



DIRECTORS

G. Jhunjhnuwala — *Chairman*
R. Jindal
A. V. Lodha
R. Garg
Dr. R. Srinivasan
S. Sarda — *Executive Director (From 1st July, 2007) & CEO*

COMPANY SECRETARY

Pranab Maity

AUDITORS

Chaturvedi & Partners

MANAGEMENT

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. Datta — *Head – 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



Shalimar Paints Limited

Notice of the Annual General Meeting

NOTICE is hereby given that the 106th Annual General Meeting of the Company will be held on Friday, the 25th July, 2008 at 11.00 A.M. at Mini Auditorium Hall, Science City, JBS Haldane Avenue, Kolkata – 700 046 to transact the following business:

1. To receive, consider and adopt the audited Profit and Loss Account for the year ended 31st March 2008 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. Girish Jhunjhnuwala, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Dr. R. Srinivasan, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint Auditors and to fix their remuneration.

Registered Office :
13, Camac Street
Kolkata - 700 017
Dated: 9th May, 2008

By order of the Board

Pranab Maity
Company Secretary

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 19th July, 2008 to 25th July, 2008 (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 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 Jagdish Chandra Bose Road, Kolkata 700 020.

Dividend for the financial years ended 30th June, 1995 to 30th June, 2000 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, 2001, which remains unpaid or unclaimed, will be due for transfer to the Investors Education and Protection Fund of the Central Government on 23rd December, 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, 2001, or any subsequent year(s), are requested to claim the same from the Company's Registrar and Share Transfer Agents, Messrs. MCS Limited.



Directors' Report

To the Shareholders

Your Directors are pleased to present the 106th Annual Report on the business and operations of the Company and the audited statement of accounts for the year ended 31st March, 2008.

Financial Results

(Rs. in lacs)

Description	2007-08	2006-07
Net Sales	34014	29049
PBIDT	2384	1613
Profit before tax	1448	812
Provision for taxation		
Current Tax	468	256
Deferred Tax	3	57
Fringe Benefit Tax	19	25
Profit after tax	958	474
Add: Amount brought forward from last year's account	307	179
Profit available for appropriation	1265	653
Less: Proposed Dividend	265	189
Tax on proposed dividend	45	32
Amount transferred to General Reserve	500	125
Balance carried to Balance Sheet	455	307

Dividend

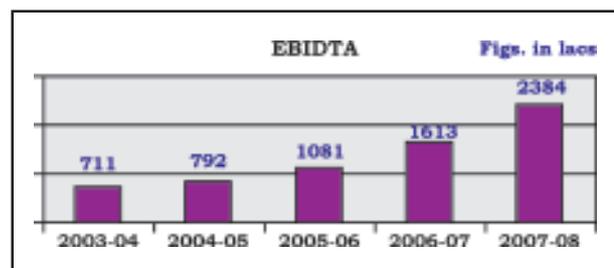
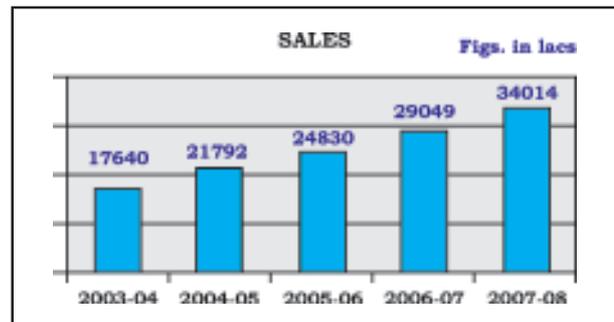
The Directors are pleased to recommend payment of dividend at the rate of Rs.7 per equity share amounting to Rs.264.99 lacs as compared to Rs.5 per equity share declared last year.

Review of operations

The Company's overall performance in the year under review has been quite satisfactory. Sales have increased from Rs.290.49 crores to Rs. 340.14 crores, an increase of more than 17%.The demand for the Company's products in both the decorative as well as the industrial segment has been quite strong.

The raw material prices in 2007-08 have been extremely volatile. There has been a sharp increase in almost all the petroleum based products as well as vegetable oils. Even the cost of packaging materials has gone up considerably. The Company has been able to change the product mix and increase the demand for its high value products. It has also been able to bring about substantial improvement in operational efficiencies. As a result of these measures the operating margins have improved and PBIDT has increased from Rs. 16.13 crores to Rs. 23.84 crores, an increase of 48%.

The borrowing costs have increased from Rs. 5.34 crores to Rs. 6.30 crores due to overall hardening of interest rates and also on account of increased utilization of working capital limits for financing the increased volume of business.





The improvement in the operating margins has resulted in increase in profit before tax from Rs. 8.12 crores to Rs. 14.48 crores, an increase of 78% over last year.

Tinting systems

The Company has, with a view to increasing the demand for its high value products, especially water based emulsions, considerably increased the spread of the Color Space tinting systems. It has aggressively installed tinting systems in various retail outlets across the country. These tinting systems enable the customer to choose from a wide spectrum of shades across various product lines.

ISO Certifications

All the three plants of the Company at Howrah, Nasik and Sikandrabad are ISO 9000 accredited and these accreditations have been renewed in the year under review.

Subsidiary

During the year under review, your Directors had, with a view to diversify into the fast growing real estate sector, formed a separate division i.e. "Real Estate Division" to carry on the said new line of activities. Subsequently, the Company, in order to give more attention and focus to the said new activity, decided to hive-off the Real Estate Division to a separate subsidiary company. Accordingly, the Company has formed a subsidiary company by the name "Shalimar Adhunik Nirman Private Limited" and has initiated the process of hiving off its Real Estate Division to the said subsidiary.

As required under section 212 of the Companies Act, 1956, the Audited Balance Sheet, Profit and Loss A/c together with reports of Directors and Auditors thereon, of the Company's subsidiary for the period ended 31st March, 2008 are attached herewith.

Directors

Mr. Sandeep Sarda, was appointed as Executive Director of the Company for a period of three years with effect from 1st July, 2007.

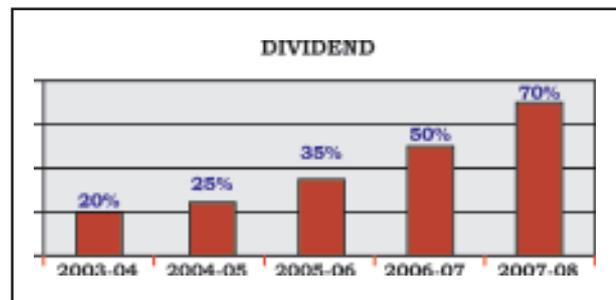
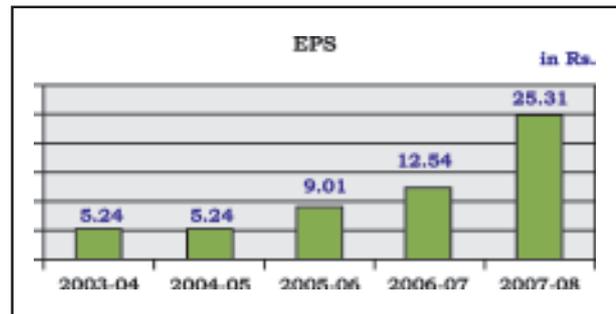
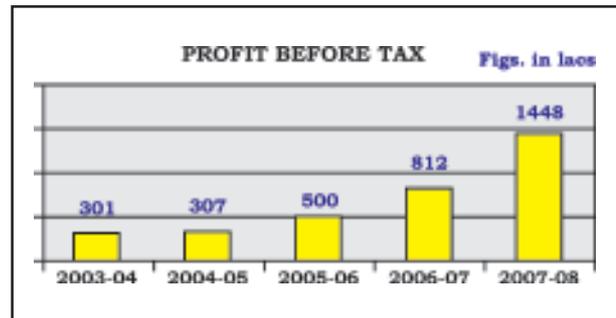
In accordance with Article 118 of the Articles of Association, Mr. Girish Jhunjnuwala and Dr. R. Srinivasan retire by rotation and being eligible, offer themselves for re-appointment.

Brief resume of Mr. Girish Jhunjnuwala and Dr. R. Srinivasan 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 judgments 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. 10, 11 and 12 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.

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's equity shares continue to be listed with The Bombay Stock Exchange Limited and The Calcutta Stock Exchange Association Limited.

In order to improve liquidity and to facilitate investors, the Company has listed its shares on the National Stock Exchange of India Limited during the year under review.

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, 2008, 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.

New Delhi
9th day of May, 2008

For and on behalf of the Board
GIRISH JHUNJHNUWALA
Chairman



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

	Current Year 2007-2008	Previous Year 2006-2007
A. POWER AND FUEL CONSUMPTION :		
1. ELECTRICITY:		
a) Purchased :		
Units	Nos. 38,87,643	Nos. 34,17,797
Total Amount	Rs. 1,73,50,369	Rs. 1,54,22,824
Rate/Unit	Rs. 4.46	Rs. 4.51
b) Own Generation :		
i) Through Diesel Generator		
Units	Nos. 1,63,758	Nos. 1,34,480
Unit/Litre of Diesel Oil	2.89	2.55
Cost/Unit	Rs. 11.36	Rs. 13.20
ii) Through Steam Turbine/Generator Units, Unit/Litre of Fuel Oil/Gas, Cost/Unit		Not Applicable
2. COAL :		Not Applicable
Quantity/Total Cost/Average Rate		Not Applicable
3. FURNACE :		
Quantity	370 KL	389 KL
Total amount	Rs. 91,92,793	Rs. 80,54,494
Average Rate/Ltr.	Rs. 24.85	Rs. 20.70
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	
	37,074KL	32,634KL
Unit/KL		
Electricity	109.28	108.85
Furnace Oil	0.010	0.012
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

New Delhi

9th day of May, 2008

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 to meet the changing market demand, cost economisation & upgradation.
- b) Optimisation of formulations in the context of overall price increase of petroleum based products and vegetable oils.
- c) Development of ultra-durable Premium Exterior Emulsion reinforced with latest generation biocides and excellent dirt pick-up properties.
- d) Extension of Color Space Tinting system by introduction of new bases in different product lines.
- e) Development of solventless and glass flake epoxies
- f) Development of new types of high performance coatings
- g) New generation Polyester based food lacquers
- h) Tailor made products for general industries like earth moving & agricultural equipments, textile and auto two wheelers ancillaries.

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

- a) Significant expansion of market share
- b) Entry in several new industrial market segments
- c) Cost economisation

3. Future plan of action

- a) New water based eco-friendly paints
- b) Lead & Chrome free Synthetic Enamels
- c) Water based glossy enamels
- d) New technologies in Can Coating, Coil Coating & Marine Paints.

