



DIRECTORS

G. Jhunjhnuwala — *Chairman*
R. Jindal
S. L. Agarwal — *Managing Director (upto 31st December, 2006)*
A. V. Lodha
R. Garg
Dr. R. Srinivasan

AUDITORS

Chaturvedi & Partners

COST AUDITOR

Virendra Kumar Jain

MANAGEMENT

S. Sarda — *Chief Executive Officer & Company Secretary*
M. M. Ghosh — *Vice President – Technical*
Dr. S. K. Pal — *Vice President – Operations (Howrah)*
T. R. Sharma — *Vice President – Operations (Nashik)*
N. K. Saxena — *Vice President – Decorative Sales*
Sujit Sinha — *Vice President – Industrial Sales*
A. Parakh — *General Manager – Finance & Accounts*
K. Mathew Joseph — *General Manager – Systems*
K. Karwa — *General Manager – Procurement*
A. B. Sawant — *Head – Supply Chain*
S. K. Chattopadhyay — *Head of Personnel*

BANKERS

State Bank of India
Bank of Baroda
State Bank of Patiala
Punjab National Bank
Corporation Bank

REGISTERED OFFICE

13, Camac Street, Kolkata - 700 017
Tel : (033) 2283 2878 Fax : (033) 2283 2859

FACTORIES

Howrah

P.O. Danesh Shaikh Lane,
Goaberia, Howrah - 711 109 (W.B.)
Tel : (033) 2644 3201

Nashik

Nashik Bombay Road,
Village Gonde (Ghoti)
Nashik - 422 402 (Maharashtra)
Tel : (02553) 225002

Sikandrabad

A1 & A2, UPSIDC Industrial Area
Dist : Bulandsahar (U.P.)
Tel : (05735) 221793

REGISTRARS & SHARE TRANSFER AGENTS

MCS Limited
77/2A, Hazra Road
Kolkata - 700 029
Tel : (033) 2476 7350, 2454 1892/93 Fax : (033) 2454 1961



Notice of the Annual General Meeting

NOTICE is hereby given that the 105th Annual General Meeting of the Company will be held on Thursday, the 26th July, 2007 at 10.00 A.M. at "KALAKUNJ", 48, Shakespeare Sarani, Kolkata - 700 017, to transact the following business :

1. To receive, consider and adopt the audited Profit and Loss Account for the year ended 31st March 2007 and the Balance Sheet as at that date together with the Reports of the Directors and Auditors thereon.
2. To declare a dividend.
3. To appoint a Director in place of Mr. Ratan Jindal, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. A.V. Lodha, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint Auditors and to fix their remuneration.

SPECIAL BUSINESS :

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

6. As an Ordinary Resolution :
"RESOLVED THAT Mr. Sandeep Sarda be and is hereby appointed a Director of the Company whose period of office shall be liable to determination by retirement of Directors by rotation."
7. As a Special Resolution :
"RESOLVED THAT the Company hereby accords its approval and consent under Sections 198, 269 and 309 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, to the appointment and terms of remuneration of Mr. Sandeep Sarda as the Executive Director of the Company for a period of three years from 1st July, 2007 on the terms and conditions set out in the Explanatory Statement annexed to the Notice convening this meeting, with liberty to the Directors to alter and vary the terms and conditions of the said appointment in such manner as may be agreed to between the Directors and Mr. Sandeep Sarda."

Registered Office :
13, Camac Street
Kolkata - 700 017
Dated: 19th June, 2007

By order of the Board

Girish Jhunjhnuwala
Chairman

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 proxy need not be a member of the Company. Proxies, in order to be effective, must be deposited with the Company not less than forty-eight hours before the meeting.
 2. The Register of Members and the Share Transfer Books of the Company will remain closed from 16th July, 2007 to 26th July, 2007 (both days inclusive).
 3. Members are requested to bring their copy of the Annual Report to the Meeting.
 4. Additional information pursuant to Clause 49 of the Listing Agreement with Stock Exchanges regarding re-appointment/appointment of directors is appearing in the Report on Corporate Governance.
 5. 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 Jagadish Chandra Bose Road, Kolkata 700 020.
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Dividend for the financial years ended 30th June, 1995 to 30th June, 1999 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 30th June, 2000, which remains unpaid or unclaimed, will be due for transfer to the Investors Education and Protection Fund of the Central Government on 22nd January, 2008, 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 therefrom. Members who have not encashed their dividend warrant(s) for the financial year ended 30th June, 2000, or any subsequent year(s), are requested to claim the same from the Company's Registrars and Share Transfer Agents, Messrs. MCS Limited.

6. Explanatory Statement pursuant to Section 173 of the Companies Act, 1956 relating to Special Business is annexed hereto.

EXPLANATORY STATEMENT
(Pursuant to Section 173(2) of the Companies Act, 1956)

Item Nos. 6 & 7

Mr. Sandeep Sarma was appointed as Additional Director on the Board with effect from 1st of July, 2007, and holds office upto the date of this Annual General Meeting pursuant to Section 260 of the Companies Act, 1956.

A notice in writing has been received from a Member of the Company in terms of Section 257 of the Companies Act, 1956 signifying his intention to propose the appointment of Mr. Sandeep Sarma as a Director of the Company. Mr. Sarma is willing to act as a Director of the Company, if appointed, and has filed with the Company his consent in writing.

The Board of Directors of the Company ("the Board"), at its meeting held on 19th June, 2007, has also appointed Mr. Sandeep Sarma as a Whole-time Director of the Company, designated as "Executive Director" for a period of three years with effect from 1st July, 2007, subject to the approval of the Members of the Company, on the following terms of remuneration, which has been approved by the Remuneration Committee of the Board of Directors at its meeting held on that date :

1. Salary : Rs.90,000 per month subject to such increments as the Board may approve from time to time, on review and recommendation of the Remuneration Committee, subject, however, to a ceiling of Rs.1,50,000 per month.
2. Perquisites : In addition to the aforesaid Salary, Mr. Sarma shall be entitled to other allowance, perquisites, amenities and benefits, the monetary value of such allowance, perquisites, amenities and benefits being limited to 65% of the salary. The following shall not, however, be included in the aforesaid ceiling of 65% of the salary :
 - (a) Rent-free residential accommodation shall be provided by the Company and in case no such accommodation is provided, he shall be paid house rent allowance subject to a ceiling of 2/3rd of his salary.
 - (b) Reimbursement of medical expenses incurred for self and his family, subject to a maximum of Rs.15,000/- per annum and premium for Hospitalisation Insurance Policy for self and his family, as per rules of the Company.
 - (c) Leave travel concession for self and his family once in a year in accordance with the rules of the Company, subject to a maximum of one month's salary.
 - (d) Contribution to Provident Fund as per the rules of the Company.
 - (e) One month's leave with full remuneration for every eleven months of service. Encashment of leave at the end of the tenure will be allowed and will not be included in computation of the ceiling on perquisites.
 - (f) Gratuity not exceeding half a month's salary for each completed year of service.



3. Mr. Sarda shall not be entitled to fees for attending any meetings of the Board or a Committee thereof during his tenure as Executive Director of the Company.
4. In the event of loss or inadequacy of profits in any financial year during the period of his appointment, he shall be paid the above mentioned remuneration by way of salary, perquisites and allowances not exceeding the ceiling specified under Section II(1)(B) of Part II of Schedule XIII to the Companies Act, 1956, including any statutory modification or re-enactment thereof, for the time being in force.

The information required to be given pursuant to proviso (iv) of Section II(1)(B) of Part II of Schedule XIII to the Companies Act, 1956, are given hereunder :

The Company was incorporated in 1902 and since then it is in the business of manufacturing and marketing of various types of paints. The turnover of the Company for the financial year 2006-07 was Rs.290 crores, which was entirely from indigenous market, and the profit before tax was Rs.8 crores.

Mr. Sarda, aged about 44 years, is a Chartered Accountant and Company Secretary, and is having more than 21 years of experience in various companies in senior management positions. He is serving the Company as Chief Executive Officer of the Company and his existing total remuneration is Rs.21 lacs per annum.

He shall have, subject to the overall control and direction of the Board of Directors of the Company, general control, management and superintendance of the business of the Company in the ordinary course of business and shall be responsible for the working and performance of the Company. He shall report to the Board of Directors of the Company.

The details of remuneration proposed to be payable to Mr. Sarda as Executive Director is given supra. Considering the nature of the industry, size of the Company and profile of the position vis-à-vis his qualifications and experience, the Board is of the view that the proposed remuneration is quite reasonable.

The Board of Directors of the Company considers that the appointment of Mr. Sarda as Executive Director will be beneficial to the Company and accordingly recommends the same.

