

September 03, 2021

The Department of Corporate Services
Bombay Stock Exchange Limited
1st Floor, P.J. Towers,
Dalal Street
Mumbai - 400001

Dear Sir/Madam,

Sub: Annual Report 2020-21
Ref: Script ID: PARMCOS-B Script Code: 507970

With reference to above subject, please find attached herewith the Annual Report along with Notice of 36th Annual General Meeting of the Company scheduled to be held on Thursday, September 30, 2020 at 02.00 P.M. through Video Conferencing (VC) / Other Audio-Visual Means (OAVM), which is being sent to the shareholders.

Kindly take the above on record.

Thanking you.

For PARAMOUNT COSMETICS (INDIA) LIMITED



HIITESH TOPIIWAALLA
MANAGING DIRECTOR
DIN 01603345

PARAMOUNT COSMETICS (INDIA) LIMITED

CIN: L24240GJ1985PLC008282

Regd. Office: Plot No. 165/B-15 & 16, 2nd Phase G.I.D.C, Vapi, District Valsad, Gujarat - 396195

Corp. office: 902-904, 9th Floor, Prestige Meridian-1, 29 M.G. Road,

Bangalore - 560001 Tel: 080-25320870 / 71 / 25327357 Email :

compliance.officer@parammount.com / website : www.parammount.com





PARAMOUNT

Rising beyond imagination

PARAMOUNT COSMETICS (INDIA) LIMITED

**THIRTY SIXTH ANNUAL REPORT
2020-2021**

CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr. Hiitesh Topiiwaalla –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)

CHIEF FINANCIAL OFFICER -

Mr. Rajnish Matta

COMPLIANCE OFFICER

Mr. Hiitesh Topiiwaalla

REGISTRAR & SHARE TRANSFERAGENT

BgSE Financials Limited
Stock Exchange Towers, No. 51,
1st Cross, J.C Road ,
Bangalore - 560027
Phone : 08041329661
E- Mail :rta_admin@bfsf.co.in
manager_rta@bfsf.co.in

REGISTERED OFFICE

PLOT NO. 165/B-15 & 16, 2ND PHASE, GIDC,
VAPI - 396195, VALSAD, GUJARAT

E-MAIL

compliance.officer@parammount.com

WEBSITE

www.parammount.com

CIN:L24240GJ1985PLC008282

CORPORATE OFFICE

902-904, 9th Floor, Prestige
Meridian -1, 29, M.G. Road,
Bangalore -560001
Phone no.+918025320870/71

BANKERS

IDBI Bank Limited

STATUTORY AUDITORS

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

CONTENTS	
	Page No.
Corporate Information	2
Notice	3
Director's Report	14
Management Discussion and Analysis	37
Corporate Governance Report	40
Auditors' Report	58
Balance Sheet	68
Profit & Loss Account	69
Cash Flow Statetment	70
Notes on Accounts	71

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the **Thirty Sixth Annual General Meeting (36TH)** of the Members of **Paramount Cosmetics (India) Limited** ("Company") will be held on Thursday, September 30, 2021 at 02:00 PM through Video Conferencing ("VC")/ Other Audio Visual Means ("OAVM") facility to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet of the Company as at 31st March, 2021 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 a director in place of Ms. Aartii Topiwaala (DIN - 03487105), who retires by rotating and being eligible, offers herself for re-appointment.

SPECIAL BUSINESS:

3. To re-appoint Mr. Hiitesh Topiwaalla as Managing Director of the Company

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

"RESOLVED THAT pursuant to the provisions of Section 196, 197, 203 and any other applicable provisions of the Companies Act, 2013 and the rules framed there under (including any statutory modification(s) or re-enactment thereof for the time being in force), read with Schedule V to the Companies Act, 2013 and the Articles of Association of the Company, the consent of the Members of the Company be and is hereby accorded for the re-appointment of Mr. Hiitesh Topiwaalla as Managing Director of the Company for a period of five years with effect from April 01, 2021 to March 31, 2026; on the remuneration and other terms and conditions, details of which are given in Explanatory Statement at Item No. 1 annexed hereto;

RESOLVED FURTHER THAT the Board of Directors of the Company or any committee thereof be and is hereby authorized to do all such acts, deeds and things as in its absolute discretion it may think necessary, expedient or desirable; to settle any question or doubt that may arise in relation thereto in order to give effect to the foregoing resolution."

For Paramount Cosmetics (India) Limited

Hiitesh Topiwaalla
Managing Director
DIN 01603345

Place: Bangalore
Date: 03-09-2021

NOTES

1. **Due to Covid-19 pandemic, as the AGM is being held through video conferencing (VC)/ Other Audio Visual Means (OVAM), the requirement of attaching Proxy Form does not arise & the same is not attached. Thereby the members may not be able to appoint proxies on their behalf at the 36th AGM.**
2. Corporate members intending to send their authorised representative to attend the Annual General Meeting (AGM) are requested to send Certified Copy of Resolution authorising their representative to attend and vote on their behalf at the AGM.
3. The Register of Members and Share Transfer Books of the Company will remain closed from Saturday, 25th September 2021 to Thursday, 30th September 2021 (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, if eligible, offer themselves for re-appointment at the AGM.
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 (**e-voting & remote e-voting**).
8. The Members, whose names appear in the Register of Members / list of Beneficial Owners as on Thursday, 23rd September 2021 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 Thursday, 23rd September 2021, 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, 27th September 2021 and will end at 5.00 p.m. on Wednesday, 29th September 2021. The e-voting module shall be disabled by CDSL for voting thereafter.
11. The facility for voting, through ballot paper, will not be made available at the AGM, as due to Covid-19 pandemic, the AGM will be held through VC/OAVM means and the members attending the AGM if not cast their votes by remote e-voting, may exercise their right and cast

their votes through e-voting at the AGM. 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. Further, the members may note that there are no such matters at this AGM which requires to be passed through Postal Ballot, thereby they may proceed with voting through e-voting / remote e-voting.

12. The Company has appointed M/s Bhavik Pandit, Chartered Accountants, Surat 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 / REMOTE E-VOTING CDSL e-Voting System - Remote & Venue Voting Facility.

1. Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015 (as amended), and the Circulars issued by the Ministry of Corporate Affairs dated April 08, 2020, April 13, 2020, May 05, 2020 and January 13, 2021 the Company is providing facility of remote e-voting to its Members in respect of the business to be transacted at the EGM/AGM. For this purpose, the Company has entered into an agreement with Central Depository Services (India) Limited (CDSL) for facilitating voting through electronic means, as the authorized e-Voting's agency. The facility of casting votes by a member using remote e-voting as well as venue voting system on the date of the EGM/AGM will be provided by CDSL.
2. In view of the massive outbreak of the COVID-19 pandemic, social distancing is a norm to be followed and pursuant to the Circular No. 14/2020 dated April 08, 2020, Circular No.17/2020 dated April 13, 2020 issued by the Ministry of Corporate Affairs followed by Circular No. 20/2020 dated May 05, 2020 and Circular No. 02/2021 dated January 13, 2021, physical attendance of the Members to the EGM/AGM venue is not required and annual general meeting (AGM) be held through video conferencing (VC) or other audio visual means (OAVM). Hence, Members can attend and participate in the ensuing EGM/AGM through VC/OAVM.
3. Pursuant to the Circular No. 14/2020 dated April 08, 2020, issued by the Ministry of Corporate Affairs, the facility to appoint proxy to attend and cast vote for the members is not available for this EGM/AGM. However, the Body Corporates are entitled to appoint authorised representatives to attend the EGM/AGM through VC/OAVM and participate thereat and cast their votes through e-voting.
4. The Members can join the EGM/AGM in the VC/OAVM mode 15 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The facility of participation at the EGM/AGM through VC/OAVM will be made available for 1000 members on first come first served basis. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the EGM/AGM without restriction on account of first come first served basis.

5. The attendance of the Members attending the EGM/ AGM through VC/OAVM will be counted for the purpose of reckoning the quorum under Section 103 of the Companies Act, 2013.

6. Process for those shareholders whose email ids are not registered:

- a) For Physical shareholders- please provide necessary details like Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) by email to **Company/RTA email id**.
- b) For Demat shareholders -, please provide Demat account details (CDSL-16 digit beneficiary ID or NSDL-16 digit DPID + CLID), Name, client master or copy of Consolidated Account statement, PAN (self-attested scanned copy of PAN card), AADHAR (self-attested scanned copy of Aadhar Card) to **Company/RTA email id**.

THE INSTRUCTIONS FOR SHAREHOLDRES FOR REMOTE VOTING ARE AS UNDER:

- (i) The voting period begins on September 27, 2021 (09.00 A.M.) and ends on September 29, 2021 (05.00 P.M.). During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of September 23, 2021 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) Shareholders who have already voted prior to the meeting date would not be entitled to vote at the meeting venue.
- (iii) The shareholders should log on to the e-voting website www.evotingindia.com.
- (iv) Click on Shareholders.
- (v) Now Enter your User ID
 - a. For CDSL: 16 digits beneficiary ID,
 - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (vi) Next enter the Image Verification as displayed and Click on Login.
- (vii) 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.
- (viii) 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"> • Members who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number which is printed on Postal Ballot / Attendance Slip indicated in the PAN field.

Dividend Bank Details	Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login.
OR Date of Birth (DOB)	<ul style="list-style-type: none"> If both 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 (v).

- (ix) After entering these details appropriately, click on “SUBMIT” tab.
- (x) 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.
- (xi) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xii) Click on the EVSN for the relevant <Company Name> on which you choose to vote.
- (xiii) 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.
- (xiv) Click on the “RESOLUTIONS FILE LINK” if you wish to view the entire Resolution details.
- (xv) 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.
- (xvi) Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.
- (xvii) You can also take a print of the votes cast by clicking on “Click here to print” option on the Voting page.
- (xviii) If a demat account holder has forgotten the login password, then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xix) **Shareholders can also cast their vote using CDSL’s mobile app m-Voting. The m-Voting app can be downloaded from Google Play Store. Apple and Windows phone users can download the app from the App Store and the Windows Phone Store respectively. Please follow the instructions as prompted by the mobile app while voting on your mobile.**

THE INSTRUCTIONS FOR SHAREHOLDERS VOTING ON THE DAY OF THE EGM/AGM ON e-VOTING SYSTEM ARE AS UNDER: -

1. The procedure for e-Voting on the day of the EGM/AGM is same as the instructions mentioned above for Remote e-voting.

2. Only those Members/ shareholders, who will be present in the EGM/AGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system available in the EGM/AGM.
3. If any Votes are cast by the members through the e-voting available during the EGM/ AGM and if the same members have not participated in the meeting through VC/OAVM facility , then the votes cast by such members shall be considered invalid as the facility of e-voting during the meeting is available only to the members participating in the meeting.
4. Members who have voted through Remote e-Voting will be eligible to attend the EGM/AGM. However, they will not be eligible to vote at the EGM/AGM.

INSTRUCTIONS FOR MEMBERS FOR ATTENDING THE EGM/AGM THROUGH VC/OAVM ARE AS UNDER:

1. Member will be provided with a facility to attend the EGM/AGM through VC/OAVM through the CDSL e-Voting system. Members may access the same at <https://www.evotingindia.com> under shareholders/members login by using the remote e-voting credentials. The link for VC/OAVM will be available in shareholder/members login where the EVSN of Company will be displayed.
 2. Members are encouraged to join the Meeting through Laptops for better experience.
 3. Further Members will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
 4. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
 5. Shareholders who would like to express their views/ask questions during the meeting may register themselves as a speaker may send their request **12 days prior to meeting (i.e., latest by September 18, 2021)** mentioning their name, demat account number/folio number, email id, mobile number at (compliance.officer@paramount.com).
 6. Shareholders who would like to express their views/have questions may send their questions in advance **12 days prior to meeting (i.e., latest by September 18, 2021)** mentioning their name demat account number/folio number, email id, mobile number at (compliance.officer@paramount.com). The same will be replied by the company suitably.
 7. Those shareholders who have registered themselves as a speaker will only be allowed to express their views/ask questions during the meeting.
- (xx) **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 linked in the login 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.
 - Alternatively, Non Individual shareholders are required to send the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory who are authorized to vote, to the Scrutinizer and to the Company, if voted from individual tab & not uploaded same in the CDSL e-voting system for the scrutinizer to verify the same.
- 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 or call 1800225533.

