



PARAMOUNT

Rising beyond imagination

PARAMOUNT COSMETICS (INDIA) LIMITED

TWENTY NINTH ANNUAL REPORT 2013-2014

CORPORATE INFORMATION**BOARD OF DIRECTORS**

Mr. Hiitesh Topiwaalla, Managing Director
 Mr. Shishir B. Desai, Director
 Mr. V.N. Mehta, Director
 Ms. Aartii Topiwaala, Director
 Mr. Mukesh Kumar Tyagi, Director (w.e.f 8.05.2014)

COMPANY SECRETARY

Nitya Babu

STATUTORY AUDITORS

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

BANKERS

IDBI Bank Ltd.

ISIN: INE143I01013

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

CORPORATE 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 Ninth Annual General Meeting** of the Members of Paramount Cosmetics (India) Limited will be held on Tuesday, the 30th day of September, 2014 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, 2014 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 2013-14.
3. To appoint a Director in place of Ms. Aartii Topiwaala (holding DIN 03487105), Director who retires by rotation and being eligible seeks re-appointment.
4. To appoint Auditors 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 and other applicable provisions, if any, of the Companies Act, 2013 and the Rules made thereunder, including any statutory modification(s) or re-enactment(s) thereof for the time being in force, M/s. S.S. Jain & Associates, Chartered Accountants (Membership No. 038664) be and are hereby appointed as Auditors of the Company, to hold office from the conclusion of this Annual General Meeting of the Company until the conclusion of the fifth consecutive Annual General Meeting of the Company, subject to ratification of their appointment by the shareholders at every Annual General Meeting of the Company and to fix their remuneration.”

SPECIAL BUSINESS:

5. **Appointment of Mr. V. N. Mehta (DIN 02800993), as an Independent Director of the Company**

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 Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 (“the Act”) read with Schedule IV to the Act and the Companies (Appointment and Qualification of Directors) Rules, 2014, including any statutory modification(s) or re-enactment(s) thereof for the time being in force, Mr. V.N. Mehta (DIN 02800993), Director of the Company who retires by rotation at the Annual General Meeting, be and is hereby appointed as an Independent Director of the Company to hold office for a term upto five consecutive years commencing from 30th September, 2014.

6. **Appointment of Mr. Shishir B Desai (DIN 01453410), as an Independent Director of the Company**

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 Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 (“the Act”) read with Schedule IV to the Act and the Companies (Appointment and Qualification of Directors) Rules, 2014, including any statutory modification(s) or re-enactment(s) thereof for the time being in force, Mr. Shishir B Desai (DIN 01453410), Director of the Company who retires by rotation at the Annual General Meeting, be and is hereby appointed as an Independent Director of the Company to hold office for a term upto five consecutive years commencing from 30th September, 2014.

7. **Appointment of Mr. Mukesh Kumar Tyagi (DIN 01649644), as an Independent Director of the Company**

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 Sections 149, 152 and all other applicable provisions of the Companies Act, 2013 (“the Act”) read with Schedule IV to the Act and the Companies (Appointment and Qualification of Directors) Rules, 2014, including any statutory modification(s) or re-enactment thereof for the time being in force, Mr. Mukesh Kumar Tyagi (DIN: 01649644), who was appointed as an Additional Director pursuant to the provisions of Section 161(1) of the Companies Act, 2013 and the Articles of Association of the Company and who holds office up to the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for 5 (five) consecutive years commencing from 30th September, 2014.”

8. **Revise the terms of payment of remuneration to Mr. Hiitesh Topiwaalla (DIN 01603345), Managing Director of the Company**

To consider and if thought fit, to pass with or without modification(s), the following resolution as a **Special Resolution**:

“RESOLVED THAT in accordance with provisions of Section 196, 197 read with Schedule V and all other applicable provisions of Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), approval of the Company be and is hereby accorded to revise the remuneration payable to Mr. Hiitesh Topiwaalla as Managing Director of the Company for a period of two years and eleven months w.e.f 1.05.2014 to 31.03.2017 on the following terms and conditions:

(A)	Salary	Rs. 63,00,000/- per annum
(B)	Perquisites, allowances	Rs. 37,00,000/- per annum
(C)	Commission	5% of the net profit of the Company

(D) OTHER BENEFITS

- (i) Earned /privilege leave: As per the rules of the Company.
- (ii) Contribution to Provident Fund, Superannuation fund or annuity fund as per the Company's rules and applicable provisions of the relevant statutes. Gratuity payable should not exceed half month's salary for each completed year of service subject to maximum prescribed limit.
- (iii) Use of Company's car and telephone at residence for official purposes.

The valuation of perquisites shall be as per the provisions of the Income Tax Act, 1961, including any modification, amendment or re-enactment thereof from time to time.

(E) The Managing Director, so long as he functions as such, shall not be paid any sitting fee for attending meetings of the Board of Directors or any Committee(s) thereof.

(F) TERMINATION

The appointment of Managing Director may be terminated by either party by giving a notice in writing to the other party at least six calendar months before the date of termination.

In the event of termination of appointment of Managing Director by the Company, he shall be entitled to receive compensation in accordance with provisions of Section 202 of Companies Act, 2013 and the Rules made there under for the time being in force.

(G) MINIMUM REMUNERATION IN CASE OF INADEQUACY OF PROFITS

The Remuneration payable to Mr. Hiitesh Topiwaalla shall be subject to the provisions of Section 197 and 198 and Schedule V of the Companies Act, 2013 and the Rules framed there under for the time being in force.

If in any financial year during the tenure of his service, the Company has no profits or its profits are inadequate, the Company shall pay to Mr. Hiitesh Topiwaalla, Managing Director, a minimum remuneration, not exceeding the higher of the limits under (A) and (B) below.

- (A) Remuneration as approved by Central Government,
- (B) Maximum remuneration permitted to be paid without the approval of the Central Government, in accordance with the provisions of Part II of Schedule V of the Companies Act, 2013, read with the Rules and regulations as may be applicable for the time being in force, subject to minimum remuneration as may be approved, if any, by Shareholders in General Meeting.

RESOLVED FURTHER THAT the detailed salary break up as enumerated above, may be interchanged/ expanded as may be agreed by and between Mr. Hiitesh Topiwaalla and the Company, within the overall remuneration limit of Rs. 100,00,000 per annum.

RESOLVED FURTHER THAT the Company Secretary be and is hereby authorised to make necessary applications to Central Government for obtaining approval as above, including accepting any modifications that may be proposed by the Central Government and to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution including filing of necessary statutory forms with ROC.

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

Place: Bangalore
Date: 6th August, 2014

**By Order of the Board
For Paramount Cosmetics (I) Ltd**

**Nitya Babu
Company Secretary**

NOTES

1. An Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 relating to the Special Businesses 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 Wednesday, 24th September, 2014 to Tuesday, 30th September, 2014 (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 to those members whose names shall appear on the Company's Register of Members on September 23, 2014. 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 that date.
5. In accordance with the Articles of Association of the Company, one-third of the directors who are liable to retire by rotation (except Mr. Hiitesh 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 AGM. 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. Accordingly, resolutions proposing appointment of Independent Directors are given at item nos. 5 to 7. The relevant details of Directors seeking appointment / re-appointment under item no. 3, 5, 6 and 7 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, read with the relevant Rules of the Act, the Company is pleased to provide the facility to Members to exercise their right to vote by electronic means. The Members, whose names appear in the Register of Members / list of Beneficial Owners as on Saturday, 30th August, 2014, i.e. the cut-off date for members entitled to vote on the Resolutions set forth in this Notice. Members who have acquired shares after the above date and before the book closure may approach the Company for issuance of the User ID and Password for exercising their right to vote by electronic means. The e-voting period will commence at 9.00 a.m. on Wednesday, 24th September, 2014 and will end at 5.00 p.m. on Friday, 26th September, 2014. The Company has appointed Mr. Umesh Munjal, Practising Company Secretary, to act as the Scrutinizer, for conducting the scrutiny of the votes cast. The Members desiring to vote through electronic mode may refer to the detailed procedure on e-voting given hereinafter.

PROCEDURE FOR E-VOTING:

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

In case of members receiving e-mail:

- (i) Log on to the e-voting website www.evotingindia.com
- (ii) Click on "Shareholders" tab.
- (iii) 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.
- (iv) Next enter the Image Verification as displayed and Click on Login.
- (v) 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.
- (vi) 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)- 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 last 8 digits of the demat account/folio number in the PAN field. In case the folio 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 folio number 100 then enter RA00000100 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. 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 number of shares held by you as on the cut off date in the Dividend Bank details field .

- (vii) After entering these details appropriately, click on "SUBMIT" tab.
- (vii) Members holding shares in physical form will then reach directly 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.
- (ix) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (x) Click on the EVSN for "Paramount Cosmetics (I) Ltd" on which you choose to vote.
- (xi) 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.
- (xii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xiii) 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.
- (xiv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xv) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.
- (xvi) If Demat account holder has forgotten the changed password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) are required to log on to <http://www.evotingindia.com> and register themselves as Corporates.
- They should submit a scanned copy of the Registration Form bearing the stamp and sign of the entity to helpdesk.evoting@cdslindia.com.
- After receiving the login details they have to create a user who would be able to link the account(s) 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.
- They should upload a scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, in PDF format in the system for the scrutinizer to verify the same.

In case of members receiving the physical copy:

- (A) Please follow all steps from sl. no. (i) to sl. no. (xvii) above to cast vote.
 - (B) The voting period begins on 24th September, 2014 at 9:00 a.m. and ends on 26th September, 2014 at 5:00 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 30th August, 2014, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
 - (C) 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.
1. Members holding shares in demat form are hereby informed that bank particulars registered with their respective Depository Participant(s), with whom they maintain their demataccounts, 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.
 2. 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.
 3. 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/RTA.
 4. 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.
 5. 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:
2211/A-1, III Phase, G I D C,
Vapi, Gujarat-396195
CIN: L24240GJ1985PLC008282

Place: Bangalore
Date: 6th August, 2014

By Order of the Board
For Paramount Cosmetics (I) Ltd

Nitya Babu
Company Secretary

STATEMENT PURSUANT TO SECTION 102(1) OF THE COMPANIES ACT, 2013 (“the Act”)

The following Statement sets out all material facts relating to the Special Business mentioned in the accompanying Notice:

Item No. 3

As per the provisions of Section 152(6)(a) of the Act, Ms. Aartii Topiwaala, Director of the Company seeks re-appointment at the Annual General Meeting to be held on September 30, 2014.

