NO.MR-3****FOR THE FINANCIAL YEAR ENDED 31.03.2015**

[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies (Appointment and Remuneration personnel) Rules, 2014]

SECRETARIAL AUDIT REPORT

CIN: L24240GJ1985PLC008282

To,
The Members,
M/s Paramount Cosmetics (India) Limited
2211/A -1, III Phase,
G I D C, Vapi
Gujarat - 396195

I have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good Corporate practices by M/s Paramount Cosmetics (India) Limited (hereinafter called the "Company"). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on the verification of Books, Papers, Minutes Books, Forms and Returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended 31st March 2015, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

- I. I have examined the Books, papers, Minute Books, Forms and Returns filed and other records maintained by the Company for the financial year ended 31st March 2015, according to the provisions of:
- The Companies Act, 2013 (the Act) and the Rules made thereunder;
 - The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made thereunder;
 - The Depositories Act, 1996 and the Regulations and Bye-Laws framed thereunder;
 - Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder to the extent of Foreign Direct Investment, Oversea Direct Investment and External Commercial Borrowings; **(Not applicable to the Company for the reporting period)**
 - The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') to the extent applicable :-
 - The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
 - The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
 - The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
 - The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; **(Not applicable to the Company during the Audit Period)**
 - The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client; **(Not applicable to the Company during the Audit Period)**
 - The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and **(Not applicable to the Company during the Audit Period)**
 - The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; **(Not applicable to the Company during the Audit Period)**
- II. I have also examined compliance with the applicable clauses of the following:
- Secretarial Standards issued by The Institute of Company Secretaries of India. **(Not applicable to the Company during the Audit Period)**
 - The Listing Agreements entered into by the Company with Bombay Stock Exchange (BSE);

- III. During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. Apart from this the following laws, as identified by the management are specifically applicable to the Company:
- The Legal Metrology Act, 2009;
 - The Drugs & Cosmetics Act, 1940 and Rules thereunder;
 - Shop and Establishment Act, and Rules thereunder;
 - Factories Act, 1948;
 - Labour Laws and other incidental laws related to Labour and employee appointed by the Company in relation to wages, gratuity, Provident fund, ESI and compensation I, place reliance on the Management Representation letter regarding the compliance under these Acts.
- IV. I, further, report that:
- the company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.
 - Adequate notice is given to all directors to schedule the Board Meetings, committees and agenda and detailed notes on agenda were sent at least seven days in advance except in one case, However the Company has complied with the provisions of Section 173(3) of the Companies Act, 2013, and a system exists for seeking and obtaining further information and clarifications on the agenda item before the meeting and for meaningful participation at the meeting.
 - None of the Directors in any meeting dissented on any resolution and hence there was no instance of recording any dissenting members view in the minutes.
- V. I, further, report that there are adequate systems and processes in the company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable Laws, Rules, Regulations and Guidelines.
- VI. I further report that during the audit period the company had no instances
- Public / Right / Preferential issue of shares / debentures/ sweat Equity
 - Redemption / buy back of shares
 - Merger/ amalgamation /reconstruction, etc.
 - Major decisions taken by the members in pursuance to section 180 of the Companies Act, 2013
 - No Foreign Technical collaboration

FOR G. R. & ASSOCIATES

Sd/-
(G. RAJENDRAN)
FCS : 3006
C P NO: 6526

Place: Bangalore

Date: 10th August, 2015

ANNEXURE - 2

Particulars of Employees and related disclosures

1) Statement of Disclosure of Remuneration Under Section 197 of Companies Act, 2013 and Rule 5(1) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

| | |
|---|--|
| (i) the ratio of the remuneration of each director to the median remuneration of the employees of the company for the financial year; | 39.74 Times |
| (ii) the percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year; | Director's - NIL Chief Financial Officer - NIL Company Secretary - NIL |
| (iii) the percentage increase in the median remuneration of employees in the financial year; | 11% |
| (iv) the number of permanent employees on the rolls of company; | 189 |
| (v) the explanation on the relationship between average increase in remuneration and company performance; | The increase is based upon the general increase in inflation and Company's Performance |

| (vi) comparison of the remuneration of the Key Managerial Personnel against the performance of the company; | There is no increase in remuneration to any Key Managerial Personnel (In Lacs) | | | | | | | | | | | | |
|--|---|---------------------------|-------------------------------|---------------------------|---------|------------|------------|---------------------|---------|--------|----|------|------|
| | <table border="1"> <tr> <th>Remuneration paid to KMP</th> <th>Total Turnover of the Company</th> <th>Net Profit of the Company</th> </tr> <tr> <td>106.025</td> <td>4836.05</td> <td>173.56</td> </tr> </table> | Remuneration paid to KMP | Total Turnover of the Company | Net Profit of the Company | 106.025 | 4836.05 | 173.56 | | | | | | |
| Remuneration paid to KMP | Total Turnover of the Company | Net Profit of the Company | | | | | | | | | | | |
| 106.025 | 4836.05 | 173.56 | | | | | | | | | | | |
| (vii) variations in the market capitalisation of the company, price earnings ratio as at the closing date of the current financial year and previous financial year; and Percentage increase over decrease in the market quotations of the shares of the company in comparison to the rate at which the company came out with the last public offer in case of listed companies, and in case of unlisted companies, the variations in the net worth of the company as at the close of the current financial year and previous financial year; | <table border="1"> <tr> <td></td> <td colspan="2">(In Lacs)</td> </tr> <tr> <td></td> <td>31.03.2015</td> <td>31.03.2014</td> </tr> <tr> <td>Market Cap (In Rs.)</td> <td>1640.99</td> <td>740.39</td> </tr> <tr> <td>PE</td> <td>9.47</td> <td>4.94</td> </tr> </table> <p>The Company has been in existence for more than 30 years. The Equity shares of the Company were listed more than 20 years back. Hence, such old records (the Stock Exchange) data is not available for comparison of Share pricing at Public Offer.</p> | | (In Lacs) | | | 31.03.2015 | 31.03.2014 | Market Cap (In Rs.) | 1640.99 | 740.39 | PE | 9.47 | 4.94 |
| | (In Lacs) | | | | | | | | | | | | |
| | 31.03.2015 | 31.03.2014 | | | | | | | | | | | |
| Market Cap (In Rs.) | 1640.99 | 740.39 | | | | | | | | | | | |
| PE | 9.47 | 4.94 | | | | | | | | | | | |
| (viii) average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration; | 10.68% | | | | | | | | | | | | |
| (ix) comparison of the each remuneration of the Key Managerial Personnel against the performance of the company; | There is no increase in remuneration to any Key Managerial Personnel | | | | | | | | | | | | |
| (x) the key parameters for any variable component of remuneration availed by the directors; | N.A. | | | | | | | | | | | | |
| (xi) the ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year; and | N.A. | | | | | | | | | | | | |
| (xii) affirmation that the remuneration is as per the remuneration policy of the company. | Yes | | | | | | | | | | | | |

2) Disclosures pertaining to remuneration and other details as required under Section 197(12) of the Act read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

| | Employed during the financial year under review, if employed throughout the financial year, was in receipt of remuneration for that year which, in the aggregate, was not less than sixty lakh rupees |
|--|--|
| Name of the Employee | Hiitesh Topiwaalla |
| Designation | Managing Director |
| Remuneration Received | Rs. 88,27,500/- P.A. |
| Nature of Employment (Contractual/ Otherwise) | Employment |
| Qualification | B.Com |
| Experience | 25 Years |
| Date of Commencement of Employment | 01.08.2005 |
| Age | 43 Years |
| Last Employment held | Paramount Cosmetics (I) Ltd. |
| Percentage of Equity held in the Company | 52.75% |
| Relative of any Director/ Manager of the Company | Husband of Ms. Aartii Topiwaala |

Employed during the financial year under review, if employed for a part of the financial year, was in receipt of remuneration for any part of that year, at a rate which, in the aggregate, was not less than five lakh rupees per month: **Not Applicable**

Employed during the financial year under review, if employed throughout the financial year or part thereof, was in receipt of remuneration in that year which, in the aggregate, or as the case may be, at a rate which, in the aggregate, is in excess of that drawn by the Managing Director or Whole-Time Director or Manager and holds by himself or along with his spouse and dependent children, not less than two percent of the equity shares of the Company: **Not Applicable**

Form No. MGT - 9
EXTRACT OF ANNUAL RETURN
AS ON THE FINANCIAL YEAR ENDED ON 31.03.2015

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS

| | | |
|------|---|--|
| i. | CIN | L24240GJ1985PLC008282 |
| ii. | Registration Date | 20th November, 1985 |
| iii. | Name of the Company | Paramount Cosmetics (India) Limited |
| iv. | Category/Sub-Category of the Company | Public Company / Limited by shares |
| v. | Address of the Registered Office and Contact Details | A-1/2211, III Phase, G.I.D.C., Vapi, Gujarat - 396 195 |
| vi. | Whether listed Company | Yes/No |
| vii. | Name, Address and Contact details of Registrar and Transfer Agent, if any | BgSE Financials Limited Stock Exchange Towers, No. 51, 1st Cross, J.C Road, Bangalore- 560 027; Ph: 080 4132 9661 Email: rta_admin@bfsi.co.in; manager_rta@bfsi.co.in |

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the company shall be stated:

| Sr. No. | Name and Description of main products/ Services | NIC Code of the Product/ Service | % to total turnover of the Company |
|---------|---|----------------------------------|------------------------------------|
| 1 | Manufacturing of Cosmetic Products | 2023 | 100% |

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

| Sr. No. | Name And Address of The Company | CIN/GLN | Holding/ Subsidiary /Associate | %of shares held | Applicable Section |
|---------|---|-----------------------|--------------------------------|----------------------------------|--------------------|
| 1 | Paramount Kum Kum Private Limited | U24246MH1983PTC029446 | Associate | 100% by Promoters of the Company | 2(6) |
| 2 | Paramount Personal Care Private Limited | U24200MH1982PTC027855 | Associate | 100% by Promoters of the Company | 2(6) |
| 3 | Parcos Brands Communication Private Limited | U74900KA2011PTC059674 | Associate | 100% by Promoters of the Company | 2(6) |
| 4 | PETL Exports Private Limited | U51900MH2000PTC125098 | Associate | 100% by Promoters of the Company | 2(6) |

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)**i. Category-wise Share Holding**

| Category of Shareholders | No. of Shares held at the beginning of the Year | | | | No. of Shares held at the end of the year | | | | % Change during The year |
|--------------------------|---|----------|---------|-------------------|---|----------|---------|-------------------|--------------------------|
| | Demat | Physical | Total | % of Total Shares | Demat | Physical | Total | % of Total Shares | |
| A. Promoter | | | | | | | | | |
| 1) Indian | | | | | | | | | |
| a) Individual/ HUF | 3192130 | 10 | 3192140 | 65.75 | 2563230 | 10 | 2563240 | 52.80 | -12.95 |
| b) Central Govt. | - | - | - | - | - | - | - | - | - |
| c) State Govt.(s) | - | - | - | - | - | - | - | - | - |

| | | | | | | | | | |
|--|--------------|-----------|---------------|--------------|-------------|-----------|--------------|--------------|---------------|
| d) Bodies Corp | 0 | 436250 | 436250 | 8.99 | 628900 | 436250 | 1065150 | 21.94 | 12.95 |
| e) Banks / FI | - | - | - | - | - | - | - | - | - |
| f) Any Other | - | - | - | - | - | - | - | - | - |
| Sub-total(A)(1):- | 3192130 | 436260 | 3628390 | 74.74 | 3192130 | 436260 | 3628390 | 74.74 | 0 |
| 2) Foreign | | | | | | | | | |
| g) NRIs-Individuals | - | - | - | - | - | - | - | - | - |
| h) Other-Individuals | - | - | - | - | - | - | - | - | - |
| i) Bodies Corp. | - | - | - | - | - | - | - | - | - |
| j) Banks / FI | - | - | - | - | - | - | - | - | - |
| k) Any Other.... | - | - | - | - | - | - | - | - | - |
| Sub-total(A)(2):- | - | - | - | - | - | - | - | - | - |
| Total Public Shareholding (A)=(A)(1)+(A)(2) | 3192130 | 436260 | 3628390 | 74.74 | 3192130 | 436260 | 3628390 | 74.74 | 0 |
| B. Public Shareholding | | | | | | | | | |
| 1. Institutions | | | | | | | | | |
| a) Mutual Funds | - | - | - | - | - | - | - | - | - |
| b) Banks / FI | 0 | 2100 | 2100 | 0.04 | 0 | 2100 | 2100 | 0.04 | 0 |
| c) Central Govt | - | - | - | - | - | - | - | - | - |
| d) State Govt(s) | - | - | - | - | - | - | - | - | - |
| e) Venture Capital Funds | - | - | - | - | - | - | - | - | - |
| f) Insurance Companies | - | - | - | - | - | - | - | - | - |
| g) FIs | - | - | - | - | - | - | - | - | - |
| h) Foreign Venture Capital Funds | - | - | - | - | - | - | - | - | - |
| i) Others (specify) | - | - | - | - | - | - | - | - | - |
| Sub-total(B)(1) | 0 | 2100 | 2100 | 0.04 | 0 | 2100 | 2100 | 0.04 | 0 |
| 2. Non Institutions | | | | | | | | | |
| a) Bodies Corp. (i) Indian (ii) Overseas | 12649 | 14164 | 26813 | 0.55 | 9843 | 14064 | 23907 | 0.49 | -00.06 |
| b) Individuals (i) Individual shareholders holding nominal share capital upto Rs. 1 lakh (ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh | 316517 | 869609 | 1186126 | 24.43 | 309635 | 826997 | 1136632 | 23.41 | -1.02 |
| c) Others(Specify) Clearing Members NRIs/OCBs | 1552 1400 | 0 8619 | 1552 10019 | 0.03 0.21 | 189 1955 | 0 8519 | 189 10474 | 0.00 0.22 | -0.03 0.01 |
| Sub-total(B)(2) | 332118 | 892392 | 1224510 | 25.22 | 362430 | 862080 | 1224510 | 25.22 | 0.00 |
| Total Public Shareholding (B)=(B)(1)+(B)(2) | 332118 | 894492 | 1226610 | 25.26 | 362430 | 864180 | 1226610 | 25.26 | 0.00 |
| C. Shares held by Custodian for GDRs & ADRs | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Grand Total (A+B+C) | 3524248 | 1330752 | 4855000 | 100 | 3554560 | 1300440 | 4855000 | 100 | 0.00 |

ii. Shareholding of Promoters

| Sr. No | Shareholder's Name | Shareholding at the beginning of the year | | | Shareholding at the end of the year | | | % change in shareholding during the year |
|--------|---|---|----------------------------------|--|-------------------------------------|----------------------------------|--|--|
| | | No. of Shares | % of total Shares of the company | % of Shares Pledged / encumbered to total shares | No. of Shares | % of total Shares of the company | % of Shares Pledged / encumbered to total shares | |
| 1. | Mr. Hiitesh Topiwaalla | 3189540 | 65.70 | NIL | 2560640 | 52.75 | NIL | -12.95 |
| 2. | Ms. Aartii Topiwaala | 2600 | 00.05 | NIL | 2600 | 00.05 | NIL | NIL |
| 3. | M/s Paramount Personal Care Private Limited | 249000 | 5.13 | NIL | 0 | 0 | NIL | -5.13 |
| 4. | M/s Paramount KumKum Private Limited | 187250 | 3.86 | NIL | 1065150 | 21.94 | NIL | 18.08 |
| | Total | 3628390 | 74.74 | NIL | 3628390 | 74.74 | NIL | 0 |

iii. Change in Promoters' Shareholding (please specify, if there is no change)

| Sr. No | | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|--------|--|---|----------------------------------|---|----------------------------------|
| | | No. of shares | % of total shares of the company | No. of shares | % of total shares of the company |
| 1 | At the beginning of the year | 36,28,390 | 74.74 | - | - |
| 2 | Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment / transfer / bonus/ sweat equity etc): | - | - | - | - |
| 3 | At the End of the year | 36,28,390 | 74.74 | - | - |

