

FORM A

S.No.	Particulars	Details
1.	Name of the Company	Paramount Printpackaging Limited
2.	Annual financial statements for the year ended	31st March 2013
3.	Type of Audit observation	<u>Un-qualified / Matter of Emphasis</u> Some of the matters of emphasis have been referred in clause 2 of Independent Auditors Report and clause 4, 7, 9 & 11 of Annexure to the Independent Auditors Report for the year ended 31 st March' 2013
4.	Frequency of observation	Twice

This is for your information, kindly take the above on record.

Yours Truly,

For Paramount Printpackaging Limited



(Divyesh Sukhadia)
Chairman & Managing Director



(Vanraj Sukhadia)
Chief Financial Officer



(Hemang Engineer)
Audit Committee
Chairman

For Laxmikant Kabra & Co.

Chartered Accountants

Firm Registration No: 117183W



Laxmikant Kabra

(Proprietor)

Membership No. :101839





Laxmikant Kabra & Co.

Chartered Accountants

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INDEPENDENT AUDITOR'S REPORT

TO,
THE MEMBERS OF
PARAMOUNT PRINTPACKAGING LIMITED

Report on financial statements

We have audited the accompanying financial statements of **PARAMOUNT PRINTPACKAGING LIMITED** ("the Company"), which comprise the Balance Sheet as at March 31, 2013, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management responsibility for the financial Statement

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
- b) in the case of the Profit and Loss Account, of the loss for the year ended on that date; and
- c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.





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Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. Without qualifying our report, we draw attention to, note no. 30 for pending confirmation and reconciliation, if any, of some of the parties appearing under Sundry Debtors, Loans and Advances and Sundry Creditors.
3. As required by section 227(3) of the Act, we report that:
 - a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b) in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books
 - c) the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - d) in our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956;
 - e) on the basis of written representations received from the directors as on March 31, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

For Laxmikant Kabra & Co.

Chartered Accountants

Firm Registration No: 117183W

Laxmikant Kabra
(Proprietor)

Membership No. :101839



Place: Navi Mumbai

Date: May 29, 2013



Laxmikant Kabra & Co. Chartered Accountants

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ANNEXURE TO THE AUDITOR'S REPORT TO THE MEMBERS OF PARAMOUNT PRINTPACKAGING LIMITED FOR THE YEAR ENDED 31ST MARCH, 2013 (Referred to in paragraph 6 of our report of even date)

- 1)
 - a) The company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets.
 - b) Physical verification of the fixed assets is done by the management as per regular programme of verification, which in our opinion needs to be strengthened having regards to the size of company and nature of assets. As informed, no material discrepancies were noticed on such verification.
 - c) No disposal of substantial part of the fixed assets of the company has taken place during the year other than certain plant and machineries which were of no commercial use in the opinion of the management and the sale deed for the new land was subsequently cancelled
- 2)
 - a) As explained to us, the inventories were physically verified by the management at reasonable intervals during the year:
 - b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
 - c) In our opinion and according to the information and explanation given to us, the company has maintained adequate records of its inventories and the discrepancies noticed on such physical verification between physical stock and the book records have been adequately dealt with in the books of account.
- 3) In respect of the loans secured or unsecured, granted or taken by the Company to/
from companies, firms or other parties covered in the register maintained under section 301 of
the Companies Act, 1956.
 - a) The company has granted interest bearing unsecured loan to 2 parties covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year is Rs. 60,63,771/- and the year-end balance is Rs. 60,63,771/- .
 - b) In our opinion and according to the information and explanation given to us, the rate of interest and other terms and conditions of the loans given by the company, are not prima facie, prejudicial to the interest of the company.
 - c) The Loan granted is repayable on demand and we are given to understand that these loans have not yet been recalled.