Brief resume and details of Ms. Aartii Topiwaala are as under:

Particulars	Details
Name of the Director	Aartii Topiwaala
Date of Birth	18.07.1972
Date of Appointment	31.03.2011
Brief Profile & Experience in specific functional areas	Rich experience of more than 19 years in the fashion industry
Qualification	Bachelor of Commerce
Shareholding in the Company	2600 Equity shares of Rs.10/- each
List of other public Companies in which Directorships held as on March 31, 2014	NIL
List of Chairmanship/ Membership of the Committees of Board of Public Companies as on March 31, 2014	Paramount Cosmetics (India) Limited: Audit Committee - Member Remuneration Committee - Member Shareholder's Grievance Committee- Member Share Transfer Committee - Member

Item No. 5 and 6

It is proposed to appoint Mr. V.N. Mehta and Mr. Shishir B Desai as Independent Directors under Section 149 of the Act and Clause 49 of the Listing Agreement to hold office for another five consecutive years for a term up to the conclusion of the 34th Annual General Meeting of the Company in the calendar year 2019. Mr. V.N. Mehta and Mr. Shishir B Desai are not disqualified from being appointed as Directors in terms of Section 164 of the Act and have given their consent to act as Directors.

The Company has received notices in writing from members alongwith the deposit of requisite amount under Section 160 of the Act proposing the candidatures of each of Mr. V. N Mehta and Mr. Shishir B Desai for the office of Directors of the Company.

In the opinion of the Board, Mr. V. N Mehta and Mr. Shishir B Desai fulfill the conditions for appointment as Independent Directors as specified in the Act and the Listing Agreement. Mr. V. N Mehta and Mr. Shishir B Desai are independent of the management.

Brief resume of Mr. V. N Mehta and Mr. Shishir B Desai, nature of their expertise and other details are as under:

Particulars	Details	Details
Name of the Director	V.N. Mehta	Shishir B Desai
Date of Birth	23.01.1956	30.09.1953
Date of Appointment	31.07.2009	15.12.2006
Brief Profile and experience	Rich and vast experience of more than 29 years in supply chain management, channel partner network management, operations, logistics management and commercial aspects of FMCG industry	Rich and vast experience as a Solicitor and Advocate

Particulars	Details	Details
Qualification	Bachelor of Commerce	LLB, ACS, Solicitor- Supreme Court of England, Non Practising
Shareholding in the Company	177 Shares	NIL
List of other companies in which Directorship held as on March 31, 2014	NIL	Kokuyo Camlin Limited Bijur Delimon India Private Ltd Agadi Sunrise Hospital Pvt Ltd.
List of Chairmanship/Membership of the Committees of the Board of Public Companies as on March 31, 2014	Paramount Cosmetics (I) Ltd: Audit Committee Chairman Remuneration Committee- Chairman Shareholders Grievance Committee- Chairman	Paramount Cosmetics (I) Ltd: Audit Committee-Member Remuneration Committee- Member Shareholders Grievance Committee- Member

Mr. V.N. Mehta and Mr. Shishir B Desai are interested in the resolutions set out respectively at Item Nos. 5 and 6 of the Notice with regard to their respective appointments.

The relatives of Mr. V.N. Mehta and Mr. Shishir B Desai may be deemed to be interested in the resolutions set out respectively at Item Nos. 5 and 6 of the Notice, to the extent of their shareholding interest, if any, in the Company.

Save and except the above, none of the other Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in these resolutions.

The Board recommends the Ordinary Resolutions set out at Item Nos. 5 and 6 of the Notice for approval by the shareholders.

Item No. 7

The Board of Directors of the Company appointed, pursuant to the provisions of Section 161(1) of the Act and the Articles of Association of the Company, Mr. Mukesh Kumar Tyagi as an Additional Director of the Company with effect from May 8, 2014.

In terms of the provisions of Section 161(1) of the Act, Mr. Mukesh Kumar Tyagi would hold office up to the date of the ensuing Annual General Meeting.

The Company has received a notice in writing from a member alongwith the deposit of requisite amount under Section 160 of the Act proposing the candidature of Mr. Mukesh Kumar Tyagi for the office of Director of the Company.

Mr. Mukesh Kumar Tyagi is not disqualified from being appointed as a Director in terms of Section 164 of the Act and has given his consent to act as a Director.

Section 149 of the Act inter alia stipulates the criteria of independence should a company propose to appoint an independent director on its Board. As per the said Section 149, an independent director can hold office for a term up to 5 (five) consecutive years on the Board of a company and he shall not be included in the total number of directors for retirement by rotation.

Mr. Mukesh Kumar Tyagi possesses appropriate skills, experience and knowledge, inter alia, in the field of finance. In the opinion of the Board, Mr. Mukesh Kumar Tyagi fulfills the conditions for his appointment as an Independent Director as specified in the Act and the Listing Agreement. Mr. Mukesh Kumar Tyagi is independent of the management.

Brief resume and details of Mr. Mukesh Kumar Tyagi are as under:

Particulars	Details
Name of the Director	Mukesh Kumar Tyagi
Date of Birth	01.02.1965
Date of Appointment	08.05.2014
Brief Profile and experience in specific functional areas	Practising Chartered Accountant with more than 24 years of experience in accounts, taxation, foreign trade, assurances, management consulting, business advisory and set up services.
Qualification	Member of Institute of Chartered Accountants of India (ICAI)
Shareholding in the Company	NIL
List of other companies in which directorships held as on March 31, 2014	Pumec Consultants Pvt Ltd Prime CFO Management PvtLtd
List of Chairmanship/Membership of the Committees of the Board as on March 31, 2014	Paramount Cosmetics (I) Ltd: NIL

Keeping in view his vast expertise and knowledge, it will be in the interest of the Company that Mr. Mukesh Kumar Tyagi is appointed as an Independent Director.

Save and except Mr. Mukesh Kumar Tyagi and his relatives, to the extent of their shareholding interest, if any, in the Company, none of the other Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution set out at Item No. 7 of the Notice.

The Board recommends the Ordinary Resolution set out at Item No. 7 of the Notice for approval by the shareholders.

Item No. 8

The Board of Directors of the Company (the 'Board'), at its meeting held on July 7, 2014 has, subject to the approval of the members, approved the revision in terms of remuneration to be paid to Mr. Hiitesh Topiwaalla as Managing Director, for a period of two years and eleven months effective from 1st May, 2014 to 31st March, 2017 as recommended by the Nomination and Remuneration Committee at its meeting held on 30th May, 2014.

It is proposed to seek the members' approval for the revision in terms of remuneration payable to Mr. Hiitesh Topiwaalla as Managing Director in terms of the applicable provisions of the Act.

Broad particulars of the terms of remuneration payable to Mr. Hiitesh Topiwaalla are as per resolution set out at item no.8 of the Notice

INFORMATION IN PURSUANCE OF SECTION II OF PART II OF SCEHDULE V OF COMPANIES ACT, 2013 ARE AS BELOW:

1. General Information

- | | | |
|-----|--|---|
| (1) | Nature of Industry | Manufacturing of Traditional Cosmetics |
| (2) | Date of commercial production or expected date of commencement of commercial production | Commercial Production has already Commenced |
| (3) | In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus. | Not Applicable |

(4) Financial performance based on given indicators.	(Rs. in Crores) 2013-14
	Gross Sales 47.39
	Profit/(Loss) after Tax 1.50
	Rate of Dividend 6%
	Earning per Share (in Rs.) 3.09
(5) Export Performance & net foreign exchange earnings	Foreign Exchange earned and used during financial year 2013-14:
	(Rs. in Crores)
	Foreign exchange earned 0.63
	Foreign Exchange used 1.42
	Net Foreign Exchange Earning (0.79)
(6) Foreign investments or collaborators, if any.	The Company has no foreign investment/ collaborations as on date.

2. Information about the appointee:

Name	Mr. Hiitesh Topiwaalla
Age	42 years
Qualification	Bachelor of Commerce
No. of Equity Shares held in the Company	31,89,540
Expertise / Employment records	Mr. Hiitesh Topiwaalla was appointed as Director in the Company in 1991. He was then appointed as Managing Director of the Company w.e.f 01.08.2005. He was re-appointed in 2009. He has been re-appointed again in AGM 2013 and the same is to take effect from 1.4.2014. Mr. Topiwaalla brings with him rich experience in cosmetic industry, with his vision and leadership qualities he is preparing Paramount Group for the emerging competitive, globalised business environment and steer it to greater heights.
Other Directorships	<ol style="list-style-type: none"> 1. Paramount Kum Kum Pvt. Ltd. 2. Paramount Personal Care Pvt. Ltd 3. PETL Exports Pvt. Ltd. 4. Parcos Brands Investment Pvt. Ltd. 5. Parcos Brands Pvt. Ltd. 6. Parcos Brands Communication Pvt. Ltd.
Board Committees Memberships	Share Transfer Committee -Chairman
Background Details	Details given herein above.
(b) Past Remuneration	The remuneration drawn by Mr. Hiitesh Topiwaalla during the past five years is as follows:-

Year	Rs. In Lacs
2009-10	27.62
2010-11	29.41
2011-12	60.49
2012-13	83.71
2013-14	83.71

(c) **Recognition or Awards** N.A

(d) **Job Profile and his suitability** Mr. Hiitesh Topiwaalla is associated with Paramount Cosmetics India Ltd since 23 years and designated as Managing Director since 2005. He has rich and thorough knowledge in overall operations of company's business, products, processes, markets, competition, employee relations and has extensive knowledge of present state of affairs of the Company. His interests include developing new innovative products, new methods and approach across various operations towards standardization. He is the driving force of the Company in creating, cultivating and nurturing values for all stakeholders, customers, society and environment through continuous advanced innovation. His vast experience in FMCG sector of cosmetics industry has helped the Company grow considerably.

