



DIRECTORS

G. Jhunjhnuwala — *Chairman*
R. Jindal
A. V. Lodha
R. Garg
Dr. R. Srinivasan
Pujit Aggarwal — *w.e.f. 25.07.2008*
S. Sarda — *Executive Director & CEO*

COMPANY SECRETARY

A. K. Banerjee

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*
Dr. Swapan Ghosh — *Vice President – R&D*
Nitin Sawale — *Vice President – Marketing*
K. Mathew Joseph — *General Manager – Systems*
Soumitra Ganguly — *General Manager – Supply Chain*
K. Karwa — *General Manager – Procurement*
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,
Goabera, 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 107th Annual General Meeting of the Company will be held on Thursday, the 30th July, 2009 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 2009 and the Balance Sheet as at that date together with the Reports of the Directors and Auditors thereon.
2. To declare a dividend.
3. To appoint a Director in place of Mr. Ratan Jindal, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Rajiv Garg, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint Auditors and to fix their remuneration.

SPECIAL BUSINESS :

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

6. As an Ordinary Resolution :
“RESOLVED THAT Mr. Pujit Aggarwal be and is hereby appointed a Director of the Company whose period of office shall be liable to determination by retirement of Directors by rotation.”
7. As a Special Resolution :
“RESOLVED THAT pursuant to the provisions of Section 146(2) and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modifications or re-enactment thereof for the time being in force); consent of the members of the Company be and is hereby accorded to shift the Company's Registered Office from “13 Camac Street, Kolkata – 700 017” to Company's Howrah factory premises at “Goaberia, P.O. Danesh Shaikh Lane, Howrah – 711 109” with effect from 1st August, 2009.”

Registered Office :
13, Camac Street
Kolkata - 700 017
Dated: 29th June, 2009

By order of the Board

A.K. Banerjee
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. An Explanatory Statement pursuant to Section 173 of the Companies Act, 1956 relating to Special Business is annexed hereto.
 3. **Pursuant to Section 192A(2) of the Companies Act, 1956, read with the Companies (Passing of the Resolution by Postal Ballot) Rules, 2001, the Resolution set out under item no. 7 of this notice is proposed to be passed by postal ballot. The notice under Section 192A of the Companies Act, 1956 along with the postal ballot form has already been sent to the shareholders of the Company.**
 4. The Register of Members and the Share Transfer Books of the Company will remain closed from 22nd July, 2009 to 30th July, 2009 (both days inclusive).
 5. Members are requested to bring the attendance slip along with their copy of the Annual Report to the Meeting.
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6. Additional information pursuant to Clause 49 of the Listing Agreement with Stock Exchanges, regarding re-appointment/ appointment of directors is appearing in the Report on Corporate Governance.
7. In accordance with the provisions of Section 205A of the Companies Act, 1956, the amount of unclaimed dividends 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, 2001 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, 2002, which remains unpaid or unclaimed, will be due for transfer to the Investors Education and Protection Fund of the Central Government on 16th January, 2010, 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, 2002, or any subsequent year(s), are requested to claim the same from the Company's Registrar and Share Transfer Agents, Messrs. MCS Limited.

EXPLANATORY STATEMENT

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

Item No. 6

Mr. Pujit Aggarwal was appointed as an Additional Director on the Board with effect from 25th July, 2008. Pursuant to Article 116 of the Articles of Association of the Company read with Section 260 of the Companies Act, 1956 ('the Act'), Mr. Aggarwal will hold the office upto the date of the forthcoming Annual General Meeting of the Company.

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

A brief resume of Mr. Pujit Aggarwal is given in the Report on Corporate Governance under Annexure-II to the Directors' Report.

None of the Directors of the Company, except Mr. Pujit Aggarwal is interested or concerned in the resolution.

Item No. 7

In order to facilitate smooth day to day operations, optimum utilization of the Company's unutilized space at the Company's premises at Howrah and reduce the overhead expenses of the Company, it is proposed to shift the Company's Registered Office from "13 Camac Street, Kolkata – 700 017" to "Goabheria, P.O. Danesh Shaikh Lane, Howrah – 711 109" with effect from 1st August, 2009."

Pursuant to provisions of Section 146(2) read with Section 192A of the Companies Act, 1956, shifting of Registered Office of a listed company beyond the local limits of a town, city or village requires approval of the shareholders of the Company by way of Special Resolution to be passed through postal ballot process. The notice pursuant to Section 192A(2) of the Companies Act, 1956, along with the postal ballot form has already been sent to the shareholders of the Company.

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

No Director of the Company is in any way concerned or interested in the resolution.

Registered Office :
13, Camac Street
Kolkata - 700 017
Dated: 29th June, 2009

By order of the Board

A.K. Banerjee
Company Secretary



Directors' Report

To the Shareholders

Your Directors are pleased to present the 107th Annual Report on the business and operations of the Company and the audited statement of accounts for the year ended 31st March, 2009.

Financial results

	(Rs. in lacs)	
Description	2008-09	2007-08
Net Sales	36887	34014
PBIDT	1988	2384
Profit before tax and exceptional items	843	1448
Exceptional items	209	-
Profit before tax	634	1448
Provision for taxation		
Current Tax	245	468
Deferred Tax	14	3
Fringe Benefit Tax	18	19
Profit after tax	357	958
Add: Amount brought forward from last year's account	455	307
Profit available for appropriation	812	1265
Less: Proposed Dividend	114	265
Tax on proposed dividend	19	45
Amount transferred to General Reserve	100	500
Balance carried to Balance Sheet	579	455

Dividend

The Directors are pleased to recommend payment of dividend at the rate of Rs. 3 per equity share amounting to Rs. 114 lacs as compared to Rs.7 per equity share declared last year.

Review of operations

The year under review was an extremely challenging year for the paints industry. The first half of the year witnessed high demand as well as soaring raw material prices. The effect of the global recession started impacting the Indian economy from the third quarter and demand fell considerably. In the fourth quarter there was slight pick up of demand.

Overall sales in 2008-09 increased from Rs. 340.14 crores to Rs. 368.87 crores, an increase of 8% which can be considered satisfactory considering the extremely difficult economic condition. The profitability was however severely affected due to sharp increase in the raw material prices. In the first half of 2008-09 due to rise in crude prices, there was unprecedented increase in prices of almost all raw materials and packing materials. In the second half of the year, the depreciation of the rupee adversely affected the cost of imported raw materials.

As a result of sharp increase in raw material costs the PBIDT fell from Rs. 23.84 crores to Rs. 19.88 crores.

In the year under review there was also sharp increase in interest rates by all the banks. This resulted in increase in borrowing costs which went up from Rs. 6.30 crores in 2007-08 to Rs.8.06 crores in 2008-09.



In view of the economic slowdown, the Company took several steps to improve the liquidity position. It has been able to reduce its inventory by Rs. 11.91 crores from Rs. 62.48 crores as on 31.03.2008 to Rs. 50.57 crores as on 31.03.2009.

The Company has been carrying some old debtors for which over the past few years it has been making vigorous efforts for recoveries. In some cases it has been able to recover the old outstandings. However some of the old debtors appear to be doubtful of recovery. It has hence been decided to write off these old outstandings amounting to Rs. 1.99 crores which have been shown under Exceptional Items. The Profit before Tax after considering the exceptional items amounts to Rs. 6.34 crores as compared to Rs. 14.48 crores last year.

Tinting systems

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

ISO Certifications

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

Subsidiary & Scheme of Arrangement

During the year under review, the Hon'ble High Courts at Kolkata and Delhi have sanctioned the Scheme of Arrangement (hereinafter referred to as 'Scheme') between the Company and Shalimar Adhunik Nirman Limited (hereinafter referred to as 'SANL') and its respective shareholders and accordingly the Company has hived-off its Real Estate Division to SANL, subsidiary of the Company with effect from close of business hours on 31st March, 2008, the appointed date.

As required under Section 212 of the Companies Act, 1956, the Audited Balance Sheet, Profit & Loss A/c together with the reports of Directors and Auditors thereon, of the Company's subsidiary for the year ended 31st March, 2009 are attached herewith.

Directors

Mr. Pujit Aggarwal has been appointed as Additional Director of the Company by the Board at its meeting held on 25th July, 2008. Mr. Aggarwal will vacate his office at the forthcoming Annual General Meeting and shall seek election under Section 257 of the Companies Act, 1956.

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

Brief resume of Mr. Ratan Jindal, Mr. Rajiv Garg and Mr. Pujit Aggarwal, are given in Point No. 12 of the Report on Corporate Governance attached to this report.

Directors' Responsibility Statement

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

- i) In the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- ii) The accounting policies have been selected and applied consistently and the judgements and estimates made are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that year;
- iii) Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv) The accounts have been prepared on a going concern basis.

Conservation of energy and technical absorption

Information pursuant to clause (e) of sub-section (1) of Section 217 of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 regarding conservation of energy and technology 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. 11, 12 and 13 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.

Listing

Your Company's equity shares continue to be listed with the Bombay Stock Exchange Limited, the National Stock Exchange Limited and The Calcutta Stock Exchange Association Limited.

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, 2009, 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
29th June, 2009

For and on behalf of the Board

GIRISH JHUNJHNUWALA
Chairman



**Annexure – I to Directors’ Report
FORM ‘A’ – CONSERVATION OF ENERGY**

	Current Year 2008-2009	Previous Year 2007-2008
A. POWER AND FUEL CONSUMPTION :		
1. ELECTRICITY:		
a) Purchased :		
Units	Nos. 34,01,909	Nos. 38,87,643
Total Amount	Rs. 1,58,00,153	Rs. 1,73,50,369
Rate/Unit	Rs. 4.64	Rs. 4.46
b) Own Generation :		
i) Through Diesel Generator		
Units	Nos. 1,46,921	Nos. 1,63,758
Unit/Litre of Diesel Oil	2.82	2.89
Cost/Unit	Rs. 12.51	Rs. 11.36
ii) Through Steam Turbine/Generator Units, Unit/Litre of Fuel Oil/Gas, Cost/Unit	Not Applicable	
2. COAL :		
Quantity/Total Cost/Average Rate	Not Applicable	
3. FURNACE :		
Quantity	359 KL	370 KL
Total amount	Rs. 96,46,328	Rs. 91,92,793
Average Rate/Ltr.	Rs. 26.87	Rs. 24.85
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	
Unit/KL	35,467KL	37,074KL
Electricity	100.06	109.28
Furnace Oil	0.010	0.010
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.

New Delhi
29th day of June, 2009

For and on behalf of the Board
GIRISH JHUNJHNUWALA
Chairman

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 volatility in prices of petroleum based products and vegetable oils.
- c) Development of interior design finish special effect paints.
- d) Extension of Color Space Tinting system by introduction of new bases in different product lines.
- e) Development of lead chrome free enamels.
- f) Development of polyurethane based exterior coating for steel wagons.
- g) Development of epoxy amino food lacquers.
- h) New generation epoxy food lacquers.
- i) Heavy duty non skid paints.

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) High DPUR elastomeric coating
- c) Water based glossy enamels
- d) New technologies in Can Coating, High Performance Coatings & Marine Paints.

4. Expenditure on R&D

	Rs. in lakhs
a) Capital	: 35.68
b) Recurring	: 72.34
c) Total	: 108.02
d) Total R&D expenditure as a percentage of total turnover	: 0.29%

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 commercialized.

New Delhi
29th day of June, 2009

For and on behalf of the Board
GIRISH JHUNJHNUWALA
Chairman

**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 seven Directors, two of whom are promoters and one Executive Director. The remaining four 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 2008-09, the Board of the Company met on four 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 9th May, 2008, 25th July, 2008, 22nd October, 2008 and 23rd January, 2009.