The above statement read with the resolution shall be deemed to be an abstract under Section 302 of the Companies Act, 1956.

Except Mr. Sandeep Sarda, none of the Directors of the Company is interested or concerned in the resolution.

Registered Office :
13, Camac Street
Kolkata - 700 017
Dated: 19th June, 2007

By order of the Board

Girish Jhunjhnuwala
Chairman



Directors' Report

To the Shareholders

Your Directors are pleased to present the 105th Annual Report on the business and operations of the Company and the audited statement of accounts for the year ended 31st March, 2007.

Financial Results

(Rs. in lacs)

Description	2006-07	2005-06
Net Sales	29049	24830
PBIDT	1613	1081
Profit before tax	812	500
Provision for taxation		
Current Tax	256	151
Deferred Tax	57	(14)
Fringe Benefit Tax	25	22
Profit after tax	474	341
Add: Amount brought forward from last year's account	179	88
Profit available for appropriation	653	429
Amount transferred to General Reserve	125	100
Less: Proposed Dividend	189	132
Tax on proposed dividend	32	18
Balance carried to Balance Sheet	307	179

Dividend

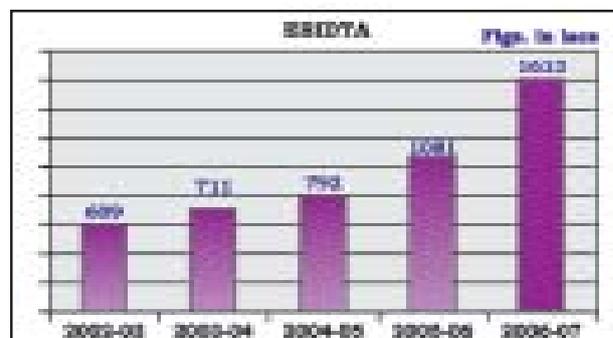
The Directors are pleased to recommend payment of dividend at the rate of Rs.5 per equity share amounting to Rs.189.28 lacs as compared to Rs.3.50 per equity share declared last year.

Review of Operations

The Company's overall performance in the year under review has been quite satisfactory. Sales have increased from Rs. 248 crores in 2005-06 to Rs. 290 crores, an increase of about 17%. The growth in sales has come both in the decorative as well as the industrial segments. In view of increased demand from end user industries and receipt of several large orders from prestigious customers the industrial segment has performed particularly well.

The Company has laid special emphasis on sale of high value products which has led to improvement in operating margins. The raw material prices continued to be volatile. However, with change in product mix and improvement in operational efficiencies the PBIDT has improved from Rs. 10.81 crores to Rs. 16.13 crores, an increase of 49%.

The Company's borrowing costs have increased due to hardening of interest rates - both on rupee borrowings as well as on foreign currency loans and also on account of increased utilization of working capital limits. As a result interest costs have increased from Rs. 2.92 crores to Rs. 5.34 crores.





The improvement in the operating margins has resulted in increase in the profit before tax from Rs. 5 crores to Rs. 8.12 crores, an increase of 62%.

With the Indian economy expected to grow at about 9%, the Company is poised to capitalize on the buoyant economic growth in the coming years.

Tinting Systems

The Company has increased the spread of Color Space, its colour tinting systems. A large number of Color Space tinting systems have been installed at various retail outlets across the country. The Company has also added new bases and is now offering a wide spectrum of shades to the customer to choose from.

ISO Certifications

The Company has received ISO 9000 accreditation for its Nasik and Sikandrabad factories. The Howrah factory is already ISO 9000 accredited.

Directors

Mr. Shyam Lal Agarwal, Managing Director of the Company resigned from the Board with effect from 1st of January 2007. Mr. Agarwal was the Managing Director of the Company since 1997. The Board of Directors of your Company recorded its appreciation for the distinguished services rendered by him during his tenure as Managing Director of the Company.

In accordance with Article 118 of the Articles of Association, Mr. Ratan Jindal and Mr. A.V. Lodha retire by rotation and being eligible, offer themselves for re-appointment.

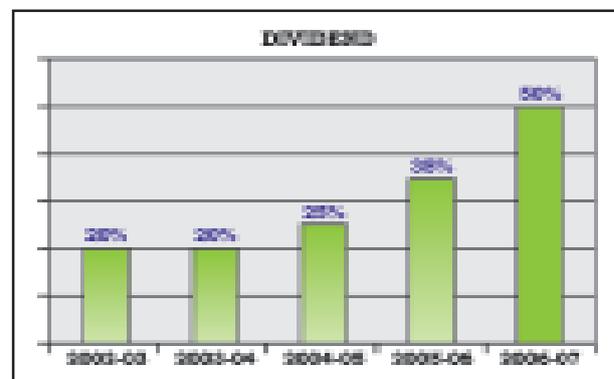
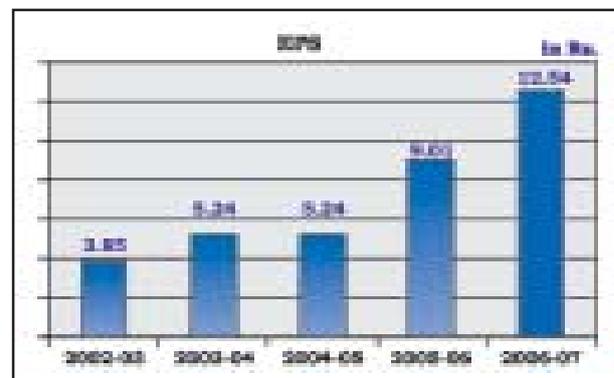
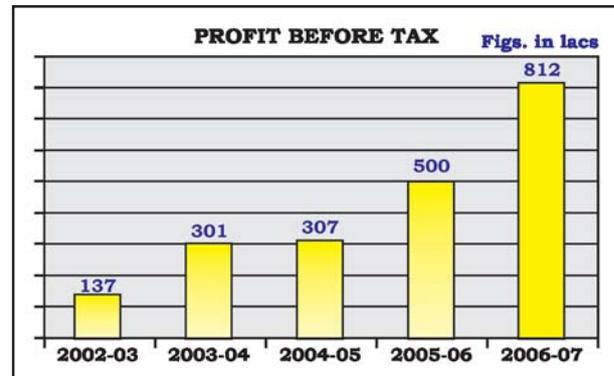
Mr. Sandeep Sarda, Chief Executive Officer of the Company, has been appointed as Additional Director of the Company by the Board at its meeting held on 19th June, 2007, with effect from 1st July, 2007 and will vacate his office at the forthcoming Annual General Meeting and shall seek election under Section 257 of the Companies Act, 1956. Mr. Sarda has been, subject to approval of the members of the Company, appointed as Executive Director for a period of three years with effect from that date i.e. 1st July, 2007.

Brief resume of Mr. Ratan Jindal, Mr. A.V. Lodha and Mr. Sandeep Sarda, are given in Point No. 10 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, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- 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

Information pursuant to clause (e) of sub-section (1) of Section 217 of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 regarding conservation of energy and technical absorption is given in the statement annexed (Annexure-I) hereto forming part of the Report.

Foreign Exchange Earnings and Outgo

Foreign exchange earnings and outgo are outlined in Note nos. 9, 10 and 11 of Schedule 19 to the Accounts.

Particulars of Employees

During the year under review there was no employee drawing remuneration exceeding the limits specified under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules 1975 as amended.

Public Deposits

The Company has not accepted/renewed any fixed deposits from public during the year under review.

Auditors

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

Auditors Remarks

In paragraph 4(vi) of the report of the Auditors, they have referred to certain notes on Accounts which are self-explanatory.

Listing

Your Company is listed with The Bombay Stock Exchange Limited and The Calcutta Stock Exchange Association Limited and 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 (NSDL) and Central Depository Services (India) Limited (CDSL) to enable investors to hold shares in dematerialized form.

Corporate Governance

The Company continues to comply with the requirements of the Listing Agreements with the Stock Exchanges where the Company's shares are listed. The report on Corporate Governance for the financial year ended 31st March, 2007, together with Certificate on its compliance, pursuant to requirements of Clause 49 of the Listing Agreement with Stock Exchanges, is annexed hereto as Annexure-II to this Report.

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.

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.