All grievances connected with the facility for voting by electronic means may be addressed to Mr. Rakesh Dalvi, Manager, (CDSL,) Central Depository Services (India) Limited, A Wing, 25th Floor, Marathon Futurex, Mafatlal Mill Compounds, N M Joshi Marg, Lower Parel (East), Mumbai - 400013 or send an email to helpdesk.evoting@cdslindia.com or call 1800225533.

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 3: Re-appointment of Mr. Hiitesh Topiiwaalla as Managing Director of Company

Mr Hiitesh Topiiwaalla was appointed Managing Director and his term and approval of Central Government to pay remuneration in excess of amount specified in Schedule V of the Companies Act, 2013 expires on March 31, 2020.

The Board of Directors of the Company (the "Board"), at its meeting held on September 03, 2021 has, subject to the approval of the members, approved the appointment and revision in terms of remuneration to be paid to Mr. Hiitesh Topiiwaalla as Managing Director, for a period of Five years effective from April 01, 2021 to March 31, 2026 as recommended by the Nomination and Remuneration Committee. The Board further can decide from time to time on the remuneration paid to the Managing Director within the below prescribed and approved amounts, basis recommendation from Nomination & Remuneration Committee.

A. BASIC SALARY: Rs. 2,26,00,000/- per annum

B. PERQUISITES AND ALLOWANCES: Rs. 74,00,000/- per annum

C. Commission – 5% of the net profit of the Company

D. OTHER BENEFITS:

(i) Earned / privilege leave: As per the rules of the Company

(ii) Contribution to Provident Fund, Superannuation Fund or annuity fund as per the Company's rules and applicable provisions of the relevant statutes. Gratuity payable should not exceed half month's salary for each completed year of service subject to maximum prescribed limit.

(iii) Use of Company's car and telephone at residence for official purposes.

E. The Managing Director, so long as he functions as such, shall not be paid any sitting fee for attending meetings of the Board of Directors or any committee(s) thereof.

F. TERMINATION:

The Appointment of Managing Director may be terminated by either party by giving a notice in writing to the other party at least six calendar months before the date of termination. In the event of termination of appointment of Managing Director by the Company, he shall be entitled to receive compensation in accordance with provisions of Section 202 of Companies Act, 2013 and rules made there under for the time being in force.

G. MINIMUM REMUNERATION IN CASE OF INADEQUACY OF PROFITS:

The remuneration payable to Mr. Hiitesh Topiiwaalla shall be subject to the provisions of Section 197 and 198 and Schedule V of the Companies Act, 2013 and rules framed there under for the time being in force.

If any financial year during tenure of his service, the Company has no profits or its profits are inadequate, the Company shall pay to Mr. Hiitesh Topiiwala, Managing Director, a minimum remuneration, not exceeding the higher of the limits under (A) and (B) below;

A. Remuneration as approved by Central Government,

B. Maximum remuneration permitted to be paid without the approval of the Central Government, in accordance with the provisions of Part II of Schedule V of the Companies Act, 2013, read

with the Rules and Regulations as may be applicable for the time being in force, subject to minimum remuneration as may be approved, if any, by shareholders in General Meeting.

Pursuant to the provisions of Section 196(4) and any other applicable provisions, if any, of the Companies Act, 2013 and the rules framed thereunder read with Schedule V of the Companies Act, the re-appointment of Managing Director requires approval of the Members in General Meeting by a Special Resolution.

The other Disclosures as required under Schedule V Part II Section II-Paragraph B (iv) is provided hereunder:

I. GENERAL INFORMATION

(1) Nature of Industry: Manufacturing of Traditional Cosmetics.

(2) Date or expected date of commencement of commercial production: N.A., since the Company has already commenced its business activities.

(3) In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus: N.A.

(4) Financial performance based on given indicators: Financial performance of the Company during last three years:

(Amt Rs. In Lakhs)

Financial Parameters	Financial Year		
	2020-21	2019-20	2018-19
Total Revenue	1750.40	2417.95	2186.29
Depreciation	106.36	124.67	142.53
Total Expenses (Excluding Depreciation)	1722.45	2251.60	1997.03
Net Profit	34.28	(11.78)	(12.77)
Paid up Capital	485.50	485.50	485.50
Reserves & Surplus	1464.65	1451.19	1462.96
Earning Per Share	0.71	(0.24)	(0.26)

(5) Foreign Investments or collaborations, if any: There is no direct foreign investment in the Company except to the extent shares held. There is no foreign collaboration in the Company.

II Information about the Appointee

Particulars	Mr. Hiitesh Topiiwaalla
Background details	Rich Experience of more than 25 years in cosmetic Industry
Job profile and suitability	He was working as Chairman & Managing Director of the Company, to manage the whole business and affairs of the Company. Proposed to be re-appointed for same job profile.
Past Remuneration	Rs. 57.42 Lakhs
Remuneration proposed to be paid	As mentioned in the resolution and Explanatory Statement
Pecuniary relationship directly or indirectly with the Company, or relationship with the managerial personnel, if any.	Apart from receiving Managerial Remuneration, he does not have any other pecuniary relationship with the Company except his relationship with managerial personnel as, Mrs. Aartii Topiwaala is the wife

	of Mr. Hiitesh Topiwaalla. Further, he holds 2562990 equity shares in the Company.
--	--

III. Other information:

1. Reasons of loss or inadequate profits

Raw Material

There has been an increase in key raw material prices and other cost of packaging & printing segment, international market conditions for cosmetics affecting raw material prices, and general slowdown of Indian economy due to COVID 19 pandemic.

Marketing Difficulties

The demand for the Companies principal products has been declining for the last two years, due to COVID 19 pandemic, etc. The company faces aggressive competition from other players.

Financial Cost

The Company has been facing inflated financial cost.

2. Steps taken or proposed to be taken for improvement

To mitigate the adverse impact, the Company took various measures such as making alternate arrangements to operate to its full production capacity. The Company is also exploring the new markets for sale.

3. Expected increase in productivity and profits in measurable terms

The management has adopted focused and aggressive business strategies in all spheres of functions to improve the sales and profitability of the Company. Considering the present business scenario, the Company is expecting increase in revenue and profitability. The Management is confident of keeping a higher growth ratio in the period to come and strong belief that business improvement will sustain in future.

IV Disclosures

The remuneration packages of all the managerial persons are given in the respective resolutions.

The required information about the service contract, notice period, severance fees etc. is given in Explanatory Statement annexed to this Notice.

The above explanatory statement (together with Annexure thereto) shall be construed to be memorandum setting out the terms of the appointment/re-appointment as specified under Section 190 of the Companies Act, 2013 and will be available for inspection at the Registered office of the Company by any Member of the Company during the e-voting period on all days except Sunday and Bank Holidays during 10.00 A.M. to 1P.M.

The Board of Directors therefore recommends the resolution as set out in Item No. 3 of the Notice for approval of members of the Company by way of a Special Resolution.

None of the Directors and Key Managerial Personnel of the Company and their relatives except Mr. Hiitesh Topiwaalla and Mrs. Aartii Topiwaala are concerned or interested, financially or otherwise, in the said resolution.

For Paramount Cosmetics (India) Limited

Hiitesh Topiwaalla
Managing Director
DIN 01603345

Place: Bangalore
Date: 03-09-2021

ANNEXURE A 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	Mr. Hiitesh Topiwaalla
DIN	03487105	01603345
Date of Birth	18.07.1972	24.03.1972
Age	49	49
Date of Appointment	14.02.2018	01.08.2005
Qualification	B. Com	B.Com
Expertise in specific functional area	Rich experience of more than 25 years in Fashion Design Industry	Rich Experience of more than 25 years in cosmetic Industry
Shareholding in the Company	2600 Equity shares of INR 10/- each	2562990 Equity shares of INR 10/- each
Relationship with Other Directors	Wife of Mr. Hiitesh Topiwaalla	Husband of Mrs. AartiiTopiwaala
List of Companies in which Directorship held (including this Company)	- Paramount Cosmetics (India) Limited - Paramount Personal Care Private Limited - Paramount Kum Kum Pvt Ltd - Petl Exports Private Limited - Ar Dall (India) Private Limited - Parcos Brands Investment Private Limited - Parcos Brands Private Limited - Parcos Brands Communication Private Limited - Sepio Innovations Private Limited	- Paramount Cosmetics (India) Limited - Paramount Personal Care Private Limited - Paramount Kum Kum Pvt Ltd - Petl Exports Private Limited - Ar Dall (India) Private Limited - Parcos Brands Investment Private Limited - Parcos Brands Private Limited - Parcos Brands Communication Private Limited - Farmous Foods Private Limited - Sepio Innovations Pvt Ltd - Aiyon Innovations Pvt Ltd - Ayurastic Health Pvt Ltd - Infectionsield Biotech Private Limited
List of Chairmanship/ Membership of the Committees of Board of Public Companies as on March 31, 2020 (including this Listed Entity)	Paramount Cosmetics (India) Limited: • Nomination & Remuneration Committee -Member • Stakeholders Relationship Committee -Member	Paramount Cosmetics (India) Limited: • Audit Committee - Member • Stakeholders Relationship Committee -Member

For Paramount Cosmetics (India) Limited

Hiitesh Topiwaalla
Managing Director
DIN 01603345

Place: Bangalore
Date: 03-09-2021

DIRECTORS' REPORT

Your Directors have pleasure in presenting the 36th Annual Report of your Company, together with the business operations for the year ended 31stMarch, 2021.

FINANCIAL RESULTS

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

Particulars	(Figures in Rs. lakhs)	(Figures in Rs. lakhs)
	Year ended	Year ended
	31.03.2021	31.03.2020
Sales and other Income	1750.40	2417.95
Profit before Depreciation, Interest, Exceptional Items,	371.70	395.38
Depreciation	106.36	124.67
Interest and Finance Charges	231.06	225.22
Profit before Tax	38.18	45.49
Net Profit/Loss	34.28	-11.77
Re Measurement of net defined benefit plan(Net of tax)	20.81	4.34
Balance carried forward to the Balance Sheet	55.09	-7.44

INDIAN ACCOUNTING STANDARDS

The financial statements for the financial year 2020-21 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 IND-AS for the purpose of comparison.

PERFORMANCE DURING THE YEAR

Sales and other Income of the Company for the year is Rs. 1750.40 lakhs as compared to Rs. 2,417.95 lakhs in the previous year, showing decrease of 27.61%. PBDIT has shown a decrease of 6% over its preceding year. Company has incurred a profit after tax amounting to Rs.34.28 lakhs in comparison to a loss of Rs. 11.77 lakhs last year.

CHANGE IN THE NATURE OF BUSINESS

There has been no change in the nature of business of the Company during the financial year 2020-21.

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, 2021 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, 2021, 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 transfer profit of Rs. 34.28 Lakh to the General Reserve.

MATERIAL CHANGES AND COMMITMENTS

During FY 2020-21, the Financial position of the Company did have some impact due to restrictions imposed continuously, due to Covid-19 Pandemic.

During FY 2020-21, the Company had a greater impact due to Continuous restrictions imposed throughout the year. The revenue of the Company, profitability and the general market sentiments has impacted drastically impacting its liquidity. Your Company is in the business of non-essential items, the Company's operations were affected at large. After resumption of Unlock 1, our factories and offices opened with only 30% of working capacity in the month of June 2020, and this has heavily impacted our business to maintain our business operations and to even cover our business expenses.

The Company, because of Covid-19 pandemic and its effects on lockdowns / restrictions on movement of people, estimates huge loss of revenue which will hugely impact the capability and maintain the infrastructure and people. This further affected the profitability and cashflows.

Hence, the Covid-19 pandemic will have material impact on the financial position of the Company.

EXTRACT OF ANNUAL RETURNS

As provided under Section 92(3) of the Act, the extract of annual return is given in **Annexure -IV** in the prescribed Form MGT-9, which forms part of this Report. Further, a copy of Annual Return under Section 92(3) will be placed on the website of the Company @ <https://www.parammount.com/>.

DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

The Company has received declarations from all the existing 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.

During FY 2020-21, The Company appointed Mr. Santosh Shah as Company Secretary w.e.f August 17, 2020, and Mr. Rajnish Matta as Chief Financial officer w.e.f. September 9, 2020.

