



PARAMOUNT

Rising beyond imagination
PARAMOUNT COSMETICS (INDIA) LIMITED

**THIRTY FOURTH ANNUAL REPORT
2018-2019**

CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr. Hiitesh Topiwaalla	-	Managing Director (DIN – 01603345)
Ms. Aartii Topiwaala	-	Director (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)

Compliance Officer & Company Secretary

Ms. Pooja Agrawal

BANKERS STATUTORY AUDITORS

IDBI Bank Limited

M/s. PARY & Co.,
Chartered Accountants,
Surat

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

<u>CONTENTS</u>	
	Page No.
Corporate Information	2
Notice	3-12
Directors' Report	13-32
Management Discussion and Analysis	33-35
Corporate Governance Report	36-54
Auditors' Report	55-64
Balance Sheet	65
Profit & Loss Account	66
Cash Flow Statement	67
Notes on Accounts	68-101
Attendance Slip	102
Proxy form	103-104

As an austerity measure, copies of annual report will not be distributed at annual general meeting; Members are requested to bring their copies at Annual General Meeting

NOTICE

Notice is hereby given that the **Thirty Fourth Annual General Meeting** of the Members of Paramount Cosmetics (India) Limited will be held on Monday, the 30th day of September, 2019 at 11:00 a.m at 2211/A-1, III Phase, G.I.D.C. Vapi – 396195 to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet of the Company as at 31st March, 2019 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 appoint M/s PARY & Co., Chartered Accountants as Statutory Auditor and in this regard to consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Section 139, 141 and other applicable provisions, if any, of the Companies Act, 2013 and the Rules made thereunder, including any statutory modification(s) or re-enactment(s) thereof for the time being in force M/s PARY & Co., Chartered Accountants (Firm Registration No. 007288C), Surat be and are hereby appointed as Statutory Auditors of the Company, to hold office from the conclusion of this Annual General Meeting of the Company until the conclusion of the Thirty Ninth Annual General Meeting of the Company, subject to ratification of their appointment by the Shareholders at every Annual General Meeting of the Company to audit the accounts of the Company for the financial year 2019-20 to 2023-24 on such remuneration as may be agreed upon between the auditors and the Board of Directors of the Company."

3. To appoint a director in place of Aartii Topiwaala (DIN – 03487105), who retires by rotating and being eligible, offers herself for re-appointment.

SPECIAL BUSINESS

4. To increase the Borrowing limits of the Company and in this regard, to consider and if thought fit, to pass, with or without modification(s) the following resolution as a Special Resolution:

"RESOLVED THAT in supersession of the earlier resolutions passed at the Annual General Meeting held on September 30, 2015 and pursuant to Section 180(1)(c) of the Companies Act, 2013 and rules framed thereunder (including any statutory modification(s) or re-enactment thereof, as amended time to time) and any other applicable laws and provisions of Articles of Association of the Company, consent of the Company be and is hereby accorded to the Board of Directors of the Company or Committee thereof (the "Board") to borrow any sum or such sum of monies, which together with the monies already Borrowed by the Company (apart from temporary loans obtained or to be obtained from the Company's bankers in the ordinary course of business) from time to time, either by way of Rupee Loans or by way of Foreign currency loans or by way of Issue of Debentures or by issue of other instruments, and either from the Company's Bankers or from any other Banks / Financial Institutions or any other lending institutions or bodies corporate or other persons on such terms, conditions and covenants as are stipulated and as may be considered appropriate by the Board of Directors may exceed the aggregate of the paid up Capital of the Company and its free reserves provided that the total amount so borrowed by the Board shall not at any time exceed Rs. 50,00,00,000(Rupees Fifty Crore) or the aggregate of the paid up capital and free reserves of the Company, whichever is higher."

RESOLVED FURTHER THAT for the purpose of giving effect to the resolution, Mr. Hiitesh Topiwaalla, Managing Director of the Company be and is hereby authorized to finalize, settle and execute all the documents/deed/agreements as it may be required and generally to take all other necessary steps and to do all acts, deeds, matters and things as it may in its absolute discretion deem necessary, expedient, proper or desirable."

5. To approve material Related Party Transactions with Promotor and Promotor Group Companies:

To consider and if thought fit, to pass the following Resolution as Ordinary Resolution:

"RESOLVED THAT pursuant to provisions of Section 188 and other applicable provisions, if any, of the Companies Act, 2013 and Rules made thereunder and in accordance with Regulation 23 of the SEBI (Listing Obligation and Disclosure Requirement) Regulations, 2015 (as modified from time to time), the consent of the Members of the Company be and is hereby accorded to approve with authority to the Audit Committee and the

Board of Directors vide resolutions passed in their respective meetings regarding the approval of the Related Party Transactions with Promoter and Promoter group companies, as entered by the Company for a value not more than Rs. 100,00,00,000 (Rupees One Hundred Crore) during the regular course of business of the Company.

RESOLVED FURTHER THAT Mr. Hiitesh Topiiwaalla be and is hereby authorized to perform and execute all such deeds, matters and things including delegate such authority as may be deemed necessary or expedient to give effect to this resolution and for the matters connected therewith or incidental thereto.”

6. Re-appointment of Mr. Shishir Babubhai Desai (DIN – 01453410) as an Independent Director for a second term of five consecutive years.

To consider and if thought fit, to pass the following Resolution as Special Resolution:

“RESOLVED THAT pursuant to the provisions of Section 149 and 152 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 and Companies (Appointment and Qualifications of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force) and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time, Mr. Shishir Babubhai Desai (DIN – 01453410), who was appointed as an Independent Director of the Company on 15.12.2006 be and is hereby re-appointed as an Independent Director of the Company for a second term of five consecutive upto March 31, 2024, not being liable to retire by rotation.”

7. Re-appointment of Mr. Mukesh Kumar Tyagi (DIN – 01649644) as an Independent Director for a second term of five consecutive years.

To consider and if thought fit, to pass the following Resolution as Special Resolution:

“RESOLVED THAT pursuant to the provisions of Section 149 and 152 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 and Companies (Appointment and Qualifications of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force) and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time, Mr. Mukesh Kumar Tyagi (DIN – 01649644), who was appointed as an Independent Director of the Company on 08.05.2014 be and is hereby re-appointed as an Independent Director of the Company for a second term of five consecutive upto March 31, 2024, not being liable to retire by rotation.”

8. Re-appointment of Mr. Vishwajeet Nalinkant Mehta (DIN – 02800993) as an Independent Director for a second term of five consecutive years.

To consider and if thought fit, to pass the following Resolution as Special Resolution:

“RESOLVED THAT pursuant to the provisions of Section 149 and 152 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 and Companies (Appointment and Qualifications of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force) and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time, Mr. Vishwajeet Nalinkant Mehta (DIN – 02800993), who was appointed as an Independent Director of the Company on 31.07.2009 be and is hereby re-appointed as an Independent Director of the Company for a second term of five consecutive upto March 31, 2024, not being liable to retire by rotation.”

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

Place: Bangalore

**Pooja Agrawal
Compliance Officer & Company Secretary**

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 Monday, 23rd September, 2019 to Monday, 30th September, 2019(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. 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. The relevant detail of Directors seeking appointment / re-appointment under item no. 3 is elaborated in the Statement annexed to the notice.
5. 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.
6. 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
7. 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.
8. The Members, whose names appear in the Register of Members / list of Beneficial Owners as on Friday, 20th September, 2019 i.e. the date prior to the commencement of book closure, are entitled to vote on the Resolutions set forth in this Notice.
9. Any person who becomes a member of the Company after dispatch of the Notice of the Meeting and holding shares as on Friday, 20th September, 2019 may obtain the User ID and password by sending a request at helpdesk.evoting@cdslindia.com or compliance.officer@parammount.com.
10. 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 Monday, 23rd September, 2019 and will end at 5.00 p.m. on Friday, 27th September, 2019. The e-voting module shall be disabled by CDSL for voting thereafter.
11. 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.
12. The Company has appointed M/s S.M. Thanki & Co., Practicing Company Secretary, Ahmedabad 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, 2019 at 9.00 A.M. and ends on 27th September, 2019 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 record date of 20th September, 2019, 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, Members holding shares in Physical Form should enter Folio Number registered with the Company.
 - c. with the Company.
- (v) Next enter the Image Verification as displayed and Click on Login. 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) <ul style="list-style-type: none"> <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. <ul style="list-style-type: none"> Please enter the DOB or Dividend Bank Details in order to login. If <ul style="list-style-type: none"> <input type="checkbox"/> 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.

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

**Place: Bangalore
Date: 14.08.2019**

**Pooja Agrawal
Compliance Officer & Company Secretary**

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

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

Item No 4: To increase the Borrowing limits of the Company and in this regard, to consider and if thought fit, to pass, with or without modification(s) the following resolution as a Special Resolution:

Keeping in view the Company's existing and future financial working capital needs, the Company may require to borrow funds from time to time by way of loans and/or issue of Bonds, Debentures or other securities and the existing approved limit may likely to be exhausted in near future and it is therefore recommended to enhance the borrowing limits of the Company upto Rs. 50, 00, 00,000/- (Rupees Fifty Crores).

As per Section 180(1)(c) of the Companies Act, 2013, borrowings (apart from temporary loans obtained from the Company's bankers in ordinary course of business) by the Company beyond the aggregate of the paid up capital of the Company and its free reserve, requires approval from the shareholders of the Company. It is, therefore, proposed to seek the approval of the shareholders for enhancing the Borrowing limits upto Rs 50, 00, 00,000/- (Rupees Fifty Crores) (apart from temporary loans obtained from the Company's bankers in ordinary course of business) for both domestic and foreign currency borrowings under section 180(1)(c) and 180(1)(a) of the Companies Act, 2013 by way of a Special Resolution.

It is proposed to pass a Special Resolution under Section 180(1)(a) of the Companies Act, 2013, inter alia, provides that the Board of Directors of a public company shall not without the consent of members sell, lease or otherwise dispose of the whole or substantially the whole of the undertaking of the Company or where a company owns more than one undertaking, the whole or substantially the whole of any such undertaking. Since the creation of a mortgage and/or charge by the company on its movable and/or immovable assets in favour of the lender(s) may be regarded as disposal of the Company's undertaking within the meaning of Section 180(1)(a) of the Companies Act, 2013, it is desirable by way of abundant caution to pass Special resolution under Section 180(1)(a) of the Companies Act, 2013. Accordingly, the Directors recommend the resolution set out in this item of the accompanying notice for your approval. The Directors recommend the Special Resolution pursuant to Section 180(1)(c) and 180(1)(a) of the Companies Act, 2013 of the accompanying Notice for the approval of the Members of the Company.

None of the Directors, Key Managerial Personnel and their relatives are, in any way, concerned or interested in the said resolutions either financially or otherwise, except to the extent of their equity holding in the Company.

Item No 5: To approve material Related Party Transactions with Promotor and Promotor Group Companies:

In view of the provisions of Section 188 and other applicable provisions, if any, of the Companies Act, 2013, no company shall enter into any contract or arrangement with a related party without the prior approval of the Shareholders by means of an ordinary resolution. The Board recommends the resolution at Item No.5 of this notice for approval of Members. The brief nature for such related party transactions are as follows:

Sr. No. Nature of Transaction

1. sale, purchase or supply of any goods or materials
2. selling or otherwise disposing of, or buying, property of any kind
3. leasing of property of any kind;
4. availing or rendering of any services
5. appointment of any agent for purchase or sale of goods, materials, services or property
6. Inter Corporate Loan given / proposed to be given and Corporate Guarantee and / or Security given/ proposed to be given by the Company to the Bank
7. Revenue sharing arrangements within Promotor Group Companies
8. Sharing of Manpower and Resources.
9. Sale / Purchase of Property, Plant & Equipment

Item No 6: Re-appointment of Mr. Shishir Babubhai Desai (DIN – 01453410) as an Independent Director for a second term of five consecutive years

Mr. Shishir Babubhai Desai (DIN – 01453410) was appointed as an Independent Director on the Board of the Company on December 15, 2006. In terms of Section 149 and other applicable provisions of the Companies Act, 2013, As per the provisions of Section 149 of the Companies Act, 2013, an Independent Director shall hold office for a term upto five consecutive years on the Board of a Company but shall be eligible for re-appointment, for another term of upto five years, on passing of a special resolution by shareholders.

The Company has received intimation in Form DIR-8 from Mr. Shishir Babubhai Desai that, he is not disqualified from being re-appointed as an Independent Director in terms of Section 164 of the Act, declaration that he meets with the criteria of independence as prescribed under Section 149 (6) of the Companies Act, 2013 & Regulation 16(1)(b) of SEBI Listing Regulations and his consent to continue as an Independent Director.

The resolution seeks the approval of members for the re-appointment of Mr. Shishir Babubhai Desai as an Independent Director of the Company commencing from April 1, 2019 up to March 31, 2024 in terms of Section 149 and other applicable provisions of the Act and Rules made there under. He is not liable to retire by rotation.

In the opinion of the Board, Mr. Shishir Babubhai Desai fulfills the conditions for his re-appointment as an Independent Director as specified in the Act and the SEBI Listing Regulations and is independent of the management.

Mr. Shishir Babubhai Desai (aged 68 years) holds Law degree with a vast experience as solicitor and legal counsel and founder-partner of Desai & Chinoy, Advocates & Solicitors, Mumbai, Maharashtra.

Item No 7: Re-appointment of Mr. Mukesh Kumar Tyagi (DIN – 01649644) as an Independent Director for a second term of five consecutive years.

Mr. Mukesh Kumar Tyagi (DIN – 01453410) was appointed as an Independent Director on the Board of the Company on May 08, 2014. In terms of Section 149 and other applicable provisions of the Companies Act, 2013, As per the provisions of Section 149 of the Companies Act, 2013, an Independent Director shall hold office for a term upto five consecutive years on the Board of a Company but shall be eligible for re-appointment, for another term of upto five years, on passing of a special resolution by shareholders.

The Company has received intimation in Form DIR-8 from Mr. Mukesh Kumar Tyagi that, he is not disqualified from being re-appointed as an Independent Director in terms of Section 164 of the Act, declaration that he meets with the criteria of independence as prescribed under Section 149 (6) of the Companies Act, 2013 & Regulation 16(1) (b) of SEBI Listing Regulations and his consent to continue as an Independent Director.

The resolution seeks the approval of members for the re-appointment of Mr. Mukesh Kumar Tyagi as an Independent Director of the Company commencing from April 1, 2019 up to March 31, 2024 in terms of Section 149 and other applicable provisions of the Act and Rules made there under. He is not liable to retire by rotation.

In the opinion of the Board, Mr. Mukesh Kumar Tyagi fulfills the conditions for his re-appointment as an Independent Director as specified in the Act and the SEBI Listing Regulations and is independent of the management.

Mr. Mukesh Kumar Tyagi (aged 54 years) is a Chartered Accountant with a vast experience as Accounting & Taxation and partner of M/s. Tyagi & Co., Bangalore, Karnataka.

Item No 8: Re-appointment of Mr. Vishwajeet Nalinkant Mehta (DIN – 02800993) as an Independent Director for a second term of five consecutive years.

Mr. Vishwajeet Nalinkant Mehta (DIN – 02800993) was appointed as an Independent Director on the Board of the Company on May 08, 2014. In terms of Section 149 and other applicable provisions of the Companies Act, 2013, As per the provisions of Section 149 of the Companies Act, 2013, an Independent Director shall hold office for a term upto five consecutive years on the Board of a Company but shall be eligible for re-appointment, for another term of upto five years, on passing of a special resolution by shareholders.

The Company has received intimation in Form DIR-8 from Mr. Vishwajeet Nalinkant Mehta that, he is not disqualified from being re-appointed as an Independent Director in terms of Section 164 of the Act, declaration that he meets with the criteria of independence as prescribed under Section 149 (6) of the Companies Act, 2013 & Regulation 16(1) (b) of SEBI Listing Regulations and his consent to continue as an Independent Director.

The resolution seeks the approval of members for the re-appointment of Mr. Vishwajeet Nalinkant Mehta as an Independent Director of the Company commencing from April 1, 2019 up to March 31, 2024 in terms of Section 149 and other applicable provisions of the Act and Rules made there under. He is not liable to retire by rotation.

In the opinion of the Board, Mr. Vishwajeet Nalinkant Mehta fulfills the conditions for his re-appointment as an Independent Director as specified in the Act and the SEBI Listing Regulations and is independent of the management.

Mr. Vishwajeet Nalinkant Mehta (aged 63 years) is a Chartered Accountant with a vast experience in operations of business

ANNEXURE TO NOTICE

Details of Directors seeking appointment / re-appointment in forthcoming Annual General Meeting
(In pursuance of Regulation 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

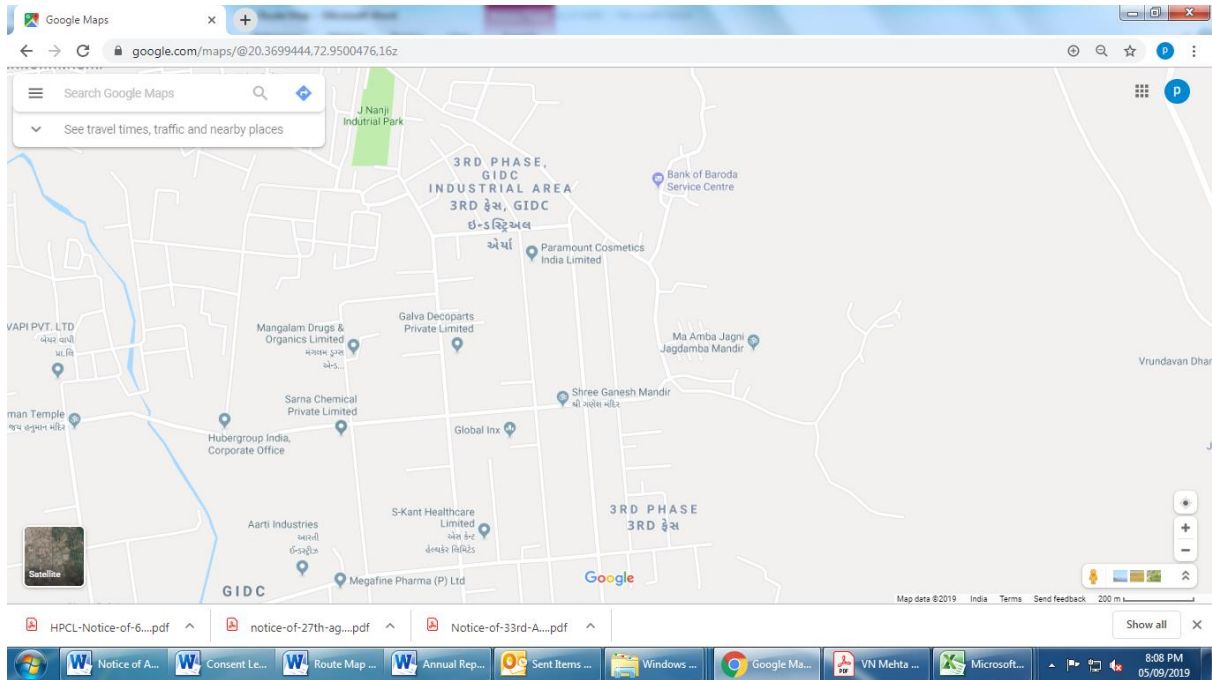
Particulars	Details
Name of Director	Ms. Aartii Topiwaala
DIN	03487105
Date of Birth	18.07.1972
Age	47
Date of Appointment	14.02.2018(Additional Director)
Qualification	Bachelor of Commerce
Expertise in specific functional area	Rich experience of more than 22 years in the fashion industry
Shareholding in the Company	2600 Equity shares of Rs.10/- each
Relationship with Other Directors	Wife of Mr. Hiitesh Topiwaalla
List of Companies in which Directorship held (including this Company)	1) Paramount Cosmetics(India) Limited 2) Sepio Innovations Private Limited 3) Paramount Kum Kum Private Limited 4) Paramount Personal Care Private Limited 5) Parcos Brands Investment Private Limited 6) Parcos Brands Private Limited
List of Chairmanship/ Membership of the Committees of Board of Public Companies as on March 31, 2019 (including this Listed Entity)	Paramount Cosmetics (India) Limited: <ul style="list-style-type: none"> • Audit Committee – Member • Nomination & Remuneration Committee – Member • Shareholder’s Relationship Committee – Member • Share Transfer Committee - Member

By Order of the Board
Paramount Cosmetics (India) Limited

Place: Bangalore
Date: 14.08.2019

Pooja Agrawal
Compliance Officer & Company Secretary

ROUTE MAP OF VENUE OF AGM



DIRECTORS' REPORT

Your Directors have pleasure in presenting the 34th Annual Report of your Company, together with the business operations for the year ended 31st March, 2019.

FINANCIAL RESULTS

Your Company's performance during the year as compared with that during the previous year is summarized below:

(Figures in Rs. lakhs)

Particulars	Year ended 31.03.2019	Year ended 31.03.2018
Sales and other Income	2,190.92	2,133.56
Profit before Depreciation, Interest, Exceptional Items, Extraordinary Items and Tax	444.27	484.71
Depreciation	142.55	171.54
Interest and Finance Charges	250.37	282.40
Profit before Tax	51.35	30.77
Net Profit/Loss	(12.77)	3.67
Re Measurement of net defined benefit plan(Net of tax)	12.33	2.55
Balance carried forward to the Balance Sheet	(0.43)	6.22

* Previous year's figures have been regrouped / reclassified, wherever necessary to confirm to the current year presentation.

INDIAN ACCOUNTING STANDARDS

The financial statements for the financial year 2018-19 have been prepared in accordance with the applicable Indian Accounting Standards (INDAS) and the corresponding figures for the previous year have been restated as per INDAS for the purpose of comparison.

