



SHALIMAR
PAINTS



THE ART & SCIENCE OF PAINTS

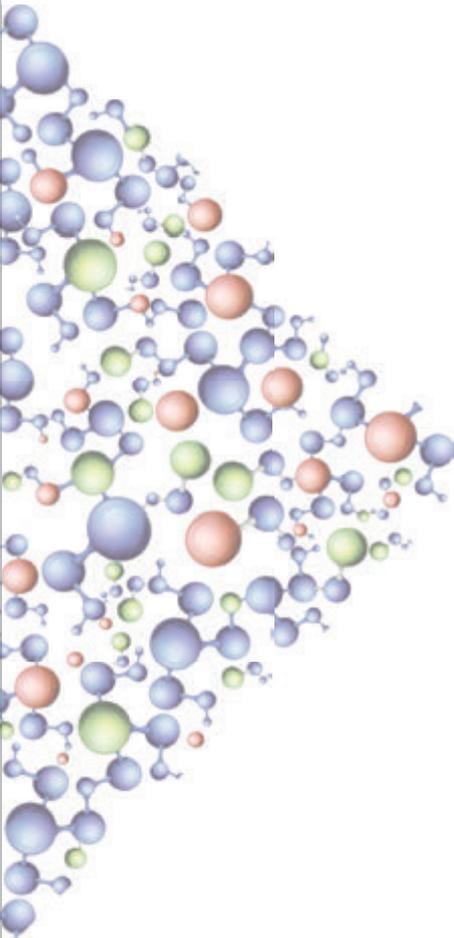
Annual Report 2013 -14

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Chairman's Message



Girish Jhunjhnuwala
Chairman

Dear Shareholder,

With our century old history and legacy of painting some of India's iconic buildings and structures, Shalimar Paints was a pioneer in the Indian paints and coatings industry, not so long back. To reclaim the position and take advantage of the enormous growth opportunities in the paint industry, your company has embarked on a new chapter of accelerated growth and expansion.

We have a new management team entrusted to drive these objectives that has articulated a renewed vision and direction which we strongly believe will take your company on the path of rapid growth.

Over the last one year, your company has made strategic investments to expand its footprint and enhance its R&D, manufacturing, distribution and marketing efforts. These initiatives reaffirm our belief that your company has been readied to get on the next phase of growth.

Among these positive changes, what does not change is our commitment to drive value and nurture strong relationships with our stakeholders. It is this DNA that compels us to seize the market opportunity and surge ahead in the paint industry. Our performance in the coming times will be demonstrated by profitable growth and increased valuation of your company.

I am confident that the all new Shalimar Paints is well-equipped to deliver on its promise of transformation for rapid growth.

I thank you for your continued support.

Managing Director's Message

Dear Shareholder,

2014 marks a new beginning for Shalimar Paints. It is the 112th year of your company and we are proud to be one of the select few Indian companies that has remained relevant to its customers for such a long duration. It is the adaptability of your company to the changing environment which has earned it the title of 'iconic paint maker'. To remain relevant in a more liberalized and younger India, Shalimar Paints is once again reinventing itself. Your company is now strengthening its presence in the consumer business to emerge as a strong contender in the Indian paint industry.

Last year, we articulated our intent to increase focus on the consumer business and journeyed from the strategy phase to execution. We embarked on a number of initiatives to help us achieve our objectives. We rejuvenated our brand to reflect the solidity of your company and expressed our positioning as 'The Art & Science of Paints', something we have stood for since 1902. To build demand of our products, we started undertaking a number of initiatives to improve our visibility. We are investing in strengthening relationship with our dealer partners and consolidating our channel to become more profitable. We are revamping our distribution to improve our service levels to customers. We are augmenting our manufacturing capacity by modernizing our existing factories and setting up a new plant in Chennai. To have our customers benefit from an exhaustive portfolio of high performance paints, we are going the distance by introducing new and innovative products.

Our efforts have already begun to show results. Last year, the revenue from our high margin products grew close to 20% and throughput from our club dealer counters increased by 30%.

On the Industrial business, your company faced growth challenges because of the overall slowdown in the economy. Due to the unfortunate fire incident at Howrah plant, production at the plant has been stopped from March, 2014. While your company is exploring various options for re-starting the Howrah plant, we are enhancing capacity in our other plants; and with the expected revival of the economy and infrastructure sector we are hopeful of growing our Industrial business well.

Your company's transition cannot be complete without strengthening ourselves internally. Last year, we infused new talent and combined with our existing pool of experts, we are creating a 'winning culture' in the organization.

These 360 degree initiatives have helped us achieve a strong start to our transformation journey. We continue to have a single minded focus on growing our business profitably this year.

I am deeply indebted to you for reposing your trust in the management of this company.



Sameer Nagpal
Managing Director & CEO



Board of Directors

Girish Jhunjhnuwala
Chairman

Ratan Jindal

A.V. Lodha

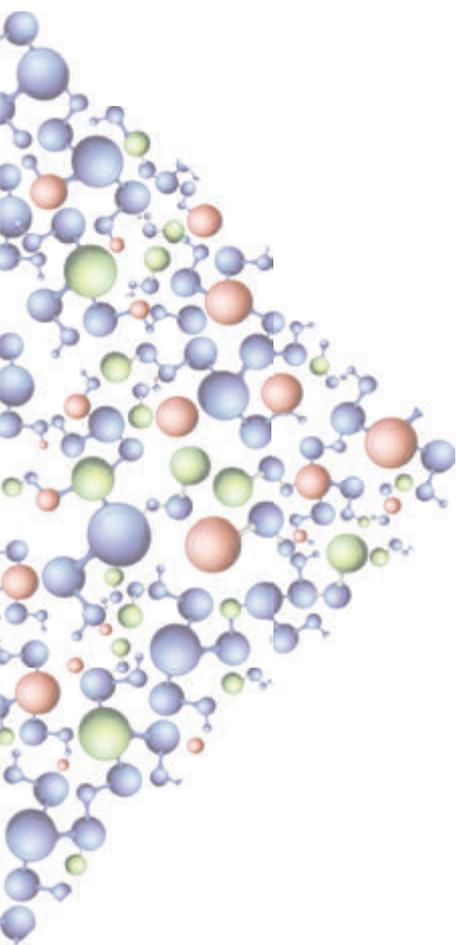
Rajiv Rajvanshi

Dr. R. Srinivasan

Pujit Aggarwal

Pushpa Chowdhary

Sameer Nagpal
Managing Director & CEO



Shalimar at a Glance



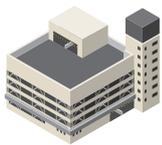
WE ARE
India's oldest paint brand
Established **1902**



WE ARE IN
2000 Indian towns & cities



WE STAND FOR
The 'Art & Science' of Paints



OUR DEPOTS
55 Cities



WE MAKE
60 million litres
of paint every year



One of **16**
Indian companies
with a legacy of over
100 years



OUR NETWORK
9000 Dealers



OUR TEAM
400 People strong



OUR FACILITIES
3 Factories **2** R&D Centers



WE MAKE
Decorative paints that beautify & protect homes
Industrial paints & coatings to protect infrastructure



WE HAVE
Painted Howrah Bridge & Rashtrapati Bhavan
Decorated millions of Indian homes



WE TOUCH LIVES
of innumerable people everyday



**SHALIMAR
PAINTS**

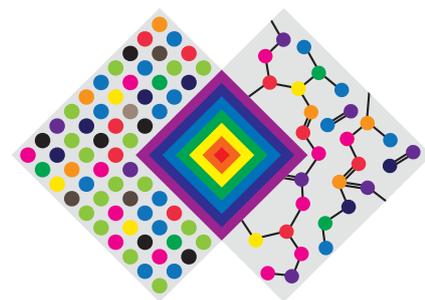
There is something always 'new' about New. It comes with a passionate zeal, an infectious energy and a beginning that has a 'never seen before' dimension. Shalimar Paints - India's oldest paint company has always been at the forefront of the paints industry since its 112 years of existence. With a legacy that stands firm on the foundation of great achievements, Shalimar is embarking on the journey of 'transformation' with a new identity and philosophy, reinventing itself every day.

OUR NEW IDENTITY

The new Shalimar Paints logo stands solid and strong. Reminiscent of our century-old legacy and dependability, the logo also exudes modernity, progression and commitment to a bright future for all our stakeholders. The bold and perfect square, with the stenciled 'S' symbolizes the coming together of two distinct, contrasting subjects - 'Art and Science', something that we have stood for over a century.

At Shalimar Paints, 'Art & Science' co-exist in perfect harmony, blending aesthetics with the right chemistry. With over a century of experience in creating superior quality and high performance paints, Shalimar protects surfaces and transforms them into works of enduring beauty. From mining the best quality pigments to packaging and sealing of cans, Shalimar's inventive DNA of 'Art & Science' empowers every drop of paint to provide the best of both worlds i.e. Beauty & Innovation, Brilliance & Protection, Craft & Technique in equal measure.

With roots firmly based on performance, Shalimar is forging ahead with a new dynamism to give beautiful rich finishes in every imaginable shade to its countless patrons.



THE ART & SCIENCE OF PAINTS

Decorative Paint

QUALITY & PERFECT FINISHES ARE JUST A STROKE AWAY



With Shalimar Paints, homes look beautiful and impeccable with a touch of class.

Our Decorative Paint segment offers an extensive portfolio for Interior & Exterior surfaces that provides best-in-class beauty and ever-lasting protection to satisfy our discerning customers. With an array of acclaimed range like Husain Collection and No.1 Silk for luxurious interiors; Xtra Maxima and Shaktiman for exterior finishes against extreme weather conditions; Carewood for wooden furniture; Superlac Hi-Gloss Enamel to shine the metallic trimmings and No.1 Premium Acrylic Distemper that offers best value for money, Shalimar offers high performance products for every requirement.



HIGH PERFORMANCE COATINGS FOR SUPERIOR PROTECTION

Driven by quality, technology and excellence, Shalimar Paints has built a credible expertise in manufacturing and marketing of high-performance Protective Coatings, Product Finishes, Packaging Coatings and Marine Paints.

With a century of proven technical expertise and high level of customization backed by R&D, we cater to prestigious clients in oil & gas, petrochemicals, fertilizers, steel, power, engineering, shipping, auto-ancillary industries, among others.



Product Finish



Packaging



Marine Coating

Shalimar Paints Limited

FACTORIES

Howrah

Goaberia,
P. O. Danesh Shaikh Lane
Howrah – 711 109 (WB)
Tel.: (033) 2644 3201

Nashik

Nashik Bombay Road
Village Gonde (Ghoti)
Nashik – 422 402
(Maharashtra)
Tel.: (02553) 225002

Sikandrabad

A1& A2, UPSIDC Industrial Area
Sikandrabad – 203 205
Dist: Bulandsahar (UP)
Tel.: (05735) 221793

REGISTERED OFFICE

Goaberia, P. O. Danesh Shaikh Lane
Howrah – 711 109 (WB)
Tel.: (033) 2644 3201

CORPORATE OFFICE

Plot No. 64, Sector-44
Gurgaon-122001, Haryana
Tel.:(124) 461 6600, Fax.: (124) 461 6659

REGISTRARS & SHARE TRANSFER AGENTS

MCS Limited
77/2A, Hazra Road, Kolkata – 700 029
Tel.: (033) 4072 4052, 2476 7350, 2454 1892/93
Fax: (033) 2454 1961
E-mail: mcskol@rediffmail.com

BANKERS

State Bank of India
Punjab National Bank
Corporation Bank
HDFC Bank Ltd.
IndusInd Bank

AUDITORS

Chaturvedi & Partners

COST AUDITORS

D. Sabyasachi & Co.

COMPANY SECRETARY

Pumit Chellaramani

SHALIMAR PAINTS LIMITED

CIN: L24222WB1902PLC001540

Registered Office: Goaberia, P.O.: Danesh Shaikh Lane, Howrah - 711 109
Phone : 033-2644-3201; Fax : 033-2644-3540; e-mail : hwhsec@shalimarpaints.com
Website: www.shalimarpaints.com

Notice of the Annual General Meeting

NOTICE is hereby given that the 112th Annual General Meeting of the Company will be held on Friday 26th day, of September, 2014 at 12.00 Noon at The Lake Land Country Club, Kona Expressway, P.O. : Munshidanga, P.S. : Domjur, Howrah - 711403, to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Financial Statements for the year ended 31st March 2014 and the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Ratan Jindal (DIN 00054026), who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint Auditors and to fix their remuneration and to pass with or without modification the following resolution, as an **Ordinary Resolution** :

“RESOLVED THAT pursuant to the provisions of Section 139(2) of the Companies Act, 2013, Messrs Chaturvedi & Partners, Chartered Accountants (Firm Registration No. 307068E), be and are hereby re-appointed as Auditors of the Company from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and that the Board of Directors of the Company be and is hereby authorised to fix the remuneration payable to the Auditors.”

SPECIAL BUSINESS:

To consider and if thought fit, to pass with or without modification(s), the following Resolutions:

4. **As an Ordinary Resolution:**

“RESOLVED THAT pursuant to the provisions of Section 149, 150 and 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and relevant Rules made there under (including any statutory modification(s) or re-enactment thereof, for the time being in force), Mr. Aditya Vikram Lodha (DIN 00036158), Independent Director of the Company, whose present term of office (as per the Companies Act, 1956) is liable to retirement by rotation, in respect of whom the Company had received a notice in writing from a member, pursuant to Section 160 of the Companies Act, 2013, proposing his candidature, be and is hereby appointed as an Independent Director of the Company, not subject to retirement by rotation, to hold office for a term of 5 (five) consecutive years with effect from the date of this Annual General Meeting.”

5. **As an Ordinary Resolution:**

“RESOLVED THAT pursuant to the provisions of Section 149, 150 and 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and relevant Rules made there under (including any statutory modification(s) or re-enactment thereof, for the time being in force), Mr. Pujit Ravikiran Aggarwal (DIN 00133373), Independent Director of the Company, whose present term of office (as per the Companies Act, 1956) is liable to retirement by rotation, in respect of whom the Company had received a notice in writing from a member, pursuant to Section 160 of the Companies Act, 2013, proposing his candidature, be and is hereby appointed as an Independent Director of the Company, not subject to retirement by rotation, to hold office for a term of 5 (five) consecutive years with effect from the date of this Annual General Meeting.”

Notice (Contd.)

6. **As an Ordinary Resolution:**

“**RESOLVED THAT** pursuant to the provisions of Section 149, 150 and 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and relevant Rules made there under (including any statutory modification(s) or re-enactment thereof, for the time being in force), Mr. Rajiv Rajvanshi (DIN 00036605), who was appointed as an Additional Director of the Company in terms of erstwhile provisions of Section 260 of the Companies Act, 1956, in respect of whom the Company had received a notice in writing from a member, pursuant to Section 160 of the Companies Act, 2013, proposing his candidature, be and is hereby appointed as an Independent Director of the Company, not subject to retirement by rotation, to hold office for a term of 5 (five) consecutive years with effect from the date of this Annual General Meeting.”

7. **As an Ordinary Resolution:**

“**RESOLVED THAT** pursuant to the provisions of Section 149, 150 and 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and relevant Rules made there under (including any statutory modification(s) or re-enactment thereof, for the time being in force), Ms. Pushpa Chowdhary (DIN 06877982), who was appointed as an Additional Director of the Company in terms of provisions of Section 161 of the Companies Act, 2013, and whose period of office expires at the Annual General Meeting, in respect of whom the Company had received a notice in writing from a member, pursuant to Section 160 of the Companies Act, 2013, proposing her candidature, be and is hereby appointed as an Independent Director of the Company, not subject to retirement by rotation, to hold office for a term of 5 (five) consecutive years with effect from the date of this Annual General Meeting.”

8. **As a Special Resolution:**

“**RESOLVED THAT** pursuant to the provisions of Section 180 (1) (a) of the Companies Act, 2013 and other applicable provisions, if any, of the Companies Act, 2013 (including any statutory modifications or re-enactments thereof) the Company hereby accords its consent to the Board of Directors to mortgage and/or charge, in addition to the mortgages/charges/hypothecation created/to be created by the Company in such form and manner and with such ranking and at such time and on such terms, as the Board may determine, on all or any of the movable and/or immoveable properties of the Company, both present and future and/or the whole or any part of the undertaking(s) of the Company together with the power to take over the management of business and concern of the Company in certain events of default, in favour of the lender(s), investors, agent(s), trustee(s) for securing the borrowings of the Company availed/to be availed by way of loan(s) (in foreign currency and/or in rupee currency) and securities (comprising of fully/partly convertible debentures/ non convertible debentures and/or commercial papers and/or secured premium notes and/or floating rates notes/bonds or other debt instruments), issued/to be issued by the Company, from time to time, in one or more tranches, upto an aggregate limit of Rs 400 Crore (Rupees four hundred crores only) together with interest at the respective agreed rates, additional interest in case of default, accumulated interest, liquidated damages, commitment charges, premia on pre-payment, remuneration of the agent(s) and/or trustee(s), premium (if any) on redemption, all other costs, charges and expenses, including any increase as a result of devaluation/ revaluation/ fluctuation in the rates of exchange and all other monies payable by the Company in terms of the respective loan agreement(s), debenture trust deed(s) or any other document entered into/ to be entered into between the Company and the lender(s)/ investor(s)/agent(s) and/or trustee(s) in respect of the said loans/borrowings/debentures/any other securities and continuing such specific terms and conditions and covenants in respect of enforcement of security as may be stipulated in that behalf and agreed to between the Board of Directors or any committees thereof and the lender(s), agent(s) and/or trustee(s).

RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorized to finalise the documents and such other agreements for creation of charge as aforesaid and to do all such acts, deeds, matters and things as may be necessary and expedient for giving effect to the above resolution.”

9. **As a Special Resolution:**

“**RESOLVED THAT** in supersession of the resolutions, pursuant to the erstwhile provisions of Section 293(1)(d) of the Companies Act, 1956, passed hitherto by the members of the Company, the consent of the Company be and is hereby accorded to the Board of Directors of the Company, pursuant to the provisions of Section 180(1)(c) and other applicable provisions, if any, of the Companies Act, 2013, to borrow, from time to time, any sum or sums of money not exceeding Rs. 400 crores (Rupees four hundred crores only) including the money or moneys already borrowed by the Company, on

such terms and conditions as the Board may deem fit, whether the same may be secured or unsecured, notwithstanding that the money(s) to be borrowed together with the money(s) already borrowed by the Company (apart from the temporary loans obtained from the Company's Bankers in the ordinary course of the Company's business) and remain outstanding at any given time, exceed the aggregate of the paid up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose."

10. As a Special Resolution:

"**RESOLVED THAT** the Company hereby accords its approval and consent under Section 94(1) of the Companies Act, 2013 to the Index and Register of Members of the Company being kept at the office of the Company's Registrar and Share Transfer Agent, appointed from time to time, instead of being kept at the Registered Office of the Company."

11. As an Ordinary Resolution:

"**RESOLVED THAT** pursuant to Section 152(7) of the Companies Act, 2013, the consent of the Company be and is hereby given not to fill the vacancy caused by the retirement of Dr. R. Srinivasan, Director retiring at this Annual General Meeting and not seeking re-appointment."

12. As a Special Resolution:-

"**RESOLVED THAT** pursuant to the provisions of Sections 196, 197, 198 read with Schedule V to the Companies Act, 2013 (hereinafter referred to as "the Act") and Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, (including any statutory modification(s) or re-enactment thereof for the time being in force) and as recommended by the Remuneration committee of the Board of Directors and subject to the approval of the Central Government, the consent of the Members of the Company be and is hereby accorded for increase in remuneration to Mr. Sameer Nagpal, Managing Director and CEO of the Company for the remaining tenure commencing from 25th May, 2014 to 24th May, 2016 on the following terms and conditions:-

Sr. No.	Particulars	25th May, 2014 to 24th May, 2015 (In Rs.)	25th May, 2015 to 24th May, 2016 (In Rs.)
I	Salary & Allowances (per month)		
	Basic Salary	3,12,500	3,75,000
	House Rent Allowance	1,56,250	1,87,500
	Special/Other Allowances	5,20,416	6,24,500
II	Management Incentive (yearly)	37,50,000	45,00,000
III	Superannuation Benefits : (a) Contribution to Provident Fund as per the rules of the Company. (b) Gratuity as per the rules of the Company.		
IV	ESOPs: Mr. Sameer Nagpal has been granted with 2,80,000 ESOPs, pursuant to Company's ESOP scheme, 2013 and ESOP Grant letter dated 06.08.2013.		
V	Mr. Sameer Nagpal shall not be paid any sitting fees for attending the meetings of the Board of Directors or committee thereof.		
VI	In the event of loss or inadequacy of profits in any financial year during the period of his appointment, Mr. Sameer Nagpal shall be paid the above mentioned remuneration by way of salary, allowances and incentive as a minimum remuneration, subject to approval of Central Government.		
VII	All other terms and conditions of appointment of Mr. Sameer Nagpal shall remain unaltered		

RESOLVED FURTHER THAT subject to the approval of the Central Government, Board of Directors be and hereby severally authorized to alter, vary increase or decrease the remuneration of Mr. Sameer Nagpal, MD & CEO within the said overall limits, from time to time, during the remaining tenure of Mr. Sameer Nagpal on the Board."

Notice (Contd.)

13. As a Ordinary Resolution:

“RESOLVED THAT pursuant to the provisions of Section 148 and all other applicable provisions of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), the Cost Auditors appointed by the Board of Directors of the Company, to conduct the audit of the cost records of the Company for the financial year ending 31st March, 2015, be paid the remuneration of Rs. 50,000/- (Rupees fifty thousand only), plus service tax, as applicable.”

By order of the Board

For **SHALIMAR PAINTS LIMITED**

Punit Chellaramani

Company Secretary

Place: New Delhi
Dated: 30th May, 2014

Notes:-

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY.** A person can act as proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than ten percent of the total share capital of the Company.
2. Proxies in order to be effective must be received at the Company's Registered Office Goaberia, P.O.: Danesh Shaikh Lane, Howrah - 711 109 not less than 48 hours before the time fixed for the meeting or adjourned meeting at which the person named in the instrument proposes to vote. Proxies submitted on behalf of limited companies, societies, partnership firms, etc. must be supported by appropriate resolution / authority as applicable. A form of Proxy and Admission Slip is enclosed. Shareholders are requested to bring their copy of the Annual Report to the Meeting.
3. Admission restricted to members or proxies only. Members / Proxy holders are requested to produce their admission slips at the entrance of the meeting hall.
4. Members who hold shares in dematerialized form are requested to bring their Client ID and DP ID numbers for easy verification of attendance at the Meeting.
5. The Register of Members and Share transfer books of the Company will remain closed for a period of 6 days from 21st September, 2014 to 26th September, 2014 (both days inclusive) in terms of Section 91 of the Companies Act, 2013.
6. In accordance with the provisions of Section 205A of the Companies Act, 1956, the amount of unclaimed dividend upto the financial year ended 30th June, 1994, have been transferred to the General Revenue Account of the Central Government. Members who have not encashed their dividend warrant(s) for those years, are advised to claim the same from the Registrar of Companies, West Bengal, 234/4 Acharya Jagdish Chandra Bose Road, Kolkata 700 020.