4. Expenditure on R&D

	Rs. in lakhs
a) Capital	: 225.59
b) Recurring	: 60.31
c) Total	: 285.90
d) Total R&D expenditure as a percentage of total turnover	: 0.84%

5. Technology absorption, adaptation and innovation

Technology for heavy duty non-skid paint and high performance exterior durable silicone alkyd coating according to naval specifications from Naval Materials Research Laboratory (NMRL) absorbed, adopted and commercialisation is in process.

For and on behalf of the Board

GIRISH JHUNJHNUWALA

Chairman

New Delhi

9th day of May, 2008

**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 comprises of six Directors, two of whom are promoters and one Executive Director. 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. 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.

Board Procedures

During the Financial Year 2007-08, the Board of the Company met on five 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 17th May, 2007, 19th June, 2007, 26th July, 2007, 23rd October, 2007 and 24th January, 2008.

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	3	Attended
Mr. Ratan Jindal	2	Attended
Mr. Rajiv Garg	4	Attended
Mr. A.V. Lodha	2	Absent
Dr. R. Srinivasan	5	Attended
Mr. S. Sarda (w.e.f. 1st July, 2007)	3	Attended

The details of other directorships, memberships/chairmanship of Committees held, as on 31st March, 2008, by the Directors of the Company are given below:

Name of Director	No. of other Directorships*	No. of Committees** on which	
		Member	Chairman
Mr. Girish Jhunjhnuwala	16	-	-
Mr. Ratan Jindal	11	-	-
Mr. Rajiv Garg	1	2	-
Mr. A.V. Lodha	3	1	1
Dr. R. Srinivasan	9	8	4
Mr. S. Sarda	-	-	-

* 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 public limited companies (except Shalimar Paints Limited) only 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 five times during the year under review, i.e., on 17th May, 2007, 19th June, 2007, 26th July, 2007, 23rd October, 2007 and 24th January, 2008. 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	4
Dr. R Srinivasan	5

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. Lodha.

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 19 complaints from the investors during the financial year 2007-08, which have been duly resolved. Mr. Pranab Kumar Maity, Company Secretary of the Company is designated as Compliance Officer.

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 of Directors

The Board of Directors of the Company constituted a Remuneration Committee, which comprises of three independent directors namely, Mr. Rajiv Garg, Mr. A.V. Lodha and Dr. R. Srinivasan, under the Chairmanship of Dr. 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. During the year under review, the Committee has approved the remuneration payable to Mr. S. Sarda, Executive Director of the Company.

The remuneration committee met once during the year under review i.e., on 19th June, 2007 and the meeting was attended by Dr. R. Srinivasan and Mr. Rajiv Garg.

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 4000 equity shares in the Company.

The details of sitting fees paid to the non-executive directors during the financial year 2007-08 are given below:

Name of Director	Sitting Fees (Rs.)
Mr. Girish Jhunjhnuwala	30,000
Mr. Ratan Jindal	20,000
Mr. A.V. Lodha	40,000
Mr. Rajiv Garg	90,000
Dr. R Srinivasan	1,10,000



The details of remuneration paid to Mr. S. Sarda, Executive Director, during the year under review 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
14,10,543	97,200	15,07,743	Three years with effect from 1st July, 2007	Three 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
2006-07	26.07.2007	10.00 A.M.	Kala Kunj 48 Shakespeare Sarani Kolkata - 700 017	One
2005-06	21.09.2006	10.00 A.M.	Mini Auditorium Science City JBS Haldane Avenue Kolkata-700 046	None
2004-05	27.07.2005	10.00 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.

During the year under review two special resolutions were passed through postal ballot process and the result of the voting conducted through postal ballot was declared on 7th December, 2007 at the Registered Office of the Company, by Mr. S. Sarda, Executive Director of the Company. Mr. P. K. Sarawagi, Practicing Company Secretary was appointed as Scrutinizer for conducting the postal ballot process. Details of the voting pattern in respect of the resolutions passed through postal ballot are given below:

	Resolution No. 1	Resolution No. 2
Votes in favour of the Resolution	99.985%	99.989%
Votes against the Resolution	00.015%	00.011%

The said postal ballot was conducted in line with the provisions of Section 192A (2) of the Companies Act, 1956, read with the Companies (Passing of the Resolution by Postal Ballot) Rules, 2001

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. 23 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 Sarda, Executive Director 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 8.7% in 2007-08. The growth in the paints industry is directly related to the GDP growth with increased demand coming from boom in construction industry, housing and infrastructure development. The paints industry is expected to have grown by about 15% with both the Decorative and the Industrial segments of the industry performing quite well. In the Decorative segment the exterior wall finishes segment continues to be the fastest growing segment. With regard to Industrial Paints, the Protective Coatings segment has shown robust demand.

Your Company has also grown in both the Decorative and Industrial segments. 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

With the consistent growth of the Indian economy, increased purchasing power in the hands of middle class consumers and desire for a better quality of life, it is expected that the demand for paints would continue to be strong and sustained. The growth in the paints industry is directly linked to the overall economic growth of the country. Any slow down of the economy will directly impact the paints industry. There are also concerns with regard to infrastructure bottlenecks, over heating of the economy and the overall political scenario which could adversely affect the economic growth of the country and thereby the growth of the paint industry.

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, increase in interest cost on housing loans would have a direct impact on the demand for housing which can affect the paints industry.

Inventory management is also 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 resources etc. have been discussed under the respective heads in the Directors' Report.

9. Means of Communication

The quarterly results are being generally published in Economic Times 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. Girish Jhunjhnuwala aged 45, is a Bachelor of Science Graduate from the University of Southern California, Los Angeles. He has his businesses in Hongkong which includes Real Estate and Hospitality Industry. He is a member of the Board of Directors of the following companies:

Hind Hotels & Properties Ltd., Delta Nominees Ltd., S. Sunder & Sons Ltd., Hind Star Ltd., Russel Corporation, Hind Strategic Investments, Star Bright (HK) Ltd., Golden Pond Development Ltd., Sky Lucky Ltd., Reliance Properties Ltd., Full Springs Ltd., Home2Home Lifestyles Management Ltd., Onlung Holdings Ltd., Café O Ltd., Cheston Investment (Group) Ltd. and Power Concept Properties Ltd.

Dr. R. Srinivasan, aged 78 years, holds a Doctorate in Banking & Finance from the University of Bombay and is also Fellow of the Institute of Banking and Finance apart from being a Certified Associate of the Institute. He has over 46 years of experience in Banks and was a Chairman of three different banks at New Delhi, Kolkata and Mumbai. He retired as Chairman and Managing Director of Bank of India, Mumbai. He is a member of the Board of Directors of the following companies:

Graphite India Ltd., McLeod Russel India Ltd., Williamson Magor & Co. Ltd., Goldiam International Ltd., J M Financial Asset Management Pvt. Ltd., Elder Pharmaceuticals Ltd., Solar Explosives Ltd., XL Telecom & Energy Ltd., J Kumar Infraprojects Ltd., Snowcem Paints Limited, Hi-Tech Pharmaceuticals Pvt. Ltd. and Nayamode Solutions Pvt. Ltd.

11. Subsidiary

The Company has one unlisted subsidiary company, which is not material as defined in the Explanation 1 of Clause 49(III) of the Listing Agreement.

12. General Shareholder information

- a) As indicated in the notice dated 9th May, 2008, the 106th Annual General Meeting of the Company will be held on 25th July, 2008 at 11 A.M. at Mini Auditorium Hall, Science City, JBS Haldane Avenue, Kolkata 700 046.
- b) The Register of Members and Share Transfer Books of the Company will remain closed from 19th July, 2008 to 25th July, 2008, 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, 2008 (Unaudited)	:	31st July, 2008
For the Quarter ending 30th September, 2008 (Unaudited)	:	31st October, 2008
For the Quarter ending 31st December, 2008 (Unaudited)	:	31st January, 2009
For the year ending 31st March, 2009 (Audited)	:	30th June, 2009
- 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 there against:

	Stock Code
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
3. National Stock Exchange of India Ltd.(w.e.f. 03.03.08) Exchange Plaza, Bandra Kurla Complex Bandra (E), Mumbai - 400 051	SHALPAINTS

The stock code (ISIN) 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) and National Stock Exchange (NSE) are given below:

Month	BSE		NSE	
	High	Low	High	Low
April 2007	183.35	155.00	N.A.	N.A.
May 2007	214.95	179.00	N.A.	N.A.
June 2007	253.55	191.05	N.A.	N.A.
July 2007	251.00	226.20	N.A.	N.A.
August 2007	377.40	238.10	N.A.	N.A.
September 2007	368.55	310.00	N.A.	N.A.
October 2007	433.55	330.75	N.A.	N.A.
November 2007	475.15	370.00	N.A.	N.A.
December 2007	486.15	395.00	N.A.	N.A.
January 2008	506.30	310.20	N.A.	N.A.
February 2008	357.50	314.90	N.A.	N.A.
March 2008	335.00	220.00	353.05	214.05

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 2007	183.35	155.00	14228.88	12455.37
May 2007	214.95	179.00	14544.46	13765.46
June 2007	253.55	191.05	14650.51	14003.03
July 2007	251.00	226.20	15794.92	14664.26
August 2007	377.40	238.10	15318.60	13989.11
September 2007	368.55	310.00	17291.10	15422.05
October 2007	433.55	330.75	19977.67	17328.62
November 2007	475.15	370.00	19976.23	18526.32
December 2007	486.15	395.00	20375.87	19079.64
January 2008	506.30	310.20	20873.33	16729.94
February 2008	357.50	314.90	18663.16	16608.01
March 2008	335.00	220.00	16677.88	14809.49

- h) MCS Limited of 77/2A, Hazra Road, Kolkata - 700 029, Phone Nos. 2476-7350 (4 lines), 2454-1892 and 2454-1893, are the Registrar 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 Registrar so that they can attend to the share transfer formalities on fortnightly basis.
- j) The distribution of shareholdings as on 31st March, 2008 is given below:

No. shares held	No. of Shareholders	Percentage	No. of Shares held	Percentage
Upto 500	3283	94.393	297693	7.864
501 to 1000	86	2.473	60936	1.610
1001 to 2000	39	1.121	56122	1.483
2001 to 3000	18	0.518	44191	1.167
3001 to 4000	9	0.259	32657	0.863
4001 to 5000	5	0.144	22143	0.585
5001 to 10000	11	0.316	80846	2.136
10001 and above	27	0.776	3191032	84.294
Total	3478	100.000	3785620	100.000



k) Category of shareholders as on 31st March, 2008 are given below:

	No. of shares	Percentage
Promoters	2358528	62.30
Financial Institutions	153370	4.05
NRI/NRC	13817	0.37
General	1259905	33.28
Total	3785620	100.00

l) Dematerialisation of Shares and liquidity: As on 31st March, 2008, Equity shares representing 40.75% are in dematerialised form.

