

THIRTEENTH ANNUAL REPORT

1997-98

MD	<input checked="" type="checkbox"/>		BKC	<input checked="" type="checkbox"/>
CS	<input checked="" type="checkbox"/>		DFY	<input checked="" type="checkbox"/>
RO	<input checked="" type="checkbox"/>		ENV	<input checked="" type="checkbox"/>
TRA	<input checked="" type="checkbox"/>		SC	<input checked="" type="checkbox"/>
AGM	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>
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REPORT **PARAMOUNT**.com

COSMETICS (INDIA) LTD.

PARAMOUNT COSMETICS (INDIA) LTD.



PARAMOUNT COSMETICS (INDIA) LIMITED

THIRTEENTH ANNUAL GENERAL MEETING

On Monday 30th, November, 1998
at 10.30 A.M. at 59, G.I.D.C., Vapi-396 195, Dist. Bulsar, Gujarat.

BOARD OF DIRECTORS

Mr. B.D. Topiwala
(Chairman & Managing Director)

Mr. Hemant B. Topiwala
Whole-time Director

Mr. K.J. Shah

Mr. Hitesh B. Topiwala

Mr. K.G. Saraf

Mr. M.N. Trivedi
(G.M. Finance & Company Secretary)

Auditors
M/s. R.U. Jain & Co.
Chartered Accountants, Mumbai.

Bankers
State Bank of Indore
Fort, Mumbai 400 023.

Registered Office
A-1/2211, 3rd Phase,
G.I.D.C., Vapi 396 195,
Dist. Bulsar, Gujarat.

ANZ Grindlays Bank-p.l.c.,
Fort, Mumbai 400 023.

Head Office
Amrapali Shopping Centre Bldg.,
Vaikunthbhai Mehta Marg,
J.V.P.D. Scheme, Mumbai 400 049.

Registrars & Share Transfer Agents
I.I.T. Corporate Services Ltd.
I.I.T. House, Opp. Vazir Glass Works,
Near J.B. Nagar, Andheri (E), Mumbai - 59

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Members are requested to bring their copy of the Annual Report alongwith them at the Annual General Meeting as the copies of the Report will NOT be distributed at the meeting



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NOTICE

NOTICE is hereby given that the Thirteenth Annual General Meeting of the Members of **PARAMQUNT COSMETICS INDIA LIMITED** will be held at 59, G.I.D.C, Vapi - 396195, Dist. Bulsar, Gujarat on Monday 30th November 1998 at 10.30 a.m to transact the following business.

ORDINARY BUSINESS

1. To receive, consider and adopt the audited Profit & Loss Account for the year ended 31st March 1998 and the Balance Sheet as on that date and the Reports of the Directors and Auditors, thereon.
2. To appoint a Director in place of Mr. Hemant. B. Topiwala, who retires by rotation at the conclusion of the ensuing AGM and being eligible, offers himself for re-appointment as the Director of the Company.
3. To appoint a Director in place of Mr. Hitesh. B. Topiwala, who retires by rotation at the conclusion of the ensuing AGM and being eligible, offers himself for re-appointment as the Director of the Company.
4. To appoint the Auditors of the Company to hold office from the conclusion of this meeting until the conclusion of next AGM and to fix their remuneration.

SPECIAL BUSINESS

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

"RESOLVED THAT subject to all applicable provisions of the Companies Act, 1956 (including any statutory modification (s) or re-enactment thereof and any ordinance promulgated in this regard for the time being in force and as may be enacted/promulgated from time to time) and subject to such other approvals, permissions and sanctions, as may be necessary and subject to such conditions and modifications as may be prescribed or imposed while granting such approvals, permissions and sanctions, which may be agreed to by the Board of Directors of the Company (hereinafter referred to as the 'Board'), the consent of the Company be and is hereby accorded to the Board to buy-back from the existing holders of the shares and/or other security giving right to subscribe for shares of the Company, on a proportionate basis and/or from the open market and/or from the lots smaller than market lots of the securities (odd lots), the shares or such other securities or securities having such underlying voting rights as may hereafter be notified by the Central Government or any other regulatory authority, from time to time (herein for brevity's sake referred to as "the securities"), of the Company, from out of its free reserves (or out of share premium reserve) of the Company or out of the receipts of any issue made by the Company specifically for the purpose, or from such other sources as may be permitted by law, on such terms, conditions, and in such manner as may be prescribed by law from time to time, provided that the aggregate cost incurred by the Company for the securities so bought back shall not exceed a sum of Rs 1 crore (Rupees One crore only)."