(e) **Remuneration proposed** As set out in the Notice at Item No. 8

(f) **Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person.**

Name of the Company	Designation	Financial Year	Total Remuneration p.a.
HUL	Managing Director & CEO	2012-13	101,249,000
Godrej Consumer Products Ltd	Managing Director	2012-13	55,889,000
Dabur India Ltd.	Whole Time Director	2012-13	55,514,582\
Emami Ltd	Managing Director	2012-13	10,311,910

(g) **Pecuniary relationship directly or indirectly with the Company, or relationship with the managerial personnel, if any.** Does not have any pecuniary relationship with the Company except remuneration drawn by him as Managing Director and as member to the extent of his shareholding in the Company. He is related to Ms. Aartii Topiwaala, Director.

3. Other Information:

(a) **Reasons of loss or inadequate profits**

The Profit after Tax for the year ended 31st March 2014 was 1.5 Crore. The reason for inadequate profit is rise in the costs involved to run the infrastructure.

(b) **Steps taken or proposed to be taken for improvement**

The Company has taken necessary steps to reduce cost and a new line of products will be introduced in market which will improve the turnover by adding additional production capacity from the new factory at Shoolagiri.

(c) **Expected increase in productivity and profits in measurable terms**

Expansion of production capacity with innovative new products coupled with necessary cost control is expected to increase the profits.

4. Disclosures:

The shareholders are informed about the remuneration package of the managerial person in the resolution and explanatory statement above.

The following disclosures shall be mentioned in the Board of Director's report under the heading "Corporate Governance", if any, attached to the annual report :

- (i) All elements of remuneration package such as salary, benefits, bonuses, stock options, pensions etc of all the directors;
- (ii) Details of fixed component and performance linked incentives along with the performance criteria;
- (iii) Service contracts, notice period, severance fees;
- (iv) Stock option details, if any, and whether the same been issued at a discount as well as the period over which accrued and over which exercisable.

As per Schedule V, the proposed remuneration has to be approved by a Special Resolution.

The relatives of Mr. Hiitesh Topiwaalla may be deemed to be interested in the resolutions set out respectively at Item No. 8 of the Notice, to the extent of their shareholding interest, if any, in the Company.

Save and except the above, none of the other Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in these resolutions.

The Board recommends the Special Resolution set out at Item No. 8 of the Notice for approval by the shareholders.

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

Place: Bangalore
Date: 6th August, 2014

By Order of the Board
For Paramount Cosmetics (I) Ltd

Nitya Babu
Company Secretary

DIRECTORS' REPORT

Your Directors have pleasure in presenting the 29th Annual Report of your Company, together with the business operations for the year ended **31st March, 2014**.

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 31.03.2014	Year ended 31.03.2013*
Sales and other income	4757.16	4682.22
Profit before Depreciation, Interest and Tax	473.97	486.59
Depreciation	60.48	60.38
Interest and Finance Charges	187.88	208.97
Profit before Tax	225.61	217.23
Net Profit	150.18	141.50
Surplus year to date	703.07	585.25
Appropriations	35.70	35.32
Balance carried forward to the Balance Sheet	667.37	552.93

* 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. 4757.16 lakhs as compared to Rs.4682.22 lakhs in the previous year, showing an increase of 1.6 %. Profit after tax is Rs.150.18 lakhs which is 6.13% higher than the preceding year which stood at Rs. 141.50 lakhs due to increase in sales volume and reduction in finance cost.

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.

DISCLOSURES UNDER SECTION 217 OF THE COMPANIES ACT, 1956

Except as disclosed elsewhere in the Annual Report, there have been no material changes and commitments, which can affect the financial position of the Company between the end of financial year and the date of this report.

DIRECTORS

During the year under review, Ms. Aartii Topiwaala would retire by rotation at the ensuing Annual General Meeting and, being eligible, offers herself for reappointment.

Mr. Mukesh Kumar Tyagi has been appointed as Additional Director and in respect of whom the Company has received notices from shareholder for his appointment as Director in the ensuing Annual General Meeting.

In terms of Section 149 of the Companies Act, 2013, the Board proposes appointment of Mr. V.N. Mehta and Mr. Shishir B Desai who are Independent Directors as Non-rotational Directors for a period of five years at the ensuing Annual General Meeting. The Company has also received notices from shareholder for their appointment as Independent Directors at the ensuing Annual General Meeting.

A brief resume of the Directors proposed to be appointed/reappointed as required under Clause 49 of the Listing Agreement, is provided in the Statement annexed to the Notice of the Annual General Meeting forming part of the Annual Report.

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 Practicing Company Secretary, M/s. Umesh Kumar & Associates, 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

Pursuant to the provisions of Section 139 (2) of Companies Act, 2013, an audit firm which has completed more than two terms of five consecutive years shall not be eligible for re-appointment as auditors in the same company for five years from the completion of such term. Since the retiring auditor M/s R.U. Jain & Co. have completed the aforesaid term, the Board in its meeting held on 6th August, 2014 have proposed to appoint M/s S.S. Jain & Associates for a term of five consecutive years. M/s S. S Jain and Associates confirmed their eligibility under Section 141 of the Companies Act, 2013 for appointment as auditors of the Company.

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.

Place: Bangalore
Dated: 6th August, 2014

On behalf of the Board of Directors
Sd/-
Hiitesh Topiwaalla
Managing Director

ANNEXURES TO DIRECTORS' REPORT:

A. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors confirm that:

- i) in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- ii) appropriate accounting policies have been selected and applied consistently, and have 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 at 31 March, 2014 and of the profits of the Company for the period ended on that date;
- iii) proper and sufficient care has been taken for the 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 fraud and other irregularities; and
- iv) the annual accounts have been prepared 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 2014:

1. CONSERVATION OF ENERGY

- a) **Energy Conservation measures taken** – 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. 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. TECHNOLOGY ABSORPTION

(A) RESEARCH & DEVELOPMENT (R&D)

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

(B) TECHNOLOGY ABSORPTION, ADOPTION AND INNOVATION

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

(C) IN CASE OF IMPORTED TECHNOLOGY

- | | | |
|-----|---|---|
| (a) | Technology imported | No new technology has been imported during the year |
| (b) | Year of Import | Not Applicable |
| (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 |
|-----|-------------------------------|----------------------------|

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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. 14,178,158/-

Foreign Exchange earned :

Rs. 63,14,121/-

Place: Bangalore
Dated: 6th August, 2014

On behalf of the Board of Directors

Sd/-

Hiitesh Topiiwaalla
Managing Director

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

The outlook for the Indian FMCG industry appears bright amid higher income levels and the expansion of the model retail format. The rising beauty concerns among both men and women are propelling the Indian cosmetics industry, which has witnessed a strong growth in the last few years. A new research report titled "**Indian Cosmetic Sector Forecast to 2015**" sees that the Indian cosmetics industry holds promising growth prospects for both existing and new players with rising purchasing power and growing fashion consciousness. The Indian cosmetics market is estimated to expand at a CAGR of around 17% during the period 2013-2015.

Cosmetics business in India is flourishing with higher speed among rural and urban population. Consistent increase in per capita income witness the prosperity of country, which results in growing number of middle income population and holding of higher purchasing power. Swift of larger middle income group ultimately widens the consumer market in India. Competition between the companies has given greater choices to consumers among new style brands products and services in Indian market. Overall, the FMCG sector has a great opportunity for growth marked by rising disposable incomes, increasing rural consumption, growing population, education, urbanisation, modern retail formats and a consumption-driven society.

DEVELOPMENTS IN THE COMPANY DURING THE CURRENT YEAR

Based on the demands of customers, the Company has developed complete new set of packaging, new promotions and innovations to maintain the products brand image in the market and to stay ahead amidst the competitive environment. 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.

The necessary machinery for manufacturing traditional and innovative cosmetic products is expected to be installed by the end of the year at the pristine green field project of the Company. The whole project stems out with the objective of building core competence over the competitors and be instrumental in satisfying the customers and accomplish goals at a faster pace with increased production capacity, cost efficiency, and better working capital management. The Indian consumers are evolving and constantly looking for innovative products and hence, the Company is focusing on bringing inventive products to the market, make optimum use of the extra production facility, develop exclusive product for export through its continuous efforts and research. In addition, necessary equipment for testing and quality control have been organised for carrying out research and development activities as we believe that continuous innovation will be vital to the growth of the Company in the coming years.

Human assets is one of the biggest assets for any company. Therefore, the Company has recruited right talent for all areas viz. Marketing and branding, quality control, research and development, operations, sales and distribution, finance and controlling, corporate and compliance team. This high talent and motivated team is expected to take the Company to greater pinnacles.

FINANCIAL PERFORMANCE

a. Sales and other income

The Sales and other income of your Company for the year was Rs. 4757.16 lakhs as against Rs. 4682.22 lakhs in the previous year, showing a growth of 1.6% over the previous year.

b. Material Costs

The material costs for the year were Rs. 3231.49 lakhs as against Rs. 3213.92 lakhs in the previous year. The material costs as to percentage to sales has reduced by 0.71%

c. Employment Costs

The expenses pertaining to employment costs have increased from Rs.402.18 lakhs in the previous year to Rs. 432.28 lakhs showing an increase of 7.48% 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 6.93% from Rs.579.52 lakhs to Rs.619.68 lakhs.

e. Finance Costs

The interest paid has decreased from Rs. 208.97 lakhs in the previous year to 187.88 lakhs in the current year

showing a decrease of 10.09% over the last year. The interest cost has gone down due to better utilization of working capital facilities by the Company.

f. Depreciation

The depreciation for the year was Rs. 60.48 lakhs as against Rs. 60.38 lakhs in the previous year showing an increase of 0.17 % due to addition to fixed assets.

g. Profit before tax

Profit before tax (PBT) stood at Rs. 225.61 lakhs as against Rs. 217.23 lakhs in the previous year, showing an increase of 3.86%. The increase in the PBT was mainly due to an increase in sale and reduction in interest charges.

h. Profit after tax

Profit after tax (PAT) stood at Rs. 150.18 lakhs as against Rs.141.50 lakhs in the previous year, showing increase of 6.13% due to increase in sales.

OPPORTUNITIES

The Company's Brands have evolved over the years, carry a strong market presence and have visibility in the market. The Company is aggressively targeting the budget consumer audience through active sales promotions. 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 edge 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, brand promotions, new & attractive packaging, design and pricing has helped us to establish our brands and to reach to a larger customer base. Lastly, the Company has the advantage of an aggressive and strong distribution network which is spread over 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. Some of the other constraints to our brands are the ever changing consumer behaviour, 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 the Board of Directors

Sd/-

Hiitesh Topiwaalla

Managing Director

Place: Bangalore

Dated: 6th August, 2014

REPORT ON CORPORATE GOVERNANCE

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 include: professionalization of the Board and fair and transparent processes and reporting systems.

