



PARAMOUNT

Rising beyond imagination

**PARAMOUNT COSMETICS (INDIA) LIMITED**

**TWENTY EIGHTH ANNUAL REPORT 2012-2013**

## **CORPORATE INFORMATION**

**BOARD OF DIRECTORS**

Mr. Hiitesh Topiwaalla, Managing Director  
 Mr. Shishir B. Desai, Director  
 Mr. V.N. Mehta, Director  
 Ms. Aartii Topiwaala, Director

**REGISTERED OFFICE**

A-1/2211, III Phase, G.I.D.C. Vapi - 396 195  
 Dist. -Valsad, Gujarat  
 Email: [compliance.officer@parammount.com](mailto:compliance.officer@parammount.com)  
 Website: [www.parammount.com](http://www.parammount.com)

**COMPANY SECRETARY**

Deepika Srivastava

**CORPORATE OFFICE**

902-904, 9<sup>th</sup> 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](mailto:compliance.officer@parammount.com)

**STATUTORY AUDITORS**

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

**BANKERS**

IDBI Bank Ltd.

**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](mailto:rta_admin@bfsi.co.in)

**ISIN: INE143I01013**

| <b><u>CONTENTS</u></b>             |          |
|------------------------------------|----------|
|                                    | Page No. |
| Corporate Information              | 2        |
| Notice                             | 3-7      |
| Directors' Report                  | 8-11     |
| Management Discussion and Analysis | 12-13    |
| Corporate Governance Report        | 14-23    |
| Auditors' Report                   | 24-26    |
| Balance Sheet                      | 27       |
| Profit & Loss Account              | 28       |
| Cash Flow Statement                | 29       |
| Schedules to Balance Sheet         | 30-34    |
| Schedules to Profit & Loss Account | 35-36    |
| Notes on Accounts                  | 37-39    |

**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 Eighth** Annual General Meeting of the Members of Paramount Cosmetics (India) Limited will be held on Monday, the 30<sup>th</sup> day, of September, 2013 at 11:00 a.m. at the Registered Office of the Company at A-1/2211 III Phase, G.I.D.C Vapi – 396 195, District - Valsad, Gujarat, to transact the following business:

### ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet of the Company as at 31<sup>st</sup> March, 2013 and Statement of Profit & Loss Account for the year ended on that date together with the Cash Flow Statement for the year ended on that date and the report of the Board of Directors and Auditors thereon.
2. To declare Dividend on Equity Shares of the Company for the Financial Year 2012-13.
3. To appoint a Director in place of Ms. Aartii Topiwaala, who retires by rotation and being eligible, offers herself for re-appointment.
4. To re-appoint M/s. R U Jain & Co., Chartered Accountants, as Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

### SPECIAL BUSINESS:

5. To consider adoption of the following resolution, with or without modification, as a **(As Special resolution)**  
**"RESOLVED THAT** pursuant to the provisions of Section(s) 198, 269, 317 read with Schedule XIII and other applicable provisions of the Companies Act, 1956 ("the Act", including any statutory modification(s) or re-enactment thereof, for the time being in force) if any, and subject to such other approvals as may be necessary, consent of the Company be and is hereby accorded to appoint Mr. Hiitesh Topiwaalla as Managing Director of the Company for a period of five (5) years with effect from 1<sup>st</sup> April, 2014 to March 31, 2019 and payment of remuneration to him for first three years of his appointment i.e. from 1<sup>st</sup> April, 2014 to 31<sup>st</sup> March, 2017 on the following terms and conditions :

- |     |  |   |
|-----|--|---|
| (A) | <b>Salary</b>  | Rs. 72,00,000/- per annum   |
| (B) | <b>Perquisites, allowances, retivals &amp; other benefits, reimbursements and</b>  | Rs. 28,00,000/- per annum   |
| (C) | <b>Commission</b>  | 5% of the Net Profit of the Company, Subject to overall limit of Companies Act, 1956. |
| (D) | <b>Other benefits</b>  |   |
|     | (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.<br>The valuation of perquisites shall be as per the provisions of the Income Tax Act, 1961 (includes any modification, amendment or re-enactment).  |   |

- (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 shall be terminated by either party giving to other six Calendar months notice in writing. 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 318 of the Act.