6. To consider and, if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution:
"RESOLVED THAT pursuant to Section 81(1A) and other applicable provisions, if any, of the Companies Act, 1956

("the Act") and subject to provisions of any other Acts, Rules and Regulations as may be applicable in this regard and subject to approvals under the said Act, Rules and Regulations or otherwise and in particular of the Securities and Exchange Board of India (SEBI), Reserve Bank of India (RBI) and Government of India as may be applicable, the Board of Directors of the Company be and is hereby authorised to issue and offer from time to time up to 20,00,000 (Twenty lacs only) redeemable preference shares of Rs 10/- (Rupees Ten only) each for aggregate face value of Rs 2,00,00,000/= (Rupees Two Crores only) in one or more lots to any person including bodies corporate, institutions, whether in India or abroad, on private placement basis, preferential basis, right basis or through public offer or any combination thereof on such terms and conditions as the Board of Directors may deem fit except that the said preference shares shall not be convertible into equity shares".

7. To consider and, if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution:

"RESOLVED THAT the sanction accorded by the members for the issue of Non Convertible Debentures to the extent of Rs 2 crores (Rupees Two crores only) in the last Annual General Meeting be and is hereby revised to Convertible Debentures keeping other terms and conditions uniform."

8. To consider and, if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution:

"RESOLVED THAT Mr B.D. Topiwala, who was appointed as the Chairman and Managing Director for the term of five years and the consent accorded by the members in the Annual General Meeting held on 29th September 1997, the benefits by way of perquisites were restricted to Rs 1,00,000/- p.a (Rupees One lac only) be and is hereby increased to Rs 5,00,000/- p.a (Rupees Five lacs only) effective from 1st April 1998 till the completion of his term of working as approved in the Board of Directors meeting held on 25th September 1998."

9. To consider and, if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution:

"RESOLVED THAT Mr Hemant.B. Topiwala, who was appointed as the Whole time Director for the term of five years and the consent accorded by the members in the Annual General Meeting held on 29th September 1997, the benefits by way of perquisites were restricted to Rs 1,00,000/- p.a (Rupees One lac only) be and is hereby increased to Rs. 5,00,000/- p.a (Rupees Five lacs only) effective from 1st April 1998 till the completion of his term of working as approved in the Board of Directors meeting held on 25th September 1998."

For and on behalf of the Board

B.D. Topiwala
Chairman & Managing Director

Mumbai, Dated: 31st October 1998.

Registered Office:

A-1/2211, 3rd Phase,
G.I.D.C, Vapi- 396 195,
Dist. Bulsar, Gujarat.



PARAMOUNT COSMETICS (INDIA) LIMITED

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER. PROXIES IN ORDER TO BE EFFECTIVE MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LATER THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
2. The Register of Members and Share Transfer Books of the Company will remain closed from 21st November 1998 to 30th November 1998 (both days inclusive).
3. Members are requested to notify immediately the change of address, if any, and to send all communications pertaining to shares to the Company's Registrars and Share Transfer Agents, M/s. IIT Corporate Services Limited; IIT House, Opp. Vazir Glass Works, J.B. Nagar, Off Sir M.V. Road, Andheri (E), Mumbai 400 059.
4. Members are requested to quote their Register Folio Number in all the correspondence with the Company to facilitate prompt action.
5. Members or their proxies are requested to produce the enclosed attendance slip duly filled and signed in accordance with their specimen signature registered with the Company for admission to the venue of the Meeting.
6. The Company has already transferred unclaimed dividend declared upto the financial year 31st March 1994 to the General Revenue Account of the Central Government as required by the Companies Unpaid Dividend (Transfer to the General Reserve Account of the Central Government) Rules, 1978. Those Shareholders who have so far not claimed or collected their dividend upto the aforesaid financial year may claim their dividend from the Registrar of Companies, Jivabhai Chambers, Ashram Road, Ahmedabad - 380 009.