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

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

M/s. PARY & CO., Chartered Accountants, Surat (FRN: 007288C) were appointed as Statutory Auditors of the Company in the 34th Annual General Meeting (AGM), to hold office for a period of 5 consecutive years, until conclusion of 39th Annual General Meeting. The Auditors have confirmed that they are not disqualified from continuing as Auditors of the Company.

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 there under, the Company has appointed M/s. K.P. Ghelani & Associates, a firm of Company Secretaries (C P No.12468) to undertake the Secretarial Audit of the Company. The Secretarial Audit Report is included as an **Annexure I** forming part of this Annual Report.

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.

SEPARATE MEETING OF INDEPENDENT DIRECTORS

A separate meeting of Independent Directors was held on March 15, 2021 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 have 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 2020-21, 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 Notes to Accounts section of the financial statement on related party 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. Due to Covid-19 pandemic, the reports and accounts are sent to email address of the members, whose names are registered with Company / Registrar and Transfer Agent.

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 2020-21 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 Secretarial Auditor in its report has mentioned that the Company during for FY 2020-21 ended as on March 31, 2021, required re-constitution of Audit committee, Nomination & Remuneration Committee, Stakeholder Relationship committee, Share Transfer committee as per Regulation 18,19, 20 of SEBI LODR Regulations.

Board Comment: The Board has taken note of the said qualification and wish to inform that the Board of Directors are in process of identifying suitable candidature for the post of a Director and on identification will re-constitute the committees in line with SEBI LODR Regulations.

The Secretarial Auditor in its Report also states that the Company did not have a Company Secretary during the period January 11, 2020 to August 16, 2020. Mr. Santosh Shah also resigned w.e.f. May 13, 2021.

Board Comment: The Board had taken note of the same and was in process of identifying the candidature suitable for the post of Company Secretary. However, due to Covid-19 and Lockdowns kick started from March 2020 and onwards, there was some delay in appointing new Company Secretary. The Company has currently in process of appointing a suitable candidate for company secretary.

- 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 II** 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**

During FY 2020-21, the Financial position of the Company did have some impact due to Lock-down imposed in the last month of March 2020 (specifically last week of March 2020), due to Covid-19 Pandemic. The operations of the Company were shut during to nationwide lockdown / restrictions imposed from March 25, 2020, which has impacted its business to some extent in said FY 2020-21.

During FY 2020-21, the revenue of the Company, profitability and the general market sentiments has impacted its liquidity. Your Company is in the business of non-essential items, and during lock down in the month of April & May 2020, the Company's operations were fully shut (except work from home wherever was feasible). After resumption of Unlock 1, our factories and offices opened with only 30% of working capacity in the month of June 2020, and this has impacted our business to maintain our business operations and to even cover our business expenses.

The Company, because of Covid-19 pandemic and its effects on lockdowns / restrictions on movement of people, estimates loss of revenue which will impact the capability and maintain the infrastructure and people. This further affected the profitability and cashflows.

Hence, the Covid-19 pandemic will have material impact on the financial position of the Company. However, the Board is also of the view that the effect of the Pandemic on the Company is for short term and the Company may be in position to overcome these challenges in the medium term and long term.

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 III** 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.

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

**Hiitesh Topiwaalla
Managing Director
DIN: 01603345**

**Place: Bangalore
Date: 03.09.2021**

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.	17:1		
(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 the employees in the financial year;	Nil		
(iv) The number of permanent employees on the rolls of company	161		
(v) Variations in the market capitalization of the company, price earnings ratio as at the closing date of current financial year and previous financial year ;and	(in lacs)		
		31.03.2021	31.03.2020
	Market Cap (Rs. In Lakhs)	7792.28	573.86
	PE	22.61	-49.25
(vi) Percentage increase over decrease in the market quotations of the shares of the company in comparison to the rate at which 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 34 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

Name of the Employee	Hiitesh Topiiwaalla
Designation	Managing Director
Remuneration Received (Net)	69.10 Lacs
Nature of Employment (Contractual/ Otherwise)	Employment
Qualification	B.Com
Experience	30 Years
Date of Commencement of Employment	01.08.2005
Age	49 Years
Last Employment held	Paramount Cosmetics (I) Ltd.
Percentage of Equity held in the Company	52.79% (Direct Holdings)
Relative of any Director/ Manager of the Company	Husband of Ms. Aartii Topiiwaalla

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: **1** (Mr. Hiitesh Topiiwaalla, Managing Director)

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, 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.**

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

**Hiitesh Topiiwaalla
Managing Director
DIN: 01603345**

**Place: Bangalore
Date: 03.09.2021**

Form No. MR-3
SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2021

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

THE MEMBERS,
PARAMOUNT COSMETICS (INDIA) LIMITED
CIN: L24240GJ1985PLC008282
PLOT NO. 165/B-15 & 16,
2ND PHASE, GIDC VAPI,
VALSAD - 396195,
GUJARAT, INDIA

I 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, minute 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 on 31st March, 2021 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:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the company for the Financial Year ended on 31st March, 2021 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made there under;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;
- (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, Overseas 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'):-
 - (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, 2018;
 - (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 to the Company during the Audit Period;
 - (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 - Not Applicable to the Company during the Audit Period;
 - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 - Not Applicable to the Company during the Audit Period;

(h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018 - Not Applicable to the Company during the Audit Period.

(i) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

(vi) Other laws applicable specifically to the Company namely:

(a) The Drugs & Cosmetics Act, 1940 and Rules made thereunder

(o) The Bureau of Indian Standards Act, 2016 and rules made thereunder

(p) Information Technology Act, 2000 and the rules made thereunder

(vii) Based on the representation made by the Company and its officers, the Company has proper system and process in place for compliance under the other applicable Labour Laws and other incidental laws, Acts, Rules, Regulations and Guidelines.

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

(i) Secretarial Standards issued by The Institute of Company Secretaries of India.

(ii) The Listing Agreements entered into by the Company with Bombay Stock Exchange.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above except:

(i) The Company requires re-constitution of the Audit Committee, Nomination and Remuneration Committee, Stakeholder Relationship Committee and Share Transfer Committee, with appointment of a Candidature for the post of Director in all such committees.

I further report that the compliance by the Company of applicable financial laws, like direct and indirect tax laws, has not been reviewed in this Audit since the same has been subject to review by statutory financial auditor and other designated professionals.

I further report that:

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors, Independent Directors and Women Director. 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.

It is observed that as per Section 203 of Companies Act, 2013 read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, necessitated that every listed company has to mandatorily have a Company Secretary in whole time employment. During the Year under review, The Position of Company Secretary was vacated from January 11, 2020 to August 16, 2020. Mr. Santosh Shah has appointed as a Company Secretary on August 17, 2020 and resigned on May 13, 2021. The Position of Company Secretary again vacated from May 14, 2021 to till report date.

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 the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through while the dissenting members' views, if any, are captured and recorded as part of the minutes.

I 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.

I further report that during the audit period, there was no event/action having a major bearing on company's affair in pursuance of the above - referred laws, rules, regulations, guidelines, standards, etc;

For K. P. GHELANI & ASSOCIATES
Company Secretaries

Date: September 01, 2021

Place: Rajkot

CS Keyur Ghelani
Proprietor

Mem No. ACS 33400

CoP: 12468

UDIN: A033400C000873283

Note: This report is to be read with our letter of even date that is annexed as Annexure I and forms an integral part of this report.

Annexure - I

THE MEMBERS,
PARAMOUNT COSMETICS (INDIA) LIMITED
CIN: L24240GJ1985PLC008282
PLOT NO. 165/B-15 & 16,
2ND PHASE, GIDC VAPI,
VALSAD - 396195,
GUJARAT, INDIA

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

1. Maintenance of secretarial records is the responsibility of management of the Company. My responsibility is to express an opinion on these secretarial records based on my audit.

2. I 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. I believe that the processes and practices, I followed provide a reasonable basis for my opinion.

3. I have not verified the correctness and appropriateness of financial records and books of accounts of the company.

4. Wherever required, I 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 and regulations, standards is the responsibility of the management. My 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.

For K. P. GHELANI & ASSOCIATES
Company Secretaries

Date: September 01, 2021

Place: Rajkot

CS Keyur Ghelani
Proprietor

Mem No. ACS 33400

CoP: 12468

**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)

Particulars of disclosure 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, if any, are mentioned hereunder and may be referred in notes to financial statements.

Sl. No.	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

Sl. No.	Details of contracts or arrangements or transactions at arm's length basis			
(a)	Name(s) of the related party and nature of relationship	Paramount KumKum Private Limited	Paramount KumKum Private Limited	Parcos Brands Private Limited
(b)	Nature of contracts/ arrangements/ transactions	Security Deposit	Royalty Fees	Royalty Fees
(c)	Duration of the contracts / arrangements/ transactions	Not Fixed	Not Fixed	Not Fixed
(d)	Salient terms of the contracts or arrangements or transactions including the value, if any	On arm's length basis	On arm's length basis	On arm's length basis
(e)	Date(s) of approval by the Board	26.06.2020	26.06.2020	26.06.2020
(f)	Amount paid as advances, if any	NIL	NIL	NIL

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

**Hiitesh Topiwaalla
Managing Director
DIN: 01603345**

**Place: Bangalore
Date: 03.09.2021**

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 3 years reckoned from the beginning of the financial year)-</p> <p>(a) 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 reason thereof;</p> <p>(d) The expenditure incurred on Research and Development.</p>	<p align="center">Not Applicable</p>

(C) Foreign exchange earnings and Outgo

Foreign Exchange earned in terms of actual inflows during the year	Rs. 7.26Lakh
Foreign Exchange outgo during the year in terms of actual outflows	Rs. Nil

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

Place: Bangalore

Date: 03.09.2021

**Hiitesh Topiwaalla
Managing Director
DIN: 01603345**

ANNEXURE IV
Form No. MGT - 9

EXTRACT OF ANNUAL RETURN
AS ON THE FINANCIAL YEAR ENDED ON 31.03.2020

[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@bfsi.co.in; manager_rta@bfsi.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

There is no holding or subsidiary company however the details of associate company are provided hereunder

Sr. No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of Shares held	Applicable Section
1	Paramount Kum Kum Private Limited	U24246MH1983PTC029446	Associate	100% shares held by Promoters of the Company	2(6)
2	Paramount Personal Care Private Limited	U24200MH1982PTC027855	Associate	100% shares held by Promoters of the Company	2(6)
3	Parcos Brands Communications Private Limited	U74900KA2011PTC059674	Associate	100% shares held 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	Total Shares	% of Total Shares	Demat	Physical	Total Shares	% of Total Shares	
A. Promoter										
1) Indian										
a)	Individual/HUF	2563230	2360	2565590	52.84	2563230	2360	2565590	52.84	Nil
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	2360	3630740	74.78	3628380	2360	3630740	74.78	Nil
2) Foreign										
g)	NRIs-Individuals	-	-	-	-	-	-	-	-	-
h)	Other-Individuals	-	-	-	-	-	-	-	-	-
i)	Bodies	-	-	-	-	-	-	-	-	-