### (G) CEILING ON REMUNERATION

The aggregate remuneration shall not exceed the limits provided in Sections 198 and 309 of the Act.

Pursuant to paragraphs (C) of Section II of Part II of the Schedule XIII and other applicable provisions of the Act, if any, and subject to such approvals as may be necessary, wherein in any financial year during the tenure of his service, the Company has no profits or its profits are inadequate, the Company may pay to Mr. Hiitesh Topiwaalla, Managing Director, remuneration by way of salary, perquisites and other terms as specified supra, as minimum remuneration.

**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 overall remuneration limit of Rs. 1,00,000,00 /- per annum.

**RESOLVED FURTHER THAT** Chief Financial Officer and/or Company Secretary, be and are hereby severally 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 take all such actions as may be considered necessary to give effect to the above resolution, including filing of necessary statutory forms and sub- delegation to any other officer of the Company."

**By order of the Board of Directors  
For Paramount Cosmetics (I) Ltd.**

sd/-

**Deepika Srivastava  
Company Secretary**

**Place: Bangalore  
Date: 31.07.2013**

## NOTES

- a. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES, IN ORDER TO BE EFFECTIVE, MUST BE RECEIVED AT THE REGISTERED OFFICE/ CORPORATE OFFICE OF THE COMPANY, NOT LESS THAN FORTY EIGHT HOURS BEFORE THE COMMENCEMENT OF THE TWENTY EIGHTH ANNUAL GENERAL MEETING. A PROXY MAY NOT VOTE EXCEPT ON A POLL. **A PROXY FORM IS APPENDED WITH THE ADMISSION SLIP.**
- b. The Register of Members and Share Transfer Books of the Company will remain closed from Saturday, 21.09.2013 to Monday, 30.09.2013 (both days inclusive), in terms of Section 154 of the Companies Act, 1956 and the Listing Agreement with the Bombay Stock Exchange where the Shares of the Company are listed.
- c. The Dividend on Equity Shares as recommended by the Directors, if declared at the Meeting, will be paid within the statutory period of 30 days to those Members whose names shall appear on the Company's Register of Members on September 20, 2013. In respect of the Shares held in dematerialized form, the Dividend will be paid to Members whose names shall be furnished by National Securities Depository Ltd. (NSDL) and Central Depository Services India Ltd. (CDSL) as beneficial owners as on that date.
- d. In case you have any query relating to the enclosed Annual Accounts you are requested to send the same to the Company Secretary at the Corporate Office of the Company at least 10 days before the date of Annual General Meeting so as to enable the Company to furnish information.
- e. Members are requested to notify immediately of any change in their address to the Company's Registrar and Share Transfer Agent. Members holding shares in electronic form are advised to notify any change in their address to the concerned depository participant.
- f. Members are requested to send all correspondence concerning registration of transfers, transmissions, subdivision, consolidation of Shares or any other Share related matters and/or change in address, furnishing of details of their bank accounts or updation thereof, to Company's Registrar - **BgSE Financials Limited**, Stock Exchange Towers, No. 51, 1st Cross, J. C. Road, Bangalore – 560027. Ph. No. 080 41329661. E-mail: rta\_admin@bfsi.co.in or manager\_rta@bfsi.co.in
- g. As per the provisions of the Companies Act, 1956, facility for making nominations is available for shareholders, in respect of shares held by them. Nomination forms can be obtained from the Registrar and Share Transfer Agent of the Company.
- h. The Securities and Exchange Board of India has notified that the shareholders/ transferee of shares (including joint holders) holding shares in physical form are required to furnish a certified copy of their Income Tax Permanent Account Number (PAN) card to the Company / RTA while transacting in the securities market including transfer, transmission or any other corporate action. Accordingly, all the shareholders/ transferee of shares (including joint holders) in physical form are requested to furnish a certified copy of their PAN card to the Company/ RTA while transacting in the securities market including transfer, transmission or any other corporate action.
- i. Corporate members are requested to send, a duly certified copy of the board resolution/power of attorney authorizing their representative to attend and vote at the Annual General Meeting.
- j. Members/proxies are requested to bring duly filled admission/attendance slips sent herewith along with the copies of Annual Reports at the Meeting.
- k. The Company's Securities are listed at the Bombay Stock Exchange Limited, Mumbai. The Company has paid Annual Listing fee to the Stock Exchange for the Financial Year 2013-14.