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

- P.O. Danesh Shaik Lane, Goabaria, 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.

o) 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
GIRISH JHUNJHNUWALA
Chairman

New Delhi
9th day of May, 2008

DECLARATION

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

I, Sandeep Sarma, Executive Director 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 and on behalf of the Board

New Delhi
dated the 9th day of May, 2008

S. SARMA
Executive Director

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, 2008, 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 : 9th May, 2008

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, 2008, 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 3 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, 2008 and taken on record by the Board of Directors, we report that none of the directors are disqualified as on 31st March, 2008 from being appointed as director 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, 2008;
 - (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

New Delhi
Dated : 9th May, 2008

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. 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.
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 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.
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, Clause 4(v) (b) of the Order is 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.
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 2008 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.177.09 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) | 48.19 |
| 02. | Central Excise Act, 1944 | Excise Duty | Commissioner of Central Excise (Appeals) | 40.17 |
| 03. | Central Sales Tax Act and Sales Tax Act of various states | Sales Tax | Commissioner (Appeals)/ Appellate Tribunal | 88.73 |
| TOTAL: | | | | 177.09 |
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 of term loan 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
A K DUBEY
Partner
Membership No. 054975

New Delhi
Dated : 9th May, 2008

**Balance Sheet as at 31st March, 2008**

	Schedule No.	As at 31st March 2008 Rs.	As at 31st March 2007 Rs.
I SOURCES OF FUNDS			
1. Shareholders' Funds			
a) Capital	1	3,78,56,735	3,78,56,735
b) Reserves & Surplus	2	33,19,48,983	26,89,42,811
		36,98,05,718	30,67,99,546
2. Loan Funds	3		
a) Secured Loans		54,54,38,538	51,18,37,271
b) Unsecured Loans		6,57,36,072	8,61,82,976
		61,11,74,610	59,80,20,247
	Total	98,09,80,328	90,48,19,793
II APPLICATION OF FUNDS			
1. Fixed Assets	4		
a) Gross Block		58,93,76,419	51,76,52,493
b) Less : Depreciation		32,48,80,820	29,50,85,674
c) Net Block		26,44,95,599	22,25,66,819
d) Capital Work-in-Progress		3,60,635	1,18,338
		26,48,56,234	22,26,85,157
2. Investments	5	9,73,400	23,500
3. Current Assets, Loans and Advances			
a) Inventory	6	62,48,34,507	58,31,61,324
b) Sundry Debtors	7	78,45,80,287	63,41,52,168
c) Cash and Bank Balances	8	13,15,40,022	11,30,85,685
d) Loans and Advances	9	12,91,99,492	11,88,45,331
		1,67,01,54,308	1,44,92,44,508
<i>Less : Current Liabilities and Provisions</i>			
a) Liabilities	10	88,87,61,327	72,07,30,342
b) Provisions	11	4,38,46,726	2,43,43,888
		93,26,08,053	74,50,74,230
Net Current Assets		73,75,46,255	70,41,70,278
4. Deferred Tax Liability (Net)		(2,23,95,561)	(2,20,59,142)
(Refer Note No. 21 of Schedule 19)			
	Total	98,09,80,328	90,48,19,793
III NOTES TO ACCOUNTS	18 & 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

New Delhi
9th May, 2008

PRANAB MAITY
Company Secretary

G. JHUNJHNUWALA
Chairman

DR. R. SRINIVASAN
Director

S. SARDA
Executive Director & CEO

**Profit And Loss Account for the year ended 31st March, 2008**

	Schedule No.	For year ended 31st March 2008 Rs.	For year ended 31st March 2007 Rs.
INCOME			
Sales less returns		3,40,13,82,450	2,90,49,22,390
Other Income	12	2,70,18,164	2,07,30,240
Increase/(Decrease) in stocks	13	1,14,91,023	7,10,25,000
		3,43,98,91,637	2,99,66,77,630
EXPENDITURE			
Materials consumed	14	1,83,23,42,709	1,59,93,41,948
Purchase of Bought-in-items		7,47,29,390	9,88,41,359
Excise Duty		40,79,04,897	34,44,21,660
Employees' remuneration and other benefits	15	15,44,91,368	13,18,28,982
Discounts and rebates		40,10,53,200	34,66,28,930
Manufacturing, administrative, selling and other expenses	16	33,09,81,349	31,43,52,930
Interest	17	6,30,46,795	5,33,95,358
		3,26,45,49,708	2,88,88,11,167
Profit Before Depreciation		17,53,41,929	10,78,66,463
Depreciation		3,05,32,382	2,66,82,897
Profit Before Tax		14,48,09,547	8,11,83,566
— Current Tax		4,68,00,000	2,56,00,000
— Fringe Benefit Tax		18,50,000	24,55,000
— Deferred Tax		3,36,420	56,60,000
Profit After Tax		9,58,23,127	4,74,68,566
Balance Brought Forward		3,06,81,894	1,78,58,259
Profit available for Appropriations		12,65,05,021	6,53,26,825
APPROPRIATIONS			
Transferred to General Reserve		5,00,00,000	1,25,00,000
Proposed Dividend		2,64,99,340	1,89,28,100
Tax on Proposed Dividend		45,03,563	32,16,831
Balance Carried Forward to Balance Sheet		4,55,02,118	3,06,81,894
		12,65,05,021	6,53,26,825
Earnings per share - Basic and diluted		25.31	12.54

NOTES TO ACCOUNTS

18 & 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*New Delhi
9th May, 2008PRANAB MAITY
*Company Secretary*G. JHUNJHNUWALA
*Chairman*DR. R. SRINIVASAN
*Director*S. SARDA
Executive Director & CEO

**Schedules forming part of the Accounts**

	2007-2008 Rs.	2006-2007 Rs.
1. CAPITAL		
Authorised		
80,00,000 Equity Shares of Rs. 10 each	<u>8,00,00,000</u>	<u>8,00,00,000</u>
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
	<u>3,78,56,735</u>	<u>3,78,56,735</u>
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	10,56,56,367	9,31,56,367
Transferred from/(to) Profit and Loss Account	5,00,00,000	1,25,00,000
	<u>15,56,56,367</u>	<u>10,56,56,367</u>
Profit and Loss Account	4,55,02,118	3,06,81,894
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
	<u>32,24,089</u>	<u>32,24,089</u>
Fixed Asset Revaluation Reserve		
Balance as per last Account	3,42,58,461	3,61,50,936
Transferred from/(to) Profit and Loss Account	(18,14,052)	(18,92,475)
	<u>3,24,44,409</u>	<u>3,42,58,461</u>
Share Premium Account	9,49,27,000	9,49,27,000
	<u>33,19,48,983</u>	<u>26,89,42,811</u>
3. LOAN FUNDS		
Secured Loans		
Term Loan	—	4,37,77,500
Overdrafts (including Working Capital Demand Loans)	54,54,38,538	46,76,24,423
Auto Loans	—	4,35,348
	<u>54,54,38,538</u>	<u>51,18,37,271</u>
Unsecured Loans		
Trade Deposits	37,00,000	41,33,543
Interest accrued and due	3,64,861	3,72,551
	<u>40,64,861</u>	<u>45,06,094</u>
Deferred Sales Tax	6,16,71,211	8,16,76,882
	<u>6,57,36,072</u>	<u>8,61,82,976</u>



Schedules forming part of the Accounts (Contd.)

4. FIXED ASSETS

(Figures in Rupees)

Particulars	GROSS BLOCK			As at 31st March 2008	ACCUMULATED DEPRECIATION				NET BLOCK	
	As at 1st April 2007	Addition during the year	Sold/ Adjustments during the year		Provided up to 31st March 2007	Adjustment on disposal	Provision for the current year	Total as at 31st March 2008	Net written down value as at 31st March 2008	Net written down value as at 31st March 2007
Land	30,396,426	—	—	30,396,426	—	—	—	—	30,396,426	30,396,426
Buildings	138,868,409	1,611,295	—	140,479,704	49,838,621	—	4,894,572	54733193	85,746,511	89,029,788
Plant & Machinery	202,079,425	4,839,105	1,933,006	204,985,524	158,902,076	18,705	12,331,801	171215172	33,770,352	43,177,349
Leased Equipment	60,979,275	44,538,450	65,000	105,452,725	18,176,454	30,266	9,138,681	27284869	78,167,856	42,802,821
Office Equipment	54,051,899	25,531,242	141,157	79,441,984	45,991,847	141,157	4,903,790	50754480	28,687,504	8,060,052
Furnitures & Fittings	20,766,574	147,845	—	20,914,419	14,616,602	—	435,746	15052348	5,862,071	6,149,972
Motor Car & Other Vehicles	10,510,485	—	2,804,848	7,705,637	7,560,074	2,361,160	641,844	5840758	1,864,879	2,950,411
Total	517,652,493	76,667,937	4,944,011	589,376,419	295,085,674	2,551,288	32,346,434	324,880,820	264,495,599	222,566,819
Previous Year	479,584,918	39,150,829	1,083,254	517,652,493	266,688,206	177,904	28,575,372	295,085,674	222,566,819	

NOTE: Depreciation for the year includes depreciation on amount added on revaluation of Rs.18,14,052/- (previous year Rs.18,92,475/-)recouped from Fixed Assets Revaluation Reserve

	2007-2008 Rs.	2006-2007 Rs.
5. INVESTMENTS - (other than trade) (at cost)		
Unquoted		
Unquoted - In Subsidiary Company		
Shalimar Adhunik Nirman (P) Ltd.		
49990 Equity Shares of Rs. 10 each fully paid-up	4,99,900	—
450000 Equity Shares of Rs. 10 each (Partly paid-up @ Re. 1 each)	4,50,000	—
In Debentures		
Rs. 6,500 1/2% Woodlands Medical Centre Ltd.	6,500	6,500
Rs. 17,000 5% Woodlands Medical Centre Ltd. (Non redeemable Mortgage Debenture Stock 1957)	17,000	17,000
	9,73,400	23,500
6. INVENTORY (at cost or market value whichever is lower)		
Raw Material	19,45,74,264	16,82,40,638
Stock-in-trade	36,12,61,824	35,33,10,149
Material-in-process	4,58,15,295	4,22,75,947
Stores	56,18,691	37,20,266
Materials-in-transit	1,75,64,433	1,56,14,324
	62,48,34,507	58,31,61,324