Mumbai
19th day of June, 2007

For and on behalf of the Board
GIRISH JHUNJHNUWALA
Chairman



**Annexure - I to Directors' Report
FORM 'A' - CONSERVATION OF ENERGY**

	Current Year 2006-2007	Previous Year 2005-2006
A. POWER AND FUEL CONSUMPTION :		
1. ELECTRICITY:		
a) Purchased :		
Units	Nos. 34,17,797	Nos. 36,97,097
Total Amount	Rs. 1,54,22,824	Rs. 1,58,83,479
Rate/Unit	Rs. 4.51	Rs. 4.30
b) Own Generation :		
i) Through Diesel Generator		
Units	Nos. 1,34,480	Nos. 80,382
Unit/Litre of Diesel Oil	2.55	2.73
Cost/Unit	Rs. 13.20	Rs. 12.05
ii) Through Steam Turbine/Generator Units, Unit/Litre of Fuel Oil/Gas, Cost/Unit		Not Applicable
2. COAL :		
Quantity/Total Cost/Average Rate		Not Applicable
3. FURNACE/LDO :		
Quantity	389 KL	378 KL
Total amount	Rs. 80,54,494	Rs. 65,04,633
Average Rate/Ltr.	Rs. 20.70	Rs. 17.20
4. OTHERS/INTERNAL GENERATION :		
Quantity/ Total Cost /Average Rate		Not Applicable
B. CONSUMPTION PER UNIT OF PRODUCTION :		
Products	Standard	
Paints, Varnishes & Enamels (KL)	No specific standard as the consumption per unit depends on the product mix	
	32,634KL	30,156 KL
Unit/KL		
Electricity	108.85	125.26
Furnace Oil	0.012	0.013
Coal (specify quality)	—	—
Others (specify)		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
GIRISH JHUNJHNUWALA
Chairman

19th day of June, 2007

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, cost reduction and upgradation of products.
- b) Super durable exterior architectural finish with improved properties.
- c) "Colorspace" tinting system expanded with introduction of new tinting bases.
- d) Development of newer types of high performance coatings.
- e) New qualities of metal can coatings and food lacquers.
- f) Development of silicon alkyd long lasting finish and special quality anti skid epoxy paint.
- g) Tailor made products for earth moving equipment, textile industry, bicycle, auto two wheelers and three wheelers and general industries.

2. Benefits derived as a result of the above R&D

- a) Significant expansion of market share.
- b) Introduction of Mela synthetic enamel for rural market.
- c) New entries in several industrial market segments.
- d) Cost economisation.

3. Future plan of action

- a) New water-based eco-friendly paints.
- b) Polyester & Silicone Co-polymer and PU Coatings.
- c) New generation Wood Finish & Timber treatments.
- d) New Technology in Can Coating, Coil Coating and Marine Paints.

4. Expenditure on R&D

- | | |
|--|--------------|
| | Rs. in lakhs |
| a) Capital | 152.42 |
| b) Recurring | 61.25 |
| c) Total | 213.67 |
| d) Total R&D expenditure as a percentage of total turnover | 0.74% |

5. Technology absorption, adaptation and innovation

Technology for Heavy Duty Non-skid Paint & High Performance Exterior durable Silicone Alkyd Coating to Naval specification from Naval Materials Research Laboratory (NMRL) absorbed, adopted and commercialization is in process.

For and on behalf of the Board
GIRISH JHUNJHNUWALA
Chairman

19th day of June, 2007

**ANNEXURE-II to Directors' Report****Corporate Governance**

Pursuant to amended 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**

The Board of Directors of the Company comprised of six Directors, two of whom are promoters and one Managing Director (since resigned). The remaining three are non-executive and independent directors. All the non-executive Directors are being paid sitting fees for attending meetings of the Board and Committees thereof. During his tenure, the Managing Director was paid remuneration as approved by the Shareholders, pursuant to Schedule XIII to the Companies Act, 1956. The Board is headed by a dependent non-executive Director as its Chairman.

Board Procedures

During the Financial Year 2006-07, the Board of the Company met on five occasions. The time gap between any two consecutive meetings of the Board of Directors of the Company was not more than four months. The dates of the meetings are 30th June, 2006, 30th July, 2006, 21st September, 2006, 31st October, 2006 and 23rd January, 2007.

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. Ratan Jindal	4	Attended
Mr. Girish Jhunjhnuwala	3	Attended
Mr. Rajiv Garg	3	Absent
Mr. Shyam Lal Agarwal*	4	Attended
Mr. A.V. Lodha	3	Attended
Dr. R. Srinivasan	5	Attended

* resigned with effect from 1st January, 2007.

The details of other directorships, memberships/chairmanship of Committees held, as on 31st March, 2007, by the Directors of the Company are given below:

Name of Director	No. of other Directorships*	No. of Committees** on which	
		Member	Chairman
Mr. Ratan Jindal	10	-	-
Mr. Girish Jhunjhnuwala	14	-	-
Mr. Rajiv Garg	2	-	-
Mr. A.V. Lodha	3	-	1
Dr. R.Srinivasan	8	5	4

* Other than directorship in Shalimar Paints Limited and private companies.

** In accordance with requirements of amended 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 Mr. A.V. Lodha, Mr. Rajiv Garg and Dr. R Srinivasan, under the Chairmanship of Dr. Srinivasan. All the members of the Audit Committee are non-executive and independent Directors.

The terms of reference of the Audit Committee of the Company cover the matters specified under amended 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 30th June, 2006, 30th July, 2006, 28th October, 2006 and 23rd January, 2007. The attendance of the members of the Committee is given below :

Name of Director	No. of Meetings attended
Mr. A.V. Lodha	2
Mr. Rajiv Garg	3
Dr. R Srinivasan	4

4. Shareholders' Grievance Committee

The Shareholders' Grievance Committee of the Board of Directors of the Company comprised of Mr. Girish Jhunjhnuwala and Mr. S.L. Agarwal. Upon resignation of Mr. Agarwal with effect from 1st January, 2007, the Committee was reconstituted by inducting Mr. A.V. Lodha as its Chairman. Presently, the Committee comprises of Mr. A.V. Lodha (Chairman) and Mr. Girish Jhunjhnuwala as member of the Committee.

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. The Company has received 12 complaints from the investors during the financial year 2006-07, which have been duly resolved. Mr. S. Sarda, Chief Executive Officer & Company Secretary of the Company was designated as Compliance Officer during the year under review.

The Board of Directors of the Company has delegated the power of transfer and transmission of shares to Messrs. MCS Limited, the Registrars 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 of Directors

The Company has not been paying any remuneration to non-executive Directors except sitting fees for attending each meeting of the Board of Directors of the Company and Committees thereof.

The details of sitting fees paid to the non-executive directors during the financial year 2006-07 are given below :

Name of Director	Sitting Fees (Rs.)
Mr. Ratan Jindal	30000
Mr. Girish Jhunjhnuwala	20000
Mr. A.V. Lodha	35000
Mr. Rajiv Garg	50000
Dr. R Srinivasan	65000

The details of remuneration paid to Mr. Shyam Lal Agarwal, Managing Director, during the year under review till the date of his resignation and other requisite disclosures in this regard are given below :

(Figures in Rs.)

Salary	Contribution to PF and other funds	Total	Period of Agreement	Notice Period
315,000	37,800	352,800	Five years with effect from 3rd October, 2002	Two months notice by either party



6. 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
2005-2006	21.09.2006	10.00 A.M.	Mini Auditorium Science City JBS Haldane Avenue Kolkata-700 046	None
2004-2005	27.07.2005	10.00 A.M.	Mini Auditorium Science City JBS Haldane Avenue Kolkata-700 046	None
2003-2004	08.09.2004	11.00 A.M.	Mini Auditorium Science City JBS Haldane Avenue Kolkata-700 046	None

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

7. 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. 22 of Notes to 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 declaration duly signed by Mr. Sandeep Sarma, Chief Executive Officer 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.

8. Management Discussion and Analysis

Industry Structure and Development

The Indian economy is expected to have grown by about 9% in 2006-07 with strong growth coming in the manufacturing, capital goods and infrastructure sectors. The paints industry is expected to have grown by about 17% with total market size estimated at Rs. 11000 crores. Both the decorative and the industrial segments of the industry have performed quite well with strong demand from housing, construction and infrastructure sectors. In the decorative segment the exterior wall finishes segment continues to be the fastest growing segment. In the industrial paints sector the protective coatings has performed extremely well.

Your Company with its wide product range has grown by 17% which is in line with the industry average. The Company's emphasis has been on constantly changing the product mix by going for high value products and improving operational efficiencies in order to achieve the desired level of profitability.

The Company has become a significant player in the protective coating segment and it would like to further consolidate its position in this segment. It would also be focusing on the emulsion segment with particular emphasis on the exterior emulsion segment.

Opportunities and Threats

The Indian economy is now one of the fastest growing economies of the world. With the economy expected to grow at above 8% in the next three - five years, it is expected that the demand for paints would continue to be strong and sustained. There are however concerns of overheating of the economy, infrastructure bottlenecks and the overall political scenario which could adversely impact the economy.

