



PARAMOUNT

Rising beyond imagination

PARAMOUNT COSMETICS INDIA LIMITED

TWENTY SEVENTH ANNUAL REPORT

2011-2012

PARAMOUNT COSMETICS INDIA LIMITED

2211, A-1, III Phase, G.I.D.C. Vapi - 396 195 Dist. -Valsad, Gujarat

BOARD OF DIRECTORS

 Mr. Hiitesh Topiwaalla,
 Managing Director

 Mr. Shishir B. Desai,
 Director

 Mr. V.N.Mehta,
 Director

 Ms. Aartii Topiwaala,
 Director

ISIN : INE143I01013
AUDITORS

 R.U. Jain & Co.
 Chartered Accountants,
 Mumbai

BANKERS

IDBI Bank Ltd.

REGISTERED OFFICE

 2211, A-1, III Phase, G.I.D.C. Vapi - 396 195
 Dist. -Valsad, Gujarat
 Email: compliance.officer@parammount.com
 Website: www.parammount.com
HEAD OFFICE

 902-904, 9th Floor,
 Prestige Meridian-1,
 29, M. G. Road,
 Bangalore - 560 001
 Ph: +91 80 25320870/71
 Fax: +91 80 25599065

 Email: compliance.officer@parammount.com
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@bfsi.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 **Twenty Seventh** Annual General Meeting of the Members of Paramount Cosmetics India Limited will be held on Saturday, the 29th day of September, 2012 at 11:00 a.m. at the Registered Office of the Company at 2211, A-1, III Phase, G.I.D.C Vapi – 396 195, District - Valsad, Gujarat, to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet of the Company as on March 31, 2012, the Profit & Loss Account for the financial year ended on that date together with the Cash Flow Statement for the year ended on that date and the report of the Board of Directors and Auditors thereon.
2. To declare Dividend on Equity Shares for the Financial Year 2011-12.
3. To appoint a Director in place of Mr. Shishir B. Desai, who retires by rotation and being eligible, offers himself for re-appointment.
4. To re-appoint Auditors of the Company, to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to authorize the Board of Directors to fix their remuneration.

“RESOLVED THAT M/s. R U Jain & Co., Chartered Accountants, be and are hereby appointed as Auditors to hold office from the conclusion of this Meeting until the conclusion of the next Annual General Meeting of the Company.

RESOLVED FURTHER THAT the Board of Directors or a Committee thereof be and are hereby authorized to determine the remuneration of the Auditors and the manner of its payment.”

NOTES:

- a. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES, IN ORDER TO BE EFFECTIVE, MUST BE RECEIVED AT THE REGISTERED OFFICE/ CORPORATE OFFICE OF THE COMPANY, NOT LESS THAN FORTY EIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING. A PROXY MAY NOT VOTE EXCEPT ON A POLL. **A PROXY FORM IS APPENDED WITH THE ADMISSION SLIP.**
- b. The Register of Members and Share Transfer Books of the Company will remain closed from Saturday 22, 2012 to Saturday, September 29, 2012 (both days inclusive), in terms of Section 154 of the Companies Act, 1956 and the Listing Agreement with the Bombay Stock Exchange where the Shares of the Company are listed.
- c. 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 to those Members whose names shall appear on the Company’s Register of Members on September 21, 2012. In respect of the Shares held in dematerialized form, the Dividend will be paid to Members whose names shall be furnished by National Securities Depository Ltd. (NSDL) and Central Depository Services India Ltd. (CDSL) as beneficial owners as on that date.
- d. Members requiring information on the account /notice are requested to write to the Company at least seven days before the date of the Meeting to enable the Company to furnish information.
- e. 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.
- f. 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
- g. As per the provisions of the Companies Act, 1956, facility for making nominations is available for shareholders, in respect of shares held by them. Nomination forms can be obtained from the Registrar and Share Transfer Agent of the Company.
- h. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding Shares in electronic form are therefore requested to submit the PAN to their depository participants with whom they are maintaining their demat accounts. Members holding Shares in physical form can submit their PAN details to the Company / Registrar and Transfer Agent of the Company.

- i. Corporate members are requested to send, a duly certified copy of the board resolution/power of attorney authorizing their representative to attend and vote at the Annual General Meeting.
- j. Members/proxies are requested to bring duly filled admission/attendance slips sent herewith along with the copies of Annual Reports at the Meeting.
- k. The Company's Securities are listed at the Bombay Stock Exchange Limited, Mumbai. The Company has paid Annual Listing fee to the Stock Exchange for the Financial Year 2012-13.

By order of the Board of Directors
of Paramount Cosmetics India Limited

Place: Bangalore
Date: 29th August, 2012

Sarika S Gandhi
Company Secretary

**Details of Directors seeking appointment / re-appointment at the Annual General Meeting to be held on September 29, 2012.
(Additional information pursuant to Clause 49 of the Listing Agreement)**

Particulars	Details
Name of the Director	Mr. Shishir B. Desai
Date of Birth	30.09.1953
Date of Appointment	15.12.2006
Brief Profile & Experience in specific functional areas	Rich and vast experience as a Solicitor and Advocate.
Qualification	LL.B, ACS, Solicitor- Supreme Court of England, Non Practising
Shareholding in the Company	NIL
List of other Indian Companies in which Directorships held as on March 31, 2012	Kokuyo Camlin Limited
List of Chairmanship/ Membership of the Committees of Board of Public Companies as on March 31, 2012	Paramount Cosmetics India Limited: Audit Committee - Member Remuneration Committee - Member Shareholder's Grievance Committee - Member

DIRECTORS' REPORT

Your Directors have pleasure in presenting the 27th Annual Report of your Company, together with the business operations for the year ended **31st March, 2012**.

FINANCIAL RESULTS

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

(Figures in Rs. lakh)

Particulars	Year ended 31.03.2012	Year ended 31.03.2011*
Sales and other income	4,478.25	4,321.58
Profit before Depreciation and Tax	466.94	361.36
Depreciation	72.92	40.40
Interest and Finance Charges	200.21	172.14
Profit before Tax	193.81	148.82
Net Profit	136.49	144.06
Surplus year to date	471.96	363.78
Appropriations	28.21	28.31
Balance carried forward to the Balance Sheet	443.75	335.47

* 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. 4478.25 lakhs as compared to Rs. 4,321.58 lakhs in the previous year, showing an increase of 4%. Profit before Interest and Depreciation for the current year is Rs. 466.94 lakhs which is 29% higher than the preceding year which was Rs. 361.36 lakhs. Profit after tax is Rs. 136.49 lakhs which is 5% lower than the preceding year which stood at Rs. 144.06 lakhs due to tax liability.

DIVIDEND

The Board of Directors are pleased to recommend payment of Dividend on Equity shares at Rs. 0.50/- per Equity share (i.e. at the rate of 5%), subject to approval by the Shareholders at the Annual General Meeting.

DIRECTORS

During the year under review, Mr. Shishir B. Desai, Independent Director, retires by rotation and being eligible offers himself for re-appointment.

BOARD COMMITTEES

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

CORPORATE GOVERNANCE REPORT

Your Company is committed to good Corporate Governance practices and upholds the highest standards of Corporate Governance.

A detailed report on Corporate Governance pursuant to the requirements of Clause 49 of the Listing Agreement forms part of this Annual Report. A Certificate from the Statutory Auditors of the Company, M/s. R U Jain & Co., Chartered Accountants, confirming compliance of conditions of Corporate Governance as stipulated under Clause 49 is provided in another part of this Annual Report.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

The Management Discussion & Analysis Report is included in another part of this Annual Report.

FIXED DEPOSITS

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

DIRECTORS' RESPONSIBILITY STATEMENT

The Directors Responsibility Statement specified under Section 217 (2AA) of the Companies Act, 1956 in respect of the financial statements is annexed to this Report.

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

Information pursuant to Section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 is annexed to this Report.

AUDITORS

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

AUDITORS' REPORT

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

PARTICULARS OF EMPLOYEES AND DISCLOSURE OF INFORMATION

No employees come under the category of being reported under the provisions of Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees Amendment) Rules, 2011 as amended by the Ministry of Corporate Affairs vide notification dated March 31, 2011.

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.