Dividend for the financial years ended 30th June, 1995 to 31st March, 2006 which remained unpaid or unclaimed for seven years, have been transferred to the Investors Education and Protection Fund of the Central Government pursuant to the amended provisions of Section 205A of the Companies Act, 1956.

Dividend for the financial year ended 31st March, 2007, which remains unpaid or unclaimed, will be due for transfer to the Investors Education and Protection Fund of the Central Government on 24th August, 2014, pursuant to the amended provisions of Section 205A of the Companies Act, 1956. It may be noted that once the unclaimed dividend amount is transferred to the Fund, the same cannot be claimed by the Members there from. Members who have not yet encashed their dividend warrant(s) for the financial year ended 31st March, 2007, or any subsequent year(s), are requested to claim the same from the Company's Registrar and Share Transfer Agents, Messrs MCS Limited. The folio-wise details of amount of unpaid dividend for the financial year ended 31st March, 2007 onwards are available on the Company's website www.shalimarpaints.com as well as on the website of Ministry of Corporate of Affairs www.iepf.gov.in.

Notice (Contd.)

During the year ended 31st March, 2014, the Company has deposited a sum of Rs. 2,26,086 (Rupees two lakh twenty-six thousand eighty-six only) to the Investor Education and Protection Fund of the Central Government, on account of unclaimed/unpaid dividend for the financial year 2005-06.

7. The Ministry of Corporate Affairs has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliances by the companies and has issued circulars stating that service of notice/documents including Annual Report can be sent by e-mail to its members. The Company appreciates and supports this green initiative and requests the members to give their consent and register their e-mail ids to receive the future correspondence, including Annual Reports, through e-mails. Members who are holding shares in demat form are requested to register their e-mail through their concerned Depository Participants and the members who hold shares in physical form are requested to send their consent and e-mail address to the Company's Registrar and Share Transfer Agents, Messrs MCS Limited.
8. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Company.
9. Electronic copy of the Annual Report for 2013-14 is being sent to all the members whose email IDs are registered with the Company/Depository Participants(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the Annual Report for 2014 is being sent in the permitted mode.
10. Electronic copy of this Notice, inter alia, indicating the process and manner of e-voting along with Attendance Slip and Proxy Form is being sent to all the members whose email IDs are registered with the Company/Depository Participants(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the Notice, inter alia, indicating the process and manner of e-voting along with Attendance Slip and Proxy Form is being sent in the permitted mode.
11. Members are requested to send their queries, if any, to reach the Company's Registered Office at least 10 days before the date of the meeting so that information can be made available at the meeting.
12. The Explanatory Statement pursuant to Section 102(1) of the Companies Act, 2013 in respect of business at item no. 4 to 13 is enclosed.
13. **Voting through Electronic means.** In compliance with the provisions of Section 108 of the Companies Act, 2013 read with the Companies (Management and Administration) Rules, 2014, the Company is pleased to provide members facility to exercise their right to vote at the 112th Annual General Meeting (AGM) by Electronic means and business may be transacted through e-voting services provided by Central Depository Services (India) Limited (CDSL).

The Instruction of e-voting are as under:

(A) In case of members receiving e-mail:

- i) If you are holding shares in Demat form and had logged on to www.evotingindia.com and casted your vote earlier for Electronic Voting Sequence Number (EVSN) of any Company, then your existing login id and password are to be used.
- ii) Log on to the e-voting website www.evotingindia.com.
- iii) Click on "Shareholders" tab to cast your votes.
- iv) Now, select the Electronic Voting Sequence Number - "EVSN-140819053" along with "Shalimar Paints Limited " from the drop down menu and click on "SUBMIT"

Notice (Contd.)

- v) Now, fill up the following details in the appropriate boxes:

	For Members holding shares in Demat Form	For Members holding shares in Physical Form
User ID	For NSDL: 8 Character DP ID followed by 8 Digits Client ID For CDSL: 16 digits beneficiary ID	Folio Number registered with the Company
	<ul style="list-style-type: none"> Next enter the Image Verification as displayed on Login. 	
PAN*	Enter your 10 digit alpha-numeric PAN issued by Income Tax Department when prompted by the system while e-voting (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 first two letters of their name followed by their 8 digits CDSL/NSDL client ID in the PAN field. Members holding shares in physical form are requested to use first two letters of their name followed by Folio No. In case the Folio number is less than 8 digits enter the applicable of 0's before the number after the first two characters of the name in CAPITAL letter. Example,. If your name is Ramesh Kumar with Folio number 1234 then enter RA00001234 in the PAN filed. 	
DOB	Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.	
Bank Details	Enter the Bank Details as recorded in your demat account or in the company records for the said demat account or folio. <ul style="list-style-type: none"> Please enter the date of birth or bank account details in order to login. 	

* In case either of the details is not recorded with the depository/company please enter the member id/folio number in the Bank details fields as mentioned in instruction.

- vii) After entering these details appropriately, click on "SUBMIT" tab.
- viii) Members holding shares in physical form will then reach directly the EVSN selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily change their login password in the new password field. The new password has to be minimum eight characters consisting of at least one upper case (A-Z), one lower case (a-z), one numeric value (0-9) and a special character (@ # \$ % & *). 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.
- ix) Click on the relevant EVSN for <Shalimar Paints Limited>.
- x) 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.
- xi) Click on the "Resolutions File Link" if you wish to view the entire Resolutions.
- xii) 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.
- xiii) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- xiv) You can take out print out of the voting done by you clicking on "click here to print" option on the voting page.
- xv) If Demat account holder has forgotten the same password then enter the user ID and image verification code and click on forgot password and enter the details as prompted by the system.

Notice (Contd.)

- (B) In case of members receiving the physical copy of Notice of AGM [for members whose e-mail IDs are not registered with the company/ depository participant(s) or requesting physical copy], please follow all steps from sl. no. (ii) to sl. no. (xii) above, to cast vote.
- (C) Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to log on to <https://www.evotingindia.co.in> and register themselves, link their account which they wish to vote on and then cast their vote. They should upload a scanned copy of the Board Resolution in PDF format in the system for the scrutinizer to verify the vote.
- (D) 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.
- (E) The voting period begins on 17th September, 2014 (9.00 a.m) and ends on 19th September, 2014 (6.00 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 15th August, 2014, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter. Once the vote on a resolution is cast by the shareholder, the shareholder shall not be allowed to change it subsequently.
- (F) The voting rights of shareholders shall be in proportion of their shares of the paid up equity share capital of the Company as on cut – off date (record date) of 15th August, 2014.
- (G) Mr. Pawan Kumar Sarawagi of P. Sarawagi & Associates, Company Secretaries, has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner
- (H) The Scrutinizer shall within a period of not exceeding three (3) working days from the conclusion of the e-voting period unblock the votes in the presence of atleast two (2) witnesses not in employment of the Company and make a Scrutinizer’s Report of the votes cast in favour or against, if any, forthwith to the Chairman of the Company.
- (I) The results of e-voting shall be declared by the Chairman in the Annual General Meeting of the Company. The result of the e-voting along with Scrutinizer’s Report shall also be posted on the website of the Company www.shalimarpaints.com and on the website of CDSL within 2 (two) days of passing the resolutions at the AGM of the Company and communicated to the BSE Limited, National Stock Exchange & India Limited and the Calcutta Stock Exchange Limited.
14. Members can also download the notice of Annual General Meeting from the website of the Company i.e. www.shalimarpaints.com.
15. As required under Clause 49 of Listing Agreement, the particulars of Directors seeking Appointment/ Re-appointments are given in the Corporate Governance Report.
16. Under the provisions of Section 72 of the Companies Act, 2013, shareholder(s) is/are entitled to nominate in the prescribed manner, a person to whom his/her/their shares in the Company, shall vest after his/her/their lifetime. Members who are holding shares in physical form and are interested in availing this nomination facility are requested to write to the Company.
17. Copies of all documents referred to in the Notice are available for inspection at the Registered Office of the Company during normal business hours on all working days till the date of the Annual General Meeting.

EXPLANATORY STATEMENT (Pursuant to Section 102 of the Companies Act, 2013)

Item No. 4

Mr. A.V. Lodha is an independent director on the Board of the Company since October 2001. Pursuant to provisions of section 149, 150, 152, Schedule IV 'Code for Independent Directors' and other applicable provisions of the Companies Act, 2013 and relevant rules made thereunder, an independent director shall hold office for a term up to five consecutive years on the Board of a company.

Mr. Lodha, being eligible and offering himself for appointment, is proposed to be appointed as an Independent Director for a term of five consecutive years from the date of this Annual General Meeting.

A notice in writing has been received from a Member of the Company in terms of Section 160 of the Companies Act, 2013 signifying his intention to propose the appointment of Mr. Lodha as an Independent Director of the Company.

Mr. Lodha is the member of the Audit Committee, Remuneration Committee and the Shareholders' Grievance Committee of the Company.

In the opinion of the Board, Mr. Lodha fulfills the conditions specified in the Companies Act, 2013 and the rules made thereunder for his appointment as an Independent Director on the Board of the Company and he is independent of the management.

The Board considers that his continued association with the Company would be of immense benefit to the Company and therefore, recommends the resolution set out in item no. 4 of this notice.

Except Mr. Lodha, being an appointee, none of the Directors, Key Managerial Personnel and their relatives, is interested or concerned in the resolution.

Item No. 5

Mr. Pujit Aggarwal is an independent director on the Board of the Company since July 2008. Pursuant to provisions of section 149, 150, 152, Schedule IV - 'Code for Independent Directors' and other applicable provisions of the Companies Act, 2013 and relevant rules made thereunder, an independent director shall hold office for a term up to five consecutive years on the Board of a company.

Mr. Aggarwal, being eligible and offering himself for appointment, is proposed to be appointed as an Independent Director for a term of five consecutive years from the date of this Annual General Meeting.

A notice in writing has been received from a Member of the Company in terms of Section 160 of the Companies Act, 2013 signifying his intention to propose the appointment of Mr. Aggarwal as an Independent Director of the Company.

Mr. Aggarwal is also the member of the Audit Committee of the Company.

In the opinion of the Board, Mr. Aggarwal fulfills the conditions specified in the Companies Act, 2013 and the rules made thereunder for his appointment as an Independent Director on the Board of the Company and he is independent of the management.

The Board considers that his continued association with the Company would be of immense benefit to the Company and therefore, recommends the resolution set out in item no. 5 of this notice.

Except Mr. Aggarwal, being an appointee, none of the Directors, Key Managerial Personnel and their relatives, is interested or concerned in the resolution.

Item No. 6

Mr. Rajiv Rajvanshi was appointed as Additional Director on the Board at its meeting held on 20th September, 2013 and holds office upto the date of this Annual General Meeting pursuant to Section 260 of the erstwhile Companies Act, 1956.

Pursuant to provisions of section 149, 150, 152, Schedule IV - 'Code for Independent Directors' and other applicable provisions of the Companies Act, 2013 and relevant rules made thereunder, an independent director shall hold office for a term up to five consecutive years on the Board of a company.

Mr. Rajiv Rajvanshi, being eligible and offering himself for appointment, is proposed to be appointed as an Independent Director for a term of five consecutive years from the date of this AGM.

A notice in writing has been received from a Member of the Company in terms of Section 160 of the Companies Act, 2013 signifying his intention to propose the appointment of Mr. Rajiv Rajvanshi as an Independent Director of the Company.

Mr. Rajiv Rajvanshi is the Chairman of the Remuneration Committee and the Audit Committee.

The Board considers that his continued association with the Company would be of immense benefit to the Company and therefore, recommends the resolution set out in item no. 6 of this notice.

In the opinion of the Board, Mr. Rajvanshi fulfills the conditions specified in the Companies Act, 2013 and the rules made thereunder for his appointment as an Independent Director on the Board of the Company and he is independent of the management.

Except Mr. Rajvanshi, being an appointee, none of the Directors, Key Managerial Personnel and their relatives, is interested or concerned in the resolution.

Item No. 7

Ms. Pushpa Chowdhary was appointed as Additional Director on the Board at its meeting held on 30th May, 2014 and holds office upto the date of this Annual General Meeting pursuant to Section 161 & Section 149 (1) (b) of the Companies Act, 2013.

Pursuant to provisions of section 149, 150, 152, Schedule IV – 'Code for Independent Directors' and other applicable provisions of the Companies Act, 2013 and relevant rules made thereunder, an independent director shall hold office for a term up to five consecutive years on the Board of a company.

Ms. Pushpa Chowdhary, being eligible and offering herself for appointment, is proposed to be appointed as an Independent Director for a term of five consecutive years from the date of this AGM.

A notice in writing has been received from a Member of the Company in terms of Section 160 of the Companies Act, 2013 signifying his intention to propose the appointment of Ms. Pushpa Chowdhary as an Independent Director of the Company.

Ms. Pushpa Chowdhary is also the member of the Remuneration Committee and the Audit Committee of the Company.

The Board considers that her continued association with the Company would be of immense benefit to the Company and therefore, recommends the resolution set out in item no. 7 of this notice.

In the opinion of the Board, Ms. Pushpa Chowdhary fulfills the conditions specified in the Companies Act, 2013 and the rules made thereunder for her appointment as an Independent Director on the Board of the Company and she is independent of the management.

Except Ms. Pushpa Chowdhary, being an appointee, none of the Directors, Key Managerial Personnel and their relatives, is interested or concerned in the resolution.

Item No. 8

According to Section 180(1) (a) of the Companies Act, 2013, approval of the shareholders by way of a special resolution is required for create charge, lease, hypothecation on the property of the company.

It may be required by the Company to create charges over its assets, moveable and immoveable properties by way of hypothecation, mortgage, assignment, lien, pledge etc in favour of its lenders for the purpose of securing the loan facilities extended/to be extended by the lenders to the Company. Further, upon occurrence of default under the relevant loan/facility agreements and other documents as may be executed by the Company with the lenders, the lenders would have certain rights in respect of the Company's assets, moveable and immoveable properties including the rights of sale/disposal thereof.

Hence the above Special Resolution to create charge for securing financial assistance upto Rs. 400 crores is proposed to be passed.

The Board recommends the passing of this Special Resolution in the interest of the Company.

None of the Directors, Key Managerial Personnel, and their Relatives, of the Company is, concerned or interested in the resolution.

Notice (Contd.)

Item No. 9

The Company is availing of various credit facilities, both fund based and non-fund based, from Banks/Financial Institutions/Other lenders, from time to time, to meet its fund requirements, both short term as well long term, including working capital requirements. The Company is exploring various avenues to raise further sums to meet its fund requirements.

As per the provisions of Section 180(1)(c) of the Companies Act, 2013, prior approval of the shareholders by way of a special resolution is required to borrow moneys (apart from the temporary loans obtained from the Company's bankers in the ordinary course of business) in excess of the aggregate of paid-up share capital and free reserves of the Company, hence this Resolution.

The Directors consider the proposed special resolution in the interest of the Company and recommend the same for your approval.

None of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested in the resolution.

Item No. 10

Pursuant to the provisions of Section 94 of the Companies Act, 2013, Registers required to be maintained under Section 88 of the Companies Act, 2013 ("Registers") may be kept at any city, other than the city where the registered office of the Company is situated, in India in which more than one-tenth of the total number of the members entered in the Register of Members reside, provided a Special Resolution passed by the Company in a General Meeting.

The Board of Directors of the Company recommends the resolution set out in item no. 10 of the Notice for the approval of the Members so that Index and Register of Members of the Company can be kept with the Registrar and Share Transfer Agents of the Company.

None of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested in the resolution.

Item No. 11

Dr. R Srinivasan joined the Board of the Company in January 2005 and acting as an Independent Director. Dr. R Srinivasan retires by rotation at the ensuing Annual General Meeting under the provisions of the erstwhile provisions of the Companies Act, 1956 and does not seek re-appointment due to his pre occupations. The Board decided not to fill the vacancy caused due to his retirement.

Section 152(7) of the Companies Act, 2013, inter alia, provides that the vacancy of the retiring Director not filled up at the Annual General Meeting needs to be specifically resolved, hence this resolution.

The Board of Directors of the Company recommends the resolution set out in item no. 11 of the Notice for the approval of the Members.

None of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested in the resolution.

Item No. 12

Mr. Sameer Nagpal, Managing Director has been appointed as the Managing Director of the Company for a term of three years w.e.f 25th May, 2013 to 24th May, 2016.

The Board of Directors in its meeting dated 30th May, 2014 has, subject to the approval of members and Central Government, revised the remuneration of Mr Sameer Nagpal, at the recommendation of the Remuneration Committee of the Board.

It is proposed to seek the members' approval for remuneration payable to Mr. Sameer Nagpal as Managing Director & CEO for his remaining tenure on the Board of the Company as detailed in the resolution set out in item no. 12 of the Notice.

The copy of resolution passed by the Board of Directors of the Company at its meeting held on 30th May, 2014 approving the aforesaid matter is available for inspection by the members of the company at its registered office during normal business hours on all working days till the date of the Annual General Meeting.

Notice (Contd.)

Mr. Sameer Nagpal is the Managing Director and CEO of the Company and is directly responsible for strategy, growth and profitability of the company.

He has multi-functional management experience of diverse businesses in consumer, commercial and industrial segments. Over the last few years Mr. Sameer Nagpal has led rapid growth of businesses in both Indian and multinational companies.

Before joining the Company, in his last assignment with Ingersoll Rand, he was responsible for devising business transformation strategy and start-up of a new business in the consumer durable domain. His prior assignments with Zicom Electronic Security and Carrier Air-conditioning saw significant scaling up of businesses.

Mr. Sameer Nagpal is not related to any of the directors or key managerial personnel (including relatives of directors or key managerial personnel) of the Company in terms of Section 2(77) of the Companies Act, 2013 and to the promoter group of the Company.

The Board of directors recommends the special resolution for your approval.

None of the Directors and key managerial personnel (including relatives of directors or key managerial personnel) of the Company other than Mr. Sameer Nagpal, MD & CEO himself, is concerned or interested, financially or otherwise, in this resolution.

Item No. 13

The Board, on the recommendation of the Audit Committee, has approved the appointment and remuneration of the Cost Auditors i.e Messrs D. Sabyasachi & Co., Cost Accountants, to conduct the audit of the cost records of the Company for the financial year ending 31st March, 2015 at a consolidated remuneration of Rs. 50,000/- (Rupees fifty thousand only) plus service tax.

In accordance with the provisions of Section 148 of the Act read with the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditors has to be determined and ratified by the shareholders of the Company.

Accordingly, consent of the members is sought for passing an Ordinary Resolution as set out at Item No. 13 of the Notice for determination /ratification of the remuneration payable to the Cost Auditors for the financial year ending 31st March, 2015.

None of the Directors / Key Managerial Personnel of the Company / their relatives is concerned or interested, financially or otherwise, in the resolution set out at Item No. 13 of the Notice.

The Board commends the Ordinary Resolution set out at Item No. 13 of the Notice for approval by the shareholders.

By order of the Board

For **SHALIMAR PAINTS LIMITED**

Punit Chellaramani
Company Secretary

Place: New Delhi
Dated: 30th May, 2014

Directors' Report

To the Shareholders,

Your Directors are pleased to present the 112th Annual Report on the business and operations of the Company together with the audited financial statements for the year ended 31st March, 2014.

Financial results

	(₹ in lacs)	
Description	2013-14	2012-13
Revenue from Operations & Other Income	54630	56313
Expenses	52525	52494
PBIDT	2105	3819
Exceptional Items	—	212
Profit before tax	-360	1566
Provision for taxation		
Current Tax	—	489
Deferred Tax	-81	-25
Profit after tax	-279	1102
Add: Amount brought forward from last year's account	2100	967
Add: Adjustment for Earlier year Tax	—	31
Profit available for appropriation	1821	2100
Balance carried to Balance Sheet	1821	2100

Review of operations

The year passed by was a year of transition, the management changed its strategic direction to increase focus on the consumer business. A number of corrections and initiatives were taken through the year to prepare your Company for an accelerated profitable growth in coming years.

Your Company during the year under review suffered a loss (after tax) of ₹ 2.79 crores as against profit of ₹ 11.02 crores in the previous year. The turnover of the Company for year 2013-14 stood at ₹ 546.30 crores as against ₹ 563.13 crores in the previous year 2012-13. The decrease in sales is attributed to the economic slowdown and sluggishness in demand of industrial products.

Dividend

In view of the loss during the year under review, your Directors did not recommend any dividend.

Shifting of Corporate Office

During the year under review, the company has shifted its corporate office from Mumbai, Maharashtra to Gurgaon, Haryana.

ESOP

During the year under review the Company had granted 4,88,000 ESOPs to the permanent employees of the Company pursuant to **Employees Stock Option Scheme, 2013** formulated by Company in accordance with the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 ('Guidelines') issued by SEBI. None of the options have been vested till date.

The Company has adopted intrinsic Value method for the valuation of the ESOPs granted under the said Scheme.

The particulars of options issued under the said Scheme as required by SEBI (Employees Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines, 1999 are appended as 'Annexure B' and forms part of this report.

Fire at Howrah Plant

Your Company suffered a major set back when an accidental fire broke at the Company's Howrah plant on 12th March, 2014.

Due to the fire both structure and equipment of paint mill suffered damages. Majority of the finished goods, work-in-progress and raw material lying at the factory were also destroyed, as a result, the plant has been inoperational.

Tinting systems

The Company continued with its policy of installation of tinting systems in various retail outlets across the country with a view to increase the demand for its high value products, especially water based products.

ISO Certifications

All the three plants of the Company at Howrah, Nashik and Sikandrabad are ISO 9000 accredited. The Nashik plant is also ISO 14001 accredited. These accreditations have been renewed in the year under review.

Subsidiaries

The Company has two subsidiaries, namely Shalimar Adhunik Nirman Limited (SANL) and Eastern Speciality Paints & Coatings Private Limited (ESPCPL). Since there was no business activity carried out either by SANL or by ESPCPL during the year under review, these subsidiaries have not prepared the Statement of Profit & Loss for the year 2013-14.

In terms of General Circular No. 2/2011 dated 8th February, 2011 issued by the Ministry of Corporate Affairs, Government of India, granting general exemption to attach the Subsidiaries' Annual Accounts, as required under Section 212 of the Companies Act, 1956, the Board of Directors of the Company has decided not to attach the Annual Accounts of the said subsidiaries. Any member desires to obtain the copy of Annual Report & Accounts of SANL and ESPCPL may send his/her request to the Company Secretary of the Company.

The consolidated financial statement of the Company, SANL and ESPCPL duly audited by the Company's Statutory Auditors are attached in the Annual Report.

Directors

Pursuant to Article 118 of the Articles of Association, Mr. Ratan Jindal, Non-Independent Non-Executive Director, is liable to retire by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment.

Dr. R. Srinivasan, who is liable to retire by rotation at the ensuing Annual General Meeting, has expressed his unwillingness to continue as Director of the Company. The Board of Directors has decided not to fill the vacancy caused by his unwillingness to be re-appointed.