PERFORMANCE DURING THE YEAR

Sales and other Income of the Company for the year is Rs. 2,190.92 lakhs as compared to Rs. 2,133.56 lakhs in the previous year, showing an increase of 2.68%. PBDIT has shown a decrease of 8.3%. Company has incurred a loss after tax amounting to Rs. 12.76 lakhs in comparison to a marginal profit last year. Company forecasts a better performance in the current fiscal year.

CHANGE IN THE NATURE OF BUSINESS

There has been no change in the nature of business of the Company during the financial year 2018-19.

DIVIDEND

The Board of Directors has decided to conserve the profit and has decided not to propose any dividend on Equity shares this financial year.

SHARE CAPITAL

The paid up Equity Share Capital as on March 31, 2019 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, 2019, none of the Directors of the Company hold instruments convertible into equity shares of the Company.

DEPOSITS

The Company has not accepted any deposits covered under Chapter V of the Companies Act, 2013 read with The Companies (Acceptance of Deposits) Rules, 2014.

TRANSFER TO RESERVE

Your Directors do not propose to transfer any amount to the General Reserve.

MATERIAL CHANGES AND COMMITMENTS

There have been no material changes and commitments affecting financial position between end of the financial year and the date of the report.

EXTRACT OF ANNUAL RETURNS

As provided under Section 92(3) of the Act, the extract of annual return is given in Annexure -I in the prescriber Form MGT-9, which forms part of this Report.

DIRECTORS AND KEY MANAGERIAL PERSONNEL

Ms. Aartii Topiwaala, who was appointed as non-executive, promoter Director of the Company on September 28th, 2019 as a director liable to retire by rotation is eligible for re-appointment and has tendered her willingness to be re-appointed.

Pursuant to Section 149(10) and other applicable provisions the term of all the Independent Directors of the Company comes to an end during the financial year 2018-19. Mr. Shishir B. Desai, Mr. V.N. Mehta and Mr. Mukesh Kumar Tyagi, being eligible for re-appointment have tendered their willingness to be re-appointed as Independent Directors of the Company.

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 familiarization 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.

BOARD COMMITTEES

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

- a) Audit Committee
- b) Nomination and Remuneration Committee
- c) Share Transfer Committee
- d) Stakeholders Relationship Committee
- e) Risk Management Committee
- f) Independent Director Committee

DIRECTORS' RESPONSIBILITY STATEMENT

The Directors confirm that:

- a) in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
- b) 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;
- c) 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;
- d) they have prepared the annual accounts on a going concern basis;
- e) they have laid down internal financial controls for the Company and such internal financial controls are adequate and operating effectively; and
- f) 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

During the year M/s Dagleiya & Co., Chartered Accountant, Bengaluru (FRN: 0671S) had resigned from the post of Statutory Auditors and M/s. PARY & CO., Chartered Accountants, Surat (FRN: 007288C) was appointed as Statutory Auditor of the Company to fill the casual vacancy. The Board of Directors recommends their appointment for a term of five years from the conclusion of the Ensuing Annual General Meeting till succeeding fifth Annual General Meeting. They have confirmed their eligibility to the effect that their appointment, if made, would be within the prescribed limits under the Companies Act, 2013 and that they are not disqualified for 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 does not contain any qualification, reservation or adverse remark.

SECRETARIAL STANDARD OF ICSI

The Directors state that the applicable Secretarial Standards i.e. SS-1 and SS-2, issued by the Institute of Company Secretaries of India, relating to Meeting of Board of Directors and General Meetings respectively, have been duly complied with.

SECRETARIAL AUDIT

Pursuant to provisions of Section 204 of the Companies Act, 2013 and rules made thereunder, the Company has appointed M/s. S.M Thanki & Co., a firm of Company Secretaries (C P No. 18155) to undertake the Secretarial Audit of the Company. The Secretarial Audit Report is included as an **Annexure II** forming part of this Annual Report.

There is no Secretarial Audit qualification for the year under review.

PERFORMANCE EVALUATION

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.

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. S.M Thanki & Co. 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.

SEPARATE MEETING OF INDEPENDENT DIRECTORS

A separate meeting of Independent Directors was held on February 14, 2019 without presence of non-Independent Directors. In accordance with the SEBI (Listing Obligation and Disclosure Requirement) Regulations 2015 the following matters were, inter alia reviewed and discussed in the meeting:

- Performance of Non-independent Directors and the Board of Directors as a whole.
- Performance of the Chairman of the Company taking in to consideration the views of Executive and Non-Executive Directors.
- Assess the quality, quantity and timeliness of flow of information between the Company Management and the Board that is necessary for the Board to electively and reasonably perform their duties.

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 2018-19 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 7 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.

The Internal Audit Department monitors and evaluates the efficacy and adequacy of internal control system in the Company, its compliance with operating systems, accounting procedures and policies at all locations of the Company.

Based on the report of internal audit function, process owners undertake corrective action in their respective areas and thereby strengthen the controls. Significant audit observations and recommendations along with corrective actions thereon are presented to the Audit Committee of the Board.

PARTICULARS OF EMPLOYEES AND RELATED DISCLOSURES

The particulars required in terms of the provisions of Section 197(12) of the Companies Act, 2013 read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is appended as **Annexure** to this Report.

In terms of Section 136 of the Companies Act, 2013, the reports and accounts are being sent to the members and others entitled thereto.

DISCLOSURES

- 1) Your Directors state that no disclosure or reporting is required in respect to the Deposits covered under Chapter V of the Companies Act, 2013 and rules made thereunder as there were no transactions on these items during the year under review.
- 2) No significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and Company's operations in future.
- 3) **Number of Meetings of the Board**
The details of the number of meetings of the Board held during the financial year 2018-19 forms part of the Corporate Governance Report.
- 4) **Explanations or comments by the Board on every qualification, reservation or adverse remark or disclaimer made under the Auditors Report and Secretarial Audit Report**
The Auditors Report and Secretarial Audit Report do not contain any qualification, reservation or adverse remark.
- 5) **Particulars of Loans, Guarantees or Investments**
Details of Loans, Guarantees and investments covered under the provisions of Section 186 of the Companies Act, 2013 are given in the notes to Financial Statements.
- 6) **Particulars of contracts or arrangements with related parties referred to in sub-section (1) of section 188 in the prescribed form;**
The Particulars of contracts or arrangements with related parties referred to in sub-section (1) of section 188 and Rule 8 of the Companies (Accounts) Rules, 2014 in Form AOC-2 is appended as an **Annexure 2** to this Report.
- 7) **The amounts which it proposes to carry to any reserves**
NIL
- 8) **Material changes and commitments, if any, affecting the financial position of the Company which have occurred between the end of the financial year of the Company to which the financial statements relate and the date of the Report**
NIL
- 9) **The Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo**

The particulars relating to conservation of energy, technology absorption, foreign exchange earnings and outgo, as required to be disclosed under the Companies Act, 2013, is appended as **Annexure 3** to this Report.

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.

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

By Order of the Board
Paramount Cosmetics (India) Limited

Place: Bangalore
Date: 14.08.2019

Hiitsh Topiiwaalla
Managing Director

Mukesh Kumar Tyagi
Director

ANNEXURES TO DIRECTORS' REPORT

Particulars of Employees and related disclosures

1) Statement of Disclosure of Remuneration Under Section 197 of Companies Act, 2013 and Rule 5(1) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

(i) the ratio of the remuneration of each director to the median remuneration of the employees of the company for the financial year;	NIL		
(ii) the percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year;	Director's - NIL Chief Financial Officer - NIL Company Secretary - NIL		
(iii) the percentage increase in the median remuneration of employees in the financial year;	NIL		
(iv) the number of permanent employees on the rolls of company;	NIL		
(v) variations in the market capitalisation of the company, price earnings ratio as at the closing date of the current financial year and previous financial year; and	(In Lacs)		
		31.03.2019	31.03.2018
	Market Cap	922.45	1381.25
	(In Rs.)		
	PE	-73.77	355
(vi) Percentage increase over decrease in the market quotations of the shares of the company in comparison to the rate at which the company came out with the last public offer in case of listed companies, and in case of unlisted companies, the variations in the net worth of the company as at the close of the current financial year and previous financial year;	The Company has been in existence for more than 33 years. The Equity shares of the Company were listed more than 20 years back. Hence, such old records (the Stock Exchange) data is not available for comparison of Share pricing at Public Offer.		
(vii) average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration;	NIL		
(viii) affirmation that the remuneration is as per the remuneration policy of the company.	Yes		

2) Disclosures pertaining to remuneration and other details as required under Section 197(12) of the Act read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

	Employed during the financial year under review, if employed throughout the financial year, was in receipt of remuneration for that year which, in the aggregate, was not less than sixty lakh rupees
Name of the Employee	Hiitesh Topiiwaalla
Designation	Managing Director
Remuneration Received	00.00
Nature of Employment (Contractual/ Otherwise)	Employment
Qualification	B.Com
Experience	28 Years
Date of Commencement of Employment	01.08.2005
Age	46 Years
Last Employment held	Paramount Cosmetics (I) Ltd.
Percentage of Equity held in the Company	52.75%
Relative of any Director/ Manager of the Company	Husband of Ms. Aartii Topiwaala

Employed during the financial year under review, if employed for a part of the financial year, was in receipt of remuneration for any part of that year, at a rate which, in the aggregate, was not less than five lakh rupees per month: **Not Applicable**

Employed during the financial year under review, if employed throughout the financial year or part thereof, was in receipt of remuneration in that year which, in the aggregate, or as the case may be, at a rate which, in the aggregate, is in excess of that drawn by the Managing Director or Whole-Time Director or Manager and holds by himself or along with his spouse and dependent children, not less than two percent of the equity shares of the Company: **Not Applicable.**

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

By Order of the Board
Paramount Cosmetics (India) Limited

Place: Bangalore
Date: 14.08.2019

Hiitesh Topiiwaalla
Managing Director

Mukesh Kumar Tyagi
Director

ANNEXURE - 1
Form NO.MR-3
FOR THE FINANCIAL YEAR ENDED 31.03.2018

[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies (Appointment and Remuneration personnel) Rules, 2014]

SECRETARIAL AUDIT REPORT

CIN: L24240GJ1985PLC008282

To,

The Members,

M/s Paramount Cosmetics (India) Limited

CIN L24240GJ1985PLC008282

A -1/2211, III Phase, G I D C, Vapi, Gujarat - 396195

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by M/s PARAMOUNT COSMETICS (INDIA) LIMITED (hereinafter called the company). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the company's Books, Papers, Minutes Books, Forms and Returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended 31st March 2019, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the Books, papers, Minute Books, Forms and Returns filed and other records maintained by the Company for the financial year ended 31st march 2018, according to the provisions of:

- i. The Companies Act, 2013 (the Act) and the Rules made thereunder and applicable provisions of the Companies Act, 1956;
- ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made there under; (Not Applicable)
- iii. The Depositories Act, 1996 and the Regulations and Bye-Laws framed there under;
- iv. Foreign Exchange Management Act, 1999 and the Rules and Regulations made there under to the extent of Foreign Direct Investment, Oversea Direct Investment and External Commercial Borrowings;
- v. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') viz :-
 - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
 - d) The Securities and Exchange Board of India (Share based Employee Benefits) Regulations, 2014;
 - e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;(not applicable)
 - f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
 - g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; (not applicable)
 - h) The Securities and Exchange Board of India(Buyback of Securities) Regulations,1998;

vi. Other Applicable Provisions

- a) Maternity Benefits Act, 1961
- b) Payment of Wages Act, 1936, and rules made thereunder,
- c) The Minimum Wages Act, 1948, and rules made thereunder,
- d) Employees' State Insurance Act, 1948, and rules made thereunder,
- e) The Employees' Provident Fund and Miscellaneous Provisions Act, 1952, and rules made thereunder,
- f) The Payment of Bonus Act, 1965, and rules made thereunder,
- g) Payment of Gratuity Act, 1972, and rules made thereunder,
- h) The Contract Labour (Regulation & Abolition) Act, 1970,
- i) Prevention of Money Laundering Act, 2002,
- j) The Factories Act, 1948,
- k) The Environmental Protection Act, 1986,
- l) Intellectual Property Rights Act.

We have also examined compliance with the applicable clauses of the following:

- i. Secretarial Standards issued by The Institute of Company Secretaries of India on meeting of Board of Directors and General Meetings.
- ii. The Listing Agreements mentioned under SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015;

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. Apart from this the following laws, as identified by the management are specifically applicable to the Company:

- i. The Legal Metrology Act, 2009
- ii. Drugs & Cosmetics Act, Rules there-under
- iii. Shop and Establishment Act, and Rules Factories Act

We place reliance on the Management Representation letter regarding the compliance under these Acts.

We further report that,

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

As per information & explanations given by management, adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on agenda items before the meeting and for meaningful participation at the meeting.

As per minutes of the meetings duly recorded and signed by the Chairman, the decision of the board was unanimous and no dissenting views have been recorded.

We further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and Guidelines.

We further report that during the audit period the Company had no significant events which had bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc.

Ahmedabad
August 14, 2019

Practicing Company Secretary
Sd/-
Sagar Thanki
COP No.: 18155

Note: This report is to be read with our letter of even date which is annexed as 'ANNEXURE A' and forms an integral part of this report.

‘ANNEXURE A’

To,

The Members,

Paramount Cosmetics (India) Limited
CIN L24240GJ1985PLC008282
A-1/2211 III Phase G I D C Vapi Gujarat 396195

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial records is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed, provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
4. Wherever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events, etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

Ahmedabad
August 14, 2019

S M Thanki & Co.
Practicing Company Secretary
Sd/-
Sagar Thanki
COP No.: 18155

Form AOC-2

Annexure - II

(Pursuant to clause (h) of sub-section (3) of section 134 of the Companies Act, 2013 and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto

1. Details of contracts or arrangements or transactions not at arm's length basis	
(a) Name(s) of the related party and nature of relationship	NIL
(b) Nature of contracts/ arrangements/ transactions	NIL
(c) Duration of the contracts / arrangements/ transactions	NIL
(d) Salient terms of the contracts or arrangements or transactions including the value, if any	NIL
(e) Justification for entering into such contracts or arrangements or transactions	NIL
(f) Date(s) of approval by the Board	NIL
(g) Amount paid as advances, if any	NIL
(h) Date on which the special resolution was passed in general meeting as required under first proviso to section 188	NIL

2. Details of material contracts or arrangement or transactions at arm's length basis

3. Details of material contracts or arrangement or transactions at arm's length basis

(a)	Name(s) of the related party and nature of relationship	Paramount KumKum Private Limited
(b)	Nature of contracts/ arrangements/ transactions	Sale/Purchase
(c)	Duration of the contracts / arrangements/ transactions	Five Years
(d)	Salient terms of the contracts or arrangements or transactions including the value, if any:	At Negotiated price being lowest among other Suppliers
(e)	Date(s) of approval by the Board, if any	12.11.2015
(f)	Amount paid as advances, if any:	NIL

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

By Order of the Board
Paramount Cosmetics (India) Limited

Place: Bangalore
Date: 14.08.2019

Hiitesh Topiiwaalla
Managing Director

Mukesh Kumar Tyagi
Director

ANNEXURE – III**PARTICULARS OF ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO REQUIRED UNDER THE COMPANIES ACT, 2013**

(A) Conservation of Energy	Description
<p>a) The steps taken or impact on conservation of energy</p> <p>b) The steps taken by the company for utilizing alternate sources of energy</p> <p>c) The capital investment on energy conservation equipment</p>	<p>Though the Company is engaged in manufacturing activities, but it does not consume high energy for production and therefore, it has very limited scope for energy conservation.</p> <p>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.</p> <p>NIL</p>
(B) Technology absorption	
<p>a) The efforts made towards technology absorption</p> <p>b) The benefits derived like product improvement, cost reduction, product development or import substitution</p> <p>c) In case of imported technology (imported during the last three years reckoned from the beginning of the financial year)-</p> <p>(i) the details of technology imported</p> <p>(ii) the year of import;</p> <p>(iii) whether the technology been fully absorbed;</p> <p>(iv) if not fully absorbed, areas where absorption has not taken place, and the reasons thereof;</p> <p>d) The expenditure incurred on Research and Development</p>	<p>Not Applicable</p> <p>Not Applicable</p> <p>Not Applicable</p> <p>Not Applicable</p> <p>Not Applicable</p>
(C) Foreign exchange earnings and Outgo	
<p>Foreign Exchange earned in terms of actual inflows during the year</p> <p>Foreign Exchange outgo during the year in terms of actual outflows</p>	<p>NIL</p> <p>NIL</p>

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

By Order of the Board
Paramount Cosmetics (India) Limited

Place: Bangalore
Date: 14.08.2019

Hiitesh Topiwaalla
Managing Director

Mukesh Kumar Tyagi
Director

ANNEXURE IV

Form No. MGT - 9

EXTRACT OF ANNUAL RETURN

AS ON THE FINANCIAL YEAR ENDED ON 31.03.2019

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS

i. CIN	L24240GJ1985PLC008282
ii. Registration Date	20th November, 1985
iii. Name of the Company	Paramount Cosmetics (India) Limited
iv. Category/Sub-Category of the Company	Public Company / Limited by shares
v. Address of the Registered Office and Contact Details	A-1/2211, III Phase, G.I.D.C., Vapi, Gujarat - 396 195
vi. Whether listed Company	Yes
vii. Name, Address and Contact details of Registrar and Transfer Agent, if any	BgSE Financials Limited Stock Exchange Towers, No. 51, 1st Cross, J.C Road, Bangalore- 560 027; Ph: 080 4132 9661 Email: rta_admin@bfsl.co.in; manager_rta@bfsl.co.in

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the company shall be stated:

Sr. No.	Name and Description of main products/ Services	NIC Code of the Product/ Service	% to total turnover of the Company
1	Manufacturing of Cosmetic Products	2023	100%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sr. No.	Name And Address of The Company	CIN/GLN	Holding/ Subsidiary / Associate	% of shares held	Applicable Section
1	Paramount KumKum Private Limited	U24246MH1983PTC029446	Associate	100% by Promoters of the Company	2(6)
2	Paramount Personal Care Private Limited	U24200MH1982PTC027855	Associate	100% by Promoters of the Company	2(6)
3	Parcos Brands Communication Private Limited	U74900KA2011PTC059674	Associate	100% by Promoters of the Company	2(6)

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i. Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the Year				No. of Shares held at the end of the year				% Change during The year
	Demat	Physical	% of Total Shares	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoter									
1) Indian									
a) Individual/ HUF	2563230	10	2563240	52.80	2563230	2360	2565590	52.84	0.075
b) Central Govt.	-	-	-	-	-	-	-	-	-
c) State Govt.(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp	1065150	-	1065150	21.94	1065150	-	1065150	21.94	Nil
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any Other	-	-	-	-	-	-	-	-	-
Sub-total(A)(1):-	3628380	10	3628390	74.74	3628380	2360	3630740	74.78	0.075
2) Foreign									
g) NRIs-Individuals	-	-	-	-	-	-	-	-	-
h) Other-Individuals	-	-	-	-	-	-	-	-	-
i) Bodies Corp.	-	-	-	-	-	-	-	-	-
j) Banks / FI	-	-	-	-	-	-	-	-	-
k) Any Other....	-	-	-	-	-	-	-	-	-
Sub-total(A)(2):-	-	-	-	-	-	-	-	-	-
Total Public Share Holding (A)=(A)(1)+ (A)(2)	3628380	10	3628390	74.74	3628380	2360	3630740	74.78	0.053
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Banks / FI	0	2100	2100	0.04	0	1400	1400	0.03	(0.25)
c) Central Govt	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIs	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
Sub-total(B)(1)	0	2100	2100	0.04	0	1400	1400	0.03	(0.25)
2. Non Institutions									
a) Bodies Corp. (i) Indian (ii) Overseas									
b) Individuals (i) Individual Shareholders holding nominal share capital upto Rs. 2 lakhs	372882	767398	1140280	23.49	481575	455246	936821	20.30	13.58
(ii) Individual Shareholders holding nominal share capital in excess of Rs 2 lakhs	46378	0	46378	0.96	46378	0	46378	1.00	(4.17)
c) Others(Specify) Clearing Members/NRIs/OCBs	37852	0	37852	0.78	232453	7208	239661	5.18	541.10
Sub-total(B)(2)	457112	767398	1224510	25.22	760406	462454	1222860	26.48	(4.99)
Total Public Shareholding (B)=(B)(1)+ (B)(2)	457112	769498	1226610	25.26	760406	463854	1224260	26.51	(4.95)
C. Shares held by Custodian for GDRs & ADRs	0	0	0	0	0	0	0	0	0
Grand Total(A+B+C)	4085492	769508	4855000	100	4011360	843640	4855000	100	0

ii. Shareholding of Promoters

Sr. No	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% Change in Share holding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares	% of Shares Pledged /	
1.	Mr. Hiitesh Topiwaalla	2560640	52.75	NIL	2562990	55.53	NIL	2.78
2.	Ms. AartiiTopiwaala	2600	00.05	NIL	2600	00.06	NIL	0.01
3.	M/s Paramount Personal Care Private Limited	0	0	NIL	0	0	NIL	NIL
4.	M/s Paramount KumKum Private Limited	1065150	21.94	NIL	1065150	23.08	NIL	1.14
	Total	3628390	74.74	NIL	3630740	78.67	NIL	3.93

iii. Change in Promoters' Shareholding (please specify, if there is no change)

Sr. No		Shareholding at the beginning of the year		Cumulative Shareholding of the year	
		No. of shares	% of total shares	No. of shares	% of total shares
1	At the beginning of the year	3628390	74.74	-	-
2	Increase in share holding	2350	3.93	-	-
3	At the End of the year	3630740	78.67	-	-

IV. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

(Rs. In Lakhs)

	Secured Loans Excluding Deposits	Unsecured Loans	Deposits	Total
Indebtedness at the beginning of the financial year				
(i) Principal Amount	1597.77	151.93	-	1749.7
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	1597.77	151.93	-	1749.7
Change in Indebtedness during the financial year				
- Addition	-	113.66	-	113.66
- Reduction	137.69	0	-	137.69
Net Change	-137.69	113.66	-	-24.03
Indebtedness at the end of the financial year				
i) Principal Amount	1460.08	265.59	-	1725.67
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	1460.08	265.59	-	1725.67

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager

(Rs. In Lakhs)

Sl. No.	Particulars of Remuneration	Name of MD/WTD/ Manager	Total Amount
1	Gross salary	Hiitesh Topiiwaalla	
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	NIL	NIL
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-

2	Stock Option	-	-
3	Sweat Equity	-	-
4	Commission- as % of profit- others, specify...	0%	0%
5	Others, Please Specify	-	-
	Total (A)	0	0
	Ceiling as per the Act		

B. Remuneration to other Directors

(Rs. InLakhs)

Sl.No	Particulars of Remuneration	Name of MD/WTD/ Manager				Total Amount
		Aartii Topiwaala	V.N. Mehta	Shishir B. Desai	Mukesh Tyagi	
1	Independent Directors					
	Fee for attending Board /Committee meetings	-	0.1	0.1	0.25	0.45
	Commission	-	-	-	-	-
	Others, please specify	-	-	-	-	-
	Total(1)	-				0.45
2	Other Non-Executive Directors					
	Fee for attending Board/ Committee Meetings	0.20	-	-	-	0.20
	Commission	-	-	-	-	-
	Others, please specify	-	-	-	-	-
	Total(2)	0.20	-	-	-	0.20
	Total(B)=(1+2)	0.20	-	-	-	0.65
	Total Managerial Remuneration*	0.65				
	Overall Ceiling as per the Act**	N.A.				