**For and on behalf of the Board of Directors of
Paramount Cosmetics India Limited**

**Dated: 29th August, 2012
Place: Bangalore**

**Hiitesh Topiwaalla
Managing Director**

ANNEXURES TO DIRECTORS' REPORT:

A. DIRECTORS' RESPONSIBILITY STATEMENT

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

- i) In the preparation of the Annual Accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- ii) The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as on March 31, 2012 and of the profit of the Company for the year ended March 31, 2012;
- iii) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv) The Directors have prepared the Annual Accounts of the Company on a 'going concern' basis.

B. INFORMATION AS PER SECTION 217 (1) (E) READ WITH COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2012:

I. CONSERVATION OF ENERGY

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

2. (A) TECHNOLOGY ABSORPTION

RESEARCH & DEVELOPMENT (R&D)

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

(B) TECHNOLOGY ABSORPTION, ADOPTION AND INNOVATION

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

(C) IN CASE OF IMPORTED TECHNOLOGY

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

3. FOREIGN EXCHANGE EARNINGS AND OUTGO

(a) Activity relating to Exports	Travel, purchase and sales
Initiative taken to increase Exports, development of new Markets for products and Services and export plan.	Not Applicable
(b) Total Foreign Exchange Used and earned:	
Foreign Exchange used:	Rs.1,04,51,811
Foreign Exchange earned:	Rs. 37,82,208

**For and on behalf of the Board of Directors of
Paramount Cosmetics India Limited**

**Dated: 29th August, 2012
Place: Bangalore**

**Hiitesh Topiiwaalla
Managing Director**

MANAGEMENT DISCUSSION AND 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

According to the projections of Associated Chambers of Commerce and Industry of India (ASSOCHAM) the market size of cosmetics industry which is currently estimated at Rs.10,000 Crores will double to be worth Rs. 20,000 Crores by 2014. The Indian Cosmetics Industry is expected to witness impressive growth rate in the near future. Clothes, perfumes, cosmetics, hair care are expected to strengthen their hold in the Tier I and Tier II cities.

The Indian cosmetics market which is unstructured and still in its stage of infancy, is said to offer an immense opportunity for cosmetic companies in the coming years. The increasing buying power, better availability, powerful advertising, high degree of product acceptability and rising fashion consciousness are seen as the main reasons for the estimation that the Indian cosmetic industry is set to grow at a phenomenal rate.

DEVELOPMENTS IN THE COMPANY DURING THE CURRENT YEAR

The year 2011-12 was marked by an overall rise in inflation. However, the Company by employing suitable controls, ensured its operational effectiveness by full utilization of in house manufacturing and stopped buying finished goods from external sources. In addition, the Company has employed key management personnel to ensure its planned growth potential, new product launches, creation of a strong foundation in Sales and Distribution for ensuring growth with leaps and bounds in the coming years.

The Company now aims to maximize its customer base, increase revenues and in the process increase stake holder value. Certain trends act as positive indicators for our Company, for instance, long term standing of our products in the market, increasing usage of cosmetics by both the sexes, greater awareness of our brands, easy availability and penetration of our products in the rural areas. In the coming years, the Company looks forward to stabilizing its products in the markets and spread its distribution channels.

The pristine Green field project as announced is also underway and construction has started. The whole project stems out from the long term vision of the Management in setting up an ultra modern state-of-the-art-facility with the objective of building core competence over the competitors and be instrumental in satisfying the customers and accomplish goals at a faster pace. The project will enable the Company with increased production capacity, cost efficiency, and better working capital management.

FINANCIAL PERFORMANCE**a. Sales and other income**

The Sales and other income of your Company for the year was Rs. 4,478.25 lakhs as against Rs.4,321.58 lakhs in the previous year, showing a growth of 4% over the previous year.

b. Material Costs

The material costs for the year were Rs.3,040.69 lakhs as against Rs. 3,165.05 lakhs in the previous year. The material costs have decreased by 5 % on account of initiation of in house manufacturing.

c. Employment Costs

The expenses pertaining to employment costs have increased from Rs. 350.30 lakhs in the previous year to Rs. 394.52 lakhs showing an increase of 11% on account of gearing up the core team for taking the Company to the next level.

d. Operational and other expenses

During the year under review, the operational and other expenses, as compared to the previous year, have increased by 8% from Rs. 536.75 lakhs to Rs.579.72 lakhs.

e. Finance Costs

The interest paid has increased from Rs. 172.14 lakhs in the previous year to Rs. 200.21 lakhs in the current year showing an increase of 16% over the last year. The interest cost has gone up due to upward growth of interest rates and increased utilization of working capital facilities by the Company.

f. Depreciation

The depreciation for the year was Rs. 72.92 lakhs as against Rs. 40.39 lakhs in the previous year showing an increase of 80.54 % due to addition to fixed assets.

g. Profit Before tax

Profit before tax (PBT) stood at Rs. 193.81 lakhs as against Rs. 148.82 lakhs in the previous year, showing an increase of 30%. The increase in the PBT was mainly due to a decrease in the cost of material on account of in house manufacturing.

h. Profit after tax

Profit after tax (PAT) stood at Rs. 136.49 lakhs as against Rs. 144.06 lakhs in the previous year, showing decrease 5.25% due to tax liability.

OPPORTUNITIES

The Company's Brands have evolved over the years, carry a strong market presence and have visibility in the market. The Company has been able to launch various products targeting both Female as well as Male. Thus, the products do not cater to the needs of the Female crowd alone. The Company has plans to penetrate into this segment and launch new products. This will result in increase in our consumer base and further generation of revenue. The Company is aggressively targeting the budget consumer audience through active Sales promotions and Discounts campaigns. Considering that India is a very price sensitive market, the pricing of our products is from low to mid price range, and therefore the growth prospects are higher. Our products are reasonably priced and easily available and thus give us an advantage over other competitors in the same category. Through further investment in our Brand promotions we will be in a position to reach to a larger customer base.

Constant research & innovation in our products, new & attractive packaging, design and pricing has also helped us establish our Brands. Lastly, the Company has the advantage of an aggressive and strong distribution network which is spread over the major cities.

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. Another constant threat to our Brands can be due to the ever changing consumer behavior.

In the Indian cosmetics market there is presence of a growing number of cosmetic companies competing with each other. There is additional threat from market leaders who dominate the cosmetic industry. Then there is the added threat from foreign competitors who are dumping their products in the Indian market. The smaller companies face a stiff and intense competition as a result of the increased preference of consumers towards the international products.

OUTLOOK

The current per capita consumption of cosmetics in India is still lower as compared to other emerging economies like China, Indonesia, Thailand, etc. This implies the growth of the untapped markets and thus shows that the Cosmetic industry has immense potential to grow. In the coming years, it is estimated that India's GDP will continue to grow. As the per capita income in the country rises, it will also provide the consumers with various new avenues in terms of brand experiences. Your Company will continue to concentrate on both product development and broadening of consumer base. It will enable the Company to increase stakeholder value to secure further competitive growth. The above objectives can be achieved through growth in volumes as well as by managing 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.

**For and on Behalf of the Board of Directors of
Paramount Cosmetics India Limited**

**Hiitesh Topiwaalla
Managing Director**

CORPORATE GOVERNANCE

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

1. COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE

The Company is committed to conducting its business based on the highest standards of Corporate Governance. The Company promotes a culture that is based on the principles of good Corporate Governance, integrity, equality, fairness, individual accountability and commitment to values.

The Company emphasizes the need for highest levels of transparency and accountability in all its transactions in order to protect the interests of all its stakeholders. The Board considers itself as a Trustee of its stakeholders and acknowledges its responsibility towards them for creation and safeguarding their wealth on sustainable basis.

2. BOARD COMPOSITION AND PARTICULARS OF DIRECTORS

BOARD COMPOSITION

The Company's policy is to maintain an optimum combination of Executive and Non-Executive Directors. The composition of the Board of the Company is in conformity with the Clause 49 of the Listing Agreement. As on 31st March 2012, the Board of the Company consisted of four (4) Directors comprising of 1 Executive Director and 3 Non-Executive Directors. The number of Independent Directors was not less than 50% of the total number of Directors in compliance with Clause 49(1) (A) of the Listing Agreement.