Mr. Rajiv Rajvanshi and Ms. Pushpa Chowdhary were appointed as Additional Directors, in Independent Category, on the Board of the Company with effect from 20th September, 2013 and 30th May, 2014, respectively, who would hold office up to the conclusion of the ensuing Annual General Meeting.

In accordance with the provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the rules framed thereunder read with Schedule IV to the said Act, the term of office Independent Directors would be non-rotational for a consecutive period of five years from the date of ensuing Annual General Meeting i.e., 26th September, 2014.

To comply with the requirements of the Companies Act, 2013, as aforesaid, it is proposed to be appoint/re-appoint Mr. A. V. Lodha, Mr. Pujit Aggarwal, Mr. Rajiv Rajvanshi and Ms. Pushpa Chowdhary, Company's independent directors, for a period of five consecutive years from the date of ensuing Annual General Meeting i.e., 26th September, 2014.

The Company has received declaration from all the Independent Directors of the Company confirming that they meet with the criteria of independence as prescribed, both under sub-section (6) of Section 149 of the Companies Act, 2013 and under Clause 49 of the Listing Agreement with the Stock Exchanges.

Brief resume of Mr. Ratan Jindal, Mr. A. V. Lodha, Mr. Pujit Aggarwal, Mr. Rajiv Rajvanshi and Ms. Pushpa Chowdhary are given in the Point No. 12 of the Report on Corporate Governance attached to this report.

Directors' Responsibility Statement

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

- i) In the preparation of the annual accounts for the year ended 31st March, 2014, the applicable accounting standards have been followed and there are no material departures from the same;
- ii) The accounting policies have been selected and applied consistently and the judgements and estimates made 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 profit of the Company for that year;
- iii) Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv) The accounts have been prepared on a going concern basis.

Conservation of energy and technical absorption

The particulars as prescribed under Section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 are given in Annexure 'A' to the Directors' Report.

Directors' Report (Contd.)

Foreign exchange earnings and outgo

Foreign exchange earnings and outgo are outlined in Note nos. 2.31, 2.32, 2.33 and 2.34 of Notes to the Accounts.

Particulars of employees

In terms of the provisions of Section 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 as amended, forms part of this report. However, as per the provisions of Section 219(1)(b)(iv) of the Companies Act, 1956, the report and accounts are being sent excluding the statement containing the particulars to be provided under Section 217(2A) of the Companies Act, 1956. Any member interested in obtaining such particulars may write to the Company Secretary for a copy thereof.

Auditors

Messrs Chaturvedi and Partners, the Auditors of the Company, retire at the forthcoming Annual General Meeting, and being eligible, offer themselves for re-appointment.

Cost Auditors

Your Board has appointed Messrs D. Sabyasachi & Co., Cost Accountants, to carry out the Cost Audit of the Company in respect of Paints & Varnishes. This appointment is to be made in each financial year and based on the application of your Company the Central Government has approved the re-appointment of Cost Auditors for the year under review. The necessary application will be made to the Central Government in due course seeking approval to the re-appointment of the Cost Auditors for the financial year 2014-15.

The Cost Audit report for the financial year ended 31st March, 2013 has been filed with the Ministry of Corporate Affairs, Cost Audit Branch, Government of India on 29.11.2013.

Listing

During the year, your Company's equity shares continue to be listed with the BSE Limited, National Stock Exchange of India Limited and The Calcutta Stock Exchange Limited.

However, the Board in its meeting held on 30th May, 2014 resolved to delist the equity shares of the Company from The Calcutta Stock Exchange Ltd.

The Company has paid annual listing fees to the respective Stock Exchanges. As the trading in equity shares of the Company is permitted only in dematerialized form, the Company has made the requisite arrangements with National Securities Depository Limited and Central Depository Services (India) Limited to enable investors to hold shares in dematerialized form.

Corporate Governance

The Company continues to comply with the requirements of the Listing Agreement with the Stock Exchanges where the Company's shares are listed. The report on Corporate Governance for the financial year ended 31st March, 2014, together with Certificate on its compliance, pursuant to requirements of Clause 49 of the Listing Agreement with Stock Exchanges is annexed hereto as Annexure 'C' to this Report.

Corporate Social Responsibility

Complementing every aspect of our business is our commitment to support positive transformation in the society. As one of the early adopters of CSR in the country, we have been supporting initiatives to promote education and environment conservation around our factories. Apart from energy and water conservation initiatives at our factories, we have been running a school at Howrah for primary and secondary school children. Through our CSR efforts, we aim to bring change that has a measurable, long-term impact on the communities of which we are a part.

Industrial relations and personnel

Industrial relations remained cordial and satisfactory. Your Directors wish to place on record their deep sense of appreciation of the devoted services rendered by all officers, staff and workers of the Company.

Acknowledgements

The Directors would like to place on record their grateful appreciation of the co-operation and assistance received from the financial institutions, banks, investors, valued customers, various government agencies and business associates during the year under review.

For and on behalf of the Board

New Delhi
30th May, 2014

Ratan Jindal
Director

Sameer Nagpal
Managing Director & CEO

Annexure – A to Directors' Report

FORM 'A' – CONSERVATION OF ENERGY

	Current Year 2013-2014	Previous Year 2012-2013
A. POWER AND FUEL CONSUMPTION :		
1. ELECTRICITY:		
a) Purchased :		
Units	Nos. 34,84,527	Nos. 35,85,504
Total Amount	₹ 2,70,37,851	₹ 2,67,35,785
Rate/Unit	₹ 7.76	₹ 7.46
b) Own Generation :		
i) Through Diesel Generator		
Units	Nos. 1,10,708	Nos. 1,46,536
Unit/Litre of Diesel Oil	3.69	3.42
Cost/Unit	₹ 15.68	₹ 13.56
ii) Through Steam Turbine/Generator Units,		
Unit/Litre of Fuel Oil/Gas, Cost/Unit	Not Applicable	Not Applicable
2. COAL :		
Quantity/Total Cost/Average Rate	Not Applicable	Not Applicable
3. FURNACE :		
Quantity	304 KL	373 KL
Total amount	₹ 1,33,99,964	₹ 1,60,66,639
Average Rate/Ltr.	₹ 44.07	₹ 43.07
4. OTHERS/INTERNAL GENERATION :		
Quantity/ Total Cost /Average Rate	Not Applicable	Not Applicable
B. CONSUMPTION PER UNIT OF PRODUCTION :		
<u>Products</u>	<u>Standard</u>	
Paints, Varnishes & Enamels (KL)	No specific standard as the consumption per unit depends on the product mix	
	42580 KL	46,305 KL
<u>Unit/KL</u>		
Electricity	84.43	80.60
Furnace Oil	0.007	0.008
Coal (specify quality) :	—	—
Others (specify) :	Not Applicable	Not Applicable

The variation in consumption of power and fuel was due to different product mix between current and previous year.

For and on behalf of the Board

New Delhi
30th May, 2014

Ratan Jindal
Director

Sameer Nagpal
Managing Director & CEO

Annexure – A to Directors' Report (Contd.)

FORM 'B'

RESEARCH & DEVELOPMENT (R&D), TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

1. Specific areas in which R&D was carried out by the Company
 - a) Development of new products in line with market demand, meeting the functional and performance expectations from customers, at optimum cost and meeting EHS (Environment, Health and Safety) requirements.
 - b) Up gradation of existing products in line with changing market / customer needs.
 - c) Value engineering and quality optimization. Raw materials rationalization.
 - d) Development of water based Elastomeric exterior premium architectural coating with heat reflectivity and high dirt pick up resistance.
 - e) Development of water based Interior premium architectural coating with smooth and sheen look and excellent stain clean-ability to household stains.
 - f) Development of water based Décor effect finishes for interior architectural applications.
 - g) Development of near zero VOC and practically odorless ultra premium, water based interior architectural paint with best in class performance properties.
 - h) Development of Solvent free high build tank coating for potable water application.
 - i) Development of rust tolerant, high build, high solids mastic coating for industrial application where blast cleaning is practically not possible.
 - j) Development of General Industrial system for Heavy OEM machinery / equipments.
 - k) Development of single pack ambient cure zinc rich epoxy stem for industrial applications.
2. Benefits derived as a result of the above R&D.
 - a) Introduction of New products in the Architectural as well as Industrial coating segment.
 - b) Making product and offering more and more environmentally friendly and safe, introduction of low VOC and low odor interior architectural coating.
 - c) Value engineering and cost optimization.
 - d) Development of industrial products as per customer's / consultant's specification.
3. Future plan of action
 - a) Fragrance encapsulated interior architectural coating
 - b) Anti microbial / Aseptic wall coating for hospitals.
 - c) Water based Epoxy and Polyurethane protective systems for industrial application.
 - d) Water based alkyd enamels for decorative market.
 - e) Development of Ceramic particles based deco products line with high endurance and long life.
 - f) Rapid setting industrial system for higher throughput and application productivity.
 - g) Heat reflective exterior coating for buildings.
4. **Expenditure on R&D**

a) Capital	:	₹	1.32 lacs
b) Recurring	:	₹	233.62 lacs
c) Total	:	₹	234.94 lacs
d) Total R&D expenditure as a percentage of total turnover	:		0.44%
5. **Technology absorption, adaptation and innovation**

Applied provisional Indian patent (Application No. 2061/MUM/2010) Titled "Organic Acid Hydrolyzed Stable Silicate Binders and Coatings Thereof".

For and on behalf of the Board

New Delhi
30th May, 2014

Ratan Jindal
Director

Sameer Nagpal
Managing Director & CEO

Annexure – B to Directors' Report

Disclosure regarding the Company Employees Stock Option Scheme 2013 pursuant to the SEBI (Employees Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines, 1999 and forming part of the Directors' Report for the year ended 31st March, 2014:

SHALIMAR EMPLOYEES STOCK OPTION 2013: STATUS AS ON 31.03.2014		
S. No	Particulars	ESOP SCHEME 2013
1	Number of Stock options granted	4,88,000
2	Pricing Formula	₹ 45.68
3	Option Vested	NIL
4	Number of Option exercised	NIL
5	Number of Shares arising as a result of exercise of option	NIL
6	Number of option lapsed	NIL
7	Variation of terms of options	None
8	Money realized upon exercise of options	NIL
9	Total number of option in force	4,88,000
10	Employee wise details of options granted to :	
	a) Senior Managerial Personnel	
	b) Details of Employee(s) who received grant during the year of options amounting to 5% or more of the options granted during the year	List available at the request of the members
	(c) Employees who were granted options during the year, equal to or exceeding 1% of the issued capital of the Company at the time of grant	
11	(i) Method of calculation of employee compensation cost	Intrinsic Value Method
	(ii) Difference between the employee compensation cost so computed at 11(i) above and the employee compensation cost that shall have been recognised if it had used the fair value of the options	₹ 18,65,732.14
	(iii) The impact of this difference on profits and on EPS of the Company	
	Profit including extra-ordinary items, as reported (₹)	(2,80,00,000)
	Add: Employee stock compensation under intrinsic value method (₹)	5,81,668
	Less: Employee stock compensation under fair value method (₹)	18,65,732
	Pro-forma profit (₹)	(2,92,84,064)
	Earnings Per Share	
	Basic	
	As reported (including extra-ordinary items) (₹)	-1.47
	Pro-forma (₹)	-1.55
	Diluted	
	As reported (including extra-ordinary items) (₹)	-1.47
	Pro-forma (₹)	-1.55
12	a) Weighted average exercise prices of option granted (₹)	45.68
	b) Weighted average fair value of options granted on the date of grant (₹)	48.27
13	Method and significant assumptions used to estimate the fair values of options	Black Scholes Valuation Model
	(i) Weighted average share price / Fair value of share (₹)	68.24
	(ii) Exercise Price (₹)	45.68
	(iii) Annual Volatility (Standard Deviation Annual)	69.57%
	(iv) Time To Maturity - in years	4.81
	(v) Dividend Yield	0.00%
	(vi) Risk free Rate Annual	8.15%

For and on behalf of the Board

New Delhi
30th May, 2014

Ratan Jindal
Director

Sameer Nagpal
Managing Director & CEO

Annexure – C to Directors' Report

CORPORATE GOVERNANCE

Pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges, the Directors submit the following Report on the Corporate Governance, for the information of the shareholders.

1. Company's Philosophy

The Company has always been committed to good corporate governance and adequate disclosure and it lays emphasis on transparency, accountability and integrity in all its operations and dealings with its customers, dealers, employees, shareholders and with every individual who comes in contact with the Company.

2. Board of Directors

Composition

During the year under review, the Board of Directors of the Company comprised of seven Directors, two of whom are promoters (Non Executive Directors) and one Executive Director. The remaining four are non-executive and independent directors. However, during a very short transitional period, i.e., from 25th May, 2013 to 10th June, 2013, there were eight directors in the Company, two of whom were Executive Directors.

All the non-executive Directors are being paid sitting fees for attending meetings of the Board and Committees thereof. The Executive Director is being paid remuneration as approved by the Shareholders of the Company. The Board is headed by a dependent non-executive Director as its Chairman.

During the period under review, the following changes have occurred in the composition of the Board of Directors of the Company:-

Sl. No.	Name of Directors	Appointment/Cessation on Board
1	Mr. Sameer Nagpal	Appointed as Managing Director & CEO w.e.f.25th May, 2013
2	Mr. Rajiv Rajvanshi	Appointed as an Additional Director w.e.f.20th September, 2013
3	Mr. S. Sarda	Resigned w.e.f.10th June, 2013
4	Mr. Rajiv Garg	Resigned w.e.f.6th September, 2013

Board Procedures

During the Financial Year 2013-14, the Board of the Company met on six occasions. The time gap between two consecutive meetings of the Board of Directors of the Company was not more than four months. The dates of the meetings are 4th April, 2013, 25th May, 2013, 6th August, 2013, 20th September, 2013, 11th November, 2013 and 28th January, 2014.

The information on attendance of the Directors of the Company at the Board Meetings held during the year under review and also at the last Annual General Meeting (AGM) of the Company are given below:-

Name of Director	No. of Board Meetings attended	Attendance at the last AGM
Mr. Girish Jhunjhnuwala, Chairman	6	Attended
Mr. Ratan Jindal	6	Attended
Mr. A.V. Lodha	3	Attended
Dr. R. Srinivasan	5	Attended
Mr. Pujit Aggarwal	Nil	Absent
Mr. Rajiv Rajvanshi	3*	-
Mr. Sameer Nagpal, Managing Director & CEO	4^	Attended
Mr. Rajiv Garg	2@	Attended
Mr. S. Sarda, Executive Director	2#	-

- * Appointed on Board as an Additional Director w.e.f.20th September, 2013
- ^ Appointed as the Managing Director & CEO w.e.f.25th May, 2013
- @ Resigned from Board w.e.f.6th September, 2013
- # Resigned from Board w.e.f.10th June, 2013

Annexure – C to Directors’ Report (Contd.)

The details of other directorships, memberships/chairmanship of Committees held, as on 31st March, 2014, by the Directors of the Company are given below:-

Name of Director	Category	No. of other Directorships*	No. of Committees** on which	
			Member	Chairman
Mr. Girish Jhunjhnuwala (Chairman)	Non-Executive, Promoter	-	-	-
Mr. Ratan Jindal	Non-Executive, Promoter	6	-	-
Mr. Rajiv Rajvanshi	Non-Executive, Independent	12	-	-
Mr. A.V. Lodha	Non-Executive, Independent	3	-	1
Dr. R.Srinivasan	Non-Executive, Independent	6	4	4
Mr. Pujit Aggarwal	Non-Executive, Independent	2	1	-
Mr. Sameer Nagpal	Managing Director and CEO	1	-	-

* Other than directorship in Shalimar Paints Limited, private limited companies, companies registered Section 25 of the Companies Act, 1956 & foreign companies

** In accordance with requirements of Clause 49 of the Listing Agreement, Memberships/Chairmanships of only Audit Committees and Shareholders’/Investors’ Grievance Committees of only public limited companies (except Shalimar Paints Limited) have been considered.

3. Audit Committee

The Audit Committee of the Board of Directors of the Company consists of Dr. R Srinivasan, Mr. A.V. Lodha, Mr. Rajiv Rajvanshi and Mr. Pujit Aggarwal, under the Chairmanship of Dr. R. Srinivasan. All the members of the Audit Committee are non-executive and independent Directors. In the wake of resignation from the Board, Mr. Rajiv Garg ceased to be a member of the Audit Committee w.e.f.6th September, 2013. Mr Rajiv Rajvanshi became a member of Audit Committee w.e.f.20th September, 2013.

The terms of reference of the Audit Committee of the Company cover the matters specified under Clause 49 of the Listing Agreement as well as Section 292A of the Companies Act, 1956.

The Committee met four times during the year under review, i.e., on 25th May, 2013, 6th August, 2013, 11th November, 2013 and 28th January, 2014. During the year under review, the time gap between two consecutive meetings of the Audit Committee was not more than four months. The attendance of the members of the Committee is given below:-

Name of Director	No. of Meetings attended
Dr. R Srinivasan	4
Mr. A.V. Lodha	3
Mr. Pujit Aggarwal	Nil
Mr. Rajiv Rajvanshi (w.e.f. 20th September, 2013)	2
Mr. Rajiv Garg (upto 6th September, 2013)	2

4. Shareholders’ Grievance Committee

The Shareholders’ Grievance Committee of the Board of Directors of the Company is comprised of Mr. Girish Jhunjhnuwala and Mr. A.V. Lodha under the Chairmanship of Mr. A. V. Lodha. Mr. Punit Kumar Chellaramani, Company Secretary of the Company is designated as Compliance Officer.

The details of the complaints, excluding correspondences which are not in the nature of complaints, are given below:-

No. of complaints pending as on 1st April, 2013	-
No. of complaints received during the year	13
No. of complaints redressed during the year	13
No. of complaints pending as on 31st March, 2014	-

The Committee looks into redressal of complaints received from shareholders. It is the policy of the Company to promptly attend to and resolve the complaints received from the shareholders.

Annexure – C to Directors' Report (Contd.)

The Board of Directors of the Company has delegated the power of transfer and transmission of shares to Messrs. MCS Limited, the Registrar and Share Transfer Agents of the Company who are attending these transfer formalities fortnightly, under the overall supervision of the Company's Secretarial Department.

5. Remuneration Committee

The Board of Directors of the Company constituted a Remuneration Committee, which comprises of three independent directors namely Dr. R. Srinivasan, Mr. Rajiv Rajvanshi, and Mr. A.V. Lodha, under the Chairmanship of Dr. R Srinivasan, on the terms of reference as mentioned in point no. 2 of Annexure ID of Clause 49 of the Listing Agreement with Stock Exchanges. In the wake of resignation from the Board, Mr. Rajiv Garg ceased to be a member of the Audit Committee w.e.f. 6th September, 2013. Mr Rajeev Rajvanshi became a member of Audit Committee w.e.f. 20th September, 2013.

The Committee met four times during the year under review, i.e., on 25th May, 2013, 6th August, 2013, 11th November, 2013 and 28th January, 2014. The attendance of the members of the Committee is given below:-

Name of Director	No. of Meetings attended
Dr. R Srinivasan	4
Mr. A.V. Lodha	3
Mr. Rajiv Rajvanshi (w.ef.20th September, 2013)	2
Mr. Rajiv Garg (upto 6th September, 2013)	2

The Company has not been paying any remuneration to non-executive Directors except sitting fee for attending each meeting of the Board of Directors of the Company and Committees thereof. None of the non-executive directors is holding any share in the Company in their own name except Mr. Ratan Jindal who holds 30,500 equity shares in the Company.

The details of sitting fees paid to the non-executive directors during the financial year 2013-14 are given below:-

Name of Director	Sitting Fees (₹)
Mr. Girish Jhunjhnuwala	60,000
Mr. Ratan Jindal	60,000
Mr. A.V. Lodha	90,000
Dr. R Srinivasan	1,30,000
Mr. Pujit Aggarwal	-
Mr. Rajiv Rajvanshi (w.ef.20th September, 2013)	70,000
Mr. Rajiv Garg (upto 6th September, 2013)	60,000

The details of remuneration paid to Mr. S. Sarda, Executive Director & Mr. Sameer Nagpal, Managing Director and CEO, during the year under review and other requisite disclosures in this regard are given below:

(Figures in ₹)

Name	Salary	Other Allowances	Contribution to PF and Other funds	Total	Period of Agreement	Notice Period
Mr. Sameer Nagpal	38,34,677	42,57,085	4,29,739	85,21,502	Three years with effect from 25th May, 2013	Three months notice by either party
Mr. Sandeep Sarda	2,91,667	1,58,302	35,000	4,84,969	-	-

6. Code of Conduct

The Company has adopted the Code of Conduct for the members of the Board and Senior Management Personnel of the Company. The Code is available on the Company's website www.shalimarpaints.com.

A declaration duly signed by Mr. Sameer Nagpal, Managing Director and CEO of the Company, pursuant to Clause 49 I (D) (ii) of the Listing Agreement, has been received regarding receipt of affirmation from all the members of the Board and Senior Management Personnel regarding compliance with Code of Conduct of the Company during the year under review.

Annexure – C to Directors' Report (Contd.)

7. CEO/CF0 Certification

As required under Clause 49(V) of the Listing Agreement, Chief Executive Officer of the Company have certified to the Board of Directors, inter-alia, the accuracy of the financial statements and adequacy of internal control for the financial reporting purpose, for the year under review.

8. General Body Meetings

The details of the last three Annual General Meetings are given below:-

For the Financial year	Date of AGM	Time	Venue	No. of Special Resolutions
2012-13	06.08.2013	11.00 A.M.	Goaberia, P.O. Danesh Shaikh Lane, Howrah – 711 109	4
2011-12	18.07.2012	11.00 A.M.	Goaberia, P.O. Danesh Shaikh Lane, Howrah – 711 109	None
2010-11	12.08.2011	11.00 A.M.	Goaberia, P.O. Danesh Shaikh Lane, Howrah – 711 109	None

At the above mentioned meetings, all the Resolutions were passed on show of hands. During the year under review, there was no such business which required passing of resolution through postal ballot.

9. Disclosure

There were no materially significant related party transactions i.e. transactions of material nature made by the Company with its promoters, directors or the management, their subsidiaries or relatives etc. that may have potential conflict with the interest of the Company at large. The requisite disclosure on 'Related Party Transactions' pursuant to Accounting Standard 18 has been given in Note No. 2.39 of Notes to the Accounts.

No strictures or penalties have been imposed on the Company by the Stock Exchanges or the Securities and Exchange Board of India (SEBI) or any other statutory authority on any matter related to capital market during the year under review.

The Company has complied with all mandatory requirements of Clause 49 of the Listing Agreement. The Company has also adopted non-mandatory requirements regarding Remuneration Committee and also moved towards a regime of unqualified financial statements.

10. Management Discussion and Analysis

Industry Structure and Development

The Indian paint industry is estimated to be around ₹ 30,000 crores with unorganized sector consisting of ₹ 10,000 crores. The organized sector contributes to 70% sales. Broadly, the paint industry is segmented into 'Decorative Paints' and 'Industrial Paints' with decorative making up 70% of the sales. This is in contrast to developed countries where the ratio is at an approximate of 50:50.

