



DIRECTORS

G. Jhunjhnuwala — *Chairman*
R. Jindal
A. V. Lodha
R. Garg
Dr. R. Srinivasan
P. Aggarwal
S. Sarda — *Executive Director & CEO*

COMPANY SECRETARY

Pranab Kumar Maity

AUDITORS

Chaturvedi & Partners

MANAGEMENT

Dr. S. K. Pal — *Vice President – Operations (Howrah)*
T. R. Sharma — *Vice President – Operations (Nashik)*
Dr. Swapan Ghosh — *Vice President – R&D*
Sujit Sinha — *Vice President – Industrial Sales*
Nitin Sawale — *Vice President – Marketing*
K. Mathew Joseph — *General Manager – Systems*
Soumitra Ganguly — *General Manager – Supply Chain*
V. Lanjewar — *General Manager – HRD*

BANKERS

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

REGISTERED OFFICE

Goaberia, P.O.: Danesh Shaikh Lane
Howrah - 711 109 (W.B.)
Tel: (033) 2644 3201-02 Fax: (033) 2644 3540

FACTORIES

Howrah

Goaberia, P.O. : Danesh Shaikh Lane
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 108th Annual General Meeting of the Company will be held on Friday, the 30th July, 2010 at 10.30 A.M. at its Registered Office at Goaberia, P.O.: Danesh Shaikh Lane, Howrah 711 109 to transact the following business:

1. To receive, consider and adopt the audited Profit and Loss Account for the year ended 31st March 2010 and the Balance Sheet as at that date together with the Reports of the Directors and Auditors thereon.
2. To declare a dividend.
3. To appoint a Director in place of Mr. Girish Jhunjhnuwala, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. A. V. Lodha, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint Auditors and to fix their remuneration.

SPECIAL BUSINESS :

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

6. As an Ordinary Resolution :

"**RESOLVED THAT** pursuant to the provision of Section 198, 269, 309 and 310 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 ("the Act"), approval of the Company be and is hereby accorded to the re-appointment and terms of remuneration of Mr. Sandeep Sarda as Executive Director of the Company for a period of three years with effect from 1st July, 2010, on the terms and conditions as set out in the Explanatory Statement annexed to the Notice convening this meeting, with liberty to the Board of Directors to alter and vary the terms and conditions, in such manner as may be agreed to between the Board of Directors and Mr. Sandeep Sarda, within the limits specified under Schedule XIII to the Companies Act, 1956 or any statutory modification or re-enactment thereof."

Registered Office :
Goaberia, P.O.: Danesh Shaikh Lane
Howrah - 711 109
Dated: 23rd June, 2010

By order of the Board

Pranab Kumar Maity
Company Secretary

Notes:

1. **A member entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote instead of himself/herself and proxy need not be a member of the Company. Proxies, in order to be effective, must be deposited with the Company not less than forty-eight hours before the meeting.**
2. An Explanatory Statement pursuant to Section 173 of the Companies Act, 1956 relating to Special Business is annexed hereto.
3. The Register of Members and the Share Transfer Books of the Company will remain closed from 22nd July, 2010 to 30th July, 2010 (both days inclusive).
4. Members are requested to bring the attendance slip along with their copy of the Annual Report to the Meeting.
5. Additional information pursuant to Clause 49 of the Listing Agreement with Stock Exchanges, regarding re-appointment of directors is appearing in the Report on Corporate Governance.
6. In accordance with the provisions of Section 205A of the Companies Act, 1956, the amount of unclaimed dividend upto the financial year ended 30th June, 1994, have been transferred to the General Revenue Account of the Central Government. Members who have not encashed their dividend warrant(s) for those years, are advised to claim the same from the Registrar of Companies, West Bengal, 234/4 Acharya Jagdish Chandra Bose Road, Kolkata 700 020.

Dividend for the financial years ended 30th June, 1995 to 30th June, 2002 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, 2003, which remains unpaid or unclaimed, will be due for transfer to the Investors Education and Protection Fund of the Central Government on 11th January, 2011, 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, 2003, 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

The terms of office of Mr. Sandeep Sarda ("Mr. Sarda") as Executive Director of the Company expires on 30th June, 2010

The Board of Directors of the Company ("the Board"), at its meeting held on 28th May, 2010, has re-appointed Mr. Sandeep Sarda as a Whole-time Director of the Company, designated as "Executive Director", for a further period of three years with effect from 1st July, 2010, subject to the approval of the Members of the Company, on the following terms of remuneration, which has been approved by the Remuneration Committee of the Board of Directors at its meeting held on 14th May, 2010 :

1. Salary: Rs. 1,25,000/- per month subject to such increments as the Board may approve from time to time, on review and recommendation of the Remuneration Committee, subject, however, to a maximum ceiling of Rs.2,00,000/- per month.
2. Perquisites: In addition to the aforesaid Salary, Mr. Sarda shall be entitled to other perquisites, allowances, amenities and benefits, the monetary value of such perquisites and allowances being limited to 65% of the salary. The following shall not, however, be included in the aforesaid ceiling of 65% of the salary:
 - (a) Rent-free residential accommodation shall be provided by the Company and in case no such accommodation is provided, he shall be paid house rent allowance subject to a ceiling of 2/3rd of his salary.
 - (b) Reimbursement of medical expenses incurred for self and his family, subject to a maximum of Rs.15,000/- per annum and premium for Hospitalisation Insurance Policy for self and his family, as per rules of the Company.
 - (c) Leave travel concession for self and his family once in a year in accordance with the rules of the Company, subject to a maximum of one month's salary.
 - (d) Contribution to Provident Fund as per the rules of the Company.
 - (e) One month's leave with full remuneration for every eleven months of service. Encashment of leave at the end of the tenure will be allowed and will not be included in computation of the ceiling on perquisites.
 - (f) Gratuity not exceeding half a month's salary for each completed year of service.
3. Mr. Sarda shall not be entitled to fees for attending any meetings of the Board or a Committee thereof during his tenure as Executive Director of the Company.
4. In the event of loss or inadequacy of profits in any financial year during his tenure, he shall be paid the above mentioned remuneration by way of salary, perquisites and allowances not exceeding the ceiling specified under Section II(1)(B) of Part II of Schedule XIII to the Companies Act, 1956, including any statutory modification or re-enactment thereof, for the time being in force.

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

The Company was incorporated in 1902 and since then it is in the business of manufacturing and marketing of various types of paints, enamels and varnishes. The turnover of the Company for the financial year 2009-10 was Rs.394.16 crores, which was entirely from indigenous market, and the profit before tax was Rs.15.12 crores.

Mr. Sarda, aged about 47 years, is a Chartered Accountant and Company Secretary, and is having more than 24 years of experience in various companies in senior management positions. He is serving the Company as Executive Director since 1st July, 2007. During his tenure, the turnover of the Company has increased from Rs.290.49 crores in 2006-07 to Rs.394.16 crores in 2009-10. His existing total remuneration was Rs.19.89 lacs per annum.

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

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

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

An agreement embodying the terms and conditions of Mr. Sarda's reappointment as an Executive Director of the Company with effect from 1st July 2010 for a further period of three years, as approved by the Board of Directors of the Company and executed by and between the Company and Mr. Sarda on 22nd June 2010, will be available for inspection by the members at the Registered Office of the Company on all working days between 10.00 A.M. to 12.00 noon upto the date of the Annual General Meeting.

The above statement read with the resolution shall be deemed to be an abstract of terms and memorandum specifying the nature of concern or interest as required under Section 302 of the Companies Act, 1956.

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

Registered Office :
Goaberia, P.O.: Danesh Shaikh Lane
Howrah - 711 109
Dated: 23rd June, 2010

By order of the Board

Pranab Kumar Maity
Company Secretary



Directors' Report

To the Shareholders

Your Directors are pleased to present the 108th Annual Report on the business and operations of the Company and the audited statement of accounts for the year ended 31st March, 2010.

Financial results

	(Rs. in lacs)	
Description	2009-10	2008-09
Net Sales	39417	36887
Expenses	36603	34899
PBIDT	2814	1988
Profit before tax and exceptional items	1716	843
Exceptional items	204	209
Profit before tax	1512	634
Provision for taxation		
Current Tax	468	245
Deferred Tax	44	14
Fringe Benefit Tax	—	18
Profit after tax	1000	357
Add: Amount brought forward from last year's account	579	455
Amount available for appropriation	1579	812
Less: Proposed Dividend	284	114
Tax on proposed dividend	48	19
Amount transferred to General Reserve	600	100
Balance carried to Balance Sheet	647	579

Dividend

The Directors are pleased to recommend payment of dividend at the rate of Rs. 7.50 per equity share amounting to Rs.284 lacs as compared to Rs.3 per equity share declared last year.

Review of operations

With the Indian economy coming out of the recessionary phase the Company has shown a significant improvement in its performance. Sales have increased from Rs. 369 crores to Rs. 394 crores. The Company has been able to bring about considerable improvement in operational efficiencies. It has been able to change the product mix and increase the demand for its high value products.

As a result of the measures taken by the Company the PBIDT has increased from Rs. 19.88 crores in 2008-09 to Rs. 28.14 crores in 2009-10, an increase of 42%. With the improvement in the overall financial position it has been able to reduce the total loan funds from Rs. 60.41 crores to Rs. 54.08 crores. The reduction in borrowings has resulted in interest costs coming down from Rs. 8.06 crores to Rs. 7.60 crores.

The improvement in operating margins and reduction in finance costs has resulted in increase in Profit before Tax from Rs. 6.34 crores to Rs. 15.12 crores, an increase of 138%.

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

During the year under review, the Company has further invested a sum of Rs. 50,00,000/- (Rupees Fifty Lakhs) by way of 6% non-cumulative redeemable preference shares in the Company's subsidiary, namely Shalimar Adhunik Nirman Limited. Since there was no business activity during the period under review, the Profit & Loss A/c was not prepared by the Company's subsidiary.

As required under Section 212 of the Companies Act, 1956, the Audited Balance Sheet together with the reports of Directors and Auditors thereon, of the Company's subsidiary for the year ended 31st March, 2010 are attached herewith.

Directors

In accordance with Article 118 of the Articles of Association, Mr. Girish Jhunjhnuwala and Mr. Aditya Vikram Lodha retire by rotation and being eligible, offer themselves for re-appointment.

The terms of appointment of Mr. Sandeep Sarma as Executive Director is expiring on 30th June, 2010. The Board at its meeting held on 28th May, 2010 re-appointed Mr. Sandeep Sarma as Executive Director for a further period of three years with effect from 1st July 2010, subject to approval of the shareholders of the Company.

Brief resume of Mr. Girish Jhunjhnuwala, Mr. Aditya Vikram Lodha and Mr. Sandeep Sarma, 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

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

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

Information in accordance with the provision of Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975, as amended, are given in Annexure 'B' to the Directors' Report.

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 of India Limited and The Calcutta Stock Exchange 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, 2010, together with Certificate on its compliance, pursuant to requirements of Clause 49 of the Listing Agreement with Stock Exchanges is annexed hereto as Annexure 'C' to this Report.

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.

For and on behalf of the Board

Mumbai
28th day of May, 2010

Dr. R. Srinivasan
Director

S. Sarda
Executive Director

Annexure – A to Directors' Report**FORM 'A' – CONSERVATION OF ENERGY**

	Current Year 2009-2010	Previous Year 2008-2009
A. POWER AND FUEL CONSUMPTION :		
1. ELECTRICITY:		
a) Purchased :		
Units	Nos. 37,19,349	Nos. 34,01,909
Total Amount	Rs. 1,94,17,723	Rs. 1,58,00,153
Rate/Unit	Rs. 5.22	Rs. 4.64
b) Own Generation :		
i) Through Diesel Generator		
Units	Nos. 2,43,707	Nos. 1,46,921
Unit/Litre of Diesel Oil	2.92	2.82
Cost/Unit	Rs. 12.21	Rs. 12.51
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	350 KL	359 KL
Total amount	Rs. 96,77,427	Rs. 96,46,328
Average Rate/Ltr.	Rs. 27.65	Rs. 26.87
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	43,046 KL	35,467KL
Electricity	92.07	100.06
Furnace Oil	0.008	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.