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

	2007-2008 Rs.	2006-2007 Rs.
7. SUNDRY DEBTORS		
(Unsecured - considered good)		
Debts outstanding for a period exceeding six months	2,17,50,000	3,62,85,950
Others	76,28,30,287	59,78,66,218
	78,45,80,287	63,41,52,168
8. CASH AND BANK BALANCES		
Cash and cheques in hand	3,96,12,720	2,64,05,533
Balance with Scheduled Banks :		
Current Account	3,14,44,611	5,16,04,721
Fixed Deposit Account	37,940	37,940
Unpaid Dividend Account	13,04,958	11,02,191
	3,27,87,509	5,27,44,852
Remittances in transit	5,91,39,793	3,39,35,300
	13,15,40,022	11,30,85,685
9. LOANS AND ADVANCES		
(Unsecured - considered good)		
Advances (recoverable in cash or in kind or for value to be received)	8,68,66,791	7,63,04,529
Balances with Customs, Central Excise, etc.	22,17,804	73,95,268
Loans and advances to Companies	50,00,000	50,00,000
Deposits	3,51,14,897	3,01,45,534
	12,91,99,492	11,88,45,331
10. LIABILITIES		
Acceptances	10,13,54,802	4,64,87,255
Sundry Creditors		
- Dues to Small Scale Industrial Undertakings	6,03,93,219	5,01,33,607
- Others	72,57,08,348	62,30,07,289
Investor Education & Protection Fund shall be credited by:		
- Unpaid Dividend	13,04,958	11,02,191
	88,87,61,327	72,07,30,342
11. PROVISIONS		
Provision for Taxation	1,28,43,823	21,98,958
Proposed Dividend	2,64,99,340	1,89,28,099
Tax on Proposed Dividend	45,03,563	32,16,831
	4,38,46,726	2,43,43,888
12. OTHER INCOME		
Sundry Sales	66,09,691	47,38,967
Profit/(loss) on sale of fixed assets	(5,18,808)	17,250
Lease Rental	1,83,77,497	1,39,32,813
Interest	6,92,180	16,93,851
Miscellaneous receipts	18,57,604	3,47,359
	2,70,18,164	2,07,30,240

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

	2007-2008 Rs.	2006-2007 Rs.
13. INCREASE/(DECREASE) IN STOCKS		
Closing Stock		
Finished Goods	36,12,61,824	35,33,10,149
Materials-in-Process	4,58,15,295	4,22,75,947
	40,70,77,119	39,55,86,096
Opening 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
	1,14,91,023	7,10,25,000
14. MATERIALS CONSUMED		
Opening Stock of Raw Materials	16,82,40,638	14,34,31,147
Add : Purchase of Raw Materials	1,85,86,76,335	1,62,41,51,439
Less : Closing Stock of Raw Materials	19,45,74,264	16,82,40,638
	1,83,23,42,709	1,59,93,41,948
15. EMPLOYEES' REMUNERATION AND OTHER BENEFITS		
Salaries, wages, bonus, pension etc.	11,76,74,564	9,85,84,787
Contribution to provident and other funds	1,26,20,834	1,44,09,234
Workmen and staff welfare expenses	2,41,95,970	1,88,34,961
	15,44,91,368	13,18,28,982
16. MANUFACTURING, ADMINISTRATIVE, SELLING AND OTHER EXPENSES		
Stores consumed	81,79,490	74,79,153
Power and fuel	2,83,58,853	2,50,77,237
Rent (Net)	1,70,08,067	95,41,994
Rates and taxes	26,48,715	35,60,955
Insurance	13,87,369	20,26,618
Repairs to plant and machinery	26,39,368	31,16,892
Repairs to building	17,86,985	14,65,261
Repairs - others	80,61,863	61,14,022
Printing and stationery	63,99,589	57,82,928
Communication expenses	1,12,69,952	1,10,57,522
Directors' fees	2,90,000	2,00,000
Audit fees and expenses	3,60,655	3,34,513
Commission on sales	1,65,62,035	1,79,50,360
Travelling expenses	2,73,70,786	2,51,02,424
Freight and carriage	13,12,16,510	12,30,12,209
Miscellaneous expenses	6,74,41,112	7,25,30,842
	33,09,81,349	31,43,52,930
17. INTEREST		
Fixed Loans	12,69,393	68,92,838
Others	6,17,77,402	4,65,02,520
	6,30,46,795	5,33,95,358

**Schedules forming part of the Accounts (Contd.)****18. SIGNIFICANT ACCOUNTING POLICIES****18.1 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.

18.2 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.

18.3 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.

18.4 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.

18.5 Investments

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

18.6 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.

18.7 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.



Schedules forming part of the Accounts (Contd.)

18.8 Sales

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

18.9 Retirement Benefits

- i) The Company operates defined contributions schemes.

The Company makes regular contribution to provident funds which are fully funded and administered by Trustees / Government. Contributions are recognized in Profit & Loss Account on an accrual basis. The Company also contributes to a Government administered pension fund on behalf of certain category of its employees.

- 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 Profit & Loss Account. The Company recognizes in the Profit & Loss Account 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 retirement 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 Profit and Loss Account.

18.10 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.

18.11 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.

18.12 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.

18.13 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.

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

	For the year ended 31st March 2008 Rs.	For the year ended 31st March 2007 Rs.
19. NOTES TO ACCOUNTS		
1. 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.		
2. Liabilities in Schedule 10 include Rs. 603.93 Lacs (Previous Year Rs.501.34 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 movable assets situated at UPSIDC Industrial Area, Sikandrabad (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.		
3. Auto Loans are secured by hypothecation of the vehicles financed out of such loans.		
4. Contingent Liabilities Contingent Liabilities not provided for in respect of :		
Excise Duty	40,16,701	1,50,000
Income Tax	48,18,556	73,38,128
Bank Guarantees	4,57,17,187	3,96,18,923
Sales Tax	88,73,000	1,15,73,000
5. Claims against the Company not acknowledged as debt (to the extent ascertained)	57,30,597	46,62,809
6. Uncalled liability on partly paid shares	40,50,000	—
7. Estimated amount of capital commitments, net of advance of Rs 9,39,566 (previous year Rs. 4,60,974)	2,99,410	11,62,065
8. Auditors' Remuneration		
As Auditors	2,00,000	2,00,000
In other capacity	1,50,000	1,31,000
Reimbursement of expenses	10,655	16,913
	3,60,655	3,47,913
9. Consumption of Stores	81,79,490	110,84,536
10. CIF Value of Imports		
Raw Materials	18,46,76,353	13,16,27,075
11. Expenditure in Foreign Currency		
Purchase of raw material	9,68,31,174	12,12,91,944
12. 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. 59,01,570	Rs. 41,31,099
d) Year to which dividend relates	2006-07	2005-06



Schedules forming part of the Accounts (Contd.)

	For the year ended 31st March 2008 Rs.	For the year ended 31st March 2007 Rs.
13. Managerial remuneration		
Directors' Fees	2,90,000	2,00,000
Wholetime Director's remuneration:		
Salaries	14,10,543	
Contribution to Provident Fund	<u>97,200</u>	3,52,800
	15,07,743	

	For the year ended 31st March 2008		For the year ended 31st March 2007	
	Quantity KL	Value Rs.	Quantity KL	Value Rs.
14. Turnover				
Class of Goods				
Paint (finished)	39546 (47455 MT)	3,40,13,82,450	34698 (41638 MT)	2,90,49,22,390

15. Opening and Closing Stocks

	Opening stocks as at 1st April, 2007		Closing stocks as at 31st March, 2008	
	Quantity KL	Value Rs.	Quantity KL	Value Rs.
Paint (finished)	5747 (6896 MT)	35,33,10,149	5657 (6788 MT)	36,12,61,824
Previous year Paint (finished)	4942 (5930 MT)	28,39,81,038	5747 (6869 MT)	35,33,10,149

16. Capacity and Production

	Installed capacity as at 31st March 2008	Actual Production during the year ended 31st March 2008 (Packed for sale)	Previous Year
Paints, enamels & varnishes, N.C. Lacquers & ancillary items (Packed for sale)	48,000 Tonnes	44,489 Tonnes	39,161 Tonnes
Synthetic Resin (mainly for captive consumption)	7,672 Tonnes	2,830 Tonnes	2,635 Tonnes



Schedules forming part of the Accounts (Contd.)

	For the year ended 31st March 2008		For the year ended 31st March 2007	
	Quantity KL	Value Rs.	Quantity KL	Value Rs.
17. Purchase (Bought-in-items)	2382	7,47,29,390	2869	9,88,41,359
18. Consumption of imported and indigenous raw materials (excluding spare parts and components).				
	For the year ended 31st March 2008		For the year ended 31st March 2007	
	%	Rs.	%	Rs.
Imported Raw Materials	10.94	20,05,33,362	9.96	15,92,86,015
Indigenous Raw Materials	89.06	163,18,09,347	90.04	1,44,00,55,933
19. Important basic raw materials and packing materials consumed				
	For the year ended 31st March 2008		For the year ended 31st March 2007	
	Quantity	Value Rs.	Quantity	Value Rs.
Organic acid/chemicals	44,09,569 Kgs	29,01,03,739	42,75,707 Kgs	26,60,10,816
Pigments	30,71,262 Kgs	25,46,42,908	29,43,764 Kgs	23,79,18,782
Solvents & Oils	1,37,63,367 Lts	56,91,41,798	1,20,37,244 Lts	46,55,81,497
Packages and Packing Materials	1,21,97,460 Nos	21,36,40,340	1,09,57,692 Nos	17,51,17,803
Others*		50,48,13,924		45,47,13,050
		1,83,23,42,709		1,59,93,41,948

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

20. The small-scale industrial undertakings to whom the Company owes any sums which is outstanding for more than 30 days are M/s. Arum Pharmachem Pvt. Ltd., M/s. Atlas Tin Box Co., M/s. Avisco Enterprise, M/s. Anand Packaging, M/s. Associated Containers & Barrels Pvt. Ltd., M/s. Bengal Poly Resins Pvt. Ltd., M/s. Bijaya Drums Pvt. Ltd., M/s. Calcutta Containers Co., M/s. Calcutta Paper Industries, M/s. Containers & Seals, M/s. Dhiraj Intermediates Pvt. Ltd., M/s. Damani Packaging Pvt. Ltd. M/s. Evergreen Drums & Cans Pvt. Ltd. M/s. Indian Tin Box Mfg. Co. P. Ltd., M/s. Karna Paints (P) Ltd., M/s. Pearson Drums & Barrels Pvt. Ltd., M/s. Pearson Containers Co., M/s. Piyanshu Chemicals Pvt. Ltd., M/s. Packaging Corporation of India, M/s. Overseas Industrial Corporation, M/s. Sunflag Chemicals Pvt. Ltd. and M/s. Techcon India Pvt. Ltd., The Company has not received any intimation from suppliers regarding their status under the Micro, Small and Medium Enterprises Development Act 2006 and hence disclosures 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.
21. The Company has adopted Accounting Standard 22 (AS 22) "Accounting for Taxes on Income" and accordingly the net deferred tax liabilities amounting to Rs. 3,36,420 pertaining to the current year has been recognised.