**By order of the Board of Directors  
For Paramount Cosmetics (I) Ltd.**

sd/-

**Place: Bangalore  
Date: 31.07.2013**

**Deepika Srivastava  
Company Secretary**

Details of Director seeking appointment / re-appointment at the Annual General Meeting to be held on September 30, 2013  
(Additional information pursuant to Clause 49 of the Listing Agreement)

| 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 18 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, 2013                      | NIL   |
| List of Chairmanship/ Membership of the Committees of Board of Public Companies as on March 31, 2013 | Paramount Cosmetics (India) Limited:<br>Audit Committee - Member<br>Remuneration Committee - Member<br>Shareholder's Grievance Committee- Member<br>Share Transfer Committee - Member |

## EXPLANATORY STATEMENT

(Pursuant to section 173(2) of the Companies Act, 1956)

### Item No. 5

Mr. Hiitish Topiwaalla is the Managing Director of the Company since 2005 and was re-appointed from time to time.

In terms of the Schedule XIII of the Companies Act, 1956, the Remuneration Committee of the Board of Directors had approved the remuneration payable to Mr. Hiitish Topiwaalla, Managing Director for the first three years of his appointment i.e. 1<sup>st</sup> April, 2014 to 31<sup>st</sup> March, 2017 in its meeting held on 31.07.2013.

The remuneration recommended for payment to the Managing Director is set out in the Draft Resolution and the same is subject to your approval and approval of the Central Government.

INFORMATION IN PURSUANCE OF SECTION II OF PART II OF SCHEDULE XIII OF THE COMPANIES ACT, 1956 AND LISTING AGREEMENT IS GIVEN BELOW:

#### 1. General Information

|   |   |
|---|---|
| (a) Nature of Industry  | Manufacturing of Traditional Cosmetics  |
| (b) Date of commercial production or expected date of commencement of commercial production   | Commercial production has already commenced.  |
| (c) In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus | Not Applicable  |
| (d) Financial performance based on given indicators   | (Rs. in crores)<br>2012-2013  |
|   | Gross Sales 46.56   |
|   | Profit/(Loss) after Tax 1.42  |
|   | Rate of Dividend 6%   |
|   | Earning per Share (in Rs.) 2.91   |
| (e) Export performance and net foreign exchange earnings  | The Company had exported around 51,98,406 in the financial year 2012-13.<br><br>Foreign Exchange earned and used during financial year 2012-13: |

(Rs. in Crores)

|                              |       |
|------------------------------|-------|
| Foreign exchange earned      | 0.52  |
| Foreign Exchange used        | 1.25  |
| Net Foreign Exchange Earning | (.73) |

(f) Foreign investments or collaborators, if any.