The decorative paint segment can be further divided into 'Wall Coatings' and 'General Coatings'.

The growth driver in the decorative segment in the current scenario & as per future forecasts are the Wall Coatings. These constitute of 'Top Coats' & 'Under Coats.' There is a further bifurcation of these coatings as 'Interior Coatings' & 'Exterior Coatings', these categories are arrived at, on the basis of the Paint being used in the Interior or Exterior surfaces of a building. Decorative Segment constitutes of Product groups mainly categorized as Emulsions, Distempers, Enamels, Wood Coatings, Undercoats & Fillers.

Industrial Paint market can be broadly divided into Automotive Coatings, High Performance Coatings, Powder Coatings, General Industrial Coatings and Coil Coatings.

Industry Outlook

A study by the Indian Paint Association and AC Nielsen estimates that the Indian paint market will reach ₹ 49,545 crores by 2016-17. The Decorative segment will continue to grow and register higher share compared to Industrial paints. The Industrial market has been sluggish as most segments have experienced slowdown due to the overall economic environment in the country. The Decorative market too is impacted but the extent has been limited. While growth in tier 1 cities has seen a slowdown, tier 2 & 3 cities and towns have retained their buoyancy and are registering double digit growth rates.

Annexure – C to Directors' Report (Contd.)

However despite the positive sentiments, economic recovery on the ground is expected to take time and industry will continue to face a challenging environment.

Opportunities and Threats

The growth in the Decorative market will be driven by emergence of a strong consumerist, middle class, and a younger population with greater tendency to spend. Changing lifestyles are expected to result in higher frequency of painting and usage of better products. Growth in real estate and housing is further expected to spur demand. Within the decorative segment, emulsions or the top coat will continue to grow at the fastest rate.

Your Company is focused on growing both the Decorative and Industrial segments, with special emphasis on tapping the growing emulsions business in the Decorative segment. Your Company is enhancing its production capacity for Decorative paints and undertaking a number of initiatives to build demand for its products, streamline delivery and distribution and engage actively with the channel.

Risk and Concerns

The growth of the Paints Industry in India has been consistent with the GDP growth rate over the years.

As the growth of Paints Industry is aligned with the growth of economy, any sluggish economic growth could weigh down the demand for paints and may lead to adverse effect on the business of the Company.

Further, the paint industry is raw material intensive and the volatility in the raw material prices will have considerable impact on operating margins. Paint costs are significantly impacted by petroleum prices and there is a large import content in our products. Rising oil prices and rupee depreciation may impact the profitability of your Company.

The growth in the industrial segment is also susceptible to end user business cycles.

Internal Control System and its Adequacy

The Company's internal control systems are commensurate with the size and nature of its business. The Company has appointed external audit firms to conduct regular audits at various locations of the Company.

Other matters such as operational and financial performance, human resources etc. have been discussed under the respective heads in the Directors' report.

11. Means of Communication

The quarterly results are being generally published in Financial Express in English language and in Dainik Statesman in Bengali and are also posted on the Company's website www.shalimarpaints.com.

The Management Discussion and Analysis has been given in point no.10 above and is forming part of the Annual Report.

The Company has not made any presentation to institutional investors or analysts during the year under review.

12. Disclosure on appointment/re-appointment of Directors

Mr. Ratan Jindal aged about 53 years, one of the Promoter Directors of the Company, is a commerce graduate with specialized top management training from Wharton School of Management, USA. He is currently the Chairman & Managing Director of Jindal Stainless Limited. He is a member of the Board of Directors of the following Companies.

Jindal Steel & Power Limited, Sonabheel Tea Limited, Jindal Industries Private Ltd., OPJ Investments & Holdings Ltd., NalwaFincap Ltd., Nalwa Financial Services Ltd, Nalwa Farms Private Limited, Virtuous Tradecorp Private Limited, Jindal Stainless Mauritius Limited, Jindal Stainless UK Limited, Jindal Stainless FZE Limited, JSL Group Holdings Pte Ltd, JSL Ventures Pte. Ltd., JSL Europe SA.

Mr Ratan Jindal holds 30,500 shares in the company.

Annexure – C to Directors' Report (Contd.)

Mr. A V Lodha aged about 48 years, a renowned Chartered Accountant, is the Country Managing Partner of Lodha & Co., one of the leading accounting and consulting firms in India. MrLodha has also served as the President of India Chamber of Commerce, Kolkata, in 1998-99 and 2001-02. He also served as Chairman of CII's National Committee of Accounting Standard & Corporate Governance and Taxation and was a member of the Indian National Committee of International Chamber of commerce, Paris. MrLodha has also served as a Member of the High Level Naresh Chandra Committee constituted by the Government of India. He is a member of the Board of Directors of the following Companies:

Alferd Herbert (India) Limited, Graphite India Limited and Herbert Holdings Limited.

Mr. Lodha does not hold any shares in the Company.

Mr. Pujit Aggarwal, aged about 44 years, is an alumnus of Harvard Business School and Sydenhem College with more than 25 years experience in the real estate industry. He has served as member of the Chief Minister's Task Force for developing the housing policy for State of Maharashtra. He is the Managing Director of Orbit Corporation Limited and is having vast experience and exposure on various aspects of business.

He is a member of the Board of Directors of the following Companies:

Orbit Highcity Private Limited, Orbit Raking Solutions Limited, Orbit Power & Transmission Private Limited, Orbit Parkland Developers Private Limited, Orbit Parkcity Private Limited, Orbit Lifestyle City Developers Private Limited, Orbit Infraserve Private Limited, Orbit Habitat Private Limited, Orbit Facility Services Private Limited, Orbit Exquisites Housing Private Limited, Orbit Evolve Infra Private Limited, Orbit Evolve Infra Private Limited, Orbit Entertainment Private Limited, Orbit Eduworld Private Limited, Orbit Eduserve Private Limited, Orbit Compel Infra-Build Private Limited, Orbit Abode Private Limited, NitikaMultitrading Private Limited, Emgee Foils Private Limited, Brio Academic Infrastructure And Resource Management Private Limited, Apex Hotel Enterprises Pvt Ltd, Ambuj Infrastructure Private Limited, AhinsaBuildtech Private Limited, Orbit Socio Foundation, Orbit Translinks & Logistics Private Limited, Pheonix Appliances Private Limited, Property Redevelopers Association, Revati Academic & Infrastructure Private Limited & Orbit Retail Chain Private Limited.

MrPujit Aggarwal does not hold any shares in the Company in his own name.

Mr. Rajiv Rajvanshi, aged 50, is currently working as Sr. Vice President (Corporate Strategy) at Jindal Stainless Limited. He has a rich and wide spectrum of International Business experience in the fields of Finance, Systems, Costing & Budgeting, Procurement, New Venture Planning and Mergers & Acquisitions. Mr. Rajiv Rajvanshi holds director ship in Lineage Management Services Ltd, Jindal StainlesSteelway Limited, JSL Lifestyle Limited, JSL Limited, JSL Architecture Limited, Pacific Metallic Trading Company Limited, Om Project Consultants and Engineers Limited, Jindal Infrastructure and Utilities Limited, Jindal Mining Limited, J.S.S Steelitalia Limited, Jindal Consultancy Services Limited and JSL Energy Limited, PT Jindal Stainless Indonesia, JSL Ventures Pte Ltd, jsl Europe S.A., JSL Minerals & Metals S.A.

Mr. Rajiv Rajvanshi does not hold any shares in the Company.

Ms. Pushpa Chowdhary, aged 42, is currently working as AVP (Exports) at Jindal Lifestyle Limited. Ms. Pushpa Chowdhary has completed Executive PG Human Resources from XLRI (Gold Medalist) and an MBA (Sales & Marketing) from IGNOU. She has a vast and enriching experience in the field of marketing.

Ms. Pushpa Chowdhary does not hold any shares in the Company.

13. Subsidiaries

The Company has two unlisted subsidiary companies, which are not material as per the Explanation 1 of Clause 49(III) of the Listing Agreement. The Audit Committee of the Company reviews the financial statements of these Subsidiaries.

14. Employee Stock Options

The information on the options granted by the Company during the financial year 2013-14 and other particulars with regard to Employees' Stock Options are set out under Annexure B to the Directors' Report.

Annexure – C to Directors' Report (Contd.)

15. General Shareholder information

- a) As indicated in the notice dated 30th May, 2014, the 112th Annual General Meeting of the Company will be held on 26th September, 2014 at 12:00 Noon at The Lake Land Country's Club, Kona Expressway, P.O. : Munshidanga, P.S. : Domjur, Howrah - 711 403.
- b) The Register of Members and Share Transfer Books of the Company will remain closed from 21st September, 2014 to 26th September, 2014, both days inclusive.
- c) Financial Calendar: The unaudited/audited financial results of the Company for the following quarters ending/year ending will be published on or before the dates mentioned against the respective period:

For the Quarter ending 30th June, 2014 (Unaudited)	: 14th August, 2014
For the Quarter ending 30th September, 2014 (Unaudited)	: 14th November, 2014
For the Quarter ending 31st December, 2014 (Unaudited)	: 14th February, 2015
For the year ending 31st March, 2015 (Audited)	: 30th May, 2015

- d) The Shares of the Company are listed with the following Stock Exchanges with the stock code mentioned there against:

	Stock Code
1. The Calcutta Stock Exchange Ltd. 7, Lyons Range, Kolkata - 700 001	10029193
2. BSE Limited Phiroze Jeejeebhoy Towers Dalal Street, Mumbai - 400 001	509874
3. National Stock Exchange of India Ltd. Exchange Plaza, Badra Kurla Complex Bandra (E), Mumbai - 400 051	SHALPAINTS

The stock code (ISIN) for the Company's shares in demat segment is INE849C01026.

- e) The monthly high and low quotations during the last financial year on BSE Limited (BSE) and National Stock Exchange of India Ltd. (NSE) are given below :-

Month	BSE		NSE	
	High	Low	High	Low
April 2013	122.00	106.30	119.80	114.60
May 2013	131.80	106.25	115.00	109.00
June 2013	115.00	85.80	94.50	91.50
July 2013	111.80	78.50	83.00	78.50
August 2013	82.00	50.20	55.45	52.05
September 2013	60.00	48.95	56.00	54.50
October 2013	78.30	54.10	75.00	62.60
November 2013	102.70	68.50	92.45	88.75
December 2013	92.90	78.30	90.00	86.00
January 2014	104.45	72.15	74.60	72.70
February 2014	77.10	68.00	76.00	71.90
March 2014	78.00	70.00	77.90	73.30

So far as monthly high and low quotations on The Calcutta Stock Exchange Limited are concerned, there was no trading during the year under review.

Annexure – C to Directors' Report (Contd.)

- f) (i) Performance of the price of the Company's shares on BSE vis-à-vis BSE Sensex during the period under review, is given below:-

Month	Company's Shares price		BSE Sensex	
	High	Low	High	Low
April 2013	122.00	106.30	19,622.68	18,144.22
May 2013	131.80	106.25	20,443.62	19,451.26
June 2013	115.00	85.80	19,860.19	18,467.16
July 2013	111.80	78.50	20,351.06	19,126.82
August 2013	82.00	50.20	19,569.20	17,448.71
September 2013	60.00	48.95	20,739.69	18,166.17
October 2013	78.30	54.10	21,205.44	19,264.72
November 2013	102.70	68.50	21,321.53	20,137.67
December 2013	92.90	78.30	21,483.74	20,568.70
January 2014	104.45	72.15	21,409.66	20,343.78
February 2014	77.10	68.00	21,140.51	19,963.12
March 2014	78.00	70.00	22,467.21	20,920.98

- (ii) Performance of the price of the Company's shares on NSE vis-à-vis NSE Nifty during the period under review is given below:-

Month	Company's Shares price		BSE Sensex	
	High	Low	High	Low
April 2013	119.80	114.60	5962.30	5867.80
May 2013	115.00	109.00	6106.25	5975.55
June 2013	94.50	91.50	5852.95	5749.50
July 2013	83.00	78.50	5752.10	5675.75
August 2013	55.45	52.05	5493.30	5360.20
September 2013	56.00	54.50	5810.20	5718.50
October 2013	75.00	62.60	6309.05	6235.90
November 2013	92.45	88.75	6182.50	6103.80
December 2013	90.00	86.00	6317.30	6287.30
January 2014	74.60	72.70	6097.85	6067.35
February 2014	76.00	71.90	6282.70	6228.10
March 2014	77.90	73.30	6730.05	6662.40

- g) MCS Limited of 77/2A, Hazra Road, Kolkata - 700 029, Phone Nos. (033) 4072-4052 (3 lines), (033) 2454-1892 and 2454-1893, are the Registrar and Share Transfer Agents of the Company for both physical as well as demat segment.
- h) The share transfer work is being handled by the Company's R&T Agents, MCS Limited of 77/2A, Hazra Road, Kolkata - 700 029 who are also having connectivity with the depositories, viz., NSDL and CDSL. The power of approving the transfer of shares has been delegated to the Registrar so that they can attend to the share transfer formalities on fortnightly basis.
- i) The distribution of shareholdings as on 31st March, 2014 is given below:-

	No. of Shareholders	Percentage	No. of Shares held	Percentage
Upto 500	7239	82.15	1050561	5.55
501 to 1000	876	9.94	687362	3.63
1001 to 2000	349	3.96	526983	2.79
2001 to 3000	116	1.32	297385	1.57
3001 to 4000	40	0.45	141205	0.75
4001 to 5000	42	0.48	197152	1.04
5001 to 10000	53	0.60	375305	1.98
10001 to 50000	72	0.82	1437084	7.59
50001 to 100000	10	0.11	682732	3.61
100000 and above	15	0.17	13532331	71.49
Total	8812	100.00	18928100	100.00

Annexure – C to Directors' Report (Contd.)

j) Category of shareholders as on 31st March, 2014 are given below:

	No. of shares	Percentage
Promoters	11803150	62.36
Financial Institutions	607861	3.21
NRI/NRC	487588	2.58
General	6029501	31.85
Total	18928100	100.00

k) Dematerialisation of Shares and liquidity: As on 31st March, 2014, Equity shares representing 97.23% are in dematerialised form.

l) The Company's plants are located at the following places:

- P.O. DaneshShaikh Lane, Goabaria, Howrah, West Bengal
- Village: Gonde Dumala, Tehsil: Igatpuri, Nasik and
- No.A-1 and A-2 Sikandrabad Industrial Area, Sikandrabad, Dist. Bulandsahar, Uttar Pradesh.

m) Address for Correspondence: Secretarial Department, Shalimar Paints Limited, Plot No 64, Sector, 44, Gurgaon, Haryana 122001

n) E-Mail ID of the Grievance Redressal Division/Compliance Officer exclusively for the purpose of registering complaints by the Investors: hwhsec@shalimarpaints.com

For and on behalf of the Board

Place : New Delhi
Date : 30th May, 2014

Ratan Jindal
Director

Sameer Nagpal
Managing Director & CEO

Annexure – C to Directors' Report (Contd.)

DECLARATION

(Pursuant to Clause 49 I (D) (ii) of the Listing Agreement)

I, Sameer Nagpal, Managing Director & CEO of the Company, do hereby declare that all the Board members and senior management personnel of the Company affirmed compliance with the code of conduct, adopted by the Company, for the Board of Directors and Senior Management of the Company.

New Delhi
30th May, 2014

Sameer Nagpal
Managing Director & CEO

Compliance Certificate on Corporate Governance

(Pursuant to Clause 49 of the Listing Agreement with Stock Exchanges)

**To the Shareholders of
SHALIMAR PAINTS LIMITED**

We have examined the compliance of conditions of Corporate Governance by Shalimar Paints Limited, for the year ended on 31st March, 2014 as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges.

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

In our opinion and to the best of our information and according to explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above mentioned Listing Agreement.

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

For P. SARAWAGI & ASSOCIATES
Company Secretaries
P. K. Sarawagi
Proprietor
Membership No. FCS3381
Certificate of Practice No. : 4882

Place : Kolkata
Date : 30th May, 2014

Independent Auditors' Report

To The Members of Shalimar Paints Limited

Report on the Financial Statements

We have audited the accompanying financial statements of Shalimar Paints Limited ('the Company'), which comprise the Balance Sheet as at March 31, 2014, 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's Responsibility for the Financial Statements

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 notified under the Companies Act, 1956 ("the Act") read with the General Circular 15/2013 dated 13th September 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013. 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, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. 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, 2014;
- b) in the case of the Statement of Profit and Loss, of the profit 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.

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. 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 ;

Independent Auditors' Report (Contd.)

- 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 notified under the Companies Act, 1956 read with the General Circular 15/2013 dated 13th September 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013;
- e) on the basis of written representations received from the directors as on March 31, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

For CHATURVEDI & PARTNERS
Chartered Accountants
Firm Reg No-307068E

Anup Kumar Dubey
Partner
Membership No: 054975

Place: New Delhi
Dated: May 30, 2014

Annexure to the Auditors' Report

The Annexure referred to in our report to the members of Shalimar Paints Limited ('the Company') for the year ended 31st March, 2014

1. In respect of its fixed assets :

- a) There has been fire during the year under audit in the Howrah factory of the Company resulting in damage to its fixed assets comprising Building and Plant & Machineries . Fixed assets register of the Company ,as a whole ,are reported to be destroyed , and the same are being reconstructed giving full particulars including quantitative details and situation of fixed assets . Hence, we are unable to comment on para 4(1) (a) of the 'Order'.
- b) The extent of damage (with financial implication thereof) to affected fixed assets are being surveyed by insurer. However, the Company has made its own estimation of loss due to fire to the extent of ₹ 26.01 lacs (Plant & Machinery) & ₹ 49.92 lacs (Building), and the said amount has been shown as claim receivable . The actual loss can be determined only on receiving report from insurer.

Except above, other fixed assets of the Company have been verified periodically by the management during the year in a phased manner, which in our opinion is reasonable, having regard to the size of the Company and nature of its assets. Since the assets register could not be made available to us for the reason stated in 1(a) above, we are unable to comment on para 4(1) (b) of the 'Order' - whether any material discrepancies (on physical verification) existed as compared to fixed assets register.

- c) The Company has not disposed of substantial part of fixed assets during the year under audit and the going concern status of the Company is not affected.

2. In respect of its inventories:

- a) The inventories have been physically verified by the management at regular intervals during the year.
- b) In our opinion, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- c) The Company has maintained proper records of inventory. Due to fire , as reported in (1)(a) above, there has been loss of ₹ 1456.32 lacs on account of damage inventory. The said loss has been estimated by the management which may change on surveyor's report of insurer. Except this, there were no material discrepancies noticed on physical verification of inventory as compared to the book records.

3. The Company is to receive balance consideration money of ₹ 499.16 lacs [Note 2.17(i)] from its subsidiary, Shalimar Adhunik Nirman Limited, for transfer of its assets & expenses incurred on behalf of the said subsidiary. The said due amount is not interest bearing and shown as loan & advances to related party. Except this, the Company has not granted any loan to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Hence, Clauses 4(iii) (a) to (d) of the Order, are not applicable to the Company.

4. The Company has not taken loan, secured or unsecured, from companies, firms or other parties covered in the register maintained under section 301 of the Act. Hence, Clauses 4(iii) (e), (f) and (g) of the Order, are not applicable to the Company.

5. In our opinion, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business for the purchase of inventories, fixed assets and also for the sale of goods & services. During the course of our audit, we have not observed any major weaknesses in internal control system relating to these areas.

6. According to information & explanation furnished to us, we are of the opinion that there are no contracts or arrangements referred to in section 301 of the Companies Act, 1956 that need to be entered into the register maintained under that section. Hence, Clauses 4(v) (a) & (b) of the Order, are not applicable to the Company.

7. The Company has not accepted any deposits from public & accordingly Clause 4(vi) of the Order is not applicable to the Company.

8. In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.

9. The Central Government has prescribed maintenance of Cost Records under Section 209 (1) (d) of the Companies Act, 1956 in respect of certain manufacturing activities of the Company. We have broadly reviewed the accounts and records of the Company in this connection and are of the opinion, that prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the same.

Annexure to the Auditors' Report (Contd.)

10. In respect of statutory dues :

- a) The undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and other statutory dues have been regularly deposited with the appropriate authorities. No undisputed amounts payable in respect of the aforesaid dues were outstanding as at 31st March 2014 for a period of more than six months from the date of becoming payable.
- b) The disputed statutory dues on account of income tax, sales tax, wealth tax, service tax, custom duty, excise duty and cess, as applicable, aggregating to ₹758.57 lacs, that have not been deposited on account of matters pending before appropriate authorities are as under:

Sl No.	Name of the statute	Nature of dues	Forum where dispute is pending	Amount (₹ in lacs)
01.	Central Excise Act, 1944	Excise Duty	Various Assessing, Appellate & Tribunal Authorities	315.33
02.	Central Sales Tax Act and Sales Tax Act of various states	Sales Tax	Various Assessing, Appellate, Tribunal & Revision Board Authorities	432.18
03.	Income Tax Act, 1961	Income Tax	Various Assessing, Appellate, Tribunal Authorities	11.06
TOTAL:				758.57

11. The Company has no accumulated loss, and has not incurred any cash loss during the financial year covered by our audit or in the immediately preceding financial year.
12. Based on the audit procedures and as per the information & explanation given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to financial institutions, banks or debenture holders.
13. According to information & explanation given to us, no loan or advance has been granted by the Company on the basis of security by way of pledge of shares, debentures and other securities.
14. The Company is not a chit fund or a nidhi or a mutual benefit fund/society. Therefore, clause 4(xiii) of the Order is not applicable to the Company.
15. The Company has not dealt or traded in shares, securities, and hence clause 4 (xiv) of the Order is not applicable.
16. According to information & explanation given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
17. The Company has availed term loans, and the same has been utilized for intended purposes.
18. On an overall examination of the balance sheet of the Company, we report that funds raised on short-term basis have not been used for long-term investment.
19. The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Companies Act, 1956.
20. The Company has not raised any money by way of public issue or issued debentures during the year under audit.
21. Based on the audit procedures performed for reporting on the true & fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the year under audit causing the financial statements to be materially misstated.