	Opening As at 01/04/2007	Charge /(Credit) During the year	(Rs. in Lacs) Closing As at 31/03/2008
Deferred Tax Assets			
Expenses allowable on payment basis	(25.30)	(23.68)	(48.98)
Deferred Tax Liabilities			
Depreciation and related items	245.89	27.05	272.94
Net Deferred Tax Liabilities	220.59	3.37	223.96

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

22. Future minimum lease rentals payable as at 31.03.2008 as per the lease agreements :

	2007-2008	(Rs. in lacs) 2006-2007
i) Not later than one year	150.81	122.05
ii) Later than one year and not later than five years	267.41	182.36
iii) Later than five years	—	—
	418.22	304.41

23. 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 2007-2008	Amount outstanding as on 31st March, 2008
			(Rs. in Lacs)	(Rs. in Lacs)
S.Sarda	Executive Director	Remuneration	Refer Note 13 of Schedule 19	—
Sonabheel Tea Co. Ltd.	Company controlled by Directors	Loan Given	NIL	50.00
Sonabheel Tea Co. Ltd.	Company controlled by Directors	Interest Received	6.50	NIL
Jindal Stainless Ltd.	Company controlled by Directors	Loan taken	100.00	NIL
Jindal Stainless Ltd.	Company controlled by Directors	Interest paid	5.90	NIL
Shalimar Adhunik Nirman Pvt. Ltd.	Subsidiary	Investment	9.50	9.50

24. **Employees Benefits**

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

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

(a) Defined Benefits Plans / Compensated absences - As per actuarial valuation on 31st March 2008

		(In Lakhs)	
		Gratuity (Funded)	Leave Encashment (Unfunded)
I	Expense recognized in the statement of Profit and Loss for the year ended 31st March 2008		
1	Current Service Cost	25.45	5.25
2	Interest Cost	26.23	7.04
3	Employees Contribution	—	—
4	Expected Return on plan assets	(0.14)	—
5	Net Actuarial (Gain)/Losses	31.07	33.49
6	Past Service Cost	—	—
7	Settlement Cost	—	—
8	Total Expenses	82.61	45.78

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

	(In Lakhs)	
	Gratuity (Funded)	Leave Encashment (Unfunded)
II Net Assets / (Liability) recognized in the Balance Sheet as at 31st March 08		
1 Present Value of Defined Benefits of Obligation as at March 08	356.35	98.42
2 Fair Value of plan assets as at March 08	219.6	—
3 Funded status [Surplus/(Deficit)]	(136.75)	(98.42)
4 Net Assets/(Liability) as at March 08	(136.75)	(98.42)
III Change in Obligation during the year ended 31st March 08		
1 Present Value of Defined Benefit Obligation at beginning of the year	343.18	89.24
2 Current Service Cost	25.45	5.25
3 Interest Cost	26.23	7.04
4 Settlement cost	—	—
5 Past Service Cost	—	—
6 Employee Contributions	—	—
7 Actuarial (Gain)/ Losses	31.07	33.49
8 Benefits Payments	(69.58)	(36.60)
9 Present value of Defined Benefits Obligation at the end of year	356.35	98.42
IV Change in Assets during the year ended 31st March 08		
1 Plan assets at the beginning of the year	0.43	—
2 Plan assets acquired on amalgamation in Previous Year	—	—
3 Settlements	—	—
4 Expected return on plan assets	—	—
5 Contributions by employer	288.61	36.6
6 Actual benefits paid	(69.58)	(36.60)
7 Actual Gains/ (Losses)	—	—
8 Plan assets at the end of the year	219.60	—
9 Actual return on plan assets	0.14	—
V Actuarial Assumptions:		
	As at 31st March 2008	
1 Discount Rate	7.50%	
2 Rate of increase in salaries	5.00%	
3 Rate of return on Plan Assets	7.50%	
4 Mortality	As per standard table LIC (1994-1996) ultimate	



Schedules forming part of the Accounts (Contd.)

25. The Company operates in mainly one business segment i.e. Paints. It has recently started a real estate business. As on 31st March, 2008 no revenues have been generated from this division.
26. Finance charges, under Miscellaneous Expenses, include foreign exchange loss of Rs.10,21,315 (previous year Rs. 6,14,001).
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

New Delhi
9th May, 2008

PRANAB MAITY
Company Secretary

G. JHUNJHNUWALA
Chairman

DR. R. SRINIVASAN
Director

S. SARDA
Executive Director & CEO

**Abstract of the Balance Sheet as at 31.03.2008 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	31.03.2008	31.03.2007	
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	1,93,59,83,942	167,19,53,165	
Total assets	1,93,59,83,942	167,19,53,165	
Sources of funds			
Paid-up capital	3,78,56,735	3,78,56,735	
Reserves and Surplus	33,19,48,983	26,89,42,811	
Secured loans	54,54,38,538	51,18,37,271	
Unsecured loans	6,57,36,072	8,61,82,976	
Application of funds			
Net fixed assets	26,48,56,234	22,26,85,157	
Investments	9,73,400	23,500	
Net current assets	73,75,46,255	70,41,70,278	
Miscellaneous expenditure	Nil	Nil	
Deferred Tax Liability (net)	(2,23,95,561)	(2,20,59,142)	
Accumulated losses	Nil	Nil	
IV) Performance of the Company			
Turnover (including other income)	3,42,84,00,614	2,92,56,52,630	
Total expenditure	3,28,35,91,067	2,84,44,69,064	
Profit before tax	14,48,09,547	8,11,83,566	
Profit after tax	9,58,23,127	4,74,68,566	
Earning per share in rupees	25.31	12.54	
Dividend rate percentage	70%	50%	
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

New Delhi
9th May, 2008

PRANAB MAITY
Company Secretary

G. JHUNJHNUWALA
Chairman

DR. R. SRINIVASAN
Director

S. SARDA
Executive Director & CEO

**Cash Flow Statement for year ended 31st March, 2008**

	2007-2008 (Rs. ' 000)	2006-2007 (Rs. ' 000)
A. CASH FLOW FROM OPERATING ACTIVITY		
Net Profit before Tax and Extraordinary items	144,810	81,184
Adjusted for :		
Depreciation	30,532	26,683
Deferred Revenue Expenditure (Amortised)	—	751
Interest/Other Income	(18,551)	(15,644)
Interest Expenses	63,047	53,395
Operating Profit before Working Capital Changes	<u>2,19,838</u>	<u>1,46,369</u>
Adjusted for:		
Trade and Other Receivables	(1,56,704)	(1,46,082)
Inventories	(41,673)	(85,972)
Trade Payables	1,67,828	1,35,572
Direct Taxes paid (net of refund)	(38,005)	(28,483)
Cash Flow before extraordinary items	<u>1,51,284</u>	<u>21,404</u>
Net Cash from Operation	<u>1,51,284</u>	<u>21,404</u>
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(76,910)	(39,269)
Sale of Fixed Assets	1,874	923
Purchase of Investment	(950)	—
Interest Received	692	1,694
Lease Rental Received	14,299	13,933
Net cash used in Investing Activity	<u>(60,995)</u>	<u>(22,719)</u>
C. CASH FLOW FROM FINANCIAL ACTIVITIES		
Proceeds from Borrowings	57,374	1,38,024
Repayment of Borrowings	(44,213)	(45,071)
Interest Paid	(63,054)	(53,181)
Dividend Paid	(21,942)	(14,941)
Net Cash used in Financing Activities	<u>(71,835)</u>	<u>24,831</u>
Net Increase in Cash and Cash Equivalents (A+B+C)	18,454	23,516
Opening Balance of Cash and Cash Equivalents	1,13,086	89,570
Closing Balance of Cash and Cash Equivalents	1,31,540	1,13,086

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

For CHATURVEDI & PARTNERS
Chartered Accountants

A.K. DUBEY
Partner

New Delhi
9th May, 2008

PRANAB MAITY
Company Secretary

G. JHUNJHNUWALA
Chairman

DR. R. SRINIVASAN
Director

S. SARDA
Executive Director & CEO



Statement Regarding Subsidiary Company

Pursuant to Section 212 of the Companies Act, 1956

1. Name of the Subsidiary Company	Shalimar Adhunik Nirman Pvt. Ltd.
2. The Financial Year of the Subsidiary Company ended	31st of March 2008
3. Holding Company's Interest as at 31.03.2008:	
a) i) No. of Fully Equity Shares held	49,990 Shares of Rs.10/- each
ii) No. of Partly Paid Equity Shares held	45,000 Shares of Rs.10/- each (Re. 1/- paid up)
b) Percentage of shareholding	99.998%
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, 2008	
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

Place: New Delhi
Dated: 09.05.2008

Girish Jhunjhunwala – *Chairman*

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

Results for the financial year	2007-2008	2006-2007	2005-2006	2004-2005	2003-2004*
Sales	34,013.82	29,049.22	24,829.93	21,791.88	13,229.67
Other Income	270.18	207.30	169.75	113.32	60.28
Materials consumed	18,955.81	16,271.58	13,773.49	11,756.29	6,848.25
Manufacturing expenses, administrative & selling overheads	12,944.31	11,372.33	10,145.15	9,357.00	5,908.25
EBIDTA	2,383.88	1,612.61	1,081.04	791.91	533.45
VRS expenses amortised	—	—	13.64	54.56	40.93
Interest	630.46	533.95	291.96	177.56	112.28
Depreciation	305.32	266.83	274.97	252.90	154.57
Profit before tax	1,448.10	811.83	500.47	306.89	225.67
Provision for tax	489.87	337.15	159.21	108.54	76.54
Profit after tax	958.23	474.68	341.26	198.35	149.13
Share Capital	378.57	378.57	378.57	378.57	378.57
Reserves and Surplus	3,319.48	2,689.43	2,455.12	2,284.31	2,212.97
Deferred Tax Liability (Net)	223.95	220.59	163.99	177.64	142.22
Loan Funds	6,111.74	5,980.20	5,048.53	4,261.25	3,345.56
Fixed Assets	2,644.95	2,226.85	2,128.97	2,092.00	1,925.03
Net Current Assets	7,375.46	7,041.70	5,909.49	4,979.34	4,060.39
Earning per share (Rs.)	25.31	12.54	9.01	5.24	3.94
Dividend rate percentage	70	50	35	25	20

* for nine months period



BOARD OF DIRECTORS

Sandeep Sarda
Shanti Swaroop Saxena
Naveen Aggarwal
Ashok Kumar Arora
Neelam Chawla

AUDITORS

Chaturvedi & Partners

BANKERS

HDFC Bank Ltd.