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

Name of Director	No. of Board Meetings attended	Attendance at the last AGM
Mr. Girish Jhunjhnuwala, Chairman	4	Attended
Mr. Ratan Jindal	3	Absent
Mr. Rajiv Garg	1	Attended
Mr. A.V. Lodha	1	Absent
Dr. R. Srinivasan	4	Attended
Mr. Pujit Aggarwal (w.e.f. 25th July, 2007)	2	N.A.
Mr. S. Sarda (Executive Director)	4	Attended

The details of other directorships, memberships/chairmanship of Committees held, as on 31st March, 2009, 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	14	—	—
Mr. Ratan Jindal	12	—	—
Mr. Rajiv Garg	2	1	—
Mr. A.V. Lodha	3	—	1
Dr. R. Srinivasan	8	6	3
Mr. Pujit Aggarwal	2	1	—
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 only public limited companies (except Shalimar Paints Limited) have been considered.

**3. Audit Committee**

The Audit Committee of the Board of Directors of the Company consists of Mr. A.V. Lodha, Mr. Rajiv Garg, Dr. R Srinivasan and Mr. Pujit Aggarwal, under the Chairmanship of Dr. Srinivasan. All the members of the Audit Committee are non-executive and independent Directors.

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

The Committee met four times during the year under review, i.e., on 5th May, 2008, 25th July, 2008, 22nd October, 2008 and 23rd January, 2009. The attendance of the members of the Committee is given below:

Name of Director	No. of Meetings attended
Mr. A.V. Lodha	1
Mr. Rajiv Garg	1
Dr. R Srinivasan	4
Mr. Pujit Aggarwal	2

4. Shareholders' Grievance Committee

The Shareholders' Grievance Committee of the Board of Directors of the Company is comprised of Mr. Girish Jhunjhnuwala and Mr. A.V. Lodha under the chairmanship of Mr. 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 9 complaints from the investors during the financial year 2008-09, which have been duly resolved. Mr. A.K. Banerjee, 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.

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 2008-09 are given below:

Name of Director	Sitting Fees (Rs.)
Mr. Girish Jhunjhnuwala	40,000
Mr. Ratan Jindal	30,000
Mr. A.V. Lodha	20,000
Mr. Rajiv Garg	20,000
Dr. R Srinivasan	80,000
Mr. Pujit Aggarwal	40,000



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
1859124	129600	1988724	Three years with effect from 1st July, 2007	Three months notice by either party

6. Code of Conduct

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

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.

7. CEO/CFO Certification

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

8. General Body Meetings

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

For the Financial year	Date of AGM	Time	Venue	No. of Special Resolutions
2007-08	25.07.2006	11.00 A.M.	Mini Auditorium Science City JBS Haldane Avenue Kolkata-700 046	None
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

At the above mentioned meetings, all the Resolutions were passed on show of hands. During the year under review, no resolution was passed through postal ballot. A special resolution for shifting of Registered Office from Kolkata to Howrah is proposed to be conducted through postal ballot process at the ensuing Annual General Meeting in accordance with Section 192A (2) of the Companies Act, 1956, read with the Companies (Passing of the Resolution by Postal Ballot) Rules, 2001.

During the year under review, a meeting of the shareholders of the Company was held on 21st September, 2008, pursuant to the direction given by the Hon'ble High Court at Calcutta, to consider the Scheme of Arrangement between the Company, Shalimar Adhunik Nirman Limited and its respective shareholders

9. Disclosure

There were no materially significant related party transactions i.e. transactions of material nature made by the Company with its promoters, directors or the management, their subsidiaries or relatives etc. that may have potential conflict with the interest of the Company at large. The requisite disclosure on 'Related Party Transactions' pursuant to Accounting Standard 18 has been given in Note No. 24 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.



10. Management Discussion and Analysis

Industrial Structure and Development

The Indian economy has been impacted by the global slowdown. The economy is expected to have grown by about 6% in 2008-09. The slowdown has affected several sectors directly related to the paints industry like real estate and infrastructure. Further the first half of the year also witnessed high inflation and spiraling raw material prices. In the second half there was severe contraction of demand. Further the rupee sharply depreciated against major currencies which had an adverse impact on cost of imports and also on borrowing costs for foreign currency loans.

The Paints industry witnessed a volatile year with demand surging in the first six months followed by steep fall in the second half of the year. Sectors like real estate, housing and infrastructure development were severely affected due to the economic downturn. On the industrial side also the auto industry faced a severe downturn which affected the paints demand. Overall the industrial demand also came down substantially.

In spite of the extremely difficult demand situation, your Company has achieved reasonable growth in both the Decorative and Industrial segments. Your Company with its wide product range has grown by 8%. The Company's emphasis has been on constantly changing the product mix by going for high value products and improving operational efficiencies.

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

Opportunities and Threats.

The growth in the Paints industry is directly linked to the overall economic growth of the country. With the economy slowly recovering from recessionary trends, growth will be a challenge both in the decorative and industrial segments. It is expected that the economic growth will pick up in the second half of the year. In case that happens there could be increased demand for paints. There are also concerns with regard to infrastructure bottlenecks, growth in sectors like real estate and auto and overall business confidence which could have an affect on growth in the Paint Industry.

Outlook

The growth of the Indian economy will depend on the global scenario and also the impact of the stimulus packages announced by the Government. Overall the scenario is quite challenging. However paint demand in Tier II and Tier III towns is expected to be reasonably good. The Company's endeavour will be to tap the 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, the real estate sector is severely impacted by the recession and will take considerable time to recover which will have an impact on demand for paints.

The services sector has also been affected by the global slowdown which has a direct impact on the demand for housing which can affect the paint 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 also 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 Director's report.

11. Means of Communication

The quarterly results are being generally published in Financial Express 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.10 above and is forming part of the Annual Report.

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

12. Disclosure on appointment/re-appointment of Directors

Mr. Ratan Jindal, aged about 47 years, one of the Promoter Directors of the Company is a commerce graduate with specialised top management training from the Wharton School of Management, USA and having more than twenty-seven years of experience in top management of various companies. He is Vice Chairman and Managing Director of JSL Limited and is a member of the Board of Directors of the following companies :

Jindal Steel & Power Limited, Nalwa Farms (P) Limited, Massilion Stainless Inc., USA, Jindal Stainless Mauritius Limited, Sonabheel Tea Limited. Jindal Stainless UK Ltd, Jindal Stainless FZE, Jindal Industries Ltd, OPJ Investments & Holdings Ltd., Nalwa Fincap Ltd. Nalwa Financial Services Ltd., JSL Group Holdings Pte. Ltd., JSL Ventures Pte. Ltd. and JSL Europe SA.

Mr. Jindal holds 4000 equity shares in the Company.

Mr. Rajiv Garg, aged 54, is M.Sc. (Hons.) and has also completed Master Degree in Management from McGill University, Canada and Post Graduate Diploma in International Management from INSEAD, France. He is having thirty years experience in various companies in finance and corporate administration. He holds directorships in XL Telecom Energy Ltd., and Saptashva Solar Ltd.

Mr. Rajiv Garg does not hold any shares in the Company in his own name.

Mr. Pujit Aggarwal, aged 38 is an alumnus of Harvard Business school and Sydenham College with more than 19 years experience in the real estate industry. He has served as member of the Chief Minister's Task Force for developing the housing policy for State of Maharashtra. He is the Managing Director of Orbit Corporation and holds directorships in Orbit Shelter Private Limited, Orbit Residency Private Limited, Brio Academic Infrastructure and Resource Management Pvt. Ltd., Orbit Raking Solutions Limited, Orbit Highcity Private Limited.

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

13. Subsidiary

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

14. General Shareholder information

- a) As indicated in the notice dated 29th June, 2009, the 107th Annual General Meeting of the Company will be held on 30th July, 2009 at 11:00 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 22nd July, 2009 to 30th July, 2009, 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, 2009 (Unaudited)	:	31st July, 2009
For the Quarter ending 30th September, 2009 (Unaudited)	:	31st October, 2009
For the Quarter ending 31st December, 2009 (Unaudited)	:	31st January, 2010
For the year ending 31st March, 2010 (Audited)	:	30th June, 2010
- 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, Badra 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 2008	377.95	315.00	397.40	301.05
May 2008	469.95	333.25	474.00	355.00
June 2008	418.00	359.15	414.80	380.20
July 2008	380.00	230.00	418.90	284.00
August 2008	349.95	271.00	359.80	281.00
September 2008	363.00	251.00	344.75	200.10
October 2008	298.00	148.10	290.00	143.00
November 2008	235.00	150.00	210.00	137.20
December 2008	203.00	157.00	198.00	148.10
January 2009	192.95	161.00	197.80	160.00
February 2009	179.95	152.25	170.00	141.20
March 2009	176.00	139.75	153.00	140.30

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 2008	377.95	315.00	17378.46	15343.12
May 2008	469.95	333.25	17600.12	16275.59
June 2008	418.00	359.15	16063.18	13461.60
July 2008	380.00	230.00	14942.28	12575.80
August 2008	349.95	271.00	15503.92	14048.34
September 2008	363.00	251.00	15049.86	12595.75
October 2008	298.00	148.10	13055.67	8509.56
November 2008	235.00	150.00	10631.12	8451.01
December 2008	203.00	157.00	10099.91	8739.24
January 2009	192.95	161.00	10335.93	8674.35
February 2009	179.95	152.25	9647.47	8822.06
March 2009	176.00	139.75	10048.49	8160.40

- 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, 2009 is given below:

	No. of Shareholders	Percentage	No. of Shares held	Percentage
Upto 500	3339	94.885	292236	7.720
501 to 1000	84	2.387	58994	1.559
1001 to 2000	23	0.654	32098	0.848
2001 to 3000	18	0.511	44374	1.172
3001 to 4000	11	0.313	38854	1.026
4001 to 5000	5	0.142	22758	0.601
5001 to 10000	12	0.341	89233	2.357
10001 and above	27	0.767	3207073	84.717
Total	3519	100.000	3785620	100.000



k) Category of shareholders as on 31st March, 2009 are given below:

	No. of shares	Percentage
Promoters	2358528	62.30
Financial Institutions	133370	3.52
NRI/NRC	32900	0.87
General	1260822	33.31
Total	3785620	100.00

- l) Dematerialisation of Shares and liquidity: As on 31st March, 2009, Equity shares representing 41.09% 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, P.O. Danesh Shaik Lane, Goabaria, Howrah.
- 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

Delhi, 29th day of June, 2009

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

I, Sandeep Sarada, 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
S. SARDA
Executive Director

Delhi, 29th day of June, 2009

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, 2009 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 : 29th June, 2009

Membership No.FCS3381
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, 2009, 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, 2009 and taken on record by the Board of Directors, we report that none of the directors are disqualified as on 31st March, 2009 from being appointed as directors in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
 - vi) In our opinion and to the best of our information and according to the explanations given to us, the annexed accounts , 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, 2009;
 - (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



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 2009 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.352.74 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)	58.35
02.	Central Excise Act, 1944	Excise Duty	Commissioner of Central Excise (Appeals)	136.64
03.	Central Sales Tax Act and Sales Tax Act of various states	Sales Tax	Commissioner (Appeals)/ Appellate Tribunal	157.75
			TOTAL:	352.74