For CHATURVEDI & PARTNERS
Chartered Accountants
Firm Reg No-307068E

Anup Kumar Dubey
Partner

Membership No: 054975

Place : New Delhi
Dated : May 30, 2014

Standalone Balance Sheet

as at March 31, 2014

	Note No.	March 31, 2014	March 31, 2013
(₹ in Lacs)			
I. EQUITY AND LIABILITIES			
1. Shareholders' fund			
(a) Share Capital	2.1	378.57	378.57
(b) Reserve and Surplus	2.2	6,951.63	7,122.12
		<u>7,330.20</u>	<u>7,500.69</u>
2. Non-Current Liabilities			
(a) Long Term Borrowings	2.3	1,344.68	705.30
(b) Deferred Tax Liabilities (Net)	2.4	177.47	257.98
(c) Other Long Term Liabilities	2.5	33.70	54.29
(d) Long Term Provisions	2.6	778.31	697.22
		<u>2,334.16</u>	<u>1,714.79</u>
3. Current Liabilities			
(a) Short Term Borrowings	2.7	9,649.70	8,104.63
(b) Miscellaneous Receipts (note 2.46)	2.8	16,182.13	16,434.40
(c) Other Current Liabilities	2.9	2,618.51	2,747.28
(d) Short Term Provisions	2.10	10.43	168.91
		<u>28,460.77</u>	<u>27,455.22</u>
Total		<u>38,125.13</u>	<u>36,670.70</u>
II. ASSETS			
1. Non Current Assets			
(a) Fixed Assets	2.11		
(i) Tangible Assets		2,946.62	3,067.52
(ii) Intangible Assets		190.25	120.36
(iii) Capital Work-in-Progress		1,763.60	787.54
(b) Non Current Investment	2.12	84.73	80.73
(c) Long Term Loans and Advances	2.13	182.41	126.82
		<u>5,167.61</u>	<u>4,182.97</u>
2. Current Assets			
(a) Inventories	2.14	12,135.26	13,196.54
(b) Trade Receivable	2.15	15,966.83	15,447.61
(c) Cash and Cash Equivalents	2.16	446.29	1,515.84
(d) Short Term Loans and Advances	2.17	1,330.51	1,195.34
(e) Other Current Assets	2.18	3,078.63	1,132.40
		<u>32,957.52</u>	<u>32,487.73</u>
Total		<u>38,125.13</u>	<u>36,670.70</u>

Significant Accounting Policies and Notes on Accounts 1 & 2

Notes referred to above form an integral part of the Accounts.
This is the Balance Sheet referred to in our report of even date.

For CHATURVEDI & PARTNERS
Chartered Accountants
(Firm Regn. No. 307068E)

A. K. Dubey
Partner
(Mem. No. 054975)

New Delhi
May 30, 2014

For and on behalf of the Board

Ratan Jindal
Director

Punit Chellaramani
Company Secretary

Sameer Nagpal
MD & CEO

Standalone Statement of Profit and Loss

For the year ended March 31, 2014

		(₹ in Lacs)	
Particulars	Note No.	2013-14	2012-13
I. Revenue from Operations	2.19	53,981.67	56,300.37
Less : Excise Duty		5,677.00	6,133.52
		48,304.67	50,166.85
II. Other Income	2.20	648.28	13.32
III. Total Revenue (I + II)		48,952.95	50,180.17
IV. Expenses			
Cost of materials consumed	2.21	31,591.30	34,283.27
Purchases of Stock-in-trade	2.22	3,624.06	2,366.99
Changes in inventories of finished goods, work-in-progress and Stock-in-trade	2.23	(45.81)	(1,248.80)
Employee benefits expense	2.24	3,821.76	2,871.42
Finance Costs	2.25	2,097.48	1,657.62
Depreciation and amortization expense	2.11	367.71	384.09
Other expense	2.26	7,856.47	8,087.48
Total Expenses		49,312.97	48,402.07
V. (Loss) / Profit before exceptional and extraordinary items and tax (III-IV)		(360.02)	1,778.10
VI. Exceptional Items		-	211.78
VII. (Loss) / Profit before extraordinary items and tax (V - VI)		(360.02)	1,566.32
VIII. Extraordinary items		-	-
IX. (Loss) / Profit before tax (VII - VIII)		(360.02)	1,566.32
X. Tax expense			
(1) Current Tax		-	489.38
(2) Deferred Tax		(80.51)	(24.87)
		(80.51)	464.51
XI. Profit/(Loss) for the period (IX+ X)		(279.51)	1,101.81
XII. Earnings per equity share :	2.40		
Basic		(1.47)	5.82
Diluted		(1.47)	5.75
Significant Accounting Policies and Notes on Accounts	1&2		

Notes referred to above form an integral part of the Accounts.

This is the Statement of Profit & Loss referred to in our report of even date.

For CHATURVEDI & PARTNERS
Chartered Accountants
(Firm Regn. No. 307068E)

A. K. Dubey
Partner
(Mem. No. 054975)

New Delhi
May 30, 2014

For and on behalf of the Board

Ratan Jindal
Director

Sameer Nagpal
MD & CEO

Pumit Chellaramani
Company Secretary

Standalone Cash Flow Statement

for year ended March 31, 2014

	(₹ in Lacs)	
	2013-14	2012-13
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before Tax and Extraordinary items	(360.02)	1,566.32
Adjusted for :		
Depreciation	367.71	384.09
Interest/Other Income	(73.07)	(15.70)
Bad debts	375.42	133.00
Interest Expenses	2,097.48	1,657.62
Transfer from Revaluattion Reserve	(1.09)	(4.50)
Loss / (Profit) on sale of Fixed Assets	(575.21)	2.38
Operating Profit before Working Capital Changes	1,831.22	3,723.21
Adjusted for:		
Trade and Other Receivables	(3,031.64)	(3,008.64)
Inventories	1,061.28	(2,615.36)
Trade Payables & Other Liabilities	1,247.59	5,067.52
Direct Taxes paid (net of refund)	(71.41)	(603.05)
Cash Generated from Operating Activities	1,037.04	2,563.68
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(1,366.56)	(1,062.57)
Sale of Fixed Assets	649.00	10.66
Purchase of Investment (in Subsidiary Co.)	(4.00)	(1.00)
Interest /Other Income Received	73.07	15.54
Net Cash used in Investing Activity	(648.49)	(1,037.37)
C. CASH FLOW FROM FINANCIAL ACTIVITIES		
Proceeds from Borrowings	639.38	701.94
Interest Paid	(2,097.48)	(1,659.42)
Dividend Paid	-	(378.56)
Net Cash used in Financing Activities	(1,458.10)	(1,336.04)
Net (decrease)/Increase in Cash and bank balances (A+B+C)	(1,069.55)	190.27
Opening Balance of Cash and bank balances	1,515.84	1,325.57
Closing Balance of Cash and balances	446.29	1,515.84

This is the Cash Flow Statement referred to in our report of even date.

For CHATURVEDI & PARTNERS
Chartered Accountants
(Firm Regn. No. 307068E)

A. K. Dubey
Partner
(Mem. No. 054975)

New Delhi
May 30, 2014

For and on behalf of the Board

Ratan Jindal
Director

Punit Chellaramani
Company Secretary

Sameer Nagpal
MD & CEO

Standalone Notes to Accounts

1. SIGNIFICANT ACCOUNTING POLICIES

1.1 GENERAL

The financial statements have been prepared on accrual basis, except otherwise stated, and under the historical cost convention, except revalued fixed assets, in accordance with the applicable accounting standards specified by the Institute of Chartered Accountants of India and relevant provisions of Companies Act, 1956.

1.2 FIXED ASSETS

Fixed Assets are stated at cost, net of cenvat. The cost comprises the purchase price and any other attributable cost of bringing the assets to its working conditions for its intended use.

In case of revaluation of Fixed Assets, the cost / book value as written up by the approved valuer is considered in the books of accounts, and the differential amount is transferred to Fixed Asset Revaluation Reserve.

Cash generating assets are assessed for possible impairment at balance sheet dates based on external and internal sources of information. Impairment losses, if any, are recognized as an expense in the Statement of Profit and Loss.

1.3 LEASE ACCOUNTING

The Company provides tinting systems to dealers on an operating lease basis. Lease rentals are accounted in accordance with the respective lease agreements.

1.4 DEPRECIATION

Depreciation on fixed assets is provided at the rates and in the manner specified in Schedule XIV of the Companies Act, 1956, and in respect of assets added/disposed off during the year on pro-rata basis with reference to the date of its use / disposal:

- a) In respect of assets located at Nashik and Sikandrabad Plant - on straight line method.
- b) In respect of other assets - on written down value method.

Depreciation on amount added on revaluation is recouped from Fixed Assets Revaluation Reserve.

1.5 INVESTMENTS

Investments, being long term in nature are stated at cost, less any diminution in value other than temporary.

1.6 FOREIGN CURRENCY TRANSACTIONS

Transactions in foreign currency are accounted for at the equivalent rupee value incurred/earned. Foreign currency assets and liabilities at the year-end are realigned at the applicable exchange rate and variations are adjusted to the revenue or capital heads.

1.7 INVENTORY

- a) Raw materials including materials in transit, stores & spare parts and loose tools are valued at lower of cost or net realisable value.
- b) Stock in trade, finished goods and work-in-process are valued at lower of cost or net realisable value.
- c) The cost which is arrived at following weighted average basis, comprises all direct costs including taxes and duties net of cenvat credits, transportation and other costs incurred in bringing the inventories to the present location and conditions.
- d) The obsolete/damaged items of inventories are valued at estimated realisable value.

Standalone Notes to Accounts (Contd.)

SIGNIFICANT ACCOUNTING POLICIES (Contd.)

1.8 SALES

The amount recognised as sale is net of returns, and is inclusive of excise duty but exclusive of VAT. The excise duty related to difference between the closing stock and opening stock is recognised separately as part of 'material cost'.

1.9 RETIREMENT BENEFITS TO EMPLOYEES

(i) The Company operates defined contributions schemes.

The Company makes regular contribution to provident funds which are fully funded and administered by Government, and are independent of Company's finance. Contributions are recognized in Statement of Profit & Loss on an accrual basis.

(ii) The Company is maintaining Defined Benefit Plan for its Gratuity Scheme. The Company contributes to gratuity fund and such contribution is determined by the actuary at the end of the year. The gratuity fund is administered by the Trustees.

(iii) For Schemes where recognized funds have been set up, annual contributions are made as determined as per the actuarial valuation report. Actuarial gains & losses are recognized in the Statement of Profit & Loss. The Company recognizes in the Statement of Profit & Loss, gains or losses on curtailment or settlement of a defined benefit plan as and when the curtailment or settlement occurs.

(iv) Provision is made for leave encashment benefit payable to employees on the basis of independent actuarial valuation at the end of each year, and charge is recognized in the Statement of Profit and Loss.

1.10 BORROWING COST

Borrowing Costs attributable to acquisition and construction of assets are capitalized as part of the cost of such asset up to the date when such asset is ready for its intended use. Other borrowing costs are charged to Statement of Profit and Loss.

1.11 TAXES ON INCOME

Tax on income for the current period is determined on the basis of taxable income and tax credits computed in accordance with the provisions of the Income Tax Act, 1961.

Deferred tax is recognized on timing differences between the accounting income and the taxable income for the year and quantified using the tax rates and laws enacted or substantively enacted as on the Balance Sheet date.

Deferred tax assets are recognized and carried forward to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

1.12 VOLUNTARY RETIREMENT SCHEME

Payments made under the Voluntary Retirement Scheme (VRS) including gratuity arising pursuant to the VRS are amortized over a period of five years commencing from the year in which it is incurred.

1.13 EMPLOYEE STOCK OPTION SCHEME

The Company determines the compensation cost based on the intrinsic value method. The compensation cost is amortized on a straight line basis over the vesting period.

1.14 CONTINGENT LIABILITIES

Liabilities which are material in the opinion of the Company and whose future outcome cannot be ascertained with reasonable certainty, are treated as contingent and disclosed by way of notes to the Accounts.

Standalone Notes to Accounts (Contd.)

2. NOTES TO ACCOUNTS

		(₹ in Lacs)	
		<u>March 31, 2014</u>	<u>March 31, 2013</u>
2.1 Share Capital			
(i) Authorised Capital			
	4,00,00,000 Equity Shares of ₹ 2/- each	<u>800.00</u>	<u>800.00</u>
(ii) Issued, Subscribed and Fully Paid-up			
	1,89,28,100 Equity Shares of ₹ 2/- each	<u>378.56</u>	<u>378.56</u>
(iii) Share Forfeiture Account		<u>0.01</u>	<u>0.01</u>
		<u>378.57</u>	<u>378.57</u>

(iv) Reconciliation of Number of Shares and share capital

Particulars	<u>As at March 31, 2014</u>		<u>As at March 31, 2013</u>	
	No. of Shares	Amount	No. of Shares	Amount
Miscellaneous Receipts (note 2.46)	<u>18,928,100</u>	<u>378.56</u>	3,785,620	378.56
Add: Shares issued *	-	-	15,142,480	-
Number of shares vis-à-vis amount at the end	<u>18,928,100</u>	<u>378.56</u>	<u>18,928,100</u>	<u>378.56</u>

* Increase in number of shares consequent upon splitting of equity share of face value of ₹ 10 each to face value of ₹ 2 each as per resolution passed at EOGM dated October 26, 2012 by shareholder

(v) Rights, preferences and restrictions attached to shares

The Company has one class of equity shares having a par value of ₹ 2 each. Each shareholder is eligible for one vote per share held. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

(vi) Detail of number of shares held by each shareholder holding more than 5% of the issued share capital.

<u>Name of Shareholders</u>	<u>As at March 31, 2014</u>		<u>As at March 31, 2013</u>	
	No. of Shares	% held	No. of Shares	% held
Hind Strategic Investments	5,841,570	30.86	5,841,570	30.86
Hexa Securities and Finance Co. Ltd.	1,500,000	7.92	1,500,000	7.92
Nalwa Sons Investments Ltd (formerly Jindal Strips Limited)	1,372,590	7.25	1,372,590	7.25
Colorado Trading Company Limited	1,224,635	6.47	1,224,625	6.47
Nalwa Investments Limited	1,193,855	6.31	1,193,855	6.31

Standalone Notes to Accounts (Contd.)

	March 31, 2014	(₹ in Lacs) March 31, 2013
2.2 Reserve and Surplus		
Reserve and Surplus consist of following reserves :		
(i) Capital Reserve		
Opening Balance	32.24	32.24
Addition during the year (net)	-	-
	<u>32.24</u>	<u>32.24</u>
(ii) Restricted stock units reserve		
Employee Stock Options Outstanding	-	-
Addition during the year (net)	110.12	-
	<u>110.12</u>	<u>-</u>
(iii) Securities Premium Account		
Opening Balance	949.27	949.27
Addition during the year (net)	-	-
	<u>949.27</u>	<u>949.27</u>
(iv) Fixed Asset Revaluation Reserve		
Opening Balance	281.81	286.31
Less: Withdrawn for extra depreciation on revalued assets	(1.09)	(4.50)
	<u>280.72</u>	<u>281.81</u>
(v) Export Profit Reserve		
Opening Balance	-	1.95
Addition during the year (net)	-	(1.95)
	<u>-</u>	<u>-</u>
(vi) General Reserve		
Opening Balance	3,758.51	3,756.56
Addition during the year (net)	-	1.95
	<u>3,758.51</u>	<u>3,758.51</u>
(vii) Surplus in the Statement of Profit and loss		
Opening Balance	2,100.28	967.50
Add: Profit for the year	(279.51)	1,101.81
Add: Adjustment for Earliar year Tax	-	30.97
	<u>1,820.77</u>	<u>2,100.28</u>
Less : Appropriations		
General Reserve	-	-
Proposed Dividend	-	-
Provision for Tax on Dividend	-	-
	<u>1,820.77</u>	<u>2,100.28</u>
	<u>6,951.63</u>	<u>7,122.12</u>
2.3 Long Term Borrowings		
Secured		
Term Loans		
(i) From Bank		
(a) Vehicle loan		
10.25 % HDFC loan (secured by hypothecation of vehicle repayable in 36 monthly Installment)	1.62	5.05
(b) Term Loan - South Project*	1,343.06	700.25
	<u>1,344.68</u>	<u>705.30</u>
*Additional information in respect of Term Loan- South Project:		
11.95%, HDFC Term Loan repayable in 45 monthly installment	377.10	-
12 %, SBI Term Loan repayable in 28 monthly installment	965.96	700.25
	<u>1,343.06</u>	<u>700.25</u>

[Secured by (i) first charge, ranking pari passu, by way of an equitable mortgage on the land and building, and hypothecation of other fixed assets thereon, at the Company's factory at Nasik, Maharashtra (ii) first charge, ranking pari passu, by way of hypothecation of plant and machinery at the Company's factory situated at Howrah, West Bengal (iii) second charge, raking pari passu, on the fixed assets of the Company at its factory situated at Sikandarabad, Uttar Pradesh (iv) first pari passu charge by way of equitable mortgage of land and building of the Company situated at village-Chinnapuliur, Taluka-Gummidipoondi, District - Thiruvallur, Tamil Nadu; and hypothecation charge over plant and machinery to be purchased out of the term loan (v) Second pari passu charge on the entire current assets of the Company.]

Standalone Notes to Accounts (Contd.)

		(₹ in Lacs)	
		March 31, 2014	March 31, 2013
2.4	Deferred Tax Liabilities (net)		
(i)	Deferred Tax Assets	(166.85)	(49.01)
	Expenses allowable on payment basis		
(ii)	Deferred Tax Liabilities	344.32	306.99
	Depreciation and related items (note 2.37)		
		177.47	257.98
2.5	Other Long Term Liabilities		
	Trade Deposit	33.70	54.29
		33.70	54.29
2.6	Long Term Provisions		
	Provision for Employees' Benefits (note 2.42)	478.31	397.22
	Others	300.00	300.00
		778.31	697.22
2.7	Short Term Borrowings		
	Secured		
(i)	Loans repayable on demand	9,649.70	7,104.63
	From Bank (Cash credit and WCDL)		
	Secured by (i) first charge, ranking pari passu (a) by way of hypothecation on the entire stocks and current assets of the Company (b) by way of equitable mortgage of land and building, and hypothecation of other fixed assets thereon, of the Company's factory, at Nasik, Maharashtra (c) by way of hypothecation of plant and machinery at the Company's factory situated at Howrah, West Bengal (ii) second charge, ranking pari passu, (a) on the fixed assets of the Company at its factory situated at Sikandarabad, Uttar Pradesh (b) by way of equitable mortgage of land and building situated at village -Chinnapuliyur, Taluka-Gummidipoondi, District-Thiruvallur, Tamil Nadu; and hypothecation of plant and machinery to be purchased out of term loan.		
	Unsecured		
(ii)	Short Term Loan from Bank	-	1,000.00
		9,649.70	8,104.63

Standalone Notes to Accounts (Contd.)

	(₹ in Lacs)	
	March 31, 2014	March 31, 2013
2.8 Trade Payables		
(i) Acceptances	1,119.94	1,892.17
(ii) Sundry Creditors		
a) Sundry creditors for bill discounting (note 2.27)	5,860.82	4,430.22
b) Others	9,201.37	10,112.01
	<u>16,182.13</u>	<u>16,434.40</u>
2.9 Other Current Liabilities		
(i) Current Maturity of Long-term debts	1.46	2.26
(ii) Unpaid Dividend	18.18	20.63
(iii) Other Payables		
Employee's remuneration	317.54	186.33
Statutory Payment	632.95	728.52
Discount and Rebate	573.73	730.43
Others	1,074.65	1,079.11
	<u>2,618.51</u>	<u>2,747.28</u>
2.10 Short Term Provisions		
Others		
(i) Provision for Income tax (net)	-	151.93
(ii) Provision for Employee Benefits	10.43	16.98
	<u>10.43</u>	<u>168.91</u>

Standalone Notes to Accounts (Contd.)

2.11 Fixed Assets

(₹ in Lacs)

PARTICULARS	GROSS BLOCK				ACCUMULATED DEPRECIATION			NET BLOCK		
	As at April 1, 2013	Additions during the period	Deletions/ Adjustments	As at March 31, 2014	Provided Upto March 31, 2013	Provision for the current period	Deletions/ Adjustments	As at March 31, 2014	As at March 31, 2014	As at March 31, 2013
I. Tangible Assets										
Land	506.20	11.94	-	518.14	-	-	-	-	518.14	506.20
Building	1,812.59	9.09	264.02	1,557.66	819.55	55.07	134.50	740.12	817.54	993.04
Plant & Machinery	2,261.89	63.00	309.36	2,015.53	1,842.02	69.93	283.36	1,628.59	386.94	419.87
Leased Equipment	1,759.07	106.72	-	1,865.79	856.08	132.51	-	988.59	877.20	902.99
Furniture and Fixture	273.44	120.15	-	393.59	181.63	11.79	-	193.42	200.17	91.81
Office Equipment	853.01	49.05	-	902.06	733.07	48.44	-	781.51	120.55	119.94
Miscellaneous Receipts (note 2.46)	113.41	-	-	113.41	79.74	7.59	-	87.33	26.08	33.67
TOTAL (A)	7,579.61	359.95	573.38	7,366.18	4,512.09	325.33	417.86	4,419.56	2,946.62	3,067.52
Previous Year	7,228.34	366.68	(15.41)	7,579.61	4,198.94	318.54	(5.41)	4,512.09	3,067.52	3,029.40
II. Intangible Assets										
Computer software	590.75	19.96	-	610.71	487.46	38.83	-	526.29	84.42	103.29
Technical know how	62.72	-	-	62.72	45.65	4.65	-	50.30	12.42	17.07
Trade Mark	-	93.41	-	93.41	-	-	-	-	93.41	-
Total (B)	653.47	113.37	-	766.84	533.11	43.48	-	576.59	190.25	120.36
Previous Year`	652.73	0.74	-	653.47	463.05	70.06	-	533.11	120.36	189.68
III. Capital Work-in-Progress										
Capital WIP	-	1,763.60	-	1,763.60	-	-	-	-	1,763.60	787.54
Total (C)	-	1,763.60	-	1,763.60	-	-	-	-	1,763.60	787.54
Previous Year`	-	-	-	-	-	-	-	-	787.54	90.90
Total (A+B+C)	8,233.08	2,236.92	573.38	9,896.62	5,045.20	368.81	417.86	4,996.15	4,900.47	3,975.42
Previous Year	7,881.07	367.42	(15.41)	8,233.08	4,661.99	388.60	(5.41)	5,045.20	3,975.42	

Note: Depreciation on tangible assets for the year includes depreciation on amount added on revaluation of ₹1.09 lacs (Pre. Yr. ₹4.50) regrouped from Fixed Assets revaluation reserve.

2.12 Non Current Investments - Trade Investment, at cost

(i) Investment in Equity Instruments - Unquoted

Shalimar Adhunik Nirman Ltd. (Subsidiary Company)

49990 Equity Shares of ₹ 10 each fully paid-up

5.00 5.00

450000 Equity Shares of ₹ 10 each

(Partly paid-up @ ₹1 each)

4.50 4.50

Eastern Speciality Paints & Coatings Pvt Ltd (Subsidiary Company)

50000 Equity Shares (10000 Equity Shares) of ₹ 10 each fully paid-up

5.00 1.00

(ii) Investment in Preference Shares - Unquoted

Shalimar Adhunik Nirman Ltd. (Subsidiary Company)

50000, 6% Preference Shares non convertible of

₹ 100 each (Fully paid up)

50.00 50.00

Other Investment

(iii) Investment in Debentures or Bonds - Unquoted

₹ 6,500 1/2% Woodland Medical Centre Ltd.

0.06 0.06

₹ 17,000 5% Woodland Medical Centre Ltd.

0.17 0.17

(iv) Investment in Mutual Funds - Quoted

UTI Infrastructure Fund - Growth Plan (previously,

UTI Advantage Fund - Growth Plan) 200000 Units of ₹ 10 each

(Market value of 50925.374 Units @ NAV ₹ 29.95 as on 31.03.2014)

20.00 20.00

84.73 80.73

Aggregate amount of Unquoted Investments

64.73 60.73

Aggregate amount of Quoted Investments

20.00 20.00

Market Value of Quoted Investments

15.25 13.48

Standalone Notes to Accounts (Contd.)