* Total remuneration to Managing Director and other Directors (being the total of A and B).

C. Remuneration to Key Managerial Personnel Other Than MD/Manager/WTD

Sl. No.	Particulars of Remuneration	
		Company Secretary & CFO
		Hansraj Rathor
1	Gross salary (a) Salary as per provisions contained in section17(1) of the Income-tax Act,1961	11.15
	(b) Value of perquisites u/s 17(2) Income-tax	-
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-
2	Stock Option	-
3	Sweat Equity	-
4	Commission- as % of profit- Others, specify	-
5	Others, Please Specify	
	Telephone	0.48
	Car	1.2
	Fuel	1.2
	Total	14.03

I. PENALTIES/ PUNISHMENT/ COMPOUNDING OF OFFENCES

Type	Section of the Companies Act	Brief Description fees Imposed	Details of Penalty /Punishment / Compounding
A. Company			
Penalty	N.A.	N.A.	N.A.
Punishment	N.A.	N.A.	N.A.
Compounding	N.A.	N.A.	N.A.
B. Directors			
Penalty	N.A.	N.A.	N.A.
Punishment	N.A.	N.A.	N.A.
Compounding	N.A.	N.A.	N.A.
C. Other Officers In Default			
Penalty	N.A.	N.A.	N.A.
Punishment	N.A.	N.A.	N.A.
Compounding	N.A.	N.A.	N.A.

ANNEXURE V

**PARTICULARS OF ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO
REQUIRED UNDER THE COMPANIES ACT, 2013**

(A) Conservation of energy	Description
a) The steps taken or impact on conservation of energy	Though the Company is engaged in manufacturing activities, but it does not consume high energy for production and therefore, it has very limited scope for energy conservation.
b) The steps taken by the company for utilizing alternate sources of energy	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.
c) The capital investment on energy conservation equipment's	NIL
(B) Technology absorption	
a) The efforts made towards technology absorption	Not Applicable
b) The benefits derived like product improvement, cost reduction, product development or import substitution	Not Applicable
c) In case of imported technology (imported during the last three years reckoned from the beginning of the financial year)-	
(i) the details of technology imported	
(ii) the year of import;	
(iii) whether the technology been fully absorbed;	
(iv) if not fully absorbed, areas where absorption has not taken place, and the reasons thereof;	Not Applicable
d) The expenditure incurred on Research and Development	Not Applicable
(C) Foreign exchange earnings and Outgo	
Foreign Exchange earned in terms of actual inflows during the year	NIL
Foreign Exchange outgo during the year in terms of actual outflows	NIL

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

By Order of the Board
Paramount Cosmetics (India) Limited

Place: Bangalore
Date: 14.08.2019

Hiitesh Topiwaalla
Managing Director

Mukesh Kumar Tyagi
Director

MANAGEMENT DISCUSSION & ANALYSIS REPORT 2019

Statements in this Report, particularly those which relate to Management Discussion and Analysis, describing the Company's objectives, projections, estimates and expectations may constitute 'forward looking statements' within the meaning of applicable laws and regulations. Actual results might differ materially from those either expressed or implied. Some important factors that could influence the Company's operations include the effects of demand & supply conditions affecting the selling prices of our products, raw material availability and prices, future changes in government policies & regulations, tax laws, economic conditions within the country and various other factors.

INDUSTRY OUTLOOK

We have informed last year that Beauty and Personal Care market in India is expected to touch \$ 10 billion by 2021 growing at an annual rate of 5-6 per cent on the back of evolving consumer awareness and aspirations, according to a report by Indian Beauty & Hygiene Association. On a global comparison, per capita spend in India at Rs. 450 on BPC is significantly lower than that in developed nations. The outlook of the industry continues to be same with an impact of GST Implementation and Demonetization. The negative impact of these two factors on the overall market is likely to be reversed in coming years.

DEVELOPMENTS IN THE COMPANY DURING THE CURRENT YEAR

There is no new category of products launched during the year. However, The NEW PRODUCTS launched in the previous year as well as our existing range was completely revamped and positioned in terms of their look and feel, imagery, packaging and presentation of the product, extremely superior quality of materials for products and packs as well as improving the application solution provided through the packs. The response received from the customers is quite encouraging and the products are highly appreciated.

FINANCIAL PERFORMANCE

1) Sales and Other Income

The Sales and other income of your Company for the year was Rs. 2190.92 lakhs as against Rs. 2133.56 lakhs in the previous year, showing an increment of 2.68% over the previous year.

2) Material Cost

The material cost for the year was Rs. 397.80 lakhs as against Rs. 510.36 lakhs in the previous year. The material cost as to percentage to sales has reduced by 28.30%

3) Employment Cost

The expenses pertaining to employment costs have decreased from Rs. 560.13 lakhs in the previous year to Rs. 530.05 lakhs showing a decrease of 5.67%.

4) Operational and Other Expenses

During the year under review, the operational and other expenses, as compared to the previous year, have increased by 3.48% i.e. from Rs. 662.34 lakhs to Rs. 685.44 lakhs.

5) Finance Cost

The interest paid has decreased from Rs. 282.40 lakhs in the previous year to Rs. 250.37 lakhs in the current year.

6) Depreciation

The depreciation for the year was Rs.142.55 lakhs as against Rs. 171.54 lakhs in the previous.

7) Profit Before Tax

Profit before tax (PBT) stood at Rs. 51.35 lakhs as against Rs. 30.77 lakhs in the previous year, showing an increase of 66.88%.

8) **Profit/(Loss) After Tax**

Loss after tax (PAT) was Rs. 12.76 lakhs as against a profit of Rs. 3.67 lakhs in the previous year, showing decrement from last year.

OPPORTUNITIES

The BPC industry is categorized into five segments – body care, hair care, face care, hand care and colour cosmetics. Body care is the largest category and grew about 4 per cent CAGR while colour cosmetics were the fastest growing category at 12 per cent. The premium segment is expected to grow at 6.3 per cent per annum, compared to 1.1 per cent predicted for the mass market products. Consumer behaviors and spending patterns have shifted and continue to shift as incomes rise and Indian society evolves.

THREATS

Although the Company has a long history of achievements and existence to its credit, the main threat to our brands of traditional cosmetics is from the spurious products dumped in the market by the unorganized sector. This could result in fake and low quality products being available in the market, thus hampering our sales. Some of the other constraints to our brands are the ever changing consumer behavior, lots of other brand choices available in the market, entry of foreign competitors which has created a stiff and intense competitive situation.

OUTLOOK

Cosmetics industry has emerged as one industry holding huge potential for future growth. It is contributing to the economic growth of the country. During the last three to four decades, the industry has gained momentum and shall continue to do so in the coming years. Your Company will continue to concentrate on both product development and broadening of customer base. This will help the Company to increase the stakeholder value, growth in volumes along with managing the margins through competitive pricing. Continued cost efficiency and cost savings coupled with infrastructure development will be the focus for the coming years.

RISKS & CONCERNS

The Company believes that an organization cannot be risk averse but has to persistently foresee and implement ways of mitigating these risks. The Company occasionally faces the risk of an economic downturn but looking at the growth prospects for the Cosmetics Industry, this risk can be controlled, if not mitigated. In order to ensure long term corporate sustainability and success it is essential that the Company accept these risks, place proper mechanisms and find solutions to reduce as well as mitigate these risks. Thus, the Company is well aware of these risks and challenges and has put in place mechanisms to mitigate the same.

INTERNAL CONTROL SYSTEMS

The Company has an Internal Audit and control system, manned and managed by qualified and experienced people. Company's internal control systems are well commensurate with the nature of its business and the size and complexity of its operations. These systems were designed foreseeing the nature of activities carried out at various locations and the various business operations. These control systems are routinely tested and cover all the offices, factories and key areas of business. Significant audit observations and follow up actions thereon are reported to the Audit Committee. Audit Committee reviews the adequacy and effectiveness of the Company's internal control and monitors the implementation of audit recommendations including those relating to strengthening of the Company's systems and procedures.

HUMAN RESOURCES

The Company had 145 employees on rolls as on 31st March 2019 and recruited 159 new employees during the year. The Company also had an attrition of 159 employees resulting in no addition/reduction in number of employees.

SIGNIFICANT CHANGES IN KEY FINANCIAL RATIOS

During the year, following are the key financial ratios of the Company where there was a change of 25 % or more as compared to the immediate previous financial year

Ratios	F.Y. 2018-19	F.Y. 2017-18	% Change
Debtors Turnover Ratio	14.56	0.65	2140
Interest Coverage Ratio	9	11	-18.11
Inventory Turnover Ratio	79.78	81.92	-2.61
Current Ratio	1.35	1.35	No Change
Debt-Equity Ratio	1.39	1.16	19.8
Operating Profit Margin (%)	2.34	1.46	60.27
Net Profit Margin (%)	-0.58	0.174	433.33

Change in Return on Net Worth

The details of change in Return on Net Worth of the Company as compared to the previous year is given below:

Ratios	F.Y. 2018-19	F.Y. 2017-18	% Change
Return on Net Worth	-0.655	0.1706	-483.93%

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

By Order of the Board
Paramount Cosmetics (India) Limited

Place: Bangalore
Date: 14.08.2019

Hiitesh Topiiwaalla
Managing Director

REPORT ON CORPORATE GOVERNANCE

CORPORATE GOVERNANCE:

The Company's philosophy on Corporate Governance is in line with the requirements of The SEBI (Listing Obligation and Disclosure Requirement) Regulations 2015 and is based on fundamental principles of Fairness, Accountability, Transparency, Integrity and Honesty to achieve sustainable growth.

Company's mission is to constantly review its systems and procedures to achieve the highest level of Corporate Governance.

Company has adopted best practice and ethics to conduct while interacting with Shareholders, Employees, Government, Lenders, Banks and other constituents.

I. COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE

At Paramount Cosmetics (India) Limited, Corporate Governance has been an integral part of our business since inception. We believe that good Corporate Governance emerges from the application of the best and sound management practices and compliance with the laws coupled with adherence to the highest standards of transparency and business ethics.

The corporate governance structure in the Company ensures that its Board of Directors is well informed and well equipped to fulfill its overall responsibility by way of providing strategic direction to the senior management, employees, etc. which is needed to meet the aspirations of all stakeholders, including societal expectations. It's initiatives towards adhering to highest standards of governance includes professionalization of the Board and fair and transparent processes and reporting systems.

II. BOARD OF DIRECTORS

A. BOARD COMPOSITION

The composition of the Board as on 31stMarch, 2019 is in conformity with Section 149 of the Companies Act, 2013 and Regulation 17 (1) of The SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015, laying down an optimum combination of Executive and Non-Executive Directors with one woman Director, with not less than 50 per cent of the Board comprising of Non- Executive Directors and have one-third comprising of Independent Directors.

As on March 31, 2019, Company's Board consists of 5 Directors. The details relating to the composition and categories of the Directors on the Board, their attendance at Board Meetings during the year and at last Annual General Meeting, the number of Directorships and Committee memberships held by them in Domestic Public Limited Companies as on 31stMarch, 2019 are indicated below:

Name of Director	Category	Relationship with Other Director	Attendance particulars			No. of Directorship in domestic public Companies**		No. of Committee membership in domestic public Companies ***	
			No. of Board meetings		Last AGM	As Chairman	As Director	As Chairman	As Member
			Held	Attended					
Mr. Hiitesh Topiwaalla	Promoter & Executive	Husband of Ms. Aartii Topiwaala	5	5	Yes	NIL	1	NIL	NIL
Ms. Aartii Topiwaala	Promoter & Non-Executive	Wife of Mr. Hitesh Topiwaala	5	4	No	NIL	1	NIL	2
Mr. V. N. Mehta	Independent & Non-Executive	None	5	3	Yes	NIL	1	1	NIL
Mr. Shishir B. Desai	Independent & Non-Executive	None	5	4	No	NIL	2	1	NIL
Mr. Mukesh Kumar Tyagi	Independent & Non-Executive	None	5	5	No	NIL	1	1	2

** Number of Directorships in Public Companies includes Paramount Cosmetics (India) Limited.

*** For this purpose only Audit Committees and Stakeholder Relationship Committees of Public Companies have been considered.

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

A. INDEPENDENT DIRECTOR

Board Independence

Our definition of 'Independence' of Directors is derived from Clause 49 of the Equity Listing Agreement, the SEBI (Listing Obligation and Disclosure Requirement) Regulations 2015 and Section 149(6) of the Companies Act, 2013. Based on the confirmation/disclosures received from the Directors and on evaluation of the relationships disclosed, majority of Non-Executive Directors are Independent in terms of the Listing Agreement and the Companies Act, 2013.

Meetings of Independent Directors

The Independent Directors met one time during the Financial Year ended 31st March, 2019 on 14th February, 2019 and inter alia discussed:

- The performance of non-Independent Directors and the Board as a whole;
- The quality, quantity and timeliness of flow of information between the Company management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

Disclosures by Independent Directors

All the Independent Directors have made necessary disclosures under the Companies Act, 2013 and Listing Agreement.

B. FAMILIARISATION PROGRAMMES FOR BOARD MEMBERS

All Independent Directors are aware and further updated about their roles, rights, responsibilities in the Company.

Independent Directors are provided with necessary documents/brochures, reports and internal policies to enable them to familiarize with the Company's procedures and practices.

Periodic presentations are made at the Board and Board Committee Meetings, on business and performance updates of the Company, global business environment, business strategy and risks involved. Detailed presentations on the duties and responsibilities of Independent Directors and the Company's business segments were made at the separate meetings of the Independent Directors held during the year.

Quarterly updates on relevant statutory changes and landmark judicial pronouncements encompassing important laws are regularly circulated to the Directors.

Each Director of the Company has complete access to any information relating to the Company. Independent Directors have the freedom to interact with the Company's Management. They are given all the documents sought by them for enabling a good understanding of the Company, its various operations and the industry segments of which it is a part. Further, they meet without the presence of the Company's Management Personnel to discuss matters pertaining to the Company's affairs and put forth their combined views to the Managing Director of the Company.

Site visits to various plant locations are organized for the Independent Directors to enable them to understand the operations of the Company.

C. DIRECTORS' MEMBERSHIP IN BOARD/COMMITTEES OF OTHER COMPANIES

In terms of the Listing Agreement, none of the Directors on the Company's Board is a member of more than ten committees and Chairman of more than five committees (Committees being, Audit Committee and Investors' Grievance Committee) across all the Companies in which they are Director. All the Directors have made necessary disclosures regarding Committee positions held by them in other Companies and do not hold the office of Director in more than ten public Companies.

D. BOARD MEETINGS

During the financial year 2018-19, the Board of Directors met Seven (7) times on the following dates:

- a) 14.04.2018
- b) 30.05.2018
- c) 15.06.2018 (adjourned meeting)
- d) 14.08.2018
- e) 14.11.2018
- f) 16.11.2018(adjourned meeting)
- g) 14.02.2019

The Company has held at least one Board meeting in every three months. The maximum gap between any two meetings was less than 120 days, as stipulated under Regulation 17(2) of SEBI (Listing Obligation and Disclosure Requirement) Regulations, 2015.

E. INFORMATION SUPPLIED TO THE BOARD

The Board has complete access to all information with the Company. The information is provided to the Board on regular basis and the agenda papers for the meetings are circulated in advance of each meeting. Besides the business items, the agenda includes the items required to be considered by the Board of Directors as per the SEBI (Listing Obligation and Disclosure Requirement) Regulations 2015 for discussion and consideration at Board Meetings.

F. APPOINTMENT / RE-APPOINTMENT OF DIRECTORS

In accordance with the provisions of Companies Act, 2013 Mrs. Aartii Topiwaala (DIN – 03487105) who was appointed as Additional Director of the Company by the Board of Director with effect from February 14, 2018 and who hold office up to 33rd Annual General Meeting ('AGM') under Section 161(1) of the Companies Act, 2013, and whose term expires at the ensuing Annual General Meeting of the company and for the appointment of whom the Company has received a notice in writing from a member under Section 160 of the Companies Act, 2013 proposing her candidature for the office of the Director be and is hereby appointed as a Director of the Company whose period of office will be liable to determination by retirement of directors by rotation.

The brief resume and other details relating to Ms. Aartii Topiwaala, Director who is regularized to be as Director, as required to be disclosed under SEBI (Listing Obligation and Disclosure Requirement) Regulations 2015, has been mentioned in the Statement annexed to Notice.

G. CERTIFICATE ON COMPLIANCE WITH CODE OF CONDUCT

I hereby confirm that the Company has obtained from all the members of the Board and Senior Management, affirmation that they have complied with the code of conduct for Directors and Senior Management in respect of the Financial Year ended on 31st March, 2019.

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

By Order of the Board
Paramount Cosmetics (India) Limited

Place: Bangalore

Hiitesh Topiwaalla
Managing Director

Date: 14.08.2019

111 BOARD COMMITTEES

A. AUDIT COMMITTEE

Composition:

The composition of the Audit Committee is in confirmation with the requirements of Section 177 of the Companies Act, 2013 and provisions of the SEBI (Listing Obligation and Disclosure Requirement) Regulations 2015 of the As on March 31, 2019, the Audit Committee comprises of:

Name	Designation	Category
Mr. Mukesh Kumar Tyagi	Member	Independent Director
Mr. V.N. Mehta	Chairman	Independent Director
Mrs. Aartii Topiwaala	Member	Non-Executive Promoter Director

Meetings:

During the Financial Year 2018-19, the Audit Committee met four times. The details of meeting and attendance are given on Page no. 40 of this Report. The time gap between any two meetings was less than four months.

The Chairman of the Audit Committee was present at the last Annual General Meeting, to answer the Shareholders' Queries.

The Committee, in its meeting held on 12th April, 2019 reviewed the Annual Accounts for the period ended 31st March, 2019.

Terms of Reference:

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

Powers of Audit Committee

The Audit Committee shall have powers, which should include the following:

- 1) To investigate any activity within its terms of reference.
- 2) To seek information from any employee.
- 3) To obtain outside legal or other professional advice.
- 4) To secure attendance of outsiders with relevant expertise, if it considers necessary.

Role of Audit Committee

The role of the Audit Committee shall include the following:

- 1) Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- 2) Recommendation for appointment, remuneration and terms of appointment of auditors of the company;
- 3) Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
- 4) Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to:
 - a) Matters required to be included in the Director's Responsibility Statement to be included in the Board's Report in terms of clause (c) of sub-section 3 of section 134 of the Companies Act, 2013
 - b) Changes, if any, in accounting policies and practices and reasons for the same
 - c) Major accounting entries involving estimates based on the exercise of judgment by management
 - d) Significant adjustments made in the financial statements arising out of audit findings
 - e) Compliance with listing and other legal requirements relating to financial statements

- f) Disclosure of any related party transactions
- g) Qualifications in the draft audit report

- 5) Reviewing, with the management, the quarterly financial statements before submission to the board for approval;
- 6) Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
- 7) Review and monitor the auditor's independence and performance, and effectiveness of audit process;
- 8) Approval or any subsequent modification of transactions of the company with related parties;
- 9) Scrutiny of inter-corporate loans and investments;
- 10) Valuation of undertakings or assets of the company, wherever it is necessary;
- 11) Evaluation of internal financial controls and risk management systems;
- 12) Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
- 13) Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
- 14) Discussion with internal auditors of any significant findings and follow up there on;
- 15) Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;
- 16) Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
- 17) To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, share-holders (in case of non-payment of declared dividends) and creditors;
- 18) To review the functioning of the Whistle Blower mechanism;
- 19) Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate;
- 20) Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

B. NOMINATION AND REMUNERATION COMMITTEE

The scope of the activities of the Nomination and Remuneration Committee includes, recommending to the Board, the appointment / re-appointment of Executive Director, to consider, approve and recommend the remuneration of the Whole Time Director/Managing Director.