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
Mem No.-054975

**Balance Sheet as at 31st March, 2009**

	Schedule No.	As at 31st March 2009 Rs.	As at 31st March 2008 Rs.
I SOURCES OF FUNDS			
1. Shareholders' Funds			
a) Capital	1	3,78,56,735	3,78,56,735
b) Reserves & Surplus	2	35,29,65,606	33,19,48,983
		39,08,22,341	36,98,05,718
2. Loan Funds	3		
a) Secured Loans		56,70,26,417	54,54,38,538
b) Unsecured Loans		3,70,47,300	6,57,36,072
		60,40,73,717	61,11,74,610
3. Deferred Tax Liability (Net) (Refer Note no. 22 of Schedule 19)		2,38,04,669	2,23,95,561
	Total	1,01,87,00,727	1,00,33,75,889
II APPLICATION OF FUNDS			
1. Fixed Assets	4		
a) Gross Block		61,80,05,063	58,93,76,419
b) Less : Depreciation		35,96,24,897	32,48,80,820
c) Net Block		25,83,80,166	26,44,95,599
d) Capital Work-in-Progress		5,15,459	3,60,635
		25,88,95,625	26,48,56,234
2. Investments	5	29,73,400	9,73,400
3. Current Assets, Loans and Advances			
a) Inventory	6	50,57,31,253	62,48,34,507
b) Sundry Debtors	7	78,54,93,768	78,45,80,287
c) Cash and Bank Balances	8	13,58,73,415	13,15,40,022
d) Loans and Advances	9	12,98,15,163	12,91,99,492
		1,55,69,13,599	167,01,54,308
<i>Less : Current Liabilities and Provisions</i>			
a) Liabilities	10	78,27,56,646	88,87,61,327
b) Provisions	11	1,73,25,251	4,38,46,726
Net Current Assets		80,00,81,897	93,26,08,053
		75,68,31,702	73,75,46,255
	Total	1,01,87,00,727	1,00,33,75,889
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

29th June, 2009

S. SARDA
Executive Director & CEO

G JHUNJHNUWALA
Chairman

DR. R. SRINIVASAN
Director

**Profit And Loss Account for the year ended 31st March, 2009**

	Schedule No.	For year ended 31st March 2009 Rs.	For year ended 31st March 2008 Rs.
INCOME			
Sales less returns		3,68,86,67,766	340,13,82,450
Less : Excise duty		36,46,68,765	40,79,04,897
Sales (Net of Excise)		3,32,39,99,001	2,99,34,77,553
Other Income	12	2,86,84,236	2,70,18,164
Increase/(Decrease) in stocks	13	(10,21,22,050)	1,14,91,023
		3,25,05,61,187	3,03,19,86,740
EXPENDITURE			
Materials consumed	14	1,98,57,16,564	1,83,23,42,709
Purchase of Bought-in-items		9,71,94,786	7,47,29,390
Employees' remuneration and other benefits	15	16,00,61,751	15,44,91,368
Discounts and rebates		43,25,50,830	40,10,53,200
Manufacturing, administrative, selling and other expenses	16	37,61,90,760	33,09,81,349
Interest	17	8,05,88,230	6,30,46,795
		3,13,23,02,921	2,85,66,44,811
Profit Before Depreciation		11,82,58,266	17,53,41,929
Depreciation		3,39,98,613	3,05,32,382
Profit Before Tax and Exceptional Items		8,42,59,653	14,48,09,547
Exceptional Items		2,08,68,265	—
Profit Before Tax		6,33,91,388	14,48,09,547
Provision for Tax			
— Current Tax		2,45,00,000	4,68,00,000
— Fringe Benefit Tax		18,50,000	18,50,000
— Deferred Tax		14,09,108	3,36,420
Profit After Tax		3,56,32,280	9,58,23,127
Balance Brought Forward		4,55,02,118	3,06,81,894
Profit available for Appropriations		8,11,34,398	12,65,05,021
APPROPRIATIONS			
Transferred to General Reserve		1,00,00,000	5,00,00,000
Proposed Dividend		1,13,56,860	2,64,99,340
Tax on Proposed Dividend		19,30,098	45,03,563
Balance Carried Forward to Balance Sheet		5,78,47,440	4,55,02,118
		8,11,34,398	12,65,05,021
Earnings per share - Basic and diluted (in Rupees)		9.41	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

29th June, 2009

S. SARDA
Executive Director & CEO

G JHUNJHNUWALA
Chairman

DR. R. SRINIVASAN
Director

**Schedules forming part of the Accounts**

	2008-2009 Rs.	2007-2008 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	<u>3,78,56,200</u>	<u>3,78,56,200</u>
Share Forfeiture Account	<u>535</u>	<u>535</u>
	<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	<u>15,56,56,367</u>	<u>10,56,56,367</u>
Transferred from/(to) Profit and Loss Account	<u>1,00,00,000</u>	<u>5,00,00,000</u>
	<u>16,56,56,367</u>	<u>15,56,56,367</u>
Profit and Loss Account	<u>5,78,47,440</u>	<u>4,55,02,118</u>
Export Profit Reserve	<u>1,95,000</u>	<u>1,95,000</u>
Capital Reserve		
Subsidy from SICOM and against Generator Set	<u>31,19,000</u>	<u>31,19,000</u>
Debenture Forfeiture Account	<u>1,05,089</u>	<u>1,05,089</u>
	<u>32,24,089</u>	<u>32,24,089</u>
Fixed Asset Revaluation Reserve		
Balance as per last Account	<u>3,24,44,409</u>	<u>3,42,58,461</u>
Transferred from/(to) Profit and Loss Account	<u>(13,28,698)</u>	<u>(18,14,052)</u>
	<u>3,11,15,711</u>	<u>3,24,44,409</u>
Share Premium Account	<u>9,49,27,000</u>	<u>9,49,27,000</u>
	<u>35,29,65,606</u>	<u>33,19,48,983</u>
3. LOAN FUNDS		
Secured Loans		
Overdrafts (including Working Capital Demand Loans)	<u>56,64,25,684</u>	<u>54,54,38,538</u>
Auto Loans	<u>6,00,733</u>	<u>—</u>
	<u>56,70,26,417</u>	<u>54,54,38,538</u>
Unsecured Loans		
Trade Deposits	<u>31,00,000</u>	<u>37,00,000</u>
Interest Accrued and Due	<u>1,79,557</u>	<u>3,64,861</u>
	<u>32,79,557</u>	<u>40,64,861</u>
Deferred Sales Tax	<u>3,37,67,743</u>	<u>6,16,71,211</u>
	<u>3,70,47,300</u>	<u>6,57,36,072</u>



Schedules forming part of the Accounts (Contd.)

4. FIXED ASSETS

(Figures in Rupees)

Particulars	GROSS BLOCK				ACCUMULATED DEPRECIATION				NET BLOCK	
	As at 1st April'08	Addition during the year	Sold/ Adjustments during the year	As at 31st March'09	Provided up to 31st March'08	Adjustment On disposal	Provision for the current year	Total as at 31st March'09	Net written down value as at 31st March'09	Net written down value as at 31st March'08
Land	30,396,426	54,413,547	(54,413,547)	30,396,426	—	—	—	—	30,396,426	30,396,426
Buildings	140,479,704	7,507,553		147,987,257	54,733,192	—	5,100,560	59833752	88,153,505	85,746,511
Plant & Machinery	204,985,525	7,504,072	(87,744)	212,401,853	171,215,173	(5,056)	5,482,200	176692317	35,709,536	33,770,352
Leased Equipment	105,452,725	11,816,519	(2,913,799)	114,355,445	27,284,869	(121,388)	11,828,494	38991975	75,363,470	78,167,856
Office Equipment	79,441,983	5,030,016	0	84,471,999	50,754,480	0	12,005,498	62759978	21,712,021	28,687,504
Furnitures & Fittings	20,914,419	267,390	—	21,181,809	15,052,348	—	401,232	15453580	5,728,229	5,862,071
Motor Car & Other Vehicles	7,705,637	1,083,882	(1,579,244)	7,210,275	5,840,758	(456,789)	509,327	5893296	1,316,979	1,864,879
Total	589,376,419	87,622,979	(58,994,334)	618,005,063	324,880,820	(583,233)	35,327,311	359,624,897	258,380,166	264,495,599
Previous Year	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	

NOTE: Depreciation for the year includes depreciation on amount added on revaluation of Rs. 1328698/- (previous year Rs. 18,14,052/-) recouped from Fixed Assets Revaluation Reserve

5. INVESTMENTS - (other than trade) (at cost)

Unquoted

Unquoted - In Subsidiary Company:-

Shalimar Adhunik Nirman Ltd.

49990 Equity Shares of Rs. 10 each fully paid-up **499,900** 499,900

450000 Equity Shares of Rs. 10 each (Partly paid-up @ Rs. 1 each) **450,000** 450,000

In Debentures

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

Rs. 17,000 5% Woodland Medical Centre Ltd. **17,000** 17,000

(Non redeemable Mortgage Debenture Stock 1957)

Quoted

In Bond-At Cost

UTI Infrastructure Advantage Fund

Series / Growth Plan

200000 Units of Rs. 10 Each

20,00,000 —

(Market Value of Long Term Quoted

Investment Rs. 11,66,000)

29,73,400 9,73,400

6. INVENTORY

(at cost or market value whichever is lower)

Raw Material **16,88,83,761** 19,45,74,264

Stock-in-trade **26,84,06,541** 36,12,61,824

Material-in-process **3,65,48,528** 4,58,15,295

Stores **58,81,342** 56,18,691

Materials-in-transit **2,60,11,081** 1,75,64,433

50,57,31,253 62,48,34,507

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

	2008-2009 Rs.	2007-2008 Rs.
7. SUNDRY DEBTORS		
(Unsecured - considered good)		
Debts outstanding for a period exceeding six months	4,56,39,000	2,17,50,000
Others	73,98,54,768	76,28,30,287
	78,54,93,768	78,45,80,287
8. CASH AND BANK BALANCES		
Cash and cheques in hand	9,42,71,361	3,96,12,720
Balance with Scheduled Banks :		
Current Account	63,50,746	3,14,44,611
Fixed Deposit Account	37,940	37,940
Unpaid Dividend Account	15,44,555	13,04,958
	79,33,241	3,27,87,509
Remittances in transit	3,36,68,813	5,91,39,793
	13,58,73,415	1,31,540,022
9. LOANS AND ADVANCES		
Unsecured : Considered Good		
Advances (recoverable in cash or in kind or for value to be received):		
Advances to Subsidiary Company	5,49,57,929	44,382
Other Advances	2,16,47,864	8,68,22,409
Balances with Customs, Central Excise, etc	31,69,722	22,17,804
Loans and advances to companies	—	50,00,000
Deposits	5,00,39,648	3,51,14,897
	12,98,15,163	12,91,99,492
10. LIABILITIES		
Acceptances	7,56,54,406	10,13,54,802
Sundry Creditors		
– Dues to Small Scale Industrial Undertakings	11,89,11,803	6,03,93,219
– Others	58,66,45,882	72,57,08,348
Investor Education & Protection Fund shall be credited by:		
– Unpaid Dividend	15,44,555	13,04,958
	78,27,56,646	88,87,61,327
11. PROVISIONS		
Provision for Taxation	40,38,293	1,28,43,823
Proposed Dividend	1,13,56,860	2,64,99,340
Tax on Proposed Dividend	19,30,098	45,03,563
	1,73,25,251	4,38,46,726
12. OTHER INCOME		
Sundry Sales	84,98,537	66,09,691
Profit/(loss) on sale of fixed assets	(8,54,735)	(5,18,808)
Lease Rental	1,90,04,159	1,83,77,497
Interest (T.D.S. Rs. 100425 Previous Year Rs. 133900)	7,87,371	6,92,180
Miscellaneous receipts	12,48,904	18,57,604
	2,86,84,236	27,01,8164