For and on behalf of the Board

Mumbai
28th day of May, 2010

Dr. R. Srinivasan
Director

S. Sarda
Executive Director

**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 & EHS (Environment, Health & Safety) requirements.
- b) Reduction of VOC (Volatile Organic Content) and HAPs (Hazardous Air Pollutants).
- c) Development of products based on renewable feed-stock in the context of volatility in prices of petroleum based products as well as environmental causes.
- d) Development of interior design finish special effect paints.
- e) Extension of Color space Tinting system by introduction of new bases in different product lines.
- f) Development of lead and chrome free enamels.
- g) Cost effective inorganic zinc silicate coating.
- h) Rapid cure epoxy coating for exterior pipeline.
- i) Development of epoxy and polyester food lacquers.
- j) Quick drying clear anti-corrosive tube protective varnish.

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
- d) Introduction of environment benign paints (Heavy metal free)

3. Future plan of action

- a) Water borne Hygiene coating
- b) High DPUr elastomeric coating
- c) Water borne odourless glossy enamels
- d) High performance long durable anti-corrosive paint
- e) BADGE free food lacquers for Can coating
- f) Highly durable high-gloss coatings for railway wagon

4. Expenditure on R&D

	Rs. in lakhs
a) Capital	: 145.76
b) Recurring	: 151.76
c) Total	: 297.52
d) Total R&D expenditure as a percentage of total turnover	: 0.75%

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.

Mumbai
28th day of May, 2010

For and on behalf of the Board
Dr. R. Srinivasan **S. Sarda**
Director *Executive Director*

Annexure 'B' to Director's Report**Statement pursuant to Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975**

Sr. No.	Name	Age (Years)	Designation/ Nature of Duties	Gross Remuneration (Rs.)	Qualification	Experience (Years)	Date of Joining	Previous Employment
1	Dr. Swapan Ghosh	44	Vice-President Research & Development	31,33,000	MSc., Phd	15	08.12.2008	Asian Paints Limited
2	Mr. Nitin Sawale*	41	Vice-President Marketing	21,67,000	M.B.A. (Marketing & Finance)	13	01.06.2009	Nitco Ltd.

Notes: (1) Gross remuneration comprises of salary, allowances, monetary value of perquisites and the Company's contribution to Provident Fund and Superannuation Fund but excludes contribution to Gratuity Fund on the basis of actuarial valuation as separate figures are not available.

(2) The nature of employment in all cases is contractual.

(3) None of the employees mentioned above is relative of any directors of the Company.

* Indicates earning for part of the year.

Mumbai
28th day of May, 2010

For and on behalf of the Board
Dr. R. Srinivasan **S. Sarda**
Director *Executive Director*

**ANNEXURE-C 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 2009-10, the Board of the Company met on five occasions. The time gap between two consecutive meetings of the Board of Directors of the Company was not more than four months. The dates of the meetings are 19th May, 2009, 29th June, 2009, 30th July, 2009, 31st October, 2009 and 18th January, 2010.

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	4	Attended
Mr. Rajiv Garg	2	Absent
Mr. A.V. Lodha	2	Attended
Dr. R. Srinivasan	4	Attended
Mr. Pujit Aggarwal	3	Absent
Mr. S. Sarda (Executive Director)	5	Attended

The details of other directorships, memberships/chairmanship of Committees held, as on 31st March, 2010, 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	18	—	—
Mr. Ratan Jindal	13	—	—
Mr. Rajiv Garg	2	1	—
Mr. A.V. Lodha	3	—	1
Dr. R. Srinivasan	7	5	3
Mr. Pujit Aggarwal	2	1	—
Mr. S. Sarda	1	—	—

* 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 five times during the year under review, i.e., on 19th May, 2009, 29th June, 2009, 30th July, 2009, 31st October, 2009 and 18th January, 2010. The attendance of the members of the Committee is given below:

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

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 21 complaints from the investors during the financial year 2009-10, which have been duly resolved. Mr. Pranab Kumar Maity, Company Secretary of the Company is designated as Compliance Officer.

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

5. Remuneration of Directors

The Board of Directors of the Company constituted a Remuneration Committee, which comprises of three independent directors namely, Mr. Rajiv Garg, Mr. A.V. Lodha and Dr. R. Srinivasan, under the Chairmanship of Dr. Srinivasan, on the terms of reference as mentioned in point no. 2 of Annexure ID of Clause 49 of the Listing Agreement with Stock Exchanges.

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 2009-10 are given below:

Name of Director	Sitting Fees (Rs.)
Mr. Girish Jhunjhnuwala	40,000
Mr. Ratan Jindal	40,000
Mr. A.V. Lodha	40,000
Mr. Rajiv Garg	40,000
Dr. R Srinivasan	80,000
Mr. Pujit Aggarwal	60,000



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 the 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 and the Senior Manager (Finance & Accounts) have certified to the Board of Directors, inter-alia, the accuracy of the financial statements and adequacy of internal control for the financial reporting purpose, for the year under review.

8. General Body Meetings

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

For the Financial year	Date of AGM	Time	Venue	No. of Special Resolutions
2008-09	30.07.2009	11.00 A.M.	Mini Auditorium Science City JBS Haldane Avenue Kolkata-700 046	One
2007-08	25.07.2008	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

At the above mentioned meetings, all the Resolutions were passed on show of hands, except the Special Resolution passed on 30th July, 2009, which was passed through postal ballot process. Mr. P.K Sarawagi, Practicing Company Secretary was appointed as Scrutinizer for conducting the postal ballot process. Details of the voting pattern in respect of the resolution passed through postal ballot are given below:

Votes in favour of the Resolution	99.984%
Votes against the Resolution	00.016%

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

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 schedule 19 to Accounts.

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

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



10. Management Discussion and Analysis

Industrial Structure and Development

The Indian economy has shown a fast recovery from the recessionary phase. The stimulus package given by the Government has considerably helped industry to reduce the impact of the recession. With the economy coming back to track the GDP growth has been about 7.40% in 2009-10. There has been pick up of demand in both the Decorative and Industrial segments. However the high inflation is a matter of concern. From the beginning of the fourth quarter there has also been an increase in the raw material prices.

With real estate sector showing distinct signs of revival there has been increase in demand for decorative paints. On the industrial side the auto sector has done extremely well which has driven the demand for industrial paints.

The Company has achieved reasonable growth in both the Decorative and Industrial segments. Since the rate of excise duty has reduced and also in view of the fact that in the latter half of 2008-09 there were several price reductions, the sales volume increase in 2009-10 is much higher as compared to the sales value increase.

Opportunities and Threats.

The growth in the Paints industry is directly linked to the overall economic growth of the country. With the economy showing distinct sign of recovery, there has been considerable increase in demand in both the decorative and industrial segments. It is expected that with real estate and infrastructure sectors performing well and also with substantial growth in end user industrial segments like auto, refinery, power etc., there would be increased demand for paints. There are however concerns with regard to the global economic scenario which could again affect the Indian economy and overall business confidence which could have an adverse impact on the growth in the Paint Industry.

Outlook

The Indian economy is expected to grow at about 8-8.5% in 2010-11. However the growth could be impacted by the global scenario. The Government has started a partial phase out of the stimulus packages and if any further steps are taken for phasing out of stimulus package it may have an impact on the overall growth scenario. 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.

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 Directors' 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 re-appointment of Directors

Mr. Girish Jhunjnuwala, aged about 47 years, one of the Promoter Directors of the Company is a Bachelor of Science Graduate from the University of Southern California, Los Angeles. He has his business in Hongkong which includes Real Estate and Hospitality Industry. He is a member of the Board of Directors of the following companies:



Hind Hotels & Properties Ltd., Delta Nominees Ltd., S. Sundar & Sons Ltd., Hindstar Ltd., Russel Corporation, Hind Strategic Investments Ltd., Golden Pond Development Ltd., Sky Lucky Ltd., Reliance Properties Ltd., Full Springs Ltd., Home2home Lifestyles Management Ltd., Onlung Holdings Ltd., Café O Ltd., Cheston Investment (Group) Ltd., Power Concept Properties Ltd., Hinion Ltd., Golden Diamond (HK) Ltd., Masswell International Ltd. and Sunny Way Properties Ltd.

Mr. Jhunjhnuwala does not hold any share in the Company in his own name.

Mr. Aditya Vikram Lodha, aged about 44 years, a renowned Chartered Accountant, is the Country Managing Partner of Lodha & Co., one of the leading accounting and consulting firms in India. Mr. Lodha has also served as the President of Indian Chamber of Commerce, Kolkata, in 1998-99 and 2001-02. He also served as Chairman of CII's National Committee on Accounting Standard & Corporate Governance and Taxation and was a member of the Indian National Committee of International Chamber of Commerce, Paris. Mr. Lodha has also served as a Member of the High Level Naresh Chandra Committee constituted by the Government of India. He is a member of the Board of Directors of the following companies:

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

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

Mr. Sandeep Sarda, aged about 47 years, is a Chartered Accountant and Company Secretary and is having more than 24 years of experience in various companies in senior management positions. He is serving the Company as Executive Director of the Company since 2007.

Mr. Sarda holds one share 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. The Audit Committee of the Company reviews the financial statements of the Subsidiary. The Minutes of the Board Meeting of the Subsidiary are also being placed before the Board of the Company.

14. General Shareholder information

- a) As indicated in the notice dated 28th May, 2010, the 108th Annual General Meeting of the Company will be held on 30th July 2010 at 10:30 A.M. at Goaberia, Danesh Shaikh Lane, Howrah - 711 109.
- b) The Register of Members and Share Transfer Books of the Company will remain closed from 22nd July, 2010 to 30th July, 2010, 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, 2010 (Unaudited)	:	14th August, 2010
For the Quarter ending 30th September, 2010 (Unaudited)	:	14th November, 2010
For the Quarter ending 31st December, 2010 (Unaudited)	:	14th February, 2011
For the year ending 31st March, 2011 (Audited)	:	30th May, 2011
- 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 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. Exchange Plaza, Bandra Kurla Complex Bandra (E), Mumbai - 400 051	SHALPAINTS

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



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

Month	BSE		NSE	
	High	Low	High	Low
April 2009	180.00	159.35	176.90	140.05
May 2009	240.00	161.60	196.85	160.00
June 2009	250.00	220.00	249.65	206.70
July 2009	229.95	190.00	240.00	170.00
August 2009	218.95	189.55	215.00	175.00
September 2009	243.70	198.55	246.00	203.00
October 2009	265.00	225.55	259.45	225.10
November 2009	255.00	220.05	258.95	230.05
December 2009	270.00	235.05	264.00	241.00
January 2010	318.40	247.00	323.80	251.00
February 2010	296.45	246.10	294.95	263.00
March 2010	298.90	250.00	297.95	253.50

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

- 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 2009	180.00	159.35	11,492.10	9,546.29
May 2009	240.00	161.60	14,930.54	11,621.30
June 2009	250.00	220.00	15,600.00	14,016.95
July 2009	229.95	190.00	15,732.81	13,219.99
August 2009	218.95	189.55	16,002.46	14,684.45
September 2009	243.70	198.55	17,142.52	15,356.72
October 2009	265.00	225.55	17,493.17	15,805.20
November 2009	255.00	220.00	17,290.48	15,330.56
December 2009	270.00	235.05	17,530.94	16,577.78
January 2010	318.40	247.00	17,790.33	15,982.08
February 2010	296.45	246.10	16,669.25	15,651.99
March 2010	298.90	250.00	17,793.01	16,438.45