The Company has no foreign investment/ collaborations as on 31-3-2013

## 2. Information about the appointee:

| (a) Name                                     | Mr. Hiitesh Topiiwaalla  |      |             |         |       |         |       |         |       |         |        |
|--|--|------|-------------|---------|-------|---------|-------|---------|-------|---------|--------|
| (b) Age                                      | 41 years   |      |             |         |       |         |       |         |       |         |        |
| (c) Qualifications                           | B.Com  |      |             |         |       |         |       |         |       |         |        |
| (d) No. of Equity Shares held in the Company | 31,89,540/-  |      |             |         |       |         |       |         |       |         |        |
| (e) Expertise / Employment records           | Mr. Hiitesh Topiiwaalla 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. His re-appointment has taken place from time to time. Mr. Topiiwaalla 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.  |      |             |         |       |         |       |         |       |         |        |
| (f) Other Directorships                      | <ol style="list-style-type: none"> <li>1. Paramount Kum Kum Pvt. Ltd.</li> <li>2. Paramount Personal care Pvt. Ltd.</li> <li>3. PETL Exports Pvt. Ltd.</li> <li>4. Parcos Brands Investment Pvt. Ltd.</li> <li>5. Parcos Brands Pvt. Ltd.</li> <li>6. Parcos Brands Communication Pvt. Ltd.</li> </ol>   |      |             |         |       |         |       |         |       |         |        |
| (g) Board Committees Memberships             | Share Transfer Committee Members   |      |             |         |       |         |       |         |       |         |        |
| (h) Background Details                       | Details given herein above.  |      |             |         |       |         |       |         |       |         |        |
| (i) Past Remuneration                        | <p>The remuneration drawn by Mr. Hiitesh Topiiwaalla during the past five years is as follows:-</p> <table> <tr> <th>Year</th><th>Rs. In Lacs</th></tr> <tr> <td>2009-10</td><td>27.62</td></tr> <tr> <td>2010-11</td><td>29.41</td></tr> <tr> <td>2011-12</td><td>60.49</td></tr> <tr> <td>2012-13</td><td>83.71*</td></tr> </table> <p>* Rs 31.5 lacs have been expended for new project from his salary</p>   | Year | Rs. In Lacs | 2009-10 | 27.62 | 2010-11 | 29.41 | 2011-12 | 60.49 | 2012-13 | 83.71* |
| Year   | Rs. In Lacs  |      |             |         |       |         |       |         |       |         |        |
| 2009-10                                      | 27.62  |      |             |         |       |         |       |         |       |         |        |
| 2010-11                                      | 29.41  |      |             |         |       |         |       |         |       |         |        |
| 2011-12                                      | 60.49  |      |             |         |       |         |       |         |       |         |        |
| 2012-13                                      | 83.71*   |      |             |         |       |         |       |         |       |         |        |
| (j) Recognition or Awards                    | NIL  |      |             |         |       |         |       |         |       |         |        |
| (k) Job Profile and his suitability          | Mr. Hiitesh is associated with Paramount Cosmetics (I) Ltd more than 20 years and working as Managing Director since 2005. He has rich and through knowledge in overall operations of company's business, products, processes and Employee Relations and has extensive knowledge of present state of affairs of the Company. His interest are developing new innovative products, developing new methods and approach across various operations and he has an aptitude for Research and Development. Under his dynamic leadership, the Company has significantly expanded its business activities. With his stewardship, the Paramount today is moving ahead in the high growth areas of Traditional Cosmetics and Colour Cosmetics. |      |             |         |       |         |       |         |       |         |        |
| (l) Remuneration proposed                    | As set out in draft resolution at Item No. 1.  |      |             |         |       |         |       |         |       |         |        |

- |  |  |
|--|--|
| (m) Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person.    | Considering Mr. Hiitesh Topiwaalla's experience and the contributions to the Company's business and keeping in view the high levels of remuneration in India and worldwide at these levels, the remuneration proposed is commensurate with the remuneration packages of similar senior level personnel in other companies. |
| (n) 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                             | Profit after Tax for the year ended 31st March 2013 was Rs.1.42 Crore. A combination of less Turnover and more establishment cost is the reason for inadequate profits.                 |
| (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.   |
| (c) Expected increase in productivity and profits in measurable terms | Company shall continue its efforts towards products innovation new products introduction, market penetration, cost control, increase productivity and expansion of production capacity. |

**4. Disclosures**

- (1) The shareholders of the Company shall be informed of the remuneration package of the managerial person.