	Corp.									
j)	Banks / FI	-	-	-	-	-	-	-	-	-
k)	Any Other....	-	-	-	-	-	-	-	-	-
Sub-total(A)(2):-		-	-	-	-	-	-	-	-	-
Total Promoter Share Holding										
(A)=(A)(1)+ (A)(2)		3628380	2360	3630740	74.78	.3628380	2360	3630740	74.78	Nil
B. Public Shareholding										
1. Institutions										
a)	Mutual Funds	-	-	-	-	-	-	-	-	-
b)	Banks / FI	0	1400	1400	0.028	0	1400	1400	0.028	Nil
c)	Central Govt	-	-	-	-	-	-	-	-	-
d)	State Govt(s)	-	-	-	-	-	-	-	-	-
e)	Venture Capital Funds	-	-	-	-	-	-	-	-	-
f)	Insurance Companies	-	-	-	-	-	-	-	-	-
g)	FII's	-	-	-	-	-	-	-	-	-
h)	Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i)	Others (specify)	-	-	-	-	-	-	-	-	-
Sub-total(B)(1)		0	1400	1400	0.03	0	1400	1400	0.03	Nil
2. Non Institutions										
a)	Bodies Corp.									
	(i) Indian	16473	5858	22331	0.46	16263	4858	21121	0.43	(0.03)
	(ii) Overseas									
b)	Individuals									
(i)	Individual Shareholders holding nominal share	431016	492932	923948	19.30	437168	487242	924410	19.04	(0.26)

	capital upto									
	Rs. 2 lakhs									
(ii)	Individual									
	Shareholders									
	holding nomi	46379	0	46379	0.96	50252	0	50252	1.03	0.7
	nal share									
	capital in									
	excess of									
	Rs 2 lakhs									
c)	Others(Specify)									
	Clearing Members/NRIs/OCBs/IEPF	229961	1451	231412	4.77	241889	6309	248198	05.11	0.34
	Sub-total(B)(2)	723619	499241	1222860	25.19	729309	493551	1222860	25.19	Nil
	Total Public Shareholding (B)=(B)(1)+(B)(2)	723619	499241	1222860	25.19	730709	493551	1224260	25.22	Nil
C.	Shares held by Custodian for GDRs & ADRs	0	0	0	0	0	0	0	0	0
	Grand Total(A+B+C)	4351999	503001	4855000	100	4359089	495911	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 Topiiwaalla	2562990	52.79	NIL	2562990	52.79	NIL	0
2.	Ms. AartiiTopiwaala	2600	00.05	NIL	2600	00.05	NIL	0
3.	M/s Paramount KumKum Private Limited	1065150	21.94	NIL	1065150	21.94	NIL	0
	Total	3630740	74.78	NIL	3630740	74.78	NIL	0

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

Sl. No.	Particulars	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	3630740	74.78	-	-
2	Increase in the Shareholding	-	-	-	-
3	At the End of the year	3630740	74.78	-	-
4	Change in Shareholding during the year	NIL	NIL	-	-

IV.INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accruedbut not due for payment (Rs. In Lakhs)					
Sl. No.	Particulars	Secured Loans excluding Deposits	Unsecured Loans	Deposits	Total
1	Indebtedness at the beginning of the financial year				
(i)	Principal Amount	1249.66	253.8	0	1503.46
(ii)	Interest due but not paid	0	0	0	0
(iii)	Interest accrued but not due	0	0	0	0
	Total (i + ii + iii)	1249.66	253.8	0	1503.46

2	Change in Indebtedness during the financial year				
	Addition	96.32	86.14	0	182.46
	Reduction	0	0	0	0
	Net Change	96.32	86.14	0	182.46
3	Indebtedness at the end of the financial year				
(i)	Principal Amount	1345.98	339.94	0	1685.92
(ii)	Interest due but not paid	0	0	0	0
(iii)	Interest accrued but not due	0	0	0	0
	Total (i + ii + iii)	1345.98	339.94	0	1685.92

VI	REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL		
A	Remuneration of 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 Topiwaalla	
a	Salary as per provisions contained in section 17(1) of Income Tax Act, 1961	69.10	69.10
b	Value of perquisites u/s 17(2) Income-tax Act, 1961		0
c	(c) Profits in lieu of salary under section 17(3) Income-Tax Act 1961		0
2	Stock Option		0
3	Sweat Equity		0
4	Commission- as % of profit others, specify		0
5	Others, Please specify		0
	Total (A)		57.42

*Note: The remuneration quoted is Net Salary.

B	REMUNERATION TO OTHER DIRECTORS			(Rs. In Lakhs)	
		Name of Directors			
Sl. No.	Particulars of Remuneration	Aartii Topiwala	V N Mehta	Shishir B Desai	Total Amount
1	Independent Directors				
A	Fee for attending Board / Committee Meetings	-	0.4	0.4	0.8
B	Commission	-	-	-	-
C	Others, Please specify	-	-	-	-
	Total (1)	-	0.4	0.4	0.8

2	Other Non Executive Directors				
A	Fee for attending Board / Committee Meetings	0.4	0	0	0.4
B	Commission	0	0	0	0
c	Others, Please specify	0	0	0	0
	Total (2)	0.4	0	0	0.4
	Total (B) = (1+2)	0.4	0.4	0.4	1.2
3	Total Managerial Remuneration*	0.6			
	Overall Ceiling as per the Act	NA			

VI	REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL			
C	Remuneration to Key Managerial Personnel other than Managing Director, Whole-time Directors and/or Manager, and other Directors			
Sl. No.	Particulars of Remuneration	Company Secretary	Chief Financial Officer	
		*Santosh Shah (Resigned)	Rajnish Matta	*K.S. Ramesh
		(Rs. In Lakhs)	(Rs. In Lakhs)	(Rs. In Lakhs)
1	Gross Salary	0	0	
A	Salary as per provisions contained in section 17(1) of Income Tax Act, 1961	6.01	14.22	2.34
B	Value of perquisites u/s 17(2) Income-tax Act, 1961	0	0	0
C	(c) Profits in lieu of salary under section 17(3) Income-Tax Act 1961	0	0	0
2	Stock Option	0	0	0
3	Sweat Equity	0	0	0
4	Commission- as % of profit others, specify	0	0	0
5	Others, Please specify - Telephone / Car / Fuel etc	0	0	0
	Total (A)	6.01	14.22	2.34
*The KMP's are not currently associated with the Company.				

Type	Particulars	Section of the Companies Act	Brief Description of fees imposed	Details of Penalty/ Punishment/ Compounding
A	Company			
a	Penalty	NA	NA	NA
b	Punishment	NA	NA	NA
C	Compounding	NA	NA	NA

B	Directors			
A	Penalty	NA	NA	NA
B	Punishment	NA	NA	NA
C	Compounding	NA	NA	NA
C	Others officers in default			
A	Penalty	NA	NA	NA
B	Punishment	NA	NA	NA
C	Compounding	NA	NA	NA

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

**Place: Bangalore
Date: 03.09.2021**

**Hiitesh Topiwaalla
Managing Director
DIN: 01603345**

MANAGEMENT DISCUSSION & ANALYSIS REPORT

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.

Further, due to Covid-19 pandemic, there has been severe impact on the Beauty and Personal care industry. However, the Industry will overcome impact of these factors on the medium to long term and 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. 1750.40 lakhs as against Rs. 2417.95 lakhs in the previous year, showing an decrease of 27.60% over the previous year.
- 2) **Material Cost**
The material cost for the year was Rs. 363.14 lakhs as against Rs. 640.77 lakhs in the previous year. The material cost is reduced by 43.33%
- 3) **Employment Cost**
The expenses pertaining to employment costs in FY 2020-21 was Rs. 493.70 Lakhs as against Rs 494.55 lakhs in previous year. This is reduced by 0.17%.
- 4) **Operational and Other Expenses**
During the year under review, the operational and other expenses was Rs. 635.54 lakhs as against Rs. 914.11 lakhs. The cost has increased by 30.47%.
- 5) **Finance Cost**
The interest and Finance charges paid paid has increased to Rs. 231.06 lakhs in the current year as against Rs. 225.22 Lakhs in the previous year.

- 6) **Depreciation**
The depreciation for the year was Rs.106.36 Lakhs as against Rs. 124.67 lakhs in the previous year.
- 7) **Profit Before Tax**
Profit before tax (PBT) stood at Rs. 38.18 Lakhs as against Rs. 45.49 lakhs showing a decrease of 16.07%.
- 8) **Profit/(Loss) After Tax**
Profit after tax (PAT) was Rs. 34.28 Lakhs as against loss of Rs. 11.78 lakhs in the previous 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.

Further, the impact of Covid-19 pandemic, which has resulted in people using face masks, less travel, lockdowns and restrictions on travel, may have some level of threat / impact on use of cosmetic products in the current scenario.

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 AND 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 161 employees on rolls as on 31st March 2021.

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

**Hiitesh Topiwaalla
Managing Director
DIN: 01603345**

**Place: Bangalore
Date: 03-09-2021**

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 31st March, 2021 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.

As on March 31, 2021, Company's Board consists of 4 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 during FY 2020-21 ended as on 31st March, 2021 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 public companies***	
			No. of Board Meetings		Last AGM	As Chairman	As Director	As Chairman	As Director
			Hel d	Attend ed					
Mr. Hiitesh Topiiwaalla	Promoter & Executive Director	Husband of Ms. AartiiTopiw aala	7	7	Y	Nil	1	Nil	Nil
Ms. AartiiTopiw aala	Promoter & Non-Executive Director	Wife of Mr. Hiitesh Topiiwaalla	7	7	N	Nil	1	Nil	3
Mr. Vishwajeet N Mehta	Independent & Non-Executive Director	None	7	7	Y	Nil	2	3	3
Mr. Shishir B Desai	Independent & Non-Executive Director	None	7	7	N	Nil	2	0	Nil

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

*** For this purpose only Audit Committees, Nomination & Remuneration 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, 2021 on 15th March 2021 and inter alia discussed:

- The performance of non-Independent Directors and the Board as a whole;

- b) 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.

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 2020-21, the Board of Directors met Nine (9) times on the following dates:

- 1) 26.06.2020
- 2) 17.08.2020
- 3) 17.09.2020

- 4) 30.09.2020
- 5) 10.11.2020
- 6) 18.11.2020
- 7) 23.11.2020
- 8) 05.02.2021
- 9) 15.03.2021

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 applicable provisions of Companies Act, 2013 Mrs. Aartii Topiwaala (DIN - 03487105), a Director who retires by rotation and was appointed by members as Director at 35th Annual General Meeting and holds office until conclusion of ensuing 36th Annual General Meeting to be held in year 2021, and the Company having received a notice from the member of the Company under Section 160 of the Companies Act, 2013, proposing her candidature for the office of Director, such candidature subject to approval by the members at the ensuing Annual General Meeting, be and is hereby appointed as Director of the Company, liable to retire 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, 2021.

III BOARD COMMITTEES

A. AUDIT COMMITTEE

Composition:

The composition of the Audit Committee for FY 2020-21 was as per the requirements of Section 177 of the Companies Act, 2013 and provisions of the SEBI (Listing Obligation and Disclosure Requirement) Regulations 2015, except for the last quarter wherein due to resignation of one of the non-executive Independent Director, the Committee required minor re-constitution. The Company is in process of identifying suitable candidature to align the committee requirements composition as per SEBI LODR Regulations 2015. The members of the Audit Committee during FY 2020-21 comprised of following members:

Name	Designation	Category
Mr. V.N. Mehta	Chairman	Non-Executive -Independent Director
Mrs. AartiiTopiwaala	Member	Non-Executive Non Independent Director (Promoter Director)

Meetings:

During the Financial Year 2020-21, the Audit Committee met Eight times. The details of meeting and attendance are given in 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 18th November 2020 reviewed the Annual Accounts for the period ended 31st March, 2021.

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 sub-mission 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 for FY 2020-21:

	Name	Designation	Category
1	Mr. V.N. Mehta	Chairman	Independent Director
2	Ms. Aartii Topiwaala	Member	Non-executive Non Independent Director (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:
- the quantum of options to be granted under Employees' Stock Option Scheme per employee and in aggregate;
 - the conditions under which option vested in employees may lapse in case of termination of employment for misconduct;
 - 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;
 - the specified time period within which the employee shall exercise the vested options in the event of termination or resignation of an employee;
 - the right of an employee to exercise all options vested in him at one time or various points of time within the exercise period;
 - 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;
 - the granting, vesting and exercising of options in case of employees who are on long leave; and
 - 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

Four meetings of the Nomination and Remuneration Committee were held during the FY 2020-21. The details of meeting and attendance are given in this Report.

C. STAKEHOLDERS RELATIONSHIP COMMITTEE Constitution

The Stakeholders Relationship Committee for FY 2020-21 constituted following members:

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

The Stakeholders Relationship Committee requires a minor re-composition with the requirements of The SEBI (Listing Obligation and Disclosure Requirement) Regulations 2015.

The Company is in process of identifying suitable candidature to align the committee as per SEBI (Listing Obligation and Disclosure Requirement) Regulations, 2015.

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 in this Report.

Compliance Officer

Company Secretary of the Company is the Compliance Officer as per the requirements of SEBI.

Complaints received / resolved

Investor Complaints status as on 31st March 2021:

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

Pending Share Transfers

No requests for Transfer and / or Dematerialisation were pending for redressal as on 31st March, 2020.

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
Meetings Held	8	4	4	1
Name of the Directors				
Mr. Hiitesh Topiiwaalla	-	-	-	1
Ms. Aartii Topiiwaala	8	4	4	1
Mr. V.N. Mehta	8	4	4	1
Mr. Shishir B Desai	-	-	-	-

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 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 may 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. 1.20 Lakhs.