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, 2012 are indicated below:

Name of Director	Category	No. of Meetings Attended	Whether Attended Last Annual General Meeting	No. of Directorship in domestic public companies (including this Company)		No. of Committee memberships in domestic public companies (including this Company)	
				As Chairman	As Director	As Chairman	As Member
Mr. Hiitesh Topiwaalla	Promoter & Executive	5	Yes	NIL	1	NIL	NIL
Mr. V.N Mehta	Independent & Non-Executive	5	Yes	NIL	1	2	NIL
Mr. Shishir B. Desai	Independent & Non-Executive	5	No	NIL	2	NIL	2
Ms. Aartii Topiwaala	Promoter & Non-Executive	5	No	NIL	1	NIL	2

None of the Directors on the Board is a member of more than 10 Committees or Chairman of more than 5 Committees (as specified in Clause 49 of the Listing Agreement) across all public limited companies in which he/she is a Director.

Board Meetings

During the financial year ended March 31, 2012, 5 meetings of the Board of Directors were held on 14/05/2011, 10/08/2011, 31/08/2011, 15/11/2011 and 15/02/2012. The intervening period between the Board Meetings were within the maximum time gap prescribed under the Companies Act, 1956 and Clause 49 of the Listing Agreement.

3. CODE OF CONDUCT

The Company has adopted a Code of Conduct and Ethics which is applicable to all the Directors, Managers and all the employees of the Company. All the Board Members and Senior Management of the Company have affirmed compliance with the Code of Conduct for the financial year ended March 31, 2012. A declaration to this effect, duly signed by the Managing Director is annexed to this report.

4. AUDIT COMMITTEE

Composition: Audit Committee of the Board comprises of three Independent Directors namely Mr. V.N. Mehta, Chairman and Mr. Shishir B. Desai & Ms. Aartii Topiwaala as Members of the Audit Committee. The composition of the Committee is in confirmation with the requirements of Section 292A of the Companies Act, 1956 and also as per the requirements of Clause 49 (II) (A) of the Listing Agreement.

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

A. Powers of the Audit Committee:

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.

B. The role of the Audit Committee includes:

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. Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees.
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 before submission to the Board for approval, with particular reference to:
 - ◆ Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (2AA) of section 217 of the Companies Act, 1956.
 - ◆ Changes, if any, in accounting policies and practices and reasons for the same
 - ◆ Major accounting entries involving estimates based on the exercise of judgment by management
 - ◆ Significant adjustments made in the financial statements arising out of audit findings
 - ◆ Compliance with listing and other legal requirements relating to financial statements
 - ◆ Disclosure of any related party transactions
 - ◆ 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 utilization of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter.
7. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems.
8. 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.
9. Discussion with internal auditors any significant findings and follow up there on.
10. 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.
11. 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.
12. 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.
13. To review the functioning of the Whistle Blower mechanism.

14. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

The Audit Committee met five times during the year on 14/05/2011, 10/08/2011, 31/08/11, 15/11/2011 and 15/02/2012. All the members attended these meetings. In addition, the Managing Director and Finance Controller were present at the meetings of Audit Committee. Representatives of the Statutory Auditors were invited to the Meeting as and when required. The Company Secretary acted as the Secretary of the Audit Committee.

5. REMUNERATION COMMITTEE

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

Composition: The Remuneration Committee of the Board comprises Mr. V.N Mehta, as Chairman, Mr. Shishir B. Desai and Ms. Aartii Topiwaala as Members.

The Remuneration Committee met once during the financial year on August 10, 2011.

The Non-Executive Directors of the Company are paid sitting fee for attending Board Meetings only. No Commission was paid to the Non-Executive Directors. Details of the sitting fee paid for the year ended March 31, 2012 are as follows:

Name of the Director	Sitting Fee per Meeting	No. of Meetings attended	Total Fees
Mr. V.N. Mehta	Rs. 5000	5	Rs. 25,000/-
Mr. Shishir B. Desai	Rs. 5000	5	Rs. 25,000/-
Ms. Aartii Topiwaala	Rs. 5000	5	Rs. 25,000/-

The Managing Director is not eligible to receive sitting fees as per the Articles of Association of the Company. The Company has during the year paid remuneration to its Managing Director by way of salary and perquisites within the limits approved by the Shareholders and subject to the limits approved by the Central Government. Details of the remuneration to Managing Director during 2011-12 are as under:

Name	Salary (in Rs.)	Perquisites & Allowances (in Rs.)	Commission
Mr. Hiitesh Topiwaalla, Managing Director	24,00,000	36,49,420	5% of Net Profit of the Company

Details of the share of the Company held by Non-Executive Directors as on March 31, 2012

Name of Director	Number of Shares
Mr. V.N. Mehta	200
Mr. Shishir B. Desai	Nil
Ms. Aartii Topiwaala	2600

6. SHAREHOLDERS' GRIEVANCE COMMITTEE

The Shareholders' Grievance Committee has been constituted to specifically look into the redressal of Shareholders' complaints and other Shareholders related issues. During the financial year 2011-12 following were members of the Shareholders' Committee:

Mr. V.N Mehta- Chairman

Mr. Shishir B. Desai- Member

Ms. Aartii Topiwaala –Member

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

The Shareholders' Grievance Committee met once during the year on 12th February, 2012. All the Members attended the meeting. The Company Secretary acts as the Compliance Officer of the Committee.

Investor Complaints status as on 31-Mar-2012:

Opening Balance	Received during the financial year	Resolved during the financial year	Closing Balance
Nil	179	179	Nil

7. GENERAL BODY MEETING

The details of the Annual General Meetings held during last three year immediately before March 31, 2012 is given in the Table below:

Details of General Body Meetings:

Year	Date	Venue	Time
2010-11	September 30, 2011	2211, A-1, III Phase, GIDC Vapi-396 195, Dist-Valsad, Gujrat.	11.00 a.m.
2009-10	September 30, 2010	2211, A-1, III Phase, GIDC Vapi-396 195, Dist-Valsad, Gujrat.	11.00 a.m.
2008-09	September 30, 2009	2211, A-1, III Phase, GIDC Vapi-396 195, Dist-Valsad, Gujrat.	11.00 a.m.

Whether Special Resolutions-

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

8. DISCLOSURES

- i. **Related Party Transactions:** During the year 2011-12, besides the transactions reported in Note No. 29 to the Accounts 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. No penalties or strictures have been imposed on the Company by the Stock Exchange, SEBI or other statutory authorities relating to the above.
- iii. **Whistle Blower Policy:** The Company has adopted a Whistle Blower Policy and has established the necessary mechanism for employees to report concerns about unethical behavior. No personnel has been denied access to the Chairman of the Audit Committee.
- iv. **Disclosure by Senior Management:** Senior Management has made disclosure to the Board relating to 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:** Section 205 of the Companies Act, 1956 states that companies transfer Dividend that has been unclaimed for a period of Seven years from its Unpaid Dividend Account to the Investor Education & 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 of Transfer of IEPF	As on March 31, 2012
2010-11	Final Dividend	5%	30/09/2011	07/11/18	197,454.50

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.

9. MEANS OF COMMUNICATION

The quarterly, half yearly and annual financial results of the Company as required under Clause 41 of the Listing Agreement are published in English and Gujarati in the Western Times English and Western Times Gujarati.

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

10. GENERAL SHAREHOLDER INFORMATION

AGM: Date, time and venue	–	September, 29th 2012 at 11 a.m. 2211, A-1, III Phase, G.I.D.C. Vapi – 396195, Dist – Valsad, Gujarat
Financial Calendar	–	Year ending: March 31, 2012
Date of Book Closure	–	September 22, 2012 to September 29, 2012 (Both days inclusive)
Listing on Stock Exchanges	–	Bombay Stock Exchange Limited Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001
Scrip Name	–	PARAMOUNT CO
Scrip Code / Scrip ID	-	507970 / PARMCOS-B
Registrar and Transfer Agent	-	BgSE Financials Limited Stock Exchange Towers No. 51, 1 st Cross, J. C. Road, Bangalore- 560 027 Ph: 080 4132 9661 Email: rta_admin@bfsi.co.in

Distribution of Shareholding as on 31st March, 2012

Share held	No. of Shareholders	% of Shareholders	No. of Shares held	% of Shares held
01-500	7749	97.32	10,04,626	20.69
501-1000	152	1.90	1,10,090	02.27
1001-2000	38	0.48	52,244	01.08
2001-3000	7	0.10	17,217	00.35
3001-4000	4	0.05	14,874	00.31
4001-5000	3	0.04	13,369	00.28
5001-10000	3	0.04	21,300	00.44
10001-50000	2	0.02	50,700	01.04
50001 and above	4	0.05	35,70,580	73.54
Total	7,962	100.00	48,55,000	100.00

Shareholding Pattern as on 31st March, 2012

Category	No. Of Shares Held	Percentage of Shareholding
Promoters	36,28,390	74.73
Financial Institutions / Banks	2,100	00.04
Bodies Corporate	23,555	00.49
Mutual Funds and Unit Trust of India	0	00.00
Others	12,00,955	24.74
Total	48,55,000	100.00

Dematerialization of Shares and liquidity as on 31st March, 2012

The Company's shares are traded in physical and dematerialized form and are available for trading on both the Depositories in India – National Securities Depository Limited (NSDL) and Central Depository Services India Ltd. (CDSL). 34,75,540 Ordinary Shares of the Company representing 71.59% of the Company's share capital is dematerialized as on 31st March, 2012.