Composition:

The Nomination and Remuneration Committee of the Board comprises of the following directors as members:

Name	Designation	Category
Mr. V.N. Mehta	Chairman	Independent Director
Mr. Mukesh Kumar Tyagi	Member	Independent Director
Ms. Aartii Topiwaala	Member	Non-executive promoter director

Terms of Reference:

The terms of reference/Powers of the Nomination and Remuneration Committee are as under:

- 1) To identify persons who are qualified to become Directors and who may be appointed in senior management in accordance with the criteria laid down and to recommend to the Board their appointment and/or removal
- 2) To carry out evaluation of every Director's performance
- 3) To formulate the criteria for determining qualifications, positive attributes and independence of a Director, and recommend to the Board a policy, relating to the remuneration for the Directors, key managerial personnel and other employees
- 4) To formulate the criteria for evaluation of Independent Directors and the Board
- 5) To devise a policy on Board diversity
- 6) To recommend/review remuneration of the Managing Director(s) and Whole-time Director(s) based on their performance and defined assessment criteria
- 7) To administer, monitor and formulate detailed terms and conditions of the Employees' Stock Option Scheme including:
 - a) the quantum of options to be granted under Employees' Stock Option Scheme per employee and in aggregate;
 - b) the conditions under which option vested in employees may lapse in case of termination of employment for misconduct;
 - c) the exercise period within which the employee should exercise the option, and that the option would lapse on failure to exercise the option within the exercise period;
 - d) the specified time period within which the employee shall exercise the vested options in the event of termination or resignation of an employee;
 - e) the right of an employee to exercise all options vested in him at one time or various points of time within the exercise period;
 - f) the procedure for making a fair and reasonable adjustment to the number of options and to the exercise price in case of corporate actions, such as rights issues, bonus issues, merger, sale of division and others;
 - g) the granting, vesting and exercising of options in case of employees who are on long leave; and
 - h) the procedure for cashless exercise of options.
- 8) To carry out any other function as is mandated by the Board from time to time and / or enforced by any statutory notification, amendment or modification, as may be applicable;
- 9) To perform such other functions as may be necessary or appropriate for the performance of its duties.

Meeting Details

Two meetings of the Nomination and Remuneration Committee were held during the year. The details of meeting and attendance are given on Page no. 31 of this Report.

C. RISK MANAGEMENT COMMITTEE

Composition:

The Risk Management Committee of the Board comprises of the following directors as members:

Name	Designation	Category
Mr. Hiitesh Topiiwaalla	Chairman	Managing Director
Mr. V.N. Mehta	Member	Independent Director
Mr. Hansraj Rathor	Member	Chief Financial Officer

Role and Responsibilities:

Role and Responsibilities of the Committee includes the following:

- 1) Framing of Risk Management Plan and Policy.
- 2) Overseeing implementation of Risk Management Plan and Policy.
- 3) Monitoring of Risk Management Plan and Policy Validating the process of risk management.
- 4) Validating the procedure for Risk Minimisation.
- 5) Periodically reviewing and evaluating the Risk Management Policy and practices with respect to risk assessment and risk management processes.
- 6) Continually obtaining reasonable assurance from management that all known and emerging risks have been identified and mitigated or managed.
- 7) Performing such other functions as may be necessary or appropriate for the performance of its oversight function.

Meeting Details

One meeting of the Committee was held during the year and the details of meeting and attendance are given on Page no. 31 of this Report.

D. STAKEHOLDERS RELATIONSHIP COMMITTEE

Constitution

The Stakeholders Relationship Committee is duly constituted as per the SEBI (Listing Obligation and Disclosure Requirement) Regulations 2015 of the following members:

Name	Designation	Category
Mr. V.N. Mehta	Member	Independent Director
Mr. Mukesh Kumar Tyagi	Chairman	Independent Director
Ms. Aartii Topiwaala	Member	Non-executive promoter director

The Stakeholders Relationship Committee composition and the terms of reference meet with the requirements of The SEBI (Listing Obligation and Disclosure Requirement) Regulations 2015 and provisions of the Companies Act, 2013.

Terms of Reference

The Shareholders' Relationship Committee has been constituted to specifically look into the redressal of Shareholders' complaints and other Stakeholders related issues. The scope of activities of the Committee is to look into specific investor complaints, approve the transfer/transmission of shares, approve issue of duplicate share certificate, etc.

The Shareholders' Relationship Committee three times during the year and the details of meeting and attendance are given on Page no. 31 of this Report.

Compliance Officer

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

Complaints received / resolved

Investor Complaints status as on 31st March 2019:

Opening Balance	Received during the financial year	Resolved during the financial year	Closing Balance
NIL	0	0	NIL

Pending Share Transfers

No requests for Transfer and / or Dematerialisation were pending for redressal as on 31st March, 2019.

E. SHARE TRANSFER COMMITTEE

The Share Transfer Committee is formed as per the requirement of relevant rules exclusively to look into share transfer and related applications received from shareholders, with a view to accelerate the transfer procedures. The Committee comprises three Directors of the Board namely Mr. Hiitesh Topiwaalla, Ms. Aartii Topiwaala and Mr. V.N. Mehta. The Committee inter alia considers applications for transfer, transmission, split, consolidation of share certificates and cancellation of any share certificate in compliance with the provisions in this regard. The Committee is authorised to sign on consolidation, splitting or in lieu of share certificates lost, defaced or destroyed.

The Committee meets at regular intervals to approve the share transfers and other related matters.

F. Meetings of Board Committees held during the year and Directors' attendance:

Board Committees	Audit Committee	Nomination & Remuneration Committee	Stakeholder's Relationship Committee	Share Transfer Committee	Risk Management Committee
Meetings Held	5	1	5	19	1
Name of the Directors					
Mr. Hiitesh Topiwaalla	-	-	-	19	1
Ms. Aartii Topiwaala	4	1	5	19	-
Mr. V.N. Mehta	4	1	5	19	1
Mr. Shishir B Desai	-	-	-	-	-
Mr. Mukesh Kumar Tyagi	4	1	5	-	-

IV. POLICIES

A. CODE OF CONDUCT

The Company has in place a comprehensive Code of Conduct (the Code) applicable for Directors, Managers, Officers and Associates.

The Company has adopted this Code of Conduct and Ethics as a testimony of its commitment to adhere to the standards of loyalty, honesty, integrity and the avoidance of conflicts of interest. The rules and principles set forth in this code are general in nature and the compliance with the code shall be ensured read with other applicable policies and procedures of the company. The Directors, Managers, Officers and Associates may contact the Head-HR or the Compliance Officer for assistance in interpreting the requirements of this code.

The Code is applicable to Board Members and Senior Management to such extent as may be applicable to them depending on their roles and responsibilities. The Code gives guidance and support needed for ethical Conduct of Business and Compliance of Law. The Code includes -

- a) Compliance with Laws, rules & regulations
- b) Conflict of Interest
- c) Reporting standards
- d) Competition and fair dealing
- e) Whistle blower policy
- f) Policy against retaliation
- g) Compliance with code
- h) Independent Directors – Roles and Responsibilities

A copy of the Code has been put on the Company's website (www.parammount.com). The Code has been circulated to Directors and Management Personnel, and its compliance is affirmed by them annually.

A declaration signed by the Company's Managing Director and Chief Financial Officer is published in this Report.

B. RISK MANAGEMENT POLICY

Risk Management Committee which has been entrusted with the responsibility to assist the Board in (a) Over-seeing and approving the Company's enterprise wide risk management framework; and (b) Overseeing that all the risks that the organization faces such as strategic, financial, credit, market, liquidity, security, property, IT, legal, regulatory, reputational and other risks have been identified and assessed and there is an adequate risk management infrastructure in place capable of addressing those risks.

The Risk Management Policy was reviewed and approved by the Committee. The Company manages, monitors and reports on the principal risks and uncertainties that can impact its ability to achieve its strategic objectives. The Company's management systems, organisational structures, processes, standards, code of conduct and behaviors together governs how the Company conducts the business and manages associated risks. The Company has introduced several improvements to Risk Management, Internal Controls Management and processes to drive a common integrated view of risks, optimal risk mitigation responses and efficient management of internal control and assurance activities.

C. POLICY FOR SELECTION OF DIRECTORS AND PERFORMANCE EVALUATION

The Nomination and Remuneration Committee of the Company approved an Evaluation Policy during the year, which was adopted by the Board of Directors. The policy provides for evaluation of the Board, the Committees of the Board and individual Directors. The Policy provides that evaluation of the performance of the Board as a whole; Board Committees and Directors shall be carried out on an annual basis.

The Evaluation process focused on various aspects of the Board and Committees functioning such as composition of the Board and Committees, experience and competencies, performance of specific duties and obligations, governance issues etc. Separate exercise was carried out to evaluate the performance of individual Directors on parameters such as attendance, contribution and independent judgment.

D. REMUNERATION POLICY FOR DIRECTORS, KEY MANAGERIAL PERSONNEL AND OTHER EMPLOYEES

The objective of this policy is directed towards having a compensation philosophy and structure that will reward and retain talent.

The Remuneration to Managing Director shall take into account the Company's overall performance, MD's contribution for the same & trends in the industry in general, in a manner which will ensure and support a high-performance culture.

Non-Executive Directors shall be paid a sitting fee of Rs. 5,000/- for every meeting of the board attended by them as member.

The Remuneration to others will be such as to ensure that the relationship of remuneration to performance is clear and meets appropriate performance benchmarks.

The Company has no stock options plans and no payment by way of bonus, pension, incentives etc. shall be paid.

Remuneration to Directors, Key Managerial Personnel and Senior Management will involve a balance between fixed and incentive pay reflecting short- and long-term performance objectives appropriate to the working of the Company and its goals.

The above criteria and policy are subject to review by the Nomination & Remuneration committee & the Board of Directors of the Company.

E. WHISTLE BLOWER

Compliant and Investigation Procedures for Accounting, Internal Accounting Controls, Fraud, Auditing Matters or others:

All Directors, Managers, Officers, and Associates of the Company are responsible to report in good faith, questionable accounting/auditing matters, and internal accounting controls, financial reporting (Accounting Complaints), any violations, fraudulent/unethical practices, misconduct or such other genuine concerns, which are against the interests of the Company. It is the policy of the Company to treat such complaints seriously and expeditiously.

The reporting, which will be free of retaliation and discrimination, shall be in writing either by way of email or letter. While the policy encourages Directors, Managers, Officers, and Associates to disclose their names, the reporting may also be made anonymously.

The reporting for other than accounting complaints may be made to the Associate-In-Charge (AIC) of the function to which the Associate belongs and the AIC in turn shall report to the Managing Director. However, if Associate is unwilling or unable to report or complaint through AIC for any specific reason, he may directly report or complain to the MD or the Chairman of the Audit Committee, by disclosing the reason for doing so. In case of key management personnel at all the levels and head of various function, the reporting may be directly made to the MD or the Chairman of the Audit Committee. In regard to the accounting complaints, the reporting shall be made to the Compliance Officer, who shall directly report to the MD or the Chairman of the Audit Committee for review and investigation under its direction.

No personnel have been denied access to the Chairman of the Audit Committee.

There is a vigil Mechanism and it is working. During the year no complaints, reference or instances of fraud is reported.

F. POLICY ON RELATED PARTY TRANSACTIONS

In line with the requirements of the Companies Act, 2013 and Equity Listing Agreement, the Company has formulated a Policy on Related Party Transactions. The Policy intends to ensure that proper reporting, approval and disclosure processes are in place for all transactions between the Company and Related Parties.

This Policy specifically deals with the review and approval of Material Related Party Transactions keeping in mind the potential or actual conflicts of interest that may arise because of entering into these transactions. All Related Party Transactions are placed before the Audit Committee for review and approval.

V. REMUNERATION OF DIRECTORS

Details of Remuneration

The Company has not paid any remuneration to any of its Non-Executive Directors, except the Sitting Fees for attending meetings of the Board for which Rs. 5000/- (Rupees Five Thousand only) per meeting was paid. The aggregate amount of sitting fees paid during the financial year was Rs. 0.50 Lakhs.

Further, the remuneration paid/payable to Mr. Hiitsh Topiwaalla, Managing Director of the Company for the financial year ended 31.03.2019 are as follows:

(Rupees in Lakhs)

Particular	Amount
Basic Salary	-
Allowances & Perquisites	-
commission	-
Total	NIL

VI. MANAGEMENT DISCUSSION AND ANALYSIS REPORT

The Management Discussion and Analysis Report form part of the Annual Report.

VII. SHAREHOLDING OF DIRECTORS

Details of the share of the Company held by Non-Executive Directors as on March 31, 2019:

Name of Directors	No. of Equity Shares held	% of Total Paid-up Equity Capital
Mr. V.N. Mehta	169	0.0035%
Mr. Shishir B Desai	Nil	Nil
Ms. Aartii Topiwaala	2,600	0.0535%
Mr. Mukesh Kumar Tyagi	Nil	Nil

VIII .CEO/CFO CERTIFICATION

To,
The Board of Directors
Paramount Cosmetics (India) Limited

1. We have reviewed financial statements and the cash flow statement of Paramount Cosmetics (India) Limited for the year ended 31stMarch, 2019 and to the best of our knowledge and belief:
 - (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - (ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
2. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's Code of Conduct.
3. We accept responsibility for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of Company's internal control systems pertaining to financial reporting. We have not come across any reportable deficiencies in the design or operation of such internal controls.
4. We have indicated to the Auditors and the Audit Committee that:
 - (i) there are no significant changes in internal control over financial reporting during the year;
 - (ii) there are no significant changes in accounting policies during the year; and
 - (iii) there are no instances of significant fraud of which we have become aware.

On behalf of the Board of Directors

Hiitesh Topiwaalla
Managing Director

Place: Bangalore
Date: 14.08.2019

IX. AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE

To
The Members,
M/s PARAMOUNT COSMETICS (INDIA) LIMITED
CIN:L24240GJ1985PLC008282
A-1/2211, III PHASE, G I D C VAPI, GUJARAT- 396 195

We have examined the compliance of conditions of Corporate Governance by PARAMOUNT COSMETICS (INDIA) LIMITED, for the year ended March 31, 2019, as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchange and the SEBI (Listing Obligation and Disclosure Requirements) Regulation 2015.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination has been limited to the review of the procedures and implementation thereof, adopted by the Company for ensuring the compliance with the conditions of Corporate Governance as stipulated in the said Clause. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us and the representations made by the Directors and Management, we certify that the company has complied with the conditions of Corporate Governance as stipulated in above mentioned Regulations.

We state that such compliance is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management as conducted the affairs of the company.

Ahmedabad
August 14, 2019

S M Thanki & Co.
Practicing Company Secretary
Sd/-
Sagar Thanki
C.P No.: 18155

X. GENERAL BODY MEETING

The details of the Annual General Meetings held during last three year immediately before March 31, 2019 is given in Table below:

Year	Date	Venue	Time	No. of Special Resolutions Passed at AGM
2017-18	September 28, 2018	VIA Hall, Vapi Industrial Association, Plot No. 135, VIA House, GIDC, Vapi – 396 195	11.00 a.m.	One
2016-17	September 29, 2018	VIA Hall, Vapi Industrial Association, Plot No. 135, VIA House, GIDC, Vapi – 396 195	11.00 a.m.	Nil
2015-16	September 30, 2016	VIA Hall, Vapi Industrial Association, Plot No. 135, VIA House, GIDC, Vapi-396195	11.00 a.m.	One

An Extra Ordinary General Meeting of the Company was held on May 9th, 2018 at registered office of the Company to appoint Statutory Auditor M/s. Dagliya & Co. Chartered Accountants (FRN 0671S), Bangalore to fill the casual vacancy caused by resignation of M/s. S.S. Jain & Associates.

POSTAL BALLOT

During the year, the Company has not passed any Special Resolution through Postal Ballot. At present, there is no proposal for passing resolution through Postal Ballot.

XI. DISCLOSURES

(i) **Related Party Transactions:** During the year 2018-19, besides the transactions reported in Note 31 to the financial statement in the Annual Report, there are no materially significant related party transactions with the Directors or Management or their relatives which have potential conflict with the interest of the Company at large.

(ii) **Details of Non-Compliance by the Company:** The Company has complied with the requirements of the Stock Exchange, SEBI and other statutory authorities on all matters relating to capital markets during the last three years.

During the financial year 2018-19, penalty was imposed by Bombay Stock Exchange for delay in filing of Financial Statements for the year ended 31st March, 2018.

(iii) **Whistle Blower Policy:** The Company has adopted a Whistle Blower Policy and has established the necessary mechanism for employees to report concerns about unethical behavior. No personnel have been denied access to the Chairman of the Audit Committee.

(iv) **Disclosure by Senior Management:** Senior Management has made disclosure to the Board relating to material financial and commercial transactions stating that they did not have personal interest that could result in a conflict with the interest of the Company at large.

(v) **Secretarial Audit:** Pursuant to Clause 47(c) of the Listing Agreement, Certificates on half-yearly basis, have been issued by a Company Secretary in practice, for due compliance of share transfer formalities by the Company.

Pursuant to SEBI (Depositories and Participants) Regulations, 1996, Certificates have also been received from the Company Secretary in practice for timely dematerialization of the shares of the Company and for conducting a Secretarial Audit on a quarterly basis for Reconciliation of the Share capital of the Company.

- (vi) **Unclaimed Dividend:** As per the Companies Act, 2013, Company shall transfer unpaid or unclaimed dividend for a period of seven years shall be transferred to the Investor Education and Protection Fund (IEPF).

In accordance with the following Schedule, the Dividends for the years mentioned as below, if unclaimed for a period of Seven years, will be transferred to IEPF:

Dividend Year	Type of Dividend	Rate of Dividend	Date of declaration	Due date for Transfer to IEPF	As on March 31, 2019
2010-11	Final Dividend	5%	30/09/2011	30-11-2018	24,27,500/-
2011-12	Final Dividend	5%	29/09/2012	30-11-2019	24,27,500/-
2012-13	Final Dividend	6%	30/09/2013	30-11-2020	29,13,000/-
2013-14	Final Dividend	6%	30/09/2014	30-11-2021	29,13,000/-
2014-15	Final Dividend	6%	30/09/2015	30-11-2022	29,13,000/-
2015-16	Final Dividend	5%	30/09/2016	30-11-2023	24,27,500/-

The shareholders may write to M/s. BgSE Financials Limited before the due dates to claim their unclaimed Dividend. Once the unclaimed Dividend is transferred to IEPF, no claim shall lie in respect thereof with the Company.

XII. MEANS OF COMMUNICATION

Quarterly Results: Publication of Results in the Newspaper

Newspaper wherein results normally published: Western Times (English) and Western Times (Gujarati) in Gujarat

XIII. GENERAL SHAREHOLDER INFORMATION

1. AGM:

Date : September 30, 2019

Time : 11:00 a.m.

Venue : A-1/2211, III Phase G I D C Vapi -396195, Dist. Valsad, Gujarat

2. FINANCIAL YEAR: 01st April, 2018 to 31st March, 2019

3. DATE OF BOOK CLOSURE:

The Register of Members and Share Transfer Books of the Company will remain closed from Friday 20th September, 2019 to Monday 30th September, 2019 (both days inclusive).

4. LISTING ON STOCK EXCHANGE:

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

Listing	Scrip Name	Scrip Code / Scrip ID
Bombay Stock Exchange Limited (BSE) Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001	PARAMOUNT CO	507970 / PARMCOS-B

Listing fee: The Company is up-to-date on the payment of Annual Listing Fee.

5. MARKET PRICE DATA:

High and Low prices during each month of Financial Year 2018- 2019 on Bombay Stock Exchange Limited are as under:

Month	High Price	Low Price	Close Price	Volume (No. of Shares)
Apr-18	34.35	27.05	32.00	6749
May-18	31.80	26.10	27.30	2805
Jun-18	31.80	24.70	26.30	13793
Jul-18	32.50	25.70	32.50	1460
Aug-18	30.90	26.90	29.40	3121
Sep-18	30.85	23.75	26.25	2778
Oct-18	28.80	23.45	25.85	1865
Nov-18	25.00	22.60	24.90	1682
Dec-18	27.90	23.70	26.20	1362
Jan-19	24.90	20.80	22.80	2072
Feb-19	21.70	20.65	20.65	89
Mar-19	21.65	19.00	19.00	1326

(Source: This information is compiled from the data available from the website of BSE)

6. REGISTRAR AND SHARE TRANSFER AGENTS:

BgSE Financials Limited
Stock Exchange Towers No. 51, 1st Cross, J.C Road, Bangalore- 560

027 Ph: 080 41329661; Email: rta_admin@bfsl.co.in;

manager_rta@bfsl.co.in

7. **SHARE TRANSFER SYSTEM:**

The Shares are accepted for registration of transfer at the Corporate Office of the Company in addition to the office of Registrar and Transfer Agent (RTA). M/s BgSE Financials Limited is fully equipped to undertake the activities of Share Transfers and redressal of shareholders grievances.

The Company has appointed M/s. BgSE Financials Limited as Share Transfer Agents and all work relating to share transfers is executed by them. Requests from Shareholders holding shares in Physical

form, received by the Company and Share Transfer Agents are processed by Registrar and Transfer Agents and subject to all documents being in order are put up for approval to the Share Transfer Committee.

8. **DISTRIBUTION OF SHAREHOLDING AS ON 31ST MARCH, 2019:**

Share held	No. of Shareholders	% of Shareholders	No. of Shares held	% of Shares held
01-500	5236	95.94	689999	14.23
501-1000	137	2.51	99213	2.04
1001-2000	50	0.92	71625	1.47
2001-3000	15	0.27	37406	0.77
3001-4000	8	0.15	28214	0.58
4001-5000	1	0.02	4369	0.09
5001-10000	4	0.07	24293	0.50
10001-50000	3	0.05	58878	1.21
50001 and above	4	0.07	3841003	79.11
Total	5458	100.00	4855000	100.00

Shareholding Pattern as on 31st March, 2019

Category	No. Of Shares Held	Percentage of Shareholding
Promoter & Promotor Group	36,30,740	74.78
Financial Institutions / Banks	14,00	00.03
Bodies Corporate	22,331	00.46
Mutual Funds and Unit Trust of India	0	00.00
Others	12,47,991	24.73
Total	48,55,000	100.00

9. **DEMATERIALIZATION OF SHARES AND LIQUIDITY AS ON 31ST MARCH, 2019:**

The Company's shares are traded in physical and dematerialized form and are available for trading on both the Depositories in India – National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL).

4342408 Ordinary Shares of the Company representing 89.44% of the Company's share capital is dematerialized as on 31st March, 2019.

Under the Depository System, the International Securities Identification Number (ISIN) allotted to the Company's shares is INE 143I01013.