The Unpaid Dividend that are due for transfer to the Central Government are as follows:

Financial Year ended	Due for transfer on
31-03-1995	16-12-1998

Members who have not encashed their dividend warrants for the aforesaid financial year are requested to approach the Company for doing the needful.

For and on behalf of the Board

B.D. Topiwala
Chairman & Managing Director

Mumbai, Dated: 31st October 1998.

Registered Office:

A-1/2211, 3rd Phase,
G.I.D.C, Vapi- 396 195,
Dist. Bulsar, Gujarat.

ANNEXURE TO THE NOTICE EXPLANATORY STATEMENT

The Following Explanatory statement as required pursuant to Section 173 of the Companies Act, 1956, set out all material facts relating to the items of special business mentioned in the accompanying Notice as under :

Item No. 5

Buy back of own shares or other securities convertible into equity shares of the Company is presently not allowed under the Companies Act, 1956. The Companies Bill, 1997, sought to lay down the operative provisions to regulate the buy back of the shares/ securities by Companies. The said bill has not yet become the law. It is expected that, in due course of time, the law will be amended to allow such buy back.

In order to enhance shareholders value, it is proposed to buy back the Company's securities involving an aggregate outlay of upto Rs 5 crores (Rupees Five crores only) from the existing security holders on a proportionate basis and/or from the open market and/or from the lots smaller than market lots of the securities (odd lots), subject to necessary enactment in this regard.

The buy back of shares as aforesaid would entail investing of an amount which would not be less than the market value or at such other value(s) as may be permitted by law, of the shares or other securities giving right to subscribe for shares of the Company and shall be met out of the free reserves and/or the share premium reserve and/or out of the proceeds of an issue specifically made for the purpose or from such other sources as may be permitted by law. The shares so bought back shall be dealt with as per then prevailing law/regulation.

The resolution is an enabling provision aimed at facilitating the Company to buy back its shares as soon as legally permissible and will be implemented within the time permitted by law.

The Directors recommend the resolution for approval of the shareholders.

All existing Directors who hold securities in the Company are concerned or interested in the Resolution.

Item No 6

To augment the long term resources of the Company for operational requirements, the Board of Directors have considered it expedient and in the interest of the Company to explore the possibility of issuing redeemable preference shares on such terms and conditions as the Board may think fit, in the interest of the Company from time to time. It is proposed to issue redeemable preference shares up to face value of Rs 2 crores (Rupees Two crores only). The said shares shall not be convertible into equity shares. The issue of further capital other than on right basis to existing holders of equity shares requires approval of shareholders by way of Ordinary Resolution under Section 81 (IA) of the Companies Act, 1956. Hence the resolution.

No Director is interested in the said resolution.

Item No. 7

In the previous Annual General Meeting, sanction was accorded by the Members for the issue of Non Convertible Debentures to the extent of Rs 2 crores (Rupees Two Crores only). While negotiating the proposal of Non Convertible Debentures with



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various agencies/ institutions it was impressed upon that the convertible debenture would be preferred as against Non Convertible Debentures to sell our issue without any difficulty. Hence the said resolution.

No Director is interested in the said resolution.

Item No. 8

Mr B.D. Topiwala was appointed as the Chairman and Managing Director and consent was accorded by the members in the last Annual General Meeting for the term of five years commencing from 1st April 1997 with the monthly salary of Rs 1 lac (Rupees One lac only) and perquisite of Rs 1 lacs (Rupees One lac only) p.a. Since the statutory benefits like provident fund is considered a part of perquisite which exceeds Rs 1 lac (Rupees One lac only) as per the revised rules of provident fund, it is necessary to revise the limit of perquisite to the proposed level of Rs 5 lacs (Rupees Five lacs only) to cover all the perquisites, as per the rules applicable to other Employees of the Company

Mr B.D. Topiwala who is directly interested in this resolution and Mr Hemant B. Topiwala and Mr Hitesh. B. Topiwala being the relatives of Mr B.D. Topiwala are Interested Directors for the resolution.