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

Plant Location-	Vapi-2211, A-1, III Phase, G.I.D.C., Vapi 396195 Dist : Valsad (GJ) Daman -168/244 & 168/245, Dabhel Industrial Society Limited, Dabhel, Daman.
Address for Correspondence-	Paramount Cosmetics India Limited 902-904, 9 th Floor, Prestige Meridian – I, 29, M.G. Road, Bangalore – 560 001 Phone: +91 080 2532 0870 / 71 Fax: +91 080 2559 9065 Email: compliance.officer@paramount.com

Chief Executive Officer (CEO) Certification as per Clause 49(V) of the Listing Agreement**Date: 29th August, 2012**The Board of Directors,
Paramount Cosmetics India Limited**Certification to the Board pursuant to Clause 49 (V) of the Listing Agreement**

I, Hiitesh Topiwaalla, Managing Director, hereby certify that in respect of the Financial Year ended on March 31, 2012:

- a. I have reviewed the financial statements and the cash flow statement of the Company for the year and declare that to the best of my knowledge and belief:
- I. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - II. these statements together present a true and fair view of the Company's affairs and are in compliance with the existing accounting standards, applicable laws and regulations.
- b. There are, to the best of my knowledge and belief, no transactions entered into by the Company during the year 2011-12 which are fraudulent, illegal or violative of the Company's Code of Conduct.
- c. I accept responsibility for establishing and maintaining internal controls for financial reporting and I have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and I have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any, of which I am aware and the steps taken or proposed to be taken to rectify the same.
- d. I have indicated to the Auditors and the Audit Committee:
- I. significant changes, if any, in internal control over financial reporting during the year 2011-12,
 - II. significant changes, if any, in accounting policies during the year 2011-12 and the same have been disclosed in the notes to the financial statements; and
 - III. instances of significant fraud, if any, wherein there has been involvement of management or an employee having a significant role in the Company's internal control system.

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

In accordance with Clause 49 sub-clause I (D) of the Listing Agreement entered into by the Company with Bombay Stock Exchange Limited, I hereby confirm that, all the Directors and Senior Management Personnel of the Company have affirmed compliance with the Code of Conduct and Ethics for the Financial Year ended March 31, 2012.

For Paramount Cosmetics India Limited**Place: Bangalore**
Date: 29th August, 2012**Hiitesh Topiwaalla**
Managing Director**AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE****To****The Members****Paramount Cosmetics India Limited**

We have examined the compliance of conditions of Corporate Governance by Paramount Cosmetics India Limited for the year ended March 31, 2012, 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 R.U Jain & Co
Chartered Accountants
R.U Jain
Proprietor
Membership No: 031097**Place: Bangalore**
Date: 29th August, 2012

AUDITORS' REPORT

To The Members

PARAMOUNT COSMETICS INDIA LIMITED

We have audited the attached Balance sheet of PARAMOUNT COSMETICS INDIA LIMITED as at 31st March 2012 and the Profit and Loss Account for the year ended on that date annexed there to and Cash Flow Statement of the Company for the year ended on that date. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.

1. We conducted our audit in accordance with Auditing Standards generally accepted in India. These Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material mis-statement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Management, as well as evaluating the overall financial presentation. We believe that our audit provides reasonable basis for our opinion.
2. As required by the Companies (Auditor's Report) Order 2003 (as amended) issued by the Central Government of India in terms of Sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure hereto a statement on the matters specified in paragraphs 4 & 5 of the said Order.
3. Further to our comments in the Annexure referred to in paragraph 2 above, we report that:
 - a) We have obtained all the information and explanations which, to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b) In our opinion, proper books of accounts as required by law, have been kept by the Company so far as appears from our examination of those books;
 - c) The Balance Sheet ,Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the Books of Accounts;
 - d) In our opinion, the Balance Sheet, the Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the mandatory Accounting Standards referred in sub section (3C) of Section 211 of the Companies Act, 1956;
 - e) In our opinion, and based on information and expectations given to us, none of the Director are disqualified as on 31st March 2012 from being appointed as directors in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
 - f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the Significant Accounting Policies and other notes thereon give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principle generally accepted in India, subject to :
 - a) Provision for gratuity for Rs. 6,87,588.73 is made for those employees who have completed five years of their service.
 - b) Balance of Debtors and Creditors are subject to confirmation & reconciliation, any loss on account of these are undeterminable.
 - i) In so far as related to the Balance Sheet, of the statement of affairs of the Company as at 31st March, 2012 :
 - ii) In so far as it relates to the Profit & Loss Account, of the Profit of Company for the period ended on that date; and
 - iii) In so far as it relates to the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

For R. U. JAIN & CO.
Chartered Accountants

R. U. JAIN
Proprietor
Membership No. 031037

Place : Bangalore,
Dated: 29th August, 2012

ANNEXURE TO AUDITORS' REPORT

Referred to in Paragraph 2 of our report of even date

1. In respect of its fixed assets:
 - a. The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets on the basis of available information.
 - b. As explained to us, the fixed assets have been physically verified by the management during the year in a phased periodical manner, which in our opinion is reasonable, having regard to the size of the Company and nature of its assets. No material discrepancies were noticed on such physical verification.
 - c. In our opinion, the Company has not disposed of substantial part of fixed assets during the year and the going concern status of the Company is not affected.
2. In respect of its inventories:
 - a. As explained to us, inventories have been physically verified by the management at regular intervals during the year, in our opinion the frequency of verification is reasonable.
 - b. In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
 - c. The Company has maintained proper records of inventories. As explained to us, there were no material discrepancies noticed on physical verification of inventory as compared to the book records.
3. In respect of the loans, Secured or Unsecured, granted or taken by the Company to/from Companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956 :
 - a. The Company has not granted secured/unsecured loans to any companies, firm or other parties covered in the register maintained under section 301 of the Companies Act 1956 consequently the requirement of clause (b) (c) & (d) of the paragraph 4 of the order are not applicable.
 - b. The Company has taken unsecured loans from five parties covered in the register maintained under section 301 of the Act. The maximum amount outstanding at any time during the year and the year-end balance of such loan aggregate to Rs.2,89,54,020/- and Rs. 2,85,43,416/- respectively.
 - c. In our opinion and according to the information and explanations given to us, the rate of interest, wherever applicable and other terms and conditions are not prima facie prejudicial to the interest of the Company, there is no stipulation about the repayment of five of these loan hence clause (iii) (g) is not applicable.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business for the purchase of inventory, fixed assets and also for the sale of goods and services. During the course of our audit, we have not observed any major weaknesses in internal controls.
5. In respect of transactions covered under Section 301 of the Companies Act, 1956 ;
 - (a) To the best of our knowledge and belief and according to the information and explanations given to us, we are of the opinion that the particulars of contracts or arrangements that needed to be entered into in the register maintained under Section 301 of the Companies Act, 1956 have been so entered.
 - (b) According to the information and explanations given to us, the transactions of purchase of goods and materials and sales of goods, material and services, made in pursuance to contracts or arrangement entered in the registers maintained under Section 301 of the Companies Act, 1956 and aggregating during the year to Rs.5,00,000/- (Rupees Five lacs only) or more in respect of each party, have been made at prices which in our opinion are reasonable having regard to prevailing market prices for such goods, materials or services or prices at which similar transactions have been made with other parties as the case may be, since the purchases/sales are for branded goods, comparative prices are not available.
6. According to the information and explanations given to us, the Company has not accepted any deposits from the public. Therefore, the provisions of clause (vi) of paragraph 4 of the Order are not applicable to the Company.
7. In our opinion, the company has an internal audit system commensurate with the size and nature of its business.
8. The Central Government has not prescribed maintenance of Cost Records under Section 209(1) (d) of the Companies Act, 1956 in respect of certain manufacturing activities of the Company.
9. In respect of statutory dues:
 - a. According to the records of the Company, undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance dues, Income-Tax, Sales-tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess, FBT and other material statutory dues have not been regularly deposited with the appropriate

authorities. According to the information and explanations given to us, Rs. 23,31,527/- undisputed amounts payable in respect of the aforesaid dues were outstanding as at 31st March 2012 for a period of more than six months from the date of becoming payable, as per Annexure 1.