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

	2008-2009 Rs.	2007-2008 Rs.
13. INCREASE/(DECREASE) IN STOCKS		
Closing Stock		
Finished Goods	26,84,06,541	36,12,61,824
Materials-in-Process	3,65,48,528	4,58,15,295
	30,49,55,069	40,70,77,119
Opening 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
	(10,21,22,050)	1,14,91,023
14. MATERIALS CONSUMED		
Opening Stock of Raw Materials	19,45,74,264	16,82,40,638
Add : Purchase of Raw Materials	1,96,00,26,061	1,85,86,76,335
Less : Closing Stock of Raw Materials	16,88,83,761	19,45,74,264
	1,98,57,16,564	1,83,23,42,709
15. EMPLOYEES' REMUNERATION AND OTHER BENEFITS		
Salaries, wages, bonus, pension etc.	12,59,95,391	11,76,74,564
Contribution to provident and other funds	99,50,415	1,26,20,834
Workmen and staff welfare expenses	2,41,15,945	2,41,95,970
	16,00,61,751	15,44,91,368
16. MANUFACTURING, ADMINISTRATIVE, SELLING AND OTHER EXPENSES		
Stores consumed	98,04,434	81,79,490
Power and fuel	2,79,86,155	2,83,58,853
Rent (Net)	1,41,98,972	1,70,08,067
Rates and taxes	1,75,71,25	26,48,715
Insurance	9,89,167	13,87,369
Repairs to plant and machinery	38,71,385	26,39,368
Repairs to building	26,72,105	17,86,985
Repairs - others	90,44,069	80,61,863
Printing and stationery	67,56,635	63,99,589
Communication expenses	1,08,71,507	1,12,69,952
Directors' fees	2,30,000	2,90,000
Audit fees and expenses	3,60,942	3,60,655
Commission on sales	2,45,95,906	1,65,62,035
Travelling expenses	2,98,73,897	2,73,70,786
Freight and carriage	13,52,79,351	13,12,16,510
Miscellaneous expenses	9,78,99,110	6,74,41,112
	37,61,90,760	33,09,81,349
17. INTEREST		
Fixed Loans	—	12,69,393
Others	8,05,88,230	6,17,77,402
	8,05,88,230	6,30,46,795



Schedules forming part of the Accounts (Contd.)

18. 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 Nasik and Sikandrabad Plant - on straight-line method.
- b) In respect of other assets - on written down value method.

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

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 contribution 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 Voluntary Retirement Scheme

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

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 2009 Rs.	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 first charge on the fixed assets of the Nasik plant and second charge on the fixed assets of Sikandrabad plant.		
2. Liabilities in Schedule 10 include Rs. 1189.12 Lacs (Previous Year 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 by a first charge on the immovable property of Sikandrabad plant and by second charge by way of hypothecation of entire movable assets (save and except book debts) of the Company, subject to prior charges, created and/or to be created, in favour of the Company's Bankers for securing the borrowings for working capital requirements. The charges ranking pari-passu between the Financial Institutions.		
3. Auto Loans are secured by hypothecation of the vehicles financed out of such loans.	6,00,733	NIL
4. Contingent Liabilities Contingent Liabilities not provided for in respect of :		
Excise Duty	1,36,64,434	40,16,701
Income Tax / FBT	58,35,246	48,18,556
Bank Guarantees	8,03,51,111	4,57,17,187
Sales Tax	1,57,75,000	88,73,000
5. In case of one of the Company's offices on rent, the Division Bench of Kolkata High Court has directed appointment of a Special Referee to arrive at mesne profit payable by the Company. The liability on account of mesne profit as on date cannot be ascertained.		
6. Claims against the Company not acknowledged as debt (to the extent ascertained)	67,62,597	57,30,597
7. Estimated amount of capital commitments, net of advance of Rs 10,42,707 (previous year Rs. 9,39,566)	16,34,732	2,99,410
8. Uncalled Liability on Partly paid up shares	40,50,000	40,50,000
9. Auditors' Remuneration		
As Auditors	2,00,000	2,00,000
In other capacity	1,50,000	1,50,000
Reimbursement of expenses	10,942	10,655
	3,60,942	3,60,655
10. Consumption of Stores	98,04,434	81,79,499
11. CIF Value of Imports		
Raw Materials	15,62,31,180	18,46,76,353
12. Expenditure in foreign currency		
Purchase of raw material	23,74,57,947	9,68,31,174
13. 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. 82,62,198	Rs. 59,01,570
d) Year to which dividend relates	2007-08	2006-07



Schedules forming part of the Accounts (Contd.)

		For the year ended 31st March 2009 Rs.		For the year ended 31st March 2008 Rs.
14. Managerial remuneration				
Directors' Fees		2,30,000		2,90,000
Wholetime Director's remuneration:				
Salaries	18,59,124			
Contribution to Provident Fund	1,29,600	19,88,724		15,07,746
	For the year ended 31st March 2009		For the year ended 31st March 2008	
15. Turnover	Quantity KL	Value Rs.	Quantity KL	Value Rs.
Class of Goods				
Paint (finished)	39859 (47831 MT)	3,68,86,67,766	39546 (47455 MT)	3,40,13,82,450
16. Opening and Closing Stocks				
	Opening stocks as at 1st April, 2008		Closing stocks as at 31st March, 2009	
	Quantity KL	Value Rs.	Quantity KL	Value Rs.
Paint (finished)	5657 (6788 MT)	36,12,61,824	4357 (5228 MT)	26,84,06,541
Previous year Paint (finished)	5747 (6896 MT)	35,33,10,149	5657 (6788 MT)	36,12,61,824
17. Capacity and Production				
	Installed capacity as at 31st March 2009	Actual Production during the year ended 31st March 2009 (Packed for sale)		Previous Year
Paints, enamels & varnishes, N.C. Lacquers & ancillary items (Packed for sale)	48,000 Tonnes	42,560 Tonnes		44,489 Tonnes
Synthetic Resin (mainly for captive consumption)	7,672 Tonnes	2,051 Tonnes		2,830 Tonnes
	For the year ended 31st March 2009		For the year ended 31st March 2008	
	Quantity KL	Value Rs.	Quantity KL	Value Rs.
18. Purchase (Bought-in-items)	3092	9,71,94,786	2382	7,47,29,390
19. Consumption of imported and indigenous raw materials (excluding spare parts and components).				
	For the year ended 31st March 2009		For the year ended 31st March 2008	
	%	Rs.	%	Rs.
Imported Raw Materials	9.03	17,93,64,910	10.94	20,05,33,362
Indigenous Raw Materials	90.97	1,80,63,51,654	89.06	163,18,09,347

**Schedules forming part of the Accounts (Contd.)****20. Important basic raw materials and packing materials consumed**

	For the year ended 31st March 2009		For the year ended 31st March 2008	
	Quantity	Value Rs.	Quantity	Value Rs.
Organic acid/chemicals	40,97,987 Kgs	31,33,22,317	44,09,569 Kgs	29,01,03,739
Pigments	31,76,922 Kgs	26,85,84,542	30,71,262 Kgs	25,46,42,908
Solvents & Oils	1,24,01,707 Lts	62,16,20,607	1,37,63,367 Lts	56,91,41,798
Packages and Packing Materials	1,13,42,233 Nos	23,71,16,473	1,21,97,460 Nos	21,36,40,340
Others*		54,50,72,625		50,48,13,924
		1,98,57,16,564		1,83,23,42,709

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

21. The small-scale industrial undertakings to whom the Company owes any sums which is outstanding for more than 30 days are M/s. Atlas tin Box Co., M/s Arum Pharmachem Pvt. Ltd., M/s Anand Packging, M/s Associates Containers & Barrels Pvt. Ltd., M/s Arvind cans Limited, 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 Choudhary Tar & Chemicals, M/s Cross Point Chemical Industries, M/s Champion Piantis Pvt. Ltd., M/s. Diraj Intermediates Pvt. Ltd., M/s. Damani Packaging Pvt. Ltd. , Dispersive Minerals & Chemicals (I) Ltd., M/s. Evergreen Drums & Cans Pvt. Ltd., M/s Elga Paints & Polymers, M/s Indian Tin Udyog, M/s Kapilash Udyog, M/s. Karna Paints (P) Ltd., M/s K B Engineering Co. Pvt. Ltd., M/s Krishna Petrochem Pvt. Ltd., M/s Master Tin works, 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 R B Electronic, M/s. Sunflag Chemicals Pvt. Ltd., M/s Surya Containers Pvt. Ltd., M/s S.R. Packaging and Industires Pvt. Ltd., M/s Somani Oil Industries, M/s Somani Oil & Chemicals, STI Logistics Pvt. Ltd., M/s Tin Box Company 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 Dovelopment Act, 2006 and hence disclosure if any relating to amount unpaid as at the year end together with interest paid / payable as required under the said Act have not been given.
22. The Company has adopted Accounting Standard 22 (AS 22) "Accounting for Taxes on Income" ; and the net deferred tax liabilities amounting to Rs.14,09,108 pertaining to the current year has been recognised.

	Opening As at 01/04/2008	Charge /(Credit) During the year	(Rs. in Lacs) Closing As at 31/03/2009
Deferred Tax Assets			
Expenses allowable on payment basis	48.98	0.28	(48.70)
	48.98	0.28	(48.70)
Deferred Tax Liabilities			
Depreciation and related items	(272.94)	13.81	286.75
Net Deferred Tax Liabilities	223.96	14.09	238.05

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

23. Future minimum lease rentals payable as at 31.03.2009 as per the lease agreements :

	2008-2009	(Rs. in lacs) 2007-2008
i) Not later than one year	157.35	150.81
ii) Later than one year and not later than five years	265.90	267.41
iii) Later than five years	0	0
	423.25	418.22

24. 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 2008-2009 (Rs. in Lac)	Amount outstanding as on 31st March, 2009 (Rs. in Lac)
S.Sarda	Executive Director	Remuneration	Refer Note 14 of Schedule 19	—
Sonabheel Tea Co. Ltd.	Company controlled by Directors	Interest Received	4.88	NIL
Sonabheel Tea Co. Ltd.	Company controlled by Directors	Loan repayment	50.00	NIL
Shalimar Adhunik Nirman Ltd	Subsidiary	Investment	9.50	9.50
Shalimar Adhunik Nirman Ltd	Subsidiary	Hiving of Real Estate Division	549.14	549.58

25. Pursuant to the Scheme of Arrangement as approved by the Honorable High Courts of Kolkata & Delhi, Real Estate Division of the Company, herein after referred to as "Transferor Company", has been hived off to Shalimar Adhunik Nirman Limited, a subsidiary of the transferor company, and hereinafter referred to as "Transferee Company".

The assets of the Real Estate Division consisting of Fixed and Current Assets valued at Rs.5,49,13,547/- have been transferred by the transferor company to the transferee company and consideration receivable against the said transfer is shown as "Advance to Subsidiary" in Schedule 9 of the Accounts.

The said consideration shall be discharged by the transferee company in cash and issue of 6 %, Non Convertible Redeemable Preference Shares of Rs.100 /- each, fully paid up, at par, aggregating Rs.50,00,000 (Rupees Fifty Lacs) to the transferor company, as per the orders of Honorable High Courts.

26. Excise duty includes Rs. 32,54,033 on account of differential duty paid for previous year.

27. Exceptional Items as referred to in the Profit & Loss Account, consist of write off of irrecoverable debts of Rs. 1,99,58,205, write off of certain old debit balances of Rs. 16,86,559 and write back of old credit balances of Rs. 7,76,499 .

28. Employees Benefits

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



Schedules forming part of the Accounts (Contd.)