Further, the remuneration paid/payable to Mr. Hiitesh Topiwaalla, Managing Director of the Company for the financial year ended 31.03.2021 are as follows:

Particular	Amount (Rupees in Lakhs)
Basic Salary	69.10
Allowances & Perquisites	-
Commission	-
Total	69.10

Note: The above is net remuneration for FY 2020-21.

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, 2021:

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

III. CEO/CFO CERTIFICATION

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

- We have reviewed financial statements and the cash flow statement of Paramount Cosmetics (India) Limited for the year ended 31st March, 2021 and to the best of our knowledge and belief:
 - these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - 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.
- 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
For Paramount Cosmetics (India) Limited**

**Hiitesh Topiiwaalla Rajnish Matta
Managing Director Chief Financial Officer
DIN:01603345**

**Place Bangalore
Date: 03/09/2021**

X. GENERAL BODY MEETING

The details of the Annual General Meetings held during last three year immediately before March 31, 2021 is given in Table below:

Year	Date	Venue	Time	No. of Special Resolutions Passed at AGM
2019-20	December 18, 2020	Through Video Conferencing ("VC") / Other Audio Visual Means ("OAVM")	11.00 am	Nil
2018-19	September 30, 2019	A-1/2211, III Phase, GIDC, Vapi 396195	11.00 am	04
2017-18	September 28, 2018	VIA Hall, Vapi Industrial Association, Plot No. 135, VIA House, GIDC, Vapi - 396 195	11.00 a.m.	Nil

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 2020-21, besides the transactions reported in Notes to the financial statement in the Annual Report on related party transactions, 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. In case of any delays in submissions by the Companies, the relevant reasons for the delays as such is communicated accordingly.
- (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:** 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, 2020
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

AGM	PARTICULARS
Date	: September 30, 2021
Time	: 2:00 p.m.
Venue	: AGM will be held virtually through VC /OAVM due to Covid-19 pandemic.

2. **FINANCIAL YEAR:** 01st April, 2020 to 31st March, 2021

3. **DATE OF BOOK CLOSURE:**

The Register of Members and Share Transfer Books of the Company will remain closed from Saturday, September 25, 2021 to Thursday, September 30, 2021 (both days inclusive).

4. **LISTING ON STOCK EXCHANGE:**

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

Listing & Address of Stock Exchange	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 2020-21 on Bombay Stock Exchange Limited are as under:

Month	High Price	Low Price	Close Price	Volume (No. of Shares)
Apr-20	12.37	10.00	10.00	1,257
May-20	10.00	08.98	9.92	2,161
Jun-20	22.30	09.50	21.59	19,136
Jul-20	22.65	15.00	15.00	12,262
Aug-20	18.70	12.51	17.80	4,173
Sep-20	17.30	13.55	14.15	10,062
Oct-20	16.35	13.45	16.30	2,910
Nov-20	16.30	14.25	15.15	4,612
Dec-20	18.55	15.00	18.45	19,229
Jan-21	20.95	15.95	18.00	12,026
Feb-21	20.05	16.00	16.65	5,706
Mar-21	16.85	14.85	16.05	2,432

(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-
 560027 Ph: 080 41329661; Email:
rta_admin@bfsi.co.in; manager_rta@bfsi.co.in, cs_rta@bfsi.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 31STMARCH, 2021:

Share held	No. of Shareholders	% of Shareholders	No. of Shares held	% of Shares held
01-500	5210	95.93	686507	14.14
501-1000	135	2.49	97925	2.02
1001-2000	49	0.90	69776	1.44
2001-3000	16	0.29	40107	0.83
3001-4000	8	0.15	27824	0.57
4001-5000	2	0.04	8686	0.18
5001-10000	4	0.07	24293	0.50
10001-50000	3	0.06	58879	1.21
50001 and above	4	0.07	3841003	79.11
Total	5431	100.00	4855000	100.00

Shareholding Pattern as on 31st March, 2021

Category	No. Of Shares Held	Percentage of Shareholding
Promoter & Promotor Group	36,30,740	74.78
Financial Institutions / Banks	1400	00.03
Bodies Corporate	21,121	00.44
Mutual Funds and Unit Trust of India	0	00.00
Others	12,01,739	24.75
Total	48,55,000	100.00

9. **DEMATERIALIZATION OF SHARES AND LIQUIDITY AS ON 31ST MARCH, 2021:**

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).

4351999 Ordinary Shares of the Company representing 89.64% of the Company's share capital is dematerialized as on 31st March, 2021.

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
Bangalore	:	Corporate Office at 902-904, 9 th Floor, Prestige Meridian - 1, No. 29, M.G. Road, Bangalore - 560 001 Phone: +91 080-2532 0870 / 71; Email: compliance.officer@paramount.com ; Website: www.paramount.com

Investors Relation Centers

Corporate Office	ParamountCosmetics (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@paramount.com
Registered Office	Paramount Cosmetics (India) Limited Plot No. 165/B-15 & 16, 2nd Phase, GIDC Vapi- 396195, Valsad, Gujarat Email: compliance.officer@paramount.com

**On behalf of the Board of Directors
For Paramount Cosmetics (India) Limited**

Place: Bangalore
Date: 03-09-2021

**Hiitesh Topiwaalla
Managing Director
DIN: 01603345**

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 accompanying financial statements of Paramount Cosmetics (India) Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2021, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year ended on that date, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other Accounting Principles generally accepted in India, of the state of affairs of the Company as at March 31, 2021, the Profit and total comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit of the financial statements in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the 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 (ICAI) together with the independence requirements that are relevant to our audit of the 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 ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on financial statements.

Emphasis of Matters

We draw attention to note no. 8 of the audited stand-alone financial results, as regards the management's evaluation of COVID-19 pandemic impact on the carrying value of the assets of the Company as at 31st March 2021 and the operations of the Company. Our opinion is not modified in respect of these matters.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

(A) Provisions for taxation, litigation and other significant provisions

- (i) 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.

- (ii) 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.

How the matter was addressed in our audit

Our audit procedures included:

- (i) We tested the effectiveness of controls around the recognition of provisions.
- (ii) 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.
- (iii) 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.
- (iv) We discussed the status in respect of significant provisions with the Company's internal tax and legal team.
- (v) We performed retrospective review of management judgements relating to accounting estimate included in the financial statement of prior year and compared with the outcome.

(B) Assessment of contingent liabilities relating to litigations and claims

The key audit matter

- (i) The Company is periodically subject to challenges / scrutiny on range of matters relating to direct tax, indirect tax.
- (ii) Further, potential exposures may also arise from general legal proceedings, environmental issues etc. in the normal course of business.
- (iii) 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.

How the matter was addressed in our audit

Our audit procedures included:

- (i) We tested the effectiveness of controls around the recording and re-assessment of contingent liabilities.
- (ii) 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.
- (iii) 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 likely outcome of each litigation and claim and the magnitude of potential exposure and sighted any relevant opinions given by the Company's advisors.
- (iv) We assessed the adequacy of disclosures made.
- (v) We discussed the status in respect of significant provisions with the Company's internal tax and legal team.

- (vi) We performed retrospective review of management judgements relating to accounting estimate included in the financial statement of prior year and compared with the outcome.

Information Other than the Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Corporate Governance and Shareholder's Information, but does not include the financial statements and our auditor's report thereon.

Our opinion on the 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 financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the course of our 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 Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance, total comprehensive income, changes in equity and cash flows of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding 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 financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is 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.

The Board of Directors are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 financial statements.

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

- Identify and assess the risks of material misstatement of the 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 financial controls 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 system 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 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 financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

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 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 Section 143(3) of the Act, based on our audit 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 Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, Statement of Changes in Equity and the Statement of Cash Flow dealt with by this Report are in agreement with the relevant books of account.

(d) In our opinion, the aforesaid financial statements comply with the Ind AS specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

(e) On the basis of the written representations received from the directors as on March 31, 2021 taken on record by the Board of Directors, none of the director is disqualified as on March 31, 2021 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 over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in 'Annexure A'. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

2. With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:

In our opinion and to the best of our information and according to the 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.

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 the impact of pending litigations on its financial position in its financial statements.

ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

4. 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 "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

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

Place: Surat
Date: 30.06.2021

Rakesh Kumar Jain
Partner
Membership No. 106109

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of Paramount Cosmetics (India) Limited of even date)

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act").

Opinion

We have audited the internal financial controls over financial reporting of Paramount Cosmetics (India) Limited ("the company") as of March 31, 2021 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2021, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Management's Responsibility for Internal Financial Controls

The Company's management and Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. 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 respective 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.

Auditors' Responsibility

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Company based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. 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 over financial reporting was established and maintained and if 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 system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, 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 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 internal financial controls system over financial reporting of the Company.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting 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 control over financial reporting includes 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 Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, 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 over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

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

Place: Surat
Date: 30.06.2021

Rakesh Kumar Jain
Partner
Membership No. 106109

ANNEXURE "B" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 4 under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of Paramount Cosmetics (India) Limited of even date)

i. In respect of the Company's fixed assets:

(a) The company has maintained proper records showing full particulars, including quantitative details and situation of its fixed assets.

(b) The Company has a program of verification to cover all the items of fixed assets in a phased manner which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, fixed assets were physically verified by the management during the year. According to the information and explanations given to us, no material discrepancies were noticed on such verification.

(c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.

ii. In respect of its inventory:

As informed to us, the physical verification of inventory has been conducted by the management at reasonable intervals and the discrepancies noticed during such physical verification were not material.

iii. 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 Companies Act. Accordingly, paragraph 3(iii) of the Order is not applicable.

iv. In our opinion and according to the information and explanations given to us, the Company has not given loans, made investments, given guarantees and provided securities which are covered by the provisions of Section 185 and 186 of the Act. Accordingly, paragraph 3(iv) of the Order is not applicable.

v. The Company has not accepted deposits during the year and does not have any unclaimed deposits as at March 31, 2021 and therefore, the provisions of the clause 3 (v) of the Order are not applicable to the Company. No order has been passed by Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal for contravention of these sections or any other relevant provision(s) of the Act and the relevant rules.

vi. The Central Government has specified maintenance of cost records under Sub-Section (1) of Section 148 of the Act and we are of the opinion that prima facie such accounts and records are made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.

vii. According to the information and explanations given to us, in respect of statutory dues:

- The Company is not regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income Tax, Goods and Service Tax, Customs Duty, Cess and other material statutory dues applicable to it with the appropriate authorities.

- The following undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income Tax, Goods and Service Tax, Customs Duty, Cess and other material statutory dues in arrears as at March 31, 2021 for a period of more than six months from the date they became payable:

Name Of Statute	Nature Of Dues	Forum Where Amount Is Pending	Amount Lakhs
Employee State Insurance Act 1948	ESI Monthly Statutory Payment Dues	Employee State Insurance Corporation	11.35
Employees Provident fund & Miscellaneous Provisions Act 1952	EPF Monthly Statutory Payment Dues	Employer Provident Fund	0.62
Professional Tax Act 1987	PT Monthly Statutory Payment Dues	Professional Tax	0.89
Income Tax Act 1961	TDS Monthly Statutory Payment Dues	Income Tax Department	24.68
Income Tax Act 1961	Income Tax Payment Due	Income Tax Department	96.8

- 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 Statute	Nature Of Dues	Forum Where Dispute Is Pending	Date Of Notice	Amount in lakhs
Employee State Insurance Act 1948	Contribution and Interest	Office Of The Recovery Officer New Delhi	15-01-2020	2.37
Employee State Insurance Act 1948	Contribution and Interest	Employer Provident Fund	13-10-2019	0.46
Employees Provident fund & Miscellaneous Provisions Act 1952	Contribution and Interest	Assistant PF Commissioner VAPI	26-02-2020	0.14

- Viii In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to financial institutions, banks and government and dues to debenture holders.
- ix In our opinion and according to the information and explanations given to us, the term loans taken by the Company have been applied for the purpose for which they were raised. The Company had not raised money by way of initial public offer or further public offer (including debt instruments) during the current financial year.
- x According to the information and explanations given to us, no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the year.
- xi In our opinion and according to the information and explanations given to us, the Company has not paid/provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.
- xii The Company is not a Nidhi Company and hence reporting under clause 3 (xii) of the Order is not applicable to the Company.
- xiii In our opinion and according to the information and explanations given to us, the Company is in compliance with Section 177 and 188 of the Companies Act, 2013 where applicable, for all

transactions with the related parties and the details of related party transactions have been disclosed in the financial statements as required by the applicable Indian accounting standards.