- 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 segments.
- 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, 2010 is given below:

	No. of Shareholders	Percentage	No. of Shares held	Percentage
Upto 500	3347	94.95	289877	7.66
501 to 1000	84	2.38	59414	1.57
1001 to 2000	23	0.65	31356	0.83
2001 to 3000	20	0.57	49132	1.30
3001 to 4000	8	0.23	27758	0.73
4001 to 5000	5	0.14	22758	0.60
5001 to 10000	12	0.34	88897	2.35
10001 and above	26	0.74	3216428	84.96
Total	3525	100.00	3785620	100.00



k) Category of shareholders as on 31st March, 2010 are given below:

	No. of shares	Percentage
Promoters	2358528	62.30
Financial Institutions	133570	3.52
NRI/NRC	31562	0.87
General	1261960	33.31
Total	3785620	100.00

- l) Dematerialisation of Shares and liquidity: As on 31st March, 2010, Equity shares representing 41.72% are in dematerialised form.
- m) The Company's plants are located at the following places:
- Goaberia, P.O. Danesh Shaikh Lane, 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 Shaikh 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

Mumbai
28th day of May, 2010

Dr. R. Srinivasan **S. Sarda**
Director *Executive Director*

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

I, Sandeep Sarda, 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

Mumbai
28th day of May, 2010

S. SARDA
Executive Director

Compliance Certificate on Corporate Governance
(Pursuant to Clause 49 of the Listing Agreement with Stock Exchanges)

To the Shareholders of
SHALIMAR PAINTS LIMITED

We have examined the compliance of conditions of Corporate Governance by Shalimar Paints Limited, for the year ended on 31st March, 2010 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 : 28th May, 2010

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, 2010, 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, as on 31st March, 2010 and taken on record by the Board of Directors, we report that none of the directors are disqualified as on 31st March, 2010 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, read together with Notes on Account in Schedule 19, 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 the Balance Sheet, of the state of affairs of the Company as at 31st March, 2010;
 - (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

Place : Kolkata.
Date : 28th May, 2010

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 2010 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. 381.69 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.	Central Excise Act, 1944	Excise Duty	Commissioner of Central Excise (Appeals)	149.06
02.	Central Sales Tax Act and Sales Tax Act of various states	Sales Tax	Commissioner (Appeals)/ Appellate Tribunal	232.63
			TOTAL:	381.69

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

For CHATURVEDI & PARTNERS
Chartered Accountants

A K Dubey
Partner

Membership No. 054975

Place : Kolkata.
Date : 28th May, 2010

**Balance Sheet as at 31st March, 2010**

	Schedule No.	As at 31st March 2010 Rs.	As at 31st March 2009 Rs.
I SOURCES OF FUNDS			
1. Shareholders' Funds			
a) Capital	1	3,78,56,735	3,78,56,735
b) Reserves & Surplus	2	41,84,59,437	35,29,65,606
		45,63,16,172	39,08,22,341
2. Loan Funds	3		
a) Secured Loans		52,13,34,190	56,70,26,417
b) Unsecured Loans		1,94,45,645	3,70,47,300
		54,07,79,835	60,40,73,717
3. Deferred Tax Liability (Net) (Refer Note no. 22 of Schedule 19)		2,81,60,161	2,38,04,669
	Total	1,02,52,56,168	1,01,87,00,727
II APPLICATION OF FUNDS			
1. Fixed Assets	4		
a) Gross Block		71,19,31,902	61,80,05,063
b) Less : Depreciation		39,13,75,760	35,96,24,897
c) Net Block		32,05,56,142	25,83,80,166
d) Capital Work-in-Progress		15,72,072	5,15,459
		32,21,28,214	25,88,95,625
2. Investments	5	79,73,400	29,73,400
3. Current Assets, Loans and Advances			
a) Inventory	6	62,84,96,992	50,57,31,253
b) Sundry Debtors	7	91,81,12,676	78,54,93,768
c) Cash and Bank Balances	8	13,95,16,795	13,58,73,415
d) Loans and Advances	9	11,35,95,228	12,98,15,163
		1,79,97,21,691	1,55,69,13,599
<i>Less : Current Liabilities and Provisions</i>			
a) Liabilities	10	1,05,35,64,993	78,27,56,646
b) Provisions	11	5,10,02,144	1,73,25,251
		1,10,45,67,137	80,00,81,897
Net Current Assets		69,51,54,554	75,68,31,702
	Total	1,02,52,56,168	1,01,87,00,727
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

28th May, 2010

Pranab Kumar Maity
Company Secretary

DR. R. SRINIVASAN
Director

S. SARDA
Executive Director & CEO

**Profit and Loss Account for the year ended 31st March, 2010**

	Schedule No.	For year ended 31st March 2010 Rs.	For year ended 31st March 2009 Rs.
INCOME			
Sales less Returns		3,94,16,89,791	3,68,86,67,766
Less : Excise duty		28,60,14,855	37,98,37,833
Sales (Net of Excise)		3,65,56,74,936	3,30,88,29,933
Other Income	12	3,18,64,783	2,86,84,236
Increase/(Decrease) in Stocks	13	7,87,59,880	(10,21,22,050)
		3,76,62,99,599	3,23,53,92,119
EXPENDITURE			
Materials Consumed	14	2,20,83,47,702	1,97,05,47,496
Purchase of Bought-in-Items		11,43,27,105	9,71,94,786
Employees' Remuneration and Other Benefits	15	19,73,56,599	16,00,61,751
Discounts and Rebates		46,16,43,592	43,25,50,830
Manufacturing, Administrative, Selling and Other Expenses	16	50,32,08,906	37,61,90,760
Interest	17	7,59,96,031	8,05,88,230
		3,56,08,79,935	3117133,853
Profit Before Depreciation		20,54,19,664	11,82,58,266
Depreciation		3,38,18,535	3,39,98,613
Profit Before Tax and Exceptional Items		17,16,01,129	8,42,59,653
Exceptional Items		2,04,42,347	2,08,68,265
Profit Before Tax		15,11,58,782	6,33,91,388
Provision for Tax			
— Current Tax		4,68,00,000	2,45,00,000
— Fringe Benefit Tax		—	18,50,000
— Deferred Tax		43,55,492	14,09,108
Profit After Tax		10,00,03,290	3,56,32,280
Balance Brought Forward		5,78,47,440	4,55,02,118
Amount available for Appropriations		15,78,50,730	8,11,34,398
APPROPRIATIONS			
Transferred to General Reserve		6,00,00,000	1,00,00,000
Proposed Dividend		2,83,92,150	1,13,56,860
Tax on Proposed Dividend		48,25,246	19,30,098
Balance Carried Forward to Balance Sheet		6,46,33,334	5,78,47,440
		15,78,50,730	8,11,34,398
Earnings per share - Basic and diluted (in Rupees)		26.42	9.41
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

28th May, 2010

Pranab Kumar Maity
Company Secretary

DR. R. SRINIVASAN
Director

S. SARDA
Executive Director & CEO

**Schedules forming part of the Accounts**

	2009-2010 Rs.	2008-2009 Rs.
1. CAPITAL		
Authorised		
80,00,000 Equity Shares of Rs. 10 each	8,00,00,000	8,00,00,000
Issued and Subscribed		
37,85,620 Equity Shares of Rs. 10 each fully paid	3,78,56,200	3,78,56,200
Share Forfeiture Account	535	535
	3,78,56,735	3,78,56,735
Note : Of the above Equity Shares 12,60,840 shares were allotted as fully paid by way of Bonus Shares by Capitalisation of Reserves.		
2. RESERVES AND SURPLUS		
General Reserve		
Balance as per last Account	16,56,56,367	15,56,56,367
Transferred from/(to) Profit and Loss Account	6,00,00,000	1,00,00,000
	22,56,56,367	16,56,56,367
Profit and Loss Account	6,46,33,334	5,78,47,440
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	3,11,15,711	3,24,44,409
Transferred from/(to) Profit and Loss Account	(12,92,064)	(13,28,698)
	2,98,23,647	3,11,15,711
Share Premium Account	9,49,27,000	9,49,27,000
	41,84,59,437	35,29,65,606
3. LOAN FUNDS		
Secured Loans		
Overdrafts (including Working Capital Demand Loans)	52,04,65,180	56,64,25,684
Auto Loans	8,69,010	6,00,733
	52,13,34,190	56,70,26,417
Unsecured Loans		
Trade Deposits	27,00,000	31,00,000
Interest Accrued and Due	1,70,100	1,79,557
	28,70,100	32,79,557
Deferred Sales Tax	1,65,75,545	3,37,67,743
	1,94,45,645	3,70,47,300



Schedules forming part of the Accounts (Contd.)

4. FIXED ASSETS

(Figures in Rupees)

Particulars	GROSS BLOCK				ACCUMULATED DEPRECIATION				NET BLOCK	
	As at 1st April'09	Addition during the year	Sold/ Adjustments during the year	As at 31st March'10	Provided up to 31st March'09	Adjustment On disposal	Provision for the current year	Total as at 31st March'10	Net written down value as at 31st March'10	Net written down value as at 31st March'09
Land	30,396,426	20,223,180	—	50,619,606	—	—	—	—	50,619,606	30,396,426
Buildings	147,987,257	15,655,255	—	163,642,512	59,833,752	—	5,151,688	64,985,440	98,657,072	88,153,505
Plant & Machinery	212,401,853	17,092,155	(3,014,052)	226,479,956	176,692,317	(3,001,033)	6,321,325	180,012,609	46,467,347	35,709,536
Leased Equipment	114,355,445	10,063,338	(854,140)	123,564,643	38,991,975	(54,318)	10,867,444	49,805,101	73,759,542	75,363,470
Furnitures & Fittings	21,181,809	4,946,813	(7,230)	26,121,392	15,453,580	(6,454)	894,909	16,342,035	9,779,357	5,728,229
Office Equipment	84,471,999	27,726,779	(126,932)	112,071,846	62,759,978	(45,936)	11,335,192	74,049,234	38,022,612	21,712,021
Motor Car & Other Vehicles	7,210,275	2,473,667	(251,995)	9,431,947	5,893,296	(251,995)	540,041	6,181,341	3,250,606	1,316,979
Total	618,005,063	98,181,187	(4,254,349)	711,931,902	359,624,897	(3,359,736)	35,110,599	391,375,760	320,556,142	258,380,166
Previous Year	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	

NOTE: Depreciation for the year includes depreciation on amount added on revaluation of Rs. 12,92,064/- (previous year Rs. 13,28,698/-) recouped from Fixed Assets Revaluation Reserve

	2009-2010 Rs.	2008-2009 Rs.
5. INVESTMENTS - (other than trade) (at cost)		
Long Term Investment		
Unquoted		
Unquoted - In Subsidiary Company:-		
Shalimar Adhunik Nirman Ltd.		
49990 Equity Shares of Rs. 10 each fully paid-up	4,99,900	4,99,900
450000 Equity Shares of Rs. 10 each (Partly paid-up @ Rs. 1 each)	4,50,000	4,50,000
50000, 6% Preference Shares non convertible of Rs. 100 each (Fully paid up)	50,00,000	—
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 I Growth Plan 200000 Units of Rs. 10 Each (Market Value of Long Term Quoted Investment Rs. 18,40,000)	20,00,000	20,00,000
	79,73,400	29,73,400
6. INVENTORY (at cost or market value whichever is lower)		
Raw Material	21,44,18,344	16,88,83,761
Stock-in-trade	35,75,36,816	26,84,06,541
Material-in-process	2,61,78,133	3,65,48,528
Stores	79,22,255	58,81,342
Materials-in-transit	2,24,41,444	2,60,11,081
	62,84,96,992	50,57,31,253