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 2009

	Gratuity Funded	Encashment (Nonfunded)
(In Lacs)		
I Expense recognized in the statement of Profit and Loss for the year ended 31st March 2009		
1 Current Service Cost	25.82	6.82
2 Interest Cost	27.08	8.01
3 Employees Contribution	—	—
4 Expected Return on plan assets	(8.81)	—
5 Net Actuarial (Gain)/Losses	11.56	28.02
6 Past Service Cost	—	—
7 Settlement Cost	—	—
8 Total Expenses	55.65	42.85
II Net Assets / (Liability) recognized in the balance sheet as at 31st March 09		
1 Present Value of Defined Benefits of Obligation as at March 09	365.72	115.24
2 Fair Value of plan assets as at Mar' 09	253.32	—
3 Funded status [Surplus/(Deficit)]	(112.40)	(115.24)
4 Net Assets/(Liability) as at Mar' 09	(112.40)	(115.24)
III Change in Obligation during the year ended 31st March 09		
1 Present Value of Defined Benefit Obligation at beginning of the Year	356.35	98.42
2 Current Service Cost	25.82	6.82
3 Interest Cost	27.08	8.01
4 Settlement cost	0	—
5 Past Service Cost	0	—
6 Employee Contributions	0	—
7 Actuarial (Gain)/ Losses	11.56	28.02
8 Benefits Payments	(55.09)	(26.03)
9 Present value of Defined Benefits Obligation at the end of year	365.72	115.24
IV Change in Assets during the year ended 31st March 09		
1 Plan assets at the beginning of the year	219.60	—
2 Plan assets acquired on amalgamation in Previous Year	—	—
3 Settlements	—	—
4 Expected return on plan assets	—	—
5 Contributions by employer	80.00	26.03
6 Actual benefits paid	(55.09)	(26.03)
7 Actual Gains/ (Losses)	—	—
8 Plan assets at the end of the year	253.32	0.00
9 Actual return on plan assets	8.81	0



Schedules forming part of the Accounts (Contd.)

VII Actuarial Assumptions:

As at 31st March 2009

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

29. The Company operates in mainly one business segment i.e. Paints.
30. Finance charges, under Miscellaneous Expenses, include foreign exchange loss of Rs. 1,73,21,650 (previous year Rs. 10,21,315).
31. Previous year's figures have been rearranged, where necessary.
32. Financial figures have been rounded off to nearest rupee.

Signature to Schedule 1 to 19

For CHATURVEDI & PARTNERS
Chartered Accountants

A.K. DUBEY
Partner

29th June, 2009

S. SARDA
Executive Director & CEO

G JHUNJHNUWALA
Chairman

DR. R. SRINIVASAN
Director

**Abstract of the Balance Sheet as at 31.03.2009 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	31.03.2009		31.03.2008
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	1,81,87,82,624		1,93,59,83,942
Total assets	1,81,87,82,624		1,93,59,83,942
Sources of funds			
Paid-up capital	3,78,56,735		3,78,56,735
Reserves and Surplus	35,29,65,060		33,19,48,983
Secured loans	56,70,26,417		54,54,38,538
Unsecured loans	3,70,47,300		6,57,36,072
Deferred tax liability	2,38,04,669		2,23,95,561
Application of funds			
Net fixed assets	25,88,95,625		26,48,56,234
Investments	29,73,400		9,73,400
Net current assets	75,68,31,702		73,75,46,255
Miscellaneous expenditure	Nil		Nil
Accumulated losses	Nil		Nil
IV) Performance of the Company			
Turnover (including other income)	3,71,73,52,002		3,428,400,614
Total expenditure	3,65,39,60,614		3,28,35,91,067
Profit before tax	6,33,91,388		14,48,09,547
Profit after tax	3,56,32,280		9,58,23,127
Earning per share in Rupees	9.41		25.31
Dividend rate percentage	30%		70%
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

29th June, 2009

S. SARDA
Executive Director & CEO

G JHUNJHNUWALA
Chairman

DR. R. SRINIVASAN
Director

**Cash Flow Statement for year ended 31st March, 2009**

	2008-2009 (Rs. ' 000)	2007-2008 (Rs. ' 000)
A. CASH FLOW FROM OPERATING ACTIVITY		
Net Profit before Tax and Extraordinary items	84,260	144,810
Adjusted for :		
Depreciation	33999	30,532
Interest/Other Income	(18,937)	(18,551)
Interest Expenses	80,588	63,047
Operating Profit before Working Capital Changes	<u>1,79,910</u>	<u>75,028</u>
Adjusted for:		
Trade and Other Receivables	25	(1,56,704)
Inventories	1,19,103	(41,673)
Trade Payables	(1,06,244)	1,67,828
Direct Taxes paid (net of refund)	(35,156)	(38,005)
Cash Flow before extraordinary items	<u>1,57,638</u>	<u>1,51,284</u>
Extraordinary items	(20,868)	—
Cash Generated from Operating Activities	<u>1,36,770</u>	<u>1,51,284</u>
Net Cash from Operation	<u>1,36,770</u>	<u>151,284</u>
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(87,778)	(76,910)
Sale of Fixed Assets	57,556	1,874
Purchase of Investment	(2,000)	(950)
Interest Received	787	692
Lease Rental Received	17,451	14,299
Net Cash used in Investing Activity	<u>(13,984)</u>	<u>(60,995)</u>
C. CASH FLOW FROM FINANCIAL ACTIVITIES		
Proceeds from Borrowings	(6,717)	57,374
Repayment of Borrowings	(199)	(44,213)
Interest Paid	(80,774)	(63,054)
Dividend Paid	30,763	(21,942)
Net Cash used in Financing Activities	<u>(1,18,453)</u>	<u>(71,835)</u>
Net Increase in Cash and Cash Equivalents (A+B+C)	<u>4,333</u>	<u>18,454</u>
Opening Balance of Cash and Cash Equivalents	<u>1,31,540</u>	<u>113,086</u>
Closing Balance of Cash and Cash Equivalents	<u>1,35,873</u>	<u>1,31,540</u>

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

For CHATURVEDI & PARTNERS
Chartered Accountants

A.K. DUBEY
Partner

29th June, 2009

S. SARDA
Executive Director & CEO

G JHUNJHNUWALA
Chairman

DR. R. SRINIVASAN
Director



Statement Regarding Subsidiary Company

Pursuant to Section 212 of the Companies Act, 1956

1. Name of the Subsidiary Company	Shalimar Adhunik Nirman Ltd.
2. The Financial Year of the Subsidiary Company ended	31st of March 2009
3. Holding Company's Interest as at 31.03.2009:	
a) i) No. of Fully paid up 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, 2009	
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

Dated:29th June, 2009

Girish Jhunjhnuwala – *Chairman*

**Five year review**

	(Rs. in lacs)				
Results for the financial year	2008-2009	2007-2008	2006-2007	2005-2006	2004-2005
Sales	36886.68	34,013.82	29,049.22	24,829.93	21,791.88
Other Income	286.84	270.18	207.30	169.75	113.32
Materials consumed	20829.11	18,955.81	16,271.58	13,773.49	11,756.29
Manufacturing expenses, administrative & selling overheads	14355.94	12,944.31	11,372.33	10,145.15	9,357.00
EBIDTA	1,988.47	2,383.88	1,612.61	1,081.04	791.91
Exceptional Items	208.68	—	—	—	—
VRS expenses amortised	—	—	—	13.64	54.56
Interest	805.88	630.46	533.95	291.96	177.56
Depreciation	339.99	305.32	266.83	274.97	252.90
Profit before tax	633.92	1,448.10	811.83	500.47	306.89
Provision for tax	277.95	489.86	337.15	159.21	108.54
Profit after tax	356.33	958.24	474.68	341.26	198.35
Share Capital	378.57	378.57	378.57	378.57	378.57
Reserves and Surplus	3529.66	3,319.48	2,689.43	2,455.12	2,284.31
Deferred Tax Liability (Net)	238.05	223.95	220.59	163.99	177.64
Loan Funds	6040.74	6,111.74	5,980.20	5,048.53	4,261.25
Fixed Assets	2583.8	2,644.95	2,226.85	2,128.97	2,092.00
Net Current Assets	7588.32	7,375.46	7,041.70	5,909.49	4,979.34
Earning per share (Rs.)	9.41	25.31	12.54	9.01	5.24
Dividend rate percentage	30	70	50	35	25



BOARD OF DIRECTORS

Sandeep Sarda

Shanti Swarup Saxena

Navin Agarwal

Ashok Kumar Arora

Neelam Chawla

BANKERS

HDFC Bank Ltd

REGISTERED OFFICE

9A, Connaught Place

Above ICICI Bank

New Delhi - 110 001

AUDITORS

Chaturvedi & Partners

Directors' Report

To the Shareholders

Your Directors have pleasure in presenting their second Annual Report together with the audited statement of accounts for the year ended 31st March, 2009.

Financial results

The Company in view of the economic slowdown has not commenced any activity in the year under review.

Dividend

In view of the non-availability of profit, your directors do not recommend any dividend for the year ended 31st March, 2009.

Change of name

The name of the Company has been changed from Shalimar Adhunik Nirman Private Limited to Shalimar Adhunik Nirman Limited with effect from 27th of June 2008.

Scheme of Arrangement

During the year under review, the Hon'ble High Courts at Kolkata and Delhi have sanctioned the Scheme of Arrangement (hereinafter referred to as 'Scheme') between the Company and Shalimar Paints Limited (hereinafter referred to as 'SPL') and its respective shareholders and accordingly the Real Estate Division of SPL has been hived-off to the Company with effect from close of business hours on 31st March, 2008, the appointed date.

Directors

Mr. Sandeep Sarda and Mr. Ashok Kumar Arora retire by rotation and being eligible, offer themselves for re-appointment.

Directors' Responsibility Statement

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

- i) In the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- ii) The accounting policies have been selected and applied consistently and the judgements and estimates made are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year;
- 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.

Auditors & Auditors' Report

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.

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 year 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.

Acknowledgements

The Directors would like to place on record their sincere thanks to the Company's Bankers and Shareholders for their support and co-operation.