Note: There is no change in the total shareholding of promoters between 01-04-2014 to 31-03-2015

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

(Rs. In Lakhs)

| | Secured Loans excluding deposits | Unsecured Loans | Deposits | Total Indebtedness |
|---|----------------------------------|-----------------|------------|--------------------|
| Indebtedness at the beginning of the financial year | | | | |
| i) Principal Amount | 1467.91 | 285.43 | NIL | 1753.34 |
| ii) Interest due but not paid | - | - | NIL | - |
| iii) Interest accrued but not | - | - | NIL | - |
| Total (i+ii+iii) | 1467.91 | 285.43 | NIL | 1753.34 |
| Change in Indebtedness during the financial year | | | | |
| - Addition | 519.30 | 55.00 | NIL | 574.30 |
| - Reduction | - | - | NIL | - |
| Net Change | 948.61 | 230.43 | NIL | 574.30 |
| Indebtedness at the end of the financial year | | | | |
| i) Principal Amount | 1987.21 | 340.43 | NIL | 2327.64 |
| ii) Interest due but not paid | - | - | NIL | - |
| iii) Interest accrued but not due | - | - | NIL | - |
| Total (i+ii+iii) | 1987.21 | 340.43 | NIL | 2327.64 |

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL
A. Remuneration to Managing Director, Whole-time Directors and/or Manager

(Rs. In Lakhs)

| Sl. No. | Particulars of Remuneration | Name of MD/WTD/ Manager | |
|---------|--|---|--------------|
| | | Hiitesh Topiwaalla | Total Amount |
| 1 | Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | 88.275 | 88.275 |
| | (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 | - | - |
| | (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961 | - | - |
| 2 | Stock Option | - | - |
| 3 | Sweat Equity | - | - |
| 4 | Commission - as % of profit - others, specify... | - | - |
| 5 | Others, Please Specify | - | - |
| | Total (A) | 88.275 | 88.275 |
| | Ceiling as per the Act | The Central Government had approved the Remuneration of Rs. 96,30,000/- of Mr. Hiitesh Topiwaalla for the period from 01.05.2014 to 30.04.2015. | |

B. Remuneration to other Directors

(Rs. In Lakhs)

| Sl. No. | Particulars of Remuneration | Name of MD/WTD/ Manager | | | | Total Amount |
|---------|---|-------------------------|-------------|------------------|--------------|--------------|
| | | Aartii Topiwaalla | V.N. Mehta | Shishir B. Desai | Mukesh Tyagi | |
| 1 | Independent Directors | | | | | |
| | Fee for attending Board /Committee meetings | - | 0.25 | 0.15 | 0.30 | 0.70 |
| | Commission | - | - | - | - | - |
| | Others, please specify | - | - | - | - | - |
| | Total(1) | - | 0.25 | 0.15 | 0.30 | 0.70 |
| 2 | Other Non-Executive Directors | | | | | |
| | Fee for attending Board/ Committee Meetings | 0.15 | - | - | - | 0.15 |
| | Commission | - | - | - | - | - |
| | Others, please specify | - | - | - | - | - |
| | Total(2) | 0.15 | - | - | - | 0.15 |
| | Total(B)=(1+2) | 0.15 | 0.25 | 0.15 | 0.30 | 0.85 |
| | Total Managerial Remuneration* | 89.125 | | | | |
| | Overall Ceiling as per the Act** | N.A. | | | | |

* Total remuneration to Managing Director and other Directors (being the total of A and B).

**The Central Government had approved the Remuneration of Rs. 96,30,000/- of Mr. Hiitesh Topiwaalla, Managing Director for the period from 01.05.2014 to 30.04.2015.

C. Remuneration to Key Managerial Personnel Other Than MD/Manager/WTD

(Rs. In Lakhs)

| Sl. No. | Particulars of Remuneration | Key Managerial Personnel | | | | Total |
|---------|-----------------------------|--------------------------|------------|----------------|----------------|-------|
| | | Company Secretary | | CFO | | |
| | | Deepika Srinivas | Nitya Babu | S Chakravarthi | Hansraj Rathor | |

| | | | | | | |
|---|--|-------------|-------------|--------------|-------------|--------------|
| 1 | Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | 0.32 | 1.65 | 9.13 | 2.39 | 13.49 |
| | (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 | - | - | - | - | - |
| | (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961 | - | - | - | - | - |
| 2 | Stock Option | - | - | - | - | - |
| 3 | Sweat Equity | - | - | - | - | - |
| 4 | Commission - as % of profit - Others, specify | - | - | - | - | - |
| 5 | Others, Please Specify | | | | | |
| | Telephone | - | 0.21 | 0.49 | 0.10 | 0.80 |
| | Car | - | 0.23 | 0.73 | 0.31 | 1.27 |
| | Fuel | - | 0.23 | 0.49 | 0.21 | 0.93 |
| | Bonus | - | 0.17 | 0.04 | 0.02 | 0.23 |
| | LTA | - | 0.07 | 0.08 | 0.03 | 0.18 |
| | Total | 0.32 | 2.56 | 10.96 | 3.06 | 16.90 |

VII. PENALTIES/ PUNISHMENT/ COMPOUNDING OF OFFENCES

| Type | Section of the Companies Act | Brief Description | Details of Penalty/ Punishment/ Compounding fees Imposed | Authority [RD/NCLT/Court] | Appeal made, If any (give details) |
|-------------------------------------|------------------------------|-------------------|--|---------------------------|------------------------------------|
| A. Company | | | | | |
| Penalty | N.A. | N.A. | N.A. | N.A. | N.A. |
| Punishment | N.A. | N.A. | N.A. | N.A. | N.A. |
| Compounding | N.A. | N.A. | N.A. | N.A. | N.A. |
| B. Directors | | | | | |
| Penalty | N.A. | N.A. | N.A. | N.A. | N.A. |
| Punishment | N.A. | N.A. | N.A. | N.A. | N.A. |
| Compounding | N.A. | N.A. | N.A. | N.A. | N.A. |
| C. Other Officers In Default | | | | | |
| Penalty | N.A. | N.A. | N.A. | N.A. | N.A. |
| Punishment | N.A. | N.A. | N.A. | N.A. | N.A. |
| Compounding | N.A. | N.A. | N.A. | N.A. | N.A. |

ANNEXURE - 4

Form No. AOC-2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Companies Act, 2013 and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto

1. Details of contracts or arrangements or transactions not at arm's length basis

| | | |
|-----|---|-----|
| (a) | Name(s) of the related party and nature of relationship | NIL |
| (b) | Nature of contracts/ arrangements/ transactions | NIL |
| (c) | Duration of the contracts / arrangements/ transactions | NIL |
| (d) | Salient terms of the contracts or arrangements or transactions including the value, if any | NIL |
| (e) | Justification for entering into such contracts or arrangements or transactions | NIL |
| (f) | Date(s) of approval by the Board | NIL |
| (g) | Amount paid as advances, if any | NIL |
| (h) | Date on which the special resolution was passed in general meeting as required under first proviso to section 188 | NIL |

2. Details of material contracts or arrangement or transactions at arm's length basis

| | | |
|-----|---|--|
| (a) | Name(s) of the related party and nature of relationship | Paramount Kum Kum Private Limited |
| (b) | Nature of contracts/ arrangements/ transactions | Sale/Purchase |
| (c) | Duration of the contracts / arrangements/ transactions | Five Years |
| (d) | Salient terms of the contracts or arrangements or transactions including the value, if any: | At Negotiated price being lowest among other Suppliers |
| (e) | Date(s) of approval by the Board, if any | 13.02.2015 |
| (f) | Amount paid as advances, if any: | NIL |

On behalf of Board of Directors

Sd/-

Hiitesh Topiwaalla

Managing Director

Dated: 10th August, 2015

Place: Bangalore

ANNEXURE - 5

PARTICULARS OF ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO REQUIRED UNDER THE COMPANIES ACT, 2013

| (A) | Conservation of energy | Description |
|-----|--|--|
| | a) The steps taken or impact on conservation of energy | Though the Company is engaged in manufacturing activities, but it does not consume high energy for production and therefore, it has very limited scope for energy conservation. |
| | b) The steps taken by the company for utilising alternate sources of energy | The Company is conscious of energy saving and various initiatives have been taken by the Company to ensure that consumption of energy is at minimal levels in our operations, wherever feasible. |
| | c) The capital investment on energy conservation equipment's | NIL |
| (B) | Technology absorption | |
| | a) The efforts made towards technology absorption | Not Applicable |
| | b) The benefits derived like product improvement, cost reduction, product development or import substitution | Not Applicable |
| | c) In case of imported technology (imported during the last three years reckoned from the beginning of the financial year)- (i) the details of technology imported (ii) the year of import; (iii) whether the technology been fully absorbed; (iv) if not fully absorbed, areas where absorption has not taken place, and the reasons thereof; | Not Applicable |
| | d) The expenditure incurred on Research and Development | Not Applicable |
| (C) | Foreign exchange earnings and Outgo | |
| | Foreign Exchange earned in terms of actual inflows during the year | 56,14,689 |
| | Foreign Exchange outgo during the year in terms of actual outflows | NIL |

On behalf of Board of Directors

Sd/-

Hiitesh Topiwaalla

Managing Director

Dated: 10th August, 2015

Place: Bangalore

MANAGEMENT DISCUSSION & ANALYSIS REPORT

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. Some important factors that could influence the Company's operations include the effects of demand & supply conditions affecting the selling prices of our products, raw material availability and prices, future changes in government policies & regulations, tax laws, economic conditions within the country and various other factors.

INDUSTRY OUTLOOK

In India, women's cosmetic products are widely adopted, and have emerged as high utility products over the last few years. Women in the country are becoming more open to trying new products, which help them in maintaining a youthful and elegant look. In addition to conventional cosmetics, a number of new products are being introduced in the market, to help women in protecting their skin from pollution and sun damage.

The Indian cosmetic industry has seen rapid strides in the past few years. It grew almost twice as fast as that of the US and European markets in 2014. Currently valued at around \$ 4.6 billion, according to the Confederation of Indian Industries (CII), the beauty and cosmetic industry is projected to grow between 18-20 per cent per annum in the next couple of years.

DEVELOPMENTS IN THE COMPANY DURING THE CURRENT YEAR

The company has commissioned the pristine greenfield project and the production has been commenced at the project. A wide range of products will be produced at the new project. Initially the production of Traditional Cosmetics has commenced.

The NEW PRODUCTS as well as our existing range of products have been completely revamped and positioned in terms of their look and feel, imagery, packaging and presentation of the product, extremely superior quality of materials for products and packs as well as improving the application solution provided through the packs.

The existing range of traditional cosmetic has been extended to complete the offerings of traditional cosmetic package right from Sticker Bindi to Liquid Kumkum to Liquid Sindoor, Powder Sindoor to Kajals. And that's not all, each product category line has been extended to include various formats of the product at various price. The product quality and presentation sensibilities are absolutely matched with that of modern cosmetic while retaining the heritage value of these products.

FINANCIAL PERFORMANCE

1) **Sales and Other Income**

The Sales and other income of your Company for the year was Rs. 4,852.81 lakhs as against Rs. 4,757.16 lakhs in the previous year, showing a growth of 2.01% over the previous year.

2) **Material Cost**

The material cost for the year was Rs. 3362.85 lakhs as against Rs. 3386.49 lakhs in the previous year. The material cost as to percentage to sales has reduced by 0.70%.

3) **Employment Cost**

The expenses pertaining to employment costs have increased from Rs.432.28 lakhs in the previous year to Rs. 499.82 lakhs showing an increase of 15.62 % on account of gearing up the core team for taking the Company to the next level.

4) **Operational and Other Expenses**

During the year under review, the operational and other expenses, as compared to the previous year, have increased by 12.92% i.e. from Rs.619.68 lakhs to Rs.699.73 lakhs.

5) **Finance Cost**

The interest paid has increased from Rs. 187.88 lakhs in the previous year to 191.86 lakhs in the current year showing an increase of 2.12% over the last year.