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

	2009-2010 Rs.	2008-2009 Rs.
7. SUNDRY DEBTORS		
(Unsecured - considered good)		
Debts outstanding for a period exceeding six months	7,31,78,000	4,56,39,000
Others	84,49,34,676	73,98,54,768
	91,81,12,676	78,54,93,768
8. CASH AND BANK BALANCES		
Cash and cheques in hand	9,08,55,757	9,42,71,361
Balance with Scheduled Banks :		
Current Account	81,49,705	63,50,746
Fixed Deposit Account	2,89,609	37,940
Unpaid Dividend Account	15,51,197	15,44,555
	99,90,511	79,33,241
Remittances in transit	3,86,70,527	3,36,68,813
	13,95,16,795	13,58,73,415
9. LOANS AND ADVANCES		
Unsecured : Considered Good		
Advances (recoverable in cash or in kind or for value to be received):		
Advances to Subsidiary Company	4,99,75,562	5,49,57,929
Other Advances	2,69,13,353	2,16,47,864
Balances with Customs, Central Excise, etc	28,37,119	31,69,722
Deposits	3,38,69,194	5,00,39,648
	11,35,95,228	12,98,15,163
10. LIABILITIES		
Acceptances	18,54,36,665	7,56,54,406
Sundry Creditors		
– Dues to Small Scale Industrial Undertakings	15,94,51,777	11,89,11,803
– Others	70,71,25,354	58,66,45,882
Investor Education & Protection Fund shall be credited by:		
– Unpaid Dividend	15,51,197	15,44,555
	1,05,35,64,993	78,27,56,646
11. PROVISIONS		
Provision for Taxation	1,77,84,748	40,38,293
Proposed Dividend	2,83,92,150	1,13,56,860
Tax on Proposed Dividend	48,25,246	19,30,098
	5,10,02,144	1,73,25,251
12. OTHER INCOME		
Sundry Sales	1,32,40,459	84,98,537
Profit/(loss) on sale of fixed assets	99,761	(8,54,735)
Lease Rental	1,70,96,485	1,90,04,159
Interest (T.D.S. Rs. 15,438 Previous Year Rs. 1,00,425)	77,825	7,87,371
Miscellaneous receipts	13,50,253	12,48,904
	3,18,64,783	2,86,84,236

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

	2009-2010 Rs.	2008-2009 Rs.
13. INCREASE/(DECREASE) IN STOCKS		
Closing Stock		
Finished Goods	35,75,36,816	26,84,06,541
Materials-in-Process	2,61,78,133	3,65,48,528
	38,37,14,949	30,49,55,069
Opening 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
	7,87,59,880	(10,21,22,050)
14. MATERIALS CONSUMED		
Opening Stock of Raw Materials	16,88,83,761	19,45,74,264
Add : Purchase of Raw Materials	2,25,92,34,173	1,96,00,26,061
Less : Closing Stock of Raw Materials	21,44,18,344	16,88,83,761
(Decrease)/Increase in Excise duty on finished goods	(53,51,888)	(1,51,69,068)
	2,20,83,47,702	1,97,05,47,496
15. EMPLOYEES' REMUNERATION AND OTHER BENEFITS		
Salaries, wages, bonus etc.	15,35,04,548	12,48,15,751
Contribution to provident and other funds	1,38,21,940	99,50,415
Workmen, staff welfare and other expenses	3,00,30,111	2,52,95,585
	19,73,56,599	16,00,61,751
16. MANUFACTURING, ADMINISTRATIVE, SELLING AND OTHER EXPENSES		
Stores consumed	83,91,781	98,04,434
Power and fuel	3,20,78,215	2,79,86,155
Rent	2,04,57,183	1,41,98,972
Rates and taxes	19,33,577	17,57,125
Insurance	11,47,903	9,89,167
Repairs to plant and machinery	36,37,465	38,71,385
Repairs to building	34,01,174	26,72,105
Repairs - others	96,58,354	90,44,069
Printing and stationery	55,04,574	67,56,635
Communication expenses	1,07,29,344	1,08,71,507
Directors' fees	3,00,000	2,30,000
Auditors' remuneration (Note 9 of Schedule 19)	4,02,076	3,60,942
Cost Audit fees	40,000	40,000
Commission on sales	2,19,50,480	2,45,95,906
Travelling expenses	3,39,59,495	2,98,73,897
Application Charges	9,68,85,973	3,63,01,191
Freight and carriage	16,57,70,975	13,52,79,351
Miscellaneous Expenses	8,69,60,337	6,15,57,920
	50,32,08,906	37,61,90,760
17. INTEREST		
Others	7,59,96,031	8,05,88,230
	7,59,96,031	8,05,88,230



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 lower of cost or net realisable value.
- b) Work-in-process and 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**

The amount recognised as sale is exclusive of sales tax / VAT and are net of returns. Sales are stated gross of excise duty as well as net of excise duty; excise duty being the amount included in the amount of gross turnover. The excise duty related to difference between the closing stock and opening stock is recognised separately as part of 'material cost'.

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 and are independent of Company's finance. 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 2010 Rs.	For the year ended 31st March 2009 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. 1594.52 Lacs (Previous Year Rs. 1189.12 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.	8,69,010	6,00,733
4. Contingent Liabilities Contingent Liabilities not provided for in respect of :		
Excise Duty	1,49,06,491	1,36,64,434
Income Tax / FBT	—	58,35,246
Bank Guarantees	11,14,89,491	8,03,51,111
Sales Tax	2,32,63,000	1,57,75,000
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)	70,62,597	67,62,597
7. Estimated amount of capital commitments, net of advance of Rs 4,25,000 (previous year Rs. 10,42,707)	54,654	16,34,732
8. Uncalled Liability on Partly paid up shares	40,50,000	40,50,000
9. Auditors' Remuneration		
Audit fees	2,00,000	2,00,000
Tax Audit fees	50,000	50,000
Certification fees and other Services	1,05,000	1,00,000
Out of pocket expenses	47,076	10,942
	4,02,076	3,60,942
10. Consumption of Stores	83,91,781	98,04,434
11. CIF Value of Imports		
Raw Materials	19,90,62,215	15,62,31,180
12. Expenditure in foreign currency		
Purchase of raw material	12,70,70,122	23,74,57,947
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. 35,40,942	Rs. 82,62,198
d) Year to which dividend relates	2008-09	2007-08



Schedules forming part of the Accounts (Contd.)

		For the year ended 31st March 2010 Rs.		For the year ended 31st March 2009 Rs.
14. Managerial remuneration				
Directors' Fees		3,00,000		2,30,000
Wholetime Director's remuneration:				
Salaries	18,59,124			
Contribution to Provident Fund	1,29,600	19,88,724		19,88,724
	For the year ended 31st March 2010		For the year ended 31st March 2009	
15. Turnover	Quantity KL	Value Rs.	Quantity KL	Value Rs.
Class of Goods				
Paint (finished)	46251 (55501 MT)	3,94,16,89,791	39859 (47831 MT)	3,68,86,67,766
16. Opening and Closing Stocks				
	Opening stocks as at 1st April, 2009		Closing stocks as at 31st March, 2010	
	Quantity KL	Value Rs.	Quantity KL	Value Rs.
Paint (finished)	4357 (5228 MT)	26,84,06,541	5700 (6840 MT)	35,75,36,816
Previous year Paint (finished)	5657 (6788 MT)	36,12,61,824	4357 (5228 MT)	26,84,06,541
17. Capacity and Production				
	Installed capacity as at 31st March 2010	Actual Production during the year ended 31st March 2010 (Packed for sale)		Previous Year
Paints, enamels & varnishes, N.C. Lacquers & ancillary items (Packed for sale)	57,000 Tonnes	51,655 Tonnes		42,560 Tonnes
Synthetic Resin (mainly for captive consumption)	7,672 Tonnes	2,388 Tonnes		2,051 Tonnes
	For the year ended 31st March 2010		For the year ended 31st March 2009	
	Quantity KL	Value Rs.	Quantity KL	Value Rs.
18. Purchase (Bought-in-items)	4548	11,43,27,105	3092	9,71,94,786
19. Consumption of imported and indigenous raw materials (excluding spare parts and components).				
	For the year ended 31st March 2010		For the year ended 31st March 2009	
	%	Rs.	%	Rs.
Imported Raw Materials	10.48	23,14,21,294	9.10	17,93,64,910
Indigenous Raw Materials	89.52	1,97,69,26,408	90.90	1,79,11,82,586

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

	For the year ended 31st March 2010		For the year ended 31st March 2009	
	Quantity	Value Rs.	Quantity	Value Rs.
Organic acid/chemicals	46,87,175 Kgs	33,29,05,414	40,97,987 Kgs	31,33,22,317
Pigments	36,17,705 Kgs	31,88,80,125	31,76,922 Kgs	26,85,84,542
Solvents & Oils	1,56,25,623 Lts	68,15,27,966	1,24,01,707 Lts	62,16,20,607
Packages and Packing Materials	1,39,76,372 Nos	26,36,86,628	1,13,42,233 Nos	23,71,16,473
Others*		61,13,47,569		52,99,03,557
		2,20,83,47,702		1,97,05,47,496

* 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 Aurum Pharmachem Pvt. Ltd., M/s Anand Packaging, M/s Associated Containers & Barrels Pvt. Ltd., M/s Arvind Cans Limited, 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. Dhiraj Intermediates Pvt. Ltd., M/s. Damani Packaging , M/s. Evergreen Drums & Cans Pvt. Ltd., M/s Elga Paints & Polymers, M/s Kapilash Udyog, M/s. Karna Paints (P) Ltd., M/s. K B Engineering Co. Pvt. Ltd., M/s Mastan 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 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 Tin Box Company , M/s.Techcon India Pvt. Ltd., M/s. 20 Microns Nano Minerals Ltd., M/s. Flona Coatings, M/s. Indian Tin Box Mfg. Co. Pvt. Ltd. and M/s. Sam Transport (P) Ltd. The Company has not received any intimation from suppliers regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 and hence 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. 43,55,492/- pertaining to the current year has been recognised.

	Opening As at 01/04/2009	Charge /(Credit) During the year	(Rs. in Lacs) Closing As at 31/03/2010
Deferred Tax Assets			
Expenses allowable on payment basis	48.70	2.71	51.41
Deferred Tax Liabilities			
Depreciation and related items	(286.75)	(46.27)	(333.02)
Net Deferred Tax Liabilities	238.05	43.56	281.61

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

23. Future minimum lease rentals receivable as at 31.03.2010 as per the lease agreements :

	2009-2010	(Rs. in lacs) 2008-2009
i) Not later than one year	137.77	157.35
ii) Later than one year and not later than five years	199.57	265.90
iii) Later than five years	0	0
	337.34	423.25

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 2009-2010 (Rs. in Lac)	Amount outstanding as on 31st March, 2010 (Rs. in Lac)
S.Sarda	Executive Director	Remuneration	Refer Note 14 of Schedule 19	—
Smt. Lata Sarda	Relative of ED	Rent	7.20	—
Shalimar Adhunik Nirman Ltd	Subsidiary	Investment	50.00	59.50
Shalimar Adhunik Nirman Ltd	Subsidiary	Hiving of Real Estate Division	49.82	499.76

25. The "Advance to Subsidiary" Rs. 5,49,13,547/- (in the beginning of the year representing the consideration money receivable by the Company for transfer of Fixed Assets & Current Assets of its Real Estate Division, to the subsidiary Company, "the transferee Company") has been adjusted for preference shares of Rs. 50,00,000/- (Rupees fifty lakhs) allotted during the year by the Subsidiary Company, as detailed in Schedule 5 i.e. "Investments", the balance consideration of Rs. 4,99,13,547/- shall be discharged by the transferee Company, in cash, as per the order of Hon'ble High Court of Calcutta and Delhi.

26. Exceptional Items as referred to in the Profit & Loss Account, represent write off of irrecoverable debts of Rs. 2,04,42,347.

