

SEVENTEENTH ANNUAL REPORT
2001-2002



PARAMOUNT
COSMETICS (INDIA) LTD.

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PARAMOUNT COSMETICS (INDIA) LTD.

PARAMOUNT COSMETICS (INDIA) LIMITED SEVENTEENTH ANNUAL REPORT 2001-2002

On Monday, 30th September 2002
at 11.a.m. at 59, G.I.D.C. Vapi-396 195, Dist. Bular, Gujarat

BOARD OF DIRECTORS

Mr. B.D. Topiwala
Mr. Hemant B. Topiwala
Mr. Hitesh B. Topiwala
Mr. V. N. Mehta
Mr. Rajiv Bhatt

*Chairman**Director**Director**Wholetime Director**Wholetime Director*

Mr. R. H. Bhatia

*Manager (Finance & Legal)
& Company Secretary*

REGISTERED OFFICE

59, G.I.D.C. Vapi - 396 196
Dist. Bular, Gujarat

HEAD OFFICE

"Kalptaru"
71, Nutan Laxmi Society,
N. S. Road No. 9, Juhu Scheme,
Mumbai - 400 049.

AUDITORS

R. U. Jain & Co.
Chartered Accountants

REGISTRARS &**SHARE TRANSFER AGENTS**

I.I.T. Corporate Services Ltd.
"Shreepal Complex", Ground Floor,
Suren Road, Nr. Cinemagic Theatre,
Andheri (East), Mumbai - 400 093.

BANKERS

State Bank of Indore
Fort, Mumabi - 400 001

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



PARAMOUNT COSMETICS (INDIA) LIMITED

NOTICE

NOTICE is hereby given that the Seventeenth Annual General Meeting of the Members of PARAMOUNT COSMETICS (INDIA) LIMITED will be held at the Registered Office of the Company at 59, G.I.D.C., VAPI - 396 195, Dist. Bulsar, Gujarat on Monday, September 30, 2002, at 11.00 a.m. to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the audited Profit & Loss Account for the twelve months period ended on March 31, 2002 and the Balance Sheet as at that date and Report of the Directors and Auditors thereon.
2. To appoint Director in place of Mr. Vishwajeet N. Mehta, who retires by rotation at the conclusion of the ensuing Annual General Meeting and being eligible offers himself for re-appointment as the Director of the Company.
3. To appoint the Auditors of the Company to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

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 Monday, September 23, 2002 to Monday, September 30, 2002, (both days inclusive).
3. Members are requested to notify immediately change of address if any, and to send all communications pertaining to shares to the Company's Registered Office or Registrars and Share Transfer Agents M/s. IIT Corporate Services Limited, 12, Shreepal Complex, Ground Floor, Suren Road, Nr. Cinemagic Theatre, Andheri (East), Mumbai - 400 093.
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 signed in accordance with their specimen signature registered with the company for admission to the venue of the Meeting.

For and on behalf of the Board

Mumbai
August 10, 2002

B. D. Topiwala
Chairman

Registered Office:
59 G.I.D.C., Vapi - 396 195,
Dist. Bulsar, Gujarat.

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DIRECTORS' REPORT

TO THE MEMBERS

Your Directors hereby present their Seventeenth Annual Report together with the Audited Accounts of the Company for the period ended March 31, 2002.

FINANCIAL RESULTS:

	Period Ended 31.03.2002 (Rs. in lacs)	Period Ended 31.03.2001 (Rs. in lacs)
Turnover	2025.90	1645.21
Gross Profit	260.38	463.05
Less:		
Depreciation	22.47	12.78
Income Tax	Nil	Nil
Deferred Revenue Expenditure written off Net Profit/(loss)	180.23 (602.58)	120.10 (85.75)
Add:		
Profit / (Loss) from previous year brought forward	(313.08)	152.46
Prior Period Expenditure	23.93	(68.13)
Surplus / (deficit)	(891.73)	(313.08)
Appropriations		
Transfer to General Reserve	Nil	Nil
Provision for Dividend	Nil	Nil
Balance to be carried forward to the Balance Sheet	(891.73)	(313.08)

DIVIDEND:

In view of the Loss for the period, no dividend is recommended.

OPERATIONS AND PERFORMANCE DURING THE YEAR:

During the period your Company has been successful in fighting the competition and has achieved the turnover of Rs.20.26 crores and has made a net loss of Rs.5,97,29,203/- as compared to net loss of Rs.85,75,429/- during the previous year. However, during the period, your Company has written off an amount of Rs.1,80,22,965/- towards part deferred revenue expenditure resulting in a loss of Rs.5,97,29,203/-. The decline in profit is basically due to the higher cost of transportation and consumption.