II. BOARD OF DIRECTORS

BOARD COMPOSITION

The composition of the Board as on 31st March, 2014 is in conformity with Clause 49 of the Listing Agreement, laying down an optimum combination of Executive and Non-Executive Directors, with not less than 50 per cent of the Board comprising of Non- Executive Directors, and at least one-half comprising of Independent Directors for a Board chaired by Executive Director. As on March 31, 2014, Company's Board consists of 4 members. Besides the Chairman, who is an Executive Promoter Director, the Board comprises of one Non-Executive Promoter Director and Two Non-Executive Independent 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, 2014 are indicated below:

Name of Director	Category	RelationShip with Othe Director	Attendance Particulrs			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	4	4	Yes	NIL	1	NIL	NIL
Mr. V. N. Mehta	Independent & Non-Executive	*	4	4	Yes	NIL	1	2	NIL
Mr. Shishir B. Desai	Independent & Non Executive	*	4	4	No	NIL	2	NIL	2
Ms. Aartii Topiwaala	Promoter & Non-Executive	Wife of Mr. Hitesh Topiwaala	4	4	No	NIL	1	NIL	2

* None of the Independent Directors are related to any other director of the Company.

** Number of directorships in public companies includes Paramount Cosmetics (I) Ltd;

*** For this purpose only Audit Committees and Investors' Grievance Committees of Public companies have been considered.

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

III. 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 Director 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.

IV. BOARD MEETINGS

During the financial year 2013-14, the Board of Directors met Four (4) times on the following dates:-

May 30, 2013; July 31, 2013; November 9, 2013; February 14, 2014

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.

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.

 Code of Conduct

The Board had prescribed the Code of Conduct for all Board Member(s) and Senior Management.

 Declaration by C.E.O.

The Managing Director of the Company has given the Certificate as below as per the requirement of Clause 49 of Listing Agreement:

The Board of Directors,
Paramount Cosmetics (I) Ltd

Dear Sir,

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 2013-14 ended on 31st March, 2014.

Sd/-

Place: Bangalore
Date: 6th August, 2014

Hiitesh Topiwaalla
Managing Director

V. AUDIT COMMITTEE**Composition:**

The composition of the Audit 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. As on March 31, 2014, the Audit Committee comprises of:

Name	Designation	Category
Mr. V.N. Mehta	Chairman	Independent Director
Mr. Shishir B Desai	Member	Independent Director
Ms. Aartii Topiwaala	Member	Non-executive Promoter Director

* The Committee has been re-constituted in the meeting of the Board of Directors held on May 30, 2014 with inclusion of Mr. Mukesh Kumar Tyagi as a member and withdrawal of Mr. Shishir B Desai as a member of the Committee.

The Company Secretary is the Secretary of the Audit Committee.

Terms of Reference:

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

I. 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.

II. 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 nonpayment 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.

Meetings:

During the Financial Year 2013-14, the Audit Committee met four times on 30.05.2013, 31.07.2013, 9.11.2013 and 14.02.2014. All the members attended these meetings. 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, 2014 reviewed the Annual Accounts for the period ended 31st March, 2014.

VII. 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 Executive Director, to consider, approve and recommend the remuneration of the Whole Time Director/Managing Director.

Composition: The 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
Ms. Aartii Topiwaala	Member	Non-executive promoter director

* As per Section 178 of Companies Act, 2013, the Committee has been renamed as 'Nomination and Remuneration Committee' and reconstituted on May 8, 2014 with inclusion of Mr. Mukesh Kumar Tyagi, Independent director as a member.

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 meeting for which Rs. 5000 per meeting was paid. The aggregate amount of sitting fees paid during the financial year was Rs. 60,000.

Further, the remuneration paid/payable to Mr. Hiitesh Topiwaalla, Managing Director of the Company for the financial year ended 31.03.2014 are as follows:

Per Annum (In Rs.)

Particular	Amount
Basic Salary	33,00,000/-
Allowances & Perquisites	50,71,200/-
Total	83,71,200/-

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

VIII. Shareholding of the Non Executive Directors in the Company

Details of the share of the Company held by Non-Executive Directors as on March 31, 2014:

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%

IX. SHAREHOLDERS' GRIEVANCE COMMITTEE

Constitution-

The Shareholders' Grievance 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. Shishir B Desai	Member	Independent Director
Ms. Aartii Topiwaala	Member	Non-executive promoter director

*As per Section 178 of Companies Act, 2013, the Committee has been renamed and re-constituted on May 30, 2014 as 'Stakeholders Relationship Committee' with inclusion of Mr. Mukesh Kumar Tyagi, Independent director as a member and withdrawal of Mr. Shishir B Desai as a member of the Committee.

Terms of Reference

The Shareholders' Grievance Committee has been constituted to specifically look into the redressal of Shareholders' complaints and other Shareholders 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' Grievance Committee met once during the year on 14th February, 2014. All the Members attended the meeting.

□ Compliance Officer

The Company secretary is the Compliance Officer as per the requirements of the Listing Agreement.

□ Complaints received / resolved

Investor Complaints status as on 31-Mar-2014:

Opening Balance	Received during the financial year	Resolved during the financial year	Closing Balance
Nil	19	19	Nil

□ Pending Share Transfers

No requests for transfer and / or dematerialisation were pending for redressal as on 31st March, 2014.

X. 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.

XI. GENERAL BODY MEETING

The details of the Annual General Meetings held during last three year immediately before March 31, 2014 is given in Table below:

Year	Date	Venue	Time	No. of Special Resolutions Passed at AGM
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.	-
2010-11	September 30, 2011	2211, A-1, GIDC Vapi-396 195, Dist-Valsad, Gujrat	11.00 a.m.	One

XII. 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.

XIII. DISCLOSURES

- i. **Related Party Transactions:** During the year 2013-14, besides the transactions reported in Notes to 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 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 for Transfer to IEPF	As on 31-3-2014
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/-

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.

XIV. 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).

XV. Management Discussion and Analysis Report

The Management Discussion and Analysis Report and Risk Management Process Highlights forms part of the Annual Report.

XVI. GENERAL SHAREHOLDER INFORMATION

1. **AGM: DATE, TIME AND VENUE –** September 30, 2014 at 11 a.m.
VIA Hall, Vapi Industrial Association,
Plot No. 135, VIA House,
GIDC, Vapi- 396 195

2. **FINANCIAL CALENDAR –** Year ending: March 31, 2014

3. APPOINTMENT / RE-APPOINTMENT OF DIRECTORS :

In accordance with the provisions of Companies Act, 1956 and Articles of Association of the Company, Ms. Aartii Topiwaala, Director retires by rotation at the ensuing Annual General Meeting of your Company, and being eligible, offers herself for re-appointment.

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

4. DATE OF BOOK CLOSURE:

24th September, 2014 to 30th September, 2014 (both days inclusive) fixed for the purpose of payment of Dividend for the year 2013-2014.

5. DIVIDEND PAYMENT DATE

The Board of Directors of the Company have decided to recommend dividend @ 0.60 paisa per share (being 6% of the nominal value of Rs.10 per share) (Proposed) for the financial year 2013-14, subject to the approval of the shareholders in the forthcoming AGM.

- (i) The dividend, if declared at the Annual General Meeting, would be paid/dispached with in 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, 2014 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 Members 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, 2014.
- (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/ RTA.

6. LISTING

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

LISTING	Scrip Name–	Scrip Code / Scrip ID -
Bombay Stock Exchange Limited (BSE) PhirozeJeejeebhoy 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.

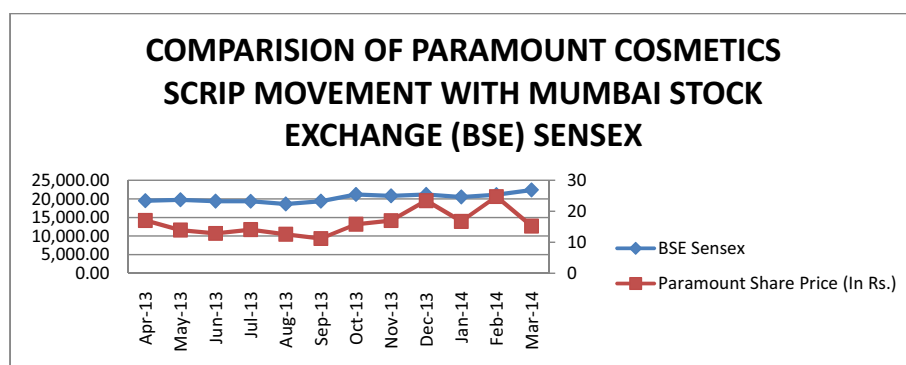
7. MARKET PRICE DATA:

High and Low prices during each month of Financial Year 2012- 2013 on Bombay Stock Exchange Limited are as under:

Month	High	Low	Close	Volume (No. of Shares)
Apr, 2013	19.10	17.05	17.05	1608
May, 2013	17.90	13.95	13.95	1367
Jun, 2013	13.51	12.27	12.88	1879
Jul, 2013	14.21	11.72	14.10	1595
Aug, 2013	13.95	12.61	12.61	6615
Sep, 2013	12.50	11.06	11.25	1444
Oct, 2013	15.83	11.80	15.83	3009
Nov, 2013	17.85	14.50	17.00	3874
Dec, 2013	23.40	17.50	23.40	3867
Jan, 2014	22.25	16.75	16.75	716
Feb, 2014	24.70	14.45	24.70	8885
Mar, 2014	24.70	15.00	15.25	9803

The Closing Price represents the price on the last trading day of each month of Financial Year 2013-2014

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



Distribution of Shareholding as on 31st March, 2014

Share held	No. of Shareholders	% of Shareholders	No. of Shares held	% of Shares held
01-500	7523	97.17	970036	19.98
501-1000	147	1.90	105946	2.18
1001-2000	45	0.58	62513	1.30
2001-3000	9	0.12	22327	0.46
3001-4000	4	0.05	14317	0.29
4001-5000	2	0.02	8869	0.18
5001-10000	2	0.09	49712	1.02
10001-50000	2	0.02	50700	01.04
50001 and above	4	0.05	3570580	73.55
Total	7800	100.00	4855000	100.00

Shareholding Pattern as on 31st March, 2014

Category	No. Of Shares Held	Percentage of Shareholding
Promoters	3628390	74.74
Financial Institutions / Banks	2100	00.04
Bodies Corporate	26813	00.55
Mutual Funds and Unit Trust of India	0	00.00
Others	1197697	24.67
Total	4855000	100.00

8. SHARE TRANSFER SYSTEM

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. INVESTORS RELATION CENTERS**Paramount Cosmetics (I) Ltd**

Corporate Office : 902-904, 9th Floor, Prestige Meridian – I - 29, M.G. Road, Bangalore – 560 001.