6) **Depreciation**

The depreciation for the year was Rs. 79.79 lakhs as against Rs. 60.48 lakhs in the previous year showing an increase of 31.93 % due to addition to fixed assets.

7) **Profit Before Tax**

Profit before tax (PBT) stood at Rs. 237.29 lakhs as against Rs. 225.61 lakhs in the previous year, showing an increase of 5.18%. The increase in the PBT was mainly due to an increase in sale.

8) **Profit After Tax**

Profit after tax (PAT) stood at Rs. 173.56 lakhs as against Rs.150.18 lakhs in the previous year, showing increase of 15.57% due to increase in sales.

OPPORTUNITIES

The Cosmetics market is especially rich in opportunities since most products still have low penetration rates among the population. For instance, only 23% of households use skin care products. There is vast potential of growth.

As per a research findings, cosmetics market, once female dominated, has started earning high revenues from male counterparts as well, by catering to male-specific needs especially in creams and lotions. The revenue generated through male cosmetic market has increased the total revenue of Indian cosmetic industry

Your company intends to increase its presence in male cosmetic market as well.

THREATS

Although the Company has a long history of achievements and existence to its credit, the main threat to our brands of traditional cosmetics is from the spurious products dumped in the market by the unorganized sector. This could result in fake and low quality products being available in the market, thus hampering our sales. Some of the other constraints to our brands are the ever changing consumer behavior, lots of other brand choices available in the market, entry of foreign competitors which has created a stiff and intense competitive situation.

OUTLOOK

Cosmetics industry has emerged as one industry holding huge potential for future growth. It is contributing to the economic growth of the country. During the last three to four decades, the industry has gained momentum and shall continue to do so in the coming years. Your Company will continue to concentrate on both product development and broadening of customer base. This will help the Company to increase the stakeholder value, growth in volumes alongwith managing the margins through competitive pricing. Continued cost efficiency and cost savings coupled with infrastructure development will be the focus for the coming years.

RISKS & CONCERNS

The Company believes that an organization cannot be risk averse but has to persistently foresee and implement ways of mitigating these risks. The Company occasionally faces the risk of an economic downturn but looking at the growth prospects for the Cosmetics Industry, this risk can be controlled, if not mitigated. In order to ensure long term corporate sustainability and success it is essential that the Company accept these risks, place proper mechanisms and find solutions to reduce as well as mitigate these risks. Thus, 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 systems were designed foreseeing the nature of activities carried out at various locations and the various business operations. These control systems 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 and procedures.

On behalf of Board of Directors

Dated: 10th August, 2015
Place: Bangalore

Sd/-
Hiitesh Topiwaalla
Managing Director

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE

The Company's philosophy on Corporate Governance is in line with the requirements of Clause 49 of the listing agreement with Stock exchange and is based on fundamental principles of Fairness, Accountability, Transparency, Integrity and Honesty to achieve sustainable growth.

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

Company has adopted best practice and ethics to conduct while interacting with Shareholders, Employees, Government, Lenders, Banks and other constituents.

I. COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE

At Paramount Cosmetics (India) Limited, Corporate Governance has been an integral part of our business since inception. We believe that good Corporate Governance emerges from the application of the best and sound management practices and compliance with the laws coupled with adherence to the highest standards of transparency and business ethics.

The corporate governance structure in the Company ensures that its Board of Directors is well informed and well equipped to fulfill its overall responsibility by way of providing strategic direction to the senior management, employees, etc. which is needed to meet the aspirations of all stakeholders, including societal expectations. It's initiatives towards adhering to highest standards of governance includes professionalization of the Board and fair and transparent processes and reporting systems.

II. BOARD OF DIRECTORS

A. BOARD COMPOSITION

The composition of the Board as on 31st March, 2015 is in conformity with Clause 49 of the Listing Agreement, laying down an optimum combination of Executive and Non-Executive Directors with one woman Director, with not less than 50 per cent of the Board comprising of Non- Executive Directors and have one-third comprising of Independent Directors.

As on March 31, 2015, Company's Board consists of 5 Directors. The details relating to the composition and categories of the Directors on the Board, their attendance at Board Meetings during the year and at last Annual General Meeting, the number of Directorships and Committee memberships held by them in Domestic Public Limited Companies as on 31st March, 2015 are indicated below:

| Name of Director | Category | Relation-ship with other Director | Attendance Particulars | | | No. of Directorship in Domestic Public Companies** | | No. of Committee Membership in Domestic Public Companies*** | |
|------------------------|-----------------------------|-----------------------------------|------------------------|----------|----------|--|-------------|---|-----------|
| | | | No. of Board Meetings | | Last AGM | As Chairman | As Director | As Chairman | As Member |
| | | | Held | Attended | | | | | |
| Mr. Hiitesh Topiwaalla | Promoter & Executive | Husband of Ms. Aartii Topiwaala | 6 | 6 | Yes | NIL | 1 | NIL | NIL |
| Ms. Aartii Topiwaala | Promoter & Non-Executive | Wife of Mr. Hiitesh Topiwaalla | 6 | 5 | No | NIL | 1 | NIL | 2 |
| Mr. V.N. Mehta | Independent & Non-Executive | None | 6 | 5 | Yes | NIL | 1 | 2 | NIL |
| Mr. Shishir B. Desai | Independent & Non-Executive | None | 6 | 3 | No | NIL | 2 | 1 | 2 |
| Mr. Mukesh Kumar Tyagi | Independent & Non-Executive | None | 6 | 6 | No | NIL | 1 | NIL | 2 |

**Number of Directorships in Public Companies includes Paramount Cosmetics (India) Limited.

***For this purpose only Audit Committees and Stakeholder Relationship Committees of Public Companies have been considered.

NOTE: None of the Non-Executive Directors have substantial shareholding in the Company.

B. INDEPENDENT DIRECTOR

Board Independence

Our definition of 'Independence' of Directors is derived from Clause 49 of the Equity Listing Agreement and Section 149(6) of the Companies Act, 2013. Based on the confirmation/disclosures received from the Directors and on evaluation of the relationships disclosed, all Non-Executive Directors are Independent in terms of the Listing Agreement and the Companies Act, 2013.

Meetings of Independent Directors

The Independent Directors met one time during the Financial Year ended 31st March, 2015 on 13th February, 2015 and inter alia discussed:

- a) The performance of non-Independent Directors and the Board as a whole;
- b) The quality, quantity and timeliness of flow of information between the Company management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

Disclosures by Independent Directors

All the Independent Directors have made necessary disclosures under the Companies Act, 2013 and Listing Agreement.

C. FAMILIARISATION PROGRAMMES FOR BOARD MEMBERS

All Independent Directors are aware and further updated about their roles, rights, responsibilities in the Company. A Directors' kit containing information about the Company, Memorandum and Articles of Association, Annual Reports for previous 3 financial years, recent Media Releases etc. is handed over to the new Director. The appointment letter issued to Independent Directors inter alia sets out the expectation of the Board from the appointed Director, their fiduciary duties and the accompanying liabilities that come with the appointment as a Director of the Company.

Independent Directors are provided with necessary documents/brochures, reports and internal policies to enable them to familiarize with the Company's procedures and practices.

Periodic presentations are made at the Board and Board Committee Meetings, on business and performance updates of the Company, global business environment, business strategy and risks involved. Detailed presentations on the duties and responsibilities of Independent Directors and the Company's business segments were made at the separate meetings of the Independent Directors held during the year.

Quarterly updates on relevant statutory changes and landmark judicial pronouncements encompassing important laws are regularly circulated to the Directors.

Each Director of the Company has complete access to any information relating to the Company. Independent Directors have the freedom to interact with the Company's Management. They are given all the documents sought by them for enabling a good understanding of the Company, its various operations and the industry segments of which it is a part. Further, they meet without the presence of the Company's Management Personnel to discuss matters pertaining to the Company's affairs and put forth their combined views to the Managing Director of the Company.

Site visits to various plant locations are organized for the Independent Directors to enable them to understand the operations of the Company.

D. DIRECTORS' MEMBERSHIP IN BOARD/COMMITTEES OF OTHER COMPANIES

In terms of the Listing Agreement, none of the Directors on the Company's Board is a member of more than ten committees and Chairman of more than five committees (Committees being, Audit Committee and Investors' Grievance Committee) across all the Companies in which they are Director. All the Directors have made necessary disclosures regarding Committee positions held by them in other Companies and do not hold the office of Director in more than ten public Companies.

E. BOARD MEETINGS

During the financial year 2014-15, the Board of Directors met Six (6) times on the following dates:

- a) 08.05.2014
- b) 30.05.2014
- c) 07.07.2014
- d) 06.08.2014
- e) 14.11.2014
- f) 13.02.2015

The Company has held at least one Board meeting in every three months. The maximum gap between any two meetings was less than four months, as stipulated under Clause 49 of the Listing Agreement.

F. INFORMATION SUPPLIED TO THE BOARD

The Board has complete access to all information with the Company. The information is provided to the Board on regular basis and the agenda papers for the meetings are circulated in advance of each meeting, Besides the business items, the agenda includes the items required to be considered by the Board of Directors as per the Listing Agreement for discussion and consideration at Board Meetings.

G. APPOINTMENT / RE-APPOINTMENT OF DIRECTORS

In accordance with the provisions of Companies Act, 2013 Ms. Aartii Topiwaala, Director retire by rotation at the ensuing Annual General Meeting of your Company, and being eligible, offers herself for re-appointment.

The brief resume and other details relating to Ms. Aartii Topiwaala, Director who is proposed to be re-appointed, as required to be disclosed under Clause 49 of the Listing Agreement, has been mentioned in the Statement annexed to Notice.

H. CERTIFICATE ON COMPLIANCE WITH CODE OF CONDUCT

I hereby confirm that the Company has obtained from all the members of the Board and Senior Management, affirmation that they have complied with the code of conduct for Directors and Senior Management in respect of the Financial Year ended on 31st March, 2015.

On behalf of Board of Directors

Dated: 10th August, 2015

Place: Bangalore

**Sd/-
Hiitesh Topiwaalla
Managing Director**

III. BOARD COMMITTEES**A. AUDIT COMMITTEE****Composition:**

The composition of the Audit Committee is in confirmation with the requirements of Section 177 of the Companies Act, 2013 and Clause 49 III of the Listing Agreement. As on March 31, 2015, the Audit Committee comprises of:

| Name | Designation | Category |
|------------------------|--------------------|---------------------------------|
| Mr. V.N. Mehta | Chairman | Independent Director |
| Mr. Mukesh Kumar Tyagi | Member | Independent Director |
| Ms. Aartii Topiwaala | Member | Non-Executive Promoter Director |

Meetings:

During the Financial Year 2014-15, the Audit Committee met four times. The details of meeting and attendance are given on Page no. 29 of this Report. The time gap between any two meetings was less than four months.

The Company Secretary is acting as Secretary of the Audit Committee and the meetings were also attended by Chief Financial Officer of the Company who was present there as invitee.

The Chairman of the Audit Committee was present at the last Annual General Meeting, to answer the Shareholders' Queries.

The Committee, in its meeting held on 30th May, 2015 reviewed the Annual Accounts for the period ended 31st March, 2015.

Terms of Reference:

The terms of reference/Powers of the Audit Committee are as under:

Powers of Audit Committee

The Audit Committee shall have powers, which should include the following:

- 1) To investigate any activity within its terms of reference.
- 2) To seek information from any employee.
- 3) To obtain outside legal or other professional advice.
- 4) To secure attendance of outsiders with relevant expertise, if it considers necessary.

Role of Audit Committee

The role of the Audit Committee shall include the following:

- 1) Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- 2) Recommendation for appointment, remuneration and terms of appointment of auditors of the company;
- 3) Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
- 4) Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to:
 - a) Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of section 134 of the Companies Act, 2013
 - b) Changes, if any, in accounting policies and practices and reasons for the same
 - c) Major accounting entries involving estimates based on the exercise of judgment by management
 - d) Significant adjustments made in the financial statements arising out of audit findings
 - e) Compliance with listing and other legal requirements relating to financial statements
 - f) Disclosure of any related party transactions
 - g) Qualifications in the draft audit report
- 5) Reviewing, with the management, the quarterly financial statements before submission to the board for approval;
- 6) Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
- 7) Review and monitor the auditor's independence and performance, and effectiveness of audit process;
- 8) Approval or any subsequent modification of transactions of the company with related parties;
- 9) Scrutiny of inter-corporate loans and investments;
- 10) Valuation of undertakings or assets of the company, wherever it is necessary;
- 11) Evaluation of internal financial controls and risk management systems;
- 12) Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
- 13) Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
- 14) Discussion with internal auditors of any significant findings and follow up there on;
- 15) Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;
- 16) Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;

- 17) To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
- 18) To review the functioning of the Whistle Blower mechanism;
- 19) Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate;
- 20) Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

B. NOMINATION AND REMUNERATION COMMITTEE

The scope of the activities of the Nomination and Remuneration Committee includes, recommending to the Board, the appointment / re-appointment of Executive Director, to consider, approve and recommend the remuneration of the Whole Time Director/Managing Director.