Item No. 9

Mr Hemant. B. Topiwala was appointed as the whole time Director and consent was accorded by the members in the last Annual General Meeting for the term of five years commencing

from 1st April 1997 with the monthly salary of Rs 1 lac (Rupees One lac only) and perquisite of Rs 1 lacs (Rupees One lac only) p.a. Since the statutory benefits like provident fund is considered a part of perquisite which exceeds Rs 1 lac (Rupees One lac only) as per the revised rules of provident fund, it is necessary to revise the limit of perquisite to the proposed level of Rs 5 lacs (Rupees Five lacs only) to cover all the perquisites, as per the rules applicable to other Employees of the Company

Mr Hemant. B. Topiwala who is directly interested in this resolution and Mr B.D. Topiwala and Mr Hitesh. B. Topiwala being the relatives of Mr Hemant. B. Topiwala are Interested Directors for the resolution.

For and on behalf of the Board

B.D. Topiwala
Chairman & Managing Director

Mumbai, Dated: 31st October 1998.

Registered Office:

A-1/2211, 3rd Phase,
G.I.D.C, Vapi- 396 195,
Dist. Bulsar, Gujarat.

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**PARAMOUNT COSMETICS (INDIA) LIMITED****DIRECTORS' REPORT TO THE MEMBERS**

Your Directors have pleasure in presenting their Thirteenth Annual Report together with the Audited accounts of the Company for the year ended 31st March 1998.

FINANCIAL RESULTS:

	Year Ended 31.03.1998 (Rs in lacs)	Year Ended 31.03.1997 (Rs in lacs)
Turnover	2034.85	2820.97
Gross Profit	78.04	92.68
Less:		
Depreciation	27.56	22.00
Income Tax	6.50	8.00
Net Profit	43.97	62.68
Add:		
Excess provision for Income Tax of earlier year written back:		
Income Tax	81.78	3.69
Others	2.83	-
Less:		
Profit/(loss) from previous year brought forward	(99.71)	(146.54)
Prior Period Expenditure	(25.77)	(19.54)
Surplus available for Appropriations	3.08	(99.71)
Appropriations		
Transfer to General Reserve		Nil
Provision for Dividend		Nil
Balance to be carried forward to Balance Sheet	3.08	(99.71)

DIVIDEND:

With a view to strengthen the financial position and meet with the increased working capital requirements of the Company, Directors do not feel advisable to recommend any dividend on Equity shares for the year under review.

OPERATIONS AND PERFORMANCE DURING THE YEAR:

During the year under review, the Company achieved a turnover lower than the previous year due to various reasons.

- During the year under review we changed the inner and outer packing of almost all our products to avoid imitation and duplication of our products and therefore we needed to slow down our production so that old stock lying in the market gets exhausted and the chances of getting the old stock back unsold may not arise, otherwise it would result into a great loss to the Company.
- Besides the normal competition in the market, the arrival of MNC invited keen competition and the survival of fittest principle was the dominant.
- During the year the shortage of working capital was experienced to a great extent which resulted into the lower turnover.

In spite of lower turnover as compared to the previous year the gross profit of the Company has increased by 0.55%. This is mainly due to the all round reduction of cost and other expenses in the Company.

ENERGY CONSERVATION:

The Information as per Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of the Particulars in the Report of Board of Directors Rules, 1998) is not being given as the same is not applicable to your Company.

TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO:

Information regarding Technology Absorption and Foreign Exchange Earning and Outgo, required under Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1998 are annexed and forms part of this report.

COMPANIES (PARTICULARS OF EMPLOYEES) RULES - 1975 :

A statement giving Particulars of Employees, as required under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, as amended, regarding employees is given in annexure and form part of the report.

SUBSIDIARY COMPANIES:

As required under Section 212 of the Companies Act, 1956, the audited statement of accounts along with the report of the Board of Directors of Premier Cosmetics Limited and Auditor's Report thereon for the year ended 31st March, 1998 are annexed to the Profit and Loss Account and Balance Sheet.

FIXED DEPOSITS:

The Company has decided not to accept the fresh fixed Deposits from the Public and pay off the outstanding deposits as and when falling due. There are no over due deposits outstanding for payment during the year under review.