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, 1988) 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, 1988, is not submitted as it is not applicable to the Company.

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 not attached as it is not applicable, since no employee is in receipt of remuneration in excess of limit prescribed.

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 Auditors' Report thereon for the year ended 31st March, 2002 are annexed to the Profit & Loss Account and Balance Sheet.

DIRECTORS:

Mr. Vishwajeet N. Mehta retires by rotation from the Board and being eligible, offer themselves for re-appointment at the ensuing Annual General Meeting.

DIRECTORS RESPONSIBILITY STATEMENT:

Your Directors confirm that:

- in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures:
- The Directors had selected such accounting policies and applied them consistently and made judgement and estimates that are reasonable and prudent so



PARAMOUNT COSMETICS (INDIA) LIMITED

as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period.

- c. The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company for preventing and detecting fraud and other irregularities.
- d. The annual accounts have been prepared on a going concern basis.

AUDITORS:

The Members are requested to appoint Statutory Auditors M/s. R. U. Jain & Company for the financial year 2002-2003. The Company has received letter from M/s R.U. Jain & Company u/s 224(1 B) of the Companies Act, 1956 to the effect that the appointment, if made, would be within the prescribed limit. The notes to the accounts are self-explanatory and, therefore do not call for any further comments.

PERSONNEL:

The Board wishes to place on record its appreciation of the dedication and commitment of the employees of your Company, at all levels.

ACKNOWLEDGEMENT:

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

For and on behalf of the Board

Mumbai
August 10, 2002

B.D. Topiwala
Chairman

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FORM - B [See rule 2]

Form for disclosure of particulars with respect to Absorption

Research and development (R & D)

- | | |
|--|---|
| 1. 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. |
| 2. Benefits derived as a result of the above R & D | This has resulted in acceptance of products by the consumers. To ensure the marketing of quality products and to meet the changing needs of consumers, continuous R & D is being carried out. |
| 3. Future plan of action | |
| 4. Expenditure on R & D : | |
| a) Capital | NIL |
| b) Recurring | NIL |
| c) Total | NIL |
| d) Total R & D expenditure as a percentage of total turnover | NIL |

Technology absorption, adaptation and innovation

- | | |
|---|---|
| 1. Efforts, in brief, made towards technology absorption, adaptation and innovation | The Company's manufacturing process is based on indigenous technology which has been successfully absorbed. |
| 2. Benefits derived as a result of the above efforts, e.g. product improvement, cost reduction, product development, import substitution, etc. | Product improvement |
| 3. 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 therefor and future plan of action. | |

For and on behalf of the Board

Mumbai
August 10, 2002

B.D. Topiwala
Chairman



PARAMOUNT COSMETICS (INDIA) LIMITED

AUDITORS' REPORT

To The Members

PARAMOUNT COSMETICS (INDIA) LIMITED

1. We have audited the attached Balance Sheet of PARAMOUNT COSMETICS (INDIA) LIMITED as at 31st March 2002 and the Profit and Loss Account of the Company for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Management, as well as evaluating the overall financial presentation. We believe that our audit provides reasonable basis for our opinion and report that:
 - a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - b) In our opinion, proper books of accounts, as required by law, have been kept by the Company, so far as appears from our examination of such books.
 - c) The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the Books of Accounts.
 - d) In our opinion the Balance Sheet and the Profit and Loss Account complies with the Accounting Standards referred in Section 211 (3C) of the Companies Act, 1956.
3. Based on the representations made by all the Directors of the Company which were taken on record by the Board of Directors of the Company and the information and explanations as made available, Directors of the Company do not have any disqualification as referred to in clause (g) of sub-section (1) to Section 274 of the Act.
4. In our opinion, and to the best of our information and according to the explanations given to us, the said Balance Sheet and Profit and Loss Account read together with the Significant Accounting Policies and other notes thereon give the information required by the Companies Act, 1956, 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-2 Schedule 17).
 - ii) The provision for gratuity for Rs.3,37,653/- is made on estimated basis (Note 5 Schedule 17).
 - iii) There is change in the method of accounting of advertisement and Sales Promotion expenses, the loss for the year is understated by Rs. 80,36,016/- (Note No. 7 of Schedule 17).
 - iv) No provision is made for doubtful debts for Rs. 11,55,750/- (Schedule 8) and Loans and Advances Rs.27,00,000/- (Note 6 Schedule 17) 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 2002, and
 - b. In the case of Profit & Loss Account, of the Loss for the period 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 and 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 we are informed that 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 period.
 - iii) The stock of Trading goods, have been physically verified by the management during the period. In our opinion the frequency of the verification needs to be increased.
 - 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.