Composition:

The Nomination and Remuneration Committee of the Board comprises of the following directors as members:

| Name | Designation | Category |
|------------------------|-------------|---------------------------------|
| Mr. V.N. Mehta | Chairman | Independent Director |
| Mr. Shishir B Desai | Member | Independent Director |
| Mr. Mukesh Kumar Tyagi | Member | Independent Director |
| Ms. Aartii Topiwaala | Member | Non-executive promoter director |

Terms of Reference:

The terms of reference/Powers of the Nomination and Remuneration Committee are as under:

- 1) To identify persons who are qualified to become Directors and who may be appointed in senior management in accordance with the criteria laid down and to recommend to the Board their appointment and/or removal
- 2) To carry out evaluation of every Director's performance
- 3) To formulate the criteria for determining qualifications, positive attributes and independence of a Director, and recommend to the Board a policy, relating to the remuneration for the Directors, key managerial personnel and other employees
- 4) To formulate the criteria for evaluation of Independent Directors and the Board
- 5) To devise a policy on Board diversity
- 6) To recommend/review remuneration of the Managing Director(s) and Whole-time Director(s) based on their performance and defined assessment criteria
- 7) To administer, monitor and formulate detailed terms and conditions of the Employees' Stock Option Scheme including:
 - a) the quantum of options to be granted under Employees' Stock Option Scheme per employee and in aggregate;
 - b) the conditions under which option vested in employees may lapse in case of termination of employment for misconduct;
 - c) the exercise period within which the employee should exercise the option, and that the option would lapse on failure to exercise the option within the exercise period;
 - d) the specified time period within which the employee shall exercise the vested options in the event of termination or resignation of an employee;
 - e) the right of an employee to exercise all options vested in him at one time or various points of time within the exercise period;
 - f) the procedure for making a fair and reasonable adjustment to the number of options and to the exercise price in case of corporate actions, such as rights issues, bonus issues, merger, sale of division and others;
 - g) the granting, vesting and exercising of options in case of employees who are on long leave; and
 - h) the procedure for cashless exercise of options.
- 8) To carry out any other function as is mandated by the Board from time to time and / or enforced by any statutory notification, amendment or modification, as may be applicable;
- 9) To perform such other functions as may be necessary or appropriate for the performance of its duties.

Meeting Details

Two meetings of the Nomination and Remuneration Committee were held during the year. The details of meeting and attendance are given on Page no. 29 of this Report.

C. RISK MANAGEMENT COMMITTEE

The Risk Management Committee (RM Committee) was constituted by the Board on November 14, 2014 adhering to the requirements of the Companies Act, 2013 and Clause 49 of the Listing Agreement.

Composition:

The Risk Management Committee of the Board comprises of the following directors as members:

| Name | Designation | Category |
|------------------------|-------------|-------------------------|
| Mr. Hiitesh Topiwaalla | Chairman | Managing Director |
| Mr. V.N. Mehta | Member | Independent Director |
| Mr. Hansraj Rathor | Member | Chief Financial Officer |

Role and Responsibilities:

Role and Responsibilities of the Committee includes the following:

- 1) Framing of Risk Management Plan and Policy.
- 2) Overseeing implementation of Risk Management Plan and Policy.
- 3) Monitoring of Risk Management Plan and Policy Validating the process of risk management.
- 4) Validating the procedure for Risk Minimisation.
- 5) Periodically reviewing and evaluating the Risk Management Policy and practices with respect to risk assessment and risk management processes.
- 6) Continually obtaining reasonable assurance from management that all known and emerging risks have been identified and mitigated or managed.
- 7) Performing such other functions as may be necessary or appropriate for the performance of its oversight function.

Meeting Details

One meeting of the Committee was held during the year and the details of meeting and attendance are given on Page no. 29 of this Report.

D. STAKEHOLDERS RELATIONSHIP COMMITTEE

Constitution

The Stakeholders Relationship Committee is duly constituted as per clause 49 of the Listing Agreement of the following members:

| Name | Designation | Category |
|------------------------|-------------|---------------------------------|
| Mr. V.N. Mehta | Chairman | Independent Director |
| Mr. Mukesh Kumar Tyagi | Member | Independent Director |
| Ms. Aartii Topiwaala | Member | Non-executive promoter director |

The Stakeholders Relationship Committee composition and the terms of reference meet with the requirements of Clause 49 of the Listing Agreement and provisions of the Companies Act, 2013.

Terms of Reference

The Shareholders' Relationship Committee has been constituted to specifically look into the redressal of Shareholders' complaints and other Stakeholders related issues. The scope of activities of the Committee is to look into specific investor complaints, approve the transfer/transmission of shares, approve issue of duplicate share certificate, etc.

The Shareholders' Relationship Committee three times during the year and the details of meeting and attendance are given on Page no. 29 of this Report.

Compliance Officer

Mr. Anurag Srivastava, Company Secretary of the Company is the Compliance Officer as per the requirements of the Listing Agreement.

Complaints received / resolved

Investor Complaints status as on 31st March 2015:

| Opening Balance | Received during the financial year | Resolved during the financial year | Closing Balance |
|-----------------|------------------------------------|------------------------------------|-----------------|
| NIL | 5 | 5 | NIL |

Pending Share Transfers

No requests for Transfer and / or Dematerialisation were pending for redressal as on 31st March, 2015.

E. SHARE TRANSFER COMMITTEE

The Share Transfer Committee is formed as per the requirement of relevant rules exclusively to look into share transfer and related applications received from shareholders, with a view to accelerate the transfer procedures. The Committee comprises three Directors of the Board namely Mr. Hiitesh Topiwaalla, Ms. Aartii Topiwaala and Mr. V.N. Mehta.

The Committee inter alia considers applications for transfer, transmission, split, consolidation of share certificates and cancellation of any share certificate in compliance with the provisions in this regard. The Committee is authorised to sign on consolidation, splitting or in lieu of share certificates lost, defaced or destroyed.

The Committee meets at regular intervals to approve the share transfers and other related matters.

F. Meetings of Board Committees held during the year and Directors' attendance:

| Board Committees | Audit Committee | Nomination & Remuneration Committee | Stakeholder's Relationship Committee | Share Transfer Committee | Risk Management Committee |
|------------------------------|-----------------|-------------------------------------|--------------------------------------|--------------------------|---------------------------|
| Meetings Held | 4 | 2 | 3 | 23 | 1 |
| Name of the Directors | | | | | |
| Mr. Hiitesh Topiwaalla | - | - | - | 23 | 1 |
| Ms. Aartii Topiwaala | 3 | 2 | 3 | 23 | - |
| Mr. V.N. Mehta | 3 | 2 | 3 | 23 | 1 |
| Mr. Shishir B Desai | - | 1 | - | - | - |
| Mr. Mukesh Kumar Tyagi | 4 | 2 | 3 | - | - |

IV. POLICIES**A. CODE OF CONDUCT**

The Company has in place a comprehensive Code of Conduct (the Code) applicable for Directors, Managers, Officers and Associates.

The Company has adopted this Code of Conduct and Ethics as a testimony of its commitment to adhere to the standards of loyalty, honesty, integrity and the avoidance of conflicts of interest. The rules and principles set forth in this code are general in nature and the compliance with the code shall be ensured read with other applicable policies and procedures of the company. The Directors, Managers, Officers and Associates may contact the Head-HR or the Compliance Officer for assistance in interpreting the requirements of this code.

The Code is applicable to Board Members and Senior Management to such extent as may be applicable to them depending on their roles and responsibilities. The Code gives guidance and support needed for ethical Conduct of Business and Compliance of Law. The Code includes -

- Compliance with Laws, rules & regulations
- Conflict of Interest
- Reporting standards
- Competition and fair dealing
- Whistle blower policy

- f) Policy against retaliation
- g) Compliance with code
- h) Independent Directors – Roles and Responsibilities

A copy of the Code has been put on the Company's website (www.paramount.com). The Code has been circulated to Directors and Management Personnel, and its compliance is affirmed by them annually.

A declaration signed by the Company's Managing Director and Chief Financial Officer is published in this Report.

B. RISK MANAGEMENT POLICY

During the year, your Directors have constituted a Risk Management Committee which has been entrusted with the responsibility to assist the Board in (a) Overseeing and approving the Company's enterprise wide risk management framework; and (b) Overseeing that all the risks that the organization faces such as strategic, financial, credit, market, liquidity, security, property, IT, legal, regulatory, reputational and other risks have been identified and assessed and there is an adequate risk management infrastructure in place capable of addressing those risks.

The Risk Management Policy was reviewed and approved by the Committee. The Company manages, monitors and reports on the principal risks and uncertainties that can impact its ability to achieve its strategic objectives. The Company's management systems, organisational structures, processes, standards, code of conduct and behaviors together governs how the Company conducts the business and manages associated risks. The Company has introduced several improvements to Risk Management, Internal Controls Management and processes to drive a common integrated view of risks, optimal risk mitigation responses and efficient management of internal control and assurance activities.

C. POLICY FOR SELECTION OF DIRECTORS AND PERFORMANCE EVALUATION

The Nomination and Remuneration Committee of the Company approved an Evaluation Policy during the year, which was adopted by the Board of Directors. The policy provides for evaluation of the Board, the Committees of the Board and individual Directors. The Policy provides that evaluation of the performance of the Board as a whole, Board Committees and Directors shall be carried out on an annual basis.

The Evaluation process focused on various aspects of the Board and Committees functioning such as composition of the Board and Committees, experience and competencies, performance of specific duties and obligations, governance issues etc. Separate exercise was carried out to evaluate the performance of individual Directors on parameters such as attendance, contribution and independent judgment.

D. REMUNERATION POLICY FOR DIRECTORS, KEY MANAGERIAL PERSONNEL AND OTHER EMPLOYEES

The objective of this policy is directed towards having a compensation philosophy and structure that will reward and retain talent.

The Remuneration to Managing Director shall take into account the Company's overall performance, MD's contribution for the same & trends in the industry in general, in a manner which will ensure and support a high performance culture.

Non-Executive Directors shall be paid a sitting fee of Rs. 5,000/- for every meeting of the board attended by them as member.

The Remuneration to others will be such as to ensure that the relationship of remuneration to performance is clear and meets appropriate performance benchmarks.

The Company has no stock options plans and no payment by way of bonus, pension, incentives etc. shall be paid.

Remuneration to Directors, Key Managerial Personnel and Senior Management will involve a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the Company and its goals.

The above criteria and policy are subject to review by the Nomination & Remuneration committee & the Board of Directors of the Company.

E. WHISTLE BLOWER

Compliant and Investigation Procedures for Accounting, Internal Accounting Controls, Fraud, Auditing Matters or others:

All Directors, Managers, Officers, and Associates of the Company are responsible to report in good faith, questionable accounting/auditing matters, internal accounting controls, financial reporting (Accounting Complaints), any violations, fraudulent/unethical practices, misconduct or such other genuine concerns, which are against the interests of the Company. It is the policy of the Company to treat such complaints seriously and expeditiously.

The reporting, which will be free of retaliation and discrimination, shall be in writing either by way of email or letter. While the policy encourages Directors, Managers, Officers, and Associates to disclose their names, the reporting may also be made anonymously.

The reporting for other than accounting complaints may be made to the Associate-In-Charge (AIC) of the function to which the Associate belongs and the AIC in turn shall report to the Managing Director. However, if Associate is unwilling or unable to report or complaint through AIC for any specific reason, he may directly report or complain to the MD or the Chairman of the Audit Committee, by disclosing the reason for doing so. In case of key management personnel at all the levels and head of various function, the reporting may be directly made to the MD or the Chairman of the Audit Committee. In regard to the accounting complaints, the reporting shall be made to the Compliance Officer, who shall directly report to the MD or the Chairman of the Audit Committee for review and investigation under its direction.

No personnel have been denied access to the Chairman of the Audit Committee.

F. POLICY ON RELATED PARTY TRANSACTIONS

In line with the requirements of the Companies Act, 2013 and Equity Listing Agreement, the Company has formulated a Policy on Related Party Transactions. The Policy intends to ensure that proper reporting, approval and disclosure processes are in place for all transactions between the Company and Related Parties.

This Policy specifically deals with the review and approval of Material Related Party Transactions keeping in mind the potential or actual conflicts of interest that may arise because of entering into these transactions. All Related Party Transactions are placed before the Audit Committee for review and approval.

V. REMUNERATION OF DIRECTORS**Details of Remuneration of Directors**

The Company has not paid any remuneration to any of its Non-Executive Directors, except the Sitting Fees for attending meetings of the Board for which Rs. 5000/- (Rupees Five Thousand only) per meeting was paid. The aggregate amount of sitting fees paid during the financial year was Rs. 85,000/- (Rupees Eighty Five Thousand only).

Further, the remuneration paid/payable to Mr. Hiitesh Topiwaalla, Managing Director of the Company for the financial year ended 31.03.2015 are as follows:

| Per Annum(In Rs.) | |
|--------------------------|------------------|
| Particular | Amount |
| Basic Salary | 88,27,500 |
| Allowances & Perquisites | - |
| Total | 88,27,500 |

No stock options were issued to the directors during the year under report.

VI. MANAGEMENT DISCUSSION AND ANALYSIS REPORT

The Management Discussion and Analysis Report form part of the Annual Report.

VII. SHAREHOLDING OF DIRECTORS

Details of the share of the Company held by Non-Executive Directors as on March 31, 2015:

| Name of Directors | No. of Equity Shares held | % of Total Paid-up Equity Capital |
|------------------------|---------------------------|-----------------------------------|
| Mr. V.N. Mehta | 177 | 0.0036% |
| Mr. Shishir B Desai | Nil | Nil |
| Ms. Aartii Topiwaala | 2,600 | 0.0535% |
| Mr. Mukesh Kumar Tyagi | Nil | Nil |

VIII. CEO/CFO CERTIFICATION UNDER CLAUSE 49(IX)

To,
The Board of Directors
Paramount Cosmetics (India) Limited

- We have reviewed financial statements and the cash flow statement of Paramount Cosmetics (India) Limited for the year ended 31st March, 2015 and to the best of our knowledge and belief:
 - these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - 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.
- There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's Code of Conduct.
- We accept responsibility for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of Company's internal control systems pertaining to financial reporting. We have not come across any reportable deficiencies in the design or operation of such internal controls.
- We have indicated to the Auditors and the Audit Committee that:
 - there are no significant changes in internal control over financial reporting during the year;
 - there are no significant changes in accounting policies during the year; and
 - there are no instances of significant fraud of which we have become aware.

On behalf of the Board of Directors

| | |
|--------------------|-------------------------|
| Sd/- | Sd/- |
| Hiitesh Topiwaalla | Hansraj Rathor |
| Managing Director | Chief Financial Officer |

Place: Bangalore

Date: 10th August, 2015

IX. AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE

CIN: L24240GJ1985PLC008282

To,
The Members,
M/s Paramount Cosmetics (India) Limited
2211/A -1, III Phase,
G I D C, Vapi
Gujarat - 396195

I have examined the compliance of conditions of Corporate Governance by Paramount Cosmetics (India) Limited, for the year ended March 31, 2015, as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchange.