	(₹ in Lacs)	
	March 31, 2014	March 31, 2013
2.13 Long Terms Loans and Advances (Unsecured, considered good)		
Security Deposit	182.41	126.82
	<u>182.41</u>	<u>126.82</u>
2.14 Inventories (at cost or net realisable value, whichever is lower)		
Raw Material	3,122.13	4,246.00
Work- in -Progress	241.78	444.49
Finished Goods	8,411.92	7,933.12
Stock- in- Trade	238.22	468.50
Stores & spares	121.21	104.43
	<u>12,135.26</u>	<u>13,196.54</u>
2.15 Trade receivables (Unsecured, considered good)		
(i) Outstanding for a period exceeding six months from due date	3,014.10	1,081.22
(ii) Others	12,952.73	14,366.39
	<u>15,966.83</u>	<u>15,447.61</u>
2.16 Cash and Bank Balances		
Cash & Cash Equivalents:		
(i) Balances with Bank(in current account)	62.19	97.70
(ii) Cheque, drafts on hand	352.75	1,387.36
(iii) Cash in hand	11.44	9.77
Other Bank Balances:		
(i) Unpaid Dividend Account	18.18	20.63
(ii) Fixed Deposit Account (for more than 12 months)	-	0.38
(iii) Margin Money	1.73	-
	<u>446.29</u>	<u>1,515.84</u>
2.17 Short term loans and advances - Unsecured, considered good		
(i) Loan and advances to related parties Receivable from Subsidiary Companies (Shalimar Adhunik Nirman Limited)	499.16	499.16
(ii) Others :		
Advances to suppliers	510.74	661.28
Advance to Employee	33.44	34.90
Advance Tax (Net of Provision for Tax)	287.17	-
	<u>1,330.51</u>	<u>1,195.34</u>
2.18 Other Current Assets		
(i) Prepaid Expenses	229.35	86.17
(ii) Short term deposit	327.78	309.66
(iii) Other Receivables	2,258.86	475.91
(iv) Balances with Excise Deptt.	262.64	260.66
	<u>3,078.63</u>	<u>1,132.40</u>

Standalone Notes to Accounts (Contd.)

	(₹ in Lacs)	
	2013-14	2012-13
2.19 Revenue from Operations		
(i) Revenue from Sale of Products	57,350.42	60,015.11
(ii) Other Operating Revenue	403.42	282.39
	57,753.84	60,297.50
Less : Discounts	3,772.17	3,997.13
	53,981.67	56,300.37
Less : Excise duty	5,677.00	6,133.52
	48,304.67	50,166.85
2.20 Other Income		
(i) Interest	4.93	2.93
(ii) Profit on Sale of Fixed Assets	575.21	(2.38)
(iii) Rent Receipt	6.51	6.30
(iv) Miscellaneous Receipts (note 2.46)	61.63	6.47
	648.28	13.32
2.21 Cost of Materials Consumed		
Organic acid/chemicals	8,486.60	9,052.56
Pigments	4,510.73	5,281.66
Solvents & Oils	10,790.26	10,501.03
Packages and Packing Materials	3,463.55	3,497.88
Others*	4,340.16	5,950.14
* Includes individual items of less than 10% of the total and therefore, not considered for the above classification.		
	31,591.30	34,283.27
2.22 Purchase of Stock-in-Trade	3,624.06	2,366.99
	3,624.06	2,366.99
2.23 Changes in inventories of finished goods, work-in-progress and Stock-in-trade		
Closing Stock		
Finished Goods	8,411.92	7,933.12
Work-in-progress	241.78	444.49
Stock-in-trade	238.22	468.50
	8,891.92	8,846.11
Opening Stock		
Finished Goods	7,933.12	6,602.43
Work-in-progress	444.49	643.81
Stock-in-trade	468.50	351.07
	8,846.11	7,597.31
	(45.81)	(1,248.80)

Standalone Notes to Accounts (Contd.)

	(₹ in Lacs)	
	2013-14	2012-13
2.24 Employee Benefits Expense		
Salaries and Wages	3,120.10	2,300.09
Contribution to provident and other funds	270.33	223.01
Staff Welfare Expenses	431.33	348.32
	<u>3,821.76</u>	<u>2,871.42</u>
2.25 Finance Costs		
Interest expense and Other Expenses	1,902.97	1,512.37
Other borrowing cost	194.51	145.25
	<u>2,097.48</u>	<u>1,657.62</u>
2.26 Other Expense		
Consumption of stores and spare parts	92.99	125.14
Power and fuel	433.47	465.00
Rent	307.01	213.30
Repairs:		
Building	34.29	34.99
Plant and machinery	86.36	47.26
Others	180.41	128.07
Insurance	28.19	16.71
Rates and taxes	56.44	30.99
Printing and stationery	52.96	80.68
Communication expenses	109.11	99.59
Directors' fees	4.70	3.00
Payment to the Auditor (note no. 2.30)	9.56	7.52
Cost Audit Fees	0.50	0.55
Commission on sales	205.09	226.73
Travelling expenses	598.18	459.69
Application Charges	305.20	725.28
Freight	2,739.18	2,452.74
Discount & Rebates	1,823.15	2,389.12
Bad Debts	375.42	133.00
Miscellaneous Expenses	414.26	448.12
	<u>7,856.47</u>	<u>8,087.48</u>

Standalone Notes to Accounts (Contd.)

	(₹ in Lacs)	
	2013-2014	2012-2013
2.27 Liabilities in Note 2.8 (ii) (a) include ₹ 2401.69 Lacs (Previous Year ₹ 1884.02 Lacs) outstanding in respect of facilities granted to the Company by Small Industries Development Bank of India (SIDBI) as well as interest accrued but not due thereon. Facilities are secured by a first charge on Company's entire fixed assets of Sikandrabad Plant.		
2.28 Contingent Liabilities		
Contingent liability not provided for in respect of :		
i) Excise Duty	315.33	209.20
ii) Bank Guarantee	1530.84	1322.75
iii) Sales Tax	432.18	354.81
iv) Claims against the Company not acknowledged as debt (to the extent ascertained)*	56.62	57.47
v) Income Tax	11.06	5.45
*In respect of one of the Company's offices previously taken on rent, the division Bench of High Court of Calcutta has directed appointment of a Special Referee to arrive at mesne profit payable by the Company. The liability on account of mesne profit is unascertained.		
2.29 Commitments		
(i) Estimated amount of capital commitments, net of advance of ₹ 110.64 (previous year ₹ 485.92 lacs)	393.75	1,654.21
(ii) Uncalled Liability on Partly paid up shares	40.50	40.50
(iii) Others	-	-
2.30 Auditors' Remuneration		
Audit Fees	5.00	4.00
Tax Audit Fees	0.90	0.75
Certification fees and other services	1.61	0.95
Reimbursement of Expenses	2.05	1.82
	9.56	7.52
2.31 CIF Value of Imports		
Raw Materials	2699.00	3,928.80
2.32 Expenditure in Foreign Currency		
Purchase of Raw Material	3616.81	3,616.81
Travelling Expenses	5.76	2.08
Testing Charges	0.97	0.31
2.33 Earnings in Foreign Currency		
FOB Value of Export	304.66	206.11

Standalone Notes to Accounts (Contd.)

	2013-2014	2012-2013
2.34 Amount remitted in foreign currency on account of dividend		
a) Number of Non-resident shareholders	NIL	1
b) Number of shares held by them	NIL	1,180,314
c) Amount of dividend remitted (₹ in Lacs)	NIL	118.03
d) Year to which dividend relates	NIL	2011-12

2.35 Consumption of imported and indigenous raw materials & stores

	2013-2014		2012-2013	
	%	₹ in Lacs	%	₹ in Lacs
Imported	11.49	3,639.40	9.00	3,096.41
Indigenous	88.51	28,044.89	91.00	31,312.00
	100	31,684.29	100.00	34,408.41

2.36 Disclosure under The Micro, Small & Medium Enterprises Development Act, 2006:

The Company has not received any intimation from suppliers regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006, and hence disclosure if any relating to amount unpaid as at the year-end together with interest paid / payable as required under the said Act have not been given.

2.37 The Company has adopted Accounting Standard 22 "Accounting for Taxes on Income"; and the net deferred tax liabilities amounting to ₹ 80.51 lakhs has been recognised.

	Opening as at April 1, 2013 (₹ In lacs)	Charge /(Credit) during the year (₹ in lacs)	Closing as at March 31, 2014 (₹ in lacs)
Deferred Tax Assets			
Expenses allowable on payment basis	49.01	117.84	166.85
Deferred Tax Liabilities			
Depreciation and related items	(306.99)	37.33	(344.32)
Net Deferred Tax Liabilities	257.98	80.51	177.47

2.38 Future minimum lease rentals receivable as at the year-end (as per the lease agreements):

	2013-2014	2012-2013
i) Not later than one year	11.90	28.35
ii) Later than one year and not later than five years	0.07	12.48
iii) Later than five years	-	-
	11.97	40.83

Standalone Notes to Accounts (Contd.)

(₹ in Lacs)

2.39 Related party disclosure in accordance with the Accounting Standard 18 "Related Party Disclosures" issued by the Institute of Chartered Accountants of India.

Name of the related parties with whom the transactions have been made	Description of relationship with the party	Nature of Transaction	Amount outstanding as on March 31, 2014	Transactional Value 2013-14
Sameer Nagpal	Managing Director	Remuneration	8.33 (-)	100.00 (-)
S.Sarda	Executive Director	Remuneration	-	4.85 (24.94)
Smt. Lata Sarda	Relative of ED	Rent etc.	-	-
			(-)	(7.20)
Shalimar Adhunik Nirman Ltd.	Subsidiary	Advances (given)	499.16 (499.16)	-
				(0.21)
Shalimar Adhunik Nirman Ltd.	Subsidiary	Investment	59.50 (59.50)	-
				(-)
Eastern Speciality Paints & Coatings Private Limited	Subsidiary	Investment	5.00 (1.00)	4.00 (-)
Sonabheel Tea Ltd.	Company controlled by Directors	Sales	-	-
			(-0.04)	(2.52)
Jindal Stainless Ltd.	Company controlled by Directors	Sales	19.44 (22.60)	8.23 (6.51)

(Note Financial figures in bracket relate to previous year)

2.40 Earning Per Share

Particulars	2013-2014	2012-2013
(a) Profit / (Loss) for the year, per statement of profit and loss (₹ In lacs)	(279.51)	1101.81
(b) Weighted Average number of Equity Shares (Nos.)	18,928,100	18,928,100
(c) Effect of potential Dilutive Equity shares on Employee stock option outstanding (Nos.)	223,196	223,196
(d) Weighted Average number of Equity shares in computing diluted Earnings per share { (b)+(c) }	1,91,51,296	1,91,51,296
(e) Earning per Share (in Rupees)		
Basic	(1.47)	5.82
Diluted	(1.47)	5.75

2.41 Advances to Subsidiary represents the balance consideration receivable by the Company in cash as per the order of Honorable High Courts of Calcutta and Delhi, for transfer of its Real Estate Division to the subsidiary company, Shalimar Adhunik Nirman Limited.

2.42 Employees' Benefits

The Company has adopted Accounting Standard 15 (Revised) Employee Benefits with effect from 1st April, 2007.

The following disclosures are made in accordance with Accounting Standard 15 (Revised) pertaining to Defined Benefit Plans:

(a) Defined Benefits Plans / Compensated absences - As per actuarial valuation on 31st March 2014

	Gratuity Funded		Leave Encashment Non funded	
	2013-14	2012-13	2013-14	2012-13
I Expense recognized in the Statement of Profit and Loss				
1 Current Service Cost	27.88	30.53	1.96	1.83
2 Interest on Cost	43.60	37.47	11.38	9.83
3 Employees' Contribution	-	-	-	-
4 Expected Return on plan assets	(16.72)	(20.60)	-	-
5 Net Actuarial (Gain) / Losses	43.34	28.56	36.33	38.79
6 Past Service Cost	-	-	-	-
7 Settlement Cost	-	-	-	-
8 Total Expenses	98.10	75.96	49.67	50.45

Standalone Notes to Accounts (Contd.)

(₹ in Lacs)

	Gratuity Funded		Leave Encashment Non funded	
	2013-14	2012-13	2013-14	2012-13
II Net Assests / (Liability) recognized in the Balance Sheet				
1 Present Value of Defined Benefits of Obligation as at March 14	464.32	484.47	102.85	126.42
2 Fair Value of plan assets as at March 14	78.45	196.69	-	-
3 Funded status [Surplus/(Deficit)]	(385.87)	(287.78)	(102.85)	(126.42)
4 Net Assets/(Liability) as at March 14	(385.87)	(287.78)	(102.85)	(126.42)
III Change in Obligation during the Year ended				
1 Present Value of Defined Benefit Obligation at beginning of the year	484.47	454.16	126.42	119.13
2 Current Service Cost	27.88	30.53	1.96	1.83
3 Interest Cost	43.60	37.47	11.38	9.83
4 Settlement Cost	-	-	-	-
5 Past Service Cost	-	-	-	-
6 Employee Contributions	-	-	-	-
7 Plan Amendments	-	-	-	-
8 Actuarial (Gain)/ Losses	38.62	22.32	36.33	38.79
9 Benefits Payments	(130.25)	(60.01)	(73.24)	(43.16)
10 Present value of Defined Benefits Obligation at the end of year	464.32	484.47	102.85	126.42
IV Change in Assets during the Year				
1 Plan assets at the beginning of the year	196.69	242.35	-	-
2 Plan assets acquired on amalgamation in Previous Year	-	-	-	-
3 Settlements	-	-	-	-
4 Expected return on plan assets	16.72	20.60	-	-
5 Contributions by employer	-	-	73.24	43.16
6 Actual benefits paid	(130.25)	(60.01)	(73.24)	(43.16)
7 Actual Gains/ (Losses)	(4.71)	(6.25)	-	-
8 Actual return on Plan assets	-	-	-	-
9 Plan assets at the end of the year	78.45	196.69	-	-

Standalone Notes to Accounts (Contd.)

		(₹ in Lacs)	
		As at March 31, 2014	As at March 31, 2013
V Actuarial Assumptions:			
1	Discount Rate	9.00%	8.25%
2	Rate of increase in salaries	4.00%	4.50%
3	Rate of return on Plan Assets	8.75%	8.50%
4	Mortality	ALM (2006- 2008) ultimate.	LIC 94-96 ultimate.
5	Withdrawal rate		2%

2.43 There has been a major fire break out on March 12, 2014 at Howrah Factory of the Company resulting in substantial damage of stocks, plant & machineries and factory building. Besides this, some financial records, including Fixed Assets register, were also destroyed. These assets are insured.

Intimation of fire has been given to insurer, and claim settlement is under process. The Company has accounted for insurance claim receivable for ₹ 1532.25 lacs [included in Note 2.18(iii)] .Pending final ascertainment of the claim by the insurer, the adjustment in fixed assets for losses incurred has been done as per the Company's own estimation which may vary on assessment made by the insurer.

2.44 The Company has written off doubtful debts amounting to ₹ 375.42 lacs (included under the head miscellaneous expenses in Note 2.26) outstanding for more than three years as at the year end. In the previous year , the said write off amounting to ₹ 133.00 lacs were made on review of doubtful debts on case to case basis.

2.45 Inventory Value has been adjusted on account of shortage thereof for ₹ 602.51 lacs.

2.46 Miscellaneous Receipts include ₹ 35.82 lacs on account of liability written back (net).

2.47 Some of the debtors, creditors & advances are pending confirmation /reconciliation, and impact of the same, if any, on the accounts of the Company, is unascertained.

2.48 The Company operates mainly in one business segment i.e. Paints; accordingly sales & stock in trade represent paints.

2.49 Finance charges include foreign exchange loss of ₹ 280.58 lacs (previous year ₹ 149.33 lacs).

2.50 Exceptional items relate to restructuring cost of ₹ Nil (Previous year- ₹ 211.78 lacs), and the same has been considered by the management, as 'exceptional item'.

2.51 Previous year's figures have been regrouped / rearranged, wherever necessary.

Signatures to Notes 1 to 2

For CHATURVEDI & PARTNERS
Chartered Accountants
(Firm Regn. No. 307068E)

A. K. Dubey
Partner
(Mem. No. 054975)

New Delhi
May 30, 2014

For and on behalf of the Board

Ratan Jindal
Director

Pumit Chellaramani
Company Secretary

Sameer Nagpal
MD & CEO

Statement Regarding Subsidiary Company

Pursuant to Section 212 of Companies Act, 1956

1. Name of the Subsidiary Company	Shalimar Adhunik Nirman Limited
2. The Financial Year of the Subsidiary Company ended	31st March, 2014
3. Holding Company's Interest as at 31.03.2014	
a) i) No. of Fully Paid up Equity Shares held	49,990 Shares of ₹ 10/- each
ii) No. of Partly Paid Equity Shares held	4,50,000 Shares of ₹ 10/- each (₹ 1/- paid up)
iii) No. of Fully paid up Preferential Share held	50,000 shares of ₹ 100 each
b) Percentage of shareholding	99.99%
4. Net aggregate amount of Profits/Losses of the Subsidiary so far as it concerns the members of the Company	
a) Not dealt with in the Accounts of the Company for the financial year ended 31st March, 2014	
i) for the financial year of the Subsidiary	NIL
ii) for previous financial years of the Subsidiary since it became Subsidiary of the Company.	NIL
b) Dealt with in the Accounts of the Company	
i) for the financial year of the Subsidiary	NIL
ii) for previous financial years of the Subsidiary since it became Subsidiary of the Company.	NIL

On behalf of the Board of Directors

New Delhi
May 30, 2014

Ratan Jindal
Director

Sameer Nagpal
MD & CEO

Statement Regarding Subsidiary Company

Pursuant to Section 212 of Companies Act, 1956

1. Name of the Subsidiary Company	Eastern Speciality Paints & Coatings Private Limited
2. The Financial Year of the Subsidiary Company ended	31st March, 2014
3. Holding Company's Interest as at 31.03.2014	
a) i) No. of Fully Paid up Equity Shares held	50,000 Shares of Rs. 10/- each
ii) No. of Partly Paid Equity Shares held	Nil
iii) No. of Fully paid up Preferential Share held	Nil
b) Percentage of shareholding	100.00%
4. Net aggregate amount of Profits/Losses of the Subsidiary so far as it concerns the members of the Company	
a) Not dealt with in the Accounts of the Company for the financial year ended 31st March, 2014	
i) for the financial year of the Subsidiary	NIL
ii) for previous financial years of the Subsidiary since it became Subsidiary of the Company.	NIL
b) Dealt with in the Accounts of the Company	
i) for the financial year of the Subsidiary	NIL
ii) for previous financial years of the Subsidiary since it became Subsidiary of the Company.	NIL

On behalf of the Board of Directors

New Delhi
May 30, 2014

Ratan Jindal
Director

Sameer Nagpal
MD & CEO

Independent Auditors' Report

To the Board of Directors of Shalimar Paints Limited

We have audited the accompanying consolidated financial statements of Shalimar Paints Limited ("the Company") and its subsidiaries, Shalimar Adhunik Nirman Limited & Eastern Speciality Paints & Coatings Private Limited, which comprise the consolidated Balance Sheet as at March 31, 2014, the consolidated Statement of Profit and Loss and the consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

We did not audit the financial statements of Eastern Speciality Paints & Coatings Private Limited, a subsidiary company of "the Company" whose financial statements reflects total assets of Rs 1,20,890 as at 31st March, 2014 and total revenue of Rs. NIL for the year ended on that date. These financial statements have been audited by other auditor whose report have been furnished to us; and our opinion, in so far its relates to the amount included in respect of the said subsidiary, based solely on the report of other auditor.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Company in accordance with accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated 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 consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated 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 presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. 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 consolidated 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 consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the consolidated Balance Sheet, of the state of affairs of the Company as at March 31, 2014;
- (b) in the case of the consolidated Statement of Profit and Loss, of the profit for the year ended on that date; and
- (c) in the case of the consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

For CHATURVEDI & PARTNERS
Chartered Accountants
Firm Reg No-307068E

Anup Kumar Dubey
Partner
Mem no: 054975

Place: New Delhi
Dated: May 30, 2014

Consolidated Balance Sheet

as at March 31, 2014

	Note No.	31.12.2014	(₹ in Lacs) 31.12.2013
I. EQUITY AND LIABILITIES			
1 Shareholders' fund			
(a) Share Capital	2.1	378.57	378.57
(b) Reserve and Surplus	2.2	6,951.63	7,122.12
		7,330.20	7,500.69
2 Non-Current Liabilities			
(a) Long-Term Borrowings	2.3	1,344.68	705.30
(b) Deferred Tax Liabilities (Net)	2.4	177.47	257.98
(c) Other Long Term Liabilities	2.5	33.70	54.29
(d) Long- Term Provisions	2.6	778.31	697.22
		2,334.16	1,714.79
3 Current Liabilities			
(a) Short Term Borrowings	2.7	9,649.70	8,104.63
(b) Trade Payables	2.8	16,182.35	16,434.40
(c) Other Current Liabilities	2.9	2,615.16	2,747.61
(d) Short Term Provision	2.10	10.43	168.91
		28,457.64	27,455.55
		38,122.00	36,671.03
II ASSETS			
1 Non Current Assets			
(a) Fixed Assets	2.11		
(i) Tangible Assets		3,499.84	3,620.74
(ii) Intangible Assets		190.25	120.36
(iii) Capital Work -In -progress		1,763.60	787.54
(b) Non current Investment	2.12	20.23	20.23
(c) Long - Term loans and Advances	2.13	182.41	127.82
(d) Other non-current assets		5.79	5.26
		5,662.12	4,681.95
2 Current Assets			
(a) Inventories	2.14	12,135.26	13,196.54
(b) Trade receivable	2.15	15,966.83	15,447.61
(c) Cash and bank balances	2.16	446.81	1,516.35
(d) Short term loans and advances	2.17	831.35	696.18
(e) Other current assets	2.18	3,079.63	1,132.40
		32,459.88	31,989.08
		38,122.00	36,671.03
Total			
		38,122.00	36,671.03

Significant Accounting Policies and Notes on Accounts 1 & 2

Notes referred to above form an integral part of the Accounts

This is the Balance sheet referred to in our report of even date

For CHATURVEDI & PARTNERS

Chartered Accountants
(Firm Regn. No. 307068E)