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- 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 is in the accordance with normally accepted accounting principles. The valuation of stock of Trading goods is on the same basis as in the preceding year.
- vii) The Company has not taken, secured or unsecured loan from 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 u/s 370 (1B) of the Companies Act, 1956.
- viii) The Company has not granted any loans, secured or unsecured to Companies, firm 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 u/s 370 (1B) of the Companies Act, 1956. 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 except those who are ceased to be in services, or legal cases are pending.
- ix) 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 prima facie, not prejudicial to the interest of the Company.
- x) In our opinion and according to the information and explanations given to us there are internal control procedures which require with the size of the Company to be strengthened where applicable and the nature of its business with regard to the purchase of stores, raw material including components, plant & machinery, equipments and other assets and with regard to the sale of goods.
- xi) 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.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 the case may be, since the purchases are for branded goods, comparative prices are not available.
- xii) As explained to us, the Company has regular procedure for determination of raw material and finished goods. Adequate Provision has been made in the Accounts for loss, if any arise on items so determined.
- xiii) No. Fixed Deposit is accepted during the year.
- xiv) We are informed that the Company has no 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) Since there are no major manufacturing activities of the Company, no cost records are maintained. (The Company has received notice from Central Government for cost audit report compliance, we are informed that the Company will reply for the compliance).
- xvii) According to the information & explanations given to us there are no undisputed amount payable in respect of income tax, wealth tax, custom duty, excise duty except Sales Tax Rs 9,98,164/-, Income Tax Rs.19,28,513/- outstanding for a period of more than six months as at March 31, 2002 from the date they became payable.
- xviii) According to the information & explanations 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.
- xix) The Company is not a Sick Industrial Company within the meaning of clause (0) of sub-section (1) of Section (3) of the Sick Industrial Companies (Special Provisions) Act 1985.
- xx) 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

Mumbai,
Dated August 10, 2002

R. U. JAIN
Proprietor



PARAMOUNT COSMETICS (INDIA) LIMITED

BALANCE SHEET AS ON 31ST MARCH, 2002

	Schedule	As at 31-03-2002 Rs.	As at 31-03-2001 Rs.
SOURCES OF FUNDS			
Shareholders' Fund			
Share Capital	1	4,84,76,190	4,84,76,190
Reserves & Surplus	2	11,32,77,740	11,32,77,740
		<u>16,17,53,930</u>	<u>16,17,53,930</u>
Loan Funds			
Secured Loans	3	5,20,29,094	4,58,33,886
Unsecured Loans	4	77,00,109	63,52,990
		<u>5,97,29,203</u>	<u>5,21,86,876</u>
Total Funds Employed		<u>22,14,83,133</u>	<u>21,39,40,806</u>
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	5	3,08,59,524	2,55,86,666
Less: Depreciation		<u>2,00,07,398</u>	<u>1,77,60,885</u>
Net Block		<u>1,08,52,126</u>	<u>78,25,781</u>
INVESTMENT	6	10,23,500	10,23,500
Current Asset, Loans & Advances			
Inventories	7	5,17,44,173	7,66,40,562
Sundry Debtors	8	7,01,46,885	8,12,45,163
Cash & Bank Balances	9	29,02,206	52,37,016
Loans & Advances	10	84,23,555	78,98,334
		<u>13,32,16,819</u>	<u>17,10,21,075</u>
Less: Current Liabilities & Provisions			
Liabilities	11	5,09,69,568	4,33,90,106
Provisions		<u>23,46,226</u>	<u>24,50,264</u>
		<u>5,33,15,794</u>	<u>4,58,40,370</u>
Net Current Assets		<u>7,99,01,025</u>	<u>12,51,80,705</u>
Miscellaneous Expenditure (To the extent not written off or adjusted)			
Preliminary Expenses		4,69,534	5,61,274
Deferred Revenue Expenditure		4,00,63,939	4,80,41,884
Profit & Loss		<u>8,91,73,009</u>	<u>3,13,07,662</u>
Total Fund Utilised		<u>22,14,83,133</u>	<u>21,39,40,806</u>

NOTES ON ACCOUNTS

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SIGNATORIES TO BALANCE SHEET AND SCHEDULES FORMING PART OF ACCOUNTS FOR THE PERIOD ENDED 31ST MARCH, 2002

As per our Report Attached

For and on behalf of Board

R.U. JAIN & CO.
Chartered Accountants

B.D. Topiwala
Chairman

Hemant Topiwala
Director

R.U. Jain
Proprietor

R.H. Bhatia
Manager - (Finance & Legal) & Company Secretary

Mumbai,
Dated: August 10, 2002

Mumbai,
Dated: August 10, 2002