



PARAMOUNT

Rising beyond imagination

PARAMOUNT COSMETICS (INDIA) LIMITED

**THIRTY SECOND ANNUAL REPORT
2016-2017**

CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr. Hiitesh Topiwaalla	- Managing Director (DIN – 01603345)
Ms. Aartii Topiwaalla	- Director (Till 14.08.2017) (DIN – 03487105)
Mr. Shishir B. Desai	- Independent Director (DIN – 01453410)
Mr. V.N. Mehta	- Independent Director (DIN – 02800993)
Mr. Mukesh Kumar Tyagi	- Independent Director (DIN – 01649644)

CHIEF FINANCIAL OFFICER

Mr. Hansraj Rathor

BANKERS

IDBI Bank Limited

STATUTORY AUDITORS

M/s. S.S. Jain & Associates
Chartered Accountants,
Mumbai

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
CIN: L24240GJ1985PLC008282

CORPORATE OFFICE

902-904, 9th Floor,
Prestige Meridian-1,
29, M. G. Road,
Bangalore - 560 001
Ph: +91 80 25320870/71
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
manager_rta@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 **Thirty Second Annual General Meeting** of the Members of Paramount Cosmetics (India) Limited will be held on Friday, the 29th day of September, 2017 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, 2017 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 2016-17.
3. To ratify the appointment of M/s. S.S. Jain & Associates, Chartered Accountants as Statutory Auditor 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 sections 139(9) and 142(1) and other applicable provisions, if any, of the Companies Act, 2013, read with rules made there under, including any statutory modification(s) or re-enactment(s) thereof for the time being in force, the appointment of M/s. S.S. Jain & Associates, Chartered Accountant as Statutory Auditor approved in the 29th Annual General Meeting until the conclusion of 34th Annual General Meeting, be and is hereby ratified in this Annual General Meeting till conclusion of next Annual General Meeting, with such remuneration as may be decided by the Board of Directors.”

Registered Office:
A-1/2211, III Phase, G I D C,
Vapi, Gujarat-396195
CIN: L24240GJ1985PLC008282
Place: Bangalore
Date: 14.08.2017

By Order of the Board
For Paramount Cosmetics (India) Limited

Hiitesh Topiwaalla
Managing Director

NOTES

1. 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.
2. Corporate members intending to send their authorised representative to attend the Annual General Meeting (AGM) are requested to send Certified Copy of Resolution authorising their representative to attend and vote on their behalf at the AGM.
3. The Register of Members and Share Transfer Books of the Company will remain closed from Saturday, 23th September, 2017 to Friday, 29th September, 2017(both days inclusive), in terms of Section 91 of Companies Act, 2013 and Regulation 42 of the SEBI (Listing Obligation and Disclosure Requirement) Regulations 2015.
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 from the date of declaration of dividend to those members whose names shall appear on the Company's Register of Members on 22nd September, 2017. 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 the aforementioned date.
5. In accordance with the Companies Act, 2013, 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 three years effective from 1st April, 2017) 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. As the director liable to retire by rotation has resigned with effect from 14th August, 2017; the Board will scout for a new candidate for the position of director liable to retire by rotation in due course of time.
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, Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended and Regulation 44 of the SEBI (Listing Obligation and Disclosure Requirement) Regulations 2015, the Company is pleased to provide the facility to Members to exercise their right to vote on the resolutions proposed to be passed at AGM by electronic means.
9. The Members, whose names appear in the Register of Members / list of Beneficial Owners as on Friday, 22nd September, 2017 i.e. the date prior to the commencement of book closure, are entitled to vote on the Resolutions set forth in this Notice.
10. Any person who becomes a member of the Company after dispatch of the Notice of the Meeting and holding shares as on Friday, 22nd September, 2017 may obtain the User ID and password by sending a request at helpdesk.evoting@cdslindia.com or compliance.officer@paramount.com.
11. The members may cast their votes on electronic voting system from place other than the venue of the meeting (remote e-voting). The remote e-voting period will commence at 9.00 a.m. on Saturday, 23th September, 2017 and will end at 5.00 p.m. on Tuesday, 26th September, 2017. The e-voting module shall be disabled by CDSL for voting thereafter.
12. The facility for voting, through ballot paper, will also be made available at the AGM and the members attending the AGM who have not already cast their votes by remote e-voting shall be able to exercise their right at the AGM through ballot paper. Members who have cast their votes by remote e-voting prior to the AGM may attend the AGM but shall not be entitled to cast their votes again.

13. The Company has appointed M/s G R & Associates, Practicing Company Secretary, to act as the Scrutinizer, to scrutinize the entire e-voting process in a fair and transparent manner. The Members desiring to vote through remote e-voting are requested to refer to the detailed procedure given hereinafter. The Members desiring to vote through electronic mode may refer to the detailed procedure on e-voting given hereinafter.