Outlook

With the Indian economy continuing its buoyant growth and massive investments forthcoming in infrastructure and housing, there is considerable potential for growth of the paints industry. The



Company's endeavour will be to tap the immense market potential and increase its market share both in the decorative as well as the industrial segment.

Risks and Concerns

The paints industry is raw material intensive and the volatility in the raw material prices particularly of petroleum based products will have considerable impact on operating margins.

Further inventory management is a key area of concern with the large number of SKU's and the geographical spread of stock points across the country.

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

Internal Control System and its Adequacy

The Company has adequate internal control systems 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. At every Audit Committee meeting a summary of the internal audit reports, internal audit observations together with the replies and the action taken report are placed before the Audit Committee and discussed.

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

9. Means of Communication

The quarterly results are being generally published in Financial Express (Kolkata Edition) in English language and in Aajkal 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.8 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.

10. Disclosure on appointment/re-appointment of Directors

Mr. Ratan Jindal, aged about 45 years, is Vice Chairman & Managing Director of Jindal Stainless Limited. He is Non Resident Indian according to the Foreign Exchange Management Act, 1999, however, he is an Indian Citizen holding Indian Passport. He has over 25 years of experience in the steel industry. He is a commerce graduate with specialized top management training from Wharton School of Management, USA.

Mr. Ratan Jindal is on the Board of International Stainless Steel Forum (ISSF), a forum under the auspices of International Iron & Steel Institute, Belgium established to focus on the development of stainless steel worldwide. He is currently the Chairman of the Economics & Statistics Committee of ISSF.

Beyond business, Mr. Jindal is a philanthropist and has been instrumental in various social causes like setting up of schools and hospitals. He is also a keen golfer.

Mr. Jindal is a member of the Board of Directors of the following companies :

Jindal Steel & Power Limited, Massillon Stainless Inc., USA, Jindal Stainless Mauritius Limited, Sonabheel Tea Limited, Jindal Stainless UK Limited, London, Jindal Stainless FZE, Dubai, Jindal Industries Limited, OPJ Investments & Holdings Limited, Nalwa Fincap Limited and Nalwa Farms Private Limited.

Mr. Jindal is holding 4000 equity shares in the Company.

Mr. A.V. Lodha, aged about 41 years, a renowned Chartered Accountant, is the Country Managing Partner of Lodha & Co., one of the leading accounting and consulting firms in India. Mr. Lodha has also served as the President of the Indian Chamber of Commerce, Kolkata, in 1998-99 and also in 2001-02 in its 75th year. He has also served as Chairman of CII's National Committee on Accounting Standards & Corporate Governance and Taxation and was a member of the Indian National Committee of the International Chamber of Commerce, Paris. Mr. Lodha 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 :

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



Mr. A.V. Lodha does not hold any shares in the Company in his own name.

Mr. S. Sarda, aged about 44 years, is a Chartered Accountant and Company Secretary, and is having more than 21 years of experience in various companies in senior management positions. He is serving the Company as Chief Executive Officer of the Company.

Mr. S. Sarda holds 1 share in the Company in his own name.

11. General Shareholder information

- a) As indicated in the notice dated 19th June, 2007, the 105th Annual General Meeting of the Company will be held on 26th July, 2007 at 10 A.M. at "Kalakunj", 48, Shakespeare Sarani, Kolkata 700 017.
- b) The Register of Members and Share Transfer Books of the Company will remain closed from 16th of July, 2007 to 26th of July, 2007, 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, 2007 (Unaudited)	:	31st July, 2007
For the Quarter ending 30th September, 2007 (Unaudited)	:	31st October, 2007
For the Quarter ending 31st December, 2007 (Unaudited)	:	31st January, 2008
For the year ending 31st March, 2008 (Audited)	:	30th June, 2008

- d) The dividend, declared if any, shall be paid within 30 days from the date of declaration thereof.
- e) The shares of the Company are listed with the following Stock Exchanges with the stock code mentioned thereagainst :

	<u>Stock Code</u>
1. The Calcutta Stock Exchange Association Limited 7, Lyons Range, Kolkata - 700 001	10029193
2. Bombay Stock Exchange Limited Phiroze Jeejeebhoy Towers Dalal Street, Mumbai - 400 001	509874

The stock code for the Company's shares in demat segment is INE849C01018.

- f) The monthly high and low quotations during the last financial year on Bombay Stock Exchange Limited (BSE) are given below :

Month	BSE	
	High	Low
April 2006	266.90	167.60
May 2006	261.30	167.30
June 2006	158.95	110.25
July 2006	143.25	111.10
August 2006	174.10	115.35
September 2006	183.90	159.50
October 2006	184.00	172.00
November 2006	175.35	150.00
December 2006	233.60	176.50
January 2007	192.00	171.35
February 2007	210.95	161.25
March 2007	185.40	150.00

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



- g) 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 2006	266.90	167.60	12042.56	11237.23
May 2006	261.30	167.30	12612.38	10398.61
June 2006	158.95	110.25	10609.25	8929.44
July 2006	143.25	111.10	10930.09	10007.34
August 2006	174.10	115.35	11723.92	10751.66
September 2006	183.90	159.50	12454.42	11550.69
October 2006	184.00	172.00	13024.26	12204.01
November 2006	175.35	150.00	13773.59	13033.04
December 2006	233.60	176.50	13972.03	12995.02
January 2007	192.00	171.35	14282.72	13362.16
February 2007	210.95	161.25	14652.09	12938.09
March 2007	185.40	150.00	13308.03	12415.04

- h) MCS Limited of 77/2A, Hazra Road, Kolkata - 700 029, Phone Nos. 2476-7350 (4 lines), 2454-1892 and 2454-1893, are the Registrars and Share Transfer Agents of the Company for both physical as well as demat segment.
- i) 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 Registrars so that they can attend to the share transfer formalities on fortnightly basis.
- j) The distribution of shareholdings as on 31st March, 2007 is given below :

No. shares held	No. of Shareholders	Percentage	No. of Shares held	Percentage
Upto 500	3422	93.29	324599	8.57
501 to 1000	111	3.03	81887	2.16
1001 to 2000	51	1.39	74383	1.96
2001 to 3000	28	0.77	68393	1.81
3001 to 4000	10	0.27	33963	0.90
4001 to 5000	7	0.19	30187	0.80
5001 to 10000	10	0.27	76015	2.01
10001 and above	29	0.79	3096193	81.79
Total	3668	100.00	3785620	100.00

- k) Category of shareholders as on 31st March, 2007 are given below :

	No. of shares	Percentage
Promoters	2358528	62.31
Financial Institutions	230306	6.08
NRI/NRC	6595	0.17
General	1190191	31.44
Total	3785620	100.00

- l) Dematerialisation of shares and liquidity : As on 31st March, 2007, equity shares representing 32.31%, are in dematerialised form.



- m) The Company's plants are located at the following places :
- P.O. Danesh Shaik Lane, Goabera, Howrah
 - Village Gonde Dumala, Tehsil Igatpuri, Nasik and
 - No. A-1 and A-2 Sikandrabad Industrial Area, Sikandrabad, Dist. Bulandsahar, Uttar Pradesh.
- n) Address for Correspondence : Secretarial Department, Shalimar Paints Limited, 13 Camac Street, Kolkata - 700 017.

For and on behalf of the Board

Mumbai
19th day of June, 2007

GIRISH JHUNJHNUWALA
Chairman

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

I, Sandeep Sarada, Chief Executive Officer 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.