27. 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 2010

	Gratuity Funded	(In Lacs) Leave Encashment (Nonfunded)
I Expense recognized in the statement of Profit and Loss for the year ended 31st March 2010		
1 Current Service Cost	26.59	8.72
2 Interest Cost	28.11	9.00
3 Employees Contribution	—	—
4 Expected Return on plan assets	(16.41)	—
5 Net Actuarial (Gain)/Losses	(10.62)	36.20
6 Past Service Cost	—	—
7 Settlement Cost	—	—
8 Total Expenses	27.67	53.92
II Net Assets / (Liability) recognized in the balance sheet as at 31st March 2010		
1 Present Value of Defined Benefits of Obligation as at March 10	383.75	124.96
2 Fair Value of plan assets as at Mar' 10	243.68	—
3 Funded status [Surplus/(Deficit)]	(140.07)	(124.96)
4 Net Assets/(Liability) as at Mar' 10	(140.07)	(124.96)
III Change in Obligation during the Year ended 31st March 2010		
1 Present Value of Defined Benefit Obligation at beginning of the Year	365.72	115.24
2 Current Service Cost	26.59	8.72
3 Interest Cost	28.11	9.00
4 Settlement cost	—	—
5 Past Service Cost	—	—
6 Employee Contributions	—	—
7 Actuarial (Gain)/ Losses	(10.62)	36.20
8 Benefits Payments	(26.05)	(44.20)
9 Present value of Defined Benefits Obligation at the end of year	383.75	124.96
IV Change in Assets during the year ended 31st March 2010		
1 Plan assets at the beginning of the year	253.32	—
2 Plan assets acquired on amalgamation in Previous Year	—	—
3 Settlements	—	—
4 Expected return on plan assets	—	—
5 Contributions by employer	—	44.20
6 Actual benefits paid	(26.05)	(44.20)
7 Actual Gains/ (Losses)	—	—
8 Plan assets at the end of the year	243.68	—
9 Actual return on plan assets	16.41	—



Schedules forming part of the Accounts (Contd.)

V Actuarial Assumptions:

As at 31st March 2010

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

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

Signature to Schedule 1 to 19

For CHATURVEDI & PARTNERS
Chartered Accountants

A.K. DUBEY
Partner

28th May, 2010

Pranab Kumar Maity
Company Secretary

DR. R. SRINIVASAN
Director

S. SARDA
Executive Director & CEO

**Abstract of the Balance Sheet as at 31.03.2010 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	31.03.2010	31.03.2009	
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	2,12,98,23,305	1,81,87,82,623	
Total assets	2,12,98,23,305	1,81,87,82,623	
Sources of funds			
Paid-up capital	3,78,56,735	3,78,56,735	
Reserves and Surplus	41,84,59,437	35,29,65,606	
Secured loans	52,13,34,190	56,70,26,417	
Unsecured loans	1,94,45,645	3,70,47,300	
Deferred tax liability	2,81,60,161	2,38,04,669	
Application of funds			
Net fixed assets	32,21,28,214	25,88,95,625	
Investments	79,73,400	29,73,400	
Net current assets	69,51,54,554	75,68,31,703	
Miscellaneous expenditure	Nil	Nil	
Accumulated losses	Nil	Nil	
IV) Performance of the Company			
Turnover (including other income)	3,97,35,54,574	3,71,73,52,002	
Total expenditure	3,82,23,95,792	3,65,39,60,614	
Profit before tax	15,11,58,782	6,33,91,388	
Profit after tax	10,00,03,290	3,56,32,280	
Earning per share in Rupees	26.42	9.41	
Dividend rate percentage	75%	30%	
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

DR. R. SRINIVASAN
Director

28th May, 2010

Pranab Kumar Maity
Company Secretary

S. SARDA
Executive Director & CEO

**Cash Flow Statement for year ended 31st March, 2010**

	2009-2010 (Rs. '000)	2008-2009 (Rs. '000)
A. CASH FLOW FROM OPERATING ACTIVITY		
Net Profit before Tax and Extraordinary items	1,71,601	84,260
Adjusted for :		
Depreciation	33,819	33,999
Interest/Other Income	(17,274)	(18,937)
Interest Expenses	75,996	80,588
Operating Profit before Working Capital Changes	<u>2,64,142</u>	<u>1,79,910</u>
Adjusted for:		
Trade and Other Receivables	(1,15,665)	25
Inventories	(1,22,766)	1,19,103
Trade Payables	2,70,802	(1,06,244)
Direct Taxes paid (net of refund)	(33,054)	(35,156)
Cash Flow before extraordinary items	<u>2,63,459</u>	<u>1,57,638</u>
Extraordinary items	(20,442)	(20,868)
Cash Generated from Operating Activities	<u>2,43,017</u>	<u>1,36,770</u>
Net Cash from Operation	<u>2,43,017</u>	<u>1,36,770</u>
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(99,238)	(87,778)
Sale of Fixed Assets	994	57,556
Purchase of Investment	—	(2,000)
Investment in Subsidiary (Shalimar Adhunik Nirman Ltd)	(5,000)	—
Interest Received	78	787
Lease Rental Received	16,362	17,451
Net Cash used in Investing Activity	<u>(86,804)</u>	<u>(13,984)</u>
C. CASH FLOW FROM FINANCIAL ACTIVITIES		
Proceeds from Borrowings	(63,284)	(6,717)
Repayment of Borrowings	—	(199)
Interest Paid	(76,005)	(80,774)
Dividend Paid	(13,280)	(30,763)
Net Cash used in Financing Activities	<u>(1,52,569)</u>	<u>(1,18,453)</u>
Net Increase in Cash and Cash Equivalents (A+B+C)	<u>3,644</u>	<u>4,333</u>
Opening Balance of Cash and Cash Equivalents	<u>1,35,873</u>	<u>1,31,540</u>
Closing Balance of Cash and Cash Equivalents	<u>1,39,517</u>	<u>1,35,873</u>

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

For CHATURVEDI & PARTNERS
Chartered Accountants

A.K. DUBEY
Partner

28th May, 2010

Pranab Kumar Maity
Company Secretary

DR. R. SRINIVASAN
Director

S. SARDA
Executive Director & CEO



Statement Regarding Subsidiary Company

Pursuant to Section 212 of the Companies Act, 1956

1. Name of the Subsidiary Company	Shalimar Adhunik Nirman Ltd.
2. The Financial Year of the Subsidiary Company ended	31st of March 2010
3. Holding Company's Interest as at 31.03.2010:	
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	4,50,000 Shares of Rs.10/- each (Re. 1/- paid up)
iii) No. of Fully paid up Preference Shares held	50,000 Shares of Rs. 100/- each
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, 2010	
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

DR. R. SRINIVASAN
Director

S. SARDA
Executive Director & CEO

Dated: 28th May, 2010

**Five year review**

	(Rs. in lacs)				
Results for the financial year	2009-2010	2008-2009	2007-2008	2006-2007	2005-2006
Sales	39,416.90	36,886.68	34,013.82	29,049.22	24,829.93
Other Income	318.65	286.84	270.18	207.30	169.75
Materials consumed	23,226.75	20,677.42	18,955.81	16,271.58	13,773.49
Manufacturing expenses, administrative & selling overheads	13,694.64	14,507.63	12,944.31	11,372.33	10,145.15
EBIDTA	2,814.16	1,988.47	2,383.88	1,612.61	1,081.04
Exceptional Items	204.42	208.68	—	—	—
VRS expenses amortised	—	—	—	—	13.64
Interest	759.96	805.88	630.46	533.95	291.96
Depreciation	338.19	339.99	305.32	266.83	274.97
Profit before tax	1,511.59	633.92	1,448.10	811.83	500.47
Provision for tax	511.55	277.59	489.86	337.15	159.21
Profit after tax	1,000.04	356.33	958.24	474.68	341.26
Share Capital	378.57	378.57	378.57	378.57	378.57
Reserves and Surplus	4,184.59	3,529.66	3,319.48	2,689.42	2,455.12
Deferred Tax Liability (Net)	281.60	238.05	223.95	220.59	163.99
Loan Funds	5,407.80	6,040.74	6,111.74	5,980.20	5,048.53
Fixed Assets	3,205.56	2,583.80	2,644.95	2,226.85	2,128.97
Net Current Assets	6,951.55	7,568.32	7,375.46	7,041.70	5,909.49
Earning per share (Rs.)	26.42	9.41	25.31	12.54	9.01
Dividend rate percentage	75	30	70	50	35



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 third Annual Report together with the audited statement of accounts for the year ended 31st March, 2010.

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, 2010.

Directors

Mr. Shanti Swarup Saxena and Mr. Navin Agarwal 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.

Compliance Certificate

A Compliance Certificate dated 28th May, 2010 obtained from M/s. P. Sarawagi & Associates, Company Secretaries, pursuant to the provisions of Section 383A of the Companies Act, 1956 is annexed hereto.

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

Mumbai
28th May, 2010

S. SARDA S. S. SAXENA
Director Director



CIN : U24220DL2007PLC168944

Authorised Capital : Rs.100.00 lacs

Compliance Certificate

To,
The Members

SHALIMAR ADHUNIK NIRMAN LIMITED

We have examined the registers, records, books and papers of **Shalimar Adhunik Nirman Limited** (the Company) as required to be maintained under the Companies Act, 1956, (the Act) and the rules made thereunder and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on 31st March, 2010. In our opinion and to the best of our information and according to the examinations carried out by us and explanations furnished to us by the Company and its officers, we certify that in respect of the aforesaid financial year:

1. the Company has kept and maintained all registers as stated in Annexure 'A' to this certificate, as per the provisions of the Act and the rules made thereunder and prima facie, all entries therein have been duly recorded.
2. the Company has duly filed the forms and returns as stated in Annexure 'B' to this certificate, with the Registrar of Companies within the time prescribed under the Act and the rules made thereunder.
3. the Company, being a public limited company, has the minimum prescribed paid-up capital.
4. the Board of Directors duly met 5 (five) times on 21.05.2009, 29.06.2009, 30.09.2009, 30.11.2009 and 26.02.2010 in respect of which meetings notices were given and the proceedings were properly recorded and signed in the Minutes Book maintained for the purpose.
5. the Company did not close its Register of Members during the financial year under review.
6. the annual general meeting for the financial year ended on 31st March, 2009 was held on 30th September, 2009 after giving due notice to the members of the Company and the resolutions passed thereat were duly recorded in Minutes Book maintained for the purpose.
7. one extra ordinary general meeting was held during the year under review, i.e., on 20th April, 2009, after giving due notice to the members of the Company and the resolution passed thereat was duly recorded in Minutes Book maintained for the purpose.
8. the Company has not advanced any loan to its directors and/or persons or firms referred to in the Section 295 of the Act.
9. during our examination we have not come across any contract entered into by the Company, during the year under review, which is falling within the purview of Section 297 of the Act.
10. the Company has made necessary entries in the register maintained under Section 301 of the Act.
11. during our examination we have not come across any instance falling under the purview Section 314 of the Act.
12. the Company has not issued any duplicate share certificate during the financial year.
13. the Company has :
 - (i) delivered the certificates in respect of 50,000 preference shares allotted during the year under review in accordance with the provisions of the Act and that no security has been lodged for transfer/transmission or any other purpose during the year under review.
 - (ii) not declared any dividend/interim dividend during the year under scrutiny.
 - (iii) not declared any dividend during the year under review, as such the Company was not required to pay/post any dividend warrants.
 - (iv) no such amount which was lying in unpaid dividend account, application money due for refund, matured deposits, matured debentures and the interest accrued thereon and which has remained unclaimed or unpaid for a period of seven years.
 - (v) generally complied with the requirements of Section 217 of the Act.
14. the Board of Directors of the Company is duly constituted and the Company has not appointed any director, additional director, alternate director and/or director to fill casual vacancy during the year.
15. the Company has not appointed any Managing Director/Whole-time Director/Manager during the year under review.
16. the Company has not appointed any sole-selling agent during the financial year under review.
17. during our examination we have not come across any instance for which the Company was required to obtain any approvals of the Central Government, Company Law Board, Regional Director, Registrar or such other authorities as may be prescribed under the various provisions of the Act during the financial year under review.
18. the directors have disclosed their interest in other firms/companies to the Board of Directors pursuant to the provisions of the Act and the rules made thereunder.
19. the Company has allotted 50,000 preference shares during the year and generally complied with the provisions of the Act in this regard. The Company has not issued any equity shares/debentures/other securities during the year under review.
20. the Company has not bought back any shares during the financial year under review.