Paramount Cosmetics (I) Ltd.

Registered Office : A-1/2211, G.I.D.C. Vapi – 396 195 Dist : Valsad (GJ)

10. INVESTORS COMMUNICATION**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.

Registrar and Transfer Agents- BgSE Financials Limited

Stock Exchange Towers No. 51, 1st Cross, J.C Road, Bangalore- 560 027
Ph: 080 4124 5039 Email: rta_admin@bfsi.co.in

Dematerialization of Shares and liquidity as on 31st March, 2014

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). 35,24,248 Ordinary Shares of the Company representing 72.59% of the Company's share capital is dematerialized as on 31st March, 2014.

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

Plant Location- Vapi- 2211/A-1, G.I.D.C. Vapi – 396 195 Dist : Valsad (GJ)

Daman : 168/244 & 168/245, DabhelIndustrial Society Limited, Dabhel, Daman.

Address for Correspondence- Paramount Cosmetics (India) Limited

902-904, 9th Floor Prestige Meridian – I
29, M.G. Road, Bangalore – 560 001

Phone: +91 080 2532 0870 / 71

Fax: +91 080 25599065

Email: compliance.officer@parammount.com

Website: www.parammount.com

XV. NON MANDATORY REQUIREMENTS

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

S. No.	Non Mandatory Provisions	Status
1.	Maintenance of Non-Executive Chairman's Office	Not Applicable
2.	Remuneration Committee	Company has a remuneration committee comprising of two non-executive directors and one non-executive promoter director as on March 31, 2014
3.	Shareholders' rights: Half-yearly financial performance and summary of significant events may be sent to each household of shareholders.	The quarterly and half-yearly financial results are published in widely circulating national and local dailies at the place of the registered office of the Company.
4.	Audit qualifications: The Company may move towards the regime of unqualified financial statements.	Adopted
5.	Training of Board Members	All Board members are experts in their respective fields and are well aware of Company's business model and risk profile.
6.	Mechanism for evaluating Non-Executive Board Members	Not adopted.
7.	Whistle Blower Policy	Refer Clause XIII (iii) herein above.

On behalf of the Board of Directors

Sd/-

Hiitesh Topiwaalla
Managing Director

Place: Bangalore
Dated: 6st August, 2014

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

The Board of Directors,
Paramount Cosmetics (I) Ltd.,

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

We, Mr. Hiitesh Topiiwaalla, Managing Director of the Company and Mr. Chakravarthi S, Chief Financial Officer of the Company, hereby certify that in respect of the Financial Year ended on March 31, 2014:

- a. We have reviewed the financial statements and the cash flow statement of the Company for the year and declare that to the best of our knowledge and belief:
 - I. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - II. these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year 2013-14 which are fraudulent, illegal or violative of the Company's Code of Conduct.
- c. We accept responsibility for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and we have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any, of which we are aware and the steps taken or proposed to be taken to rectify the same.
- d. We have indicated to the Auditors and the Audit Committee:
 - I. significant changes, if any, in internal control over financial reporting during the year 2013-14;
 - II. significant changes, if any, in accounting policies during the year 2013-14 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.

Place: Bangalore
Date: 6th August, 2014

Hiitesh Topiiwaalla
Managing Director

Chakravarthi S
Chief Financial Officer

AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE

To
The Members
Paramount Cosmetics (I) Limited

We have examined the compliance of conditions of Corporate Governance by Paramount Cosmetics (I) Ltd, for the year ended March 31, 2014, 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 Umesh Kumar & Associates
Practicing Company Secretaries

Umesh Kumar
CP No. 8561

Place: Bangalore
Date: 6th August, 2014

Independent Auditor's Report

To the Members of Paramount Cosmetics (I) Ltd. Report on the Financial Statements

We have audited the accompanying financial statements of **Paramount Cosmetics (India) Ltd.** ('the Company') which comprise the Balance Sheet as at 31st March 2014, the Statement of Profit and Loss and 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 Management is responsible for 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 Standards notified under the Companies Act, 1956 (the Act) read with the General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013 and in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control 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 conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. 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 control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, 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.

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, subject to

- a) Provision of Gratuity for Rs. 5,60,533/- is made for those employees who have completed five year of their services,
- b) Balances of Debtors and creditors are subject to confirmation & reconciliation, any loss on account of this is undeterminable
- i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March 2014;
- ii) in the case of the statement of profit and loss, of the profit for the year ended on that date; and
- iii) 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, 2003 ("the Order"), as amended, issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, 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 account as required by law have been kept by the Company so far as appears from our examination of those books;
 - c. the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - d. in our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement comply with the Accounting Standards notified under the Act read with the general circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate affairs in respect of Section 133 of the Companies Act, 2013 and
 - e. on the basis of written representations received from the Directors as on 31st March 2014, and taken on record by the Board of Directors, none of the Directors is disqualified as on 31st March 2014, from being appointed as a Director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

**For R. U. Jain & Co.,
Chartered Accountant**

**R. U. Jain
Proprietor**

Membership number: 031037

Annexure to the Auditors' Report

The Annexure referred to in our report to the members of **Paramount Cosmetics (India) Ltd.** ('the Company') for the year ended 31st March 2014. We report that:

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 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 off 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 adequate.
 - 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 was no material discrepancies noticed on physical verification of inventory as compared to the book records.
3. The company has not given any loans, secured or unsecured, to the companies, firm or other parties covered in the register maintained under section 301 of the Act. Hence clauses (iii)(b), (c) & (d) of the order, are not applicable.
 - (a) The Company has taken unsecured loans from three persons covered in the register maintained under section 301 of the Act. The maximum amount involved during the year and the year end balance of such loan aggregate to Rs. 3,34,43,416 /- and Rs.2,85,43,416/- respectively.
 - (b) In our opinion, the rate of interest and other terms and conditions of such loans are not prima facie prejudicial to the interest of the Company.
 - (c) In respect of the aforesaid loan, there is no stipulation about repayment of principal however the loans are repaid as and when demanded by the loaner.
 - (d) The company is regular in payment of interest.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business for the purchase of inventory, fixed assets and also for the sale of goods and services. During the course of our audit, we have not observed any major weaknesses in internal controls.
5. In respect of transactions covered under Section 301 of the Companies Act, 1956;
 - a) To the best of our knowledge and belief and according to the information and explanations given to us, we are of the opinion that the particulars of contracts or arrangements that needed to be entered into in the register maintained under Section 301 of the Companies Act, 1956 have been properly entered.
 - b) According to the information and explanations given to us, the transactions of purchase of goods and materials and sales of goods, material and services, made in pursuance to contracts or arrangement entered in the registers maintained under Section 301 of the Companies Act, 1956 and aggregating during the year to Rs. 500,000/- (Rupees Five lacs only) or more in respect of each party, have been made at prices which in our opinion are reasonable having regards to prevailing market prices for such goods, material or services or the prices at which similar transaction have been made with other parties as the case may be.
6. The Company has not accepted any deposits from the public within the meaning of Section 58A and 58AA of the Act and rules framed there under.
7. In our opinion, the company's present internal audit system is commensurate with the size of its business.
8. The Central Government has not prescribed maintenance of Cost Records under Section 209 (1) (d) of the Companies Act, 1956 in respect of certain manufacturing activities of the Company.
9. In respect of statutory dues:
 - a. According to the books and records as produced and examined by us in accordance with generally accepted auditing practices in India and also based on management representations of the Company, undisputed statutory dues includ-

ing Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sales-tax, Wealth Tax, Service tax, Customs Duty, Excise Duty, Cess and other statutory dues as applicable have been generally regularly deposited with the appropriate authorities in India except vat dues, income tax deducted at source, ESIC employees & employers contribution and Dividend Tax amounting to Rs 10,462/- (Annex 1)

- b. As at 31st March 2014 there have been no disputed dues which have not been deposited with respective authorities in respect of Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Sales-tax, Wealth Tax, Service tax, Customs Duty, Excise Duty, Cess and other material statutory dues as applicable except:

Sr No.	Name of the Statute	Nature of the Dues	Amount (Rs. in Lakhs)	Period to which the amount relates pending	Forum where dispute is
1	Gujrat Sales Tax Sales tax Dept.	Vat Dues	576.40	2005-06	Commissioner- Commercial Taxes Surat, Gujarat

10. The company has not incurred cash loss in the current financial year and there is no cash loss in the immediately preceding financial year.
11. According to the records of the Company, the Company has not defaulted in repayment of its dues of any Bank during the year.
12. In our opinion and according to the information and explanation given to us, no loans and advances have been granted by the Company on the basis of security by way of pledge of shares, debentures and other securities.
13. In our opinion, the Company is not a chit fund or a nidhi / mutual fund/society. Therefore, clause 4(xiii) of the Companies (Auditor's Report) Order 2003 as amended is not applicable to the Company.
14. The Company has not dealt in or of trading in shares, securities, debentures and other Investments. Accordingly, the provisions of Clause v(xiv) of the Companies (Auditors Report) order, 2003 are not applicable to the Company.
15. The Company has not given guarantees for loans taken by other from bank. According to the information and explanations given to us, we are of the opinion that the terms and Conditions thereof are not prima-facie prejudicial to the interest of the Company.
16. In our opinion, on the basis of information and explanation given to us, the term loans are applied for the purpose for which the loans were obtained.
17. According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we are of the opinion that there are no funds raised on short term basis which have been used for long term investment.
18. During the year, the Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Companies Act, 1956.
19. The Company has not issued any debentures during the year.
20. The Company has not raised any money by way of public issue during the year.
21. In our opinion and according to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year, that causes the financial statements to be materially misstated.