DIRECTORS :

Shree Hemant.B. Topiwala & Shree Hitesh B. Topiwala who retire by rotation from the Board and being eligible, offers themselves for re-appointment at the ensuing Annual General Meeting.

AUDITORS:

The Members are requested to appoint M/s. R.U.Jain & Co, Chartered Accountants, as Statutory Auditors for the current financial year. The Company has received letter under Section 224(1B) of the Companies Act, 1956 to the effect that appointment, if made, would be within the prescribed limits. The notes to the accounts are self-explanatory and, therefore do not call for any further comments.

PERSONNEL:

The relationship with the employees have been cordial. Your Directors wish to place on record their appreciation for the devoted services rendered by the employees at all levels of the Company. This has contributed immensely to your company's growth.

ACKNOWLEDGEMENT:

Yours Directors wish to place on record their appreciation for support received from the Investors, Bankers, Financial Institutions and various Statutory Authorities throughout the year.

For and Behalf of the Board

B.D. Topiwala
Chairman & Managing Director

Place : Mumbai,
Dated : 31st October 1998.



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ANNEXURE TO THE DIRECTORS' REPORT

INFORMATION AS PER SECTION 217(2A) OF THE COMPANIES ACT, 1956 READ WITH THE COMPANIES (PARTICULARS OF EMPLOYEES) RULES, 1975 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE PERIOD ENDED 31ST MARCH, 1998.

Name & Age	Designation/ Nature of Duties	Qualifications	Experience (years)	Remuneration (Gross)	Date of commencement of employment	Particulars of last employment
B.D. Topiwala 65 years	Chairman & Managing Director	Matriculation	46	8,47,011/-	01.03.86	Managing Director of Paramount Kumkum Pvt. Ltd.
Hemant B. Topiwala 33 years	Whole time Director	B.Com	8	8,46,411/-	01.10.93	Director of Paramount Kumkum Private Limited

NOTES:

- Remuneration includes salary, Company's contribution to Provident Fund but excluding gratuity.
- Mr B.D. Topiwala is related to Mr Hemant. B. Topiwala and Mr Hitesh. B. Topiwala, Directors of the Company.
- Mr Hemant.B. Topiwala is related to Mr B.D. Topiwala and Mr Hitesh. B. Topiwala, Directors of the Company.
- The terms of employment of the above employees are contractual.
- There were no employees who were employed for part of the financial year and were in receipt of remuneration in the aggregate of not less than Rs 25,000/- per month.

For and Behalf of the Board

B.D. Topiwala

Chairman & Managing Director

Place : Mumbai

Dated : 31st October 1998

FORM - B (See rule 2)

Form for disclosure of particulars with respect to Absorption

Research and development (R& D)

- Specific areas in which R&D carried out by the Company
The Company being in the field of cosmetics has been constantly conducting research for the improvement of Quality, Shades, Colours and for marketing new range of products.
- Benefits derived as a result of the above R&D
This has resulted into wide acceptance of products by the Consumers. To ensure the marketing of quality products & to meet the changing needs of consumers, continuous R&D is being carried out.
- Future plan of action
-
- Expenditure on R& D
a. Capital
b. Recurring
c. Total
d. Total R&D expenditure as a percentage of total turnover.
Rs 7,500/-
Rs 7,500/-
0.00%

Technology absorption, adaption and innovation

- Efforts, in brief, made towards technology absorption, adaption and innovation.
The Company's manufacturing process is based on indigenous technology which has been successfully absorbed.
- Benefits derived as a result of the above efforts.
Product improvement, Development of new products, quality improvement.
- In case of imported technology (imported during the last 5 years reckoned from the beginning of the financial year), following information may be furnished:
N.A.
a. Technology imported
b. Year of import
c. Has technology been fully absorbed?
d. If not fully absorbed, areas where this has not taken place, reasons therefore and future plan of action.

For and on behalf of the Board

B.D. Topiwala

Chairman & Managing Director

Mumbai, Dated: 31st October 1998.