For Shalimar Paints Limited

Mumbai
19th day of June, 2007

SANDEEP SARDA
Chief Executive Officer

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, 2007, 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

Place : Kolkata
Date : 19th June, 2007

Membership No. FCS 3381
Certificate of Practice No. : 4882



Auditors' Report

The Members of Shalimar Paints Limited

1. We have audited the attached Balance Sheet of Shalimar Paints Limited as at 31st March, 2007, the Profit and Loss Account and also Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis of our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 (as amended), hereinafter, referred to as the 'Order' issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the annexure a statement based on the information and explanations given to us on the matters specified in paragraph 4 and 5 of the said Order.
4. Further to our comments in annexure referred to in paragraph 2 above, we report that
 - i) 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;
 - ii) 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;
 - iii) The Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - iv) In our opinion, the Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report comply with the mandatory Accounting Standards referred in sub-section (3C) of Section 211 of the Companies Act, 1956;
 - v) On the basis of written representation received from directors on 31st March, 2007 and taken on record by the Board of Directors, we report that none of the directors are disqualified as on 31st March, 2007 from being appointed as directors in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
 - vi) In our opinion and to the best of our information and according to the explanations given to us, the annexed accounts *subject to note no. 27 of Schedule 19 regarding pending reconciliation of balances*, give the information required by the Companies Act, 1956, in the manner so required, and present a true and fair view, in conformity with the accounting principles generally accepted in India :
 - (a) in so far as it relates to Balance Sheet, of the state of affairs of the Company as at 31st March, 2007;
 - (b) in so far as it relates to the Profit and Loss Account, of the profit of the Company for the year ended on that date; and
 - (c) in so far as it relates to the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

For CHATURVEDI & PARTNERS
Chartered Accountants
A K Dubey
Partner

Membership No. 054975

Mumbai

Dated : 19th June, 2007

Annexure to the Auditors' Report

Referred to paragraph 3 of our report of even date

1. In respect of its fixed assets :
 - a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
 - b) The fixed assets 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. No material discrepancies were noticed on such physical verification.
 - 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 inventory :
 - 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. There were no material discrepancies noticed on physical verification of inventory as compared to the book records.
3. 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) (b), (c) and (d) of the Order are not applicable to the Company.



4. 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 inventory, 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.
5. 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, Clause 4(v) (b) of the Order is not applicable to the Company.
6. The Company has not accepted any deposits from public & accordingly Clause 4(vi) of the Order is not applicable to the Company.
7. In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
8. 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.
9. 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 2007 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 Rs. 190.61 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 (Rs.in lacs)
01.	Income Tax Act, 1961	Income Tax	Commissioner of Income Tax (Appeals)	73.38
02.	Central Excise Act, 1944	Excise Duty	Commissioner of Central Excise (Appeals)	1.50
03.	Central Sales Tax Act and Sales Tax Act of various states	Sales Tax	Commissioner (Appeals) Appellate Tribunal	114.91 0.82
TOTAL:				190.61
10. 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.
11. 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.
12. 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.
13. 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.
14. The Company has not dealt or traded in shares, securities and hence clause 4 (xiv) of the Order is not applicable.
15. According to information & explanation given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
16. The Company has availed of term loan and the same has been utilized for intended purposes.
17. 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.
18. 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.
19. The Company has not raised any money by way of public issue or issued debentures during the year under audit.
20. 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
A K DUBEY
Partner
Membership No. 054975

Mumbai
Dated : 19th June, 2007

**Balance Sheet as at 31st March, 2007**

	Schedule No.	As at 31st March 2007 Rs.	As at 31st March 2006 Rs.
I SOURCES OF FUNDS			
1. Shareholders' Funds			
a) Capital	1	3,78,56,735	3,78,56,735
b) Reserves & Surplus	2	26,89,42,811	24,55,11,651
		30,67,99,546	<u>28,33,68,386</u>
2. Loan Funds	3		
a) Secured Loans		51,18,37,271	42,22,10,104
b) Unsecured Loans		8,61,82,976	8,26,42,396
		59,80,20,247	<u>50,48,52,500</u>
	Total	90,48,19,793	<u>78,82,20,886</u>
II APPLICATION OF FUNDS			
1. Fixed Assets	4		
a) Gross Block		51,76,52,493	47,95,84,918
b) Less : Depreciation		29,50,85,674	26,66,88,206
c) Net Block		22,25,66,819	21,28,96,712
d) Capital Work-in-Progress		1,18,338	—
		22,26,85,157	<u>21,28,96,712</u>
2. Investments	5	23,500	23,500
3. Current Assets, Loans and Advances			
a) Inventory	6	58,31,61,324	49,71,89,643
b) Sundry Debtors	7	63,41,52,168	50,43,52,424
c) Cash and Bank Balances	8	11,30,85,685	8,95,70,034
d) Loans and Advances	9	11,88,45,331	10,25,63,393
		144,92,44,508	<u>119,36,75,494</u>
Less : Current Liabilities and Provisions			
a) Liabilities	10	72,07,30,342	58,49,91,039
b) Provisions	11	2,43,43,888	1,77,35,178
		74,50,74,230	<u>60,27,26,217</u>
Net Current Assets		70,41,70,278	<u>59,09,49,277</u>
4. Deferred Tax Liability (Net)		2,20,59,142	1,63,99,142
(Refer Note No. 20 of Schedule 19)			
5. Miscellaneous Expenditure	12	—	7,50,539
(To the extent not written off or adjusted)			
	Total	90,48,19,793	<u>78,82,20,886</u>
III NOTES TO ACCOUNTS	19		

Schedules 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

A.K. DUBEY
Partner

Mumbai
19th June, 2007

S. SARDA
Chief Executive Officer &
Company Secretary

G JHUNJHNUWALA
Chairman

DR. R. SRINIVASAN
Director

**Profit And Loss Account for the year ended 31st March, 2007**

	Schedule No.	For year ended 31st March 2007 Rs.	For year ended 31st March 2006 Rs.
INCOME			
Sales less returns		290,49,22,390	248,29,93,410
Other Income	13	2,07,30,240	1,69,74,918
Increase/(Decrease) in stocks	14	7,10,25,000	20,46,003
		<u>299,66,77,630</u>	<u>250,20,14,331</u>
EXPENDITURE			
Materials consumed	15	159,93,41,948	131,41,42,473
Purchase of Bought-in-items		9,88,41,359	6,52,52,984
Excise Duty		34,44,21,660	31,25,75,959
Employees' remuneration and other benefits	16	13,18,28,982	11,65,84,121
Discounts and rebates		34,66,28,930	31,89,19,199
Manufacturing, administrative, selling and other expenses	17	31,43,52,930	26,64,35,780
Interest	18	5,33,95,358	2,91,95,807
		<u>288,88,11,167</u>	<u>242,31,06,323</u>
Profit Before Depreciation		10,78,66,463	7,89,08,008
Depreciation		2,66,82,897	2,74,97,064
Voluntary retirement scheme expenses amortised		—	13,64,043
Profit Before Tax		8,11,83,566	5,00,46,901
Provision for taxation			
— Current Tax		2,56,00,000	1,51,00,000
— Fringe Benefit Tax		24,55,000	21,86,402
— Deferred Tax Liability/(Asset)		56,60,000	(13,64,946)
Profit After Tax		4,74,68,566	3,41,25,445
Balance Brought Forward		1,78,58,259	88,40,750
Profit available for Appropriations		6,53,26,825	4,29,66,195
APPROPRIATIONS			
Transferred to General Reserve		1,25,00,000	1,00,00,000
Proposed Dividend		1,89,28,100	1,32,49,670
Tax on Proposed Dividend		32,16,831	18,58,266
Balance Carried Forward to Balance Sheet		3,06,81,894	1,78,58,259
		6,53,26,825	4,29,66,195
Earnings per share - Basic and diluted (in Rupees)		12.54	9.01

NOTES TO ACCOUNTS

19

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

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

For CHATURVEDI & PARTNERS

Chartered Accountants

A.K. DUBEY

Partner

Mumbai
19th June, 2007

S. SARDA
Chief Executive Officer &
Company Secretary

G JHUNJHNUWALA

Chairman

DR. R. SRINIVASAN

Director

**Schedules forming part of the Accounts**

	2006-2007 Rs.	2005-2006 Rs.
1. CAPITAL		
Authorised		
80,00,000 Equity Shares of Rs. 10 each	8,00,00,000	8,00,00,000
Issued and Subscribed		
37,85,620 Equity Shares of Rs. 10 each fully paid	3,78,56,200	3,78,56,200
Share Forfeiture Account	535	535
	3,78,56,735	3,78,56,735
Note :Of the above Equity Shares 12,60,840 shares were allotted as fully paid by way of Bonus Shares by Capitalisation of Reserves.		
2. RESERVES AND SURPLUS		
General Reserve		
Balance as per last Account	9,31,56,367	8,31,56,367
Transferred from/(to) Profit and Loss Account	1,25,00,000	1,00,00,000
	10,56,56,367	9,31,56,367
Profit and Loss Account	3,06,81,894	1,78,58,259
Export Profit Reserve	1,95,000	1,95,000
Capital Reserve		
Subsidy from SICOM and against Generator Set	31,19,000	31,19,000
Debenture Forfeiture Account	1,05,089	1,05,089
	32,24,089	32,24,089
Fixed Asset Revaluation Reserve		
Balance as per last Account	3,61,50,936	3,80,87,351
Transferred from/(to) Profit and Loss Account	(18,92,475)	(19,36,415)
	3,42,58,461	3,61,50,936
Share Premium Account	9,49,27,000	9,49,27,000
	26,89,42,811	24,55,11,651
3. LOAN FUNDS		
Secured Loans		
Term Loan	4,37,77,500	4,44,55,376
Overdrafts (including Working Capital Demand Loans)	46,76,24,423	37,67,03,921
Auto Loans	4,35,348	10,50,807
	51,18,37,271	42,22,10,104
Unsecured Loans		
Trade Deposits	41,33,543	41,48,523
Interest accrued and due	3,72,551	1,57,792
	45,06,094	43,06,315
Deferred Sales Tax	8,16,76,882	7,83,36,081
	8,61,82,976	8,26,42,396



Schedules forming part of the Accounts (Contd.)