Outstanding ADRs/GDRs/Warrants or any convertible instruments, conversion date and likely impact on equity: **Not Applicable**

10. PLANT LOCATION:

Vapi	:	A-1/2211, III Phase, G.I.D.C. Vapi – 396 195 Dist :Valsad (Gujarat)
Daman	:	168/244 & 168/245, Dabhel Industrial Society Limited, Dabhel, Daman - 396210
Shoolgiri	:	Survey No. 124/3B, Chennapalli Village, Shoolagiri, Hosur, Taluk, Krishnagiri – 635117, Tamilnadu

- 11. ADDRESS FOR CORRESPONDENCE:** Paramount Cosmetics (India) Limited
902-904, 9thFloor, Prestige Meridian – 1, No. 29, M.G. Road, Bangalore – 560 001
Phone: +91 080 2532 0870 / 71; Email: compliance.officer@parammount.com; Website: www.parammount.com

Investors Relation Centers

Corporate Office:	Paramount Cosmetics (India) Limited 902-904, 9th Floor, Prestige Meridian – I No. 29, M.G. Road, Bangalore – 560 001 Phone: +91 080 2532 0870 / 71 Email: compliance.officer@parammount.com
Registered Office:	Paramount Cosmetics (India) Limited A-1/2211, III Phase, G.I.D.C. Vapi-396195 Gujarat Email: compliance.officer@parammount.com

12. NON MANDATORY REQUIREMENTS

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

S. No.	Non Mandatory Provisions	Status
1.	The Board: Maintenance of Non-Executive Chairman’s Office	Not Applicable
2.	Shareholders’ rights: Half-yearly financial performance and summary of significant events may be sent to each household Of shareholders.	The half-yearly financial results are published in widely circulating national and local dailies at the place of the registered office of the Company.
3.	Audit qualifications: The Company may move towards the regime of unqualified financial statements.	The Company has NIL qualification in F.Y. 2018-19
4.	Separate Posts of Chairman and CEO: The Company may appoint separate person to the post of Chairman and Managing Director/CEO	Not Applicable
5.	Reporting of Internal Auditor: The Internal Auditor may report directly to the Audit Committee	The Internal Auditor reports directly to the Audit Committee

Registered Office:

A-1/2211, III Phase, G I D C,
Vapi, Gujarat-396195
CIN: L24240GJ1985PLC008282
Place: Bangalore
Date: 14.08.2019

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

**Hiitesh Topiwaalla
Managing Director**

INDEPENDENT AUDITORS' REPORT

To the Members of

Paramount Cosmetics (India) Limited

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the standalone financial statements of **Paramount Cosmetics (India) Limited** (“the Company”), which comprise the standalone balance sheet as at March 31, 2019, and the standalone statement of profit and loss (including other comprehensive income), standalone statement of changes in equity and standalone statement of cash flows for the year then ended, and notes to the standalone financial statements, including a summary of the significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 (“Act”) in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, and profit and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those SAs are further described in the Auditor’s Responsibilities for the Audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

[i] Revenue recognition

See note 25 to the standalone financial statements

The key audit matter	How the matter was addressed in our audit
Revenue from sale of goods is recognised when control of the products being sold is transferred to the customer and when there are no longer any unfulfilled obligations. The performance obligations in the contracts are fulfilled at the time of dispatch, delivery or upon formal customer acceptance depending on customer terms. Revenue is measured at fair value of the consideration received or receivable, after deduction of any trade discounts, volume rebates and any taxes or duties collected on behalf of the government such as goods and services tax, etc. Accumulated experience is used to estimate the provision for discounts and rebates. Revenue is only recognised to the extent that it is highly probable a significant reversal will not occur. Rebates and discounts are material and have arrangements with varying terms which are based on annual contracts or shorter term arrangements. In addition, the value and timing of promotions for	Our audit procedures included: ✓ We assessed the appropriateness of the revenue recognition accounting policies, including those relating to rebates and discounts by comparing with applicable accounting standards. ✓ We tested the design, implementation and operating effectiveness of management’s general IT controls and key application controls over the Company’s IT systems which govern revenue recognition, including access controls, controls over

<p>products varies from period to period, and the activity can span over a year end.</p> <p>There is a risk of revenue being overstated due to fraud, including through manipulation of rebates and discounts, resulting from pressure the management may feel to achieve performance targets at the reporting period end.</p>	<p>program changes, interfaces between different systems and key manual internal controls over revenue recognition to assess the completeness of the revenue entries being recorded in the general ledger accounting system.</p> <ul style="list-style-type: none"> ✓ We tested the design, implementation and operating effectiveness of controls over the calculation of discounts and rebates. ✓ We performed substantive testing by selecting samples of revenue transactions recorded during the year by verifying the underlying documents, which included goods dispatch notes and shipping documents. ✓ We inspected, on a sample basis, key customer contracts to identify terms and conditions relating to goods acceptance and rebates and assessing the Company's revenue recognition policies with reference to the requirements of the applicable accounting standards. ✓ We performed substantive testing by selecting samples of rebate and discount transactions recorded during the year and comparing the parameters used in the calculation of the rebate and discounts with the relevant source documents (including invoices, schemes and contracts) to assess whether the methodology adopted in the calculation of the rebates and discounts was in accordance with the terms and conditions defined in the schemes and corresponding customer contract. ✓ We performed cut-off testing for samples of revenue transactions recorded before and after the financial year end date by comparing with relevant underlying documentation, which included goods dispatch notes and shipping documents, to assess whether the revenue was recognized in the correct period. ✓ We assessed manual journals posted to revenue to identify unusual items.
--	---

[ii] Provisions for taxation, litigation and other significant provisions

See note 6 and 24 to the standalone financial statements

The key audit matter	How the matter was addressed in our audit
<p>Accrual for tax and other contingencies requires the Management to make judgements and estimates in relation to the issues and exposures arising from a range of matters relating to direct tax, indirect tax, transfer pricing arrangements, claims, general legal proceedings, environmental issues and other eventualities arising in the regular course of business.</p> <p>The key judgement lies in the estimation of provisions where they may differ from the future obligations. By nature, provision is difficult to estimate and includes many variables. Additionally, depending on timing, there is a risk that costs could be provided inappropriately that are not yet committed.</p>	<p>Our audit procedures included:</p> <ul style="list-style-type: none"> ✓ We tested the effectiveness of controls around the recognition of provisions. ✓ We used our subject matter experts to assess the value of material provisions in light of the nature of the exposures, applicable regulations and related correspondence with the authorities. ✓ We challenged the assumptions and critical judgements made by management which impacted their estimate of the provisions required, considering judgements previously made by the authorities in the relevant jurisdictions or any relevant opinions given by the Company's advisors and assessing whether there was an indication of management bias. ✓ We discussed the status in respect of significant provisions with the Company's internal tax and legal team. ✓ We performed retrospective review of management judgements relating to accounting estimate included in the financial statement of prior year and compared with the outcome.

[iii] Assessment of contingent liabilities relating to litigations and claims

See note 31(I) to the standalone financial statements

The key audit matter	How the matter was addressed in our audit
<p>The Company is periodically subject to challenges / scrutiny on range of matters relating to direct tax, indirect tax and transfer pricing arrangements.</p> <p>Further, potential exposures may also arise from general legal proceedings, environmental issues etc. in the normal course of business.</p> <p>Assessment of contingent liabilities disclosure requires Management to make judgements and estimates in relation to the issues and exposures. Whether the liability is inherently uncertain, the amounts involved are potentially significant and the application of accounting standards to determine the amount, if any, to be provided as liability, is inherently subjective.</p>	<p>Our audit procedures included:</p> <ul style="list-style-type: none"> ✓ We tested the effectiveness of controls around the recording and re-assessment of contingent liabilities. ✓ We used our subject matter experts to assess the value of material contingent liabilities in light of the nature of exposures, applicable regulations and related correspondence with the authorities. ✓ We discussed the status and potential exposures in respect of significant litigation and claims with the Company's internal legal team including their views on the

	<p>likely outcome of each litigation and claim and the magnitude of potential exposure and sighted any relevant opinions given by the Company's advisors.</p> <ul style="list-style-type: none"> ✓ We assessed the adequacy of disclosures made. ✓ We discussed the status in respect of significant provisions with the Company's internal tax and legal team. ✓ We performed retrospective review of management judgements relating to accounting estimate included in the financial statement of prior year and compared with the outcome.
--	--

Other Information

The Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the Company's annual report, but does not include the standalone financial statements and our auditor's report thereon.

Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's Responsibility for the Standalone Financial Statements

The Company's management and Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the state of affairs, profit/loss and other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, management and Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of Directors is also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are

considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of section 143(11) of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by section 143(3) of the Act, we report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were

necessary for the purposes of our audit.

- b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - c) The standalone balance sheet, the standalone statement of profit and loss (including other comprehensive income), the standalone statement of changes in equity and the standalone statement of cash flows dealt with by this Report are in agreement with the books of account.
 - d) In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under section 133 of the Act.
 - e) On the basis of the written representations received from the directors as on 31 March 2019 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019 from being appointed as a director in terms of section 164(2) of the Act.
 - f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in “Annexure B”.
3. With respect to the other matters to be included in the Auditor’s Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company has disclosed there is no material impact of pending litigations as at March 31, 2019 on its financial position in its standalone financial statement.
 - ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts.
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
 - iv. The disclosures in the standalone financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in these standalone financial statements since they do not pertain to the financial year ended March 31, 2019.

4. With respect to the matter to be included in the Auditor’s Report under section 197(16):

In our opinion and according to the information and explanations given to us, the remuneration paid by the Company to its directors during the current year is in accordance with the provisions of section 197 of the Act. The remuneration paid to any director is not in excess of the limit laid down under section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under section 197(16) which are required to be commented upon by us.

For, **Pary & Co.**
Chartered Accountants
FRN-007288C

Place: **Bangalore**
Date: 28.06.2019

Rakesh Kumar Jain
Partner
Membership No106109

Annexure A

to the Independent Auditor's report on the standalone financial statements of for the year ended March 31, 2019
(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

(i) In respect of fixed assets:

- a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - b) The Company has a regular programme of physical verification of its fixed assets by which all fixed assets are verified once in a year. No material discrepancies have been noticed on such verification. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets
 - c) According to the information and explanations given to us, the title deeds of immovable properties, as disclosed in Note 3A to the standalone financial statements, are held in the name of the Company,
- (ii)** The inventory has been physically verified by the management at reasonable intervals during the year. In our opinion, the frequency of such verification is reasonable. In respect of inventory lying with third parties, these have substantially been confirmed by them. The discrepancies noticed on verification between the physical stocks and the book records were not material.
- (iii)** According to information and explanations given to us, the Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Act. Accordingly, paragraph 3 (iii) of the Order is not applicable to the Company.
- (iv)** The Company has not granted any loans or provided any guarantees or security to the parties covered under section 185 of the Act. The Company has complied with the provisions of section 186 of the Act in respect of investments made or loans or guarantee or security provided to the parties covered under section 186.
- (v)** According to information and explanations given to us, the Company has not accepted any **deposits from the public** within the meaning of the directives issued by the Reserve Bank of India, provisions of section 73 to 76 of the Act, any other relevant provisions of the Act and the relevant rules framed thereunder.
- (vi)** The Central Government has not prescribed the maintenance of cost records under Section 148 of the Act for any of the services rendered by the Company.

(vii) In respect of the statutory dues

- a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is not regular in depositing the undisputed statutory dues including provident fund, employees state insurance, income tax, goods and service tax, duty of customs, cess, professional tax and other material statutory dues, as applicable, with the appropriate authorities.
- b) According to the information and explanations given to us, and the records of the Company examined by us, the following undisputed amounts payable in respect of provident fund, employees state insurance, income tax, goods and service tax, duty of customs, cess, professional tax and other material statutory dues were in arrears as at March 31, 2019 for a period of more than six months from the date they became payable:

Name of the Statute	Nature of the Dues	Amount (Rs. in Lakhs)	Period	Date
The Provident fund and Miscellaneous provisions Act 1952	Provident fund	3.14	April-August 2018	15th of every subsequent month
The Employees State Insurance Act 1948	ESI dues	2.51	April-August 2018	15th of every subsequent month
The tax on professional and callings	Professional Tax	0.449	April-August 2018	20th of every subsequent month

c) According to the information and explanations given to us, there are no dues of income tax, sales tax, value added tax, service tax, goods and service tax, duty of customs, duty of excise which have not been deposited with the appropriate authorities on account of any dispute except the following:

Name of the Statute	Nature of the Dues	Amount (Rs.)	Period	Form where the dispute is pending
West Bengal Sale Tax Dept.	Sales Tax Dues	20.12 (Net of payments under protest)	2001-02 2002-03	Joint Commissioner of commercial tax, West Bengal

- (viii) The Company has not defaulted in repayment of loans or borrowings from the banks and financial institutions. The Company has neither borrowed any loan from the government nor has the Company issued debentures. Accordingly, paragraph 3 (viii) of the Order is not applicable to the Company.
- (ix) The Company has not raised any moneys by way of initial public offer, further public offer (including debt instruments) or term loans during the year. Accordingly, paragraph 3 (ix) of the Order is not applicable to the Company.
- (x) According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the year.
- (xi) According to the information and explanations given to us and based on our examination of the records, the Company has not paid or provided for managerial remuneration. Therefore, reporting under clause 3(xi) of the order is not applicable.
- (xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi company. Accordingly, paragraph 3 (xii) of the Order is not applicable to the Company.
- (xiii) According to the information and explanations given to us and based on our examinations of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act, where applicable. The details of such related party transactions have been disclosed in the standalone financial statements as required by applicable Indian Accounting Standards.
- (xiv) According to the information and explanations given to us and based on our examination of the records, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, paragraph 3 (xiv) of the Order is not applicable to the Company.

(xv) According to the information and explanations given to us and based on our examination of the records, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3 (xv) of the Order is not applicable to the Company.

(xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, paragraph 3 (xvi) of the Order is not applicable to the Company.

For, **Pary & Co.**
Chartered Accountants
FRN-007288C

Rakesh Kumar Jain

Partner

Membership No106109

Place: **Bangalore**

Date: 28.06.2019

Annexure B

(to the Independent Auditor's report on the standalone financial statements of Paramount Cosmetics (India) Limited for the year ended March 31, 2019)

Report on the internal financial controls with reference to the aforesaid standalone financial statements under section 143(3)(i) of the Companies Act, 2013

(Referred to in paragraph 2(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Opinion

We have audited the internal financial controls with reference to financial statements of **Paramount Cosmetics (India) Limited** ("the Company") as of March 31, 2019 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, an adequate internal financial control system with reference to financial statements and such internal financial controls were operating effectively as at March 31 2019, based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal controls stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance note").

Management's Responsibility for Internal Financial Controls

The Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 (hereinafter referred to as "the Act").

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the

Standards on Auditing, prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements were established and maintained and whether such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of such internal financial controls, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to financial statements.

Meaning of Internal Financial Controls with reference to Financial Statements

A company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to financial statements include those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts

and expenditures of the company are being made only in accordance with authorisations of management and directors of the company;

and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls with reference to financial statements

Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial controls with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

PARAMOUNT COSMETICS (INDIA) LIMITED
BALANCE SHEET AS AT 31ST MARCH, 2019

(Rupees in Lakhs)

PARTICULARS	Note No.	As At 31st March, 2019	As At 31st March, 2018
ASSETS			
Non-current assets			
Property, plant and equipment	4	939.41	1,058.42
Capital Work in Progress	4	6.83	22.85
Other Intangible Assets	4	1000.93	1,001.21
Financial assets			
- Investments`	5	0.43	0.43
Deferred tax assets (Net)	6	42.76	46.72
Other non-current assets	7	32.90	93.54
		2023.26	2,223.17
Current assets			
Inventories	8	1744.33	1,718.89
Financial assets			
- Trade Receivables	9	319.13	13.96
- Cash and cash equivalents	10	25.25	49.97
- Bank Balances other than above	11	49.64	63.73
- Current loans and advances	12	595.79	594.62
Other current assets	13	55.47	89.58
		2789.87	2,530.75
TOTAL ASSETS		4812.87	4,753.92
EQUITY AND LIABILITIES			
Equity			
Equity Share capital	14	485.50	485.50
Other equity	15	1462.96	1,665.49
		1948.46	2,150.99
LIABILITIES			
Non-current liabilities			
Financial liabilities			
- Borrowings	16	715.43	683.23
Non-Current provisions	17	67.78	21.85
Other Non-Current Liabilities	18	22.00	24.00
		805.21	729.08
Current Liabilities			
Financial liabilities			
- Borrowings	19	1135.25	1,160.48
- Trade payables	20	345.06	158.46
- Other Financial Liabilities	21	246.28	263.24
Other current liabilities	22	266.18	242.73
Provisions	23	15.59	39.67
Current Tax Liabilities (net)	24	50.84	9.27
		4812.87	1,873.85
TOTAL EQUITY AND LIABILITIES		4812.87	4,753.92

See accompanying notes to the financial statements

1 & 33

In terms of our report attached.
For PARY & CO
Chartered Accountants
FRN: 007288C

RAKESH KUMAR JAIN
Partner
Membership Number 106109
Date: 28.06.2019
Place: Bangalore

For and on behalf of Board
Paramount Cosmetics (India) Limited

Hiitesh Topiwaalla
Managing Director

Mukesh Kumar Tyagi
Director

Pooja Agrawal
Company Secretary

PARAMOUNT COSMETICS (INDIA) LIMITED
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2019

(Rupees in Lakhs)

PARTICULARS	Note No.	For the year ended 31 st March, 2019	For the year ended 31 st March, 2018
I Revenue from operations	25	2186.29	2,098.03
II Other income	26	4.62	35.53
III Total Income		2190.91	2,133.56
IV Expenses			
Cost of Material Consumed	27	397.80	510.36
Change in Inventories of Finished Goods	28	133.35	(83.98)
Employee benefit expense	29	530.05	560.13
Finance Cost	30	250.37	282.40
Depreciation and amortization expense	4	142.53	171.54
Other expenses	31	685.46	662.34
Total expenses (IV)		2139.56	2,102.79
V Profit/ (loss) before tax (III-IV)		51.35	30.77
Exceptional Item			
Profit/ (loss) before tax (III-IV)		51.35	30.77
VI Tax expense			
a) Current tax		64.44	9.98
b) MAT Credit Entitlement			
c) Deferred Tax (Charge)/ Credit		(0.32)	17.12
d) Tax Adjustment for earlier years			
		(64.12)	27.10
VII Profit/ (loss) for the year (V-VI)		(12.77)	3.67
VIII Other comprehensive income			
A (i) Items that will not be reclassified to profit or loss	32	16.61	3.44
(ii) Income tax relating to items that will not be reclassified to profit or loss	32	(4.28)	(0.89)
B (i) Items that will be reclassified to profit or loss	32	-	-
(ii) Income tax relating to items that will be reclassified to profit or loss	32	-	-
		12.33	2.55
IX Total comprehensive income for the year (Comprising Profit(Loss) and Other Comprehensive Income for the year)		-0.44	6.22
X Earnings per equity share			
Basic and Diluted (Share of Rs 10/- each)		(0.26)	0.08

See accompanying notes to the financial statements 1 & 33

In terms of our report attached.
For PARY & CO

Chartered Accountants
FRN: 007288C

RAKESH KUMAR JAIN
Partner
Membership Number 106109

Date: 28.06.2019
Place: Bangalore

For and on behalf of Board
Paramount Cosmetics (India)
Limited

Hiitesh Topiiwaalla
Managing Director

Pooja Agrawal
Company Secretary

Mukesh Kumar Tyagi
Director

PARAMOUNT COSMETICS (INDIA) LIMITED
CASH FLOW STATEMENT

(Rupees in Lakhs)

PARTICULARS	For the year ended 31 st March, 2019	For the year ended 31 st March, 2018
Cash flows from operating activities		
Net profit before tax	51.35	30.77
Adjustments for non-cash items:		
Depreciation and amortization	142.53	171.54
Interest income	(2.75)	(9.19)
Interest expenses	250.37	282.40
Provision for Doubtful Debts/ Bad Debts Written off	-	16.45
Profit on Sale of Fixed Assets	-	(0.13)
Sundry balances written back	-	-
Operating capital before working capital changes:	441.49	491.84
Changes in working capital		
Decrease / (Increase) in Inventories	(25.45)	(72.52)
Decrease / (Increase) in Trade receivable	(305.16)	254.00
Decrease / (Increase) in Other Bank balances	14.08	(2.45)
Decrease / (Increase) in Other current assets	32.94	15.10
Decrease / (Increase) in Other Non-current assets	60.63	(2.00)
Increase / (Decrease) in Trade payables	186.61	(334.20)
Increase / (Decrease) in Liabilities and provisions	45.66	76.82
Cash generated from / (used in) operations	450.80	426.59
Income taxes paid	(9.55)	(47.30)
Net cash generated by operating activities	441.27	379.28
Cash flows from investing activities		
Purchase of fixed assets	(23.30)	(4.58)
Sale of Fixed Assets	-	0.26
Investments made during the year	-	(0.19)
Interest received	2.75	9.19
Net cash from investing activities	(41.35)	4.68
Cash flows from financing activities		
Interest paid	(250.37)	(282.40)
Restatement of compound financial instrument	(202.05)	-
Changes in current borrowings	(25.24)	98.73
Changes in non current borrowings	32.19	(147.53)
Dividend paid, including dividend distribution tax	-	(30.11)
Net cash used in from financing activities	(445.45)	(361.31)
Net changes in cash and cash equivalents	(24.73)	22.65
Cash and cash equivalents at the beginning of the year	49.98	27.32
Cash and cash equivalents at the end of the period	25.25	49.97

See accompanying notes to the financial statements

1 to 33

In terms of our report attached.
For PARY & CO

Chartered Accountants
FRN: 007288C

RAKESH KUMAR JAIN
Partner
Membership Number 106109
Date: 28.06.2019
Place: Bangalore

For and on behalf of Board
Paramount Cosmetics (India)
Limited

Hiitesh Topiwaalla
Managing Director

Pooja Agrawal
Company Secretary

Mukesh Kumar Tyagi
Director

Statement of changes in equity for the year ended 31st March 2019
(Amount in Lakhs unless otherwise stated)

A. Equity Share Capital

(Rupees in Lakhs)

Particulars	Note	Balance
As at 31st March, 2017		485.50
Changes in equity share capital during the year		-
As at 31st March, 2018		485.50
Changes in equity share capital during the year		-
As at 31st March, 2019		485.50

B. Other Equity

(Rupees in Lakhs)

Particulars	Reserves and Surplus			Other Comprehensive Income (OCI)		Total
	Share premium account	Capital reserve	Retained earnings	Remeasurements of net defined benefit plans	Equity Component of compound financial instruments	
As at March 31, 2017	1,085.25	0.31	411.33	7.39	185.03	1,689.30
Profit for the year	-	-	3.66	-	-	3.66
Other comprehensive income for the year	-	-	-	2.55	-	2.55
Total comprehensive income for the year	-	-	3.66	2.55	-	6.21
Dividend on equity shares for the year Ref Note 15	-	-	24.28	-	-	24.28
Dividend distribution tax Ref Note No 15	-	-	5.80	-	-	5.80
As at 31st March, 2018	1,085.25	0.31	384.91	9.94	185.03	1,665.44
Profit for the year	-	-	-12.76	-	-	-12.76
Other comprehensive income for the year	-	-	-	-4.68	-	-4.68
Total comprehensive income for the year	-	-	-12.76	-4.68	-	-17.45
Restatement of compound financial instrument	-	-	-	-	-185.03	-185.03
Dividend on equity shares for the year Ref Note 15	-	-	-	-	-	-
Dividend distribution tax Ref Note No 15	-	-	-	-	-	-
As at 31st March, 2019	1,085.25	0.31	372.15	5.26	-	1,462.96

[i] Refer note 15 for nature and purpose of reserves

See accompanying note 1 to 33 forming an integral part of these financial statements

As per our report of even date attached

1. Corporate information:

Paramount Cosmetics India Limited (the "Company") is a public limited company incorporated and domiciled in India. The equity shares of the company are listed on the Bombay Stock Exchange (BSE). The Company's registered office is situated at A-1/2211, III Phase, GIDC, Vapi, Gujarat-396 195.