- b. As at 31st March, 2012 there have been disputed Sales Tax dues aggregating to Rs.95,580/-, that have not been deposited on account of matters pending before appropriate appellate are as under:

Sr. No.	Name of statute	Nature of the Dues Sales Tax-	Amount (Rs.)	Forum where dispute is pending	Period to which the amount relates
1	Daman	Sales Tax	95,580	Commissioner (Appeals)	92-95

10. The Company does not have accumulated losses at the end of the financial year. The Company has not incurred cash loss during the financial year covered by our audit and the immediately preceding financial year.
11. Based on our audit procedures and according to the information and explanations given to us, we are of the opinion that the Company has not defaulted in repayment of dues to a financial institution or bank
12. In our opinion and according to the explanations given to us and based on the information available, no loans and advances have been granted by the Company on the basis of security by way of pledge of shares, debentures and other securities.
13. In our opinion, the Company is not a chit fund or a niche/mutual benefit fund/ society. Therefore, clause 4(xiii) of the Companies (Auditors' Report) Order 2003 as amended is not applicable to the Company.
14. The Company has not dealt in or of trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditors Report) order, 2003 are not applicable to the Company.
15. The Company has not given guarantees for loans taken by others from bank.
16. As explained to us, the Company has not raised any further business loan.
17. According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we are of the opinion that there are no funds raised on short term basis which have been used for long term investment.
18. During the year, the Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Companies Act, 1956.
19. The Company has not issued any debentures during the year.
20. The Company has not raised any money by way of public issue during the year.
21. In our opinion and according to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year that causes the financial statements to be materially misstated.

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

Proprietor
Membership No. 031037

Place: Bangalore,
Dated: 29th August, 2012

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

Sr.	Name of The Statute	Nature of the Dues	Amount	Period to Which Amount Relates	Due Date
1	VAT - All Depots	Sales Tax	22,03,210	From July 05 to Sept, 11	From August 05 to Oct, 11
2	Income Tax Act – Tax Deducted at Source	TDS	22,090	From April, 08 to Sept, 11	From May, 08 to Oct, 11
3	ESIC employees Contribution	ESIC	28,608	From April, 08 to Sept, 11	From May, 08 to Oct, 11
4	ESIC employers Contribution	ESIC	77,619	From March, 08 to Sept, 11	From May, 08 to Oct, 11
TOTAL			23,31,527		

BALANCE SHEET AS ON 31ST MARCH, 2012

	Schedule No.	AS AT 31.03.2012 Rs.	AS AT 31.03.2011 Rs.
EQUITY AND LIABILITIES			
Shareholders' funds			
Share Capital	1	48,550,000	48,550,000
Reserves and Surplus	2	152,930,406	142,129,321
Non-Current Liabilities			
Long-Term Borrowings	3	32,246,098	40,305,304
Other Long Term Liabilities	4	11,749,731	39,570,472
Long-Term Provisions	5	3,099,292	2,511,173
Current Liabilities			
Short-Term Borrowings	6	111,475,649	95,881,086
Trade Payables	7	99,465,270	97,797,379
Other Current Liabilities	8	21,290,604	26,491,514
Short-Term Provisions	9	5,500,625	4,486,007
	TOTAL	<u>486,307,675</u>	<u>497,722,256</u>
ASSETS			
Non-Current Assets			
Fixed Assets			
Tangible Assets	10	35,038,803	38,801,425
Intangible Assets		100,893,034	101,090,787
Capital Work-in-Progress		1,217,584	311,874
Deferred Tax Assets (Net)	11	1,848,973	-
Long-Term Loans and Advances	12	20,616,078	32,339,876
Other Non-Current Assets	13	12,837,384	15,817,837
Current assets			
Inventories	14	95,748,049	93,021,851
Trade Receivables	15	122,522,922	111,397,783
Cash and Bank Balances	16	23,231,238	28,815,337
Short-Term Loans and Advances	17	68,531,202	71,170,052
Other Current Assets	18	3,822,408	4,955,434
	TOTAL	<u>486,307,675</u>	<u>497,722,256</u>
Significant Accounting Policies Notes on Financial Statements.	1 to 30		

As per our attached report of even date.
R.U.JAIN & CO.

For and on behalf of the Board
Paramount Cosmetics India Limited.

Chartered Accountants

R.U. JAIN
Proprietor
M.No:031037

Bangalore
Dated: 29th August, 2012

Hiitesh Topiwaalla
Managing Director

Vishwajeet Mehta
Director

Sarika S. Gandhi
Company Secretary

Bangalore
Dated: 29th August, 2012

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2012

	Schedule No.	31.03.2012 Rs.	31.03.2011 Rs.
Income :			
Revenue from Operations	19	445,919,672	430,872,935
Other income	20	1,905,059	1,285,124
Total Revenue		447,824,731	432,158,059
Expenses :			
Cost of Materials Consumed	21	302,393,673	162,103,662
Purchases of Stock-in-Trade		3,819,055	160,853,538
Changes in Inventories of finished goods, work-in-progress and stock-in-trade	22	(2,143,076)	(6,451,104)
Employee Benefits Expense	23	39,452,290	35,029,559
Finance costs	24	20,021,017	17,214,383
Depreciation	10	7,292,125	4,039,616
Other Expenses	25	57,972,440	53,675,977
Total expenses		428,807,524	426,465,631
Profit before exceptional and extraordinary items and tax		19,017,207	5,692,429
Exceptional items	26	364,244	9,189,822
Profit before extraordinary items and tax		19,381,451	14,882,251
Extraordinary Items		-	-
Profit before tax		19,381,451	14,882,251
Tax expense:			
(1) Current Tax		7,581,972	3,411,304
(2) Deferred Tax	11	1,848,973	-
(3) Mat Entitlement		-	2,935,940
Profit (Loss) for the period from continuing operations		13,648,452	14,406,887
Profit/(loss) from discontinuing operations		-	-
Tax expense of discontinuing operations		-	-
Profit/(loss) from Discontinuing operations (after tax)		-	-
Profit (Loss) for the period		13,648,452	14,406,887
Earnings per equity share:			
(1) Basic		2.81	2.97
(2) Diluted			
Significant Accounting Policies Notes on Financial Statements.	1 to 30		

As per our attached report of even date.
R.U.JAIN & CO.

For and on behalf of the Board
Paramount Cosmetics India Limited.

Chartered Accountants

R.U. JAIN
Proprietor
M.No:031037

Bangalore
Dated: 29th August, 2012

Hiitesh Topiwaalla
Managing Director

Vishwajeet Mehta
Director

Sarika S. Gandhi
Company Secretary

Bangalore
Dated: 29th August, 2012

CASHFLOW STATEMENT FOR THE YEAR 2011-2012

Particulars	31.03.2012 Amount Rs.	31.03.2011 Amount Rs.
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit after taxation, and extraordinary items	13,648,452	14,406,887
Adjustments for :		
Profit/Loss on Sale of Fixed Asset	(364,244)	(9,189,822)
Depreciation	7,292,125	4,039,616
Deferred Revenue Expenditure written off	4,955,434	4,955,435
Transferred from Reserve and Surplus (Provision for Dividend and DDT)	(2,821,301)	-
Interest expense	20,021,017	17,214,383
Interest income	(1,877,564)	(530,881)
Operating profit before working capital changes	<u>40,853,919</u>	<u>30,895,617</u>
Adjustments for :		
Decrease/(Increase) in trade and other receivables	5,502,015	(43,429,260)
Decrease/ (Increase) in Inventories	(2,726,198)	(5,320,162)
Increase/(Decrease) in trade and other payable	114,821	(4,006,410)
Increase/(Decrease) in Deferred Advertisement Expenditure	(4,955,434)	(19,112,039)
Net Cash flow from Operating Activities	<u>38,789,123</u>	<u>(40,972,253)</u>
B CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(4,344,696)	(20,007,954)
Sale of Fixed assets	445,414	17,006,028
Interest received	1,877,564	530,881
Net Cash Flow from Investing activities	<u>(2,021,718)</u>	<u>(2,471,045)</u>
C CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Share Capital Calls in Arrears		
Interest paid	(20,021,017)	(17,214,383)
Dividends Paid (Including Dividend Distribution Tax)	(2,633,223)	-
Proceeds/(Repayment) from Non Current Borrowings	(35,291,827)	19,592,416
Proceeds from Short Term Borrowings	15,594,563	63,451,733
Net Cash flow from Financing Activities	<u>(42,351,504)</u>	<u>65,829,766</u>
Net Cash Flow during the year (A+B+C)	(5,584,099)	22,386,468
Cash and Cash Equivalents at the beginning of the year	28,815,337	6,428,869
Cash and Cash Equivalents at the end of the year	<u>23,231,238</u>	<u>28,815,337</u>

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

As per our attached report of even date.
R.U.JAIN & CO.