A. K. Dubey
Partner
(Mem. No. 054975)

New Delhi
May 30, 2014

For and on behalf of the Board

Ratan Jindal
Director

Pumit Chellaramani
Company Secretary

Sameer Nagpal
MD & CEO

Consolidated Statement of Profit and Loss

for the year ended March 31, 2014

Particulars	Note No.	(₹ in Lacs)	
		2013-14	2012-13
I. Revenue from Operations	2.19	53,981.67	56,300.37
Less: Excise duty		5,677.00	6,133.52
		48,304.67	50,166.85
II. Other Income	2.20	648.28	13.32
III. Total Revenue (I + II)		48,952.95	50,180.17
IV. Expenses :			
Cost of materials consumed	2.21	31,591.30	34,283.27
Purchases of Stock-in-trade	2.22	3,624.06	2,366.99
Changes in inventories of finished goods, work-in-progress and Stock-in-trade	2.23	(45.81)	(1,248.80)
Employee benefits expense	2.24	3,821.76	2,871.42
Finance Costs	2.25	2,097.48	1,657.62
Depreciation and amortization expense	2.11	367.71	384.09
Other expense	2.26	7,856.47	8,087.48
Total Expenses		49,312.97	48,402.07
V. (Loss)/ Profit before exceptional and extraordinary items and tax (III-IV)		(360.02)	1,778.10
VI. Exceptional Items		-	211.78
VII. (Loss) / Profit before extraordinary items and tax (V - VI)		(360.02)	1,566.32
VIII. Extraordinary items		-	-
IX. (Loss) / Profit before tax (VII - VIII)		(360.02)	1,566.32
X. Tax expense:			
(1) Current Tax		-	489.38
(2) Deferred Tax		(80.51)	(24.87)
		(80.51)	464.51
XI. (Loss)/Profit for the period (IX+ X)		(279.51)	1,101.81
XII. Earnings per equity share:			
Basic	2.40	(1.47)	5.82
Diluted		(1.47)	5.75

Significant Accounting Policies and Notes on Accounts 1 & 2

Notes referred to above form an integral part of the Accounts

This is the Statement of Profit and Loss referred to in our report of even date

For CHATURVEDI & PARTNERS

Chartered Accountants
(Firm Regn. No. 307068E)

A. K. Dubey
Partner
(Mem. No. 054975)

New Delhi
May 30, 2014

For and on behalf of the Board

Ratan Jindal
Director

Pumit Chellaramani
Company Secretary

Sameer Nagpal
MD & CEO

Consolidated Cash Flow Statement

for the year ended March 31, 2014

	(₹ in Lacs)	
	2013-14	2012-13
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net (Loss)/Profit before Tax and Extraordinary items	(360.02)	1,566.32
Adjusted for :		
Depreciation	367.71	384.09
Interest/Other Income	(73.07)	(15.70)
Bad debts	375.42	133.00
Interest Expenses	2,097.48	1,657.62
Transfer from Revaluation Reserve	(1.09)	(4.50)
Loss / (Profit) on sale of Fixed Assets	(575.21)	2.38
Operating Profit before Working Capital Changes	1,831.22	3,723.21
Adjusted for:		
Trade and Other Receivables	(3,032.16)	(3,009.32)
Inventories	1,061.28	(2,615.36)
Trade Payables & Other Liabilities	1,244.12	5,067.59
Direct Taxes paid (net of refund)	(71.41)	(603.05)
Cash Generated from Operating Activities	1,033.05	2,563.07
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(1,366.56)	(1,062.57)
Sale of Fixed Assets	649.00	10.66
Interest /Other Income Received	73.07	15.54
Net Cash used in Investing Activity	(644.49)	(1,036.37)
C. CASH FLOW FROM FINANCIAL ACTIVITIES		
Proceeds from Borrowings	639.38	701.94
Interest Paid	(2,097.48)	(1,659.42)
Dividend Paid	-	(378.56)
Net Cash used in Financing Activities	(1,458.10)	(1,336.04)
Net (decrease) / Increase in Cash and bank balances (A+B+C)	(1,069.54)	190.66
Opening Balance of Cash and bank balances	1,516.35	1,325.69
Closing Balance of Cash and bank balances	446.81	1,516.35

This is the Cash Flow Statement referred to in our report of even date

For CHATURVEDI & PARTNERS
Chartered Accountants
(Firm Regn. No. 307068E)

A. K. Dubey
Partner
(Mem. No. 054975)

New Delhi
May 30, 2014

For and on behalf of the Board

Ratan Jindal
Director

Sameer Nagpal
MD & CEO

Punit Chellaramani
Company Secretary

Consolidated Notes to Accounts

1. SIGNIFICANT ACCOUNTING POLICIES

1.1 BASIS OF PREPARATION

- (i) The Consolidated Financial Statements are prepared in accordance with Accounting Standard (AS) 21 on Consolidated Financial Statements issued by the Institute of Chartered Accountants of India. The Consolidated Financial Statement comprises the financial statement of Shalimar Paints Limited (the Company) its Subsidiary Shalimar Adhunik Nirman Limited and Eastern Speciality Paints & Coatings Private Limited. The Company and its Subsidiary constitute Shalimar Group.
- (ii) The financial Statements have been prepared to comply in all material aspects in respect with the notified Accounting Standard Rules, 2006.
- (iii) Financial statements are based on historical cost and are prepared on accrual basis, except where impairment is made and revaluation is carried out.
- (iv) Accounting Policies have been consistently applied by the Group and are consistent with those used in the previous year.
- (v) The financial statement of the company and its subsidiary company have been consolidated on line by line basis by adding together the book value of like items of assets, liability, after eliminating intra- group balances and intra-group transactions.
- (vi) The Consolidated financial statement have been prepared using uniform accounting policies for like transactions and other events in similar circumstances and presented, to the extent possible, in the same manner as the company's separate financial statements.

1.2 GENERAL

The financial statements have been prepared on accrual basis, except otherwise stated, and under the historical cost convention except revalued fixed assets in accordance with the applicable accounting standards specified by the Institute of Chartered Accountants of India and relevant provisions of Companies Act, 1956.

1.3 FIXED ASSETS

Fixed Assets are stated at cost, net of cenvat. The cost comprises the purchase price and any other attributable cost of bringing the assets to its working conditions for its intended use.

In case of revaluation of Fixed Assets, the cost / book value as written up by the approved valuer is considered in the books of accounts and the differential amount is transferred to Fixed Asset Revaluation Reserve.

Cash generating assets are assessed for possible impairment at balance sheet dates based on external and internal sources of information. Impairment losses, if any, are recognized as an expense in the Statement of Profit and Loss.

1.4 LEASE ACCOUNTING

The Company provides tinting systems to dealers on an operating lease basis. Lease rentals are accounted in accordance with the respective lease agreements.

1.5 DEPRECIATION

Depreciation on fixed assets is provided at the rates and in the manner specified in Schedule XIV of the Companies Act, 1956 and in respect of assets added/disposed off during the year on pro-rata basis with reference to the date of its use / disposal:

- a) In respect of assets located at Nashik and Sikandrabad Plant - on straight line method.
- b) In respect of other assets - on written down value method.

Depreciation on amount added on revaluation is recouped from Fixed Assets Revaluation Reserve.

1.6 INVESTMENTS

Investments, being long term in nature are stated at cost, less any diminution in value other than temporary.

1.7 FOREIGN CURRENCY TRANSACTIONS

Transactions in foreign currency are accounted for at the equivalent rupee value incurred/earned. Foreign currency assets and liabilities at the year-end are realigned at the applicable exchange rate and variations are adjusted to the revenue or capital heads.

Consolidated Notes to Accounts (Contd.)

SIGNIFICANT ACCOUNTING POLICIES (Contd.)

1.8 INVENTORY

- a) Raw materials including materials in transit, stores & spare parts and loose tools are valued at lower of cost or net realisable value.
- b) Stock in trade, finished goods and work-in-process are valued at lower of cost or net realisable value.
- c) The cost which is arrived at following weighted average basis, comprises all direct costs including taxes and duties net of cenvat credits, transportation and other costs incurred in bringing the inventories to the present location and conditions.
- d) The obsolete/damaged items of inventories are valued at estimated realisable value.

1.9 SALES

The amount recognised as sale is net of returns, and is inclusive of excise duty but exclusive of VAT. The excise duty related to difference between the closing stock and opening stock is recognised separately as part of 'material cost'.

1.10 RETIREMENT BENEFITS TO EMPLOYEES

- (i) The Company operates defined contributions schemes.
The Company makes regular contribution to provident funds which are fully funded and administered by Government and are independent of Company's finance. Contributions are recognized in Statement of Profit & Loss on an accrual basis.
- (ii) The Company is maintaining Defined Benefit Plan for its Gratuity Scheme. The Company contributes to gratuity fund and such contribution is determined by the actuary at the end of the year. The gratuity fund is administered by the Trustees.
- (iii) For Schemes where recognized funds have been set up, annual contributions are made as determined as per the actuarial valuation report. Actuarial gains & losses are recognized in the Statement of Profit & Loss. The Company recognizes in the Statement of Profit & Loss gains or losses on curtailment or settlement of a defined benefit plan as and when the curtailment or settlement occurs.
- (iv) Provision is made for leave encashment benefit payable to employees on the basis of independent actuarial valuation, at the end of each year and charge is recognized in the Statement of Profit and Loss.

1.11 BORROWING COST

Borrowing Costs attributable to acquisition and construction of assets are capitalized as part of the cost of such asset up to the date when such asset is ready for its intended use. Other borrowing costs are charged to Statement of Profit and Loss.

1.12 TAXES ON INCOME

Tax on income for the current period is determined on the basis of taxable income and tax credits computed in accordance with the provisions of the Income Tax Act, 1961.

Deferred tax is recognized on timing differences between the accounting income and the taxable income for the year and quantified using the tax rates and laws enacted or substantively enacted as on the Balance Sheet date.

Deferred tax assets are recognized and carried forward to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.

1.13 VOLUNTARY RETIREMENT SCHEME

Payments made under the Voluntary Retirement Scheme (VRS) including gratuity arising pursuant to the VRS are amortised over a period of five years commencing from the year in which it is incurred.

1.14 EMPLOYEES STOCK OPTION SCHEME

The Company determines the compensation cost based on the intrinsic value method. The compensation cost is amortized on a straight line basis over the vesting period.

1.15 CONTINGENT LIABILITIES

Liabilities which are material in the opinion of the Company and whose future outcome cannot be ascertained with reasonable certainty, are treated as contingent and disclosed by way of notes to the Accounts.

Consolidated Notes to Accounts (Contd.)

	(₹ in Lacs)	
	March 31, 2014	March 31, 2013
2.1 Share Capital		
(i) Authorised Capital		
4,00,00,000 Equity Shares of ₹ 2 each	800.00	800.00
(ii) Issued, Subscribed and Fully Paid-up	378.56	378.56
1,89,28,100 Equity Shares of ₹ 2 each		
(iii) Share Forfeiture Account	0.01	0.01
	378.57	378.57

(iv) Reconciliation of Number of Shares and share capital

Particulars	As at March 31, 2014		As at March 31, 2013	
	No. of Shares	Amount	No. of Shares	Amount
Number of shares vis-à-vis amount at the beginning	18,928,100	378.56	3,785,620	378.56
Add: Shares issued *	-	-	15,142,480	-
Number of shares vis-à-vis amount at the end	18,928,100	378.56	18,928,100	378.56

* Increase in number of shares consequent upon splitting of equity share of face value of ₹ 10 each to face value of ₹ 2 each as per resolution passed at EOGM dated October 26, 2012 by shareholder

(v) Rights, preferences and restrictions attached to shares

The Company has one class of equity shares having a par value of ₹ 2 each. Each shareholder is eligible for one vote per share held. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

(vi) Detail of number of shares held by each shareholder holding more than 5% of the issued share capital.

Name of Shareholders	As at March 31, 2014		As at March 31, 2013	
	No. of Shares	% held	No. of Shares	% held
Hind Strategic Investments	5,841,570	30.86	5,841,570	30.86
Hexa Securities and Finance Co. Ltd.	1,500,000	7.92	1,500,000	7.92
Nalwa Sons Investments Ltd (Formerly Jindal Strips Limited)	1,372,590	7.25	1,372,590	7.25
Colorado Trading Company Limited	1,224,635	6.47	1,224,625	6.47
Nalwa Investments Limited	1,193,855	6.31	1,193,855	6.31

Consolidated Notes to Accounts (Contd.)

	March 31, 2014	(₹ in Lacs) March 31, 2013
2.2 Reserve and Surplus		
Reserve and Surplus consist of following reserves :		
(i) Capital Reserve		
Opening Balance	32.24	32.24
Addition during the year (net)	-	-
	32.24	32.24
(ii) Restricted stock units reserve		
Employee Stock Options Outstanding	-	-
Addition during the year (net)	110.12	-
	110.12	-
(iii) Securities Premium Account		
Opening Balance	949.27	949.27
Addition during the year (net)	-	-
	949.27	949.27
(iv) Fixed Asset Revaluation Reserve		
Opening Balance	281.81	286.31
Less: Withdrawn for extra depreciation on revalued assets	(1.09)	(4.50)
	280.72	281.81
(v) Export Profit Reserve		
Opening Balance	-	1.95
Addition during the year (net)	-	(1.95)
	-	-
(vi) General Reserve		
Opening Balance	3,758.51	3,756.56
Addition during the year (net)	-	1.95
	3,758.51	3,758.51
(vii) Surplus in the Statement of Profit and loss		
Opening Balance	2,100.28	967.50
Add: Profit for the year	(279.51)	1,101.81
Add: Adjustment for Earliar year Tax	-	30.97
	1,820.77	2,100.28
Less : Appropriations		
General Reserve	-	-
Proposed Dividend	-	-
Provision for Tax on Dividend	-	-
	1,820.77	2,100.28
	6,951.63	7,122.12
2.3 Long-Term Borrowings		
Secured		
Term Loans		
From Bank		
(a) Vehicle loan	1.62	5.05
10.25% HDFC loan (secured by hypothecation of vehicle repayable in 36 installment)	1,343.06	700.25
(b) Term Loan - South Project*	1,344.68	705.30
	1,344.68	705.30
*Additional information in respect of Term Loan- South Project:		
11.95%, HDFC Term Loan repayable in 45 monthly installment	377.10	-
12 %, SBI Term Loan repayable in 28 monthly installment	965.96	700.25
	1,343.06	700.25

[Secured by (i) first charge, ranking pari passu, by way of an equitable mortgage on the land and building, and hypothecation of other fixed assets thereon, at the Company's factory at Nasik, Maharashtra (ii) first charge, ranking pari passu, by way of hypothecation of plant and machinery at the Company's factory situated at Howrah, West Bengal (iii) second charge, raking pari passu , on the fixed assets of the Company at its factory situated at Sikandarabad, Uttar Pradesh (iv) first pari passu charge by way of equitable mortgage of land and building of the Company situated at village-Chinnapuliur, Taluka-Gummidipoondi, District - Thiruvallur, Tamil Nadu; and hypothecation charge over plant and machinery to be purchased out of the term loan (v) Second pari passu charge on the entire current assets of the Company.]

Consolidated Notes to Accounts (Contd.)

	(₹ in Lacs)	
	March 31, 2014	March 31, 2013
2.4 Deferred Tax Liabilities (net)		
(i) Deferred Tax Assets	(166.85)	(49.01)
Expenses allowable on payment basis		
(ii) Deferred Tax Liabilities	344.32	306.99
Depreciation and related items (note 2.37)		
	<u>177.47</u>	<u>257.98</u>
2.5 Other Long Term Liabilities		
Trade Deposit	33.70	54.29
	<u>33.70</u>	<u>54.29</u>
2.6 Long Term Provisions		
Provision for Employees' Benefits (Note 2.41)	478.31	397.22
Others	300.00	300.00
	<u>778.31</u>	<u>697.22</u>
2.7 Short Term Borrowings		
Secured		
(i) Loans repayable on demand	9,649.70	7,104.63
From Bank (Cash credit and WCDL)		
Secured by (i) first charge , ranking pari passu (a) by way of hypothecation on the entire stocks and current assets of the Company (b) by way of equitable mortgage of land and building, and hypothecation of other fixed assets thereon, of the Company's factory, at Nasik, Maharashtra (c) by way of hypothecation of plant and machinery at the Company's factory situated at Howrah, West Bengal (ii) second charge, ranking pari passu,(a) on the fixed assets of the Company at its factory situated at Sikandarabad, Uttar Pradesh (b) by way of equitable mortgage of land and building situated at village - Chinnapuliyur, Taluka-Gummidipoondi, District - Thiruvallur, Tamil Nadu; and hypothecation of plant and machinery to be purchased out of term loan.		
Unsecured		
(ii) Short Term Loan from Bank	-	1,000.00
	<u>9,649.70</u>	<u>8,104.63</u>

Consolidated Notes to Accounts (Contd.)

	(₹ in Lacs)	
	March 31, 2014	March 31, 2013
2.8 Trade Payables		
(i) Acceptances	1,119.94	1,892.17
(ii) Sundry Creditors		
a) Sundry creditors for bill discounting (note 2.27)	5,860.82	4,430.22
b) Others	9,201.59	10,112.01
	16,182.35	16,434.40
2.9 Other Current Liabilities		
(i) Current Maturity of Long-term debts	1.46	2.26
(ii) Unpaid Dividend	18.18	20.63
(iii) Other Payables		
Employee's remuneration	317.54	186.33
Statutory Payment	632.95	728.52
Discount and Rebate	573.73	730.43
Others	1,071.30	1,079.45
	2,615.16	2,747.61
2.10 Short Term Provision		
Others		
(i) Provision for Income tax (net)	-	151.93
(ii) Provision for Employee Benefits (Note 2.41)	10.43	16.98
	10.43	168.91

Consolidated Notes to Accounts (Contd.)

2.11 Fixed Assets

(₹ in Lacs)

	GROSS BLOCK				ACCUMULATED DEPRECIATION				NET BLOCK		
	As at April 1, 2013	Additions during the period	Deletions/ Adjustments	As at March 31, 2014	Provided Upto March 31, 2013	Provision for the current period	Deletions/ Adjustments	As at March 31, 2014	As at March 31, 2014	As at March 31, 2013	
I. Tangible Assets											
Land	1,059.42	11.94	-	1,071.36	-	-	-	-	1,071.36	1,059.42	
Building	1,812.59	9.09	264.02	1,557.66	819.55	55.07	134.50	740.12	817.54	993.04	
Plant & Machinery	2,261.89	63.00	309.36	2,015.53	1,842.02	69.93	283.36	1,628.59	386.94	419.87	
Leased Equipment	1,759.07	106.72	-	1,865.79	856.08	132.51	-	988.59	877.20	902.99	
Furniture and Fixture	273.44	120.15	-	393.59	181.63	11.79	-	193.42	200.17	91.81	
Office Equipment	853.01	49.05	-	902.06	733.07	48.44	-	781.51	120.55	119.94	
Motor Vehicles	113.41	-	-	113.41	79.74	7.59	-	87.33	26.08	33.67	
Total (A)	8,132.83	359.95	573.38	7,919.40	4,512.09	325.33	417.86	4,419.56	3,499.84	3,620.74	
Previous Year	7,781.56	366.68	(15.41)	8,132.83	4,198.94	318.54	(5.41)	4,512.09	3,620.74	3,582.62	
II. Intangible Assets											
Computer software	590.75	19.96	-	610.71	487.46	38.83	-	526.29	84.42	103.29	
Technical know how	62.72	-	-	62.72	45.65	4.65	-	50.30	12.42	17.07	
Trade Mark	-	93.41	-	93.41	-	-	-	-	93.41	-	
Total (B)	653.47	113.37	-	766.84	533.11	43.48	-	576.59	190.25	120.36	
Previous Year	652.73	0.74	-	653.47	463.05	70.06	-	533.11	120.36	189.68	
III. Capital Work-In-Progress											
Capital WIP	-	1,763.60	-	1,763.60	-	-	-	-	1,763.60	787.54	
Total (C)	-	1,763.60	-	1,763.60	-	-	-	-	1,763.60	787.54	
Previous Year	-	-	-	-	-	-	-	-	787.54	90.90	
Total (A+B+C)	8,786.30	2,236.92	573.38	10,449.84	5,045.20	368.81	417.86	4,996.15	5,453.69	4,528.64	
Previous Year	8,434.29	367.42	(15.41)	8,786.30	4,661.99	388.60	(5.41)	5,045.20	4,528.64		

Note: Depreciation on tangible assets for the year includes depreciation on amount added on revaluation of ₹ 1.09 lacs (Pre. Yr. ₹ 4.50) regrouped from Fixed Assets revaluation reserve.

(₹ in Lacs)

2.12 Non Current Investments - Other Investment

(i) Investment in Debentures or Bonds - Unquoted

Rs. 6,500 1/2% Woodland Medical Centre Ltd.	0.06	0.06
Rs. 17,000 5% Woodland Medical Centre Ltd.	0.17	0.17

(ii) Investment in Mutul Funds - Quoted

UTI Infrastructure Fund - Growth (previously UTI Advantage Fund - Growth Plan) 200000 Units of Rs. 10 Each	20.00	20.00
(Market value of 50925.374 Units @ NAV Rs 29.95 as on 31.03.2014)		
	20.23	20.23
Aggregate amount of Unquoted Investments	0.23	0.23
Aggregate amount of Quoted Investments	20.00	20.00
Market Value of Quoted Investments	15.25	13.48

Consolidated Notes to Accounts (Contd.)

	(₹ in Lacs)	
	March 31, 2014	March 31, 2013
2.13 Long Terms Loans and Advances (Unsecured, considered good)		
Security Deposit	182.41	127.82
	182.41	127.82
2.14 Inventories (at cost or net realisable value, whichever is lower)		
Raw Material	3,122.13	4,246.00
Work- in -Progress	241.78	444.49
Finished Goods	8,411.92	7,933.12
Stock- in- Trade	238.22	468.50
Stores & spares	121.21	104.43
	12,135.26	13,196.54
2.15 Trade receivables (Unsecured, considered good)		
(i) Outstanding for a period exceeding six months from due date	3,014.10	1,081.22
(ii) Others	12,952.73	14,366.39
	15,966.83	15,447.61
2.16 Cash and Bank Balances		
Cash & Cash Equivalents:		
(i) Balances with Bank(in current account)	62.30	97.80
(ii) Cheque, drafts on hand	352.75	1,387.36
(iii) Cash in hand	11.85	10.17
Other Bank Balances:		
(i) Unpaid Dividend Account	18.18	20.63
(ii) Fixed Deposit Account (for more than 12 months)	-	0.38
(iii) Margin Money	1.73	-
	446.81	1,516.35
2.17 Short term loans and advances - Unsecured, considered good		
Others :		
Advances to suppliers	510.74	515.21
Advance to Employee	33.44	180.97
Advance Tax (Net of Provision for Tax)	287.17	-
	831.35	696.18
2.18 Other Current Assets		
(i) Prepaid Expenses	229.35	86.17
(ii) Short term deposit	328.78	309.66
(iii) Other Receivables	2,258.86	475.91
(iv) Balances with Excise Deptt.	262.64	260.66
	3,079.63	1,132.40

Consolidated Notes to Accounts (Contd.)