The Company is engaged into manufacture of cosmetics like Bindi, Kumkum, Kajal, and other products. The Company has manufacturing facilities in Shoolagiri, Tamilnadu and sells primarily in India.

The financial statements for the year ended March 31, 2019 were approved by the Board of Directors and authorized for issue on June 28, 2019.

2. Basis Of Preparation And Measurement:

2.1 Statement of compliance

The financial statements have been prepared in accordance with the Indian Accounting Standards (referred to as "Ind AS") prescribed under section 133 of the companies Act, 2013 read with Companies (Indian Accounting Standards) Rules, as amended from time to time.

2.2 Basis of preparation

The financial statements have been prepared on accrual and going concern basis.

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria as set out in the Division II of Schedule III to the Companies Act, 2013. Based on the nature of products and the time between acquisition of assets for processing and their realization in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current or non-current classification of assets and liabilities.

The financial statements are presented in INR, the functional currency of the Company. Items included in the financial statements of the Company are recorded using the currency of the primary economic environment in which the Company operates (the 'functional currency').

2.3 Basis of measurement

These financial statements have been prepared on historical cost basis, except for certain financial instruments which are measured at fair value or amortized cost at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

2.4 Key Accounting Estimates And Judgments

The preparation of these financial statements in conformity with the recognition and measurement principles of Ind AS requires the management of the Company to make estimates and assumptions that affect the reported balances of assets and liabilities, disclosures of contingent liabilities as at the date of the financial statements and the reported amounts of income and expense for the periods presented.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and future periods are affected.

Key sources of estimation of uncertainty at the date of the financial statements, which may cause a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are in respect of impairment of investments, useful lives of property, plant and equipment, valuation of deferred tax assets and fair value measurement of financial instruments, these are discussed below. Key sources of estimation of uncertainty in respect of revenue recognition, employee benefits and provisions and contingent liabilities have been discussed in their respective policies.

Impairment of investments

The Company reviews its carrying value of investments carried at amortized cost annually, or more frequently when there is indication for impairment. If the recoverable amount is less than its carrying amount, the impairment loss is accounted for.

Useful lives of property, plant and equipment

The Company reviews the useful life of property, plant and equipment at the end of each reporting period. This reassessment may result in change in depreciation expense in future periods.

Valuation of deferred tax assets

The Company reviews the carrying amount of deferred tax assets at the end of each reporting period. The policy has been explained under note 3.7

Fair value measurement of financial instruments

When the fair value of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the Discounted Cash Flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. Judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments. The policy has been further explained under note 33 (IX)

2.5 Recent Accounting Developments

Standards issued but not yet effective:

In March 2019, the Ministry of Corporate Affairs (MCA) issued the Companies (Indian Accounting Standards) Amendment Rules, 2019 and Companies (Indian Accounting Standards) Second Amendment Rules, 2019, notifying Ind AS 116 'Leases' and amendments to certain IND AS. The Standard / amendments are applicable to the Company with effect from 1st April 2019. The requirements of the said new IND AS and amendments to the existing IND ASs notified by the MCA, which are effective from 1st April 2019 and effect thereof on the Company's financial statements are discussed below:

IND AS 116: Leases

Ind AS 116 will replace the existing leases standard, Ind AS 17 Leases. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors. It introduces a single, on-balance sheet lessee accounting model for lessees. A lessee recognises right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. The standard also contains enhanced disclosure requirements for lessees. Ind AS 116 substantially carries forward the lessor accounting requirements in Ind AS 17.

The Company will adopt Ind AS 116, effective annual reporting period beginning April 1, 2019. The Company will apply the standard to its leases, retrospectively, with the cumulative effect of initially applying the standard, recognised on the date of initial application (April 1, 2019). Accordingly, the Company will not restate comparative information, instead, the cumulative effect of initially applying this Standard will be recognised as an adjustment to the opening balance of retained earnings as on April 1, 2019. On that date, the Company will

recognise a lease liability measured at the present value of the remaining lease payments. The right-of-use asset is recognised at its carrying amount as if the standard had been applied since the commencement date, but discounted using the lessee's incremental borrowing rate as at April 1, 2019. In accordance with the standard, the Company will elect not to apply the requirements of Ind AS 116 to short-term leases and leases for which the underlying asset is of low value.

On transition, the Company will be using the practical expedient provided the standard and therefore, will not reassess whether a contract, is or contains a lease, at the date of initial application.

The Company is in the process of finalizing changes to systems and processes to meet the accounting and reporting requirements of the standard.

With effect from April 1, 2019, the Company will recognize new assets and liabilities for its operating leases of premises and other assets. The nature of expenses related to those leases will change from lease rent in previous periods to (a) amortization change for the right-to-use asset, and (b) interest accrued on lease liability.

Previously, the Company recognised operating lease expense on a straight-line basis over the term of the lease, and recognised assets and liabilities only to the extent that there was a timing difference between actual lease payments and the expense recognised.

As a lessor, sublease shall be classified as an operating lease if the head lease is classified as a short term lease. In all other cases, the sublease shall be classified as a finance lease.

There are no leases other than short-term leases and leases of low value assets. Therefore, the Company is not required to recognise a right-of-use asset / lease liability.

Ind AS 12 – Income taxes (amendments relating to income tax consequences of dividend and uncertainty over income tax treatments)

The amendment relating to income tax consequences of dividend clarify that an entity shall recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events. The Company does not expect any impact from this pronouncement. It is relevant to note that the amendment does not amend situations where the entity pays a tax on dividend which is effectively a portion of dividends paid to taxation authorities on behalf of shareholders. Such amount paid or payable to taxation authorities continues to be charged to equity as part of dividend, in accordance with Ind AS 12.

The amendment to Appendix C of Ind AS 12 specifies that the amendment is to be applied to the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12. It outlines the following: (1) the entity has to use judgement, to determine whether each tax treatment should be considered separately or whether some can be considered together. The decision should be based on the approach which provides better predictions of the resolution of the uncertainty (2) the entity is to assume that the taxation authority will have full knowledge of all relevant information while examining any amount (3) entity has to consider the probability of the relevant taxation authority accepting the tax treatment and the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates would depend upon the probability.

The Company does not expect any significant impact of the amendment on its financial statements.

Ind AS 109 – Prepayment Features with Negative Compensation

The amendments relate to the existing requirements in Ind AS 109 regarding termination rights in order to allow measurement at amortised cost (or, depending on the business model, at fair value through other comprehensive income) even in the case of negative compensation payments. The Company does not expect this amendment to have any impact on its financial statements.

Ind AS 19 – Plan Amendment, Curtailment or Settlement

The amendments clarify that if a plan amendment, curtailment or settlement occurs, it is mandatory that the current service cost and the net interest for the period after the re-measurement are determined using the assumptions used for the re-measurement. In addition, amendments have been included to clarify the effect of a

Plan amendment, curtailment or settlement on the requirements regarding the asset ceiling. The Company does not expect this amendment to have any significant impact on its financial statements.

Ind AS 23 – Borrowing Costs

The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings. The Company does not expect any impact from this amendment.

Ind AS 28 – Long-term Interests in Associates and Joint Ventures

The amendments clarify that an entity applies Ind AS 109 Financial Instruments, to long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied. The Company does not currently have any long-term interests in associates and joint ventures.

Ind AS 103 – Business Combinations and Ind AS 111 – Joint Arrangements

The amendments to Ind AS 103 relating to re-measurement clarify that when an entity obtains control of a business that is a joint operation, it re-measures previously held interests in that business. The amendments to Ind AS 111 clarify that when an entity obtains joint control of a business that is a joint operation, the entity does not re-measure previously held interests in that business. The Company will apply the pronouncement if and when it obtains control / joint control of a business that is a joint operation.

2.5 Significant accounting policies

The significant accounting policies applied by the Company in the preparation of its financial statements are listed below. Such accounting policies have been applied consistently to all the periods presented in these financial statements, unless otherwise indicated.

3.1 Property, Plant & Equipment (PPE)

Property, plant and equipment are stated at cost comprising of purchase price and any initial directly attributable cost of bringing the asset to its working condition for its intended use, less accumulated depreciation (other than freehold land) and impairment loss, if any.

Gains or losses arising on retirement or disposal of property, plant and equipment are recognised in the Statement of Profit and Loss.

Property, plant and equipment which are not ready for intended use as on the date of Balance Sheet are disclosed as “Capital work-in-progress”.

Depreciation is provided on a pro-rata basis on the written-down-value method based on estimated useful life prescribed under Schedule II to the Companies Act, 2013. Depreciation is not recorded on capital work-in-progress until construction and installation is complete and the asset is ready for its intended use.

The residual values, useful lives and method of depreciation of property, plant and equipment is reviewed at each financial year end and adjusted prospectively, if appropriate.

3.2 Intangible Assets

Intangible assets purchased are initially measured at cost. Subsequently, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses, if any.

The useful lives of intangible assets are assessed as either finite or indefinite. Finite-life intangible assets are amortized on a straight-line basis over the period of their estimated useful lives. The Company has only one class of finite-life intangible asset, viz., Computer Software whose estimated useful life is 3 years. The amortisation period and the amortisation method for finite-life intangible assets is reviewed at each financial year end and adjusted prospectively, if appropriate.

For indefinite life intangible assets, the assessment of indefinite life is reviewed annually to determine whether it continues, if not, it is impaired or changed prospectively basis revised estimates.

3.3 Impairment of Non-financial assets - Tangible and intangible assets

Property, plant and equipment and intangible assets with finite life are evaluated for recoverability whenever there is any indication that their carrying amounts may not be recoverable. If any such indication exists, the recoverable amount (i.e. higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs.

If the recoverable amount of an asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. An impairment loss is recognised in the statement of profit and loss.

3.4 Inventories

Inventories are valued at the lower of cost and net realisable value. Cost is computed on a weighted average basis. Cost of finished goods and work-in-progress include all costs of purchases, conversion costs and other costs incurred in bringing the inventories to their present location and condition. The net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and estimated costs necessary to make the sale.

3.5 Revenue Recognition

Effective April 1, 2018, the Company has applied Ind AS 115: Revenue from Contracts with Customers which establishes a comprehensive framework for determining whether, how much and when revenue is to be recognised. Ind AS 115 replaces Ind AS 18 Revenue. The impact of the adoption of the standard on the financial statements of the Company is insignificant.

Revenue from sale of goods is recognised when control of the products being sold is transferred to our customer and when there are no longer any unfulfilled obligations.

The Performance Obligations in our contracts are fulfilled at the time of dispatch, delivery or upon formal customer acceptance depending on customer terms.

Revenue is measured at fair value of the consideration received or receivable, after deduction of any trade discounts, volume rebates and any taxes or duties collected on behalf of the government such as goods and services tax, etc. Accumulated experience is used to estimate the provision for such discounts and rebates. Revenue is only recognized to the extent that it is highly probable a significant reversal will not occur.

Our customers have the contractual right to return goods only when authorised by the Company. An estimate is made of goods that will be returned and a liability is recognised for this amount using a best estimate based on accumulated experience.

Interest income is recognized using the effective interest rate (EIR) method.

Dividend income on investments is recognised when the right to receive dividend is established.

3.6 Cost recognition

Costs and expenses are recognised when incurred and have been classified according to their nature. The costs of the Company are broadly categorised into cost of material consumed, employee benefits expenses, finance cost, depreciation and amortisation and other expenses.

Cost of material consumed comprises of PVC sheets , realize paper , packing materials etc.

Employee benefits expenses includes salaries, wages, bonus, incentives and allowances, directors' remuneration, contributions to provident and other funds and staff welfare expenses.

Other expenses are further bifurcated into Manufacturing expenses, Selling and distribution expenses and establishment expenses.

Manufacturing expenses comprising of cost of stores & spares, contracted labour, power & fuel and repairs.

Selling & distribution expenses comprising of sales promotion and advertising expenses, commission on sales and tour, travel and conveyance and lodging and boarding of sales and marketing team, and

Establishment Expenses mainly include legal and professional fees to external consultants, facility expenses, travel expenses, insurance costs, auditors' remuneration, communication expenses, bad debts and advances written off, allowance for doubtful trade receivables and advances (net) and miscellaneous

expenses. Miscellaneous expenses is an aggregation of costs which are individually not material such as packing, water and fuel charges etc.

3.7 Income Taxes

Income tax expense comprises current tax expense and the net change in the deferred tax asset or liability during the year. Current and deferred taxes are recognised in statement of profit and loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity, respectively. Interest expenses and penalties, if any, related to income tax are included in finance cost and other expenses respectively. Interest Income, if any, related to Income tax is included in Other Income.

Current income taxes

Current income tax is the expected tax payable/receivable on the taxable income/loss for the year using applicable tax rates for the relevant period, and any adjustment to taxes in respect of previous years.

Advance taxes and provisions for current income taxes are presented in the balance sheet after off-setting advance tax paid and income tax provision arising in the same tax jurisdiction and where there is an intention to settle the asset and the liability on a net basis.

Deferred income taxes

Deferred tax is recognised in respect of temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes.

A deferred tax liability is recognised based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted, or substantively enacted, by the end of the reporting period. Deferred tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax assets and deferred tax liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities; and the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority.

3.8 Leases

Leases in which a substantial portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments and receipts under such leases are recognised to the Statement of Profit and Loss on a straight-line basis over the term of the lease unless the lease payments to the lessor are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases, in which case the same are recognised as an expense in line with the contractual term.

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards incidental to ownership to the lessee.

3.9 Borrowing costs

Borrowing costs that are directly attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use.

Interest income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

All other borrowing costs are charged to the Statement of Profit and Loss for the period for which they are incurred.

3.10 Foreign Currencies

Foreign currency transactions are translated into the functional currency using exchange rates at the date of the transaction. Foreign exchange gains and losses from settlement of these transactions are recognised in the Statement of Profit and Loss. Foreign currency denominated monetary assets and liabilities are translated into

functional currency at exchange rates in effect at the balance sheet date, the gain or loss arising from such translations are recognised in the statement of profit & loss.

3.11 Government Grant

The company recognizes Government Grants only when there is a reasonable assurance that the conditions attached to them will be complied with, and the grants will be received. Government Grants received in relation to assets are presented in the Balance Sheet by setting up the Grant as deferred income. Grants related to Income are shown separately in the statement of profit and loss.

3.12 Provisions and Contingent Liabilities

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are measured at the best estimate of the expenditure required to settle the present obligation at the Balance Sheet date.

If the effect of the time value of money is material, provisions are discounted to reflect its present value using a current pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the obligation. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or nonoccurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made.

3.13 Cash flow statement

Cash flows are reported using the indirect method, whereby profit before tax is adjusted for the effects of transactions of a non - cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, financing and investing activities of the Company are segregated.

3.14 Earnings Per Share

Basic earnings per share is computed by dividing the net profit for the period attributable to the equity shareholders of the Company by the weighted average number of equity shares outstanding during the period. The weighted average

number of equity shares outstanding during the period and for all periods presented is adjusted for events, such as bonus shares, other than the conversion of potential equity shares that have changed the number of equity shares outstanding, without a corresponding change in resources.

For the purpose of calculating diluted earnings per share, the net profit for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period is adjusted for the effects of all dilutive potential equity shares.

3.15 Employee Benefits

Defined contribution plans

Contributions to defined contribution schemes such as employees' state insurance, labour welfare fund, superannuation scheme, employee pension scheme etc. are charged as an expense based on the amount of contribution required to be made as and when services are rendered by the employees. Company's provident fund contribution, in respect of certain employees, is made to a government administered fund and charged as an expense to the Statement of Profit and Loss. The above benefits are classified as Defined Contribution Schemes as the Company has no further defined obligations beyond the monthly contributions.

Defined benefit plans

The Company provides for retirement/post-retirement benefits in the form of gratuity, and compensated absences, in respect of certain employees. All defined benefit plans obligations are determined based on valuations, as at the Balance Sheet date, made by independent actuary using the projected unit credit method. The classification of the Company's net obligation into current and non-current is as per the actuarial valuation report.

For defined benefit plans, the amount recognised as 'Employee benefit expenses' in the Statement of Profit and Loss is the cost of accruing employee benefits promised to employees over the year and the costs of individual events such as past/future service benefit changes and settlements (such events are recognised immediately in the Statement of Profit and Loss). The amount of net interest expense calculated by applying the liability discount rate to the net defined benefit liability or asset is charged or credited to 'Finance costs' in the Statement of Profit and Loss. Any changes in the liabilities over the year due to changes in actuarial assumptions or experience adjustments within the plans, are recognised immediately in 'Other comprehensive income' and subsequently not reclassified to the Statement of Profit and Loss.

3.15 Financial instruments

Financial assets and liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument.

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired.

A. Financial Assets

On initial recognition, a financial asset is recognised at fair value. In case of financial assets which are recognised at fair value through profit and loss (FVTPL), its transaction cost is recognised in the statement of profit and loss. In other cases, the transaction cost is attributed to the acquisition value of the financial asset. Financial assets are subsequently classified and measured at –

- amortised cost
- fair value through other comprehensive income (FVOCI)
- fair value through profit and loss (FVTPL)

Financial assets are not reclassified subsequent to their recognition, except during the period the Company changes its business model for managing financial assets.

[a] Cash and cash equivalents

Cash and cash equivalents are cash, balances with bank and short-term (three months or less from the date of acquisition), highly liquid investments that are readily convertible into cash and which are subject to an insignificant risk of changes in value.

[b] Trade Receivables and Loans

Trade receivables are initially recognised at fair value. Subsequently, these assets are held at amortised cost, using the effective interest rate (EIR) method net of any expected credit losses. The EIR is the rate that discounts estimated future cash income through the expected life of financial instrument.

[c] Debt Instruments

Debt instruments are initially measured at amortised cost, fair value through other comprehensive income ('FVOCI') or fair value through profit or loss ('FVTPL') till derecognition on the basis of (i) the company's business model for managing the financial assets and (ii) the contractual cash flow characteristics of the financial asset.

[i] Measured at amortised cost:

Financial assets that are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows that are solely payments of principal and interest, are subsequently measured at amortised cost using the effective interest rate ('EIR') method less impairment, if any. The amortisation of EIR and loss arising from impairment, if any is recognised in the Statement of Profit and Loss.

[ii] Measured at fair value through other comprehensive income (FVOCI):

Financial assets that are held within a business model whose objective is achieved by both, selling financial assets and collecting contractual cash flows that are solely payments of principal and interest, are subsequently measured at fair value through other comprehensive income. Fair value movements are recognized in the other comprehensive income (OCI). Interest income measured using the EIR method and impairment losses, if any are recognised in the Statement of Profit and Loss. On derecognition, cumulative gain or loss previously recognised in OCI is reclassified from the equity to ‘other income’ in the Statement of Profit and Loss.

[iii] Measured at fair value through profit or loss (FVTPL):

A financial asset not classified as either amortised cost or FVOCI, is classified as FVTPL. Such financial assets are measured at fair value with all changes in fair value, including interest income and dividend income if any, recognised as ‘other income’ in the Statement of Profit and Loss.

[d] Equity Instruments:

All investments in equity instruments classified under financial assets are initially measured at fair value, the Company may, on initial recognition, irrevocably elect to measure the same either at FVOCI or FVTPL.

The Company makes such election on an instrument by-instrument basis. Fair value changes on an equity instrument is recognised as ‘other income’ in the Statement of Profit and Loss unless the Company has elected to measure such instrument at FVOCI. Fair value changes excluding dividends, on an equity instrument measured at FVOCI are recognised in OCI. Amounts recognised in OCI are not subsequently reclassified to the Statement of Profit and Loss. Dividend income on the investments in equity instruments are recognised as ‘other income’ in the Statement of Profit and Loss.