The compliances of conditions of Corporate Governance are 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 in 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 G. R. & ASSOCIATES

Sd/-
(G. RAJENDRAN)
FCS : 3006
C P NO: 6526

Place: Bangalore
Date: 10th August, 2015

X. GENERAL BODY MEETING

The details of the Annual General Meetings held during last three year immediately before March 31, 2015 is given in Table below:

| Year | Date | Venue | Time | No. of Special Resolutions Passed at AGM |
|---------|--------------------|--|------------|--|
| 2013-14 | September 30, 2014 | VIA Hall, Vapi Industrial Association, Plot No. 135, VIA House, GIDC, Vapi – 396 195 | 11.00 a.m. | One |
| 2012-13 | September 30, 2013 | 2211, A-1, GIDC Vapi-396 195, Dist-Valsad, Gujarat | 11.00 a.m. | One |
| 2011-12 | September 29, 2012 | 2211, A-1, GIDC Vapi-396 195, Dist-Valsad, Gujarat | 11.00 a.m. | - |

Postal Ballot

During the year, the Company has not passed any Special Resolution through Postal Ballot. At present, there is no proposal for passing resolution through Postal Ballot.

XI. DISCLOSURES

- (i) **Related Party Transactions:** During the year 2014-15, besides the transactions reported in Note 30 to the financial statement in the Annual Report, there are no materially significant related party transactions with the Directors or Management or their relatives 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. During the financial year 2014-15, Bombay Stock Exchange had imposed a penalty of Rs. 2,000/- (Rupees Two Thousand) under the Clause 31 of the Listing Agreement on account of Non-Submission of Annual Report before 21 days from the date of Annual General Meeting. The Company has deposited the amount of Penalty.
- (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 have 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 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.

- (vi) **Unclaimed Dividend:** As per the Companies Act, 2013, Company shall transfer unpaid or unclaimed dividend for a period of seven years shall be transferred to the Investor Education and Protection Fund (IEPF).

In accordance with the following Schedule, the Dividends for the years mentioned as below, if unclaimed for a period of Seven years, will be transferred to IEPF:

| Dividend Year | Type of Dividend | Rate of Dividend | Date of declaration | Due date for Transfer to IEPF | As on March 31, 2015 |
|---------------|------------------|------------------|---------------------|-------------------------------|----------------------|
| 2010-11 | Final Dividend | 5% | 30/09/2011 | 04/11/2018 | 190,785/- |
| 2011-12 | Final Dividend | 5% | 29/09/2012 | 03/11/2019 | 225,425/- |
| 2012-13 | Final Dividend | 6% | 30/09/2013 | 04/11/2020 | 238,110/- |
| 2013-14 | Final Dividend | 6% | 30/09/2014 | 04/11/2021 | 257,193/- |

The shareholders may write to M/s. BgSE Financials Limited before the due dates to claim their unclaimed Dividend. Once the unclaimed Dividend is transferred to IEPF, no claim shall lie in respect thereof with the Company.

XII. MEANS OF COMMUNICATION

Quarterly Results: Publication of Results in the Newspaper

Newspaper wherein results normally published: Western Times (English) and Western Times (Gujarati) in Gujarat

XIII. GENERAL SHAREHOLDER INFORMATION

1. AGM:

Date : September 30, 2015

Time : 11:00 a.m.

Venue : VIA Hall, Vapi Industrial Association, Plot No. 135, VIA House, GIDC, Vapi- 396 195, Gujarat

2. FINANCIAL YEAR: 01st April, 2014 to 31st March, 2015

3. DATE OF BOOK CLOSURE:

24th September, 2015 to 30th September, 2015 (both days inclusive) fixed for the purpose of payment of Dividend for the year 2014-2015.

4. DIVIDEND PAYMENT DATE:

The Board of Directors of the Company have decided to recommend dividend @ 0.60 paise per share (being 6% of the nominal value of Rs.10 per share) (Proposed) for the financial year 2014-15, subject to the approval of the shareholders in the forthcoming AGM.

(i) The dividend, if declared at the Annual General Meeting, would be paid/dispatched within 30 days from the date of declaration at the ensuing Annual General Meeting to those persons or their mandates:-

- a) Whose names appear as Beneficial Owners as at the end of the business hours on 23rd September, 2015 in the list of Beneficial Owners to be furnished by National Securities Depository Limited and Central Depository Services (India) Limited in respect of the shares held in electronic mode; and

- b) Whose names appear as Member in the Register of Members of the Company after giving effect to valid share transfers in physical form lodged with the Company on or before 23rd September, 2015.
- (ii) The dividend amount shall be credited in the shareholders bank account directly through NECS. Alternatively Physical Warrant / Demand Draft shall be posted to the shareholders at their registered address available with the Depository/ Registrar and Share Transfer Agent.

5. LISTING ON STOCK EXCHANGE:

The Company's Shares are listed with following Stock Exchanges:

| Listing | Scrip Name | Scrip Code / Scrip ID |
|---|--------------|-----------------------|
| Bombay Stock Exchange Limited (BSE) Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001 | PARAMOUNT CO | 507970 / PARMCOS-B |

Listing fee: The Company is up-to-date on the payment of Annual Listing Fee.

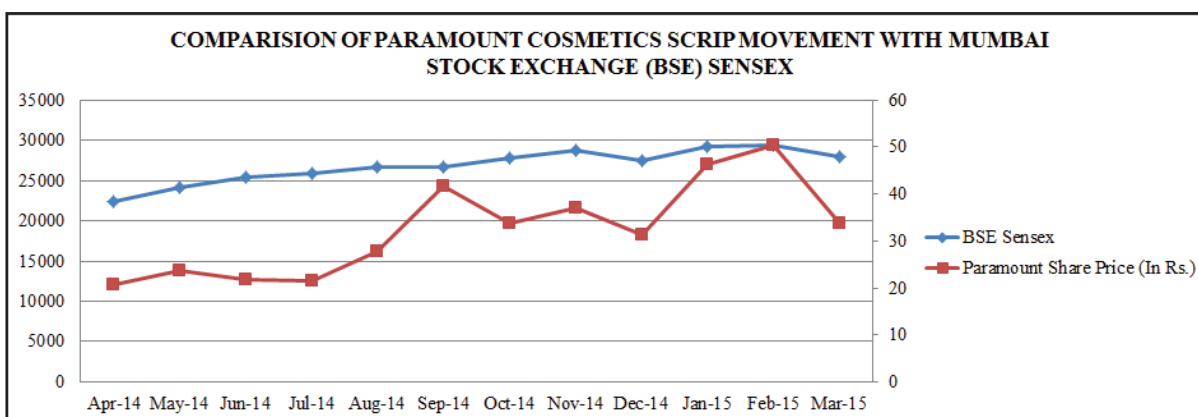
6. MARKET PRICE DATA:

High and Low prices during each month of Financial Year 2014- 2015 on Bombay Stock Exchange Limited are as under:

| Month | High Price | Low Price | Close Price | Volume (No. of Shares) |
|--------|------------|-----------|-------------|------------------------|
| Apr-14 | 22.85 | 15.25 | 20.80 | 3,840 |
| May-14 | 23.55 | 18.05 | 23.55 | 13,709 |
| Jun-14 | 26.45 | 19.30 | 21.85 | 8,770 |
| Jul-14 | 24.75 | 17.85 | 21.60 | 12,565 |
| Aug-14 | 33.35 | 22.65 | 27.85 | 11,079 |
| Sep-14 | 41.65 | 25.35 | 41.60 | 12,436 |
| Oct-14 | 39.75 | 29.25 | 33.90 | 4,816 |
| Nov-14 | 43.70 | 32.10 | 37.05 | 7,835 |
| Dec-14 | 35.20 | 28.25 | 31.20 | 10,526 |
| Jan-15 | 50.60 | 28.70 | 46.20 | 13,419 |
| Feb-15 | 53.00 | 42.45 | 50.35 | 4,443 |
| Mar-15 | 52.85 | 29.20 | 33.80 | 7,092 |

(Source: This information is compiled from the data available from the website of BSE)

Paramount Cosmetics (India) Limited's Prices versus Sensitivity at BSE:



7. REGISTRAR AND TRANSFER AGENTS:

BgSE Financials Limited
 Stock Exchange Towers No. 51, 1st Cross, J.C Road, Bangalore- 560 027
 Ph: 080 41329661; Email: rta_admin@bfsi.co.in; manager_rta@bfsi.co.in

8. SHARE TRANSFER SYSTEM:

The Shares are accepted for registration of transfer at the Corporate Office of the Company in addition to the office of Registrar and Transfer Agent (RTA). M/s BgSE Financial Limited is fully equipped to undertake the activities of Share Transfers and redressal of shareholders grievances.

The Company has appointed M/s. BgSE Financial Limited as Share Transfer Agents and all work relating to share transfers is executed by them. Requests from Shareholders holding shares in Physical form, received by the Company and Share Transfer Agents are processed by Registrar and Transfer Agents and subject to all documents being in order are put up for approval to the Share Transfer Committee.

9. DISTRIBUTION OF SHAREHOLDING AS ON 31ST MARCH, 2015:

| Share held | No. of Shareholders | % of Shareholders | No. of Shares held | % of Shares held |
|-----------------|---------------------|-------------------|--------------------|------------------|
| 01-500 | 7,344 | 97.15 | 9,40,390 | 19.37 |
| 501-1000 | 143 | 1.88 | 1,02,688 | 2.12 |
| 1001-2000 | 45 | 0.60 | 64,848 | 1.34 |
| 2001-3000 | 9 | 0.12 | 22,631 | 0.46 |
| 3001-4000 | 2 | 0.03 | 7,400 | 0.15 |
| 4001-5000 | 1 | 0.01 | 4,369 | 0.09 |
| 5001-10000 | 5 | 0.07 | 33,586 | 0.69 |
| 10001-50000 | 5 | 0.07 | 1,04,008 | 2.14 |
| 50001 and above | 5 | 0.07 | 35,75,080 | 73.64 |
| Total | 7,559 | 100.00 | 48,55,000 | 100.00 |

Shareholding Pattern as on 31st March, 2015

| Category | No. Of Shares Held | Percentage of Shareholding |
|--------------------------------------|--------------------|----------------------------|
| Promoters | 36,28,390 | 74.74 |
| Financial Institutions / Banks | 2,100 | 00.04 |
| Bodies Corporate | 23,907 | 00.49 |
| Mutual Funds and Unit Trust of India | 0 | 00.00 |
| Others | 12,00,603 | 24.73 |
| Total | 48,55,000 | 100.00 |

10. DEMATERIALIZATION OF SHARES AND LIQUIDITY AS ON 31ST MARCH, 2015:

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) Limited (CDSL).

35,54,560 Ordinary Shares of the Company representing 73.21% of the Company's share capital is dematerialized as on 31st March, 2015.

Under the Depository System, the International Securities Identification Number (ISIN) allotted to the Company's shares is INE 143101013.

Outstanding ADRs/GDRs/Warrants or any convertible instruments, conversion date and likely impact on equity: **Not Applicable**

11. PLANT LOCATION:

Vapi : A-1/2211, III Phase, G.I.D.C. Vapi – 396 195 Dist : Valsad, Gujarat
 Daman : 168/244 & 168/245, Dabhel Industrial Society Limited, Dabhel, Daman - 396210
 Shoolagiri: Survey No. 124/3B, Chennapalli Village, Shoolagiri, Hosur Taluk, Krishnagiri – 635117, Tamilnadu

12. ADDRESS FOR CORRESPONDENCE:

Paramount Cosmetics (India) Limited
 902-904, 9th Floor, Prestige Meridian – 1, No. 29, M.G. Road, Bangalore – 560 001
 Phone: +91 080 2532 0870 / 71; Email: compliance.officer@paramount.com; Website: www.paramount.com

Investors Relation Centers

| Corporate Office | Registered Office |
|--|---|
| Paramount Cosmetics (India) Limited 902-904, 9th Floor, Prestige Meridian – I No. 29, M.G. Road, Bangalore – 560 001 Phone: +91 080 2532 0870 / 71 Email: compliance.officer@paramount.com | Paramount Cosmetics (India) Limited A-1/2211, III Phase, G.I.D.C. Vapi - 396195 Gujarat Email: compliance.officer@paramount.com |

XIV. NON MANDATORY REQUIREMENTS

The status / extent of compliance of non mandatory requirements are as follows:

| S. No. | Non Mandatory Provisions | Status |
|---------------|--|--|
| 1. | The Board: Maintenance of Non-Executive Chairman's Office | Not Applicable |
| 2. | Shareholders' rights: Half-yearly financial performance and summary of significant events may be sent to each household of shareholders. | The half-yearly financial results are published in widely circulating national and local dailies at the place of the registered office of the Company. |
| 3. | Audit qualifications: The Company may move towards the regime of unqualified financial statements. | The Company has no qualification in F.Y. 2014-15 |
| 4. | Separate Posts of Chairman and CEO: The Company may appoint separate person to the post of Chairman and Managing Director/CEO | Not Applicable |
| 5. | Reporting of Internal Auditor: The Internal Auditor may report directly to the Audit Committee | The Internal Auditor reports directly to the Audit Committee |

On behalf of Board of Directors

Dated: 10th August, 2015
Place: Bangalore

Sd/-
Hiitesh Topiwaalla
Managing Director

INDEPENDENT AUDITOR'S REPORT

**To the Members of
PARAMOUNT COSMETICS (INDIA) LIMITED**

Report on the Financial Statements

We have audited the accompanying financial statements of Paramount Cosmetics (India) Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2015, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of The Companies Act 2013("the Act) with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for the ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under. We conducted our audit in accordance with the Standards on auditing specified under Section 143(10) the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial controls relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements,