	(₹ in Lacs)	
	2013-14	2012-13
2.19 Revenue from Operations		
(i) Revenue from Sale of Products	57,350.42	60,015.11
(ii) Other Operating Revenue	403.42	282.39
	57,753.84	60,297.50
Less : Discounts	3,772.17	3,997.13
	53,981.67	56,300.37
Less : Excise duty	5,677.00	6,133.52
	48,304.67	50,166.85
2.20 Other Income		
(i) Interest	4.93	2.93
(ii) Profit on Sale of Fixed Assets	575.21	[2.38]
(iii) Rent Receipt	6.51	6.30
(iv) Miscellaneous Receipts (Note 2.46)	61.63	6.47
	648.28	13.32
2.21 Cost of Materials Consumed		
Organic acid/chemicals	8,486.60	9,052.56
Pigments	4,510.73	5,281.66
Solvents & Oils	10,790.26	10,501.03
Packages and Packing Materials	3,463.55	3,497.88
Others*	4,340.16	5,950.14
* Includes individual items of less than 10% of the total and therefore, not considered for the above classification.		
	31,591.30	34,283.27
2.22 Purchase of Stock-in-Trade	3,624.06	2,366.99
	3,624.06	2,366.99
2.23 Changes in inventories of finished goods, work-in-progress and Stock-in-trade		
Closing Stock		
Finished Goods	8,411.92	7,933.12
Work-in-progress	241.78	444.49
Stock-in-trade	238.22	468.50
	8,891.92	8,846.11
Opening Stock		
Finished Goods	7,933.12	6,602.43
Work-in-progress	444.49	643.81
Stock-in-trade	468.50	351.07
	8,846.11	7,597.31
	(45.81)	[1,248.80]

Consolidated Notes to Accounts (Contd.)

	(₹ in Lacs)	
	2013-14	2012-13
2.24 Employee Benefits Expense		
Salaries and Wages	3,120.10	2,300.09
Contribution to provident and other funds	270.33	223.01
Staff Welfare Expenses	431.33	348.32
	3,821.76	2,871.42
2.25 Finance Costs		
Interest expense and Other Expenses	1,902.97	1,512.37
Other borrowing cost	194.51	145.25
	2,097.48	1,657.62
2.26 Other Expense		
Consumption of stores and spare parts	92.99	125.14
Power and fuel	433.47	465.00
Rent	307.01	213.30
Repairs:		
Building	34.29	34.99
Plant and machinery	86.36	47.26
Others	180.41	128.07
Insurance	28.19	16.71
Rates and taxes	56.44	30.99
Printing and stationery	52.96	80.68
Communication expenses	109.11	99.59
Directors' fees	4.70	3.00
Payment to the Auditor (note no. 2.30)	9.56	7.52
Cost Audit Fees	0.50	0.55
Commission on sales	205.09	226.73
Travelling expenses	598.18	459.69
Application Charges	305.20	725.28
Freight	2,739.18	2,452.74
Discount & Rebates	1,823.15	2,389.12
Bad Debts	375.42	133.00
Miscellaneous Expenses	414.26	448.12
	7,856.47	8,087.48

Consolidated Notes to Accounts (Contd.)

	2013-2014	2012-2013
	(₹ in Lacs)	
2.27 Liabilities in Note 2.8 (ii) (a) include ₹ 2401.69 Lacs (Previous Year ₹ 1884.02 Lacs) outstanding in respect of facilities granted to the Company by Small Industries Development Bank of India (SIDBI) as well as interest accrued but not due thereon. Facilities are secured by a first charge on Company's entire fixed assets of Sikandrabad Plant.		
2.28 Contingent Liabilities		
Contingent liability not provided for in respect of :		
i) Excise Duty	315.33	209.20
ii) Bank Guarantee	1,530.84	1,322.75
iii) Sales Tax	432.18	354.81
iv) Claims against the Company not acknowledged as debt (to the extent ascertained)*	56.62	57.47
v) Income Tax	11.06	5.45
*In case of one of the Company's offices previously taken on rent, the division Bench of High Court of Calcutta has directed appointment of a Special Referee to arrive at mesne profit payable by the Company. The liability on account of mesne profit as on date cannot be ascertained.		
2.29 Commitments		
(i) Estimated amount of capital commitments, net of advance of ₹ 110.64 (previous year ₹ 485.92 lacs)	393.75	1,654.21
(ii) Uncalled Liability on Partly paid up shares	40.50	40.50
2.30 Auditors' Remuneration		
Audit Fees	5.00	4.00
Tax Audit Fees	0.90	0.75
Certification fees and other services	1.61	0.95
Reimbursement of Expenses	2.05	1.82
	<u>9.56</u>	<u>7.52</u>
2.31 CIF Value of Imports		
Raw Materials	2,699.00	3,928.80
2.32 Expenditure in Foreign Currency		
Purchase of Raw Material	3,616.81	3,616.81
Travelling Expenses	5.76	2.08
Testing Charges	0.97	0.31
2.33 Earnings in Foreign Currency		
FOB Value of Export	304.66	206.11

Consolidated Notes to Accounts (Contd.)

	(₹ in Lacs)	
	2013-2014	2012-2013
2.34 Amount remitted in foreign currency on account of dividend		
a) Number of Non-resident shareholders	NIL	1
b) Number of shares held by them	NIL	11,80,314
c) Amount of dividend remitted (₹ in Lacs)	NIL	118.03
d) Year to which dividend relates	NIL	2011-12

2.35 Consumption of imported and indigenous raw materials & stores

	2013-2014		2012-2013	
	%	₹ in Lacs	%	₹ in Lacs
Imported	11.49	3,639.40	9.00	3,096.41
Indigenous	88.51	28,044.89	91.00	31,312.00
	100.00	31,684.29	100.00	34,408.41

2.36 Disclosure under The Micro, Small & Medium Enterprises Development Act, 2006:

The Company has not received any intimation from suppliers regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosure if any relating to amount unpaid as at the year-end together with interest paid / payable as required under the said Act have not been given.

2.37 The Company has adopted Accounting Standard 22 "Accounting for Taxes on Income"; and the net deferred tax liabilities amounting to ₹ 97.58 lakhs pertaining to the current year has been recognised.

	Opening as at April 1, 2013 (₹ In lacs)	Charge /(Credit) during the year (₹ in lacs)	Closing as at March 31, 2014 (₹ in lacs)
Deferred Tax Assets			
Expenses allowable on payment basis	49.01	117.84	166.85
Deferred Tax Liabilities			
Depreciation and related items	(306.99)	37.33	(344.32)
Net Deferred Tax Liabilities	257.98	80.51	177.47

2.38 Future minimum lease rentals receivable as at the year-end (as per the lease agreements):

	(₹ in Lacs)	
	2013-2014	2012-2013
i) Not later than one year	11.90	28.35
ii) Later than one year and not later than five years	0.07	12.48
iii) Later than five years	-	-
	11.97	40.83

Consolidated Notes to Accounts (Contd.)

(₹ in Lacs)

2.39 Related party disclosure in accordance with the Accounting Standard 18 "Related Party Disclosures" issued by the Institute of Chartered Accountants of India.

Name of the related parties with whom the transactions have been made	Description of relationship with the party	Nature of Transaction	Amount outstanding as on March 31, 2014	Transactional Value 2013-14
Sameer Nagpal	Managing Director	Remuneration	8.33 (-)	100.00 (-)
S. Sarda	Executive Director	Remuneration	- (1.82)	4.85 (24.94)
Smt. Lata Sarda	Relative of ED	Rent etc.	- (-)	- (7.20)
Sonabheel Tea Ltd.	Company controlled by Directors	Sales	- (-0.04)	- (2.52)
Jindal Stainless Ltd.	Company controlled by Directors	Sales	19.44 (22.60)	8.23 (6.51)

(Note Financial figures in bracket relate to previous year)

2.40 Earning Per Share

Particulars	2013-2014	2012-2013
(a) Profit / (Loss) for the year, per statement of profit and loss (₹ In lacs)	(279.51)	1101.81
(b) Weighted Average number of Equity Shares (Nos.)	18,928,100	18,928,100
(c) Effect of potential Dilutive Equity shares on Employee stock option outstanding (Nos.)	223,196	223,196
(d) Weighted Average number of Equity shares in computing diluted Earnings per share { (b)+(c) }	1,91,51,296	1,91,51,296
(e) Earning per Share (in Rupees)		
Basic	(1.47)	5.82
Diluted	(1.47)	5.75

2.41 Employees' Benefits

The Company has adopted Accounting Standard 15 (Revised) Employee Benefits with effect from 1st April, 2007.

The following disclosures are made in accordance with Accounting Standard 15 (Revised) pertaining to Defined Benefit Plans:

(a) Defined Benefits Plans / Compensated absences - As per actuarial valuation on 31st March 2014

	Gratuity Funded		Leave Encashment Non funded	
	2013-14	2012-13	2013-14	2012-13
I Expense recognized in the Statement of Profit and Loss				
1 Current Service Cost	27.88	30.53	1.96	1.83
2 Interest on Cost	43.60	37.47	11.38	9.83
3 Employees' Contribution	-	-	-	-
4 Expected Return on plan assets	(16.72)	(20.60)	-	-
5 Net Actuarial (Gain) / Losses	43.34	28.56	36.33	38.79
6 Past Service Cost	-	-	-	-
7 Settlement Cost	-	-	-	-
8 Total Expenses	98.10	75.96	49.67	50.45

Consolidated Notes to Accounts (Contd.)

(₹ in Lacs)

	Gratuity Funded		Leave Encashment Non funded	
	2013-14	2012-13	2013-14	2012-13
II Net Assests / (Liability) recognized in the Balance Sheet				
1 Present Value of Defined Benefits of Obligation as at March 14	464.32	484.47	102.85	126.42
2 Fair Value of plan assets as at March 14	78.45	196.69	-	-
3 Funded status [Surplus/(Deficit)]	(385.87)	(287.78)	(102.85)	(126.42)
4 Net Assets/(Liability) as at March 14	385.87)	(287.78)	(102.85)	(126.42)
III Change in Obligation during the Year ended				
1 Present Value of Defined Benefit Obligation at beginning of the year	484.47	454.16	126.42	119.13
2 Current Service Cost	27.88	30.53	1.96	1.83
3 Interest Cost	43.60	37.47	11.38	9.83
4 Settlement Cost	-	-	-	-
5 Past Service Cost	-	-	-	-
6 Employee Contributions	-	-	-	-
7 Plan Amendments	-	-	-	-
8 Actuarial (Gain)/ Losses	38.62	22.32	36.33	38.79
9 Benefits Payments	(130.25)	(60.01)	(73.24)	(43.16)
10 Present value of Defined Benefits Obligation at the end of year	464.32	484.47	102.85	126.42
IV Change in Assets during the Year				
1 Plan assets at the beginning of the year	196.69	242.35	-	-
2 Plan assets acquired on amalgamation in Previous Year	-	-	-	-
3 Settlements	-	-	-	-
4 Expected return on plan assets	16.72	20.60	-	-
5 Contributions by employer	-	-	73.24	43.16
6 Actual benefits paid	(130.25)	(60.01)	(73.24)	(43.16)
7 Actual Gains/ (Losses)	(4.71)	(6.25)	-	-
8 Actual return on Plan assets	-	-	-	-
9 Plan assets at the end of the year	78.45	196.69	-	-
V Actuarial Assumptions:				
			As at March 31, 2014	As at March 31, 2013
1 Discount Rate			9.00%	8.25%
2 Rate of increase in salaries			4.00%	4.50%
3 Rate of return on Plan Assets			8.75%	8.50%
4 Mortality			ALM (2006- 2008) ultimate.	LIC 94-96 ultimate.
5 Withdrawal rate				2%

Consolidated Notes to Accounts (Contd.)

2.42 There has been a major fire break out on March 12, 2014 at Howrah Factory of the Company resulting in substantial damage of stocks, plant & machineries and factory building. Besides this, some financial records, including Fixed Assets register, were also destroyed. These assets are insured.

Intimation of fire has been given to insurer, and claim settlement is under process. The company has accounted for insurance claim receivable for ₹ 1532.25 lacs [included in Note 2.18(iii)]. Pending final ascertainment of the claim by the insurer, the adjustment in fixed assets for losses incurred has been done as per the Company's own estimation which may vary on assessment made by the insurer.

2.43 The Company has written off doubtful debts amounting to ₹ 375.42 lacs (included under the head miscellaneous expenses in Note 2.26) outstanding for more than three years as at the year end. In previous year, the said write off amounting to ₹ 133 lacs were made on review of doubtful debts on case to case basis.

2.44 Inventory Value has been adjusted on account of shortage thereof for ₹ 602.51 lacs.

2.45 Miscellaneous Receipts include ₹ 35.82 lacs on account of liability written back (net).

2.46 Some of the debtors, creditors & advances are pending confirmation /reconciliation, and impact of the same, if any, on the accounts of the Company, is unascertained.

2.47 The Company operates mainly in one business segment i.e. Paints; accordingly sales & stock in trade represent paints.

2.48 The Company has two subsidiaries, namely "Shalimar Adhunik Nirman Limited" (SANL) & "Eastern Speciality Paints & Coatings Private Limited" (ESPCPL). The information in respect of the said subsidiaries, as required to be given vide general circular no. 2/2011 dated 8th February, 2011 issued by the Ministry of Corporate Affairs, are given below:

		SANL	ESPCPL
a) Capital (paid up)	:	59.50	5.00
b) Reserves	:	NIL	NIL
c) Total Assets	:	559.33	5.21
d) Total Liabilities	:	559.33	5.21
e) Detail of Investment (except in case of investment in the subsidiaries)	:	NIL	NIL
f) Turnover	:	NIL	NIL
g) Profit before Taxation	:	NIL	NIL
h) Provision for Taxation	:	NIL	NIL
i) Profit after Taxation	:	NIL	NIL
j) Proposed Dividend	:	NIL	NIL

Since there is no business activities by the subsidiaries / profit during the year ended 31st March, 2014, tax provision including deferred tax, have not been made.

2.49 Finance charges include foreign exchange loss of ₹ 280.58 lacs (previous year ₹ 149.33 lacs).

2.50 Exceptional items relates to restructuring cost of ₹ Nil (P.Y. ₹ 211.78 lacs), and the same has been considered by the management, as 'exceptional item'.

2.51 Previous year's figures have been regrouped / rearranged, wherever necessary.

Signatures to Notes 1 to 2

For CHATURVEDI & PARTNERS
Chartered Accountants
(Firm Regn. No. 307068E)

A. K. Dubey
Partner
(Mem. No. 054975)

New Delhi
May 30, 2014

For and on behalf of the Board

Ratan Jindal
Director

Pumit Chellaramani
Company Secretary

Sameer Nagpal
MD & CEO

ATTENDANCE SLIP
SHALIMAR PAINTS LIMITED

CIN: L24222WB1902PLC001540

Registered Office: Goaberia, P.O.: Danesh Shaikh Lane, Howrah - 711 109

Phone : 033-2644-3201; Fax : 033-2644-3540; e-mail : hwhsec@shalimarpaints.com

Website: www.shalimarpaints.com

Venue of the Meeting: The Lake Land Country Club, Kona Expressway, P.O. : Munshidanga, P.S. : Domjur, Howrah - 711403

Date & Time: 26th September, 2014 at 12.00 Noon

PLEASE FILL ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING VENUE

Name	
Registered Address	
Email ID	
DP ID*	
Client ID*	
Folio No	
No. of shares held	

*Applicable for investors holding shares in Electronic form.

I certify that I am the registered shareholders/proxy for the registered shareholder of the Company.

I hereby record my presence at the 112th Annual General Meeting of the Company held on 26th September, 2014 at 12.00 Noon at The Lake Land Country Club, Kona Expressway, P.O. : Munshidanga, P.S. : Domjur, Howrah - 711403.

Signature of Member / Proxy

- Note: 1. Electronic copy of the Annual Report for 2014 and Notice of the Annual General Meeting along with Attendance Slip and Proxy Form is being sent to all the members whose email address is registered with the Company/Depository Participant unless any member has requested for a hard copy of the same. Shareholders receiving electronic copy and attending the Annual General Meeting can print copy of this Attendance Slip.
2. Physical copy of the Annual Report for 2014 and Notice of the Annual General Meeting along with Attendance Slip and Proxy Form is sent in the permitted mode(s) to all members whose email id is not registered or have requested for a hard copy.

SHALIMAR PAINTS LIMITED

CIN: L24222WB1902PLC001540

Registered Office: Goaberia, P.O.: Danesh Shaikh Lane, Howrah - 711 109
Phone : 033-2644-3201; Fax : 033-2644-3540; e-mail : hwhsec@shalimarpaints.com
Website: www.shalimarpaints.com

Form No. MGT-11

FORM OF PROXY

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

Venue of the meeting : The Lake Land Country Club, Kona Expressway, P.O. : Munshidanga, P.S. : Domjur, Howrah - 711403

Date & Time : 26th September, 2014 at 12.00 Noon

PLEASE FILL ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING VENUE

Name	
Registered Address	
Email ID	
DP ID*	
Client ID*	
Folio No	

*Applicable for investors holding shares in Electronic form.

I/We _____ of _____

being member/members of Shalimar Paints Limited hereby appoint the following

Name: _____ Email Id: _____

Address: _____

Signature: _____

Or failing him/her

Name: _____ Email Id: _____

Address: _____

Signature: _____

Or failing him/her

Name: _____ Email Id: _____

Address: _____

Signature: _____

as my/our Proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 112th Annual General Meeting of the Company to be held on 26th September, 2014 at 12.00 Noon at The Lake Land Country Club, Kona Expressway, P.O. : Munshidanga, P.S. : Domjur, Howrah - 711403 and at any adjournment thereof in respect of such resolutions as are indicated below :-

Resolution No.	Resolution	Vote (Optional see Note 2) Please mention no. of shares		
		For	Against	Abstain
Ordinary Business				
1.	Adoption of the Audited Financial Statements for the year ended 31st March 2014 and the Reports of the Directors and Auditors thereon			
2.	Re-appointment of Mr. Ratan Jindal, who retires by rotation			
3.	Appointment of Auditors and fixing their remuneration			
Special business				
4.	Appointment of Mr AV Lodha as an Independent Director			
5.	Appointment of Mr Pujit Aggarwal as an Independent Director			
6.	Appointment of Mr Rajiv Rajvanshi as an Independent Director			
7.	Appointment of Ms Pushpa Chowdhary as an Independent Director			
8.	Special Resolution to give powers to Board to create charge on Company's property			
9.	Special Resolution to give powers to Board to borrow money			
10.	Special Resolution for keeping index and register of members at any place other than the Registered office of the Company			
11.	Not to fill vacancy caused by the retirement of Dr. R Srinivasan, Director who retires at this AGM and does not seek re-appointment			
12.	Revision in the terms of the Payment of the Remuneration to the Managing Director of the Company			
13.	Approval of the Remuneration of the Cost Auditors			

Date: _____

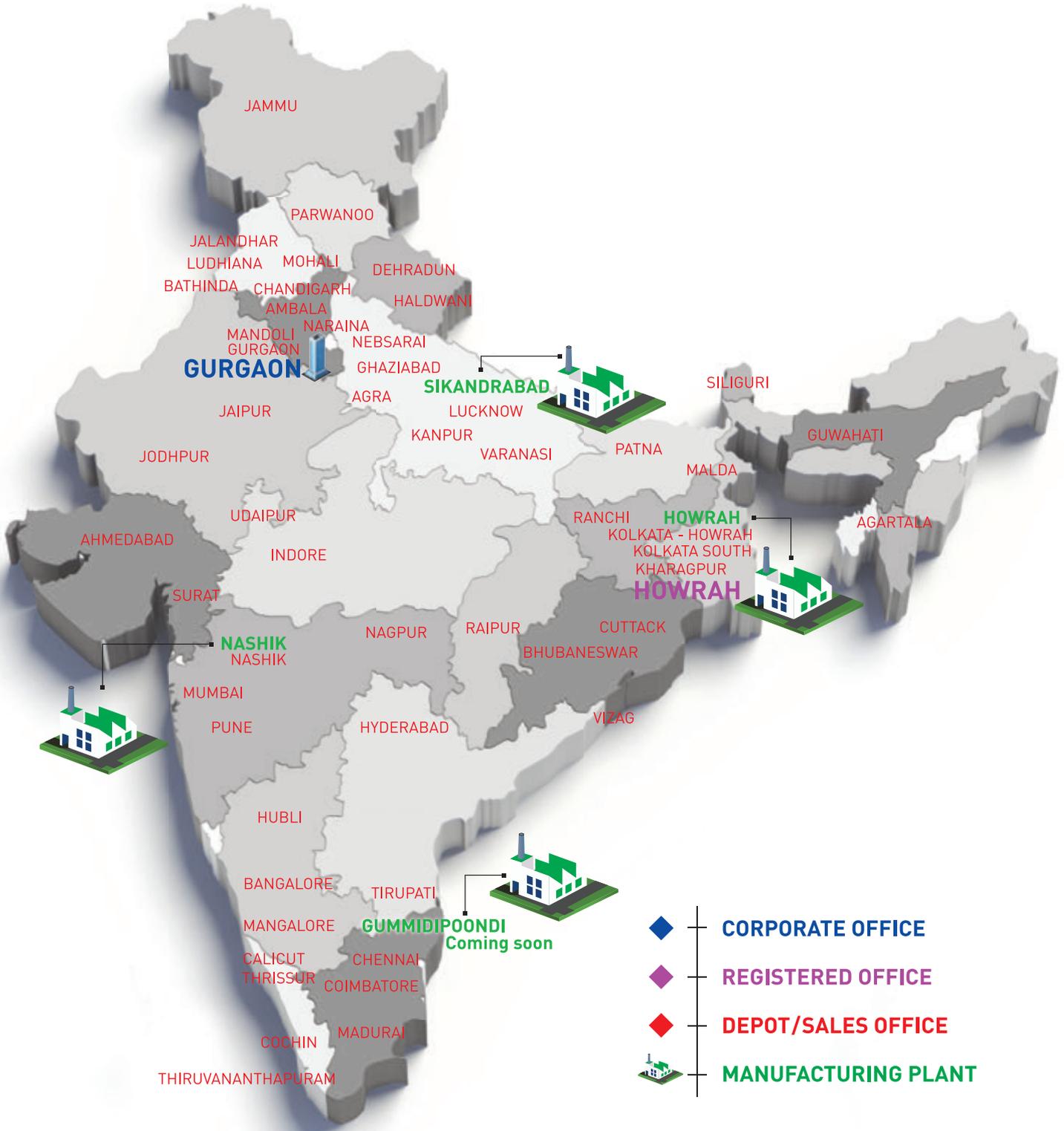
Signature of Shareholder

Signature of proxy holder(s)

Affix Rupee
One
Revenue
Stamp

- Note: 1. This form of proxy in order to be effective should be duly completed and deposited at the Registered office of the Company, not less than 48 hours before the commencement of the Meeting.
2. It is optional to indicate your preference. If you leave the for, against or abstain column blank any or all resolutions, your proxy will be entitled to vote in the manner as he/she may deem appropriate.
3. A Proxy need not be a member of the Company.

Nationwide Presence





Shalimar Paints Ltd.

Regd. Office: P.O. Danesh Shaikh Lane, Howrah-711109, West Bengal (India) **P:** +91 33 26443201-02 **F:** + 91 33 26443540

Corp. Office: 4th Floor, Plot No. 64, Sector-44, Gurgaon-122001, Haryana (India) **P:** +91 124 4616600 **F:** + 91 124 4616659

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