21. the Company has not redeemed any preference shares/debentures during the year under review.
22. there were no transactions necessitating the Company to keep in abeyance rights to dividend, rights shares and bonus shares.
23. the Company has not invited or accepted any deposits including any unsecured loan falling within the purview of provisions of Section 58A.
24. the Company has not borrowed any amount during the financial year under review.
25. the Company has not made any loan to and investments in, or given guarantee and provided security to other bodies corporate, during the year under review.
26. the Company has not altered the provisions of the Memorandum with respect to situation of the Company's registered office from one state to another during the year under scrutiny.
27. the Company has not altered the provisions of the Memorandum with respect to the objects of the Company during the year under scrutiny.
28. the Company has not altered the provisions of the Memorandum with respect to name of the Company during the year under scrutiny.
29. the Company has altered the provisions of the Memorandum with respect to share capital of the Company during the year under scrutiny and complied with the provisions of the Act.
30. the Company has not altered its Articles of Association during the year under scrutiny.
31. as per the information and explanations given to us, there was no prosecution initiated against or show cause notices received by the Company alleging any offence by the Company under the Act.
32. the Company has not received any money as security from its employees during the year.
33. as the Company has neither created any fund nor any trust for provident fund, the provisions of Section 418 of the Act are not applicable to the Company during the year under review.

For P. SARAWAGI & ASSOCIATES
Company Secretaries

P. K. Sarawagi
Proprietor
C. P. No. : 4882

Place : Kolkata
Date : 28th May, 2010

Annexure - A

Registers as maintained by the Company:

1. Register of Members under Section 150
2. Register of Transfer under Section 108
3. Minutes Books under Section 193
4. Register of Contracts etc. under Section 301
5. Register of Directors under Section 303
6. Register of Directors holding under Section 307

Annexure - B

1. Forms and Returns as filed by the Company with the Registrar of Companies, Regional Director, Central Government or other authorities during the financial year ending on 31st March, 2010 :
2. Form 5 for increase in Authorised Capital on 20th April, 2009, from Rs.50 lakhs to Rs.100 lakhs, was filed on 5th May, 2009 vide SRN A61212510.
3. Form 21 along with copy of the Order of the High Court of Delhi, was filed on 13th May, 2009 vide SRN A61696142.
4. Form 2 for allotment of 50,000 preference shares of Rs.100/- each, allotted on 21st May, 2009, was filed on 29th May, 2009 vide SRN A62637970.
5. Form 23AC & 23ACA along with Annual Reports & Accounts for 2008-09 - filed on 29th October, 2009 vide SRN P38312989.
6. Form 20B along with Annual Return made up to 30th September, 2009 - filed on 26th November, 2009 vide SRN P42215442.
7. Form 23B filed by the Auditors' of the Company on 2nd March, 2010 vide SRN S02494706.



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 2010. 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. As required by 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, we enclose in the annexure a statement on the matters specified in paragraph 4 and 5 of the said Order.
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, 2010, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2010 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 on Accounts 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 :
in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March 2010.

For CHATURVEDI & PARTNERS
Chartered Accountants

A K Dubey
Partner

Membership No.054975

Place : Kolkata
Dated: 28th May, 2010



Annexure to the Auditor's Report
(Referred to in paragraph 2 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) As explained to us, the fixed assets have been verified by the management during the year, which in our opinion , is reasonable having regard to the size of the company and nature of its business.
 - c) No material discrepancies were noticed on such physical verification. In our opinion, the Company has not disposed of substantial part of fixed assets during the year and going concern status of the company is not affected.
2. In respect of its inventories:

There existed no inventory during the year under audit, hence clause 4(ii)a,b & c of CARO, 2003 (as amended) is not applicable.
3. The Company has not taken/given any loan from/to companies covered in the register maintained under section 301 of the Companies Act, 1956.
4. In our opinion and according to the information and explanations given to us, 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. During the course of our audit, we have not observed any major weaknesses in internal control system.
5. In respect of transactions covered under Section 301 of the Companies Act, 1956, in our opinion and according to the information and explanations given to us, there are no such contracts/arrangements entered by the Company; and hence the question of their entering/recording in the register required to be maintained u/s 301 does not arise.
6. The Company has not accepted any deposits from public.
7. The company is not formally required to have formal internal audit system .
8. The Central Government has not prescribed maintenance of Cost Records under Section 209 (1) (d) of the Companies Act, 1956..
9. In respect of statutory dues:
 - a. According to the records of the Company, undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service tax, Customs Duty, Excise Duty, Cess and other statutory dues, as may be applicable, have been regularly deposited with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of the aforesaid dues were outstanding as at 31st March 2010 for a period of more than six months from the date of becoming payable.
 - b. According to the information and explanation given to us, there are no dues of sales tax, income tax, customs duty, wealth tax, service tax, excise duty and cess which have not been deposited on account of any dispute.
10. The Company has not prepared Profit & Loss Account for the current as well as for the previous year, hence the question of incurring loss, cash or otherwise, does not arise.
11. The Company has not borrowed any money from bank, financial institution or through debentures; hence the question of default in repayment of dues to financial institutions, banks or debenture holders does not arise.
12. In our opinion and according to the information and explanations given to us, no loans and advances have been granted by the Company on the basis of security by way of pledge of shares, debentures and other securities.
13. In our opinion, the company is not a chit fund or a nidhi or a mutual benefit fund/ society. Therefore, clause 4(xiii) of Companies (Auditor's Report) Order, 2003(as amended) is not applicable to the company.
14. The Company has not entered into transaction or contract in respect of trading in securities, debentures and other investments ; hence the question of proper records & effecting timely entries therein with respect to said transaction or contract , does not arise.
15. The Company has not given any guarantee for loans taken by others from banks or financial institutions.
16. The Company has not raised any term loans, and hence the question of its application for intended purposes does not arise.
17. According to the information and explanations given to us and on an overall examination of the balance sheet of the company, we report that no funds raised on short-term basis have been used for long-term investment.
18. The Company has allotted preference shares to its holding company, M/s Shalimar Paints Ltd, in discharge of consideration money payable for assets acquired from the holding company.

Except as stated above, the Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Companies Act, 1956.
19. The Company has not issued debentures.
20. The Company has not raised any money by way of public issue.
21. In our opinion and according to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year that causes the financial statements to be materially misstated.

For CHATURVEDI & PARTNERS
Chartered Accountants

A K Dubey
Partner
Membership No.054975

Place : Kolkata
Dated: 28th May, 2010



Balance Sheet as at 31st March, 2010

	Schedule No.	As at 31st March 2010 Rs.	As at 31st March 2009 Rs.
I SOURCES OF FUNDS			
1. Shareholders' Funds			
a) Capital	1	59,50,000	9,50,000
b) Reserves & Surplus		—	—
Total		59,50,000	9,50,000
II APPLICATION OF FUNDS			
1. Fixed Assets			
a) Gross Block	2	5,44,13,547	5,44,13,547
b) Less : Depreciation		—	—
c) Net Block		5,44,13,547	5,44,13,547
2. Current Assets, Loans and Advances			
Cash and Bank Balances	3	11,35,644	12,63,364
Less : Current Liabilities and Provisions			
Liabilities	4	4,99,82,577	5,49,69,062
Net Current Assets		(4,88,46,933)	(5,37,05,698)
3. Miscellaneous Expenditure (To the extent not written off or adjusted)			
a) Preliminary Expenses		2,26,580	2,26,580
b) Pre-operative Expenses		1,56,806	15,571
Total		59,50,000	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

28th May, 2010

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



Schedules forming part of the Accounts

	2009-2010	2008-2009
	Rs.	Rs.
1. CAPITAL		
Authorised		
5,00,000 Equity Shares of Rs. 10 each	50,00,000	50,00,000
50,000 6% Non-Convertible Redeemable Preference Shares of Rs. 100 each	50,00,000	—
	<u>1,00,00,000</u>	<u>50,00,000</u>
Issued and Subscribed & Paid up		
Issued and Subscribed :		
Equity Shares		
5,00,000 Equity Shares of Rs. 10 each	50,00,000	50,00,000
Preference Shares		
50,000 6% Non-Convertible Redeemable Preference Shares of Rs. 100 each	50,00,000	—
	<u>1,00,00,000</u>	<u>—</u>
Paid up:		
50,000 Equity Share of Rs. 10 each fully Paid up in cash	5,00,000	5,00,000
4,50,000 Equity Share of Rs. 10 each, Rs. 1 (Partly paid up) in cash	4,50,000	4,50,000
50,000 6% Non-Convertible Redeemable Preference Shares of Rs. 100 each fully paid up issued pursuant to scheme of amalgamation without payments being received in cash (Refer Note 3 of Schedule - 5)	50,00,000	—
	<u>59,50,000</u>	<u>9,50,000</u>

2. FIXED ASSETS

Description of Assets	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 1st April'09	Additions during the year	Sold/ Adjustment during the year	As at 31st March'10	Provided upto 31st March'09	On Assets Added/Adjustments	Provision for the current year	Total as at 31st March'10	Written down value as at 31st March'10	Written down value as at 31st March'09
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Land	5,44,13,547	—	—	5,44,13,547	—	—	—	—	5,44,13,547	5,44,13,547
Total	5,44,13,547	—	—	5,44,13,547	—	—	—	—	5,44,13,547	5,44,13,547
Previous Year	—	5,44,13,547	—	5,44,13,547	—	—	—	—	5,44,13,547	—

	2009-2010	2008-2009
	Rs.	Rs.
3 CASH AND BANK BALANCES		
Balance with Scheduled Banks :		
Current Account	11,35,644	12,63,364
	<u>11,35,644</u>	<u>12,63,364</u>
4 CURRENT LIABILITIES & PROVISIONS		
CURRENT LIABILITIES		
Due to Holding Company:		
(i) Against transfer of Real Estate Division	4,99,13,547	5,49,13,547
(ii) Others	62,015	44,382
	<u>4,99,75,562</u>	<u>5,49,57,929</u>
Other Current Liabilities	7,015	11,133
	<u>4,99,82,577</u>	<u>5,49,69,062</u>



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 Company has not carried on any business activity/revenue transaction during the year ended 31st March, 2010, hence no Profit & Loss Account has been prepared.
2. Pre-operative Expenses, as detailed below, has been shown under the head "Miscellaneous Expenditure."

Head of Accounts	As at 31st March, 2010 (Rs.)	As at 31st March, 2009 (Rs.)
Audit Fees	16,648	11,133
Printing & stationary	4,382	4,382
Bank Charges	56	56
Filing Fees (ROC) and professional Charges	1,35,720	—
	1,56,806	15,571

3. 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 .

Out of said consideration money, the Company has issued Preference Share Capital of Rs. 50,00,000 (Refer Schedule 1 of Capital).

The balance outstanding consideration of Rs. 4,99,13,547 as at 31st March, 2010 shall be discharged by payment in cash as per the orders of Hon'ble High Courts.

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

4. Previous year figure's have been rearranged, where necessary.
5. Financial figures have been rounded off to nearest rupees.