For R. U. JAIN & CO.
Chartered Accountants

Place: Bangalore
Dated : 30 May, 2014

R. U. JAIN
Proprietor
Membership No. 031037

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

Sr.	Name of The Statute	Nature of the Dues	Amount	Period to Which Amount Relates	Due Date
1	VAT - All Depots	Sales Tax	5968/-	Rs.3171/- of Opening Bal. as on 01.04.13 Rs. 2797/- of April, 13 to Sept. 13	April 13 April, 13 to Sept. 13
2	Income Tax Act -Tax Deducted at Source	TDS	4494	Rs. 4494/- of op. balance as on 1-4-13	April, 13
	TOTAL		10,462/-		

BALANCE SHEET AS ON 31ST MARCH, 2014

	Schedule No.	AS AT 31.03.2014 Rs.	AS AT 31.03.2013 Rs.
EQUITY AND LIABILITIES			
Shareholders' funds			
Share Capital	1	48,550,000	48,550,000
Reserves and Surplus	2	175,292,763	163,845,311
Non-Current Liabilities			
Long-Term Borrowings	3	68,354,751	28,798,942
Other Long-Term Liabilities	4	34,542,161	26,474,677
Long-Term Provisions	5	4,395,788	4,077,699
Current Liabilities			
Short-Term Borrowings	6	106,941,242	100,324,728
Trade Payables	7	105,412,361	106,047,087
Other Current Liabilities	8	17,388,380	24,822,473
Short-Term Provisions	9	10,057,016	17,521,834
	TOTAL	570,934,462	520,462,751
ASSETS			
Non-Current Assets			
Fixed Assets			
Tangible Assets	10	31,808,593	33,281,596
Intangible Assets		101,474,486	100,675,159
Capital Work-in-Progress		48,790,775	8,945,247
Deferred Tax Assets (Net)	11	3,280,550	2,771,790
Long-Term Loans and Advances	12	16,763,938	30,707,598
Other Non-Current Assets	13	5,213,888	9,078,679
Current assets			
Inventories	14	139,782,782	121,359,705
Trade Receivables	15	110,561,231	107,969,468
Cash and Bank Balances	16	23,819,624	24,988,632
Short-Term Loans and Advances	17	85,616,187	76,862,469
Other Current Assets	18	3,822,408	3,822,408
Significant Accounting Policies Notes on Financial Statements	1 to 31		
	TOTAL	570,934,462	520,462,751

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

For and on behalf of the Board
Paramount Cosmetics (India) Ltd.

R.U. JAIN
Proprietor
M.No: 031037

Bangalore
Dated: 30th May, 2014

Hiitesh Topiwaalla
Managing Director

Vishwajeet Mehta
Director

Nitya Babu
Company Secretary

Bangalore
Dated: 30th May, 2014

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2014

	Schedule No.	31.03.2014 Rs.	31.03.2013 Rs.
INCOME			
Revenue from Operations	19	473,852,562	465,563,481
Other income	20	1,863,549	2,658,574
Total Revenue		475,716,111	468,222,055
Expenses:			
Cost of Materials Consumed	21	338,649,318	337,095,194
Changes in Inventories of finished goods, work-in-progress and stock-in-trade	22	(15,499,864)	(15,702,846)
Employee Benefits Expense	23	43,227,698	40,218,494
Finance costs	24	18,787,666	20,897,347
Depreciation	10	6,047,902	6,038,330
Other Expenses	25	61,967,713	57,952,065
Total Expenses		453,180,433	446,498,584
Profit before exceptional and extraordinary items and tax		22,535,678	21,723,471
Exceptional items	27	25,383	-
Profit before extraordinary items and tax		22,561,061	21,723,471
Extraordinary Items		-	-
Profit before tax		22,561,061	21,723,471
Tax expense:			
(1) Less : Current Tax		8,052,000	8,495,973
(2) Add :Deferred Tax	11	508,760	922,818
Profit/(Loss) for the period from continuing operations		15,017,821	14,150,316
Profit from discontinuing operations		-	-
Tax expense of discontinuing operations		-	-
Profit/(loss) from Discontinuing operations (after tax)		-	-
Profit for the period		15,017,821	14,150,316
Earnings per equity share:			
(1) Basic and Diluted	28	3.09	2.91
Significant Accounting Policies Notes on Financial Statements. 1 to 31			

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

For and on behalf of the Board
Paramount Cosmetics (India) Ltd.

R. U. JAIN
Proprietor
M.No: 031037

Bangalore
Dated: 30th May, 2014

Hiitesh Topiwaalla
Managing Director

Vishwajeet Mehta
Director

Nitya Babu
Company Secretary

Bangalore
Dated: 30th May, 2014

CASH FLOW STATEMENT FOR THE YEAR 2013-2014

Particulars	31.03.2014 Amount Rs.	31.03.2013 Amount Rs.
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit after taxation	14,992,438	14,150,316
Adjustments for :		
Depreciation	6,047,902	6,038,330
Deferred Revenue Expenditure written off	3,822,408	3,822,408
Transferred from Reserves and Surplus (Provision for Dividend and DDT)	(3,570,369)	(3,235,411)
Interest expense	18,787,666	20,897,347
Interest income	(1,863,549)	(1,910,077)
Operating profit before working capital changes	<u>38,216,496</u>	<u>39,762,913</u>
Adjustments for :		
Decrease/(Increase) in trade and other receivables	5,954,211	2,176,762
Decrease/ (Increase) in Inventories	(18,423,077)	(25,611,656)
Increase/(Decrease) in trade and other payable	(12,852,338)	21,055,796
Increase/(Decrease) in Deferred Advertisement Expenditure	(3,822,408)	(3,822,408)
Net Cash flow from Operating Activities	<u>9,072,884</u>	<u>33,561,405</u>
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(45,398,344)	(11,790,909)
Sale of Fixed assets	203,972	-
Interest received	1,863,549	1,910,077
Net Cash Flow from Investing activities	<u>(43,330,823)</u>	<u>(9,880,832)</u>
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Share Capital Calls in Arrears		
Interest paid	(18,787,666)	(20,897,347)
Dividends Paid (Including Dividend Distribution Tax)	(2,681,299)	(2,202,334)
Proceeds/(Repayment) from Non Current Borrowings	47,941,382	12,256,196
Proceeds from Short Term Borrowings	6,616,514	(11,150,922)
Net Cash flow from Financing Activities	<u>33,088,931</u>	<u>(21,994,407)</u>
Net Cash Flow during the year (A+B+C)	(1,169,008)	1,686,168
Cash and Cash Equivalents at the beginning of the year	24,988,632	23,302,464
Cash and Cash Equivalents at the end of the year	<u>23,819,624</u>	<u>24,988,632</u>
Previous year's figure have been regrouped, recast wherever necessary.		

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

For and on behalf of the Board
Paramount Cosmetics (India) Ltd.

R. U. JAIN
Proprietor
M.No: 031037

Bangalore
Dated: 30th May, 2014

Hiitesh Topiwaalla
Managing Director

Vishwajeet Mehta
Director

Nitya Babu
Company Secretary

Bangalore
Dated: 30th May, 2014

Notes on Financial Statements for the Year ended 31st March, 2014
The Previous year figures have been regrouped/reclassified, where necessary
to conform to the current year presentation.

	AS AT 31.03.2014 Amount (Rs)	AS AT 31.03.2013 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 : 48,871,50) Equity Shares of Rs.10 each	48,871,500	48,871,500
Subscribed		
48,56,650 (Prev. year : 48,566,50) 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 31st March, 2014		As at 31st March, 2013	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Hiitesh Topiiwaalla	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, 2014 and 31st March, 2013 is set out below :

Particulars	As at 31st March, 2014		As at 31st March, 2013	
	Equity Shares		Equity Shares	
	Number	Amount (Rs.)	Number	Amount (Rs.)
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, 2014

2	RESERVES AND SURPLUS :	As at 31 March, 2014 Amount (Rs)	As at 31 March, 2013 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	55,289,661	44,374,756
	Add : Net Profit For the Year	15,017,821	14,150,316
	Balance	70,307,482	58,525,072
	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	495,064	472,576
	Add/Less :- Excess tax provision for earlier years written off	162,305	150,165
	Closing Balance	66,737,113	55,289,661
	Total	175,292,763	163,845,311
3	LONG TERM BORROWINGS	As at 31 March, 2014 Amount (Rs)	As at 31 March, 2013 Amount (Rs)
	Secured :		
	From Bank	39,583,604	-
	From Others	227,731	255,526
	Term Repayments : 3 Years		
	Unsecured :		
	Loans From Related Parties	28,543,416	28,543,416
	From Other		
	Total	68,354,751	28,798,942
3.1	Term Loan (Vehicles)		
	Repayment Schedule	1 - 2 Year	2- 3 Year
	From Bank	-	11,500,000
	From Other	384,253	227,731
		384,253	11,727,731
		384,253	15,333,000
3.2	Vehicle Term Loan is secured against the hypothecation of vehicle. Refer note 6.1 for bank loan.		
4	OTHER LONG TERM LIABILITES	As at 31 March, 2014 Amount (Rs)	As at 31 March, 2013 Amount (Rs)
	Deposit	10,473,289	10,473,289
	Long term credits for capital goods	148,163	-
	Advance From Customers	2,419,941	127,516
	Long Term Trade Payable	21,500,768	15,873,872
	Total	34,542,161	26,474,677

Notes on Financial Statements for the Year ended 31st March, 2014

5	LONG TERM PROVISIONS	As at 31 March, 2014	As at 31 March, 2013
		Amount (Rs)	Amount (Rs)
	Provision for employee benefits		
	Gratuity	4,395,788	4,077,699
	Total	4,395,788	4,077,699
6	SHORT TERM BORROWINGS		
	Working Capital Loan From Bank - Cash Credit	106,941,242	100,324,728
	Total	106,941,242	100,324,728

- 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.