For and on behalf of the Board

New Delhi
29th June, 2009

S. SARDA S. S. SAXENA
Director Director



Auditor's Report

To the Members of

M/s Shalimar Adhunik Nirman Limited

We have audited the attached Balance Sheet of M/s Shalimar Adhunik Nirman Limited, as at 31st March 2009. 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 accounts 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, 2009, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2009 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 5" 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 2009:

For CHATURVEDI & PARTNERS
Chartered Accountants

A K Dubey
Partner

Membership No.054975

Dated: 29th June 2009



Balance Sheet as at 31st March, 2009

	Schedule No.	As at 31st March 2009 Rs.	As at 31st March 2008 Rs.
I SOURCES OF FUNDS			
1. Shareholders' Funds			
a) Capital	1	9,50,000	9,50,000
b) Reserves & Surplus		—	—
		9,50,000	9,50,000
2. Loan Funds			
a) Secured Loans		—	—
b) Unsecured Loans		—	—
		—	—
Total		9,50,000	9,50,000
II APPLICATION OF FUNDS			
1. Fixed Assets			
a) Gross Block	2	5,44,13,547	—
b) Less : Depreciation		—	—
		5,44,13,547	—
2. Current Assets, Loans and Advances			
Cash and Bank Balances	3	12,63,364	8,76,500
Less : Current Liabilities and Provisions			
Liabilities	4	5,49,69,062	50,000
Net Current Assets		(5,37,05,698)	8,26,500
3. Miscellaneous Expenditure (To the extent not written off or adjusted)			
a) Preliminary Expenses		2,26,580	1,13,500
b) Pre-operative Expenses		15,571	10,000
Total		9,50,000	9,50,000
III NOTES TO ACCOUNTS			
	5		

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

29th June, 2009

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

**Schedules forming part of the Accounts**

	2008-2009	2007-2008
	Rs.	Rs.
1. CAPITAL		
Authorised		
5,00,000 Equity Shares of Rs. 10 each	5,000,000	5,000,000
Issued and Subscribed & Paid up		
5,00,000 Equity Shares of Rs. 10 each (50,000 Equity Share of Rs. 10 each fully Paid up , and 4,50,000 Equity Share of Rs. 10 each, Rs. 1 Partly Paid up)	950,000	950,000
	950,000	950,000

2. FIXED ASSETS

Description of Assets	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 1st April'08	Additions during the year	Sold/ Adjustment during the year	As at 31st March'09	Provided upto 31st March'08	On Assets Added/Adjustments	Provision for the current year	Total as at 31st March'09	Written down value as at 31st March'09	Written down value as at 31st March'08
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Land	—	54,413,547	—	54,413,547	—	—	—	—	54,413,547	—
Total	—	54,413,547	—	54,413,547	—	—	—	—	54,413,547	—
Previous Year	—	—	—	—	—	—	—	—	—	—

	2008-2009	2007-2008
	Rs.	Rs.
3 CASH AND BANK BALANCES		
Balance with Scheduled Banks :		
Current Account	1,263,364	876,500
	1,263,364	876,500
4 CURRENT LIABILITIES & PROVISIONS		
CURRENT LIABILITIES		
Due to Holding Company:		
(i) Against transfer of Real Estate Division	54,913,547	—
(ii) Others	44382	44382
	54957929	44382
Other Current Liabilities	11133	5618
Provisions	—	—
	54,969,062	50,000



Schedules forming part of the Accounts (Contd.)

5. 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. The name of the Company has been changed from Shalimar Adhunik Nirman Pvt. Ltd. to Shalimar Adhunik Nirman Ltd. with effect from 27th June, 2008.
2. The Company had not carried on any business activity/revenue transaction during the year ended 31st March, 2009, hence no Profit & Loss Account has been prepared.
3. Pre-operative expenses, as detailed below, has been shown under the head "Miscellaneous Expenditure."

Head of Accounts	As at 31st March, 2009 (Rs.)	As at 31st March, 2008 (Rs.)
Audit Fees	11133	5618
Printing & stationary	4382	4382
Bank Charges	56	—
	<u>15571</u>	<u>10000</u>

4. Related party disclosure:

Pursuant to the Scheme of Arrangement as approved by the Honourable High Courts of Delhi and Kolkata, the Company has acquired Real Estate Division consisting of Fixed and Current Assets Valued at Rs 5,49,13,547 from Shalimar Paints Limited, the holding company.

The said consideration outstanding as at the year end as on 31st March, 2009 shall be discharged by payment in cash and by way of issue of 6 %, Non Convertible Redeemable Preference Shares of Rs.100 /- each, fully paid up, at par, aggregating Rs.50,00,000 (Rupees Fifty Lakhs), as per the orders of the honourable High Courts.

The landed property of the Real Estate division is yet to be registered in the name of the Company.

5. The Accounts of the Company have been prepared for twelve months ended 31st March, 2009 ; whereas in the previous year it was for the period 4th October, 2007 to 31st March, 2008, Hence financial figures of both the years are not strictly comparable.
6. Financial figures have been rounded off to nearest rupees.

Signature to Schedules 1 to 5

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

29th June, 2009

S. SARDA Director
S.S. SAXENA Director



Abstract of the Balance Sheet as at 31.03.2009 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	168944
State Code	55	55
Balance Sheet Date	31.03.2009	31.03.2008

II) Capital raised during the year

Public issue	Nil	Nil
Rights issue	Nil	Nil
Bonus issue	Nil	Nil
Private placements	950,000	950,000

III) Position of mobilisation and deployment of funds

Total liabilities	55,919,062	950,000
Total assets	55,919,062	950,000
Sources of funds		
Paid-up capital	950,000	950,000
Reserves and Surplus	Nil	Nil
Secured loans	Nil	Nil
Unsecured loans	Nil	Nil
Application of funds		
Net fixed assets	54,413,547	Nil
Investments	Nil	Nil
Net current assets	(53,705,698)	826,500
Miscellaneous expenditure	242,151	123,500
Deferred Tax Liability (net)	Nil	Nil
Accumulated losses	Nil	Nil

IV) Performance of the Company

Turnover (including other income)	Nil	Nil
Total expenditure	Nil	Nil
Profit before tax	Nil	Nil
Profit after tax	Nil	Nil
Earning per share in Rupees	Nil	Nil
Dividend rate percentage	Nil	Nil

V) Generic names of three principal products of the Company

NOT APPLICABLE NOT APPLICABLE

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

29th June, 2009

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



Auditor's Report

To the Members of M/s Shalimar Paints Limited

1. We have examined the attached Consolidated Balance Sheet of Shalimar Paints Limited, and its subsidiary Company, Shalimar Adhunik Nirman Limited

(collectively known as "the Group") as at 31st March, 2009, 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. The 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 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.
4. 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 views, 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, 2009:
 - 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

Dated: 29th June 2009



Shalimar Paints Limited – Consolidated

Consolidated Balance Sheet as at 31st March, 2009

	Schedule No.	As at 31st March 2009 Rs.	As at 31st March 2008 Rs.
I SOURCES OF FUNDS			
1. Shareholders' Funds			
a) Capital	1	3,78,56,735	3,78,56,735
b) Reserves & Surplus	2	35,29,65,606	33,19,48,983
		<u>39,08,22,341</u>	<u>36,98,05,718</u>
2. Minority Interest		100	100
3. Loan Funds	3		
a) Secured Loans		56,70,26,417	54,54,38,538
b) Unsecured Loans		3,70,47,300	6,57,36,072
		<u>60,40,73,717</u>	<u>61,11,74,610</u>
4. Deferred Tax Liability (Net) (Refer Note no. 22 of Schedule 19)		2,38,04,669	2,23,95,561
	Total	<u>1,01,87,00,827</u>	<u>1,00,33,75,989</u>
II APPLICATION OF FUNDS			
1. Fixed Assets	4		
a) Gross Block		67,24,18,610	58,93,76,419
b) Less : Depreciation		35,96,24,897	32,48,80,820
c) Net Block		31,27,93,713	26,44,95,599
d) Capital Work-in-Progress		5,15,459	3,60,635
		<u>31,33,09,172</u>	<u>26,48,56,234</u>
2. Investments	5	20,23,500	23,500
3. Current Assets, Loans and Advances			
a) Inventory	6	50,57,31,253	62,48,34,507
b) Sundry Debtors	7	78,54,93,768	78,45,80,287
c) Cash and Bank Balances	8	13,71,36,779	13,24,16,522
d) Loans and Advances	9	7,48,57,234	12,91,99,492
		<u>1,50,32,19,034</u>	<u>1,67,10,30,808</u>
<i>Less : Current Liabilities and Provisions</i>			
a) Liabilities	10	78,27,67,779	88,88,11,327
b) Provisions	11	1,73,25,251	4,38,46,726
		<u>80,00,93,030</u>	<u>93,26,58,053</u>
Net Current Assets		<u>70,31,26,004</u>	<u>73,83,72,755</u>
4. Miscellaneous Expenditure (To the extent not written off or adjusted)			
Preliminary Expenses		2,26,580	1,13,500
Pre-operative Expenses		15,571	10,000
	Total	<u>1,01,87,00,827</u>	<u>1,00,33,75,989</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
29th June, 2009

S. SARDA
Executive Director & CEO

G JHUNJHNUWALA
Chairman

DR. R. SRINIVASAN
Director

**Profit And Loss Account for the year ended 31st March, 2009**

	Schedule No.	For year ended 31st March 2009 Rs.	For year ended 31st March 2008 Rs.
INCOME			
Sales less returns		3,68,86,67,766	3,40,13,82,450
Less : Excise duty		36,46,68,765	40,79,04,897
Sales (Net of Excise)		3,32,39,99,001	2,99,34,77,553
Other Income	12	2,86,84,236	2,70,18,164
Increase/(Decrease) in stocks	13	(10,21,22,050)	1,14,91,023
		3,25,05,61,187	3,03,19,86,740
EXPENDITURE			
Materials Consumed	14	1,98,57,16,564	1,83,23,42,709
Purchase of Bought-in-items		9,71,94,786	7,47,29,390
Employees' Remuneration and Other Benefits	15	16,00,61,751	15,44,91,368
Discounts and Rebates		43,25,50,830	40,10,53,200
Manufacturing, Administrative, Selling and Other Expenses	16	37,61,90,760	33,09,81,349
Interest	17	8,05,88,230	6,30,46,795
		3,13,23,02,921	2,85,66,44,811
Profit Before Depreciation		11,82,58,266	17,53,41,929
Depreciation		3,39,98,613	3,05,32,382
Profit Before Tax and Exceptional Items		8,42,59,653	14,48,09,547
Exceptional Items		2,08,68,265	—
Profit Before Tax		6,33,91,388	14,48,09,547
Provision for Tax			
— Current Tax		2,45,00,000	4,68,00,000
— Fringe Benefit Tax		18,50,000	18,50,000
— Deferred Tax		14,09,108	3,36,420
Profit After Tax		3,56,32,280	9,58,23,127
Balance Brought Forward		4,55,02,118	3,06,81,894
Profit available for Appropriations		8,11,34,398	12,65,05,021
APPROPRIATIONS			
Transferred to General Reserve		1,00,00,000	5,00,00,000
Proposed Dividend		1,13,56,860	2,64,99,340
Tax on Proposed Dividend		19,30,098	45,03,563
Balance Carried Forward to Balance Sheet		5,78,47,440	4,55,02,118
		8,11,34,398	12,65,05,021
Earnings per share - Basic and diluted (in Rupees)		9.41	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
29th June, 2009

S. SARDA
Executive Director & CEO

G JHUNJHNUWALA
Chairman
DR. R. SRINIVASAN
Director

**Schedules forming part of the Accounts**

	2008-2009 Rs.	2007-2008 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	15,56,56,367	10,56,56,367
Transferred from/(to) Profit and Loss Account	1,00,00,000	5,00,00,000
	16,56,56,367	15,56,56,367
Profit and Loss Account	5,78,47,440	4,55,02,118
Export Profit Reserve	1,95,000	1,95,000
Capital Reserve		
Subsidy from SICOM and against Generator Set	31,19,000	31,19,000
Debenture Forfeiture Account	1,05,089	1,05,089
	32,24,089	32,24,089
Fixed Asset Revaluation Reserve		
Balance as per last Account	3,24,44,409	3,42,58,461
Transferred from/(to) Profit and Loss Account	(13,28,698)	(18,14,052)
	3,11,15,711	3,24,44,409
Share Premium Account	9,49,27,000	9,49,27,000
	<u>35,29,65,606</u>	<u>33,19,48,983</u>
3. LOAN FUNDS		
Secured Loans		
Term Loan	—	—
Overdrafts (including Working Capital Demand Loans)	56,64,25,684	54,54,38,538
Auto Loans	6,00,733	—
	<u>56,70,26,417</u>	<u>54,54,38,538</u>
Unsecured Loans		
Trade Deposits	31,00,000	37,00,000
Interest accrued and due	1,79,557	3,64,861
	32,79,557	40,64,861
Deferred Sales Tax	3,37,67,743	6,16,71,211
	<u>3,70,47,300</u>	<u>6,57,36,072</u>



Schedules forming part of the Accounts (Contd.)