REGISTERED OFFICE

9A, Connaught Place
Above ICICI Bank
New Delhi – 110 001

Directors' Report

To the Shareholders

Your Directors have pleasure in presenting their First Report together with the Audited Statement of Accounts of the Company for the period commencing from 4th October, 2007 to 31st March, 2008.

Performance and Outlook

Your Company was incorporated on 4th October, 2007 with an object to carry on Real Estate Business. The Company could not commence any activity during the period under review. The Company became the subsidiary of Shalimar Paints Limited (SPL) with effect from 23rd February, 2008. The Real Estate Division of the Company's holding Company is proposed to be hived-off to the Company and this process has since been initiated. Your Directors are confident that the Company would be able to commence the business in the current year. Looking at the massive investments in the real estate sector, the Company is confident of satisfactory performance in the coming years.

During the year under review, the Company has issued and allotted 50,000 equity shares of Rs.10/- (including shares issued to subscribers to Memorandum & Articles of Association) as fully paid up equity shares for cash at par. The Company has also issued and allotted 4,50,000 equity shares of Rs.10/- each for cash at par on which the amount of Re.1/- per share is paid-up during the year under review.

Dividend

In view of the non-availability of profit because of absence of any activity, your Directors do not recommend any dividend for the period year ended 31st of March, 2008.

Directors' Responsibility Statement

The Directors hereby confirm that :

1. in the preparation of the accounts, the applicable accounting standards have been followed and that no material departures have been made from the same;
2. the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial period under review;
3. the Directors have taken proper and sufficient care 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 preventing and detecting fraud and other irregularities; and
4. the Directors have prepared the annual accounts on a going concern basis.

Auditors & Auditors' Report

The first auditors of the Company, Messrs. Chaturvedi & Partners, Chartered Accountants, who retire at the conclusion of the forthcoming Annual General Meeting and being eligible, offer themselves for re-appointment.

The Auditors' Report is self-explanatory and do not call for any further comment.

Particulars of Employees

The Company has not employed any employee during the period under review.

Disclosure

During the year under review, the Company does not have any particular that requires to be disclosed under the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988.

Acknowledgement

Your Directors express their sincere thanks to its Bankers and Shareholders for their support and co-operation.

For and on behalf of the Board

New Delhi
9th of May, 2008

S. SARDA
Director

S. S. SAXENA
Director



Auditors' Report

To the Members of
M/s. Shalimar Adhunik Nirman Private Limited,

We have audited the attached Balance Sheet of **M/s. Shalimar Adhunik Nirman Private Limited**, as at 31st March, 2008. This financial statement is the responsibility of the Company's management. Our responsibility is to express an opinion on this financial statement based on our audit.

1. 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 for our opinion.
2. The Companies (Auditor's Report) Order, 2003 (as amended) issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956 is not applicable to the Company.
3. Further to our comments in the Annexure referred to 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 purposes 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 dealt with by this report is in agreement with the books of account;
 - (iv) In our opinion, the Balance Sheet dealt with by this report complies with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
 - (v) On the basis of written representations received from the directors, as on 31st March, 2008, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2008 from being appointed as a director 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 said accounts read together with "Notes in Schedule- 3" give the information required by the Companies Act, 1956, 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 31st March, 2008;

For CHATURVEDI & PARTNERS

Chartered Accountants

A K Dubey

Partner

Membership No. 054975

Place : New Delhi
Dated : May 9, 2008

**Balance Sheet as at 31st March, 2008**

	Schedule No.	As at 31st March 2008 Rs.
I SOURCES OF FUNDS		
1. Shareholders' Funds		
a) Capital	1	9,50,000
b) Reserves & Surplus		—
		<u>9,50,000</u>
2. Loan Funds		
a) Secured Loans		—
b) Unsecured Loans		—
		<u>—</u>
	Total	<u>9,50,000</u>
II APPLICATION OF FUNDS		
1. Fixed Assets		
a) Gross Block		—
b) Less : Depreciation		—
		<u>—</u>
2. Current Assets, Loans and Advances		
a) Inventory		—
b) Sundry Debtors		—
c) Cash and Bank Balances	2	8,76,500
d) Loans and Advances		—
		<u>8,76,500</u>
Less : Current Liabilities and Provisions		
a) Liabilities		50,000
b) Provisions		—
		<u>50,000</u>
Net Current Assets		<u>8,26,500</u>
3. Miscellaneous Expenditure (To the extent not written off or adjusted)		—
a) Preliminary Expenses		1,13,500
b) Pre-operative Expenses		10,000
		<u>10,000</u>
	Total	<u>9,50,000</u>
III NOTES TO ACCOUNTS	3	

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

New Delhi
9th May, 2008

S. SARDA Director
S.S. SAXENA Director

**Schedules forming part of the Accounts**

	2007-2008 Rs.
1. CAPITAL	
Authorised	
50,00,000 Equity Shares of Rs. 10 each	50,00,000
Issued and Subscribed	
5,00,000 Equity Shares of Rs. 10 each	9,50,000
(50,000 Equity Share of Rs. 10 each fully Paid up and 4,50,000 Equity Share of Rs. 10 each, Re. 1 Partly Paid up)	
	9,50,000
2. CASH AND BANK BALANCES	
Cash in hand	—
Balance with Scheduled Banks :	
Current Account	8,76,500
	8,76,500

3. SIGNIFICANT ACCOUNTING POLICIES & NOTES ON ACCOUNTS**ACCOUNTING POLICIES:**

1. The financial statements have been prepared on accrual basis, except otherwise stated, and under the historical cost convention and in accordance with accounting standards specified by the Institute of Chartered Accountants of India and relevant provisions of Companies Act, 1956.
2. Preliminary expenses shall be amortized in ten equal instalments, beginning from the year in which commercial activities of the company start.
3. Expenses incurred till commencement of commercial activities are shown under the head pre-operative expenses.

NOTES ON ACCOUNTS:

1. As the Company is incorporated on 4th October, 2007, the accounts of the company have been prepared for the period from 4th October, 2007 to 31st March, 2008. Hence previous year figures have not been given.
2. The Company has not entered into any business activity/revenue transaction during the period ended 31st March, 2008; hence no Profit & Loss Account has been prepared. Pre-operative expenses, as detailed below, has been shown under the head "Miscellaneous Expenditure".
3. Pre-operative Expenses:

Head of Accounts:	Amount
Audit Fees	5618.00
Printing & Stationary	4382.00

Signature to Schedules 1 to 3

For CHATURVEDI & PARTNERS
Chartered Accountants
A. K. DUBEY
Partner

New Delhi
9th May, 2008

S. SARDA *Director*
S.S. SAXENA *Director*

**Abstract of the Balance Sheet as at 31.03.2008 and Company's General Business Profile as per Part IV of Schedule VI (amended) to the Companies Act, 1956.**

I) Registration Details :	
Registration Number	168944
State Code	55
Balance Sheet Date	31.03.2008
II) Capital raised during the year	
	Current year
	Rs.
Public issue	Nil
Rights issue	Nil
Bonus issue	Nil
Private placements	Nil
III) Position of mobilisation and deployment of funds	
Total liabilities	9,50,000
Total assets	9,50,000
Sources of funds	
Paid-up capital	9,50,000
Reserves and Surplus	Nil
Secured loans	Nil
Unsecured loans	Nil
Application of funds	
Net fixed assets	Nil
Investments	Nil
Net current assets	8,26,500
Miscellaneous expenditure	1,23,500
Deferred Tax Liability (net)	Nil
Accumulated losses	Nil
IV) Performance of the Company	
Turnover (including other income)	Nil
Total expenditure	Nil
Profit before tax	Nil
Profit after tax	Nil
Earning per share in rupees	Nil
Dividend rate percentage	Nil
V) Generic names of three principal products of the Company	NOT APPLICABLE

For CHATURVEDI & PARTNERS
Chartered Accountants
A. K. DUBEY
Partner

New Delhi
9th May, 2008

S. SARDA Director
S.S. SAXENA Director



Auditors' Report

The Board of Directors of Shalimar Paints Limited

1. We have examined the attached Consolidated Balance Sheet of Shalimar Paints Limited, and its subsidiary company, Shalimar Adhunik Nirman Private Limited (collectively known as **“the Group”**) as at 31st March, 2008, the Consolidated Profit and Loss Account and also the Consolidated Cash Flow Statement for the year ended on that date annexed thereto, which we have signed under reference to this report. 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 for our opinion.
3. We have audited the financial statements of the subsidiary Company whose financial statements reflect total assets of Rs. 9,50,000/- as at 31st March, 2008 and total revenues of Rs. nil for the period ended on that date.
4. We report that the Consolidated financial statements have been prepared by the Company in accordance with the requirements of Accounting Standard (AS) 21 , Consolidated Financial Statements and Accounting Standard (AS) 23, Accounting for Investments in Associates for consolidated Financial Statements issued by the Institute of Chartered Accountants of India, and on the basis of the separate audited financial statements of Shalimar Paints Limited and its subsidiary company included in the Consolidated financial statements.
5. On the basis of the information and explanations given to us and on the consideration of the separate audit reports on individual audited financial statements of Shalimar Paints Limited and its aforesaid subsidiary Company, in our opinion, 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 Consolidated Balance Sheet of the Consolidated state of affairs of “Group” as at 31st March, 2008;
 - b) in the case of the Consolidated Profit and Loss Account, of the Consolidated results of operations of the “Group” for the year ended on that date.
 - c) in case of the Consolidated Cash flow Statement, of the Consolidated Cash Flows of the “Group” for the year ended on that date.