- xiv During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly paid convertible debentures and hence reporting under clause 3 (xiv) of the Order is not applicable to the Company.
- xv In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its Directors or persons connected to its directors and hence provisions of section 192 of the Companies Act, 2013 are 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.

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

Place: Surat
Date: 30.06.2021

Rakesh Kumar Jain
Partner
Membership No. 106109

PARAMOUNT COSMETICS (INDIA) LIMITED
BALANCE SHEET AS AT 31STMARCH, 2021

(Rupees in Lakhs)

PARTICULARS	Note No.	As At 31st March, 2021	As At 31st March, 2020
ASSETS			
Non-current assets			
Property, plant and equipment	4	726.92	818.59
Capital Work in Progress	4	-	-
Other Intangible Assets	4	1003.75	1004.71
Financial assets			
- Investments`	5	0.19	0.43
Deferred tax assets (Net)	6	44.05	47.21
Other non-current assets	7	596.79	599.98
		2371.70	2470.91
Current assets			
Inventories	8	1631.51	1571.92
Financial assets			
- Trade Receivables	9	605.23	665.38
- Cash and cash equivalents	10	41.03	35.91
- Bank Balances other than above	11	29.69	50.92
- Current loans and advances	12	135.95	85.58
Other current assets	13	24.26	41.85
		2467.66	2451.57
TOTAL ASSETS		4839.36	4922.48
EQUITY AND LIABILITIES			
Equity			
Equity Share capital	14	485.50	485.50
Other equity	15	1464.65	1451.19
		1950.15	1936.69
LIABILITIES			
Non-current liabilities			
Financial liabilities			
- Borrowings	16	642.52	566.71
Non-Current provisions	17	73.61	74.95
Other Non-Current Liabilities	18	18.00	20.50
		734.13	662.16
Current Liabilities			
Financial liabilities			
- Borrowings	19	1043.41	1094.26
- Trade payables	20	342.91	261.82
- Other Financial Liabilities	21	172.55	181.83
Other current liabilities	22	444.29	642.72
Provisions	23	51.70	20.30
Current Tax Liabilities (net)	24	100.23	122.69
		2155.08	2323.63
TOTAL EQUITY AND LIABILITIES		4839.36	4922.48

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: 30.06.2021

Place: Bangalore

For and on behalf of Board

Paramount Cosmetics (India) Limited

Hiitesh Topiwaalla

Managing Director

DIN:01603345

Vishwajeet N Mehta

Director

DIN:02800993

Rajnish Matta

Chief Financial Officer

PARAMOUNT COSMETICS (INDIA) LIMITED
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2021

(Rupees in Lakhs)

PARTICULARS	Note No.	For the year ended 31st March, 2021	For the year ended 31st March, 2020
I Revenue from operations	25	1750.40	2417.95
II Other income	26	116.59	3.81
III Total Income		1866.99	2421.76
IV Expenses			
Cost of Material Consumed	27	363.14	640.77
Purchases of Stock-in-trade	28	53.79	-
Changes in inventories of finished goods, work-in-progress and Stock-in-Trade	29	-54.77	-23.06
Employee benefit expense	30	493.70	494.55
Finance Cost	31	231.06	225.22
Depreciation and amortization expense	4	106.36	124.67
Other expenses	32	635.54	914.11
Total expenses (IV)		1828.81	2376.27
V Profit/ (loss) before tax (III-IV)		38.18	45.49
Exceptional Item			
Profit/ (loss) before tax (III-IV)		38.18	45.49
VI Tax expense			
Current tax		-	14.97
Tax Adjustment for earlier years		0.75	46.74
Less: MAT Credit Entitlement		-	-
Net Current Tax		0.75	61.70
Deffered Tax	6	3.15	-4.44
		2.9	57.27
VII Profit/ (loss) for the year (V-VI)		34.28	-11.78
VIII Other comprehensive income			
A (i) Items that will not be reclassified to profit or loss	33	20.81	4.34
(ii) Income tax relating to items that will not be reclassified to profit or loss		-	-
B (i) Items that will be reclassified to profit or loss		-	-
(ii) Income tax relating to items that will be reclassified to profit or loss		-	-
		20.81	4.34
IX Total comprehensive income for the year			
(Comprising Profit(Loss) and Other Comprehensive Income for the year)		55.09	-7.44
X Earnings per equity share			
Basic and Diluted (Share of Rs 10/- each)		0.71	-0.24

See accompanying notes to the financial statements 1 & 33

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

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

RAKESH KUMAR JAIN
Partner
Membership Number 106109

Hiitesh Topiiwaalla
Managing Director
DIN:01603345

Vishwajeet N Mehta
Director
DIN:02800993

Date: 30.06.2021
Place: Bangalore

Rajnish Mehta
Chief Financial Officer

PARAMOUNT COSMETICS (INDIA) LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2021

(Rupees in Lakhs)

PARTICULARS	For the year ended 31 st March, 2021	For the year ended 31 st March, 2020
Cash flows from operating activities		
Net profit before tax	34.29	-11.77
Adjustments for non-cash items:		
Depreciation and amortization	106.36	124.67
Interest expenses	231.06	225.22
Rental Income	-	-
Interest Income	-14.90	-2.29
Provision for Gratuity	-9.37	-
Provision of Income Tax	3.90	57.27
Operating capital before working capital changes:	351.33	393.10
Changes in working capital		
(Decrease) / Increase in Trade Payables	81.09	-83.24
(Decrease) / Increase Other Financial liabilities	-9.29	-64.45
(Decrease) / Increase in other current liabilities	-198.42	369.90
(Decrease) / Increase in short-term provisions	31.39	4.71
(Decrease) / Increase in Non Current Provisions	-1.34	7.16
(Decrease) / Increase in Other Non current liabilities	-2.50	-1.50
(Decrease) / Increase in Current Tax Liability	-23.22	10.14
Decrease / (Increase) in Other Non-current assets	3.18	7.93
Decrease / (Increase) in inventories	-59.59	172.41
Decrease / (Increase) in trade receivables	60.15	-346.26
Decrease / (Increase) in Other Bank balances	21.23	-1.27
Decrease / (Increase) in Current Loans and Advances	-50.36	-41.69
Decrease / (Increase) in Other current assets	22.97	-2.19
Cash generated from/ (used in) operations	226.62	424.76
Direct Tax Paid (Net of Refunds)	-	-
Net cash flow from/ (used in) operating activities(A)	226.62	424.76
Cash flows from investing activities		
Purchase of fixed assets	-14.21	-7.64
Sale of Fixed Assets	-	6.84
Investments made during the year	0.24	-
Interest Income	14.90	2.29
Net cash flow from/ (used in) investing activities (B)	0.93	1.49
Cash flows from financing activities		
Increase (Decrease) in Long Term Borrowings	75.81	-148.72
Increase (Decrease) in Working Capital Borrowings	-67.18	-41.63
Restatement of compound financial instrument	-	-
Interest Expense	-231.06	-225.22
Net cash flow from/ (used in) financing activities (C)	-222.44	415.58
Net Increase / (Decrease) in cash and cash equivalents (A+B+C)	5.12	10.66
Cash and cash equivalents at the beginning of the year	35.91	25.25
Cash and cash equivalents at the end of the period	41.03	35.91
Components of Cash and Cash Equivalents		
Cash on Hand	7.54	34.87
With Banks	33.48	1.04
Total Cash and Cash Equivalents	41.03	35.91

See accompanying notes to the financial statements

1 to 33

In terms of our report attached.

For and on behalf of Board

For PARY & CO

Paramount Cosmetics (India) Limited

Chartered Accountants

FRN: 007288C

Hiitesh Topiwaalla

Managing Director

DIN:01603345

Vishwajeet N Mehta

Director

DIN:02800993

RAKESH KUMAR JAIN

Partner

Membership Number 106109

Date: 30.06.2021

Place: Bangalore

Rajnish Matta

Chief Financial Officer

Notes forming part of the financial statements as at March 31, 2021

Note: 5

Investments

(Amount in Lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Non-Trade Investment		
Investment in Equity Instruments	0.19	0.19
Investment in government or trust securities	-	0.24
Total Investments	0.19	0.43

Note: 6

Deferred Tax Assets (Net)

Particulars	As at March 31, 2021	As at March 31, 2020
Related to Disallowances u/s 43B & 40A(7) of Income Tax Act. 1961	17.48	21.07
Related to Property, Plant & Equipments	26.57	26.14
Total Defferd Taxes	44.05	47.21

Note: 7

Other Non Current Assets

Particulars	As at March 31, 2021	As at March 31, 2020
Unsecured Considered Good		
Security Deposits with Related Parties	575.00	575.00
Security Deposits	10.79	10.13
VAT Credits including Sales Tax Deposits	11.00	14.85
Total Other non-current assets	596.79	599.98

Note: 8

Inventories

Particulars	As at March 31, 2021	As at March 31, 2020
Raw Materials	284.56	279.75
Finished goods	1,150.34	1,084.49
Stores, Spares, Consumables etc	196.61	207.68
Total Inventories	1,631.51	1,571.92

Note: 9

Trade receivables

Particulars	As at March 31, 2021	As at March 31, 2020
Trade Receivables- Unsecured		
-		
(a) Trade Receivables considered good - Secured;	-	-
(b) Trade Receivables considered good - Un Secured;	-	-
- Less than 6 months	12.31	258.71
- 6 months to 1 year	592.91	481.18
-Less:- Provision for doubtful debts	-	74.50
(c) Trade Receivables which have significant increase in Credit Risk; and	-	-
1- 2 years	-	-
2-3 years	-	-
More Than 3 years	-	-
Less:-Provision For Doubt Full Debts	-	-
(d) Trade Receivables - credit impaired	-	-
<u>Other</u>	-	-
- Considered good	-	-
- Considered doubtful	-	-
Total Trade Receivables	605.23	665.38

Note: 10

Cash and Cash Equivalents

Particulars	As at March 31, 2021	As at March 31, 2020
Cash on hand	7.54	34.87
Balances with banks-		
- In current account	33.48	1.04
Total Cash and bank balance	41.03	35.91

Note: 11

Bank Balances Other Than Above

Particulars	As at March 31, 2021	As at March 31, 2020
Fixed deposit with Banks LC Margin money	14.88	36.23
In unclaimed Dividend accounts	14.81	14.69
Total Other bank balances	29.69	50.92

Note: 12

Current Loans & Advances

Particulars	As at March 31, 2021	As at March 31, 2020
Unsecured Considered Good		
Loans & Advances to Employees	50.66	42.28
Balance with Govt. Authorities	81.79	29.46
Advances given to Suppliers of Goods	3.50	3.50
Advances to Expenses Creditors	-	10.35
Total Current Loans & Advances	135.95	85.58

Note: 13

Other Current Assets

Particulars	As at March 31, 2021	As at March 31, 2020
Advances other than Capital Advances		
Interest accrued on Fixed Deposit	16.07	14.18
Prepaid Expenses	5.69	19.79
Others	2.49	7.87
Total Other Current Assets	24.26	41.85

Note: 15

Other Equity

Particulars	As at March 31, 2021	As at March 31, 2020
Share Premium		
Opening Balance	1,085.25	1,085.25
Add: Any further addition	-	-
Less: Utilised/ transferred during the year	-	-
Closing Balance	1,085.25	1,085.25
Capital Reserve		
Opening Balance	0.31	0.31
Add: Any further addition	-	-
Less: Utilised/ transferred during the year	-	-
Closing Balance	0.31	0.31
Retained Earnings		

Opening Balance	364.72	372.15
Less: Depreciation charged due to reduction in useful life	-	-
Add: Profit/(Loss) for the year	34.29	(7.43)
Add: Transfer from Equity component of CFI	-	-
Amount available for appropriation	399.00	364.72
Other Comprehensive Income		
Remeasurement Gains/(losses) on defined benefit plans		
Opening Balance	0.92	5.26
Add or Less : Transactions during the year	20.81	4.34
Closing Balance	(19.90)	0.92
Total Other Equity	1,464.66	1,451.19