Impairment of Financial Asset

The Company applies expected credit loss (ECL) model for measurement and recognition of loss allowance on the following:

- i. Trade receivables
- ii. Financial assets measured at amortized cost (other than trade receivables)
- iii. Financial assets measured at fair value through other comprehensive income (FVTOCI)

In case of trade receivables, the Company follows a simplified approach wherein an amount equal to lifetime ECL is measured and recognized as loss allowance.

In case of other assets (listed as ii and iii above), the Company determines if there has been a significant increase in credit risk of the financial asset since initial recognition. If the credit risk of such assets has not increased significantly, an amount equal to 12-month ECL is measured and recognized as loss allowance. However, if credit risk has increased significantly, an amount equal to lifetime ECL is measured and recognized as loss allowance.

Subsequently, if the credit quality of the financial asset improves such that there is no longer a significant increase in credit risk since initial recognition, the Company reverts to recognizing impairment loss allowance based on 12-month ECL.

ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive (i.e., all cash shortfalls), discounted at the original effective interest rate.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial asset. 12-month ECL are a portion of the lifetime ECL which result from default events that are possible within 12 months from the reporting date

ECL are measured in a manner that they reflect unbiased and probability weighted amounts determined by a range of outcomes, taking into account the time value of money and other reasonable information available as a result of past events, current conditions and forecasts of future economic conditions.

As a practical expedient, the Company uses a provision matrix to measure lifetime ECL on its portfolio of trade receivables. The provision matrix is prepared based on historically observed default rates over the expected life of trade receivables and is adjusted for forward looking estimates. At each reporting date, the historically observed default rates and changes in the forward-looking estimates are updated

ECL allowance recognised (or reversed) during the period is recognized as income/ expense in the Statement of Profit and Loss under the head ‘Other expenses’.

B. Financial Liabilities

Financial liabilities are initially measured at the amortised cost unless at initial recognition, they are classified as fair value through profit and loss. In case of trade payables, they are initially recognised at fair value and subsequently, these liabilities are held at amortised cost, using the effective interest rate method.

Subsequent measurement

Financial liabilities are subsequently measured at amortised cost using the EIR method. Financial liabilities carried at fair value through profit or loss is measured at fair value with all changes in fair value recognised in the Statement of Profit and Loss.

Note 4

(Rs in Lakhs)

	Cost or Deemed cost				Accumulated depreciation and amortization				Net Carrying Value	
	As at 1 st April 2018	Additions During the year	Deletions During the year	As at 31 st March 2019	As at 1 st April 2018	Depreciation Charge for the year	Deletions During the year	As at 31 st March 2019	As at 31 st March 2019	As at 31 st March 2018
Property, Plant & Equipment										
Tangible assets, owned										
Land	79.50	-	-	79.50	-	-	-	-	79.50	79.50
Building	667.48	16.02	-	683.50	121.42	52.44	-	173.86	509.64	546.06
Plant and equipment	447.48	1.77	-	452.20	146.61	55.33	-	201.94	250.26	303.82
Furniture and fixtures	108.84	-	-	108.84	50.20	15.56	-	65.76	43.08	58.64
Vehicles	26.98	-	-	26.85	14.43	1.46	-	15.89	10.96	12.42
Office Equipment	11.06	-	-	11.06	7.07	1.57	-	8.64	2.42	3.99
Electric Installations	73.46	-	-	73.46	33.15	10.43	-	43.58	29.88	40.31
Computer Equipment	4.73	5.51	-	10.24	3.24	2.85	-	6.09	4.15	1.49
Factory Equipment	2.65	-	-	2.65	1.06	0.35	-	1.41	1.24	1.59
Moulds	15.08	-	-	15.08	5.46	2.06	-	7.52	7.56	9.62
R & D Equipments	1.56	-	-	1.56	0.58	0.2	-	0.78	0.78	0.98
	1,441.64	23.30	-	1,464.94	383.22	142.25	-	525.47	939.41	1,058.42
Intangible assets, owned										
Computer software	3.83	-	-	3.83	2.62	0.28	-	2.90	0.93	1.21
Copyrights, patents and other IPR	1,000.00	-	-	1,000.00	-	-	-	-	1,000.00	1,000.00
	1,003.83	-	-	1,003.83	2.62	0.28	-	2.90	1,000.93	1,001.21
Capital Work in Progress	22.85	-	16.02	6.83	-	-	-	-	6.83	22.85
Total	2,468.32	23.30	16.02	2,475.60	385.84	142.53	-	528.37	1,947.17	2,082.48

	As at 31 March 2019	As at 31 March 2018
Financial Assets		
5 Investments		
Investments at fair value through profit or loss		
Investment in unquoted equity shares	0.19	0.19
- 9600 (Previous Year NIL) fully paid equity shares of Rs 2 each of Aiyon Innovations Pvt Ltd		
Total unquoted non trade investments in equity share of other companies	<u>0.19</u>	<u>0.19</u>
Investments at amortised cost		
Investment in Government Securities		
- NSC deposited with Daman Sales Tax Department	0.24	0.24
	<u>0.24</u>	<u>0.24</u>
	<u>0.43</u>	<u>0.43</u>
Aggregate book value of quoted investments	Nil	Nil
Aggregate Market value of quoted investments	Nil	Nil
Aggregate book value of unquoted investments	0.43	0.43
Aggregate amount of impairment in value of investments	Nil	Nil
6 Deferred tax asset (net)		
Deferred tax assets		
Related to Disallowances under section 43B and 40A(7) Income Tax Act, 1961	18.01	12.36
Related to Project, Plant and Equipments	24.76	15.18
Related to Provision for doubtful debts	-	19.18
	<u>42.76</u>	<u>46.72</u>
7 Other Non-Current Assets		
(Unsecured considered goods)		
Capital Advances	-	19.63
Advances other than capital advances		
-Deposits	17.28	17.28
-VAT Credits including sales tax deposits	16.13	56.63
	<u>32.90</u>	<u>93.54</u>
8 Inventories		
(At lower of cost and net realisable value)		
Raw Material	264.56	199.25
Packing Material	212.27	118.79
Finished Goods	1,267.50	1,400.85
	<u>1,744.33</u>	<u>1,718.89</u>
9 Trade receivables		
(At amortised Cost)		
Unsecured, considered good	393.63	13.96
Unsecured, considered doubtful	(0.01)	74.49
Less: Provision for doubtful debts	(74.49)	(74.49)
	<u>319.13</u>	<u>284.41</u>

	As at 31 March 2019	As at 31 March 2018
10 Cash and Cash Equivalents (At amortised Cost)		
Cash and cash equivalents		
Cash on hand	24.60	29.80
Balances with banks in current accounts	0.65	20.17
	<u>25.25</u>	<u>49.97</u>
11 Other bank balances (At amortised Cost)		
Fixed deposits with Banks LC Margin Money	29.19	41.38
Other Fixed deposits with Banks in Unclaimed Dividend accounts	5.76 14.69	5.76 16.59
	<u>49.64</u>	<u>63.73</u>
12 Current Loans and Advances (At amortised Cost)		
Unsecured Considered Good		
Security Deposit with related parties - Staff Advances	575.00 20.79	575.00 19.91
	<u>595.79</u>	<u>594.91</u>
13 Other Current Assets		
Advances other than capital advances		
Interest Accrued on Fixed Deposit	12.13	9.77
Prepaid expenses	22.99	25.85
Advances to suppliers / Travel Advance to employees	15.81	48.63
Others	4.54	5.33
	<u>55.47</u>	<u>89.58</u>
14 Share Capital		
	As at 31 March 2019	As at 31 March 2018
Authorised		
50,00,000 (Prev. year : 50,00,000) Equity Shares of Rs.10/- each	500.00	500.00
	<u>500.00</u>	<u>500.00</u>
Issued		
48,87,150 (Prev. year : 48,871,500) Equity Shares of Rs.10 each	488.72	488.72
	<u>488.72</u>	<u>488.72</u>
Subscribed		
48,56,650 (Prev. year : 48,566,500) Equity Shares Rs. 10 each fully paid	485.67	485.67
	<u>485.67</u>	<u>485.67</u>
Paid up Equity shares		
48,55,000 (Prev. year : 48,55,000) Equity Shares of Rs.10 each fully paid	485.50	485.50
	<u>485.50</u>	<u>485.50</u>

(i) The reconciliation of number of shares outstanding and the amount of share capital is set out below:

Particulars	As At 31st March 2019		As At 31st March 2018	
	Number of shares	Amount (Rs. In Lakhs)	Number of shares	Amount (Rs. In Lakhs)
At the commencement of the year	4,855,000	485.50	4,855,000	485.50
Add: shares issued during the year				
At the end of the year	4,855,000	485.50	4,855,000	485.50

(ii) The rights, entitlement and obligations of different classes of equity shares are mentioned here under:

The Company has only one class of shares referred to as equity shares having a par value Rs 10. Accordingly, all equity shares rank equally with regard to dividends and share in the Company's residual assets. In the event of liquidation of the Company, the holders of shares shall be entitled to receive any of the remaining assets of the Company, after distribution of all preferential amounts. However, no such preferential amounts exist currently. The amount distributed will be in proportion to the number of equity shares held by the shareholders.

(iii) Particulars of shareholders holding more than 5% shares of a class of shares:

Particulars	As At 31st March 2019		As At 31st March 2018	
	Number of shares	% of Total Share	Number of shares	% of Total Share
Hiitesh Topiiwaalla	25,60,640	52.8%	25,60,640	52.8%
Paramount Kumkum Pvt Ltd	10,65,150	21.94%	10,65,150	21.94%

(iv) There are no issuance of bonus shares or shares issued for consideration other than cash or buy-back of shares during the last six years ended 31 March 2019.

15 Other Equity

	As at 31 March 2019	As at 31 March 2018
Equity Component of compound financial instruments		
Opening Balance	-	185.03
Transactions (Net)		
Closing Balance	-	185.03
Share Premium Account		
Opening Balance	1,085.25	1,085.25
Closing Balance	1,085.25	1,085.25
Capital Reserve		
Opening Balance at the beginning of the year	0.31	0.31
Additions during the year	0.31	0.31
Retained Earnings		
Opening balance	384.91	411.37
Less: Depreciation charged due to reduction in useful life		
Add: Transfer from equity component of CFI		
Add: Net profit/(loss) for the year	(12.77)	3.67
Amount available for appropriation	372.14	415.04

Appropriations:

Interim dividend		
Tax on Interim Dividend		
Final dividend	-	24.28
Tax on Final Dividend	-	4.97
Tax on Dividend earlier years	-	0.83
Transfer to General Reserve		
Closing balance	372.14	384.96

Other Comprehensive Income

Remeasurement Gains/(losses) on defined benefit plans		
Opening Balance	9.94	7.39
Add or Less : Transactions during the year	(4.68)	2.55
Closing Balance	5.26	9.94

Total Other Equity	1462.96	1,665.49
---------------------------	----------------	-----------------

16 Non-Current borrowings

Secured Loan from Bank (Term Loan)	324.17	460.00
Unsecured Loans from related parties	228.64	50.76
Unsecured Other Loans from other parties	37.61	78.46
Deposits	125.01	94.01
	715.43	683.23

- i. Cash Credit and term loan limits is secured by hypothecation of entire plant and machinery including all the assets created under expansion and all the current assets of the Company, equitable mortgage of land, industrial building and plot of the company at Dabhel and Vapi, office premises of associate company at Bangalore, personal guarantee of Managing Director of the Company and corporate guarantee of associate company. Term Loan is repayable in 71 EMIs of Rs 12.77 Lakhs, last EMI is payable on March 2022 Interest is payable @12.15% pa.
- ii. Unsecured loans from related parties are interest free and are expected to be repaid after 31/03/2019
- iii. Unsecured other loans from other parties are repayable in 36 EMIs, It consists of borrowing from 5 Parties rate of interest varies from 14% to 21%
- iv. Vehicle term loan of Rs 32.68 (Previous Year Nil) included under secured loan from Bank is secured against hypothecation of vehicles.

17 Non-Current Provisions

Provision for employee benefits		
Gratuity	33.88	21.28
Leave Encashment	33.90	0.57
	67.78	21.85

18 Other Non-Current Liabilities

Deffered Income	22.00	24.00
	22.00	24.00

19 Current Borrowings**Secured Loans repayable on demand**

Working Capital Loan from Bank - Cash Credit	1135.91	1,137.77
Unsecured Loans from other parties	(0.66)	22.71
	1135.25	1,160.48

20 Trade payables		
Trade payables		
Due to micro and small enterprises	-	-
Other creditors	345.06	158.46
	345.06	158.46
	As at	As at
	31 March 2019	31 March 2018
21 Other current financial liabilities		
Current Maturities of long term debt	231.59	217.17
Unclaimed Dividend	14.69	16.59
Creditors for Capital Expenditure	-	29.48
	246.28	263.24
22 Other current liabilities		
Other statutory dues payable	39.87	43.86
Advances from customers	-	54.85
Other payable	226.31	144.02
	226.31	242.73
23 Short-term provisions		
Provision for employee benefits		
Bonus	13.43	16.95
Gratuity	1.50	21.82
Leave encashment	0.66	0.90
	15.59	39.67
24 Current Tax Liabilities (net)		
Provision for Income Tax	51.12	9.98
Less : Advance Income tax (Inc TDS receiveable)	0.28	0.71
	50.84	9.27
	For the year ended	For the year ended
	31 March 2019	31 March 2018
25 Revenue from operations		
Sales of Cosmetic Products	2,185.23	2,097.97
Other Operating Revenue	1.06	0.06
	2,186.29	2,098.03
26 Other income		
Interest income	2.75	9.19
Foreign exchange fluctuation gain	-	-
Other Non Operating Income	1.87	26.34
	4.62	35.53
27 Cost of Material Consumed		
Cost of Material Consumed including packing material	397.80	510.36
	397.80	510.36

28 Changes in inventories of Finished Goods and Stock in Trade		
Inventory at the beginning of the year	1400.85	1,316.87
Inventory at the end of the year	1267.50	1,400.85
	133.35	(83.98)
29 Employee benefits expense		
Salaries, wages, bonus and allowances	497.77	422.92
Director Remuneration	-	106.22
Contribution to provident fund and other funds	15.66	19.45
Workmen and staff welfare expenses	16.62	11.54
	530.05	560.13
	For the year ended 31 March 2019	For the year ended 31 March 2018
30 Finance Cost		
Interest	237.17	258.54
Other borrowing Cost	13.20	18.36
Interest Component on compound financial instruments	-	5.50
	250.37	282.40
31 Other expenses		
- Manufacturing Expenses		
Consumable Stores and Spares	6.30	4.09
Labour Charges	104.50	115.93
Power and Fuel	11.58	12.29
Repairs to building	0.88	1.18
Repairs to Machinery	4.73	5.88
Machine hire Charges	-	0.07
Security Services Charges	7.00	7.63
	134.99	147.07
- Selling and Distribution Expenses		
Sales Promotion Expenses	67.77	64.14
MES Expenses	121.37	140.13
CFA Commision and Reimbersements	58.25	66.82
Carriage outwards	25.40	22.91
Advertisement	1.43	4.03
Other advertisement, selling and distribution expenses	-	12.58
	274.22	310.62
- Establishment Expenses		
Rent (including rates & Taxes)	131.09	30.92
Net loss / (Gain) on foreign currency transactions and translations	(1.93)	2.40
Traveling and conveyance	26.52	34.76
Legal and professional fees	21.95	21.95

Repairs and maintenance		
- Others	21.17	23.68
Insurance charges	6.53	7.28
Payment to Auditors	4.03	5.50
Postage and Telephone	16.50	22.31
Printing & Stationery	5.51	5.19
Sundry Balances Written off	-	16.45
Provision for doubtful debt	-	-
Miscellaneous expenses	45.43	26.92
	276.25	197.36
	685.46	655.05

32 Components of Other Comprehensive Income under Retained earnings
A(i) Items that will not be reclassified to profit or loss

Exchange difference on translation of foreign operations	16.61	3.44
Sub-total	16.61	3.44

A(ii) Income Tax on A(i)

	(4.28)	(0.89)
Sub-total	(4.28)	(0.89)

B(i) Items that will be reclassified to profit or loss

Remeasurement Gains/(losses) on defined benefit plans	-	-
Sub-total	-	-

B(ii) Income Tax on B(i)

	-	-
Sub-total	-	-
	12.33	2.55

Note 33
Notes forming part of financial statements
(Amount in Lakhs unless otherwise stated)
I. Contingent Liabilities and Commitments
A. Contingent Liabilities not provided for

Particulars	March 31, 2019	March 31, 2018
Liability in respect of the sales tax matter in dispute with the Senior Joint Commissioner of Commercial Taxes, Kolkatta in respect of FY 2001-02 and 2002-03 contested in appeal.	34.97 *	34.97*
Liability in respect of the sales tax matter in dispute with the commissioner of Commercial Taxes, Surat Gujarat in respect of FY 2005-06 contested in appeal.	NIL	NIL

*Against the above deposit paid under protest is Rs 14.85 (Previous Year Rs 14.85) included under other current assets.

B. Capital Commitment

The estimated amount of contract remaining to be executed on capital account (Net of Advance) and not provided for Rs NIL (Previous Year Rs 15.68)

II. Request for confirmation of balance were sent to Banks, Trade receivables and Trade creditors. Responses from some of the parties are yet to be received.

III. Dues to micro small and medium enterprise

Details of dues to micro and small and medium enterprises as defined under the MSMED Act 2006:

Particulars	31 st March 2019	31 st March 2018
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year.	Nil	Nil
The amount of interest paid by the Company along with the amounts of the payment made to the supplier beyond the appointed day during the year.	Nil	Nil
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under this Act	Nil	Nil
appointed day during the year) but without adding the interest specified under this Act	Nil	Nil
The amount of interest accrued and remaining unpaid at the end of the year.	Nil	Nil
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise.	Nil	Nil

IV. Auditors' remuneration

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
- as audit fees	2.5	3.00
- tax Audit fees	1.00	1.00
- other certifications	-	1.50
Total	3.50	5.50

The above excludes GST and Service tax.

V. Operating lease

The Company has taken premises under operating leases, the lease rental expense recognized were as follows:

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Lease rental expenses	17.13	17.71

VI. Employee benefits

A. Defined contribution plan

The Company makes contributions, determined as a specified percentage of employee salaries, in respect of qualifying employees towards provident fund, which is a defined contribution plan, The Company has no obligations other than to make the specified contributions. The contributions are charged to the statement of profit and loss as they accrue. The amount recognized as an expense were as follows:

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Contribution to provident fund	9.72	13.10

B. Defined benefit plan

A. Gratuity

The Company has a defined benefit gratuity plan. Every employee who had completed five years or more of service is eligible to a gratuity on resignation / retirement at 15 days salary (last drawn salary) for each completed year of service. The scheme is unfunded.