4. FIXED ASSETS

(Figures in Rupees)

Particulars	GROSS BLOCK				ACCUMULATED DEPRECIATION				NET BLOCK	
	As at 1st April 2008	Addition during the year	Sold/ Adjustments during the year	As at 31st March 2009	Provided up to 31st March 2008	Adjustment On disposal	Provision for the current year	Total as at 31st March 2009	Net written down value as at 31st March 2009	Net written down value as at 31st March 2008
Land	3,03,96,426	10,88,27,094	(5,44,13,547)	8,48,09,973	—	—	—	—	8,48,09,973	3,03,96,426
Buildings	14,04,79,705	75,07,553	—	14,79,87,258	5,47,33,192	—	51,00,559	5,98,33,751	8,81,53,506	8,57,46,512
Plant & Machinery	20,49,85,525	75,04,072	(87,744)	21,24,01,853	17,12,15,173	(5,056)	54,82,200	17,66,92,317	3,57,09,536	3,37,70,352
Leased Equipment	10,54,52,725	1,18,16,519	(29,13,799)	11,43,55,445	2,72,84,869	(1,21,388)	1,18,28,494	3,89,91,975	7,53,63,470	7,81,67,856
Office Equipment	7,94,41,983	50,30,016	—	8,44,71,999	5,07,54,480	—	1,20,05,498	6,27,59,978	2,17,12,021	2,86,87,503
Furnitures & Fittings	2,09,14,419	2,67,390	—	2,11,81,809	1,50,52,349	—	4,01,232	1,54,53,581	57,28,228	58,62,070
Motor Car & Other Vehicles	77,05,637	10,83,882	(15,79,244)	72,10,275	58,40,758	(4,56,789)	5,09,327	58,93,296	13,16,979	18,64,879
Total	58,93,76,419	14,20,36,526	(5,89,94,334)	67,24,18,610	32,48,80,820	(5,83,233)	3,53,27,311	35,96,24,897	31,27,93,713	26,44,95,599
Previous Year	51,76,52,493	7,66,67,937	(49,44,011)	58,93,76,419	29,50,85,674	25,51,288	3,23,46,434	32,48,80,820	26,44,95,599	

NOTE: Depreciation for the year includes depreciation on amount added on revaluation of Rs. 13,28,698/- (previous year Rs. 18,14,052/-) recouped from Fixed Assets Revaluation Reserve

	2008-2009 Rs.	2007-2008 Rs.
5. INVESTMENTS - (other than trade) (at cost)		
In Debentures		
Rs. 6,500 1/2% Woodland Medical Centre Ltd.	6,500	6,500
Rs. 17,000 5% Woodland Medical Centre Ltd. (Non redeemable Mortgage Debenture Stock 1957)	17,000	17,000
Quoted		
In Bond-At Cost		
UTI Infrastructure Advantage Fund Series / Growth Plan 200000 Units of Rs. 10 Each (Market Value of Long Term Quoted Investment Rs. 11,66,000)	20,00,000	—
	20,23,500	23,500
6. INVENTORY (at cost or market value whichever is lower)		
Raw Material	16,88,83,761	19,45,74,264
Stock-in-trade	26,84,06,541	36,12,61,824
Material-in-process	3,65,48,528	4,58,15,295
Stores	58,81,342	56,18,691
Materials-in-transit	2,60,11,081	1,75,64,433
	50,57,31,253	62,48,34,507

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

	2008-2009 Rs.	2007-2008 Rs.
7. SUNDRY DEBTORS		
(Unsecured - considered good)		
Debts outstanding for a period exceeding six months	4,56,39,000	2,17,50,000
Others	<u>73,98,54,768</u>	<u>76,28,30,287</u>
	<u>78,54,93,768</u>	<u>78,45,80,287</u>
8. CASH AND BANK BALANCES		
Cash and cheques in hand	9,42,71,361	3,96,12,720
Balance with Scheduled Banks :		
Current Account	76,14,110	3,23,21,111
Fixed Deposit Account	37,940	37,940
Unpaid Dividend Account	15,44,555	13,04,958
	91,96,605	3,36,64,009
Remittances in transit	3,36,68,813	5,91,39,793
	<u>13,71,36,779</u>	<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)	7,66,05,793	8,68,66,791
Balances with Customs, Central Excise, etc	31,69,722	22,17,804
Loans and advances to companies	(5,49,57,929)	50,00,000
Deposits	5,00,39,648	3,51,14,897
	<u>7,48,57,234</u>	<u>12,91,99,492</u>
10. LIABILITIES		
Acceptances	7,56,54,406	10,13,54,802
Sundry Creditors		
– Dues to Small Scale Industrial Undertakings	11,89,11,803	6,03,93,219
– Others	58,66,57,015	72,57,58,348
Investor Education & Protection Fund shall be credited by:		
– Unpaid Dividend	15,44,555	13,04,958
	<u>78,27,67,779</u>	<u>88,88,11,327</u>
11. PROVISIONS		
Provision for Taxation	40,38,293	1,28,43,823
Proposed Dividend	1,13,56,860	2,64,99,340
Tax on Proposed Dividend	19,30,098	45,03,563
	<u>1,73,25,251</u>	<u>4,38,46,726</u>
12. OTHER INCOME		
Sundry Sales	84,98,537	66,09,691
Profit/(loss) on sale of fixed assets	(8,54,735)	(5,18,808)
Lease Rental	1,90,04,159	1,83,77,497
Interest	7,87,371	6,92,180
Miscellaneous receipts	12,48,904	18,57,604
	<u>2,86,84,236</u>	<u>2,70,18,164</u>

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

	2008-2009 Rs.	2007-2008 Rs.
13. INCREASE/(DECREASE) IN STOCKS		
Closing Stock		
Finished Goods	26,84,06,541	36,12,61,824
Materials-in-Process	3,65,48,528	4,58,15,295
	30,49,55,069	40,70,77,119
Opening 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
	(10,21,22,050)	1,14,91,023
14. MATERIALS CONSUMED		
Opening Stock of Raw Materials	19,45,74,264	16,82,40,638
Add : Purchase of Raw Materials	1,96,00,26,061	1,85,86,76,335
Less : Closing Stock of Raw Materials	16,88,83,761	19,45,74,264
	1,98,57,16,564	1,83,23,42,709
15. EMPLOYEES' REMUNERATION AND OTHER BENEFITS		
Salaries, wages, bonus, pension etc.	12,59,95,391	11,76,74,564
Contribution to provident and other funds	99,50,415	1,26,20,834
Workmen and staff welfare expenses	2,41,15,945	2,41,95,970
	16,00,61,751	15,44,91,368
16. MANUFACTURING, ADMINISTRATIVE, SELLING AND OTHER EXPENSES		
Stores consumed	98,04,434	81,79,490
Power and fuel	2,79,86,155	2,83,58,853
Rent (Net)	1,41,98,972	1,70,08,067
Rates and taxes	17,57,125	26,48,715
Insurance	9,89,167	13,87,369
Repairs to plant and machinery	38,71,385	26,39,368
Repairs to building	26,72,105	17,86,985
Repairs - others	90,44,069	80,61,863
Printing and stationery	67,56,635	63,99,589
Communication expenses	1,08,71,507	1,12,69,952
Directors' fees	2,30,000	2,90,000
Audit fees and expenses	3,60,942	3,60,655
Commission on sales	2,45,95,906	1,65,62,035
Travelling expenses	2,98,73,897	2,73,70,786
Freight and carriage	13,52,79,351	13,12,16,510
Miscellaneous Expenses	9,78,99,110	6,74,41,112
	37,61,90,760	33,09,81,349
17. INTEREST		
Fixed Loans	—	12,69,393
Others	8,05,88,230	6,17,77,402
	8,05,88,230	6,30,46,795



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

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 Limited, all the expenses incurred till commencement of commercial activities are shown under the head preliminary and 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/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 Nasik and Sikandrabad Plant - on straight-line method.
- b) In respect of other assets - on written down value method.

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

18.6 Investments

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



Schedules forming part of the Accounts (Contd.)

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.

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 contribution 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 determined as payable in the actuarial valuation report are contributed. 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 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 2009 Rs.	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 paripassu hypothecation of the Company's entire stock of raw materials, finished goods, stocks in process, consumable stores and spare parts and book debts and first charge on the fixed assets of the Nasik plant and second charge on the fixed assets of Sikandrabad plant.		
2. Liabilities in Schedule 10 include Rs. 1189.12 Lacs (Previous Year 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 by a first charge on the immovable property of Sikandrabad plant and by second charge by way of hypothecation of entire movable assets (save and except book debts) of the Company, subject to prior charges, created and/or to be created, in favour of the Company's Bankers for securing the borrowings for working capital requirements. The charges ranking pari-passu between the Financial Institutions.		
3. Auto Loans are secured by hypothecation of the vehicles financed out of such loans.	6,00,733	—
4. Contingent Liabilities Contingent Liabilities not provided for in respect of :		
Excise Duty	1,36,64,434	40,16,701
Income Tax	58,35,246	48,18,556
Bank Guarantees	8,03,51,111	4,57,17,187
Sales Tax	1,57,75,000	88,73,000
5. In case of one of the Company's offices on rent, the Division Bench of Kolkata High Court has directed appointment of a Special Referee to arrive at mesne profit payable by the Company. The liability on account of mesne profit as on date cannot be ascertained.		
6. Claims against the Company not acknowledged as debt (to the extent ascertained)	67,62,597	57,30,597
7. Estimated amount of capital commitments, net of advance of Rs 10,42,707 (previous year Rs. 9,39,566)	16,34,732	2,99,410
8. Uncalled liability on partly paid up shares	40,50,000	40,50,000
9. Auditors' Remuneration		
As Auditors	2,00,000	2,00,000
In other capacity	1,50,000	1,50,000
Reimbursement of expenses	10,942	10,655
	3,60,942	3,60,655
10. Consumption of Stores	98,04,434	81,79,490
11. CIF Value of Imports		
Raw Materials	15,62,31,180	18,46,76,353
12. Expenditure in Foreign Currency		
Purchase of raw material	23,74,57,947	9,68,31,174
13. 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. 82,62,198	Rs. 59,01,570
d) Year to which dividend relates	2007-08	2006-07



Shalimar Paints Limited – Consolidated

Schedules forming part of the Accounts (Contd.)

	For the year ended 31st March 2009 Rs.		For the year ended 31st March 2008 Rs.
14. Managerial remuneration			
Directors' Fees	2,30,000		2,90,000
Wholetime Director's remuneration:			
Salaries	18,59,124		
Contribution to Provident Fund	<u>1,29,600</u>	19,88,724	15,07,743
	For the year ended 31st March 2009		For the year ended 31st March 2008
15. Turnover	Quantity KL	Value Rs.	Quantity KL Value Rs.
Class of Goods			
Paint (finished)	39859 (47831 MT)	3,68,86,67,766	39546 3,40,13,82,450 (47455 MT)
16. Opening and Closing Stocks	Opening stocks as at 1st April, 2008		Closing stocks as at 31st March, 2009
	Quantity KL	Value Rs.	Quantity KL Value Rs.
Paint (finished)	5657 (6788 MT)	36,12,61,824	4357 26,84,06,541 (5228 MT)
Previous year Paint (finished)	5747 (6896 MT)	35,33,10,149	5657 36,12,61,824 (6788 MT)
17. Capacity and Production	Installed capacity as at 31st March 2009	Actual Production during the year ended 31st March 2009 (Packed for sale)	Previous Year
Paints, enamels & varnishes, N.C. Lacquers & ancillary items (Packed for sale)	48,000 Tonnes	42,560 Tonnes	44,489 Tonnes
Synthetic Resin (mainly for captive consumption)	7,672 Tonnes	2,051 Tonnes	2,830 Tonnes
	For the year ended 31st March 2009		For the year ended 31st March 2008
	Quantity KL	Value Rs.	Quantity KL Value Rs.
18. Purchase (Bought-in-items)	3092	9,71,94,786	2382 7,47,29,390
19. Consumption of imported and indigenous raw materials (excluding spare parts and components).			
	For the year ended 31st March 2009		For the year ended 31st March 2008
	%	Rs.	% Rs.
Imported Raw Materials	9.03	17,93,64,910	10.94 20,05,33,362
Indigenous Raw Materials	90.97	1,80,63,51,654	89.06 1,63,18,09,347



Schedules forming part of the Accounts (Contd.)