7	TRADE PAYABLES		
	Micro, Small and Medium Enterprises	-	-
	Others	105,412,361	106,047,087
	Total	105,412,361	106,047,087

- 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	As at 31 March, 2014	As at 31 March, 2013
	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, 2014	As at 31 March, 2013
		Amount (Rs)	Amount (Rs)
	Unclaimed Dividend	654,321	422,621
	Proposed Dividend	2,913,000	2,913,000
	Creditor for Capital Expenditure	1,591,902	227,693
	Current Maturities of Short Term Debts (Refer Note No 3.1)	384,253	3,896,638
	Other Payable		
	Statutory Payable	1,174,677	6,462,718
	Advance from Customer	2,226,626	1,097,142
	Tax on Dividend	495,064	866,377
	Other Payable	7,948,537	8,936,284
	Total	17,388,380	24,822,473

9	SHORT TERM PROVISIONS	As at 31 March, 2014	As at 31 March, 2013
		Amount (Rs)	Amount (Rs)
	Provision for Employee Benefits	2,005,016	1,495,723
	Provision for Income Tax	8,052,000	16,026,111
	Total	10,057,016	17,521,834

FIXED ASSETS		GROSSBLOCK				ACCUMULATED DEPRECIATION				NETBLOCK		
		As at 1st April 2013	Additions	Deductions	As at 31st March 2014	As at 1st April 2013	Depreciation Charge for the year	Deduction	As at 31st March 2014	As at 31st March 2014	As at 31st March 2013	
TANGIBLE ASSETS												
Land	7,949,562	-	-	-	7,949,562	-	-	-	-	-	7,949,562	7,949,562
Buildings	9,083,798	10,608	-	-	9,094,406	-	-	-	5,232,030	-	3,862,376	4,280,476
Plant and Equipment	15,700,478	-	-	-	15,700,478	-	-	-	13,632,409	-	2,068,069	2,402,218
Furniture and Fixtures	18,813,366	371,352	-	-	19,184,718	-	-	-	14,487,885	-	4,696,833	5,313,350
Vehicles	25,268,232	717,903	(601,801)	-	25,384,334	-	-	(465,493)	16,982,606	-	8,401,728	10,751,324
Office equipment	1,973,924	354,969	(148,500)	-	2,180,393	-	-	(106,219)	1,111,435	-	1,068,958	913,202
Others (specify nature)												
Electric Installation	90,457	75,920	-	-	166,377	-	-	-	53,858	-	112,519	51,579
Computer Equipment	6,389,507	775,112	-	-	7,164,619	-	-	-	6,477,946	-	686,673	434,700
Factory Equipment	591,284	67,575	-	-	658,859	-	-	-	220,691	-	438,168	437,291
Mould	990,589	2,034,339	-	-	3,024,928	-	-	-	745,123	-	2,279,805	464,582
R & D- Equipements	313,614	-	-	-	313,614	-	-	-	69,712	-	243,902	283,311
Total	87,164,811	4,407,778	(750,301)	90,822,288	90,822,288	(750,301)	5,702,191	(571,712)	59,013,695	31,808,593	33,281,596	
Intangible Assets												
Goodwill	-	-	-	-	-	-	-	-	-	-	-	-
Brands /trademarks	-	-	-	-	-	-	-	-	-	-	-	-
Computer software	1,795,170	1,145,038	-	-	2,940,208	-	-	-	1,465,722	-	1,474,486	675,159
Mastheads and publishing titles	-	-	-	-	-	-	-	-	-	-	-	-
Mining rights	-	-	-	-	-	-	-	-	-	-	-	-
Copyrights, and patents and/or intellectual property rights, services and operating rights	100,000,000	-	-	-	100,000,000	-	-	-	-	-	100,000,000	100,000,000
Recipes, formulae, models designs and prototypes	-	-	-	-	-	-	-	-	-	-	-	-
Licenses and franchise	-	-	-	-	-	-	-	-	-	-	-	-
Others (specify nature)	-	-	-	-	-	-	-	-	-	-	-	-
Total	101,795,170	1,145,038.00	-	102,940,208	102,940,208	-	345,711	-	1,465,722	101,474,486	100,675,159	
Capital Work In Progress												
Capital Work In Progress	8,945,247	39,845,528	-	-	48,790,775	-	-	-	-	-	48,790,775	8,945,247
Total	8,945,247	39,845,528	-	48,790,775	48,790,775	-	-	-	-	48,790,775	8,945,247	
Grand Total	197,905,228	45,398,344	(750,301)	242,553,271	242,553,271	(750,301)	6,047,902	(571,712)	60,479,417	182,073,855	142,902,002	
Previous year	186,114,319	11,790,909	-	197,905,228	197,905,228	-	6,038,330	-	55,003,227	142,902,002	137,149,422	

Notes on Financial Statements for the Year ended 31st March, 2013

11	Deferred Tax Assets (Net)	As at 31 March, 2014	As at 31 March, 2013
		Amount (Rs)	Amount (Rs)
	Deferred Tax Assets		
	Disallowance under Income Tax Act, 1961	2,772,620	2,669,414
	Related to Fixed Assets	507,930	102,376
	Total - A	3,280,550	2,771,790
	Deferred Tax Liabilities		
	Related to Fixed Assets	-	-
	Total - B	-	-
	Total - (A - B)	3,280,550	2,771,790
12	LONG TERM LOANS AND ADVANCES	As at 31 March, 2014	As at 31 March, 2013
		Amount (Rs)	Amount (Rs)
	(Unsecured and Considered Good)		
	Trade Receivable	2,939,724	7,616,804
	Capital Advances	9,727,758	1,244,246
	Advance to Suppliers	1,184,676	10,377,550
	Deposits	1,809,917	1,791,766
	Advance Income Tax (Included MAT Credit & TDS Receivables)	951,862	1,997,094
	Income Tax	-	7,530,138
	Other Loans and Advances*	150,000	150,000
	Total	16,763,938	30,707,598
	*Includes loan to employees and other advances.		
13	OTHER NON CURRENT ASSETS	As at 31 March, 2014	As at 31 March, 2013
	(Unsecured and Considered Good)	Amount (Rs)	Amount (Rs)
	VAT Credits	5,190,389	5,232,772
	Other Non-Current Assets*	23,500	23,500
	Deferred Revenue Expenses	-	3,822,407
	Total	5,213,889	9,078,679
	*NSC Deposited with Daman Sales Tax Department.		
14	INVENTORIES	As at 31 March, 2014	As at 31 March, 2013
	As taken valued and as certified by the Management	Amount (Rs)	Amount (Rs)
	at lower of cost or Net Realisable value unless stated other wise		
	Raw Materials	16,829,364	15,802,355
	Finished Goods	118,057,455	98,676,476
	Stock-In-Trade	-	3,881,115
	Packing Materials	4,895,963	2,999,759
	Total	139,782,782	121,359,705
15	TRADE RECEIVABLES	As at 31 March, 2014	As at 31 March, 2013
	(Unsecured and Considered Good)	Amount (Rs)	Amount (Rs)
	Over Six Months	963,373	741,891
	Others	109,597,858	107,227,577
	Total	110,561,231	107,969,468

Notes on Financial Statements for the Year ended 31st March, 2013

16	CASH AND BANK BALANCES	As at 31 March, 2013	As at 31 March, 2013
		Amount (Rs)	Amount (Rs)
		-	-
	Balance with Banks #	1,769,958	2,945,208
	Cash on Hand	1,109,129	1,142,881
	Fixed Deposit with bank *	<u>20,940,537</u>	<u>20,900,543</u>
	Total	<u>23,819,624</u>	<u>24,988,632</u>
	* Fixed deposits with bank includes NIL (P.Y. Rs. 5,16,462/-) deposit more than 12 months maturity.		
	* Fixed Deposits includes Margin Money Deposit Rs. 28,99,924/- (P.Y. Rs. 27,04,095/-) and NIL (P.Y. Rs. 1,66,75,000/-) stand as collateral security with Bank.		
	# Balance with Bank includes Unclaimed dividend of Rs. 6,54,321/- (P.Y. Rs. 4,22,621/-).		
17	SHORT TERM LOAN AND ADVANCES	As at 31 March, 2014	As at 31 March, 2013
	(Unsecured and Considered Good)	Amount (Rs)	Amount (Rs)
	Deposit	57,500,000	57,500,000
	Prepaid Expenses	1,008,488	1,301,795
	Others*	27,107,699	18,060,674
	Total	<u>85,616,187</u>	<u>76,862,469</u>
	* Includes Advances to Suppliers Rs. 1,42,71,418/- (P.Y. Rs.1,01,90,970/-) and Advance to Staff Rs. 21,51,471/- (P.Y. Rs. 19,51,978/-)		
18	OTHER CURRENT ASSETS	As at 31 March, 2014	As at 31 March, 2013
		Amount (Rs)	Amount (Rs)
	Deferred Revenue Expenses	3,822,408	3,822,408
	Total	<u>3,822,408</u>	<u>3,822,408</u>
19	REVENUE FROM OPERATIONS	2013-14	2012-13
		Amount (Rs)	Amount (Rs)
	Sale of Cosmetic Products	473,714,116	465,341,330
	Other Operating Revenue	138,446	222,151
	Total	<u>473,852,562</u>	<u>465,563,481</u>
19.1	PARTICULARS OF SALE OF PRODUCTS		
	Particulars	2013-14	2012-13
		Amount (Rs)	Amount (Rs)
	Sale of Cosmetics Products	473,714,116	464,565,140
	Trading Sales of Cosmetics Products	-	776,190
	Total	<u>473,714,116</u>	<u>465,341,330</u>
20	OTHER INCOME	2013-14	2012-13
		Amount (Rs)	Amount (Rs)
	Interest	1,863,549	1,910,077
	Other Non Operating Income	0	748,497
	Total	<u>1,863,549</u>	<u>2,658,574</u>