Signature to Schedules 1 to 5

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

28th May, 2010

S. SARDA Director
S.S. SAXENA Director



Abstract of the Balance Sheet as at 31.03.2010 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	31.03.2010	31.03.2009
II) Capital raised during the year	Current Year	Previous Year
Public issue	Nil	Nil
Rights issue	Nil	Nil
Bonus issue	Nil	Nil
Private placements	50,00,000	9,50,000
III) Position of mobilisation and deployment of funds		
Total liabilities	5,59,32,577	5,59,19,062
Total assets	5,59,32,577	5,59,19,062
Sources of funds		
Paid-up capital	59,50,000	9,50,000
Reserves and Surplus	Nil	Nil
Secured loans	Nil	Nil
Unsecured loans	Nil	Nil
Application of funds		
Net fixed assets	5,44,13,547	5,44,13,547
Investments	Nil	Nil
Net current assets	(4,88,46,933)	(5,37,05,698)
Miscellaneous expenditure	3,83,386	2,42,151
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

28th May, 2010

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, 2010, the Consolidated Profit and Loss Account and also the Consolidated Cash Flow Statement for the year ended on that date annexed thereto, which we have signed under reference to this report. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We 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 view, in conformity with the accounting principles generally accepted in India.
 - a) in the case of Consolidated Balance Sheet of the Consolidated state of affairs of “Group” as at 31st March, 2010:
 - b) in the case of the Consolidated Profit and Loss Account, of the Consolidated results of operations of the “Group” for the year ended on that date.
 - c) In case of the Consolidated Cash flow Statement, of the Consolidated Cash Flows of the “Group” for the year ended on that date.

For CHATURVEDI & PARTNERS
Chartered Accountants

A K Dubey

Partner

Membership No.054975

Place: Kolkata
Dated: 28th May 2010



Shalimar Paints Limited – Consolidated

Consolidated Balance Sheet as at 31st March, 2010

	Schedule No.	As at 31st March 2010 Rs.	As at 31st March 2009 Rs.
I SOURCES OF FUNDS			
1. Shareholders' Funds			
a) Capital	1	3,78,56,735	3,78,56,735
b) Reserves & Surplus	2	41,84,59,437	35,29,65,606
		<u>45,63,16,172</u>	<u>39,08,22,341</u>
2. Minority Interest		100	100
3. Loan Funds	3		
a) Secured Loans		52,13,34,190	56,70,26,417
b) Unsecured Loans		1,94,45,645	3,70,47,300
		<u>54,07,79,835</u>	<u>60,40,73,717</u>
4. Deferred Tax Liability (Net) (Refer Note no. 22 of Schedule 19)		2,81,60,161	2,38,04,669
	Total	<u>1,02,52,56,268</u>	<u>1,01,87,00,827</u>
II APPLICATION OF FUNDS			
1. Fixed Assets	4		
a) Gross Block		76,63,45,449	67,24,18,610
b) Less : Depreciation		39,13,75,760	35,96,24,897
c) Net Block		37,49,69,689	31,27,93,713
d) Capital Work-in-Progress		15,72,072	5,15,459
		<u>37,65,41,761</u>	<u>31,33,09,172</u>
2. Investments	5	20,23,500	20,23,500
3. Current Assets, Loans and Advances			
a) Inventory	6	62,84,96,992	50,57,31,253
b) Sundry Debtors	7	91,81,12,676	78,54,93,768
c) Cash and Bank Balances	8	14,06,52,439	13,71,36,779
d) Loans and Advances	9	6,36,19,666	7,48,57,234
		<u>1,75,08,81,773</u>	<u>1,50,32,19,034</u>
<i>Less : Current Liabilities and Provisions</i>			
a) Liabilities	10	1,05,35,72,008	78,27,67,779
b) Provisions	11	5,10,02,144	1,73,25,251
		<u>1,10,45,74,152</u>	<u>80,00,93,030</u>
Net Current Assets		<u>64,63,07,621</u>	<u>70,31,26,004</u>
4. Miscellaneous Expenditure (To the extent not written off or adjusted)			
Preliminary Expenses		2,26,580	2,26,580
Pre-operative Expenses		1,56,806	15,571
	Total	<u>1,02,52,56,268</u>	<u>1,01,87,00,827</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

DR. R. SRINIVASAN
Director

28th May, 2010

Pranab Kumar Maity
Company Secretary

S. SARDA
Executive Director & CEO

**Profit And Loss Account for the year ended 31st March, 2010**

	Schedule No.	For year ended 31st March 2010 Rs.	For year ended 31st March 2009 Rs.
INCOME			
Sales less returns		3,94,16,89,791	3,68,86,67,766
Less : Excise duty		28,60,14,855	37,98,37,833
Sales (Net of Excise)		3,65,56,74,936	3,30,88,29,933
Other Income	12	3,18,64,783	2,86,84,236
Increase/(Decrease) in stocks	13	7,87,59,880	(10,21,22,050)
		3,76,62,99,599	3,23,53,92,119
EXPENDITURE			
Materials Consumed	14	2,20,83,47,702	1,97,05,47,496
Purchase of Bought-in-items		11,43,27,105	9,71,94,786
Employees' Remuneration and Other Benefits	15	19,73,56,599	16,00,61,751
Discounts and Rebates		46,16,43,592	43,25,50,830
Manufacturing, Administrative, Selling and Other Expenses	16	50,32,08,906	37,61,90,760
Interest	17	7,59,96,031	8,05,88,230
		3,56,08,79,935	3,11,71,33,853
Profit Before Depreciation		20,54,19,664	11,82,58,266
Depreciation		3,38,18,535	3,39,98,613
Profit Before Tax and Exceptional Items		17,16,01,129	8,42,59,653
Exceptional Items		2,04,42,347	2,08,68,265
Profit Before Tax		15,11,58,782	6,33,91,388
Provision for Tax			
— Current Tax		4,68,00,000	2,45,00,000
— Fringe Benefit Tax		—	18,50,000
— Deferred Tax		43,55,492	14,09,108
Profit After Tax		10,00,03,290	3,56,32,280
Balance Brought Forward		5,78,47,440	4,55,02,118
Amount available for Appropriations		15,78,50,730	8,11,34,398
APPROPRIATIONS			
Transferred to General Reserve		6,00,00,000	1,00,00,000
Proposed Dividend		2,83,92,150	1,13,56,860
Tax on Proposed Dividend		48,25,246	19,30,098
Balance Carried Forward to Balance Sheet		6,46,33,334	5,78,47,440
		15,78,50,730	8,11,34,398
Earnings per share - Basic and diluted (in Rupees)		26.42	9.41
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

28th May, 2010

Pranab Kumar Maity
Company Secretary

DR. R. SRINIVASAN
Director

S. SARDA
Executive Director & CEO

**Schedules forming part of the Accounts**

	2009-2010	2008-2009
	Rs.	Rs.
1. CAPITAL		
Authorised		
80,00,000 Equity Shares of Rs. 10 each	8,00,00,000	8,00,00,000
Issued and Subscribed		
37,85,620 Equity Shares of Rs. 10 each fully paid	3,78,56,200	3,78,56,200
Share Forfeiture Account	535	535
	3,78,56,735	3,78,56,735
Note : Of the above Equity Shares 12,60,840 shares were allotted as fully paid by way of Bonus Shares by Capitalisation of Reserves.		
2. RESERVES AND SURPLUS		
General Reserve		
Balance as per last Account	16,56,56,367	15,56,56,367
Transferred from/(to) Profit and Loss Account	6,00,00,000	1,00,00,000
	22,56,56,367	16,56,56,367
Profit and Loss Account	6,46,33,334	5,78,47,440
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	3,11,15,711	3,24,44,409
Transferred from/(to) Profit and Loss Account	(12,92,064)	(13,28,698)
	2,98,23,647	3,11,15,711
Share Premium Account	9,49,27,000	9,49,27,000
	41,84,59,437	35,29,65,606
3. LOAN FUNDS		
Secured Loans		
Overdrafts (including Working Capital Demand Loans)	52,04,65,180	56,64,25,684
Auto Loans	8,69,010	6,00,733
	52,13,34,190	56,70,26,417
Unsecured Loans		
Trade Deposits	27,00,000	31,00,000
Interest accrued and due	1,70,100	1,79,557
	28,70,100	32,79,557
Deferred Sales Tax	1,65,75,545	3,37,67,743
	1,94,45,645	3,70,47,300



Schedules forming part of the Accounts (Contd.)

4. FIXED ASSETS

(Figures in Rupees)

Particulars	GROSS BLOCK				ACCUMULATED DEPRECIATION				NET BLOCK	
	As at 1st April 2009	Addition during the year	Sold/ Adjustments during the year	As at 31st March 2010	Provided up to 31st March 2009	Adjustment On disposal	Provision for the current year	Total as at 31st March 2010	Net written down value as at 31st March 2010	Net written down value as at 31st March 2009
Land	8,48,09,973	2,02,23,180	—	10,50,33,153	—	—	—	—	10,50,33,153	8,48,09,973
Buildings	14,79,87,257	1,56,55,255	—	16,36,42,512	5,98,33,751	—	51,51,688	6,49,85,440	9,86,57,072	8,81,53,506
Plant & Machinery	21,24,01,853	1,70,92,155	(30,14,052)	22,64,79,956	17,66,92,317	(30,01,033)	63,21,325	18,00,12,609	4,64,67,347	3,57,09,536
Leased Equipment	11,43,55,445	1,00,63,338	(8,54,140)	12,35,64,643	3,89,91,975	(54,318)	1,08,67,444	4,98,05,101	7,37,59,542	7,53,63,470
Furnitures & Fittings	2,11,81,809	49,46,813	(7,230)	2,61,21,392	1,54,53,581	(6,454)	8,94,909	1,63,42,035	97,79,357	57,28,228
Office Equipment	8,44,71,999	2,77,26,779	(1,26,932)	11,20,71,846	6,27,59,978	(45,936)	1,13,35,192	7,40,49,234	3,80,22,612	2,17,12,021
Motor Car & Other Vehicles	72,10,275	24,73,667	(2,51,995)	94,31,947	58,93,296	(2,51,995)	5,40,041	61,81,341	32,50,606	13,16,979
Total	67,24,18,610	9,81,81,187	(42,54,349)	76,63,45,449	35,96,24,897	(33,59,736)	3,51,10,599	39,13,75,760	37,49,69,689	31,27,93,713
Previous Year	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	

NOTE: Depreciation for the year includes depreciation on amount added on revaluation of Rs. 12,92,064 (previous year Rs. 13,28,698/-) recouped from Fixed Assets Revaluation Reserve

	2009-2010 Rs.	2008-2009 Rs.
5. INVESTMENTS - (other than trade) (at cost)		
Long Term Investment		
Unquoted		
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 I Growth Plan 200000 Units of Rs. 10 Each (Market Value of Long Term Quoted Investment Rs. 18,40,000)	20,00,000	20,00,000
	20,23,500	20,23,500
6. INVENTORY (at cost or market value whichever is lower)		
Raw Material	21,44,18,344	16,88,83,761
Stock-in-trade	35,75,36,816	26,84,06,541
Material-in-process	2,61,78,133	3,65,48,528
Stores	79,22,255	58,81,342
Materials-in-transit	2,24,41,444	2,60,11,081
	62,84,96,992	50,57,31,253