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

- (2) 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, pension, 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.

However, the remuneration package of all the directors are disclosed in the disclosures as required under Section 217 of the Companies Act, 1956.

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

Mr. Hiitesh Topiwaalla is directly interested in the resolution. Ms. Aartii Topiwaala being relative of Mr. Hiitesh Topiwaalla may also be deemed to be interested in the resolution.

Your Directors recommend the resolution for your approval as a Special Resolution.

**INSPECTION OF DOCUMENTS**

Copies of the Memorandum and Articles of Association of the Company and all other material documents referred to herein above will be available for inspection at the registered office of the Company between 11.00 a.m. and 1.00 p.m. on all working days and will also be available at the meeting

**MEMORANDUM OF INTEREST**

Except as indicated above and except as a member to the extent of his shareholding in the Company, none of the Directors of the Company is interested in the proposed resolution.

**By order of the Board of Directors  
For Paramount Cosmetics (I) Ltd.**

sd/-

**Deepika Srivastava  
Company Secretary**

**Place: Bangalore  
Date: 31.07.2013**

## DIRECTORS' REPORT

Your Directors have pleasure in presenting the 28<sup>th</sup> Annual Report of your Company, together with the business operations for the year ended **31<sup>st</sup> March, 2013**.

### 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<br>31.03.2013 | Year ended<br>31.03.2012* |
|--|--------------------------|---------------------------|
| Sales and other income                       | 4,682.22                 | 4,478.25                  |
| Profit before Depreciation, Interest and Tax | 486.59                   | 462.90                    |
| Depreciation                                 | 60.38                    | 72.92                     |
| Interest and Finance Charges                 | 208.97                   | 199.81                    |
| Profit before Tax                            | 217.23                   | 190.17                    |
| Net Profit                                   | 141.50                   | 136.48                    |
| Surplus year to date                         | 585.25                   | 471.96                    |
| Appropriations                               | 35.32                    | 28.21                     |
| Balance carried forward to the Balance Sheet | 552.93                   | 443.75                    |

\* 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. 4,682.22 lakhs as compared to Rs. 4,478.25 lakhs in the previous year, showing an increase of 4.55%. Profit before Interest, Depreciation and Tax for the current year is Rs. 486.59 lakhs which is 5.12% higher than the preceding year which was Rs. 462.90 lakhs. Profit after tax is Rs. 141.50 lakhs which is 3.68% higher than the preceding year which stood at Rs. 136.48 lakhs due to increase in sales volume and operational efficiency.

### 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, Promoter & Non-Executive Director, retires by rotation and being eligible offers herself for re-appointment.

### BOARD COMMITTEES

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

### CORPORATE GOVERNANCE REPORT

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

A detailed report on Corporate Governance pursuant to the requirements of Clause 49 of the Listing Agreement forms part of this Annual Report. A Certificate from the Practicing Company Secretaries, 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**

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

**AUDITORS' REPORT**

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

**PARTICULARS OF EMPLOYEES AND DISCLOSURE OF INFORMATION**

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

**ACKNOWLEDGEMENTS**

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

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

**Place: Bangalore**  
**Dated: 31<sup>st</sup> July, 2013**

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

## ANNEXURES TO DIRECTORS' REPORT:

### A. DIRECTORS' RESPONSIBILITY STATEMENT

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

- i) In the preparation of the annual accounts, the applicable accounting standards have been followed;
- 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, 2013 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 Companies Act, 1956 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 31<sup>ST</sup> MARCH 2013:

#### 1. CONSERVATION OF ENERGY

- a) **Energy Conservation measures taken** - Though the Company is engaged in to 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. (A) TECHNOLOGY ABSORPTION RESEARCH & DEVELOPMENT (R&D)

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

#### (B) TECHNOLOGY ABSORPTION, ADOPTION AND INNOVATION

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

#### (C) IN CASE OF IMPORTED TECHNOLOGY

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