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- d) The company has taken interest free unsecured loan from 6 parties covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year is Rs. 4,27,80,411/- and the year-end balance is Rs. 30,00,000.
- e) In our opinion and according to the information and explanation given to us, terms and conditions on which loans have been taken from parties listed in the register maintained under section 301 of the Companies Act, 1956 are prima facie, not prejudicial to the interest of the company.
- f) The Loan taken is repayable on demand.
- 4) *In our opinion, and according to the information and explanations given to us, the company is having inadequate internal control systems commensurate with the size of the Company and the nature of its business with regards to purchase of fixed assets, sale of goods and services. During the course of our audit, we have noticed inadequate internal control system with respect to review and reconciliation of book balances of customers, vendors, Loan and Advances given and hence in our opinion, internal control system of the company needs to be strengthened.*
- 5) a) Based on the audit procedures applied by us and according to the information and explanations provided by the management, we are of the opinion that the particulars of the contracts and arrangements that need to be entered in the register maintained in section 301 of the Companies Act, 1956 have been so entered.
- b) The transaction of purchase of goods and material and sale of goods, material and services, made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the act and exceeding the value of rupees five lacs in respect of any party during the year, have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- 6) In our opinion and according to the information and explanation given to us, the company has complied with the directives issued by the Reserve Bank of India and the provisions of section 58A and 58AA or any other relevant provisions of the act and rules framed there under, with regard to the deposits accepted from the public.
- 7) *The company has its in house internal audit department. In our opinion, the scope and coverage of internal audit needs to be strengthened to commensurate with the size of the company and nature of its business.*
- 8) The company is covered under the cost audit rules from F.Y. 2012-13 and we are informed that the audit is under progress





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- a) Based on verification of the records of the company, we are of the opinion that the company is not regular in depositing undisputed statutory dues including Provident fund, employees' State Insurance, Income tax, Sales tax, Wealth tax, Service tax, Custom Duty, excise Duty and other statutory dues with the appropriate authorities. According to the information and explanation given to us, there are no undisputed amounts payable in respect of such statutory dues which have remained outstanding as on 31st March, 2013 for a period of more than six months from the day they became payable except as referred below:-

Nature of Dues	Amount
Provident Fund	45,86,718
Profession Tax	17,500
Central Sales Tax	17,44,779
Wealth Tax F.Y.2010-2011	45,000
Wealth Tax F.Y.2011-12	38,000
Tax Deducted at Source	65,29,833
Income Tax (Incl. Interest) F.Y. 2011-2012	68,25,301

- b) According to information and explanation given to us, the details of disputed sales tax demand that have not been deposited on account of disputes are given below:-

Name of Status	Nature of dues	Amount	Period to which amount relates	Forum where dispute pending
Maharashtra Value Added Tax Act	Sales Tax	21,22,504	2003-2004	Deputy Comm. of Sales Tax (Appeals)
Central Sales Tax Act	Sales Tax	8,56,538	2003-2004	Deputy Comm. of Sales Tax (Appeals)
Maharashtra Value Added Tax Act	Sales Tax	26,83,596	2004-2005	Deputy Comm. of Sales Tax (Appeals)
Central Sales Tax Act	Sales Tax	12,15,147	2004-2005	Deputy Comm. of Sales Tax (Appeals)

- 10) During the year under review, though the company has incurred cash loss, it has no accumulated losses at the end of the financial year which is more than fifty percent of its net worth.
- 11) On the basis of audit procedures performed by us, and according to the information, explanation and representation given to us by the management, we state that the company had defaulted in certain repayment of dues (including interest) of domestic financial institutions and banks. The default in principal amount and the interest aggregates to Rs 52,30,000/- and Rs 78,01,291/- respectively. However upto the date of approval of the accounts, the company has paid the principal amount and the interest aggregates to Rs/- nil and Rs 13,62,244/- respectively with respect to above stated dues.





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- 12) The Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- 13) The provisions of any Special Statute applicable to Chit funds, Nidhis or mutual Benefit funds / Societies are not applicable to the company.
- 14) The company is not dealing in or trading in shares, securities, debentures, or other investments and hence, requirement of paragraph 4(xiv) are not applicable to the company.
- 15) The Company has not given any guarantee for loans taken by others from bank or financial institutions.
- 16) On the basis of the review of the utilization of funds pertaining to term loans on overall basis and related information as made available to us by the Company, prima facie, the term loans taken by the Company were applied for the purpose for which they had been raised.
- 17) According to Cash flow statements and other records examined by us and on the basis of the information and explanation given to us, on an overall basis, funds raised on short term basis have, prima facie, not been used for Long Term Investment.
- 18) According to the information and explanations given to us, the company has not made preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act.
- 19) Since the company does not have any debentures, the question of creation of securities for debentures does not arise.
- 20) The Company has not raised any money by public issue during the year.
- 21) To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the company was noticed or reported during the year.

For Laxmikant Kabra & Co.
Chartered Accountants
Firm Registration No: 117183W

L. Kabra

Laxmikant Kabra
(Proprietor)
Membership No. :101839



Place: Navi Mumbai
Date: May 29, 2013