For and on behalf of the Board
Paramount Cosmetics India Limited.

Chartered Accountants

R.U. JAIN
Proprietor
M.No:031037

Bangalore
Dated: 29th August, 2012

Hiitesh Topiiwaalla
Managing Director

Vishwajeet Mehta
Director

Sarika S. Gandhi
Company Secretary

Bangalore
Dated: 29th August, 2012

Notes on Financial Statements for the Year ended 31st March, 2012
The Previous year figures have been regrouped/reclassified, where necessary to conform to the current year presentation.

	AS AT 31.03.2012 Amount (Rs)	AS AT 31.03.2011 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 Detail of Shareholders holding more than 5% Equity Shares :

Name of Shareholder	As at 31 March, 2012		As at 31 March, 2011	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Hiitesh Topiwaalla	3,107,530	64.01%	3,107,530	64.01%
Paramount Personal Care Private Limited	249,000	5.13%	249,000	5.13%
Total	3,356,530	69.14%	3,356,530	69.14%

1.2 The Reconciliation of Number of Equity Shares Outstanding and the amount of Equity Share Capital as at 31st March, 2012 and 31st March, 2011 is set out below :

Particulars	As at 31 March, 2012		As at 31 March, 2011	
	Equity Shares		Equity Shares	
	Number	Amount	Number	Amount
Shares outstanding at the beginning of the year	4,855,000	48,550,000	4,855,000	48,550,000
Add : Shares Issued during the year	-	-	-	-
Less : Shares bought back during the year	-	-	-	-
Shares outstanding at the end of the year	4,855,000	48,550,000	4,855,000	48,550,000

Notes on Financial Statements for the Year ended 31st March, 2012

2 RESERVE AND SURPLUS :	As at 31 March, 2012	As at 31 March, 2011
	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
Revaluation Reserve		
Opening Balance	26,066	176,326
Less : Transferred to Profit & Loss Account	26,066	150,260
Closing Balance	-	26,066
Profit and Loss Account :		
Opening Balance As Per Last Balance Sheet	33,547,605	21,971,395
Add : Net Profit For the Year	13,648,452	14,406,887
Balance	47,196,057	36,378,282
Proposed Dividend on Equity Shares	2,427,500	2,427,500
(Dividend Per Share Rs. 0.50 (Previous Year Rs. 0.50)		
Tax on Dividend	393,801	403,177
Closing Balance	44,374,755	33,547,605
Total	152,930,406	142,129,321
2.1	The Depreciation on revaluation of assets of Rs. 1,09,168/- (Net of Rs 26,066/- adjusted against Revaluation Reserve) for the year have been adjusted against the profit for the year, since the balance in revaluation reserve account is over. The amount on account of revaluation of fixed assets yet to be adjusted is Rs. 12,17,108/- which will be adjusted as depreciation in the future years.	
3 LONG TERM BORROWINGS	As at 31 March, 2012	As at 31 March, 2011
	Amount (Rs)	Amount (Rs)
Secured :		
From Bank	3,702,683	11,061,956
Term Repayments : 3 Years		
Unsecured :		
Loans From Related Parties	28,543,415	28,954,020
From Other	-	289,328
Total	32,246,098	40,305,304
3.1	Term Loan From ICICI Bank are secured against the hypothecation of respective vehicles.	
3.2	Term Loan	
Repayment Schedule	1 - 2 Year	2 - 3 Year
From Bank	7,359,274	3,702,683
From Other	289,328	-
	7,648,602	3,702,683
4 OTHER LONG TERM LIABILITES	As at 31 March, 2012	As at 31 March, 2011
	Amount (Rs)	Amount (Rs)
Deposit	10,473,289	10,434,402
Advance From Customers	282,330	8,438,930
Long Term Trade Payable	994,112	20,697,141
Total	11,749,731	39,570,472

Notes on Financial Statements for the Year ended 31st March, 2012

5	LONG TERM PROVISIONS	As at 31 March, 2012	As at 31 March, 2011
		Amount (Rs)	Amount (Rs)
	Provision for employee benefits		
	Gratuity	3,099,292	2,511,173
	Total	3,099,292	2,511,173

6	SHORT TERM BORROWINGS		
	Working Capital Loan		
	From Bank - Cash Credit	111,475,649	95,881,086
	Total	111,475,649	95,881,086

6.1 Cash Credit limit is secured by hypothecation of entire plant and machinery and all the current assets of the Company, equitable mortgage of industrial plot of the company at Dabhel and Vapi, office premises of associate company at Bangalore, personal guarantee of a Director of the Company and corporate guarantee of associate company.

7	TRADE PAYABLES		
	Micro, Small and Medium Enterprises	-	-
	others	99,465,270	97,797,379
	Total	99,465,270	97,797,379

7.1 The details of amount outstanding to Micro, Small and Medium Enterprises based on available information with the company is as under

Particulars	As at 31 March, 2012	As at 31 March, 2011
	Amount (Rs)	Amount (Rs)
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	-	-

8	OTHER CURRENT LIABILITES	As at 31 March, 2012	As at 31 March, 2011
		Amount (Rs)	Amount (Rs)
	Unclaimed Dividend	197,455	-
	Proposed Dividend	2,427,500	2,427,500
	Creditor for Capital Expenditure	534,786	-
	Current Maturities of Short Term Debts (Refer Note No 3.2)	7,648,602	8,828,547
	Other Payable		
	Statutory Payable	4,114,651	5,430,356
	Advance from Customer	744,527	5,768,823
	Tax on Dividend	393,801	403,177
	Other Payable	5,229,283	3,633,111
	Total	21,290,604	26,491,514

9	SHORT TERM PROVISIONS	As at 31 March, 2012	As at 31 March, 2011
		Amount (Rs)	Amount (Rs)
	Provision for Employee Benefits	1,251,920	1,181,506
	Provision for Income Tax (Net of Credit)	4,248,705	3,304,501
	Total	5,500,625	4,486,007

**NOTE - 10
FIXED ASSETS**

FIXED ASSET	GROSS BLOCK					ACCUMULATED DEPRECIATION					NET BLOCK	
	As at 31st March 2011	Additions/ (Disposals)	Acquired Through Business Combinations	Revaluations (Impairments)	As at 31st March 2012	Depreciation Charge for the year	Adjustment due to revaluations	On Disposals	As at 31st March 2012	As at 31st March 2012	As at 31st March 2011	
A TANGIBLE ASSETS												
Land	7,949,562	-	-	-	7,949,562	-	-	-	-	-	7,949,562	7,949,562
Buildings	8,547,325	536,473	-	-	9,083,798	475,739	-	-	4,327,714	4,756,084	4,695,350	4,695,350
Plant and Equipment	15,781,274	1,256,892	-	-	17,038,166	540,575	-	-	13,487,254	3,550,912	2,834,595	2,834,595
Furniture and Fixtures	16,043,922	582,746	-	-	16,626,668	778,235	-	-	12,787,341	3,839,327	4,034,816	4,034,816
Vehicles	25,451,493	(993,985)	-	-	24,457,508	4,715,717	-	(912,814)	11,032,920	13,424,588	18,221,476	18,221,476
Office equipment	1,324,772	470,273	-	-	1,795,045	91,869	-	-	887,626	907,419	529,015	529,015
Others (specify nature)												
Electric Installation	90,457	-	-	-	90,457	9,681	-	-	30,544	59,913	69,594	69,594
Computer Equipment	5,649,000	592,602	-	-	6,241,602	505,572	-	-	5,709,482	532,120	445,090	445,090
Factory Equipment	28,759	-	-	-	28,759	3,050	-	-	9,881	18,878	21,928	21,928
Total	80,866,564	2,445,001	-	-	83,311,565	7,120,438	-	(912,814)	48,272,762	35,038,803	38,801,425	38,801,425
B Intangible Assets												
Computer software	1,585,170	-	-	-	1,585,170	197,753	-	-	692,136	893,034	1,090,787	1,090,787
Copyrights, and patents and other intellectual property rights, services and operating rights	100,000,000	-	-	-	100,000,000	-	-	-	-	100,000,000	100,000,000	100,000,000
Total	101,585,170	-	-	-	101,585,170	197,753	-	-	692,136	100,893,034	101,090,787	101,090,787
C Capital Work In Progress												
Capital Work In Progress	311,874	905,710	-	-	1,217,584	-	-	-	-	1,217,584	311,874	311,874
Total	311,874	905,710	-	-	1,217,584	-	-	-	-	1,217,584	311,874	311,874
Grand Total	182,763,608	3,350,711	-	-	186,114,319	7,318,191	-	(912,814)	48,964,898	137,149,421	140,204,086	140,204,086
Previous year	174,361,682	8,901,926	-	-	183,263,608	4,189,876	-	(3,289,822)	43,059,522	140,204,086	132,202,214	132,202,214