The following table sets out the status of the gratuity plan as required under Indian Accounting standard (Ind AS) 19 "Employee Benefits:

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Movements in the present value of the defined benefit obligation through Statement of Profit and Loss:		
Service cost	5.736	7.17
Interest cost	3.316	2.67
Past Service Cost and loss/Gain on curtailment of service	-	0.24
Total	9.05	10.08
Benefits paid	-	-3.12
Re-measurements of defined benefit liability in other comprehensive income		
Actuarial (gain)/loss from changes in financial assumptions	-	-0.77
Actuarial (gain)/loss due to changes in experience adjustment	-16.6	-2.66
Total	-16.6	-3.43

Obligation as at

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Reconciliation of present value of obligation and fair Value of the plan asset		
Present value of the defined benefit obligations at the end of the year	35.54	43.1
Fair value of the plan assets at the end of the year	-	-
Liability recognized	35.54	43.1

Reconciliation of defined benefit obligation

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Opening Defined Benefit Obligation	43.1	39.58
Current Service Cost	5.74	7.17
Interest Cost	3.32	2.67
Components of actuarial gain / losses on obligations:		
Due to change in financial assumptions	0	-0.78
Due to experience adjustment	-16.6	-2.66
Past Service Cost	0	0.24
Benefit Paid	0	-3.12
Prior Year Charge		
Closing Defined Benefit Obligation	35.54	43.10

Principal actuarial assumptions in respect of gratuity

Principal assumptions	Year ended March 31, 2019	Year ended March 31, 2018
Discount rate	7.70%	7.60%
Weighted expected rate of salary increase	7.0%	7.0%
Retirement age	58	58
Attrition rate	3% at younger ages reducing to 1% at older ages	5% at younger ages reducing to 1% at older ages

Effect of Plan on Entity's Future Cash Flows

a) **Funding arrangements and Funding Policy**

The scheme is managed on unfunded basis

b) **Expected Contribution during the next annual reporting period**

The Company's best estimate of Contribution during the next year	-
--	---

* Please note that since the scheme is managed on unfunded basis, the next year contribution is taken as nil.

c) **Maturity Profile of Defined Benefit Obligation**

Weighted average duration (based on discounted cash flows)	11 years
--	----------

Expected cash flows over the next (valued on undiscounted basis):	Indian Rupees (INR)
1 year	1.50
2 to 5 years	6.20
6 to 10 years	18.12
More than 10 years	76.51

Sensitivity Analysis:

Significant actuarial assumptions for the determination of the defined benefit obligation are discount rate, expected salary increase and mortality. The sensitivity analysis below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period, while holding all other assumptions constant. The results of sensitivity analysis is given below:

Particulars	31-Mar-19	
	Decrease	Increase
Discount Rate (- / + 1%)	39.74	31.97
(% change compared to base due to sensitivity)	11.8%	-10.0%
Salary Growth Rate (- / + 1%)	32.74	38.82
(% change compared to base due to sensitivity)	-7.9%	9.2%
Attrition Rate (- / + 50% of attrition rates)	35.42	35.65
(% change compared to base due to sensitivity)	-0.3%	0.3%
Mortality Rate (- / + 10% of mortality rates)	35.52	35.57
(% change compared to base due to sensitivity)	-0.1%	0.1%

Please note that the sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

b. Leave Encashment

Total Liability recorded by the Company towards leave Encashment benefit was Rs 34.55 (Previous Year Rs 16.91)

Particulars	Year ended March 31, 2019
Service cost	34.55
Interest cost	Nil
Past Service Cost and loss/Gain on curtailment of service	Nil
Total	34.55

Obligation as at

Particulars	Year ended March 31, 2019
Present value of the defined benefit obligations at the end of the year	34.55
Fair value of the plan assets at the end of the year	-
Liability recognized	34.55

Principal assumptions	Year ended March 31, 2019
Discount rate	7.70%
Weighted expected rate of salary increase	7.0%
Withdrawal Rates	3% at younger ages reducing to 1% at older ages
Leave Availment Rate	0% pa
Leave Encashment Rate	0% pa

Maturity Profile of Defined Benefit Obligation

Weighted average duration (based on discounted cashflows)	12 years
---	----------

Expected cashflows over the next (valued on undiscounted basis):	Indian Rupees (INR)
1 year	0.65
2 to 5 years	7.66
6 to 10 years	12.78
More than 10 years	82.28

Sensitivity Analysis:

Significant actuarial assumptions for the determination of the leave liability are discount rate, expected salary increase and mortality. The sensitivity analysis below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period, while holding all other assumptions constant. The results of sensitivity analysis is given below:

Particulars	31-Mar-19
Present Value of Obligation (Base)	34.55

Particulars	31-Mar-19	
	Decrease	Increase
Discount Rate (- / + 1%)	38.80	30.96
(% change compared to base due to sensitivity)	12.3%	-10.4%
Salary Growth Rate (- / + 1%)	30.94	38.74
(% change compared to base due to sensitivity)	-10.5%	12.1%
Attrition Rate (- / + 50% of attrition rates)	34.49	34.61
(% change compared to base due to sensitivity)	-0.2%	0.2%
Mortality Rate (- / + 10% of mortality rates)	34.55	34.56
(% change compared to base due to sensitivity)	0.0%	0.0%

VII. Related party disclosures

Names of related parties and description of relationship:

S No	Name of the Related Party	Relationship
1	Hiitesh Topiiwaalla – Managing Director	Key Managerial Person
2	Aartii Topiwaala – Director	Key Managerial Person
3	Shishir Desai – Independent Director	Key Managerial Person
4	V N Mehta– Independent Director	Key Managerial Person
5	M K Tyagi– Independent Director	Key Managerial Person
6	Paramount Kumkum Private Limited	Associate
7	Paramount Personal Care Private Limited	Associate
8	Parcos Brands Communication Private Limited	Associate
9	Parcos Brands Investment Pvt Ltd	Associate
10	Parcos Brands Private Limited	Associate
11	Aiyon Innovations Private Limited	Associate

Related party disclosures (continued)

A) Transactions with related parties: March 31, 2019

S No	Nature of Transaction	Year	Hiitesh Topiiwaalla (KMP)	Aartii Topiwaala (KMP)	Paramount Kumkum Private Limited (Associate)
1	Unsecured Loan Taken (Repaid)	2018-19	(57.13)	Nil	Nil
		2017-18	30.00		Nil
2	Purchase of Goods	2018-19			20.58
		2017-18			12.44
3	Sale of Goods	2018-19			347.03
		2017-18			17.48
4	Remuneration *	2018-19	Nil		
		2017-18	106.22		
5	Director Sitting Fees	2018-19		0.20	
		2017-18		0.1	
6	Dividend Paid	2017-18	Nil	Nil	Nil
		2017-18	12.80	0.01	5.33

*sitting fee paid to independent directors Rs 0.65 (Previous year Rs 0.50)

B1) Amount outstanding as on March 31, 2019

S No	Nature of Balance	Year	Hiitesh Topiwaalla (KMP)	Aartii Topiwaala (KMP)	Paramount Kumkum Private Limited (Associate)	Parcos Brands Private Limited (Associate)
1	Payable	2018-19	70.96	4.61	186.83	Nil
		2017-18	93.51	1.93	159.24	Nil
2	Receivable				329.55	Nil
			Nil	Nil	575.00	Nil

VIII. Segment reporting

The Company is primarily engaged in a single business segment of manufacturing and marketing of cosmetics products and is managed as one entity for its various activities and is governed by a similar set of risk and return hence there are no reportable primary segments. Its principal geographical segment is India. The chief operating decision maker (CODM) is Managing Director.

Sale by Market:

The following is the distribution of the Company's sales by geographical market

Geographical Segment	2018-19	2017-18
India	2,186.30	2,083.98
Outside India	-	13.98

Carrying Amount of Segment Assets:

Geographical Segment	2018-19	2016-17
India	4,812.88	4,748.09
Outside India	-	5.78

IX. Disclosures on financial instruments

The significant accounting policies, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 3.16 to the financial statements.

A. Accounting classification and fair values of financial assets and liabilities

The carrying amounts and fair values of financial instruments by class are as follows:

As at March 31, 2019

Particulars	Carrying amount			Total fair value
	Fair value through profit or loss	Amortised cost	Total carrying value	
[a] Financial assets:				
Cash and cash equivalents	-	25.25	25.25	25.25
Bank deposits	-	49.65	49.65	49.65
Investments	0.43	-	0.43	0.43
Trade receivables	-	319.13	319.13	319.13
Other financial assets	-	595.79	595.79	595.79
Total	0.43	989.81	990.24	990.24
[b] Financial liabilities:				
Trade payables	-	345.06	345.06	345.06
Non Current Borrowings	-	715.42	715.42	715.42
Current Borrowings	-	1,135.25	1,135.25	1,135.25
Other financial liabilities	-	246.28	246.28	246.28
Total	-	2,442.01	2,442.01	2,442.01

As at March 31, 2018

Particulars	Carrying amount			Total fair value
	Fair value through profit or loss	Amortised cost	Total	
[a] Financial assets:				
Cash and cash equivalents	-	49.97	49.97	49.97
Bank deposits	-	63.73	63.73	63.73
Earmarked balances with banks	-	-	-	-
Investments	0.43	-	0.43	0.43
Trade receivables	-	13.96	13.96	13.96
Other financial assets	-	594.62	594.62	594.62
Total	0.43	722.28	722.71	722.71
[b] Financial liabilities:				
Trade payables	-	158.46	158.46	158.46
Non Current Borrowings	-	683.23	683.23	683.23
Current Borrowings	-	1,160.48	1,160.48	1,160.48
Other financial liabilities	-	263.24	263.24	263.24
Total	-	2,265.41	2,265.41	2,265.41

The Company has disclosed financial instruments such as cash and cash equivalents, other bank balances, trade and other receivables, trade payables, unpaid dividends and deferred borrowings at carrying value because their carrying amounts are a reasonable approximation of the fair values due to their short term nature.

B Income, Expenses, Gains Or Losses On Financial Instruments

Interest income and expenses, gains or losses recognised on financial assets and liabilities in the Statement of Profit and Loss are as follows:

Particulars	Note	Year ended March 31, 2019	Year ended March 31, 2018
Financial assets measured at amortised cost			
Interest income	26	2.75	9.18
Financial assets measured at fair value through profit or loss			
Dividend income on non current investments		-	-
Other financial liabilities			
Interest expense on borrowings	30	237.16	258.54

C. FAIR VALUE HIERARCHY

The fair value of financial instruments as referred to in note (A) above have been classified into three categories depending on the inputs used in the valuation technique. The hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and lowest priority to unobservable inputs (Level 3 measurements).

The categories used are as follows:

Level 1 - Quoted prices for identical instruments in an active market;

Level 2 - Directly or indirectly observable market inputs, other than Level 1 inputs; and

Level 3 - Inputs which are not based on observable market data. Fair values are determined in whole or in part using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.

For assets and liabilities which are measured at fair value as at Balance Sheet date, the classification of fair value calculations by category is summarized below:

As at March 31, 2019

Particulars	Level 1	Level 2	Level 3	Total
Assets at fair value:				
Investments measured at Fair Value through Profit or Loss	-	-	0.43	0.43
Liabilities at fair value:				
Non Current Borrowings	-	715.42		715.42
Current Borrowings	-	1,135.25	-	1,135.25

As at March 31, 2018

Particulars	Level 1	Level 2	Level 3	Total
Assets at fair value:				
Investments measured at Fair Value through Profit or Loss	-	-	0.43	0.43
Liabilities at fair value:				
Non Current Borrowings	-	683.23	-	683.23
Current Borrowings	-	1,160.48	-	1,160.48

Calculation Of Fair Values

The fair values of the financial assets and liabilities are defined as the price that would be received on sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Methods and assumptions used to estimate the fair values are consistent with those used for the year ended 31st March, 2018.

- [a] Current financial assets and liabilities are stated at carrying value which is approximately equal to their fair value.
- [b] The investments included in the level 3 of the fair value hierarchy have been valued using the cost approach to arrive at their fair value. Cost of unquoted equity instruments has been considered as an appropriate estimate of fair value because of a wide range of possible fair value measurements and cost represents the best estimate of fair value within that range.
- [c] Borrowings of the Company are unquoted. The fair value of the borrowings is estimated by discounting expected future cash flows using a discount rate equivalent to the risk-free rate of return adjusted for credit spread considered by lenders for instruments of similar maturities which is categorised as level 2 in the fair value hierarchy.
- [d] Management uses its best judgement in estimating the fair value of its financial instruments. However, there are inherent limitations in any estimation technique. Therefore, for substantially all financial instruments, the fair value estimates presented above are not necessarily indicative of the amounts that the Group could have realised or paid in sale transactions as of respective dates. As such, fair value of financial instruments subsequent to the reporting dates may be different from the amounts reported at each reporting date.

X. Financial Risk Management

The Company's business activities are exposed to a variety of financial risks, namely liquidity risk, market risks and credit risk. The Company's senior management has the overall responsibility for establishing and governing the Company's risk management framework. The Company has constituted a Risk Management Committee, which is responsible for developing and monitoring the Company's risk management policies. The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set and monitor appropriate risk limits and controls, periodically review the changes in market conditions and reflect the changes in the policy accordingly. The key risks and mitigating actions are also placed before the Audit Committee of the Company.

A. Management Of Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Such changes in the values of financial instruments may result from changes in the foreign currency exchange rates, interest rates, credit, liquidity and other market changes.

[a] Foreign currency exchange rate fluctuation risk

It refers to potential impact of the fluctuation in foreign currency exchange rates on the statement of profit and loss and other comprehensive income and equity, where any transaction references more than one currency or where assets / liabilities are denominated in a currency other than the functional currency of the Company.

The Company has laid down policies and guidelines for entering into the transactions in foreign currency. The fluctuations in the foreign currency exchange rate does not have material impact on the Company's cash flows. Therefore, no separate risk management measures required.

[b] Interest rate risk

The Company's investments are primarily in fixed rate interest bearing investments. Hence, the Company is not significantly exposed to interest rate risk.

B. Management Of Credit Risk

Credit risk is the risk of financial loss arising from counterparty failure to repay or service debt according to the contractual terms or obligations. Credit risk encompasses of both, the direct risk of default and the risk of deterioration of creditworthiness as well as concentration of risks. Credit risk is controlled by analysing credit limits and creditworthiness of customers on a continuous basis to whom the credit has been granted after obtaining necessary approvals for credit.

Financial instruments that are subject to concentrations of credit risk principally consist of trade receivables, investments, cash and cash equivalents, bank deposits and other financial assets. Bank deposits include an amount of Rs. 34.95 lakh held with two Indian banks having high credit rating which are individually in excess of 10% or more of the Company's total bank deposits as at March 31, 2019. None of the other financial instruments of the Company result in material concentration of credit risk.

Exposure to credit risk

[a] Trade receivables

Concentration of credit risk with respect to trade receivables are limited, due to the Company's customer base being large and diverse. All trade receivables are reviewed and assessed for default on a quarterly basis. Our historical experience of collecting receivables indicate a low credit risk. Hence, trade receivables are considered to be a single class of financial assets.

[b] Other financial assets

The Company's maximum exposure to credit risk as at 31st March, 2019 and 31st March, 2018 is the carrying value of each class financial assets

C. Management Of Liquidity Risk

Liquidity risk is the risk that the Company will face in meeting its obligations associated with its financial liabilities. The Company's approach in managing liquidity is to ensure that it will have sufficient funds to meet its liabilities when due without incurring unacceptable losses. In doing this, management considers both normal and stressed conditions.

The Company maintained a cautious liquidity strategy, with a positive cash balance throughout the year ended 31st March, 2019 and 31st March, 2018. Cash flow from operating activities provides the funds to service the financial liabilities on a day-to-day basis.

The Company regularly monitors the rolling forecasts to ensure it has sufficient cash on an on-going basis to meet operational needs. Any short term surplus cash generated, over and above the amount required for working capital management and other operational requirements, is retained as cash and cash equivalents (to the extent required) and any excess is invested in interest bearing term deposits and other highly marketable debt investments with appropriate maturities to optimise the cash returns on investments while ensuring sufficient liquidity to meet its liabilities.

The following table shows a maturity analysis of the anticipated cash flows including future interest obligations for the Company's financial liabilities on an undiscounted basis, which therefore differ from both carrying value and fair value.

As at March 31, 2019

Particulars	Carrying value	Contractual cash flows	Maturity profile	
			Upto 1 year	Above 1 year
Non-derivative financial liabilities:				
Borrowings including interest obligations	2,082.26	2,228.53	1,679.84	548.69
Trade payables	345.06	345.06	345.06	-
Other financial liabilities	14.69	14.69	14.69	-
Total	2,442.01	2,588.28	2,039.59	548.69

As at March 31, 2018

Particulars	Carrying value	Contractual cash flows	Maturity profile	
			Upto 1 year	Above 1 year
Non-derivative financial liabilities:				
Borrowings including interest obligations	2,153.24	2,370.00	1,599.59	770.41
Trade payables	297.63	297.63	297.63	-
Other financial liabilities	16.58	16.58	16.58	-
Total	2,467.45	2,684.21	1,913.80	770.41

XI. Income Taxes

Refer Note 2.4 (n) for accounting policy on Income Taxes

A. Components Of Income Tax Expense

i. Tax expense recognised in the Statement of Profit and Loss

Particulars	Year ended	
	March 31, 2019	March 31, 2018
[a] Current tax		
- Current year	47.36	9.98
- Adjustments/(credits) related to previous years - (net)	17.08	-
Total - Current tax	64.44	9.98
[b] Deferred tax charge/(credit)		
- Origination and reversal of temporary differences	-0.32	17.12
- Adjustments/(credits) related to previous years - (net)		
Total - Deferred tax	-0.32	17.12
Total - Tax expense recognised in the Statement of Profit and Loss	64.12	27.11

ii. Tax on Other Comprehensive Income

Particulars	Year ended	
	March 31, 2019	March 31, 2018
[a] Current tax		
- Gain)/loss on remeasurement of net defined benefit plans	-	
[b] Deferred tax		
(Gain)/loss on remeasurement of net defined benefit plans	-4.28	-0.89
Total - Tax on Other Comprehensive Income	-4.28	-0.89

B. Reconciliation Of Effective Tax Rate

The reconciliation between the statutory income tax rate applicable to the Company and the effective income tax rate of the Company is as follows :

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Statutory income tax rate	26%	25%
<i>Differences due to:</i>		
Expenses not deductible for tax purposes	66%	
Income exempt from income tax	-	
Others*	33%	
Effective tax rate	125%	25%

* Others include prior period adjustment tax refunds and tax on exceptional items

C Movement In Deferred Tax Assets And Liabilities

Movement during the year ended March 31, 2018

Particulars	As at March 31, 2017	Credit/(charge) in the Statement of Profit and Loss	Credit / (charge) in Other Comprehensive Income	As at March 31, 2018
<i>Deferred tax assets/(liabilities)</i>				
Provision for post retirement benefits and other employee benefits	54.84	22.41	-0.89	31.54
Expenses allowable for tax purposes when paid				
Depreciation	9.89	-5.29		15.18
Other temporary differences				-
Total	9.89	17.12	-0.89	46.72

Movement during the year ended March 31, 2019

Particulars	As at March 31, 2018	Credit/(charge) in the Statement of Profit and Loss	Credit / (charge) in Other Comprehensive Income	As at March 31, 2019
<i>Deferred tax assets/(liabilities)</i>				
Provision for post retirement benefits and other employee benefits	31.54	9.26	-4.27	18.01
Expenses allowable for tax purposes when paid				-
Depreciation	15.18	-9.58	-	24.76
Other temporary differences				-
Total	46.72	-0.32	-4.27	42.77

D. Tax Assets And Liabilities

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Non current tax assets (net)	42.77	46.72
Non current tax liabilities (net)	-	-

XII. Other Equity

Refer Statement of Changes in Equity for detailed movement in Other Equity balance.

A. Summary of Other Equity balance

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
[a] Share premium account	1,085.25	1,085.25
[b] Capital Reserve	0.31	0.31
[c] Retained earnings	372.15	384.91
[d] Other comprehensive income	5.26	9.94
[e] Equity Component of compound financial instruments	-	185.03

B. Nature and purpose of reserves

[a] Share premium account

The amount received in excess of face value of the equity shares is recognised in 'Share Premium Account'.

[b] Capital Reserve

[c] Retained earnings

Retained earnings are the profits that the Company has earned till date, less dividends or other distributions paid to shareholders.

[d] Items of Other Comprehensive Income

Remeasurements of Net Defined Benefit Plans:

Changes in the liabilities over the year due to changes in actuarial assumptions or experience adjustments within the plans, are recognised in 'Other comprehensive income' and subsequently not reclassified to the Statement of Profit and Loss.

C. Other Comprehensive Income accumulated in Other Equity, net of tax

The details of changes in other comprehensive income are shown below:

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Remeasurement gain/(loss) on net defined benefit plans	16.61	3.44
Tax on above	-4.28	-0.89
Total	12.33	2.55

D Capital Management

Equity share capital and other equity are considered for the purpose of Company's capital management.

The Company manages its capital so as to safeguard its ability to continue as a going concern and to optimise returns to shareholders. The capital structure of the Company is based on management's judgement of its strategic and day-to-day needs with a focus on total equity so as to maintain investor, creditors and market confidence.

The management and the Board of Directors monitor the return on capital as well as the level of dividends to shareholders. The Company may take appropriate steps in order to maintain, or if necessary adjust, its capital structure.

In terms of our report attached.

For PARY & CO
Chartered Accountants
FRN:007288C

For and on behalf of the Board of Directors

Partner Director

Membership Number 106109

Hiitesh Topiwaalla **Mukesh Kumar Tyagi**
Managing Director

Date:28/06/2019
Place: Bangalore

Pooja Agrawal
Company Secretary

PARAMOUNT COSMETICS (I) LTD

CIN: L24240GJ1985PLC008282

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

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

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

ATTENDANCE SLIP

Full name of the member attending:

.....

Full name of the First Joint holder:

.....

(To be filled in if first named joint-holder does not attend meeting)

Name of the Proxy:

.....

.....

(To be filled in if Proxy Form has been duly deposited with the Company)

I hereby record my presence at the Thirty Fourth Annual General Meeting of the Company to be held at : 2211/A-1, III Phase, GIDC, Vapi- 396 195, Dist. Valsad, Gujarat on Monday, 30th September, 2019 at 11:00 a.m.

Registered Folio No:..... *DP ID

No:.....

No. of shares held:..... *Client ID

No.:.....

.....

Signature of the Shareholder/ Proxy

Note: Shareholders attending the meeting in person or by proxy are requested to complete the attendance slip and hand it over at the entrance of the meeting hall. Please carry a Copy of the Annual Report.

*Applicable for the members holding shares in electronic form.

PARAMOUNT COSMETICS (I) LTD**CIN: L24240GJ1985PLC008282**

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

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

Email: compliance.officer@paramount.com; website:www.paramount.com**PROXY FORM**

[Pursuant to section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014]

Name of the member(s):	
Registered address:	
E-mail id:	
Folio No./DP ID & Client Id*:	

*Applicable in case shares are held in electronic form

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

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

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

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

As my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the Thirty Fourth Annual General Meeting of the Company, to be held on the 30th day of September, 2019 at 11:00 a.m. at 2211/A-1, III Phase, G.I.D.C. Vapi – 396195 and at any adjournment thereof in respect of such resolutions as are indicated below:

	Ordinary Business	For	Against
1	To receive, consider and adopt the Audited Balance Sheet of the Company as at 31st March, 2019 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 appoint M/s PARY & Co., Chartered Accountants as Statutory Auditor		
3	To appoint a director in place of Aartii Topiwaala (DIN – 03487105), who retires by rotating and being eligible, offers herself for re-appointment.		
	Special Business	For	Against
4	To increase the Borrowing limits of the Company		
5	To approve material Related Party Transactions with Promotor and Promotor Group Companies		
6	Re-appointment of Mr. Shishir Babubhai Desai (DIN – 01453410) as an Independent Director for a second term of five consecutive years.		
7	Re-appointment of Mr. Mukesh Kumar Tyagi (DIN – 01649644) as an Independent Director for a second term of five consecutive years		
8	Re-appointment of Mr. Vishwajeet Nalinkant Mehta (DIN – 02800993) as an Independent Director for a second term of five consecutive years.		

Signed this _____ day of 2019



Signature of shareholder

Signature of Proxy holder(s)

Note:

- 1) This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.
- 2) For the resolutions, Explanatory Statement and Notes, please refer to the Notice of the Annual General Meeting.
- 3) It is optional to indicate your preference. If you leave the 'for', 'against' or 'abstain' column blank against any or all of the resolutions, your proxy will be entitled to vote in the manner as he/she may deem appropriate.
- 4) A Proxy need not be a member of the Company.
- 5) In the case of joint holders, the signature of any one holder will be sufficient, but names of all the joint holders should be stated.

BOOK-POST

If Undelivered Please return to :
PARAMOUNT COSMETICS INDIA LIMITED

REGISTERED OFFICE

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