Note: 16

Non Current Borrowings

Particulars	As at March 31, 2021	As at March 31, 2020
Secured		
Bond/Debentures		
Term Loans		
- From Bank*	272.17	167.66
- From Other Parties	30.40	39.84
Unsecured		
Trade Deposits/Advances	120.01	120.01
Loans and Advances From Related Parties	219.93	239.20
Total Non Current Borrowings	642.52	566.71

Details of Security *

i. WCTL - 1. Second charge on entire current assets (both present and future) of the company. 2. Second charge on all assets created under expansion, which inter alia includes land and building bearing sy no. 124/3B measuring 2 acres 4 cents situated at chennapalli village, Hosur taluk, Krishnagiri Dist, Tamilnadu. Collateral : 1. Equitable mortgage of 3 flat no. 902, 903 and 904 with built up area of 945 Sq Ft at Prestige Meridian , 29, M G Road, Bangalore owned by Paramaount Kum kum on Second charge basis. 2. Equitable mortgage of 400Sq Mt & Building on 320 St Ft thereon located at plot no. 168/244, Dabhel village, Daman owned by Paramount Cosmetics (I) Limited on second charge basis. 3. Equitable mortgage of Industrial plot of land measuring 328 Sq Mt bearing no. 168/245 along with built up area of 276.80 Sq Mt located at village Dabhel, Daman Dist owned by Paramount Cosmetics (I) Limited on second chage basis. 4. Equitable mortgage of land measuring 2702 Sq Mt along with built up area of 688.32 Sq Mt & Watchman cabin 9.36 Sq Mt located at A-1/2211, Phase GIDC, Vapi, Dist Valsad, Gujarat owned by Paramount cosmetics (I) Limited on second charge basis. 5. Second charge on Plant & Machinery and other Fixed Assets which are not funded by IDBI Bank. Personal Gurantee: Irrevocable and unconditional personal gurantee of : Shri Hiitesh Topiiwaalla, Managing director of the company on second charge basis. Corporate Gurantee of : M/s. Paramount Kum Kum Private Limited on Second chage basis. NCGTC : Compulsaorily covered under Guaranteed emergency credit line (GECL) under NCTGC. Term Loan is repayable in 36 EMIs of Rs 7.48 Lakhs, last EMI is payable on March 2024 Interest is payable @ 9.1% pa.

ii. Cash Credit - Exclusive charge over all the current assets of the Company, First charge on all assets created under expansion, which inter alia includes land and building bearing sy no. 124/3B measuring 2 acres 4 cents situated at chennapalli village, Hosur taluk, Krishnagiri Dist, Tamilnadu and second charge for WCTL, repayment on demand, Interest is payable @ 9.55% pa. for the intitial period of two years

iii. Unsecured loans from related parties are interest free and are expected to be repaid after 31/03/2020

iv. Unsecured other loans from otherr parties are repayable in 36 EMIs, It consists of borrowing from 5 Parties rate of interest varies from 14% to 21%.

v. Vehicle term loan of Rs Nil (Previous Year 2.06) included under secured loan from Bank are secured against hypothecation of vehicles.

Note: 17

Non Current Provisions

Particulars	As at March 31, 2021	As at March 31, 2020
Gratuity	27.43	36.80
Leave Encashment	46.18	38.14
Total Non Current Provisions	73.61	74.95

Note: 18

Other Non Current Liabilities

Particulars	As at March 31, 2021	As at March 31, 2020
Subsidy Received (Deffered Income)	18.00	20.50
Total Non Current Provisions	18.00	20.50

Note: 19

Current Borrowings

Particulars	As at March 31, 2021	As at March 31, 2020
Secured		
Loans repayable on demand		
- From Bank	-	-
- Working capital loan	1,043.41	1,094.26
Total Current Borrowings	1,043.41	1,094.26

Details of Security

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 Dabel 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.

Note : 20

Trade Payables

Particulars	As at March 31, 2021	As at March 31, 2020
(i) MSME		
- Less than One Year	85.71	12.78
(ii) Others		
- Less than One Year	257.20	249.04
Total Trade Payables	342.91	261.82

Note :21

Other Current Financial Liabilities

Particulars	As at March 31, 2021	As at March 31, 2020
Current Maturities of long term debt	157.73	157.38

Unclaimed Dividend	14.81	14.69
Creditors for Capital Expenditure	-	9.76
Total Other Current Financial Liabilities	172.55	181.83

Note: 22

Other Current Liabilities

Particulars	As at March 31, 2021	As at March 31, 2020
Statutory Dues	114.16	113.93
Payable for Expenses	330.13	528.79
Total Other Current Liabilities	444.29	642.72

Note: 23

Short-term Provision

Particulars	As at March 31, 2021	As at March 31, 2020
Provision for Employee benefits		
Bonus	13.51	15.59
Gratuity	1.04	1.91
Leave encashment	2.36	2.81
Interest on IT (Earlier period)	34.79	-
Total Short-term provisions	51.70	20.30

Note: 24

Current Tax Liabilities (Net)

Particulars	As at March 31, 2021	As at March 31, 2020
Provision for Taxation	100.74	123.20
Less : Advance Income tax (Inc TDS receiveable)	0.51	0.50
Total Current Tax Liabilities (Net)	100.23	122.69

Note : 25

Revenue from operations

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020

Sale of Products	1,750.40	2,417.95
Other Operating Revenue	-	-
Total	1,750.40	2,417.95

Note : 26

Other Income

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Interest Income	14.90	2.29
Sale of Scrap	0.53	0.02
Other Non Operating Income	101.17	1.50
Total	116.59	3.81

Note : 27

Cost of Raw Material Consumed

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Opening Stock of Raw Material	279.75	475.44
Add:- Purchases (Net)	309.89	384.41
Add:- Freight Charges	6.61	12.69
Add:- Clearing & Forwarding Charges	8.17	10.39
Add:- Custom Duty	43.27	37.58
Less:- Closing Stock of Raw Material	284.56	279.75
Total	363.14	640.77

Note : 28

Purchases of stock-in-trade

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Purchase of traded goods (Net)	53.79	-
Total	53.79	-

Note : 29

Changes in inventories of finished goods, work-in-progress and Stock- in-Trade

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Opening Inventory		
Finished Goods	1,084.49	1,267.50
Packaged Goods	207.68	1.62
Closing Inventory		
Finished Goods	1,150.34	1,084.49
Stores, Spares, Consumables etc	196.61	207.68
Net (Increase)/Decrease	(54.77)	(23.06)

Note : 30

Employee benefits expense

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Salaries to Directors	69.10	57.42
Salaries and Wages - Others	406.88	396.58
Contribution to Provident Fund	2.47	7.77
Contribution to ESI Fund	1.55	3.75
Workmen & Staff Welfare Expenses	5.81	12.09
Bonus	6.40	11.30
Gratuity	1.50	5.65
Total	493.70	494.55

Note : 31

Finance costs

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Interest Expenses		
Bank - on borrowings	177.91	182.69
Directors - on borrowings	-	-
Others - on borrowings	12.80	37.68
Others - delayed payment of IT	34.78	-

Other borrowing Cost	5.57	4.85
Total	231.06	225.22

Note : 32

Other expenses

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Manufacturing Expenses (A)		
Consumable Stores & Spares	1.12	4.02
Labour Charges	55.26	95.81
Power and Fuel	16.85	11.04
Repairs and maintenance on building	0.46	0.71
Repairs and maintenance on machinery	4.15	4.79
Security Service Charges	1.62	6.47
Total (A)	79.47	122.84
Selling & Distribution Expenses (B)		
Sales Promotion Expenses	86.60	250.58
MES Expenses	72.29	138.70
CFA Commission & Reimbursements	54.38	73.52
Carriage Outwards	10.89	22.75
Advertisement expenses	20.68	3.18
Royalty	52.05	28.20
Total (B)	296.89	516.93
Establishment Expenses (C)		
Rent	34.37	27.76
Rates and Taxes	31.09	17.65
Net Loss on foreign currency transactions and translations	12.35	3.41
Travelling and conveyance	13.10	32.19
Legal and professional	65.29	93.47
Repair & Maintenance Other	16.88	34.77
Recruitment Charges	13.55	-
Insurance	9.11	4.48
Payment Auditors	3.50	4.50
Communication Expenses	8.33	14.29
Printing and Stationery	2.01	1.34
Miscellaneous expenses	49.59	40.48

Total (C)	259.17	274.34
Total (A+B+C)	635.54	914.11

Note : 33

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Items that will not be Reclassified to Profit and Loss Account	20.81	4.34
Total	20.81	4.34

Note : 34

Particulars	2020-21	2019-20
Foreign Currency Income & Expenditure		
- Value of Imports on CIF Basis in respect of		
Raw Materials and Stock-in-Trade	107.88	118.80
- Expenditure in Foreign Currency :		
Travelling Expenses		-
The company has no non-resident share holder, therefore disclosure about forex remittances of dividend amount, number share held by them and year to which dividend are related does not arise		
- Earnings in Foreign Exchange		
FOB Value of Export	7.26	17.00
Earnings Per Share (EPS)		
Particulars	2020-21	2019-20
Net Profit/(Loss) after Tax as per Profit and Loss Statement attributable to Equity Shareholders	34.29	(11.78)
Weighted Average number of Equity Shares used as denominator for calculating EPS	48.55	48.55
Basic and Diluted Earnings per Share	0.71	(0.24)
Face Value per Equity Share	10	10
Contingent Liabilities and Commitments		
Particulars	2020-21	2019-20
Contingent liabilities		
Letter of Credit	18.84	1.91
Other disputed claims	2.97	2.97
Particulars		
	2020-21	2019-20

Director Remuneration	69.10	57.42
Payments to Auditors	2020-21	2019-20
Audit fees	3.50	3.50
Tax Audit fees	1.00	1.00
Regrouping & Reclassification		
The previous year figures have been regrouped/ reclassified wherever necessary to facilitate comparison with current year's figures.		
Balance Confirmation from Parties		
Balances in parties' accounts are subject to confirmation and reconciliation.		
Impact Of COVID -19 Pandemic		
The outbreak of Corona virus (COVID-19) pandemic globally and in India is causing significant disturbance and slowdown of economic activity. The Company's operations and revenue during the period were impacted due to COVID-19. The Company has taken into account the possible impact of COVID-19 in preparation of the audited standalone financial results, including its assessment of recoverable value of its assets based on internal and external information up to the date of approval of these audited standalone financial results and current indicators of future economic conditions.		