Note : 1 . Depreciation for the period Rs. 72,92,125 includes Rs.1,09,168 relating to depreciation on Revalued amount of factory buildings. (Refer Note No. 2.1 in Reserve and Surplus)

Notes on Financial Statements for the Year ended 31st March, 2012

11	Deferred Tax Assets (Net)	As at 31 March, 2012	As at 31 March, 2011
		<u>Amount (Rs)</u>	<u>Amount (Rs)</u>
	Deferred Tax Assets		
	Disallowance under Income Tax Act, 1961	2,262,928	-
	Total - A	<u>2,262,928</u>	<u>-</u>
	Deferred Tax Liabilities		
	Related to Fixed Assets	413,955	-
	Total - B	<u>413,955</u>	<u>-</u>
	Total - (A - B)	<u>1,848,973</u>	<u>-</u>
12	LONG TERM LOANS AND ADVANCES	As at 31 March, 2012	As at 31 March, 2011
		<u>Amount (Rs)</u>	<u>Amount (Rs)</u>
	(Unsecured and Considered Good)		
	Trade Receivable	4,412,012	17,362,648
	Capital Advances	1,313,096	1,204,380
	Advance to Suppliers	10,382,918	4,604,183
	Deposits	1,294,080	2,218,118
	Advance Income Tax	1,708,470	5,041,737
	Other Loans and Advances*	1,505,502	1,908,811
	Total	<u>20,616,078</u>	<u>32,339,876</u>
	*Includes loan to Employees and Other Advances.		
13	OTHER NON CURRENT ASSETS	As at 31 March 2012	As at 31 March 2011
	(Unsecured and Considered Good)	<u>Amount (Rs)</u>	<u>Amount (Rs)</u>
	VAT Credits	5,169,069	4,327,115
	Other Non-Current Assets*	23,500	23,500
	Deferred Revenue Expenses	7,644,815	11,467,222
	Total	<u>12,837,384</u>	<u>15,817,837</u>
	*NSC Deposited With Daman Sales Tax Department.		
14	INVENTORIES	As at 31 March 2012	As at 31 March 2011
	As taken valued and as certified by the Management at lower of cost or Net Realisable value unless stated other wise	<u>Amount (Rs)</u>	<u>Amount (Rs)</u>
	Raw Materials	5,268,350	4,113,052
	Finished Goods	79,852,866	74,995,127
	Stock-In-Trade	7,001,879	9,716,542
	Packing Materials	3,624,954	4,197,130
	Total	<u>95,748,049</u>	<u>93,021,851</u>
15	TRADE RECEIVABLES	As at 31 March 2012	As at 31 March 2011
	(Unsecured and Considered Good)	<u>Amount (Rs)</u>	<u>Amount (Rs)</u>
	Over Six Month	3,715,274	4,452,356
	Others	118,807,648	106,945,427
	Total	<u>122,522,922</u>	<u>111,397,783</u>

Notes on Financial Statements for the Year ended 31st March, 2012

16 CASH AND BANK BALANCES	As at 31 March, 2012	As at 31 March, 2011
	Amount (Rs)	Amount (Rs)
Balance with Banks#	963,391	8,174,511
Cash on Hand	697,834	750,533
Fixed Deposit with Bank*	21,570,013	19,890,293
Total	<u>23,231,238</u>	<u>28,815,337</u>

*Fixed deposits with Bank includes Rs.5,16,000(P.Y. 5,16,000) deposit more than 12 months maturity.

*Margin Money Deposit Rs.24,41,123 (P.Y.22,57,500).

#Balance with Bank includes Unclaimed dividend of Rs.1,97,455 (Previous Year: NIL).

17 SHORT TERM LOAN AND ADVANCES (Unsecured and Considered Good)	As at 31 March, 2012	As at 31 March, 2011
	Amount (Rs)	Amount (Rs)
Deposit	57,500,000	57,500,000
Prepaid Expenses	760,442	793,867
Others*	10,270,760	12,876,185
Total	<u>68,531,202</u>	<u>71,170,052</u>

*Includes Advance to Suppliers Rs. 92,38,404 and Advance to Staff Rs. 6,09,323.

18 OTHER CURRENT ASSETS	As at 31 March, 2012	As at 31 March, 2011
	Amount (Rs)	Amount (Rs)
Deferred Revenue Expenses	3,822,408	4,955,434
Total	<u>3,822,408</u>	<u>4,955,434</u>

19 REVENUE FROM OPERATIONS	2011-12	2010-11
Particulars	Amount (Rs)	Amount (Rs)
Sale of Cosmetic Products	445,797,628	430,726,941
Other Operating Revenue	122,044	145,994
Total	<u>445,919,672</u>	<u>430,872,935</u>

19.1 PARTICULARS OF SALE OF PRODUCTS	2011-12	2010-11
Particulars	Amount (Rs)	Amount (Rs)
Sale of Cosmetics Products	433,603,743	269,542,346
Trading Sales of Cosmetics Products	12,193,885	161,184,595
Total	<u>445,797,628</u>	<u>430,726,941</u>

20 OTHER INCOME	2011-12	2010-11
	Amount (Rs)	Amount (Rs)
Interest	1,877,564	530,881
Other Non Operating Income	27,495	12,740
Miscellaneous Balance Written Back	-	741,503
Total	<u>1,905,059</u>	<u>1,285,124</u>

21 COST OF MATERIAL CONSUMED	2011-12		2010-11	
	Amount Rs.	% of Consumption	Amount Rs.	% of Consumption
Imported	11,200,479	3.70%	12,103,275	7.47%
Indigenous	291,193,194	96.30%	150,000,387	92.53%
Total	<u>302,393,673</u>		<u>162,103,662</u>	