For CHATURVEDI & PARTNERS

Chartered Accountants

A K Dubey

Partner

Membership No. 054975

Place : New Delhi
Dated : May 9, 2008

**Consolidated Balance Sheet as at 31st March, 2008**

	Schedule No.	As at 31st March 2008 Rs.
I SOURCES OF FUNDS		
1. Shareholders' Funds		
a) Capital	1	3,78,56,735
b) Reserves & Surplus	2	33,19,48,983
		<u>36,98,05,718</u>
2. Minority Interest		100
3. Loan Funds	3	
a) Secured Loans		54,54,38,538
b) Unsecured Loans		6,57,36,072
		<u>61,11,74,610</u>
	Total	<u>98,09,80,428</u>
II APPLICATION OF FUNDS		
1. Fixed Assets	4	
a) Gross Block		58,93,76,419
b) Less : Depreciation		32,48,80,820
c) Net Block		<u>26,44,95,599</u>
d) Capital Work-in-Progress		3,60,635
		<u>26,48,56,234</u>
2. Investments	5	23,500
3. Current Assets, Loans and Advances		
a) Inventory	6	62,48,34,507
b) Sundry Debtors	7	78,45,80,287
c) Cash and Bank Balances	8	13,24,16,522
d) Loans and Advances	9	12,91,99,492
		<u>167,10,30,808</u>
Less : Current Liabilities and Provisions		
a) Liabilities	10	88,88,11,327
b) Provisions	11	4,38,46,726
		<u>93,26,58,053</u>
Net Current Assets		<u>73,83,72,755</u>
4. Deferred Tax Liability (Net) (Refer Note No. 21 of Schedule 19)		<u>(2,23,95,561)</u>
5. Miscellaneous Expenditure (To the extent not written off or adjusted)		
Preliminary Expenses		1,13,500
Pre-operative Expenses		10,000
	Total	<u>98,09,80,428</u>
III NOTES TO ACCOUNTS	18 & 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

New Delhi
9th May, 2008

PRANAB MAITY
Company Secretary

G. JHUNJHNUWALA
Chairman

DR. R. SRINIVASAN
Director

S. SARDA
Executive Director & CEO

**Consolidated Profit And Loss Account for the year ended 31st March, 2008**

	Schedule No.	For year ended 31st March 2008 Rs.
INCOME		
Sales less returns		3,40,13,82,450
Other Income	12	2,70,18,164
Increase/(Decrease) in stocks	13	1,14,91,023
		<u>3,43,98,91,637</u>
EXPENDITURE		
Materials Consumed	14	1,83,23,42,709
Purchase of Bought-in-items		7,47,29,390
Excise Duty		40,79,04,897
Employees' Remuneration and Other Benefits	15	15,44,91,368
Discounts and Rebates		40,10,53,200
Manufacturing, Administrative, Selling and Other Expenses	16	33,09,81,349
Interest	17	6,30,46,795
		<u>3,26,45,49,708</u>
Profit Before Depreciation		17,53,41,929
Depreciation		<u>3,05,32,382</u>
Profit Before Tax		14,48,09,547
— Current Tax		4,68,00,000
— Fringe Benefit Tax		18,50,000
— Deferred Tax		3,36,420
Profit After Tax		<u>9,58,23,127</u>
Balance Brought Forward		3,06,81,894
Profit available for Appropriations		<u>12,65,05,021</u>
APPROPRIATIONS		
Transferred to General Reserve		5,00,00,000
Proposed Dividend		2,64,99,340
Tax on Proposed Dividend		45,03,563
Balance Carried Forward to Balance Sheet		<u>4,55,02,118</u>
		<u>12,65,05,021</u>
Earnings per share - Basic and diluted		25.31

NOTES TO ACCOUNTS

18 & 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

New Delhi
9th May, 2008

PRANAB MAITY
Company Secretary

G. JHUNJHNUWALA
Chairman

DR. R. SRINIVASAN
Director

S. SARDA
Executive Director & CEO

**Schedules forming part of the Consolidated Accounts**

	2007-2008 Rs.
1. CAPITAL	
Authorised	
80,00,000 Equity Shares of Rs. 10 each	<u>8,00,00,000</u>
Issued and Subscribed	
37,85,620 Equity Shares of Rs. 10 each fully paid	3,78,56,200
Share Forfeiture Account	535
	<u>3,78,56,735</u>
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	10,56,56,367
Transferred from/(to) Profit and Loss Account	<u>5,00,00,000</u>
	15,56,56,367
Profit and Loss Account	4,55,02,118
Export Profit Reserve	1,95,000
Capital Reserve	
Subsidy from SICOM and against Generator Set	31,19,000
Debenture Forfeiture Account	1,05,089
	32,24,089
Fixed Asset Revaluation Reserve	
Balance as per last Account	3,42,58,461
Transferred from/(to) Profit and Loss Account	<u>(18,14,052)</u>
	3,24,44,409
Share Premium Account	9,49,27,000
	<u>33,19,48,983</u>
3. LOAN FUNDS	
Secured Loans	
Term Loan	—
Overdrafts (including Working Capital Demand Loans)	54,54,38,538
Auto Loans	—
	<u>54,54,38,538</u>
Unsecured Loans	
Trade Deposits	37,00,000
Interest accrued and due	3,64,861
	40,64,861
Deferred Sales Tax	6,16,71,211
	<u>6,57,36,072</u>

**Schedules forming part of the Consolidated Accounts (Contd.)****4. FIXED ASSETS**

(Figures in Rupees)

Particulars	GROSS BLOCK			As at 31st March 2008	ACCUMULATED DEPRECIATION			NET BLOCK	
	As at 1st April 2007	Addition during the year	Sold/ Adjust- ments during the year		Provided up to 31st March 2007	Adjustment on disposal	Provision for the current year	Total as at 31st March 2008	Net written down value as at 31st March 2008
Land	3,03,96,426	–	–	3,03,96,426	–	–	–	–	3,03,96,426
Buildings	13,88,68,409	16,11,295	–	14,04,79,704	4,98,38,621	–	48,94,572	5,47,33,193	8,57,46,511
Plant & Machinery	20,20,79,425	48,39,105	19,33,006	20,49,85,524	15,89,02,076	18,705	1,23,31,801	17,12,15,172	3,37,70,352
Leased Equipment	6,09,79,275	4,45,38,450	65,000	10,54,52,725	1,81,76,454	30,266	91,38,681	2,72,84,869	78,167,856
Office Equipment	5,40,51,899	2,55,31,242	1,41,157	7,94,41,984	4,59,91,847	1,41,157	49,03,790	5,07,54,480	28,687,504
Furnitures & Fittings	2,07,66,574	1,47,845	–	2,09,14,419	1,46,16,602	–	4,35,746	1,50,52,348	5,862,071
Motor Car & Other Vehicles	1,05,10,485	–	28,04,848	77,05,637	75,60,074	23,61,160	6,41,844	58,40,758	1,864,879
Total	5,176,52,493	7,66,67,937	49,44,011	58,93,76,419	29,50,85,674	25,51,288	3,23,46,434	324,880,820	26,44,95,599

NOTE: Depreciation for the year includes depreciation on amount added on revaluation of Rs.18,14,052.00 recouped from Fixed Assets Revaluation Reserve

**2007-2008
Rs.****5. INVESTMENTS - (other than trade)
(at cost)****In Debentures**Rs. 6,500 1/2% Woodlands Medical Centre Ltd. **6,500**Rs. 17,000 5% Woodlands Medical Centre Ltd. **17,000**

(Non redeemable Mortgage Debenture Stock 1957)

23,500**6. INVENTORY****(at cost or market value whichever is lower)**Raw Material **19,45,74,264**Stock-in-trade **36,12,61,824**Material-in-process **4,58,15,295**Stores **56,18,691**Materials-in-transit **1,75,64,433****62,48,34,507**

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

	2007-2008 Rs.
7. SUNDRY DEBTORS	
(Unsecured - considered good)	
Debts outstanding for a period exceeding six months	2,17,50,000
Others	76,28,30,287
	<u>78,45,80,287</u>
8. CASH AND BANK BALANCES	
Cash and cheques in hand	3,96,12,720
Balance with Scheduled Banks :	
Current Account	3,23,21,111
Fixed Deposit Account	37,940
Unpaid Dividend Account	13,04,958
	3,36,64,009
Remittances in transit	5,91,39,793
	<u>13,24,16,522</u>
9. LOANS AND ADVANCES	
(Unsecured – Considered Good)	
Advances (recoverable in cash or in kind or for value to be received)	8,68,66,791
Balances with Customs, Central Excise, etc	22,17,804
Loans and advances to Companies	50,00,000
Deposits	3,51,14,897
	<u>12,91,99,492</u>
10. LIABILITIES	
Acceptances	10,13,54,802
Sundry Creditors	
– Dues to Small Scale Industrial Undertakings	6,03,93,219
– Others	72,57,58,348
Investor Education & Protection Fund shall be credited by:	
– Unpaid Dividend	13,04,958
	<u>88,88,11,327</u>
11. PROVISIONS	
Provision for Taxation	1,28,43,823
Proposed Dividend	2,64,99,340
Tax on Proposed Dividend	45,03,563
	<u>4,38,46,726</u>
12. OTHER INCOME	
Sundry Sales	66,09,691
Profit/(loss) on sale of fixed assets	(5,18,808)
Lease Rental	1,83,77,497
Interest	6,92,180
Miscellaneous receipts	18,57,604
	<u>27,01,8164</u>

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

	2007-2008 Rs.
13. INCREASE/(DECREASE) IN STOCKS	
Closing Stock	
Finished Goods	36,12,61,824
Materials-in-Process	4,58,15,295
	<u>40,70,77,119</u>
Opening Stock	
Finished Goods	35,33,10,149
Materials-in-Process	4,22,75,947
	<u>39,55,86,096</u>
	<u>1,14,91,023</u>
14. MATERIALS CONSUMED	
Opening Stock of Raw Materials	16,82,40,638
Add : Purchase of Raw Materials	1,85,86,76,335
Less : Closing Stock of Raw Materials	19,45,74,264
	<u>1,83,23,42,709</u>
15. EMPLOYEES' REMUNERATION AND OTHER BENEFITS	
Salaries, wages, bonus, pension etc.	11,76,74,564
Contribution to provident and other funds	1,26,20,834
Workmen and staff welfare expenses	2,41,95,970
	<u>15,44,91,368</u>
16. MANUFACTURING, ADMINISTRATIVE, SELLING AND OTHER EXPENSES	
Stores consumed	81,79,490
Power and fuel	2,83,58,853
Rent (Net)	1,70,08,067
Rates and taxes	26,48,715
Insurance	13,87,369
Repairs to plant and machinery	26,39,368
Repairs to building	17,86,985
Repairs - others	80,61,863
Printing and stationery	63,99,589
Communication expenses	1,12,69,952
Directors' fees	2,90,000
Audit fees and expenses	3,60,655
Commission on sales	1,65,62,035
Travelling expenses	2,73,70,786
Freight and carriage	13,12,16,510
Miscellaneous expenses	6,74,41,112
	<u>33,09,81,349</u>
17. INTEREST	
Fixed Loans	12,69,393
Others	6,17,77,402
	<u>6,30,46,795</u>



Schedules forming part of the Consolidated Accounts (Contd.)