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2015
- b) In the case of Statement of Profit and Loss, of the Profit for the year ended on that date; and
- c) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2015 issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act (hereinafter referred to the "Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by section 143(3) of the Act, we report that:
 - a. We have sought and 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 account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - c. The Balance Sheet, Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - d. In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - e. On the basis of written representations received from the Directors as on March 31, 2015, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2015, from being appointed as a director in terms of Section 164(2) of the Act.
 - f. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors), 2014, in our opinion and to the best of our information and according to the explanations given to us;
 - (i) The Company has disclosed the impact of pending litigations on its financial position in its financial statements,
 - (ii) In our opinion and as per the information and explanations provides to us, the Company has not entered into any long-term contracts including derivative contracts, requiring provision under applicable laws or accounting standards, for material foreseeable losses, and
 - (iii) The company is not required to transfer amount to investor education and protection fund therefore there is no delay in transferring the amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

For S.S. Jain & Associates
Chartered Accountants
Firm Registration No. 103970W

Sd/-
S. K. Jain
Proprietor
Membership Number: 038664

Place: Bangalore
Dated: 30th May 2015

Annexure to the Independent Auditors' Report

(Referred to in Paragraph 1 under section (Report on Other Legal and Regulatory Requirements, of our report of even date)

- 1.1. The company is maintaining proper records showing full particulars including quantitative details and situation of fixed assets. However the addition made during the year are not updated.
- 1.2. Some of the fixed assets were physically verified during the year by the management in accordance with a program of verification of fixed assets at reasonable intervals. According to the information and explanation given to us no material discrepancy were noticed on such verification.
- 2.1. According to the information and explanation given to us , physical verification of inventory has been conducted by the management at reasonable interval.
- 2.2. 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.
- 2.3. In our opinion and according to the information and explanations given to us, the Company is maintaining proper records of its inventories and no material discrepancies were noticed on such physical verification.
3. As informed to us, the company has not granted any loan, secured or unsecured, to companies, firms or other parties covered in the register maintained under section 189 of the Companies Act 2013.
4. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the company and the nature of its business with regard to purchase of inventories, fixed assets and for the sale of goods and services. During the course of audit, we have not observed any continuing failure to correct major weaknesses, if any, in internal control system.
5. According to the information and explanations given to us, the Company has not accepted any deposits from public within the meaning of section 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the rules framed there under during the year under review.
6. The Central Government has not prescribed maintenance of Cost Records under sub-section (1) of Section 148 of the Companies Act, 2013 in respect of products dealt with by the Company.
- 7.1 In our opinion and according to the information and explanation given to us the company is generally regular in depositing undisputed statutory dues including provident fund, employees state insurance, income tax, sales tax, wealth tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues with the appropriate authorities and we have been informed that there are no arrears of outstanding statutory dues as at the last day of the financial year under audit for a period of more than six months from the date they became payable.
- 7.2 According to the information and explanations given to us and records examined by us the particulars of dues of Vat as on 31st march 2015 which have not been deposited on account of dispute is as follows:

| Name of the statute | Nature of dues | Amount involve Rs (In Lakh) | Period to which the amount Relates | Forum where the dispute is pending |
|--|----------------|-----------------------------|------------------------------------|--|
| Gujarat sales tax-sales tax department | Vat Dues | 576.40 | AY 2005-2006 | The Commissioner commercial Taxes Surat, Gujarat |

According to information and explanations given to us and the records of the company examined by us no dues of vat, duty of custom, duty of excise, wealth tax, service tax which have not been deposited on account of any dispute.

- 7.3 In our opinion and according to the information and explanations given to us, the company is not required to transfer amounts required to be transferred to investor education and protection fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and Rules made there under.
8. The Company has no accumulated losses at the end of the financial year under audit. The company has not incurred cash losses during the financial year covered by audit and in the immediately preceding financial year.
9. According to the information and explanations given to us, the Company has not defaulted in repayment of dues to a financial institution or bank.
10. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
11. According to the information and explanations given to us, term loans were obtained during the year under audit and applied for the purpose for which it has taken the loan.
12. Based upon the audit procedures performed 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 of our audit.

For S.S. Jain & Associates
Chartered Accountants
Firm Registration No. 103970W

Sd/-
S. K. Jain
Proprietor
Membership Number: 038664

Place: Bangalore
Dated: 30th May 2015

Balance Sheet as on 31st March, 2015

| | Note No. | As At 31 st March 2015 (Rs.) | As At 31 st March 2014 (Rs.) |
|---|----------|--|--|
| EQUITY AND LIABILITIES | | | |
| Shareholders' funds | | | |
| Share Capital | 1 | 48,550,000 | 48,550,000 |
| Reserves and Surplus | 2 | 186,600,596 | 175,292,763 |
| Non-Current Liabilities | | | |
| Long-Term Borrowings | 3 | 120,678,013 | 68,354,751 |
| Other Long Term Liabilities | 4 | 11,387,382 | 34,542,161 |
| Long-Term Provisions | 5 | 4,275,709 | 4,395,788 |
| Current Liabilities | | | |
| Short-Term Borrowings | 6 | 111,899,826 | 106,941,242 |
| Trade Payables | 7 | 120,572,249 | 105,412,361 |
| Other Current Liabilities | 8 | 30,659,460 | 17,388,380 |
| Short-Term Provisions | 9 | 8,748,872 | 10,057,016 |
| TOTAL | | 643,372,107 | 570,934,461 |
| ASSETS | | | |
| Non-Current Assets | | | |
| Fixed Assets | | | |
| Tangible Assets | 10 | 153,073,597 | 31,808,593 |
| Intangible Assets | | 100,330,055 | 101,474,486 |
| Capital Work-in-Progress | | - | 48,790,775 |
| Deferred Tax Assets (Net) | 11 | 2,682,551 | 3,280,549 |
| Long-Term Loans and Advances | 12 | 5,706,454 | 7,036,179 |
| Other Non-Current Assets | 13 | 5,529,256 | 5,213,888 |
| Current Assets | | | |
| Inventories | 14 | 169,839,831 | 139,782,782 |
| Trade Receivables | 15 | 112,976,662 | 110,561,231 |
| Cash and Bank Balances | 16 | 25,583,812 | 23,819,624 |
| Short-Term Loans and Advances | 17 | 67,649,891 | 95,343,945 |
| Other Current Assets | 18 | - | 3,822,408 |
| Significant Accounting Policies Notes on Financial Statements | 1 to 31 | | |
| TOTAL | | 643,372,107 | 570,934,461 |

As per our attached report of even date.

For S S Jain & Associates
Chartered Accountants
FRN 103970W

For and behalf of the Board
Paramount Cosmetics (India) Limited

Sd/-
Sudhir Kumar Jain
Proprietor
M.No.038664

Sd/-
Hiitesh Topiiwaalla
Managing Director

Sd/-
Vishwajeet Mehta
Director

Place: Bangalore
Dated : 30th May, 2015

Sd/-
Hansraj Rathor
Chief Financial Officer

Sd/-
Anurag Srivastava
Company Secretary

Statement of Profit and Loss for the year ended 31st March, 2015

| | Note No. | 31 March 2015 (Rs.) | 31 March 2014 (Rs.) |
|---|----------|------------------------|------------------------|
| INCOME | | | |
| Revenue from Operations | 19 | 483,604,735 | 473,852,562 |
| Other income | 20 | 1,676,516 | 1,863,549 |
| Total Revenue | | 485,281,251 | 475,716,111 |
| EXPENSES | | | |
| Cost of Materials Consumed | 21 | 336,278,151 | 338,649,318 |
| Changes in Inventories of finished goods, work-in-progress and stock-in-trade | 22 | (21,860,778) | (15,499,864) |
| Employee Benefits Expense | 23 | 49,981,554 | 43,227,698 |
| Finance costs | 24 | 19,185,812 | 18,787,666 |
| Depreciation | 10 | 7,978,965 | 6,047,902 |
| Other Expenses | 25 | 69,973,097 | 61,967,713 |
| Total Expenses | | 461,536,800 | 453,180,433 |
| Profit / (Loss) before Exceptional and Extraordinary items and tax | | 23,744,451 | 22,535,677 |
| Exceptional items | 27 | 15,345 | |
| Profit/ (Loss) before Extraordinary items and tax | | 23,729,107 | 22,535,677 |
| Extraordinary Items | 27 | | 25,383 |
| Profit / (Loss) before tax | | 23,729,107 | 22,561,060 |
| Tax expense: | | | |
| (1) Less : Current Tax | | 5,775,036 | 8,052,000 |
| (2) Less :Deferred Tax | 11 | 598,000 | 508,760 |
| Profit for the period from continuing operations | | 17,356,071 | 15,017,820 |
| Profit/(loss) from Discontinuing operations | | | |
| Tax expense of discontinuing operations | | - | - |
| Profit/(loss) from Discontinuing operations (after tax) | | - | - |
| Profit (Loss) for the period | | 17,356,071 | 15,017,820 |
| Earnings per equity share: | | | |
| (1) Basic | 29 | 3.57 | 3.09 |
| (2) Diluted | | | |
| Significant Accounting Policies Notes on Financial Statements | 1 to 31 | | |

As per our attached report of even date.

For S S Jain & Associates
Chartered Accountants
FRN 103970W

Sd/-
Sudhir Kumar Jain
Proprietor
M.No.038664

Place: Bangalore
Dated : 30th May, 2015

For and behalf of the Board
Paramount Cosmetics (India) Limited

Sd/-
Hiitesh Topiiwaalla
Managing Director

Sd/-
Vishwajeet Mehta
Director

Sd/-
Hansraj Rathor
Chief Financial Officer

Sd/-
Anurag Srivastava
Company Secretary

CASH FLOW STATEMENT FOR THE YEAR 2014-15

| Particulars | 31 March 2015 Amount (Rs.) | 31 March 2014 Amount (Rs.) |
|---|-------------------------------|-------------------------------|
| A CASH FLOW FROM OPERATING ACTIVITIES | | |
| Net Profit after taxation, and extraordinary items | 17,356,071 | 14,992,438 |
| Adjustments for : | | |
| Profit/Loss on Sale of Fixed Asset | - | - |
| Depreciation | 7,978,965 | 6,047,902 |
| Prior Period Expenses | - | - |
| Deferred Revenue Expenditure written off | 3,822,228 | 3,822,408 |
| Sundry Assets Written off | 1,950,488 | - |
| Transferred from Reserve and Surplus (Provision for Dividend and DDT) | (3,495,428) | (3,570,369) |
| Interest expense | 19,185,812 | 18,787,666 |
| Interest income | (1,676,516) | (1,863,549) |
| Operating profit before working capital changes | 45,121,619 | 38,216,496 |
| Adjustments for : | | |
| Decrease/(Increase) in trade and other receivables | 30,713,388 | 5,954,211 |
| Decrease/ (Increase) in Inventories | (30,057,050) | (18,423,077) |
| Increase/(Decrease) in trade and other payable | 29,798,457 | (12,852,338) |
| Increase/(Decrease) in Deferred Advertisement Expenditure | (3,822,228) | (3,822,408) |
| Net Cash flow from Operating Activities | 71,754,184 | 9,072,882 |
| B CASH FLOW FROM INVESTING ACTIVITIES | | |
| Purchase of Fixed Assets | (83,812,560) | (45,398,344) |
| Sale of Fixed assets | - | 203,972 |
| Interest received | 1,676,516 | 1,863,549 |
| Net Cash Flow from Investing activities | (82,136,044) | (43,330,823) |
| C CASH FLOW FROM FINANCING ACTIVITIES | | |
| Proceeds from Share Capital Calls in Arrears | | |
| Interest paid | (19,185,812) | (18,787,666) |
| Dividends Paid (Including Dividend Distribution Tax) | (2,675,129) | (2,681,299) |
| Proceeds/(Repayment) from Non Current Borrowings | 29,048,404 | 47,941,382 |
| Proceeds from Short Term Borrowings | 4,958,585 | 6,616,514 |
| Net Cash flow from Financing Activities | 12,146,048 | 33,088,931 |
| Net Cash Flow during the year (A+B+C) | 1,764,188 | (1,169,009) |
| Cash and Cash Equivalents at the beginning of the year | 23,819,623 | 24,988,632 |
| Cash and Cash Equivalents at the end of the year | 25,583,811 | 23,819,623 |
| Previous year`s figure have been regrouped, recast wherever necessary | | |

As per our attached report of even date.