Notes on Financial Statements for the Year ended 31st March, 2012

21.1	PARTICULARS OF MATERIAL CONSUMED	2011-12	2010-11
	Particulars	Amount (Rs)	Amount (Rs)
	Sheets and Folders	277,021,244	133,375,169
	Others	25,372,429	28,728,493
	Total	<u>302,393,673</u>	<u>162,103,662</u>
22	CHANGES IN INVENTORIES OF FINISHED GOODS AND STOCK-IN-TRADE	2011-12	2010-11
		Amount (Rs)	Amount (Rs)
	Inventories (at Close)		
	Finished Goods	86,854,745	84,711,669
	Inventories (at Commencements)		
	Finished Goods	84,711,669	78,260,565
	Total	<u>2,143,076</u>	<u>6,451,104</u>
23	EMPLOYEE BENEFITS EXPENSE	2011-12	2010-11
		Amount (Rs)	Amount (Rs)
	Salary and Wages	30,759,078	29,255,439
	Director Remuneration	6,049,420	2,940,540
	Contribution to Provident Fund and Other Fund	2,170,845	2,206,487
	Staff Welfare Expenses	472,947	627,094
	Total	<u>39,452,290</u>	<u>35,029,559</u>
24	FINANCE COSTS	2011-12	2010-11
		Amount (Rs)	Amount (Rs)
	Interest Expense	18,609,169	14,339,871
	Other Borrowing Costs	1,245,981	2,768,938
	Net loss on foreign currency transactions and translation	165,867	105,575
	Total	<u>20,021,017</u>	<u>17,214,383</u>
25	OTHER EXPENSES	2011-12	2010-11
		Amount (Rs)	Amount (Rs)
	Manufacturing Expenses		
	Consumable Stores and Spares	227,469	146,128
	Labour Charges	2,043,726	1,853,733
	Electric Power & Fuel	559,112	510,913
	Repairs to Building	278,534	17,579
	Repairs to Machinery	19,665	11,400
	Total	<u>3,128,506</u>	<u>2,539,753</u>
	Selling and Distribution Expenses		
	Advertisement, Selling and Distribution Expenses	<u>33,164,454</u>	<u>30,203,575</u>
	Establishment Expenses		
	Legal and Professional Charges	4,247,746	3,856,086
	Rent	1,818,588	1,719,369
	Insurance	191,813	161,753
	Rates & Taxes	1,614,668	523,864
	Other Repairs	3,437,287	3,006,606
	Travelling and Conveyance	2,091,589	3,304,488
	Payment to Auditor	319,871	319,870
	Postage and Telephone	2,003,823	2,432,824
	Printing Stationary	572,136	604,703
	Other Expenses	5,381,958	5,003,084
	Total	<u>21,679,480</u>	<u>20,932,648</u>
	Total	<u>57,972,440</u>	<u>53,675,977</u>

Significant Accounting Policies Notes on Financial Statements.

26	EXCEPTIONAL ITEMS	2011-12	2010-11
	Surplus on sale of Fixed assets	364,244	9,189,822

27.1 VALUE OF CONSUMABLE CONSUMED :

	2011-12		2010-11	
	Amount (Rs)	% of Consumption	Amount (Rs)	% of Consumption
Imported	NIL	NIL	NIL	NIL
Indigenous	227,469	100%	146,128	100%
TOTAL	227,469	100%	146,128	100%

27.2	VALUE OF IMPORT ON CIF BASIS IN RESPECT OF	2011-12	2010-11
	Raw Materials	10,451,811	7,112,176

27.3	PAYMENT TO AUDITOR'S	2011-12	2010-11
	1 Audit Fee	82,726	82,725
	2 Tax Audit Fee	60,665	60,665
	3 Certificate & Other services	176,480	176,480
	TOTAL	319,871	319,870

27.4	EARNINGS IN FOREIGN CURRENCY	2011-12	2010-11
	FOB value of Export Sales	3,746,126	2,168,298

27.5 A Sum of Rs.28,702(Previous Year : Rs.2,07,870) is included under establishment expenses representing Net Prior Period Items.

27.6	EXPENDITURE IN FOREIGN CURRENCY	2011-12	2010-11
	Travelling	84,800	95,400

28	EARNINGS PER SHARE:	2011-12	2010-11
	i) Net Profit after tax as per Statement of Profit and Loss attributable to Equity Shareholders	13,648,452	14,406,887
	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.)	2.81	2.97
	iv) Face Value per equity share (In Rs.)	10	10

29 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 Topiiwaalla	Key Management Personal
2.	Aartii Topiwaala	
3.	Paramount Kumkum Private Limited	Associates
4.	Paramount Personal Care Private Limited	
5.	Parcos Brands Communication Private Limited	
6.	PETL Exports Private Limited	

(ii) Transaction during the year with related parties

					Amount (Rs)
Sr. No.	Nature of Transaction	Year	Key Management Personal		Others
1	Unsecured Loan Taken(Repaid)	2011-12	(410,604)	-	
		2010-11	88,385	24,500,000	
2	Purchase of Goods	2011-12	-	5,275,539	
		2010-11	-	-	
3	Remuneration	2011-12	6,049,420	-	
		2010-11	2,940,540	-	
4	Director Sitting Fees	2011-12	25,000	-	
		2010-11	-	-	
Balance as at 31st March, - 2012					
1	Unsecured Loan	2011-12	4,043,406	24,500,000	
		2010-11	4,454,020	24,500,000	
2	Sundry Creditors	2011-12	(6,902,648)	-	
		2010-11	-	-	

30 CONTINGENT LIABILITIES AND COMMITMENTS

1 : Contingent Liabilities in respect of :

a. The Sales Tax demand in dispute at various depots and contested in appeal

	For the Year	2011-12 Amount (Rs)	2010-11 Amount (Rs)	Forum
1	1992-1995	95,580	95,580	Commissioner of (Appeals) Daman
2	1999-2000	-	123,192	Board of Revenue, Guwahati
3	1998-1999	-	175,708	Board of Revenue, Guwahati
4	1997-1998	-	250,797	Board of Revenue, Guwahati
5	1996-1997	-	300,000	Board of Revenue, Guwahati

b. Liability in respect of Letter of Credit opened with bank - Rs.14,43,380(Previous Year Rs.63,96,866).

2 : Commitments of :

The estimated amount of contracts remaining to be executed on capital accounts (Net of Advance) and not provided for Rs. 3,67,67,090 (Previous Year Rs. 9,96,052).

- Balances of Debtors, Creditors, Loans and Advances are subject to confirmation.
- 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.
- The future liability towards the payment of interest on Hire Purchase loans will be accounted as and when accrue.
- 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.
R.U.JAIN & CO.

 For and on behalf of the Board
Paramount Cosmetics India Limited.
Chartered Accountants
R.U. JAIN
 Proprietor
 M.No:031037

 Bangalore
 Dated: 29th August, 2012

Hiitesh Topiwaalla
 Managing Director

Vishwajeet Mehta
 Director

Sarika S. Gandhi
 Company Secretary
 Bangalore
 Dated: 29th August, 2012

Dematerialization of Shares

Dear Shareholder,

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

Considering the advantages of scrip less trading, we request you to have your Equity Shares dematerialized in case you are still holding them in physical form. The procedure for dematerialization is very simple and is briefly enumerated below:

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

The ISIN of the Company is:

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

Mr. Nagesh Rao

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

Thanking you,

Yours Truly,

For Paramount Cosmetics India Limited

Sarika S Gandhi
Company Secretary

PARAMOUNT COSMETICS INDIA LIMITED

Regd. Office: 2211, A-1, III Phase, GIDC, Vapi- 396 195, Dist. Valsad, Gujarat

ATTENDANCE SLIP

Full name of the member attending:

Full name of the First Joint holder.....

(To be filled in if first named joint-holder does not attend meeting)

Name of the Proxy.....

(To be filled in if Proxy Form has been duly deposited with the Company)

I hereby record my presence at the Twenty Seventh Annual General Meeting of the Company to be held at 2211, A-1, III Phase, GIDC Vapi- 396 195, Dist Valsad, Gujarat on Saturday, September 29, 2012 at 11:00 a.m.

Registered Folio No.:

*DP ID No.....

No. of Shares held:.....

* Client ID No:

Signature of the Shareholder/ Proxy

Note: Shareholder/Proxy must hand over the duly signed attendance slip at the venue.

* Applicable for the members holding shares in electronic form.

PARAMOUNT COSMETICS INDIA LIMITED

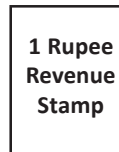
Regd. Office: 2211, A-1, III Phase, GIDC, Vapi- 396 195, Dist. Valsad, Gujarat

PROXY FORM

Regd . Folio No.: No of Shares:

*DP ID No: *Client ID No:

I/We of being a member of Paramount Cosmetics India Limited do hereby appoint of or failing him/her of as my/our Proxy to attend and vote for me/us, on my/our behalf at the 27th Annual General Meeting of the members of the Company to be held on Saturday, September 29, 2012 at 11:00 a.m at 2211, A-1, III Phase, GIDC, Vapi- 395 196, Dist. Valsad, Gujarat and at any adjournment thereof.



Signed this day of 2012

No. of Shares held:

Name of the Proxy:

Signature of Member
NOTES:

1. The Form should be signed across the stamp as per specimen signature registered with the Company.
2. The proxy form should be deposited at least 48 hours before commencement of the meeting at the registered office of the Company.
3. A proxy need not be a member of the Company.
4. The submission by a member of this form of proxy will not preclude such member from attending in person and voting at the Meeting.

* Applicable for the members holding shares in electronic form.

BOOK-POST**If Undelivered Please return to :****PARAMOUNT COSMETICS INDIA LIMITED****REGISTERED OFFICE**

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

Dist. Valsad, Gujarat