4. FIXED ASSETS

(Figures in Rupees)

Particulars	GROSS BLOCK				ACCUMULATED DEPRECIATION				NET BLOCK	
	As at 1st April 2006	Addition during the year	Sales/ Adjustments during the year	As at 31st March 2007	Provided up to 31st March 2006	On assets Sold/ Adjustments	Provision for the current year	Total as at 31st March 2007	Net written down value as at 31st March 2007	Net written down value as at 31st March 2006
Land	3,03,96,426	—	—	3,03,96,426	—	—	—	—	3,03,96,426	3,03,96,426
Buildings	12,45,09,615	1,43,58,794	—	13,88,68,409	4,51,25,503	—	47,13,118	4,98,38,621	8,90,29,788	7,93,84,112
Plant & Machinery	19,39,96,265	88,56,160	7,73,000	20,20,79,425	14,62,99,564	—	1,26,02,512	15,89,02,076	4,31,77,349	4,76,96,701
Lease Equipment	4,86,94,650	1,22,84,625	—	6,09,79,275	1,19,07,273	—	62,69,181	1,81,76,454	4,28,02,821	3,67,87,377
Office Equipments	5,09,50,221	32,26,678	1,25,000	5,40,51,899	4,23,29,392	—	36,62,455	4,59,91,847	80,60,052	86,20,829
Furniture & Fittings	2,07,24,332	42,242	—	2,07,66,574	1,41,45,123	—	4,71,479	1,46,16,602	61,49,972	65,79,209
Vehicles	1,03,13,409	3,82,330	1,85,254	1,05,10,485	68,81,351	1,77,904	8,56,627	75,60,074	29,50,411	34,32,058
Total	47,95,84,918	3,91,50,829	10,83,254	51,76,52,493	26,66,88,206	1,77,904	2,85,75,372	29,50,85,674	22,25,66,819	21,28,96,712
Previous Year	44,63,00,337	3,43,92,851	11,08,270	47,95,84,918	23,72,54,727	—	2,94,33,479	26,66,88,206	21,28,96,712	

NOTE: Depreciation for the year includes depreciation on amount added on revaluation of Rs.18,92,475/- (previous year Rs.19,36,415/-) recouped from Fixed Assets Revaluation Reserve.

	2006-2007 Rs.	2005-2006 Rs.
5. INVESTMENTS - (other than trade) (at cost)		
Unquoted		
In Debentures		
Rs. 6,500 1/2% East India Clinic Ltd.	6,500	6,500
Rs. 17,000 5% East India Clinic Ltd.	17,000	17,000
(Non redeemable Mortgage Debenture Stock 1957)		
	23,500	23,500

6. INVENTORY

(at cost or market value whichever is lower)

Raw Material	16,82,40,638	14,34,31,147
Stock-in-trade	35,33,10,149	28,39,81,038
Material-in-process	4,22,75,947	4,05,80,058
Stores	37,20,266	27,45,135
Materials-in-transit	1,56,14,324	2,64,52,265
	58,31,61,324	49,71,89,643

**Schedules forming part of the Accounts (Contd.)**

	2006-2007 Rs.	2005-2006 Rs.
7. SUNDRY DEBTORS		
(Unsecured - considered good)		
Debts outstanding for a period exceeding six months	3,62,85,950	4,52,53,000
Others	59,78,66,218	45,90,99,424
	<u>63,41,52,168</u>	<u>50,43,52,424</u>
8. CASH AND BANK BALANCES		
Cash and cheques in hand	2,64,05,533	3,05,73,371
Balance with Scheduled Banks :		
Current Account	5,16,04,721	5,59,74,961
Fixed Deposit Account	37,940	37,940
Unpaid Dividend Account	11,02,191	9,35,175
	5,27,44,852	5,69,48,076
Remittances in transit	3,39,35,300	20,48,587
	<u>11,30,85,685</u>	<u>8,95,70,034</u>
9. LOANS AND ADVANCES		
Unsecured - Considered Good		
Advances (recoverable in cash or in kind or for value to be received)	7,63,04,529	6,73,68,343
Balances with Customs, Central Excise, etc	73,95,268	23,54,503
Loans and advances to companies	50,00,000	50,00,000
Deposits	3,01,45,534	2,78,40,547
	<u>11,88,45,331</u>	<u>10,25,63,393</u>
10. LIABILITIES		
Acceptances	4,64,87,255	6,87,66,107
Sundry Creditors		
- Dues to Small Scale Industrial Undertakings	5,01,33,607	2,95,66,404
- Others	62,30,07,289	48,57,23,353
Investor Education & Protection Fund shall be credited by:		
- Unpaid Dividend	11,02,191	9,35,175
	<u>72,07,30,342</u>	<u>58,49,91,039</u>
11. PROVISIONS		
Provision for Taxation (net of advance)	21,98,958	26,27,242
Proposed Dividend	1,89,28,099	1,32,49,670
Tax on Proposed Dividend	32,16,831	18,58,266
	<u>2,43,43,888</u>	<u>1,77,35,178</u>
12. MISCELLANEOUS EXPENDITURE		
(To the extent not written off or adjusted)		
1. Voluntary Retirement Scheme		
Opening Balance	—	13,64,042
Less: Amortised during the year	—	13,64,042
Closing Balance	—	—
2. Deferred Revenue Expenditure		
Opening Balance	7,50,539	16,54,142
Less : Amortised during the year	7,50,539	9,03,603
Closing Balance	—	7,50,539
	<u>—</u>	<u>7,50,539</u>

**Schedules forming part of the Accounts (Contd.)**

	2006-2007	2005-2006
	Rs.	Rs.
13. OTHER INCOME		
Sundry Sales	47,38,967	44,87,250
Profit/(loss) on sale of fixed assets	17,250	81,829
Lease Rental	1,39,32,813	1,19,02,158
Interest	16,93,851	2,92,535
Miscellaneous receipts	3,47,359	2,11,146
	2,07,30,240	1,69,74,918
14. INCREASE/(DECREASE) IN STOCKS		
Closing Stock		
Finished Goods	35,33,10,149	28,39,81,038
Materials-in-Process	4,22,75,947	4,05,80,058
	39,55,86,096	32,45,61,096
Opening Stock		
Finished Goods	28,39,81,038	29,15,68,664
Materials-in-Process	4,05,80,058	3,09,46,429
	32,45,61,096	32,25,15,093
	7,10,25,000	20,46,003
15. MATERIALS CONSUMED		
Opening Stock of Raw Materials	14,34,31,147	15,47,40,368
Add : Purchase of Raw Materials	162,41,51,439	130,28,33,252
	176,75,82,586	145,75,73,620
Less : Closing Stock of Raw Materials	16,82,40,638	14,34,31,147
	159,93,41,948	131,41,42,473
16. EMPLOYEES' REMUNERATION AND OTHER BENEFITS		
Salaries, wages, bonus, pension etc.	9,85,84,787	8,68,44,031
Contribution to provident and other funds	1,44,09,234	1,12,26,771
Workmen and staff welfare expenses	1,88,34,961	1,85,13,319
	13,18,28,982	11,65,84,121
17. MANUFACTURING, ADMINISTRATIVE, SELLING AND OTHER EXPENSES		
Stores consumed	74,79,153	48,77,898
Power and fuel	2,50,77,237	1,96,42,442
Rent (Net)	95,41,994	83,36,133
Rates and taxes	35,60,955	21,61,839
Insurance	20,26,618	19,39,924
Repairs to plant and machinery	31,16,892	16,21,570
Repairs to building	14,65,261	14,19,474
Repairs - others	61,14,022	43,57,072
Printing and stationery	57,82,928	49,95,135
Communication expenses	1,10,57,522	97,22,015
Directors' fees	2,00,000	2,05,000
Audit fees and expenses	3,34,513	3,07,074
Commission on sales	1,79,50,360	1,25,08,820
Travelling expenses	2,51,02,424	2,28,96,164
Freight and carriage	12,30,12,209	9,78,77,029
Miscellaneous expenses	7,25,30,842	7,35,68,191
	31,43,52,930	26,64,35,780
18. INTEREST		
Fixed Loans	68,92,838	3,27,636
Others	4,65,02,520	2,88,68,171
	5,33,95,358	2,91,95,807