For S S Jain & Associates
Chartered Accountants
FRN 103970W

For and behalf of the Board
Paramount Cosmetics (India) Limited

Sd/-
Sudhir Kumar Jain
Proprietor
M.No.038664

Sd/-
Hiitesh Topiwaalla
Managing Director

Sd/-
Vishwajeet Mehta
Director

Place: Bangalore
Dated : 30th May, 2015

Sd/-
Hansraj Rathor
Chief Financial Officer

Sd/-
Anurag Srivastava
Company Secretary

Paramount Cosmetics (India) Limited
Notes on Financial Statements for the Year ended 31st March 2015

The Previous year figures have been re-grouped/re-classified, where necessary to conform to the current year presentation.

| | As at 31st March 2015 Amount (Rs) | As at 31st March 2014 Amount (Rs) |
|--|--|--|
| 1 SHARE CAPITAL | | |
| Share Capital | | |
| Authorised | | |
| 50,00,000 (Prev. year : 50,00,000) Equity Shares of Rs.10/- each | 50,000,000 | 50,000,000 |
| Issued | | |
| 48,87,150 (Prev. year : 48,871,500) Equity Shares of Rs.10 each | 48,871,500 | 48,871,500 |
| Subscribed | | |
| 48,56,650 (Prev. year : 48,566,500) Equity Shares Rs. 10 each fully paid | 48,566,500 | 48,566,500 |
| Paid up | | |
| 48,55,000 (Prev. year : 48,55,000) Equity Shares of Rs.10 each fully paid | 48,550,000 | 48,550,000 |
| Total | 48,550,000 | 48,550,000 |
| 1.1 The Details of Shareholders holding more than 5% Equity Shares : | | |
| Name of Shareholder | As at 31st March 2015 | As at 31st March 2014 |
| | No. of Shares held | No. of Shares held |
| | % of Holding | % of Holding |
| Hiitesh Topiwaalla | 2,560,640 | 3,107,530 |
| Paramount Personal Care Private Limited | - | 249,000 |
| Paramount Kum Kum Pvt. Ltd. | 10,65,150 | - |
| Total | 3,625,790 | 3,356,530 |
| | 74.74% | 69.14% |
| 1.2 The Reconciliation of Number of Equity Shares Outstanding and the amount of Equity Share Capital as at 31 st March, 2015 and 31 st March, 2014 is set out below : | | |
| Particulars | As at 31st March 2015 | As at 31st March 2014 |
| | Equity Shares | Equity Shares |
| | Number | Number |
| | Amount (Rs) | Amount (Rs) |
| Shares outstanding at the beginning of the year | 4,855,000 | 4,855,000 |
| Add : Shares Issued during the year | - | - |
| Less : Shares bought back during the year | - | - |
| Shares outstanding at the end of the year | 4,855,000 | 4,855,000 |
| 2 RESERVE AND SURPLUS : | As at 31st March 2015 | As at 31st March 2014 |
| | Amount (Rs) | Amount (Rs) |
| Share Premium Reserve | | |
| Opening Balance | 108,525,000 | 108,525,000 |
| Closing Balance | 108,525,000 | 108,525,000 |
| Capital Reserves | | |
| Opening Balance | 30,650 | 30,650 |
| Closing Balance | 30,650 | 30,650 |
| Profit and Loss Account : | | |
| Opening Balance As Per Last Balance sheet | 66,737,113 | 55,289,660 |
| Add : Net Profit For the Year | 17,356,071 | 15,017,821 |
| Balance | 84,093,183 | 70,307,482 |
| Less : Adjusted for Fixed Assets (Refer Note a to Schedule 10) | 2,552,809 | |
| Less : -Proposed Dividend on Equity Shares (Dividend Per Share Rs. 0.60 (Previous Year Rs. 0.60) | 2,913,000 | 2,913,000 |
| Less :-Tax on Dividend | 582,428 | 495,064 |
| Add/Less:- Excess tax provision of earlier years written off | | 162,305 |
| Closing Balance | 78,044,946 | 66,737,113 |
| Total | 186,600,596 | 175,292,763 |

Paramount Cosmetics (India) Limited
Notes on Financial Statements for the Year ended 31st March 2015

| | As at 31st March 2015 Amount (Rs) | As at 31st March 2014 Amount (Rs) |
|---|--|--|
| 3 LONG TERM BORROWINGS | | |
| Secured : | | |
| From Bank | 86,634,597 | 39,583,604 |
| Refer Note 6.1 | | |
| From Others | - | 227,731 |
| Unsecured : | | |
| Loans From Related Parties | 34,043,416 | 28,543,416 |
| From Other | - | - |
| Total | 120,678,013 | 68,354,751 |
| 3.1 | Vehicle Term Loan is secured against the hypothecation of vehicle, it is repayable in 36 EMIs. Refer note 6.1 for bank loan. | |
| 4 OTHER LONG TERM LIABILITES | | |
| Deposit | 9,801,000 | 10,473,289 |
| Long term credits for capital goods | - | 148,163 |
| Advance From Customers | - | 2,419,941 |
| Long Term Trade Payable | 1,586,382 | 21,500,768 |
| Total | 11,387,382 | 34,542,161 |
| 5 LONG TERM PROVISIONS | | |
| Provision for employee benefits: | | |
| Gratuity | 4,275,709 | 4,395,788 |
| Total | 4,275,709 | 4,395,788 |
| 6 SHORT TERM BORROWINGS | | |
| Working Capital Loan From Bank - Cash Credit | 111,899,826 | 106,941,242 |
| Total | 111,899,826 | 106,941,242 |
| 6.1 | Cash Credit and term loan limits is secured by hypothecation of entire plant and machinery including all the assets being created under expansion and all the current assets of the Company, equitable mortgage of land, industrial building and plot of the company at Dabhel and Vapi, office premises of associate company at Bangalore, personal guarantee of Managing Director of the Company and corporate guarantee of associate company. Term Loan is repayable in 71 EMIs | |
| 7 TRADE PAYABLES | | |
| Micro, Small and Medium Enterprises | - | - |
| Others | 120,572,249 | 105,412,361 |
| Total | 120,572,249 | 105,412,361 |
| 7.1 | The details of amount outstanding to Micro, Small and Medium Enterprises: The Company is in the process of complying the information, hence no details are incorporated for current and previous years. | |
| Particulars | | |
| Principal amount due and remain unpaid | - | - |
| Interest due on above and unpaid interest | - | - |
| Interest accrued and remaining unpaid | - | - |
| Interest due and payable for the period delay | - | - |

Paramount Cosmetics (India) Limited
Notes on Financial Statements for the Year ended 31st March 2015

| | As at 31st March 2015 Amount (Rs) | As at 31st March 2014 Amount (Rs) |
|--|--|--|
| 8 OTHER CURRENT LIABILITES | | |
| Unclaimed Dividend | 907,338 | 654,321 |
| Proposed Dividend | 2,913,000 | 2,913,000 |
| Creditor for Capital Expenditure | 4,900,635 | 1,591,902 |
| Current Maturities of Long Term Debts | 281,560 | 384,253 |
| Other Payable | | |
| Statutory Payable | 4,861,676 | 1,174,677 |
| Advance from Customer | 1,142,501 | 2,226,626 |
| Tax on Dividend | 496,605 | 495,064 |
| Other Payable | 15,156,145 | 7,948,537 |
| Total | 30,659,460 | 17,388,380 |
| 9 SHORT TERM PROVISIONS | | |
| Provision for Employee Benefits | 2,973,836 | 2,005,016 |
| Provision for Income Tax | 5,775,036 | 8,052,000 |
| Total | 8,748,872 | 10,057,016 |
| 11 Deferred Tax Assets (Net) | | |
| Deferred Tax Assets | | |
| Disallowance under Income Tax Act, 1961 | 3,280,551 | 2,772,620 |
| Related to Fixed Assets | - | 507,930 |
| Total - A | 3,280,551 | 3,280,549 |
| Deferred Tax Liabilities | | |
| Related to Fixed Assets | 598,000 | - |
| Total - B | 598,000 | - |
| Total - (A - B) | 2,682,551 | 3,280,549 |
| 12 LONG TERM LOANS AND ADVANCES (Unsecured and Considered Good) | | |
| Trade Receivable | - | 2,939,724 |
| Advance to Suppliers | 3,007,868 | 1,184,676 |
| Deposits | 2,085,958 | 1,809,917 |
| Advance Income Tax (Incl MAT Credit & TDS Receivables) | 612,628 | 951,862 |
| Income Tax | | |
| Other Loans and Advances* | - | 150,000 |
| Total | 5,706,454 | 7,036,179 |
| 13 OTHER NON CURRENT ASSETS (Unsecured and Considered Good) | | |
| VAT Credits | 5,505,756 | 5,190,388 |
| Other Non-Current Assets* | 23,500 | 23,500 |
| Total | 5,529,256 | 5,213,888 |
| *NSC Deposited With Daman Sales Tax Department. | | |
| 14 INVENTORIES | | |
| As taken valued and as certified by the Management at lower of cost or Net Realisable value unless stated otherwise. | | |
| Raw Materials | 16,292,000 | 16,829,364 |
| Finished Goods | 139,918,233 | 118,057,455 |
| Stock-In-Trade | - | - |
| Packing Materials | 13,629,598 | 4,895,963 |
| Total | 169,839,831 | 139,782,782 |

Paramount Cosmetics (India) Limited
Notes on Financial Statements for the Year ended 31st March 2015

| | As at 31st March 2015 Amount (Rs) | As at 31st March 2014 Amount (Rs) | | |
|---|--|--|--------------------|------------------|
| 15 TRADE RECEIVABLES (Unsecured and Considered Good) | | | | |
| Over Six Months | 8,165,221 | 963,373 | | |
| Others | 104,811,441 | 109,597,858 | | |
| Total | 112,976,662 | 110,561,231 | | |
| 16 CASH AND BANK BALANCES | | | | |
| Balance with Banks # | 1,244,145 | 1,769,958 | | |
| Cash on Hand | 3,060,955 | 1,109,129 | | |
| Fixed Deposit with bank * | 21,278,711 | 20,940,537 | | |
| Total | 25,583,812 | 23,819,624 | | |
| * Fixed Deposits includes Margin Money Deposit Rs. 41,34,051/- (P.Y. Rs. 27,04,095/-). | | | | |
| # Balance with Bank includes Unclaimed dividend of Rs. 9,07,338/- (P.Y. Rs. 4,63,536/-). | | | | |
| 17 SHORT TERM LOAN AND ADVANCES (Unsecured and Considered Good) | | | | |
| Deposit | 57,500,000 | 57,500,000 | | |
| Prepaid Expenses | 978,012 | 1,008,488 | | |
| Capital Advances | 3,646,804 | 9,727,758 | | |
| Others* | 5,525,075 | 27,107,699 | | |
| Total | 67,649,891 | 95,343,945 | | |
| * Includes Advances to Suppliers Rs. 31,19,691/- (P.Y. Rs.1,42,71,418/-) and Advance to Staff Rs. 19,08,022/- (P.Y. Rs. 21,51,471/-) | | | | |
| 18 OTHER CURRENT ASSETS | | | | |
| Deferred Revenue Expenses | - | 3,822,408 | | |
| Total | - | 3,822,408 | | |
| | Financial Year 2014-15 | Financial Year 2013-14 | | |
| | Amount (Rs) | Amount (Rs) | | |
| 19 REVENUE FROM OPERATIONS | | | | |
| Particulars | | | | |
| Sale of Cosmetic Products | 483,604,735 | 473,714,116 | | |
| Other Operating Revenue | - | 138,446 | | |
| Total | 483,604,735 | 473,852,562 | | |
| 19.1 PARTICULARS OF SALE OF PRODUCTS | | | | |
| Particulars | | | | |
| Sale of Cosmetics Products | 483,604,735 | 473,714,116 | | |
| Trading Sales of Cosmetics Products | - | 776,190 | | |
| Total | 483,604,735 | 474,490,306 | | |
| 20 OTHER INCOME | | | | |
| Interest | 1,606,840 | 1,863,549 | | |
| Other Non-Operating Income | 69,676 | | | |
| Total | 1,676,516 | 1,863,549 | | |
| 21 COST OF MATERIAL CONSUMED | Amount (Rs) | % of con- | Amount (Rs) | % of con- |
| | | sumption | | sumption |
| Imported | 15,507,043 | 4.6% | 15,175,094 | 4.5% |
| Indigenous | 320,771,108 | 95.4% | 323,474,224 | 95.5% |
| Total | 336,278,151 | | 338,649,318 | |



Paramount Cosmetics (India) Limited
Notes on Financial Statements for the Year ended 31st March 2015

10 FIXED ASSETS

| Fixed Assets | Gross Block | | | Accumulated Depreciation | | | Net Block | | |
|---|-----------------------|--------------------|-------------------|--------------------------|-----------------------|----------------------------------|-------------------|-----------------------|-----------------------|
| | As at 31st March 2014 | Additions | Deductions | As at 31st March 2015 | As at 31st March 2014 | Depreciation charge for the year | Deductions | As at 31st March 2015 | As at 31st March 2014 |
| Amount (Rs) | | | | | | | | | |
| Tangible Assets | | | | | | | | | |
| Land | 7,949,562 | - | - | 7,949,562 | - | - | - | 7,949,562 | 7,949,562 |
| Buildings | 9,094,406 | 68,503,088 | - | 77,597,494 | 5,232,030 | 515,528 | - | 71,849,937 | 3,862,376 |
| Plant and Equipment | 15,700,478 | 42,328,856 | 13,689,126 | 44,340,208 | 13,632,409 | 815,148 | 12,725,238 | 42,617,889 | 2,068,069 |
| Furniture and Fixtures | 19,184,718 | 11,051,754 | 15,948,617 | 14,287,855 | 14,487,885 | 325,910 | 13,735,399 | 13,209,459 | 4,696,833 |
| Vehicles | 25,384,334 | 825,690 | - | 26,210,024 | 16,982,606 | 4,342,643 | - | 4,884,775 | 8,401,728 |
| Office equipment | 2,180,393 | 402,836 | 710,335 | 1,872,894 | 1,111,435 | 576,613 | 422,351 | 607,197 | 1,068,958 |
| Electric Installation | 166,377 | 9,223,161 | - | 9,389,538 | 53,858 | 64,157 | - | 9,271,524 | 112,519 |
| Computer Equipment | 7,164,619 | 267,950 | 4,888,913 | 2,543,656 | 6,477,946 | 60,252 | 4,298,778 | 304,237 | 686,673 |
| Factory Equipment | 658,859 | - | - | 658,859 | 220,691 | 94,135 | - | 344,033 | 438,168 |
| Mould | 3,024,928 | - | - | 3,024,928 | 745,123 | 441,749 | - | 1,838,055 | 2,279,805 |
| R & D - Equipment's | - | - | - | - | - | - | - | - | - |
| Total | 90,822,288 | 132,603,335 | 35,236,991 | 188,188,632 | 59,013,695 | 7,283,106 | 31,181,766 | 153,073,597 | 31,808,593 |
| Intangible Assets | | | | | | | | | |
| Computer software | 2,940,208 | - | 651,694 | 2,288,514 | 1,465,722 | 695,858 | 203,121 | 330,055 | 1,474,486 |
| Copyrights, and patents and other intellectual property rights, services and operating rights | 100,000,000 | - | - | 100,000,000 | - | - | - | 100,000,000 | 100,000,000 |
| Total | 102,940,208 | - | 651,694 | 102,288,514 | 1,465,722 | 695,858 | 203,121 | 100,330,055 | 101,474,486 |
| Capital Work In Progress | | | | | | | | | |
| Capital Work In Progress | 48,790,775 | - | 48,790,775 | - | - | - | - | - | 48,790,775 |
| Total | 48,790,775 | - | 49,442,469 | - | - | - | - | - | 48,790,775 |
| Grand Total | 242,553,271 | 132,603,335 | 85,331,154 | 290,477,146 | 60,479,417 | 7,978,965 | 31,384,887 | 253,403,652 | 182,073,855 |
| Previous year | 242,553,271 | 11,790,909 | - | 197,905,228 | 48,964,897 | 6,038,330 | - | 142,902,002 | 182,073,855 |
| (a) In accordance with the provisions of Schedule II of the Companies Act, 2013, in case of fixed assets which have completed their useful life as at 1st April 2014, the carrying value as a transitional provision has been recognised in the Retained Earnings | | | | | | | | | |