AS-18 Related Party Disclosure

Note : 35

Details of Related party disclosure

The Company's material related party transactions and outstanding balances are with the following categories of related parties with whom the Company enters into the transaction in the ordinary course of business:

Description of Relationship		Names of the Related Parties
[a]	Key Management Personnel (KMP)	Hiitesh Topiwaalla Mrs Aartii Topiwaala Mr. Mukesh Kumar Tyagi (Resigned) Mr Shishir Babubhai Desai Mr. Vishwajeet Nalinkat Mehta Pooja Agarwal (Resigned) Prathyusha (Resigned)
[b]	Enterprises over which Directors have significant influence	Paramount Kum Kum Private Limited Paramount Personal Care Private Limited Parcos Brands Private Limited Parcos Brands Investments Private Limited Parcos Brands Communication Private Limited Aiyon Innovations Private Limited
[c]	Associate company	Paramount Kum Kum Private Limited Paramount Personal Care Private Limited Parcos Brands Private Limited Parcos Brands Investments Private Limited Parcos Brands Communication Private Limited Aiyon Innovations Private Limited

Nature of Transaction with Related Parties			
[i]	Loans Accepted	2020-21	2019-2020
	Hiitesh Topiiwaalla	52.56	118.13
[ii]	Loans Repaid	2020-21	2019-2020
	Hiitesh Topiiwaalla	71.84	105.72
	Paramount Kum Kum Pvt Ltd	-	1.84
[iii]	Remuneration	2020-21	2019-2020
	Hiitesh Topiiwaalla	69.10	57.42
[iv]	Rent Expenses / (Income)	2020-21	2019-2020
	Paramount Kum Kum Pvt Ltd	25.40	14.16
[v]	Sales	2020-21	2019-2020
	Paramount Kum Kum Pvt Ltd	-	437.5
[vi]	Purchases	2020-21	2019-2020
	Paramount Kum Kum Pvt Ltd	-	40.41
[vii]	Outstanding Payable as at Year end	2020-21	2019-2020
	Hiitesh Topiiwaalla	64.09	83.36
	Mrs Aartii Topiwaala	4.61	4.61
	Paramount Kum Kum Pvt Ltd	84.65	151.23
[vii]	Outstanding Receivable as at Year end	2020-21	2019-2020
	Paramount Kum Kum Pvt Ltd	680.48	680.48
[viii]	Security Deposit	2020-21	2019-2020
	Paramount Kum Kum Pvt Ltd	575.00	575.00
[ix]	Royalty Fees	2020-21	2019-2020
	Parcos Brands Private Limited	0.06	0.21
	Paramount Kum Kum Pvt Ltd	51.99	27.99
	Total	52.05	28.20

Notes forming part of the financial statements as at March 31, 2021

Note : 36 Employee benefit plans

1. Defined benefit plans - Gratuity

In accordance with Indian law, the Company operates a scheme of gratuity which is a defined benefit plan. The gratuity plan provides for a lump sum payment to vested employees at retirement, death while in employment or on termination of employment of an amount equivalent to 15 to 30 days' salary payable for each completed year of service. Vesting occurs upon completion of five continuous years of service. The Company manages the plan through a trust. The following table sets out the details of the defined benefit retirement plans and the amounts recognised in the financial statements:

[i] Change in benefit obligations

Particulars	For the period ending	
	31-Mar-21	31-Mar-20
Present Value of Obligation as at the beginning	40.23	35.56
Interest Cost	2.73	2.74
Current Service Cost	6.34	6.26
Benefits Paid		
Actuarial (Gain) / Loss on the Obligation	-20.84	-4.33
Present Value of Obligation as at the end	28.46	40.23

[ii] Change in plan assets

Particulars	For the period ending	
	31-Mar-21	31-Mar-20
Fair Value of Plan Assets as at the beginning	40.22	35.56
Expected Return on Plan Assets	9.07	9.00
Employer's Contributions		
Benefits Paid		
Actuarial Gain / (Loss) on the Plan Assets	-20.84	-4.34
Fair Value of Plan Assets as at the end	28.45	40.22

[iii] Funded status - recognised in Balance Sheet

Particulars	For the period ending	
	31-Mar-21	31-Mar-20
Deficit of plan assets over obligations		-
Total - Deficit		-

[iv] Category of assets

Particulars	As on	
	31-Mar-21	31-Mar-20

Funds managed by Insurer	100%	100%
Total	100%	100%

[v] Net periodic gratuity / pension cost, included in employee cost consists of the following components:

Particulars	For the period ending	
	31-Mar-21	31-Mar-20
Current Service Cost	6.34	6.26
Interest Cost	2.73	2.74
Expected Return on Plan Assets		
Net Actuarial (Gain) / Loss recognised in the period		
Others		-
Expenses Recognised in statement of Profit and Loss	9.07	9.00

The discount rate indicated above reflects the estimated timing and currency of benefit payments. It is based on the yields / rates available on applicable bonds as on the current valuation date.

The salary growth rate indicated above is the Company's best estimate of an increase in salary of the employees in future years, determined considering the general trend in inflation, seniority, promotions, past experience and other relevant factors such as demand and supply in employment market, etc.

Attrition rate indicated above represents the Company's best estimate of employee turnover in future (other than on account of retirement, death or disablement) determined considering various factors such as nature of business, retention policy, industry factors, past experience, etc.

The significant actuarial assumptions for the determination of the defined benefit obligations are discount rate and expected salary increase. The sensitivity analysis below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant..

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligations as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumption may be correlated. Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligations has been calculated using the Projected Unit Credit Method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognised in the balance sheet. Each year an Asset - Liability matching study is performed in which the consequences of the strategic investment policies are analysed in terms of risk and return profiles. Investment and contribution policies are integrated within this study.

Risk analysis

Company is exposed to a number of risks in the defined benefit plan. Most significant risks pertaining to defined benefits plan and management estimation of the impact of these risks are as follows:

a. Investment risk

The present value of the defined benefit plan liability is calculated using a discount rate determined by reference to Government of India bonds. If the return on plan asset is below this rate, it will create a plan deficit.

b. Interest risk

A decrease in the interest rate on plan assets will increase the plan liability.

c. Longevity risk/life expectancy

The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and at the end of the employment. An increase in the life expectancy of the plan participants will increase the plan liability.

d. Salary growth risk

The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. An increase in the salary of the plan participants will increase the plan liability

2. Defined contribution plans:

A sum of Rs.5.65 Lakhs has been charged to the Statement of Profit and Loss in respect of Company's contribution to provident fund and employees state insurance.

for and on behalf of the Board
PARAMOUNT COSMETICS (INDIA) LIMITED

As per our report of even date
for PARY & CO.,
Chartered Accountants
Firm Reg. No. 007288C

Hiitesh Topiiwaalla **Vishwajeet N Mehta**
Director **Director**
(DIN 01603345) **(DIN 02800993)**

RAKESH KUMAR JAIN
Partner
Membership No : 106109
Place : Surat
Date : 30-June-2021

Rajnish Matta
Chief Financial Officer
Place : Bangalore
Date : 30-June-2021

Note: 4
Depreciation [As per Companies Act ,2013]

Sl. No.	Property, Plant & Equipment	Gross Block				Depreciation Block					Net Block	
		Cost as on April 1, 2019	Addition	Deletion	Total Cost as on March 31, 2020	Balance as on April 1, 2019	Depreciation for the Year	Reversal of Depreciation	Transfer to Reserves	Balance as on March 31, 2020	As at March 31, 2020	As at March 31, 2019
	Tangible assets, owned											
1	Land	79.50	-		79.50	-	-	-	-	-	79.50	79.50
2	Building	683.49	-		683.49	222.28	43.82	-	-	266.09	417.40	461.21
3	Plant and equipment	452.20	0.59		452.79	247.24	37.12	-	-	284.36	167.93	204.96
4	Furniture and fixtures	108.84	-		108.84	76.92	8.27	-	-	85.18	23.66	31.93
5	Vehicles	26.85	-		26.85	19.32	2.35	-	-	21.67	5.18	7.53
6	Office Equipment	11.12	0.71		11.83	9.76	0.71	-	-	10.47	1.36	1.36
7	Electric Installations	73.46	-		73.46	51.31	5.73	-	-	57.05	16.41	22.14
8	Computer Equipment	10.97	11.81	-	22.79	8.85	4.88	-	-	13.73	9.06	2.13
9	Factory Equipment	2.65	-		2.65	1.64	0.18	-	-	1.83	0.82	1.00
10	Moulds	15.08	-		15.08	8.89	1.12	-	-	10.01	5.07	6.19
11	R & D Equipments	1.56	-		1.56	0.92	0.12	-	-	1.04	0.53	0.64

					-					-	-	-	
	Total (A)	1,465.72	13.11	-	1,478.84	647.13	104.30		-	-	751.43	726.92	818.59
	Intangible assets, owned												
1	Computer software	10.66	1.10	-	11.76	5.96	2.06		-	-	8.02	3.75	4.71
2	Copyrights, patents and other IPR	1,000.00	-	-	1,000.00	-	-		-	-	-	1,000.00	1,000.00
					-						-	-	-
	Total (B)	1,010.66	1.10	-	1,011.76	5.96	2.06		-	-	8.02	1,003.75	1,004.71
1	Capital Work in Progress	-	-	-	-	-	-		-	-	-	-	-
	Current Year (A+B+C)	2,476.39	14.21	-	2,490.60	653.09	106.36		-	-	759.45	1,730.67	1,823.30
	Previous Year	2,475.59	7.64	6.84	2,476.39	528.41	124.67		-	-	653.09	1,823.30	1,947.17

Note : 6

(Amount in Lakhs)

Components of Deferred Tax Asset/(Liability)						
Particulars	Opening Balance		Current Year Adjustment		Closing Balance	
	March 31, 2020				March 31, 2021	
	Amount	DTA/(DTL)	Amount	DT	Amount	DTA/(DTL)
Difference in Written Down Value	103.85	26.14		-0.43	105.58	26.57
Book Losses						
Disallowance u/s 40 a(ia)						
Gratuity u/s 40A(7)	40.21	10.35		3.19	28.47	7.16
Current year		-		-		-
Reversal of Previous Year		-		-		-
Disallowance u/s 43B						
Leave Salary	41.61	10.71		0.40	40.99	10.32
Current year		-		-		-
Reversal of Previous Year		-		-		-
Preliminary expenses						
Current year		-	-	-	-	-
Reversal of Previous Year			-	-		-
Total	185.67	47.21	-	3.15	175.03	44.05

Notes forming part of the financial statements
(All amounts in Indian Rupees, unless otherwise stated)

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 Plot No:165/B-15&16, 2nd Phase ,G I D C,VAPI, District Valsad, Gujarat-396195

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

The financial statements for the year ended March 31, 2021 were approved by the Board of Directors and authorised for issue on June 30, 2021.

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 realisation 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 amortised 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 Judgements

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 recognised 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 amortised 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.

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 judgement is required in establishing fair values. Judgements 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.

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 2020. 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 finalising changes to systems and processes to meet the accounting and reporting requirements of the standard.

With effect from April 1, 2019, the Company will recognise 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.

3 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 and Equipment:

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.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item

will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance cost are charged to the Statement of Profit and Loss during the period in which they are incurred.

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 amortisation and accumulated impairment losses, if any.

The useful lives of intangible assets are assessed as either finite or indefinite. Finite-life intangible assets are amortised 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.

The outbreak of COVID-19 pandemic globally and In India is causing significant disturbance and slowdown of economic activities. COVID-19 has caused interruption in production, supply chain disruption, on availability of manpower, etc., during the last week of March 2020 and thereafter. The management of the company has exercised due care in concluding significant accounting judgments and estimates in preparation of the financial results. In assessing recoverability of trade receivables, the company has considered subsequent recoveries, past trends, credit risk profiles of the customers and internal and external information available up to the date of issuance of these financial results. However, due to COVID-19 pandemic, the company could not obtain balance confirmation from its receivables. In assessing the recoverability of inventories, the company has considered the latest selling prices, customer orders on hand and margins. Based on the above assessment, the company is of the view that the carrying amounts of trade receivables and inventories are expected to be realizable to the extent shown in the financial results. Impact of COVID-19 is highly uncertain and may be different from the estimates as at the date of approval of these financial results and the company will continue to closely monitor any material changes in future economic conditions. The company's management has made initial assessment of likely adverse impact on the business and financial risk and believes that impact is likely to be short term in nature. The management does not see any medium to long term risk in the Company's ability to continue as a going concern and meeting its liabilities as and when they fall due.

Due to COVID-19 pandemic related lockdown in India as at March 31, 2020, the Company was not able to undertake year end physical verification of inventory and the same has been carried out by the management subsequent to the date of the balance sheet. Due to this lock down, the Auditors were also not able to participate in the physical verification of inventory. The company has consequently applied the roll back procedures to arrive at the physical status of year-end inventory for the purpose of finalization of accounts for the financial year 2019-20.

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 recognised 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 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, allowances 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 capitalised 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 capitalisation.

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.

3.16 **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 - Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value measured on initial recognition of financial asset or financial liability. 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 forwardlooking 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 are measured at fair value with all changes in fair value recognised in the Statement of Profit and Loss.

**In terms of our report attached.
For PARY & CO**

**Chartered Accountants
FRN: 007288C**

**RAKESH KUMAR JAIN
Partner
Membership Number 106109
Date: 30.06.2021
Place: Bangalore**

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

**Hiitesh Topiiwaalla
Managing Director
DIN:01603345**

**Rajnish Matta
Chief Financial Officer**

**Vishwajeet N Mehta
Director
DIN:02800993**

PARAMOUNT COSMETICS (INDIA) LIMITED

CIN: L24240GJ1985PLC008282

Regd. Office: Plot No. 165/B-15 & 16, 2nd Phase G.I.D.C, Vapi, District Valsad, Gujarat - 396195

Corp. office: 902-904, 9th Floor, Prestige Meridian-1, 29 M.G. Road, Bangalore - 560001

Tel: 080-25320870 / 71 / 25327357

Email : compliance.officer@parammount.com

website : www.parammount.com