**Schedules forming part of the Accounts (Contd.)**

	For the year ended 31st March 2007 Rs.	For the year ended 31st March 2006 Rs.
19. NOTES TO ACCOUNTS		
1. Term Loan is secured by first charge on all the immovable and movable fixed assets, both present and future, of the Nasik and Sikandrabad plants.		
2. Cash Credit and Working Capital Demand Loans from banks are secured by pari-passu hypothecation of the Company's entire stock of raw materials, finished goods, stocks in process, consumable stores and spare parts and book debts and second charge on the fixed assets of the Nasik plant and in case of State Bank of India are also secured by charge on fixed assets of the Howrah plant.		
3. Liabilities in Schedule 10 include Rs. 501.34 Lacs (Previous Year Rs. 295.66 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 upto a limit of Rs. 700 Lacs by a second charge on the immovable property of Nasik in the state of Maharashtra and by first charge by way of hypothecation of entire movable assets (save and except book debts) of the Company, subject to prior charges, created and/or to be created, in favour of the Company's Bankers for securing the borrowings for working capital requirements. The charges ranking pari-passu between the Financial Institutions.		
4. Auto Loans are secured by hypothecation of the vehicles financed out of such loans.		
5. Contingent Liabilities Contingent Liabilities not provided for in respect of :		
Excise Duty	1,50,000	1,50,000
Income Tax	73,38,128	16,80,000
Bank Guarantees	3,96,18,923	1,34,94,867
Sales Tax	1,15,73,000	1,25,93,000
Claims against the Company not acknowledged as debt (to the extent ascertained)	46,62,809	51,68,997
6. Estimated amount of capital commitments, net of advance of Rs 4,60,974 (previous year Rs. 16,71,338)	11,62,065	Nil
7. Auditors' Remuneration		
As Auditors	2,00,000	1,80,000
In other capacity	1,31,000	1,03,000
Reimbursement of expenses	16,913	24,074
	3,47,913	3,07,074
8. Consumption of Stores	110,84,536	90,29,386
9. CIF Value of Imports		
Raw Materials	13,16,27,075	11,94,03,263
10. Expenditure in Foreign Currency		
Travelling	—	3,02,550
Purchase of raw material	12,12,91,944	7,74,34,442
Technical collaboration fees	—	30,34,126
11. Amounts Remitted in Foreign Currency on Account of Dividend		
a) Number of Non-resident shareholders	1	1
b) Number of shares held by them	1180314	1180314
c) Amount of dividend remitted	Rs. 41,31,099	Rs. 29,50,785
d) Year to which dividend relates	2005-06	2004-05

**Schedules forming part of the Accounts (Contd.)**

	For the year ended 31st March 2007 Rs.		For the year ended 31st March 2006 Rs.	
12. Managerial remuneration				
Directors' Fees		2,00,000		2,05,000
Wholetime Director's remuneration:				
Salaries		315,000		4,20,000
Contribution to Provident Fund		37,800	50,400	4,70,400

	For the year ended 31st March 2007		For the year ended 31st March 2006	
	Quantity KL	Value Rs.	Quantity KL	Value Rs.
13. Turnover				
Class of Goods				
Paint (finished)	34698 (41638 MT)	2,90,49,22,390	32252 (38702 MT)	2,48,29,93,410

	Opening stocks as at 1st April, 2006		Closing stocks as at 31st March, 2007	
	Quantity KL	Value Rs.	Quantity KL	Value Rs.
14. Opening and Closing Stocks				
Paint (finished)	4942 (5930 MT)	28,39,81,038	5747 (6896 MT)	35,33,10,149
Previous year Paint (finished)	4988 (5986 MT)	29,15,68,664	4942 (5930 MT)	28,39,81,038

	Installed capacity as at 31st March 2007	Actual Production during the year ended 31st March 2007 (Packed for sale)	Previous Year
15. Capacity and Production			
Paints, enamels & varnishes, N.C. Lacquers & ancillary items (Packed for sale)	43000 Tonnes	39161 Tonnes	36187 Tonnes
Synthetic Resin (mainly for captive consumption)	7672 Tonnes	2635 Tonnes	2612 Tonnes



Schedules forming part of the Accounts (Contd.)

	For the year ended 31st March 2007		For the year ended 31st March 2006	
	Quantity KL	Value Rs.	Quantity KL	Value Rs.
16. Purchase (Bought-in-items)	2869	9,88,41,359	2050	6,52,52,984
17. Consumption of imported and indigenous raw materials (excluding spare parts and components).				

	For the year ended 31st March 2007		For the year ended 31st March 2006	
	%	Rs.	%	Rs.
Imported Raw Materials	9.96	15,92,86,015	9.35	12,29,30,462
Indigenous Raw Materials	90.04	1,44,00,55,933	90.65	1,19,12,12,011

18. Important basic raw materials and packing materials consumed

	For the year ended 31st March 2007		For the year ended 31st March 2006	
	Quantity	Value Rs.	Quantity	Value Rs.
Organic acid/chemicals	42,75,707 Kgs	26,60,10,816	37,52,733 Kgs	21,68,00,960
Pigments	29,43,764 Kgs	23,79,18,782	21,57,278 Kgs	16,38,62,772
Solvents & Oils	1,20,37,244 Lts	46,55,81,497	1,16,92,778 Lts	37,92,42,686
Packages and Packing Materials	1,09,57,692 Nos	17,51,17,803	1,03,67,560 Nos	15,72,09,996
Others*		45,47,13,050		39,70,26,059
		1,59,93,41,948		1,31,41,42,473

* Includes individual items of less than 10% of the total and therefore, not considered for the above classification.

19. The small-scale industrial undertakings to whom the Company owes any sums which is outstanding for more than 30 days are M/s. Anand Packaging, M/s. Atlas Tin Box, M/s. Aurum Pharmachem Pvt. Ltd. M/s. Bengal Poly Resins Pvt. Ltd., M/s. Bijaya Drums Pvt. Ltd., M/s. Calcutta Containers, M/s. Calcutta Paper Industries, M/s. Containers & Seals, M/s. Cross Point Chemical Industries, M/s. Dhiraj Intermediates P. Ltd., M/s. Durga Oil Industries, M/s. Enbee Enterprises, M/s. Indian Tin Box Mfg. Co. P. Ltd., M/s. Jalan Hi-mech Ltd., M/s. J.J.Chemicals Pvt. Ltd., M/s. Kali Pigments P.Ltd., M/s. Kapilesh Udyog, M/s. Packaging Corporation of India, M/s. Pearson Containers Co., M/s. R B Electronic, M/s. Steel Box Pvt. Ltd., M/s. Techcon India Pvt. Ltd. and M/s. V.K.Oils Ltd.
20. The Company has adopted Accounting Standard 22 (AS 22) "Accounting for Taxes on Income" and accordingly the net deferred tax liabilities amounting to Rs. 56,60,000 pertaining to the current year has been recognised.

	Opening As at 01/04/2006	Charge / (Credit) During the year	(Rs. in Lacs) Closing As at 31/03/2007
Deferred Tax Assets			
Expenses allowable on payment basis	22.97	(2.33)	25.30
	22.97	(2.33)	25.30
Deferred Tax Liabilities			
Depreciation and related items	186.96	58.93	245.89
Net Deferred Tax Liabilities	163.99	56.60	220.59

**Schedules forming part of the Accounts (Contd.)**

21. Future minimum lease rentals payable as at 31.03.2007 as per the lease agreements :

	(Rs. in lacs)	
	2006-2007	2005-2006
i) Not later than one year	122.05	89.96
ii) Later than one year and not later than five years	182.36	98.58
iii) Later than five years	—	—
	304.41	188.54

22. 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 2006-2007	Amount outstanding as on 31st March, 2007
			(Rs. in Lacs)	(Rs. in Lacs)
S.L.Agarwal	Managing Director	Remuneration	Refer Note 12 of Schedule 19	—
Sonabheel Tea Co. Ltd.		Loan Given	—	50.00
Sonabheel Tea Co. Ltd.		Interest Received	6.50	—

23. The Company has only one business segment i.e. Paints.

24. Finance charges, under Miscellaneous Expenses, include foreign exchange loss of Rs.6,14,001 (previous year Rs. 4,03,244).

25. ACCOUNTING POLICIES**25.1 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.

25.2 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 Profit and Loss Account.

25.3 LEASE ACCOUNTING

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



Schedules forming part of the Accounts (Contd.)