PROCEDURE FOR E-VOTING:

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

(A) In case a member receiving e-mail

- (i) The voting period begins on 23rd September, 2017 at 9.00 a.m. and ends on 26th September, 2017 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 22nd September, 2017, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) The shareholders should log on to the e-voting website www.evotingindia.com.
- (iii) Click on Shareholders.
- (iv) 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.
- (v) Next enter the Image Verification as displayed and Click on Login.
- (vi) 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.
- (vii) 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) <input type="checkbox"/> 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 8 digits of the sequence number in the PAN Field. <input type="checkbox"/> In case the sequence 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 sequence number 1 then enter RA00000001 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. <input type="checkbox"/> 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 member id / folio number in the Dividend Bank details field as mentioned in instruction (iv).

- (viii) After entering these details appropriately, click on "SUBMIT" tab.
- (ix) Members holding shares in physical form will then directly reach 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.

- (x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xi) Click on the EVSN for the Paramount Cosmetics (India) Limited on which you choose to vote.
- (xii) 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.
- (xiii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xiv) 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.
- (xv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xvi) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.
- (xvii) If Demat account holder has forgotten the same password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xviii) Note for Non – Individual Shareholders and Custodians:
 - ☐ Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to www.evotingindia.com and register themselves as Corporates.
 - ☐ A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
 - ☐ After receiving the login details a compliance user should be created using the admin login and password. The Compliance user would be able to link the account(s) for 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.
 - ☐ A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.

(A) In case a member receives physical copy of the Notice by Post

For members whose e-mail addresses are not registered with the Company / Depository Participant(s):

- a) User ID and initial password - These will be sent separately.
- b) Please follow all steps from Sr. No. (i) to (xvi) as aforementioned, to cast your vote.

II. 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.

III. Members holding shares in demat form are hereby informed that bank particulars registered with their respective Depository Participant(s), with whom they maintain their demat accounts, 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.

- IV.** Members are requested to contact M/s. BgSE Financials Limited / Corporate Department of the Company for encashing the unclaimed dividends standing to the credit of their account.
- V.** 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.
- VI.** 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.
- VII.** 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:
A-1/2211, III Phase, G I D C,
Vapi, Gujarat-396195
CIN: L24240GJ1985PLC008282
Place: Bangalore
Date: 14.08.2017

By Order of the Board
For Paramount Cosmetics (India) Limited

Hiitesh Topiwaala
Managing Director

DIRECTORS' REPORT

Your Directors have pleasure in presenting the 32nd Annual Report of your Company, together with the business operations for the year ended **31st March, 2017**.

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 31.03.2017	Year ended 31.03.2016
Sales and other Income	3,491.43	4,934.07
Profit before Depreciation, Interest, Exceptional Items, Extraordinary Items and Tax	622.44	699.36
Depreciation	214.31	252.84
Interest and Finance Charges	300.95	301.07
Exceptional Items and Extraordinary Items	0.55	1.18
Profit before Tax	106.63	144.25
Net Profit	64.43	79.74
Surplus	895.41	860.19
Appropriations	29.21	29.21
Balance carried forward to the Balance Sheet	866.16	830.97

* 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. 3491.43 lakhs as compared to Rs. 4,934.07 lakhs in the previous year, showing a decrease of 29.24%. PBDIT has shown a decrease of 11%. Profit after tax is Rs. 64.43 lakhs which is 19.18% lower than the preceding year which stood at Rs. 79.74 lakhs due to increase in employee benefit expenses.

The New Plant set up by the Company is situated in Shoolagiri, Hosur, Tamilnadu. This is border areas between state of Tamilnadu and Karnataka. During the year 2016-17, there was agitation on Kaveri Water Issue and movement of vehicles was stopped, although there was no damage to company's property yet the dispatches / Sales was adversely affected.

DIVIDEND

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

The Final Dividend, subject to the approval of Members at the Annual General Meeting on 29th September, 2017, will be paid to the Members whose names appear in the Register of Members, as on 22nd September, 2017.

SHARE CAPITAL

The paid up Equity Share Capital as at March 31, 2017 stood at Rs.485.50 Lakhs. During the year under review, the Company has not issued shares with differential voting rights nor has granted any stock option or sweat equity. As on March 31, 2017, none of the Directors of the Company hold instruments convertible into equity shares of the Company.

DIRECTORS AND KEY MANAGERIAL PERSONNEL

Ms. AartiiTopiwaala has resigned from the Board of the Company with effect from 14th August, 2017. As the director liable to retire by rotation has resigned; the Board will scout for a new candidate for the position of director liable to retire by rotation in due course of time.

The Company has received declarations from all the Independent Directors of the Company confirming that they meet the criteria of independence as prescribed both under the Companies Act and SEBI (Listing Obligation and Disclosure Requirement) Regulations 2015.

Pursuant to the provisions of the Companies Act, 2013 and SEBI (Listing Obligation and Disclosure Requirement) Regulations 2015, the performance evaluation of Independent Directors was completed. The performance evaluation of Chairman and the Non Independent Directors was carried out by the Independent Directors. The Board of Directors expressed their satisfaction with the evaluation process.