20. Important basic raw materials and packing materials consumed

	For the year ended 31st March 2009		For the year ended 31st March 2008	
	Quantity	Value Rs.	Quantity	Value Rs.
Organic acid/chemicals	40,97,987 Kgs	31,33,22,317	44,09,569 Kgs	29,01,03,739
Pigments	31,76,922 Kgs	26,85,84,542	30,71,262 Kgs	25,46,42,908
Solvents & Oils	1,24,01,707 Lts	62,16,20,607	1,37,63,367 Lts	56,91,41,798
Packages and Packing Materials	1,13,42,233 Nos	23,71,16,473	1,21,97,460 Nos	21,36,40,340
Others*		54,50,72,625		50,48,13,924
		1,98,57,16,564		1,83,23,42,709

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

21. The small-scale industrial undertakings to whom the Company owes any sums which is outstanding for more than 30 days are M/s. Atlas tin Box Co., M/s Arum Pharmachem Pvt. Ltd., M/s Anand Packging, M/s Associates Containers & Barrels Pvt. Ltd., M/s Arvind cans Limited, 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 Choudhary Tar & Chemicals, M/s Cross Point Chemical Industries, M/s Champion Piantis Pvt. Ltd., M/s. Diraj Intermediates Pvt. Ltd., M/s. Damani Packaging Pvt. Ltd. , Dispersive Minerals & Chemicals (I) Ltd., M/s. Evergreen Drums & Cans Pvt. Ltd., M/s Elga Paints & Polymers, M/s Indian Tin Udyog, M/s Kapilash Udyog, M/s. Karna Paints (P) Ltd., M/s K B Engineering Co. Pvt. Ltd., M/s Krishna Petrochem Pvt. Ltd., M/s Master Tin works, 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 R B Electronic, M/s. Sunflag Chemicals Pvt. Ltd., M/s Surya Containers Pvt. Ltd., M/s S.R. Packaging and Industires Pvt. Ltd., M/s Somani Oil Industries, M/s Somani Oil & Chemicals, STI Logistics Pvt. Ltd., M/s Tin Box Company 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 Dovelopment Act, 2006 and hence disclosure if any relating to amount unpaid as at the year end together with interest paid / payable as required under the said Act have not been given.

22. The Company has adopted Accounting Standard 22 (AS 22) "Accounting for Taxes on Income" ; and accordingly the net deferred tax liabilities amounting to Rs.14,09,108 pertaining to the current year has been recognised.

	Opening As at 01/04/2008	Charge /(Credit) During the year	(Rs. in Lacs) Closing As at 31/03/2009
Deferred Tax Assets			
Expenses allowable on payment basis	48.98	0.28	(48.70)
	48.98	0.28	(48.70)
Deferred Tax Liabilities			
Depreciation and related items	(272.94)	13.81	286.75
Net Deferred Tax Liabilities	223.96	14.09	238.05

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

23. Future minimum lease rentals payable as at 31.03.2009 as per the lease agreements :

	2008-2009	(Rs. in lacs) 2007-2008
i) Not later than one year	157.35	150.81
ii) Later than one year and not later than five years	265.90	267.41
iii) Later than five years	—	—
	423.25	418.22

24. 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 2008-2009 (Rs. in Lacs)	Amount outstanding as on 31st March, 2009 (Rs. in Lacs)
S. Sarda	Executive Director	Remuneration	Refer Note 14 of Schedule 19	—
Sonabheel Tea Co. Ltd.	Company controlled by Directors	Interest Received	4.88	NIL
Sonabheel Tea Co. Ltd.	Company controlled by Director	Loan repayment	50.00	NIL
Shalimar Adhunik Nirman Ltd	Subsidiary	Investment	9.50	9.50
Shalimar Adhunik Nirman Ltd	Subsidiary	Hiving of Real Estate Division	549.14	549.58

25. Pursuant to the Scheme of Arrangement as approved by the Honorable High Courts of Kolkata & Delhi, Real Estate Division of the Company, herein after referred to as “Transferor Company”, has been hived off to Shalimar Adhunik Nirman Limited, a subsidiary of the transferor company, and hereinafter referred to as “Transferee Company”.

The assets of the Real Estate Division consisting of Fixed and Current Assets valued at Rs.5,49,13,547/- have been transferred by the transferor company to the transferee company and consideration receivable against the said transfer is shown as “Advance to Subsidiary” in Schedule 9 of the Accounts.

The said consideration shall be discharged by the transferee company in cash and issue of 6%, Non Convertible Redeemable Preference Shares of Rs.100/- each, fully paid up, at par, aggregating Rs.50,00,000 (Rupees Fifty Lacs) to the transferor company, as per the orders of Honorable High Courts.

26. Excise duty includes Rs. 32,54,033 on account of differential duty paid for previous year.

27. Exceptional Item consist of write off of irrecoverable debts of Rs. 1,99,58,205, write off of certain old debit balances of Rs. 16,86,559 and write back of old credit balances of Rs. 7,76,499.

28. Employees Benefits

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

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

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 2009

	Gratuity Funded	(In Lakhs) Leave Encashment (Nonfunded)
I Expense recognized in the statement of Profit and Loss for the year ended 31st March 2009		
1 Current Service Cost	25.82	6.82
2 Interest Cost	27.08	8.01
3 Employees Contribution	—	—
4 Expected Return on plan assets	(8.81)	—
5 Net Actuarial (Gain)/Losses	11.56	28.02
6 Past Service Cost	—	—
7 Settlement Cost	—	—
8 Total Expenses	55.65	42.85
II Net Assets / (Liability) recognized in the balance sheet as at 31st March 09		
1 Present Value of Defined Benefits of Obligation as at March 09	365.72	115.24
2 Fair Value of plan assets as at Mar' 09	253.32	—
3 Funded status [Surplus/(Deficit)]	(112.40)	(115.24)
4 Net Assets/(Liability) as at Mar' 09	(112.40)	(115.24)
III Change in Obligation during the Year ended 31st March 09		
1 Present Value of Defined Benefit Obligation at beginning of the Year	356.35	98.42
2 Current Service Cost	25.82	6.82
3 Interest Cost	27.08	8.01
4 Settlement cost	—	—
5 Past Service Cost	—	—
6 Employee Contributions	—	—
7 Actuarial (Gain)/ Losses	11.56	28.02
8 Benefits Payments	(55.09)	(26.03)
9 Present value of Defined Benefits Obligation at the end of year	365.72	115.24
IV Change in Assets during the Year ended March 09		
1 Plan assets at the beginning of the year	219.60	—
2 Plan assets acquired on amalgamation in Previous Year	—	—
3 Settlements	—	—
4 Expected return on plan assets	—	—
5 Contributions by employer	80.00	26.03
6 Actual benefits paid	(55.09)	(26.03)
7 Actual Gains/ (Losses)	—	—
8 Plan assets at the end of the year	253.32	—
9 Actual return on plan assets	8.81	—



Schedules forming part of the Accounts (Contd.)

V Actuarial Assumptions:	As at 31st March 2009
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

29. The accounts of the Subsidiary Company have been prepared for the period from 04th October 2007 to March 2008. Hence previous year figures have been given for that period only.

Since there is no business activities / profit during the year ended 31st March, 2009, tax provisions including of deferred tax, has not been made.

Pre-operative Expenses :

Head of Accounts	31st March, 2009 (Rs.)	31st March, 2008 (Rs.)
Audit Fees	11133	5618
Printing & Stationary	4382	4382
Bank Charges	56	—
Total	15571	10000

30. Finance charges, under Miscellaneous Expenses, include foreign exchange loss of Rs. 1,73,21,650 (previous year Rs. 10,21,315).

31. Previous year's figures have been rearranged, where necessary.

32. 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
29th June, 2009

S. SARDA
Executive Director & CEO

G JHUNJHNUWALA
Chairman

DR. R. SRINIVASAN
Director

**Cash Flow Statement for year ended 31st March, 2009**

	2008-2009 (Rs. ' 000)	2007-2008 (Rs. ' 000)
A. CASH FLOW FROM OPERATING ACTIVITY		
Net Profit before Tax and Extraordinary items	84,260	1,44,810
Adjusted for :		
Depreciation	33,999	30,532
Deferred Revenue Expenditure (Amortised)	—	—
Interest/Other Income	(18,937)	(18,551)
Interest Expenses	80,588	63,047
Operating Profit before Working Capital Changes	<u>1,79,910</u>	<u>2,19,838</u>
Adjusted for:		
Trade and Other Receivables	54,939	(1,56,704)
Inventories	1,19,103	(41,673)
Trade Payables	(1,06,239)	1,67,878
Direct Taxes paid (net of refund)	<u>(35,156)</u>	<u>(38,005)</u>
Cash Flow before extraordinary items	<u>2,12,557</u>	<u>1,51,334</u>
Extraordinary items	(20,868)	—
Impact of change in accounting policy	—	—
Voluntary retirement scheme expenses amortised	—	—
Deferred Revenue Expenditure for the year	(119)	(123)
Cash Generated from Operating Activities	<u>1,91,570</u>	<u>1,51,211</u>
Direct Tax	—	—
Net Cash from Operation	<u><u>1,91,570</u></u>	<u><u>1,51,211</u></u>
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(1,42,191)	(76,910)
Sale of Fixed Assets	57,556	1,874
Purchase of Investment	(2,000)	—
Interest Received	787	692
Lease Rental Received	17,451	14,299
Net cash used in Investing Activity	<u>(68,397)</u>	<u>(60,045)</u>
C. CASH FLOW FROM FINANCIAL ACTIVITIES		
Proceeds from Borrowings	(6,717)	57,374
Repayment of Borrowings	(199)	(44,213)
Interest Paid	(80,774)	(63,054)
Dividend Paid	(30,763)	(21,942)
Net Cash used in Financing Activities	<u>(1,18,453)</u>	<u>(71,835)</u>
Net Increase in Cash and Cash Equivalents (A+B+C)	<u>4,720</u>	<u>19,331</u>
Opening Balance of Cash and Cash Equivalents	<u>1,32,417</u>	<u>113,086</u>
Closing Balance of Cash and Cash Equivalents	<u>1,37,137</u>	<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
29th June, 2009

S. SARDA
Executive Director & CEO

G JHUNJHNUWALA
Chairman

DR. R. SRINIVASAN
Director

ATTENDANCE SLIP



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

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

DP. Id*	
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Master Folio No.	
------------------	--

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

I hereby record my presence at the 107th ANNUAL GENERAL MEETING of the Company held on Thursday, the 30th July, 2009 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



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

DP. Id*	
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Master Folio No.	
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Client Id*	
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No. of Shares	
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I/We of
..... being a member/members of Shalimar Paints Limited
hereby appoint of
..... or failing him
..... of
as my/our proxy to vote for me/us and on my/our behalf at the 107th ANNUAL GENERAL MEETING of the Company to be held
on Thursday, the 30th July, 2009 at 11.00 a.m.

Signed this day of 2009.

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