PARAMOUNT COSMETICS (INDIA) LIMITED

AUDITORS' REPORT

To the members of

PARAMOUNT COSMETICS (INDIA) LIMITED,

We have audited the attached Balance Sheet of PARAMOUNT COSMETICS (INDIA) LIMITED as at 31st March, 1998 and also the annexed Profit and Loss Account for the year ended on that date, and report that :

1. We have obtained all the information and explanations to the best of our knowledge and belief which were necessary for the purpose of our audit.
2. In our opinion proper books of accounts as required by law have been kept by the Company so far as appears from our examination of the books.
3. The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the Books of Accounts.
4. In our opinion, and to the best of our information and according to the explanation given to us, the said account, together with the notes thereon subject to ;
 - i. Reimbursement of expenses during the year ended 31st March 1992, to Authorised representative of Rs.37,50,045/-, is subject to the approval from Central Government (Note-3 Schedule 17).
 - ii. The method of accounting and change in the method of accounting for sales promotion expenses and advertisement expenses etc. (Note - Schedule 17).
 - iii. No provision is made for doubtful debts for Rs.6,88,405/- (Schedule 8) of the said report, gives the information required by The Companies Act, 1956, in the manner so required and give a true and fair view.
 - a. In the case of the Balance Sheet, of the state of affairs of the company as at 31st March 1998, and
 - b. In the case of Profit & Loss Account, of the profit for the year ended on that date.
5. As required by the Manufacturing and other Companies (Auditors Report) Order, 1988 issued by the Company Law Board in terms of section 227 (4A) of the Companies Act, 1956 & on the basis of such checks as we considered appropriate and as per the information and explanation given to us during the course of audit, we further state that :
 - I) The company has maintained proper records to show full particulars including quantitative details and situation of fixed assets. The fixed assets have been physically verified by the management during the year. No serious discrepancies were noticed by the management on such verification as compared with the records of fixed assets.
 - II) None of the fixed assets of the Company have been revalued during the year.
 - III) The stock of finished goods, stores and raw materials of the company have been physically

verified by the management during the year. In our opinion the frequency of the verification is reasonable.

- IV) In our opinion and according to the information and explanation given to us, the procedure of physical verification of stock followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
- V) The discrepancies noticed on physical verification of stocks as compared to book records were not material and have been properly dealt with in the books of accounts.
- VI) In our opinion and on basis of our examination, the valuation of stock is fair and proper in accordance with normally accepted accounting principles. The valuation of stock is on the same basis as in the preceding year.
- VII) In our opinion, the rate of interest and other terms and conditions on which loans have been taken from companies listed in the register maintained under Section 301 and 370 (1-B) of the Companies Act, 1956 are not prima facie, prejudicial to the interest of the company.
- VIII) The Company has not granted any loans to companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956. We are informed that there are companies under the same management within the meaning of section 370 (1B) of the Companies Act, 1956.
- IX) The Company has given interest free loans and advances in the nature of loans to its employees who are repaying the principal amount as stipulated.
- X) In our opinion and according to the information and explanation given to us there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to the purchase of stores, raw material including components, plant & machinery, equipments and other assets.
- XI) According to the information and explanation given to us, the transactions of purchase of goods and materials and sale of goods, material and services, made in pursuance of contracts or arrangement entered in the registers maintained under Section 301 of the Companies Act, 1956 and aggregating during the current year to Rs.50,000/- or more in respect of each party, have been made at prices which in our opinion are reasonable having regard to prevailing market prices for such goods, materials or services or the prices at which similar transactions have been made with other parties as case may be, except for items of specialised nature where the question of comparison does not arise.