25.4 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 Howrah Plant - on written down value method.
- b) In respect of assets located at Nasik and Sikandrabad Plant - on straight-line method.

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

25.5 INVESTMENTS

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

25.6 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.

25.7 INVENTORY

- a) Raw materials including materials in transit, stores & spare parts and loose tools are valued at cost.
- b) Work-in-process are valued at cost. The finished goods 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.

25.8 SALES

Sales are inclusive of excise duty and net of sales tax and returns.

25.9 RETIREMENT BENEFITS

Retirement benefits to employees are accounted for on accrual basis. Liability for pension is accounted for as and when it accrues on retirement.

25.10 BORROWING COST

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

25.11 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 realised.



Schedules forming part of the Accounts (Contd.)

25.12 DEFERRED REVENUE EXPENDITURE

- i. 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.
- ii. Other Deferred Revenue Expenditures are being amortised over a period of seven years starting from the year in which they are incurred.

26. 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.

27. There are some net balances, debit and credit, which are pending for reconciliation and confirmation, the impact of the same, if any, not ascertained.
28. Previous year's figures have been rearranged, where necessary.
29. Financial figures have been rounded off to nearest rupee.

Signature to Schedule 1 to 19

For CHATURVEDI & PARTNERS

Chartered Accountants

A.K. DUBEY

Partner

Mumbai
19th June, 2007

S. SARDA
*Chief Executive Officer &
Company Secretary*

G JHUNJHNUWALA *Chairman*

DR. R. SRINIVASAN *Director*

**Abstract of the Balance Sheet as at 31.03.2007 and Company's General Business Profile as per Part IV of Schedule VI (amended) to the Companies Act, 1956.**

I) Registration Details :			
Registration Number	1540	1540	
State Code	21	21	
Balance Sheet Date	31.03.2007	31.03.2006	
II) Capital raised during the year			
	Current year	Previous year	
	Rs.	Rs.	
Public issue	Nil	Nil	
Rights issue	Nil	Nil	
Bonus issue	Nil	Nil	
Private placements	Nil	Nil	
III) Position of mobilisation and deployment of funds			
Total liabilities	167,19,53,165	140,73,46,245	
Total assets	167,19,53,165	140,73,46,245	
Sources of funds			
Paid-up capital	3,78,56,735	3,78,56,735	
Reserves and Surplus	26,89,42,811	24,55,11,651	
Secured loans	51,18,37,271	42,22,10,104	
Unsecured loans	8,61,82,976	8,26,42,396	
Application of funds			
Net fixed assets	22,26,85,157	21,28,96,712	
Investments	23,500	23,500	
Net current assets	70,41,70,278	59,09,49,277	
Miscellaneous expenditure	Nil	7,50,539	
Deferred Tax Liability (net)	2,20,59,142	1,63,99,142	
Accumulated losses	Nil	Nil	
IV) Performance of the Company			
Turnover (including other income)	292,56,52,630	249,99,68,328	
Total expenditure	284,44,69,064	244,99,21,427	
Profit before tax	8,11,83,566	5,00,46,901	
Profit after tax	4,74,68,566	3,41,25,445	
Earning per share	12.54	9.01	
Dividend rate percentage	50%	35%	
V) Generic names of three principal products of the Company			
Item code number	320890.02 / 03	Product description	Synthetic Enamels
Item code number	320890.09	Product description	Epoxy Finishes
Item code number	320990.02	Product description	Acrylic Washable Distemper

For CHATURVEDI & PARTNERS

Chartered Accountants

A.K. DUBEY

Partner

Mumbai
19th June, 2007S. SARDA
Chief Executive Officer &
Company SecretaryG JHUNJHNUWALA
DR. R. SRINIVASAN
Chairman
Director

**Cash Flow Statement for year ended 31st March, 2007**

	2006-2007 (Rs. ' 000)	2005-2006 (Rs. ' 000)
A. CASH FLOW FROM OPERATING ACTIVITY		
Net Profit before Tax and Extraordinary items	81,184	51,411
Adjusted for :		
Depreciation	26,683	27,497
Deferred Revenue Expenditure (Amortised)	751	904
Interest/Other Income	(15,644)	(12,277)
Interest Expenses	53,395	29,196
Operating Profit before Working Capital Changes	1,46,369	96,731
Adjusted for:		
Trade and Other Receivables	(1,46,082)	(1,38,735)
Inventories	(85,972)	17,412
Trade Payables	1,35,572	24,397
Direct Taxes paid (net of refund)	(28,483)	(10,571)
Cash Flow before extraordinary items	21,404	(10,766)
Net Cash from Operation	21,404	(10,766)
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(39,269)	(34,240)
Sale of Fixed Assets	923	1,191
Interest Received	15,627	12,196
Net cash used in Investing Activity	(22,719)	(20,853)
C. CASH FLOW FROM FINANCIAL ACTIVITIES		
Proceeds from Borrowings	1,38,024	82,475
Repayment of Borrowings	(45,071)	(3,656)
Interest Paid	(53,181)	(29,287)
Dividend Paid	(14,941)	(10,701)
Net Cash used in Financing Activities	24,831	38,831
Net Increase in Cash and Cash Equivalents (A+B+C)	23,516	7,212
Opening Balance of Cash and Cash Equivalents	89,570	82,358
Closing Balance of Cash and Cash Equivalents	1,13,086	89,570

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

For CHATURVEDI & PARTNERS
Chartered Accountants

A.K. DUBEY
Partner

Mumbai
19th June, 2007

S. SARDA
Chief Executive Officer &
Company Secretary

G JHUNJHNUWALA
DR. R. SRINIVASAN

Chairman
Director

**Five year review***(Rs. in lacs)*

Results for the financial year	2006-2007	2005-2006	2004-2005	2003-2004*	2002-2003
Sales	29,049.22	24,829.93	21,791.88	13,229.67	15,878.40
Other Income	207.30	169.75	113.32	60.28	79.63
Materials consumed	16,271.58	13,773.49	11,756.29	6,848.25	8,215.38
Manufacturing expenses, administrative & selling overheads	11,372.33	10,145.15	9,357.00	5,908.25	7,133.88
EBIDTA	1,612.61	1,081.04	791.91	533.45	608.77
VRS expenses amortised	—	13.64	54.56	40.93	54.56
Interest	533.95	291.96	177.56	112.28	216.56
Depreciation	266.83	274.97	252.90	154.57	200.85
Profit before tax	811.83	500.47	306.89	225.67	136.80
Provision for tax	337.15	159.21	108.54	76.54	(8.99)
Profit after tax	474.68	341.26	198.35	149.13	145.79
Share Capital	378.57	378.57	378.57	378.57	378.57
Reserves and Surplus	2,689.43	2,455.12	2,284.31	2,212.97	2,165.42
Deferred Tax Liability (Net)	220.59	163.99	177.64	142.22	83.03
Loan Funds	5,980.20	5,048.53	4,261.25	3,345.56	3,484.20
Fixed Assets	2,226.85	2,128.97	2,092.00	1,925.03	1,639.93
Net Current Assets	7,041.70	5,909.49	4,979.34	4,060.39	4,329.42
Earning per share (Rs.)	12.54	9.01	5.24	3.94	3.85
Dividend rate percentage	50	35	25	20	20

* for nine months period

ATTENDANCE SLIP



Shalimar Paints Limited

Registered Office : 13, Camac Street, Kolkata - 700 017

PLEASE FILL THIS ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING HALL.

DP. Id*	
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Master Folio No.	
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Client Id*	
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No. of Shares	
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NAME AND ADDRESS OF THE SHAREHOLDER

I hereby record my presence at the 105th ANNUAL GENERAL MEETING of the Company held on Thursday, the 26th July, 2007 at 10.00 a.m. at 'Kalakunj', 48 Shakespeare Sarani, Kolkata - 700 017.

*Applicable for investors holding shares in dematerialised form.

Signature of the shareholder / proxy

PROXY FORM



Shalimar Paints Limited

Registered Office : 13, Camac Street, Kolkata - 700 017

DP. Id*	
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Master Folio No.	
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Client Id*	
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No. of Shares	
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I/We of being a member/members of Shalimar Paints Limited hereby appoint of or failing him of as my/our proxy to vote for me/us and on my/our behalf at the 105th ANNUAL GENERAL MEETING of the Company to be held on Thursday, the 26th July, 2007 at 10.00 a.m.

Signed this day of 2007.

Revenue Stamp

*Applicable for investors holding shares in dematerialised form.

NOTE : The proxy in order to be effective should be duly stamped, completed and signed and must be deposited at the Registered Office of the Company not less than 48 hours before the time for holding the aforesaid meeting. The Proxy need not be a member of the Company