Paramount Cosmetics (India) Limited
Notes on Financial Statements for the Year ended 31st March 2015

| | Financial Year 2014-15 Amount (Rs) | Financial Year 2013-14 Amount (Rs) |
|---|---|---|
| 21.1 PARTICULARS OF MATERIAL CONSUMED | | |
| Particulars | | |
| Sheets and Folders | 315,026,248 | 326,347,521 |
| Others | 21,251,903 | 12,301,797 |
| Total | 336,278,151 | 338,649,318 |
| 22 CHANGES IN INVENTORIES OF FINISHED GOODS AND STOCK-IN-TRADE | | |
| Inventories (at Close) | | |
| Finished Goods | 139,918,233 | 118,057,455 |
| Inventories (at Commencements) | | |
| Finished Goods | 118,057,455 | 102,557,591 |
| Total | 21,860,778 | 15,499,864 |
| 23 EMPLOYEE BENEFITS EXPENSE | | |
| Salary and Wages | 40,000,159 | 34,338,884 |
| Director Remuneration | 8,827,500 | 8,371,200 |
| Less:- For new project. | -2,206,875 | -2,100,000 |
| Contribution to Provident Fund and Other Fund | 2,697,781 | 2,111,738 |
| Staff Welfare Expenses | 662,989 | 505,876 |
| Total | 49,981,554 | 43,227,698 |
| 24 FINANCE COSTS | | |
| Interest Expense | 17,758,305 | 17,025,494 |
| Other Borrowing Costs | 1,420,501 | 1,386,292 |
| Net loss on foreign currency transactions and translations | 7,005 | 375,881 |
| Total | 19,185,812 | 18,787,666 |
| 25 OTHER EXPENSES | | |
| Manufacturing Expenses | | |
| Consumable Stores and Spares | 304,473 | 313,654 |
| Labour Charges | 3,573,199 | 1,741,112 |
| Electric Power & Fuel | 527,124 | 324,168 |
| Repairs to Building | 47,750 | 19,545 |
| Repairs to Machinery | 98,551 | 83,977 |
| Total | 4,551,097 | 2,482,455 |
| Selling and Distribution Expenses | | |
| Sales Promotion Expenses | 8,627,716 | 7,082,912 |
| Commission | 4,794,344 | 4,615,608 |
| MES Expenses | 8,961,587 | 5,429,390 |
| Deferred Revenue Exp W/off | 3,822,228 | 3,822,408 |
| Other advertisement, selling and distribution expenses | 10,170,438 | 13,899,839 |
| Total | 36,376,313 | 34,850,157 |
| Establishment Expenses | | |
| Legal and Professional Charges | 6,040,964 | 3,996,546 |
| Rent, rates and taxes | 2,753,845 | 3,822,269 |
| Insurance | 614,389 | 524,364 |
| Other Repairs & Maintenance | 2,603,121 | 2,477,687 |
| Travelling and Conveyance | 5,639,735 | 6,184,425 |
| Payment to Auditor | 310,000 | 310,000 |
| Postage and Telephone | 1,913,307 | 2,223,147 |
| Printing Stationary | 930,575 | 845,690 |
| Other Expenses | 8,239,750 | 4,250,972 |
| Total | 29,045,686 | 24,635,101 |
| Total | 69,973,097 | 61,967,713 |

Paramount Cosmetics (India) Limited
Notes on Financial Statements for the Year ended 31st March 2015

Note 26**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, 2013. 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 II of the Companies Act, 2013.

Effective 1st April 2014, the company depreciates its fixed assets over the useful life of in the manner prescribed in Schedule II of the Act, as against the earlier practice of depreciating at the rates prescribed in Schedule XIV of the Companies Act, 1956.

In case of pre-owned assets, the useful life is estimated on a case to case basis.

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.

Paramount Cosmetics (India) Limited
Notes on Financial Statements for the Year ended 31st March 2015

| | Financial Year 2014-15 Amount (Rs) | Financial Year 2013-14 Amount (Rs) | | |
|--|---|---|----------------|--------------------|
| 27 EXCEPTIONAL ITEMS | | | | |
| Surplus on sale of Fixed assets | - | 25,383 | | |
| Prior Period Expenses | 15345 | - | | |
| 28.1 VALUE OF CONSUMABLE CONSUMED | | | | |
| | Amount | % of | Amount | % of |
| | (Rs.) | Consumption | (Rs.) | Consumption |
| Imported | NIL | NIL | NIL | NIL |
| Indigenous | 304,473 | 100% | 313,654 | 100% |
| | 304,473 | 100% | 313,654 | 100% |
| 28.2 VALUE OF IMPORT ON CIF BASIS IN RESPECT OF | | | | |
| Raw Materials | 11,362,616 | 13,622,387 | | |
| 28.3 PAYMENT TO AUDITOR'S | | | | |
| 1 Audit Fee | 85,000 | 85,000 | | |
| 2 Tax Audit Fee | 60,000 | 60,000 | | |
| 3 Certificate & Other services | 165,000 | 165,000 | | |
| Total | 310,000 | 310,000 | | |
| 28.4 EARNINGS IN FOREIGN CURRENCY | | | | |
| FOB value of Export Sales | 5,614,689 | 6,314,121 | | |
| 28.5 | A Sum of Rs. NIL (Previous Year : Rs.NIL) is included under establishment expenses representing Net Prior Period Items. | | | |
| 28.6 EXPENDITURE IN FOREIGN CURRENCY | | | | |
| Travelling Expenditure | Nil | 530,089 | | |
| Purchase of Samples | Nil | 25,682 | | |
| Total | Nil | 555,771 | | |
| 29 EARNINGS PER SHARE: | | | | |
| (i) Net Profit after tax as per Statement of Profit and Loss attributable to Equity Shareholders | 17,356,071 | 15,017,821 | | |
| (ii) Weighted Average Number of Equity Shares used as denominator for Calculating EPS | 4,855,000 | 4,855,000 | | |
| (iii) Basic and Diluted Earning Per Share (In Rs.) | 3.57 | 3.09 | | |
| (iv) Face Value per equity share (In Rs.) | 10 | 10 | | |

30 RELATED PARTY DISCLOSURE

As Per Accounting Standard 18, the disclosure of transaction with the related parties are given below.

(i) List of Related parties where control exists with whom transaction have taken place and relationship:

| Sr. No. | Name of the Related Party | Relationship |
|---------|---|-------------------------|
| 1 | Hiitesh Topiwaalla | Key Management Personal |
| 2 | Aartii Topiwaala | |
| 3 | Paramount Kum Kum Private Limited | Associates |
| 4 | Paramount Personal Care Private Limited | |
| 5 | Parcos Brands Communication Private Limited | |
| 6 | PETL Exports Private Limited | |

Paramount Cosmetics (India) Limited
Notes on Financial Statements for the Year ended 31st March 2015

(ii) Transaction during the year with related parties

| Sr. No. | Nature of Transaction (Excludes reimbursements) | Year | Amount (Rs) | |
|---------|--|---------|-------------------------|------------|
| | | | Key Management Personal | Others |
| 1 | Unsecured Loan Taken (Taken / Repaid) | 2014-15 | 5,500,000 | |
| | | 2013-14 | 4,900,000 | |
| 2 | Purchase of Goods | 2014-15 | | 19,480,387 |
| | | 2013-14 | | 20,642,492 |
| 3 | Professional Fees | 2014-15 | | Nil |
| | | 2013-14 | | 200,104 |
| 4 | Remuneration | 2014-15 | 8,827,500 | |
| | | 2013-14 | 8,371,200 | |
| 5 | Director Sitting Fees | 2014-15 | 15,000 | |
| | | 2013-14 | 20,000 | |

* Includes Rs.21,00,000/- for new project.

Balance as at 31st March 2015

| Sr. No. | Nature of Transaction | Year | Key Management Personal | Others |
|---------|-----------------------|---------|-------------------------|------------|
| 1 | Unsecured Loan | 2014-15 | 9,543,416 | 24,500,000 |
| | | 2013-14 | 4,043,416 | 24,500,000 |
| 2 | Sundry Creditors | 2014-15 | | 284,845 |
| | | 2013-14 | | (57,488) |
| 3 | Advance for Purchases | 2014-15 | | Nil |
| | | 2013-14 | | 4,293,172 |
| 4 | Deposit | 2014-15 | | 57,500,000 |
| | | 2013-14 | | 57,500,000 |

31. CONTINGENT LIABILITIES AND COMMITMENTS

- 1) Contingent Liabilities in respect of :
 - a. The sales tax matter in dispute with the Commissioner of Commercial Taxes, Surat, Gujarat, in respect of F.Y. 2005-06 is contested in appeal. On the similar issue in the earlier years and later years the decision was in favour of the Company.
 - b. Liability in respect of Letter of Credit opened with bank - Rs.38,32,617/- (Previous Year Rs.94,33,194).
 - c. The estimated amount of contracts remaining to be executed on capital accounts (Net of Advance) and not provided for Rs.17,535,720/- (Previous Year Rs. 22,669,820).
- 2) Some of the Balances of Debtors, Creditors, Loans and Advances are subject to confirmation. Loss, if any, on account of this will be recognised in the year in which confirmation are received.
- 3) In the opinion of the Board, the current assets, loans and advances are expected to realize at least the amount at which they are stated, if realized in the ordinary course of business, and provision for all known liabilities have been adequately made in the accounts.
- 4) Provision of Gratuity is made for those employees who have completed five year of their services.
- 5) 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.

As per our attached report of even date.

For S S Jain & Associates
Chartered Accountants
FRN 103970W

For and behalf of the Board
Paramount Cosmetics (India) Limited

Sd/-
Sudhir Kumar Jain
Proprietor
M.No.038664

Sd/-
Hiitesh Topiwaalla
Managing Director

Sd/-
Vishwajeet Mehta
Director

Place: Bangalore
Dated : 30th May, 2015

Sd/-
Hansraj Rathor
Chief Financial Officer

Sd/-
Anurag Srivastava
Company Secretary



PARAMOUNT COSMETICS (INDIA) LIMITED

Regd. Office: A-1/2211, III Phase, GIDC, Vapi- 396 195, Gujarat
Corporate Identity Number: L24240GJ1985PLC008282; Tel: 91 80 25320870/71;
Email: compliance.officer@paramount.com; website: www.paramount.com

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 Thirtieth Annual General Meeting of the Company to be held at Via Hall, Vapi Industrial Association, Plot No. 135, VIA House, GIDC, Vapi- 396 195 on Wednesday, the 30th September 2015 at 11.00 a.m.

Registered Folio No: *DP ID No:

No. of shares held: *Client ID No.:

.....
Signature of the Shareholder/ Proxy

Note: Shareholders attending the meeting in person or by proxy are requested to complete the attendance slip and hand it over at the entrance of the meeting hall. Please carry a Copy of the Annual Report.

*Applicable for the members holding shares in Electronic form.



PARAMOUNT COSMETICS (INDIA) LIMITED

Regd. Office: A-1/2211, III Phase, GIDC, Vapi- 396 195, Gujarat
Corporate Identity Number: L24240GJ1985PLC008282; Tel: 91 80 25320870/71;
Email: compliance.officer@paramount.com; website: www.paramount.com

PROXY FORM [Form No. MGT-11]

[Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014]

| | |
|-------------------------------|--|
| Name of the Member(s) | |
| Registered address | |
| E-mail Id | |
| Folio No./Client ID & DP. ID* | |

*Applicable in case shares are held in electronic form

I/We, being the Member(s) of _____ shares of the above named Company, hereby appoint

| | |
|---------|-----------|
| Name | E-mail Id |
| Address | Signature |

or failing him;

| | |
|---------|-----------|
| Name | E-mail Id |
| Address | Signature |

or failing him;

| | |
|---------|-----------|
| Name | E-mail Id |
| Address | Signature |

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the Annual General Meeting of the Company, to be held on Wednesday, the 30th September 2015 at 11.00 a.m. at Via Hall, Vapi Industrial Association, Plot No. 135, VIA House, GIDC, Vapi – 396 195 and at any adjournment thereof in respect of such resolutions as are indicated below:

| Resolution No. | Description | Vote | | |
|--------------------------|--|------|---------|---------|
| | | For | Against | Abstain |
| Ordinary Business | | | | |
| 1 | Adoption of Financial Statements and Reports thereon for the financial year ended 31st March, 2015 | | | |
| 2 | Declaration of Dividend on Equity Shares | | | |
| 3 | To appoint a Director in place of Ms. Aartii Topiwaala, Director who retire by rotation and being eligible offers herself for re-appointment | | | |
| 4 | Ratification of the appointment of M/s. S.S. Jain & Associates, Chartered Accountant as Statutory Auditor and fix their remuneration | | | |
| Special Business | | | | |
| 5 | To enhance Borrowing Powers of Board to Rs. 35 Crore | | | |
| 6 | Creation of Charges on the movable and immovable properties of the Company, both Present and Future | | | |

Signature of Shareholder(s)

Signature of Proxy Holder(s)

Signed this _____ day of _____ 2015

1 Rupee
Revenue
Stamp

Notes:

- 1) This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.
- 2) For the resolutions, Explanatory Statement and Notes, please refer to the Notice of the Annual General Meeting.
- 3) It is optional to indicate your preference. If you leave the 'for', 'against' or 'abstain' column blank against any or all of the resolutions, your proxy will be entitled to vote in the manner as he/she may deem appropriate.
- 4) A Proxy need not be a member of the Company.
- 5) In the case of joint holders, the signature of any one holder will be sufficient, but names of all the joint holders should be stated.



BOOK POST

**If Undelivered Please return to:
For Paramount Cosmetics (India) Limited
Registered Office:
A-1/2211, III Phase, G I D C, Vapi, Gujarat-396195**