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- XII) As explained to us, the Company has a regular procedure for the determination of unserviceable or damaged stores, raw materials and finished goods. Adequate provision has been made in the accounts for the loss arising on the items so determined.
- XIII) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Section 58(A) of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits accepted from public.
- XIV) We are informed that the Company has no significant realisable scrap and by products.
- XV) In our opinion, the Company's present internal audit system needs to be strengthened having regard to the nature and size of its business.
- XVI) We have broadly reviewed the Books of Accounts and other records maintained by the company in respect of Sticker Kum Kum/Bulk Kum Kum pursuant to the Rule made by the Central Government, the maintenance of Cost records have been prescribed under section 209(1)(d) of the Companies Act, 1956. We are of the opinion that prima facie the prescribed accounts and records have been maintained. We have not made a detailed examination of the records with a view to determine whether they are accurate or complete..
- XVII) According to the records of the Company, Provident Fund and Employees' State Insurance dues have been deposited during the year with the appropriate authorities. Though there has been delay in payments.
- XVIII) According to the information & explanation given to us there are no undisputed amount payable in respect of wealth tax, sales tax, custom duty, excise duty except Income Tax Rs. 1,87,734/- outstanding for a period of more than six months as at March 31, 1998 from the date they become payable.
- XIX) According to the information & explanation given to us and the records of the company examined by us, no personal expenses of the employees or directors have been charged to revenue account other than those under contractual obligations or in accordance with the generally accepted business practice.
- XX) The Company is not a sick industrial Company within the meaning of clause (i) of sub-section (1) of Section (3) of the Sick Industrial Companies (Special Provisions) Act 1985.
- XXI) In relation to its trading items, the Company has determined damaged goods at regular intervals and adequate provision for the loss in respect thereof has been made in the accounts.

For R. U. JAIN & CO.
Chartered Accountants

R. U. JAIN
Proprietor

Mumbai, 31st October, 1998.

**PARAMOUNT COSMETICS (INDIA) LIMITED****BALANCE SHEET AS AT 31ST MARCH, 1998**

	Schedule No.	AS AT 31.03.1998 Rs.	AS AT 31.03.1997 Rs.
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	1	1,84,76,190	1,84,76,190
Reserves & Surplus	2	2,35,86,159	2,32,77,740
		<u>4,20,62,349</u>	<u>4,17,53,930</u>
Loan Funds			
Secured Loans	3	4,68,83,607	4,63,30,637
Unsecured Loans	4	1,76,67,282	2,38,95,000
		<u>6,45,50,889</u>	<u>7,02,25,637</u>
Total Funds Employed		<u>10,66,13,238</u>	<u>11,19,79,567</u>
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	5	2,17,02,838	2,02,14,145
Less: Depreciation		<u>1,14,20,858</u>	<u>86,69,126</u>
Net Block		<u>1,02,81,980</u>	<u>1,15,45,021</u>
Investments	6	10,23,500	10,23,500
Current Assets, Loans & Advances			
Inventories	7	11,25,74,939	9,23,28,852
Sundry Debtors	8	3,35,22,355	4,16,31,057
Cash & Bank Balances	9	40,66,137	46,28,994
Loans & Advances	10	95,62,528	1,11,93,457
		<u>15,97,25,959</u>	<u>14,97,82,360</u>
Less : Current Liabilities & Provisions	11		
Liabilities		14,31,74,501	10,23,80,236
Provisions		<u>21,50,000</u>	<u>96,77,643</u>
		<u>14,53,24,501</u>	<u>11,20,57,879</u>
Net Current Assets		<u>1,44,01,458</u>	<u>3,77,24,481</u>
Miscellaneous Expenditure (To the extent not written off or adjusted)			
Preliminary Expenses		8,36,494	9,28,234
Deferred Revenue Expenditure		8,00,69,806	5,07,87,004
Profit & Loss		<u>-</u>	<u>99,71,327</u>
		<u>8,09,06,300</u>	<u>14,35,86,265</u>
Total Fund Utilised		<u>10,66,13,238</u>	<u>11,19,79,567</u>
NOTES ON ACCOUNTS	17		

SIGNATORIES TO BALANCE SHEET AND SCHEDULES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 1998.

As per our Report Attached

R.U.JAIN & COMPANY

Chartered Accountants

R.U. JAIN

Proprietor

M.N.TRIVEDI

G.M.(Finance) & Company Secretary

Mumbai,

Dated: 31st, October 1998.

For and on behalf of Board

B. D. TOPIWALA**HEMANT B. TOPIWALA****HITESH B. TOPIWALA****K. J. SHAH****K. G. SARAF**

(Chairman and Managing Director)

(Wholtime Director)

(Director)

(Director)

(Director)