Notes on Financial Statements for the Year ended 31st March, 2014

21	COST OF MATERIAL CONSUMED	2013-14		2012-13	
		Amount Rs.	% of Consumption	Amount Rs.	% of Consumption
	Imported	15,175,094	4.5%	15,486,818	4.6%
	Indigenous	323,474,224	95.5%	321,608,376	95.4%
	Total	<u>338,649,318</u>		<u>337,095,194</u>	
21.1	PARTICULARS OF MATERIAL CONSUMED			2013-14	2012-13
	Particulars			Amount (Rs)	Amount (Rs)
	Sheets and Folders			326,347,521	328,100,046
	Others			12,301,797	8,995,148
	Total			<u>338,649,318</u>	<u>337,095,194</u>
22	CHANGES IN INVENTORIES OF FINISHED GOODS AND STOCK-IN-TRADE			2013-14	2012-13
	Inventories (at Close)			Amount (Rs)	Amount (Rs)
	Finished Goods			118,057,455	102,557,591
	Inventories (at Commencements)				
	Finished Goods			102,557,591	86,854,745
	Total			<u>15,499,864</u>	<u>15,702,846</u>
23	EMPLOYEE BENEFITS EXPENSE			2013-14	2012-13
				Amount (Rs)	Amount (Rs)
	Salary and Wages			34,338,884	31,674,650
	Director Remuneration			8,371,200	8,371,200
	Less:- capitalised			-2,100,000	-3,150,000
	Contribution to Provident Fund and Other Fund			2,111,738	2,730,153
	Staff Welfare Expenses			505,876	592,491
	Total			<u>43,227,698</u>	<u>40,218,494</u>
24	FINANCE COSTS			2013-14	2012-13
				Amount (Rs)	Amount (Rs)
	Interest Expense			17,025,494	19,086,026
	Other Borrowing Costs			1,386,292	1,591,702
	Net loss on foreign currency transactions and translations			375,881	219,619
	Total			<u>18,787,666</u>	<u>20,897,347</u>
25	OTHER EXPENSES			2013-14	2012-13
				Amount (Rs)	Amount (Rs)
	Manufacturing Expenses				
	Consumable Stores and Spares			313,654	279,901
	Labour Charges			1,741,112	2,310,206
	Electric Power & Fuel			324,168	395,163
	Repairs to Building			19,545	9,207
	Repairs to Machinery			83,977	104,474
	Total			<u>2,482,455</u>	<u>3,098,951</u>

Notes on Financial Statements for the Year ended 31st March, 2014**Selling and Distribution Expenses**

Advertisement, Selling and Distribution	34,850,157	33,068,248
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Establishment Expenses

Legal and Professional Charges	3,996,546	4,794,322
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Rent, rates and taxes	3,822,269	3,252,089
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Insurance	524,364	668,522
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Other Repairs & Maintenance	2,477,687	2,448,411
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Travelling and Conveyance	6,184,425	3,469,106
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Payment to Auditor	310,000	325,844
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Postage and Telephone	2,223,147	2,119,040
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Printing Stationary	845,690	547,673
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Other Expenses	4,250,972	4,159,861
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Total	24,635,101	21,784,867
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Grand Total	61,967,713	57,952,065
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Schedule 26**A. Significant Accounting Policies****1. Accounting Convention :**

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

2. Fixed Assets :

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

3. Depreciation :

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

4. Foreign Currency Transactions :

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

5. Investment :

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

6. Inventories :

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

7. Revenue Recognition :

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

8. Research & Development:

Revenue expenditure on research and development is charged out in the year in which it is incurred. Advertisement and Sales Promotion expenses on introduction of new products and on account of Re-Launch of Products are written off over a period of five years.

9. Employee Benefit :

Leave Encashment: Leave Encashment is accounted for on accrual basis.

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

Significant Accounting Policies Notes on Financial Statements.

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.

27	EXCEPTIONAL ITEMS	2013-14	2012-13
	Surplus on sale of Fixed assets	25,383	-

28.1 VALUE OF CONSUMABLE CONSUMED :

	2013-14		2012-13	
	Amount (Rs)	% of Consumption	Amount (Rs)	% of Consumption
Imported	NIL	NIL	NIL	NIL
Indigenous	313,654	100%	279,901	100%
TOTAL	313,654	100%	279,901	100%

28.2	VALUE OF IMPORT ON CIF BASIS IN RESPECT OF	2013-14	2012-13
	Raw Materials	13,787,472	12,287,314

28.3	PAYMENT TO AUDITOR'S	2013-14	2012-13
1	Audit Fee	85,000	84,270
2	Tax Audit Fee	60,000	61,798
3	Certificate & Other services	165,000	179,776
	Total	310,000	325,844

28.4	EARNINGS IN FOREIGN CURRENCY	2013-14	2012-13
	FOB value of Export Sales	6,314,121	5,198,406

28.5	EXPENDITURE IN FOREIGN CURRENCY	2013-14	2012-13
	Travelling	530,089	213,010
	Purchase of Samples	25,682	13,738
	Total	555,771	226,748

29	EARNINGS PER SHARE:	2013-14	2012-13
	i) Net Profit after tax as per Statement of Profit and Loss attributable to Equity Shareholders	15,017,821	14,150,316
	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.)	3.09	2.91
	iv) Face Value per equity share (In Rs.)	10	10

Significant Accounting Policies Notes on Financial Statements.

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 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 (Excludes Reimbursements)	Year	Key Management Personal	Others
1	Unsecured Loan Taken(Repaid)	2013-14 2013-14 2012-13	4,900,000 (4,900,000) -	
2	Purchase of Goods	2013-14 2012-13		22,024,308 16,715,940
3	Professional Fees	2013-14 2012-13		200,104 509,768
3	Remuneration	2013-14 2012-13	8,371,200 8,371,200	
4	Director Sitting Fees	2013-14 2012-13	20,000 30,000	- -

* Includes Rs. 2,100,000/- (P.Y 3,150,000) for capitalisation

Balance as at 31st March, 2014

Sr. No.	Nature of Transaction	Year	Key Management Personal	Others
1	Unsecured Loan	2013-14 2012-13	4,043,416 4,043,416	24,500,000 24,500,000
2	Sundry Creditors	2013-14 2012-13		- 26,147
3	Advance for Purchases	2013-14 2012-13		4,293,172 8,682,978
4	Deposit	2013-14 2012-13		57,500,000 57,500,000

31 CONTINGENT LIABILITIES AND COMMITMENTS

- Contingent Liabilities in respect of :
 - The sales tax matter in dispute with the Commissioner of Commercial Taxes, Surat, Gujarat, in respect of F.Y. 2005-06 of Rs 57,640,954/- is contested in appeal. On the similar issue in the earlier years and later years the decision was in favour of the Company.
 - Liability in respect of Letter of Credit opened with bank - NIL (Previous Year Rs.3,075,676).
 - The estimated amount of contracts remaining to be executed on capital accounts (Net of Advance) and not provided for Rs.22,669,820/- (Previous Year Rs. 1,588,715).
- 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.

For R. U. JAIN & CO.

Chartered Accountants

R. U. JAIN
Proprietor
M.No: 031037

Bangalore
Dated: 30th May, 2014

For and on behalf of the Board
Paramount Cosmetics (India) Ltd.

Hiitesh Topiwaalla
Managing Director

Vishwajeet Mehta
Director

Nitya Babu
Company Secretary

Bangalore
Dated: 30th May, 2014

DEMATERIALIZATION OF SHARES

Dear Shareholder,

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

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: INE143I01013. 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, 1st Cross, J.C Road
Bangalore- 560 027
Ph: 080 4132 9661
Email: rta_admin@bfsi.co.in**

Thanking you,

**Yours truly,
For Paramount Cosmetics (I) Ltd**

**Nitya Babu
Company Secretary**

PARAMOUNT COSMETICS (I) LTD

CIN: L24240GJ1985PLC008282

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

Tel: 91 80 25320870/71 Fax: +91 80 25599065;

Email: compliance.officer@parammount.com; [website:www.parammount.com](http://www.parammount.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 Twenty Ninth 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 Tuesday, September 30, 2014 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 (I) LTD

CIN: L24240GJ1985PLC008282

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

Tel: 91 80 25320870/71 Fax: +91 80 25599065;

Email: compliance.officer@paramount.com; website: www.paramount.com

PROXY FORM

[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./DP ID & Client Id*:	

*Applicable in case shares are held in electronic form

I/We, being the holder(s) of _____ shares of Paramount Cosmetics (I) Ltd, hereby appoint:

Name:	
Address:	
E-mail id:	or failing him:

Name:	
Address:	
E-mail id:	or failing him:

Name:	
Address:	
E-mail id:	or failing him:

As my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the Twenty Ninth Annual General Meeting of the Company, to be held on the 30th day of September, 2014 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:

	Ordinary Business:	For	Against
1.	Consider and adopt Audited Statement of Profit and Loss for the year ended March 31, 2014 and the Balance Sheet as at that date together with the Reports of the Board of Directors and the Auditors thereon.		
2.	Declaration of dividend on equity shares		
3.	Appointment of Ms. Aartii Topiwaala, Director retiring by rotation and seeking re-appointment.		
4.	Appointment of auditors and fixing their remuneration		

	Ordinary Business:	For	Against
5.	Appointment of Mr. V. N. Mehta as an Independent Director		
6.	Appointment of Mr. Shishir B Desai as an Independent Director		
7.	Appointment of Mr. Mukesh Kumar Tyagi as an Independent Director		
8.	Revise the remuneration payable to Mr. Hiitesh Topiiwaalla, Managing Director of the Company.		

Signed this _____ day of 2014

1 Rupee Revenue Stamp

Signature of shareholder

Signature of Proxy holder(s)

Note:

1. The Form should be signed across the stamp as per specimen signature registered with the Company.
2. For the Resolutions, Explanatory Statement and Notes, please refer to the Notice of the 29th Annual General Meeting
3. This form in order to be effective must be duly stamped, completed and signed and must be deposited at the Registered Office of the Company, not later than 48 hours before the commencement of the meeting.
4. Please put 'X' in the appropriate column against the resolutions indicated in the Box. If you leave the 'For' or 'Against' column blank against any or all the resolutions, your Proxy will be entitled to vote in the manner as he/she thinks appropriate.
5. A proxy need not be a member of the Company.

BOOK-POST

If Undelivered Please return to :

PARAMOUNT COSMETICS INDIA LIMITED

REGISTERED OFFICE

2211, A-1, III Phase, GIDC, Vapi- 396195
Dist. Valsad, Gujarat

FORM A

Covering letter of the annual audit report to be filed with the stock exchanges

1	Name of the Company	Paramount Cosmetics (India) Ltd
2	Annual financial statements for the year ended	31st March, 2014
3	Type of Audit observation	Un-qualified / Matter of Emphasis
4	Frequency of observation	Whether appeared first time / repetitive ... / since how long period ----- N.A
5	To be signed by- <ul style="list-style-type: none"> • CEO/Managing Director • CFO • Auditor of the company • Audit Committee Chairman 	<p><i>[Signature]</i></p> <p><i>[Signature]</i></p> <p>R. U. JAIN & CO. CHARTERED ACCOUNTANTS MEMBERSHIP NO. 31037</p> <p><i>[Signature]</i></p> <p>16/7/2014</p>