18. SIGNIFICANT ACCOUNTING POLICIES

18.1 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) and its Subsidiary Shalimar Adhunik Nirman Private Limited. The Company and its Subsidiary constitute Shalimar Group.
Shalimar Adhunik Nirman Private Limited came into the existence during the previous year and no business activity has yet started.
- (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.

18.2 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.

For Shalimar Adhunik Nirman Private Limited, all the expenses incurred till commencement of commercial activities are shown under the head preliminary/pre-operative expenses.

18.3 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 Profit and Loss Account.

18.4 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.

18.5 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/dropped 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.

18.6 Investments

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

18.7 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.



Schedules forming part of the Consolidated Accounts (Contd.)

18.8 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.

18.9 Sales

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

18.10 Retirement Benefits

- i) The Company operates defined contributions schemes.
The Company makes regular contribution to provident funds which are fully funded and administered by Trustees / Government. Contributions are recognized in Profit & Loss Account on an accrual basis. The Company also contributes to a Government administered pension fund on behalf of certain category of its employees.
- 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 Profit & Loss Account. The Company recognizes in the Profit & Loss Account 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 retirement 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 Profit and Loss Account.

18.11 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.

18.12 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.

18.13 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.

18.14 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.

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

**For the year
ended 31st March
2008
Rs.**

19. NOTES TO ACCOUNTS

1. 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.	
2. Liabilities in Schedule 10 include Rs. 603.93 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 movable assets situated at UPSIDC Industrial Area, Sikandrabad (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.	
3. Auto Loans are secured by hypothecation of the vehicles financed out of such loans.	
4. Contingent Liabilities Contingent Liabilities not provided for in respect of :	
Excise Duty	40,16,701
Income Tax	48,18,556
Bank Guarantees	4,57,17,187
Sales Tax	88,73,000
5. Claims against the Company not acknowledged as debt (to the extent ascertained)	57,30,597
6. Uncalled liability on partly paid shares	40,50,000
7. Estimated amount of capital commitments, net of advance of Rs 9,36,566	2,99,410
8. Auditors' Remuneration As Auditors	2,00,000
In other capacity	1,50,000
Reimbursement of expenses	10,655
	<u>3,60,655</u>
9. Consumption of Stores	81,79,499
10. CIF Value of Imports Raw Materials	18,46,76,353
11. Expenditure in Foreign Currency Purchase of raw material	9,68,31,174
12. Amounts Remitted in Foreign Currency on Account of Dividend a) Number of Non-resident shareholders	1
b) Number of shares held by them	1180314
c) Amount of dividend remitted	Rs. 59,01,570
d) Year to which dividend relates	2006-07

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

	For the year ended 31st March 2008 Rs.	
13. Managerial remuneration		
Directors' Fees		2,90,000
Wholetime Director's remuneration:		
Salaries	14,10,543	
Contribution to Provident Fund	<u>97,200</u>	15,07,743
	For the year ended 31st March 2008	
14. Turnover	Quantity KL	Value Rs.
Class of Goods		
Paint (finished)	39546 (47455 MT)	3,40,13,82,450
15. Opening and Closing Stocks		
	Opening stocks as at 1st April, 2007	Closing stocks as at 31st March, 2008
	Quantity KL	Quantity KL
	Value Rs.	Value Rs.
Paint (finished)	5747 (6896 MT)	5657 (6788 MT)
	35,33,10,149	36,12,61,824
16. Capacity and Production		
	Installed capacity as at 31st March 2008	Actual Production during the year ended 31st March 2008 (Packed for sale)
Paints, enamels & varnishes, N.C. Lacquers & ancillary items (Packed for sale)	48,000 Tonnes	44,489 Tonnes
Synthetic Resin (mainly for captive consumption)	7,672 Tonnes	2,830 Tonnes

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

22. Future minimum lease rentals payable as at 31.03.2008 as per the lease agreements :

	(Rs. in lacs)
	2007-2008
i) Not later than one year	150.81
ii) Later than one year and not later than five years	267.41
iii) Later than five years	—
	418.22

23. 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 2007-2008	Amount outstanding as on 31st March, 2008
			(Rs. in Lacs)	(Rs. in Lacs)
S.Sarda	Executive Director	Remuneration	Refer Note 13 of Schedule 19	—
Sonabheel Tea Co. Ltd.	Company controlled by Directors	Loan Given	NIL	50.00
Sonabheel Tea Co. Ltd.	Company controlled by Directors	Interest Received	6.50	NIL
Jindal Stainless Ltd.	Company controlled by Directors	Loan taken	100.00	NIL
Jindal Stainless Ltd.	Company controlled by Directors	Interest paid	5.90	NIL

24. Employees Benefits

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

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

(a) Defined Benefits Plans / Compensated absences - As per actuarial valuation on 31st March 2008

		(In Lakhs)	
		Gratuity (Funded)	Leave Encashment (Unfunded)
I Expense recognized in the statement of Profit and Loss for the year ended 31st March 2008			
1	Current Service Cost	25.45	5.25
2	Interest Cost	26.23	7.04
3	Employees Contribution		
4	Expected Return on plan assets	(0.14)	
5	Net Actuarial (Gain)/Losses	31.07	33.49
6	Past Service Cost	-	
7	Settlement Cost	-	
8	Total Expenses	82.61	45.78

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

		(In Lakhs)
	Gratuity (Funded)	Leave Encashment (Unfunded)
II Net Assets / (Liability) recognized in the Balance Sheet as at 31st March 08		
1 Present Value of Defined Benefits of Obligation as at March 08	356.35	98.42
2 Fair Value of plan assets as at March 08	219.6	—
3 Funded status [Surplus/(Deficit)]	(136.75)	(98.42)
4 Net Assets/(Liability) as at March 08	(136.75)	(98.42)
III Change in Obligation during the year ended 31st March 08		
1 Present Value of Defined Benefit Obligation at beginning of the year	343.18	89.24
2 Current Service Cost	25.45	5.25
3 Interest Cost	26.23	7.04
4 Settlement cost	0	
5 Past Service Cost	0	
6 Employee Contributions	0	
7 Actuarial (Gain)/ Losses	31.07	33.49
8 Benefits Payments	(69.58)	(36.60)
9 Present value of Defined Benefits Obligation at the end of year	356.35	98.42
IV Change in Assets during the year ended 31st March 08		
1 Plan assets at the beginning of the year	0.43	—
2 Plan assets acquired on amalgamation in Previous Year	—	—
3 Settlements		
4 Expected return on plan assets		
5 Contributions by employer	288.61	36.6
6 Actual benefits paid	(69.58)	(36.60)
7 Actual Gains/ (Losses)		
8 Plan assets at the end of the year	219.60	0.00
9 Actual return on plan assets	0.14	0
V Actuarial Assumptions:		
	As at 31st March 2008	
1 Discount Rate	7.50%	
2 Rate of increase in salaries	5.00%	
3 Rate of return on Plan Assets	7.50%	
4 Mortality	As per standard table LIC (1994-1996) ultimate	



Schedules forming part of the Consolidated Accounts (Contd.)

25. The accounts of the Subsidiary Company have been prepared for the period from 04th October 2007 to 31st March, 2008. Hence previous year figures have not been given.

Since there is no business activities / profit of the subsidiary company during the year ended 31st March, 2008, tax provisions including of deferred tax for the subsidiary company has not been made.

Pre-operative Expenses:

<u>Head of Accounts:</u>	<u>Amount</u>
Audit Fees	5618.00
Printing & Stationary	4382.00
	<u>10,000.00</u>

26. Finance charges, under Miscellaneous Expenses, include foreign exchange loss of Rs.10,21,315.

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

New Delhi
9th May, 2008

PRANAB MAITY
Company Secretary

G. JHUNJHNUWALA
Chairman

DR. R. SRINIVASAN
Director

S. SARDA
Executive Director & CEO

**Consolidated Cash Flow Statement for year ended 31st March, 2008**

	2007-2008 (Rs. ' 000)
A. CASH FLOW FROM OPERATING ACTIVITY	
Net Profit before Tax and Extraordinary items	144,810
Adjusted for :	
Depreciation	30,532
Deferred Revenue Expenditure (Amortised)	—
Interest/Other Income	(18,551)
Interest Expenses	63,047
	<u>75,028</u>
Operating Profit before Working Capital Changes	2,19,838
Adjusted for:	
Trade and Other Receivables	(1,56,704)
Inventories	(41,673)
Trade Payables	1,67,878
Direct Taxes paid (net of refund)	(38,005)
	<u>(68,504)</u>
Cash Flow before extraordinary items	1,51,334
Deferred Revenue Expenditure for the year	(123)
Net Cash from Operation	<u>1,51,211</u>
B. CASH FLOW FROM INVESTING ACTIVITIES	
Purchase of Fixed Assets	(76,910)
Sale of Fixed Assets	1,874
Purchase of Investment	—
Interest Received	692
Lease Rental Received	14,299
	<u>14,299</u>
Net cash used in Investing Activity	<u>(60,045)</u>
C. CASH FLOW FROM FINANCIAL ACTIVITIES	
Proceeds from Borrowings	57,374
Repayment of Borrowings	(44,213)
Proceeds from other Shareholder (Minority shareholders)	—
Interest Paid	(63,054)
Dividend Paid	(21,942)
	<u>(85,000)</u>
Net Cash used in Financing Activities	<u>(27,626)</u>
Net Increase in Cash and Cash Equivalents (A+B+C)	19,331
Opening Balance of Cash and Cash Equivalents	1,13,086
Closing Balance of Cash and Cash Equivalents	<u>1,32,417</u>

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

For CHATURVEDI & PARTNERS
Chartered Accountants

A.K. DUBEY
Partner

New Delhi
9th May, 2008

PRANAB MAITY
Company Secretary

G. JHUNJHNUWALA
Chairman

DR. R. SRINIVASAN
Director

S. SARDA
Executive Director & CEO

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*	
---------	--

Master Folio No.	
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Client Id*	
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No. of Shares	
---------------	--

NAME AND ADDRESS OF THE SHAREHOLDER

I hereby record my presence at the 106th ANNUAL GENERAL MEETING of the Company held on Friday, the 25th July, 2008 at 11.00 a.m. at 'Mini Auditorium Hall', Science City, JBS Haldane Avenue, Kolkata - 700 046.

*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*	
---------	--

Master Folio No.	
------------------	--

Client Id*	
------------	--

No. of Shares	
---------------	--

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 106th ANNUAL GENERAL MEETING of the Company to be held on Friday, the 25th July, 2008 at 11.00 a.m.

Signed this day of 2008.

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