The details of programmes for familiarisation of Independent Directors with the Company, their roles, rights, responsibilities in the Company, nature of the industry in which the Company operates, business model of the Company and related matters are forming part of the Corporate Governance Report.

Details of Key Managerial Personnel

Following are the Details of Key Managerial Personnel who were appointed or have resigned during the Financial Year 2016-17:

Name of KMPs	Designation	Date of Appointment	Date of Cessation
Dhruvi Janak Jariwala	Company Secretary	12 th August 2016	31 st January 2017

BOARD COMMITTEES

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

- Audit Committee
- Nomination and Remuneration Committee
- Share Transfer Committee
- Stakeholders Relationship Committee
- Risk Management Committee

DIRECTORS' RESPONSIBILITY STATEMENT

The Directors confirm that:

- in the preparation of the annual accounts, the applicable accounting standards have been followed alongwith proper explanation relating to material departures, if any;
- they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent, so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profits of the Company for that period;
- they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- they have prepared the annual accounts on a going concern basis;
- they have laid down internal financial controls for the Company and such internal financial controls are adequate and operating effectively; and
- they have devised proper systems to ensure compliance with the provisions of all applicable laws and such systems are adequate and operating effectively.

AUDITORS AND AUDITORS' REPORT

M/s. S.S. Jain & Associates, Chartered Accountant, Statutory Auditor of the Company, hold office till the conclusion of the 34th Annual General Meeting subject to the ratification in the ensuing Annual General Meeting. They have confirmed their eligibility to the effect that their re-appointment, if made, would be within the prescribed limits under the Companies Act, 2013 and that they are not disqualified for re-appointment.

The Notes on financial statement referred to in the Auditors' Report are self-explanatory and do not call for any further comments. The Auditors' Report contains qualification, Management's view on qualification is given below

A. The auditor has reported on non provision for slow moving items in finished goods of Rs 2,51,91,574. The Management has identified slow moving items in finished goods. The management is envisaging to liquidate such inventory by giving trade promotions schemes. The management deems it fit that potential loss, if any, on such disposal of goods can not be ascertained at present, therefore, provision can not be made. The management

has decided that the provision required, if any, will be made after the loss on disposal of slow moving inventory is confirmed.

B The auditor has reported on non-provision of receivable which are time barred and not confirmed amounting to Rs 84,49,540. These trade receivables are outstanding for more than 3 years and time barred. The management is envisaging to restart the business with these customer. Once the business is restarted, old outstanding will be recovered. Eventually, if such business is not restarted within a reasonable time then the company will make provision for such trade receivable.

SECRETARIAL AUDIT

Pursuant to provisions of Section 204 of the Companies Act, 2013 and rules made thereunder, the Company has appointed M/s. G.R. & Associates, a firm of Company Secretaries (C P No.6526) to undertake the Secretarial Audit of the Company. The Secretarial Audit Report is included as an **Annexure 1** forming part of this Annual Report.

CORPORATE GOVERNANCE REPORT

The Company is committed to maintain the highest standards of corporate governance and adhere to the corporate governance requirements set out by Securities Exchange Board of India (SEBI).

The report on Corporate Governance as stipulated under the SEBI (Listing Obligation and Disclosure Requirement) Regulations 2015 is presented in a separate section forming part of the Annual Report.

The requisite certificate from the Practicing Company Secretary, M/s. G.R. & Associates confirming compliance with the conditions of Corporate Governance as stipulated under the SEBI (Listing Obligation and Disclosure Requirement) Regulations 2015 in a separate section forming part of the Annual Report.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Management's Discussion and Analysis Report for the year under review, as stipulated under The SEBI (Listing Obligation and Disclosure Requirement) Regulations 2015, is presented in a separate section forming part of the Annual Report.

POLICIES OF THE COMPANY

The Board of Directors has framed the following policies. The details of these policies are explained in the Corporate Governance Report.

- a) Code of Conduct
- b) Risk Management Policy
- c) Policy for selection of Directors and Performance Evaluation
- d) Remuneration Policy for Directors, Key Managerial Personnel and Other Employees
- e) Whistle Blower Policy
- f) Related Party Transactions

Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013:

As required under the above mentioned Act, we report that in the year 2016-17 no case of sexual harassment of women was filed under the said Act.

CONTRACTS AND ARRANGEMENTS WITH RELATED PARTIES

All contracts / arrangements / transactions entered by the Company during the financial year with related parties were in the ordinary course of business and on an arm's length basis. During the year, the Company had entered into contract / arrangement / transaction with related parties which could not be considered material in accordance with the policy of the Company on materiality of Related Party transactions.

Your Directors draw attention of the members to Note 31 to the financial statement which sets out related party disclosures.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company has an Internal Control System, commensurate with the size, scale and complexity of its operations. The scope and authority of the Internal Audit function is defined in the Internal Audit Manual. To maintain its objectivity and independence, the Internal Audit function reports to the Audit Committee of the Board and to the Managing Director of the Company.