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

	2009-2010 Rs.	2008-2009 Rs.
7. SUNDRY DEBTORS		
(Unsecured - considered good)		
Debts outstanding for a period exceeding six months	7,31,78,000	4,56,39,000
Others	84,49,34,676	73,98,54,768
	91,81,12,676	78,54,93,768
8. CASH AND BANK BALANCES		
Cash and cheques in hand	9,08,55,757	9,42,71,361
Balance with Scheduled Banks :		
Current Account	92,85,349	76,14,110
Fixed Deposit Account	2,89,609	37,940
Unpaid Dividend Account	15,51,197	15,44,555
	1,11,26,155	91,96,605
Remittances in transit	3,86,70,527	3,36,68,813
	14,06,52,439	13,71,36,779
9. LOANS AND ADVANCES		
Unsecured : Considered Good		
Advances (recoverable in cash or in kind or for value to be received):	—	7,66,05,793
Advances to Subsidiary Company		
Other Advances	2,69,13,353	—
Balances with Customs, Central Excise, etc	28,37,119	31,69,722
Loans and advances to companies	—	(5,49,57,929)
Deposits	3,38,69,194	5,00,39,648
	6,36,19,666	7,48,57,234
10. LIABILITIES		
Acceptances	18,54,36,665	7,56,54,406
Sundry Creditors		
– Dues to Small Scale Industrial Undertakings	15,94,51,777	11,89,11,803
– Others	70,71,32,369	58,66,57,015
Investor Education & Protection Fund shall be credited by:		
– Unpaid Dividend	15,51,197	15,44,555
	1,05,35,72,008	78,27,67,779
11. PROVISIONS		
Provision for Taxation	1,77,84,748	40,38,293
Proposed Dividend	2,83,92,150	1,13,56,860
Tax on Proposed Dividend	48,25,246	19,30,098
	5,10,02,144	1,73,25,251
12. OTHER INCOME		
Sundry Sales	1,32,40,459	84,98,537
Profit/(loss) on sale of fixed assets	99,761	(8,54,735)
Lease Rental	1,70,96,485	1,90,04,159
Interest	77,825	7,87,371
Miscellaneous receipts	13,50,253	12,48,904
	3,18,64,783	2,86,84,236

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

	2009-2010 Rs.	2008-2009 Rs.
13. INCREASE/(DECREASE) IN STOCKS		
Closing Stock		
Finished Goods	35,75,36,816	26,84,06,541
Materials-in-Process	2,61,78,133	3,65,48,528
	38,37,14,949	30,49,55,069
Opening 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
	7,87,59,880	(10,21,22,050)
14. MATERIALS CONSUMED		
Opening Stock of Raw Materials	16,88,83,761	19,45,74,264
Add : Purchase of Raw Materials	2,25,92,34,173	1,96,00,26,061
Less : Closing Stock of Raw Materials	21,44,18,344	16,88,83,761
(Decrease)/Increase in Excise duty on finished goods	(53,51,888)	(1,51,69,068)
	2,20,83,47,702	1,97,05,47,496
15. EMPLOYEES' REMUNERATION AND OTHER BENEFITS		
Salaries, wages, bonus etc.	15,35,04,548	12,48,15,751
Contribution to provident and other funds	1,38,21,940	99,50,415
Workmen and staff welfare expenses	3,00,30,111	2,52,95,585
	19,73,56,599	16,00,61,751
16. MANUFACTURING, ADMINISTRATIVE, SELLING AND OTHER EXPENSES		
Stores consumed	83,91,781	98,04,434
Power and fuel	3,20,78,215	2,79,86,155
Rent	2,04,57,183	1,41,98,972
Rates and taxes	19,33,577	17,57,125
Insurance	11,47,903	9,89,167
Repairs to plant and machinery	36,37,465	38,71,385
Repairs to building	34,01,174	26,72,105
Repairs - others	96,58,354	90,44,069
Printing and stationery	55,04,574	67,56,635
Communication expenses	1,07,29,344	1,08,71,507
Directors' fees	3,00,000	2,30,000
Auditors' remuneration (Note 9 of Schedule 19)	4,02,076	3,60,942
Cost Audit fees	40,000	40,000
Commission on sales	2,19,50,480	2,45,95,906
Travelling expenses	3,39,59,495	2,98,73,897
Application Charges	9,68,85,973	3,63,01,191
Freight and carriage	16,57,70,975	13,52,79,351
Miscellaneous Expenses	8,69,60,337	6,15,57,919
	50,32,08,906	37,61,90,760
17. INTEREST		
Others	7,59,96,031	8,05,88,230
	7,59,96,031	8,05,88,230



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 lower of cost or net realisable value.
- b) Work-in-process and 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

The amount recognised as sale is exclusive of sales tax / VAT and are net of returns. Sales are stated gross of excise duty as well as net of excise duty; excise duty being the amount included in the amount of gross turnover. The excise duty related to difference between the closing stock and opening stock is recognised separately as part of 'material cost'.

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 are made as determined as per the actuarial valuation report. Actuarial gains & losses are recognized in the Profit & Loss Account. The Company recognizes in the Profit & Loss Account gains or losses on curtailment or settlement of a defined benefit plan as and when the curtailment or settlement occurs.
- (iv) Provision is made for retirement leave encashment benefit payable to employees on the basis of independent actuarial valuation, at the end of each year and charge is recognized in the Profit and Loss Account.

18.11 Borrowing Cost

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

18.12 Taxes on Income

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

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

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

18.13 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 2010 Rs.	For the year ended 31st March 2009 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. 1594.52 Lacs (Previous Year Rs. 1189.12 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.	8,69,010	6,00,733
4. Contingent Liabilities		
Contingent Liabilities not provided for in respect of :		
Excise Duty	1,49,06,491	1,36,64,434
Income Tax / FBT	—	58,35,246
Bank Guarantees	11,14,89,491	8,03,51,111
Sales Tax	2,32,63,000	1,57,75,000
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)	70,62,597	67,62,597
7. Estimated amount of capital commitments, net of advance of Rs 4,25,000 (previous year Rs. 10,42,707)	54,654	16,34,732
8. Uncalled liability on partly paid up shares	40,50,000	40,50,000
9. Auditors' Remuneration		
Audit fees	2,00,000	2,00,000
Tax Audit fees	50,000	50,000
Certification fees and other Services	1,05,000	1,00,000
Out of pocket expenses	47,076	10,942
	4,02,076	3,60,942
Audit fees of Shalimar Adhunik Nirman Limited Rs. 5,515 (Previous Year Rs. 5,515) is included in "Pre-operative Expenses".		
10. Consumption of Stores	83,91,781	98,04,434
11. CIF Value of Imports		
Raw Materials	19,90,62,215	15,62,31,180
12. Expenditure in Foreign Currency		
Purchase of raw material	12,70,70,122	23,74,57,947
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. 35,40,942	Rs. 82,62,198
d) Year to which dividend relates	2008-09	2007-08



Schedules forming part of the Accounts (Contd.)

		For the year ended 31st March 2010 Rs.		For the year ended 31st March 2009 Rs.
14. Managerial remuneration				
Directors' Fees		3,00,000		2,30,000
Wholetime Director's remuneration:				
Salaries	18,59,124			
Contribution to Provident Fund	1,29,600	19,88,724		19,88,724
	For the year ended 31st March 2010		For the year ended 31st March 2009	
15. Turnover	Quantity KL	Value Rs.	Quantity KL	Value Rs.
Class of Goods				
Paint (finished)	46251 (55501MT)	3,94,16,89,791	39859 (47831 MT)	3,68,86,67,766
16. Opening and Closing Stocks				
	Opening stocks as at 1st April, 2009		Closing stocks as at 31st March, 2010	
	Quantity KL	Value Rs.	Quantity KL	Value Rs.
Paint (finished)	4357 (5228 MT)	26,84,06,541	5700 (6840MT)	35,75,36,816
Previous year Paint (finished)	5657 (6788 MT)	36,12,61,824	4357 (5228MT)	26,84,06,541
17. Capacity and Production				
	Installed capacity as at 31st March 2010	Actual Production during the year ended 31st March 2010 (Packed for sale)		Previous Year
Paints, enamels & varnishes, N.C. Lacquers & ancillary items (Packed for sale)	57,000 Tonnes	51,655 Tonnes		42,560 Tonnes
Synthetic Resin (mainly for captive consumption)	7,672 Tonnes	2,388 Tonnes		2,051 Tonnes
	For the year ended 31st March 2010		For the year ended 31st March 2009	
	Quantity KL	Value Rs.	Quantity KL	Value Rs.
18. Purchase (Bought-in-items)	4548	11,43,27,105	3092	9,71,94,786
19. Consumption of imported and indigenous raw materials (excluding spare parts and components).				
	For the year ended 31st March 2010		For the year ended 31st March 2009	
	%	Rs.	%	Rs.
Imported Raw Materials	10.48	23,14,21,294	9.10	17,93,64,910
Indigenous Raw Materials	89.52	1,97,69,26,408	90.90	1,79,11,82,586

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

	For the year ended 31st March 2010		For the year ended 31st March 2009	
	Quantity	Value Rs.	Quantity	Value Rs.
Organic acid/chemicals	46,87,175 Kgs	33,29,05,414	40,97,987 Kgs	31,33,22,317
Pigments	36,17,705 Kgs	31,88,80,125	31,76,922 Kgs	26,85,84,542
Solvents & Oils	1,56,25,623 Lts	68,15,27,966	1,24,01,707 Lts	62,16,20,607
Packages and Packing Materials	1,39,76,372 Nos	26,36,86,628	1,13,42,233 Nos	23,71,16,473
Others*		61,13,47,569		52,99,03,557
		<u>2,20,83,47,702</u>		<u>1,97,05,47,496</u>

* 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 Aurum Pharmachem Pvt. Ltd., M/s Anand Packaging, M/s Associated Containers & Barrels Pvt. Ltd., M/s Arvind Cans Limited, 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. Dhiraj Intermediates Pvt. Ltd., M/s. Damani Packaging , M/s. Evergreen Drums & Cans Pvt. Ltd., M/s Elga Paints & Polymers, M/s Kapilash Udyog, M/s. Karna Paints (P) Ltd., M/s. K B Engineering Co. Pvt. Ltd., M/s Mastan 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 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 Tin Box Company , M/s.Techcon India Pvt. Ltd., M/s. 20 Microns Nano Minerals Ltd., M/s. Flona Coatings, M/s. Indian Tin Box Mfg. Co. Pvt. Ltd. and M/s. Sam Transport (P) Ltd. The Company has not received any intimation from suppliers regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 and hence 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. 43,55,492.00 pertaining to the current year has been recognised.

	Opening As at 01/04/2009	Charge / (Credit) During the year	(Rs. in Lacs) Closing As at 31/03/2010
Deferred Tax Assets			
Expenses allowable on payment basis	48.70	2.71	51.41
Deferred Tax Liabilities			
Depreciation and related items	(286.75)	(46.27)	(333.02)
Net Deferred Tax Liabilities	238.05	43.56	281.61



Schedules forming part of the Accounts (Contd.)

23. Future minimum lease rentals receivable as at 31.03.2010 as per the lease agreements :

	2009-2010	(Rs. in lacs) 2008-2009
i) Not later than one year	137.77	157.35
ii) Later than one year and not later than five years	199.57	265.90
iii) Later than five years	—	—
	337.34	423.25

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	—
Smt. Lata Sarda	Relative of ED	Rent	7.20	—

25. The “Advance to Subsidiary” Rs. 5,49,13,547/- (in the beginning of the year representing the consideration money receivable by the Company for transfer of Fixed Assets & Current Assets of its Real Estate Division, to the subsidiary Company, “the transferee Company”) has been adjusted for preference shares of Rs. 50,00,000/- (Rupees fifty lakhs) allotted during the year by the Subsidiary Company, as detailed in Schedule 5 i.e. “Investments”, the balance consideration of Rs. 4,99,13,547/- shall be discharged by the transferee Company, in cash, as per the order of Hon’ble High Court of Calcutta and Delhi.

26. Exceptional Items as referred to in the Profit & Loss Account, represent write off of irrecoverable debts of Rs. 2,04,42,347.00.

27. 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 2010

	Gratuity Funded	(In Lakhs) Leave Encashment (Non-funded)
I Expense recognized in the statement of Profit and Loss for the year ended 31st March 2010		
1 Current Service Cost	26.59	8.72
2 Interest Cost	28.11	9.00
3 Employees Contribution	—	—
4 Expected Return on plan assets	(16.41)	—
5 Net Actuarial (Gain)/Losses	(10.62)	36.20
6 Past Service Cost	—	—
7 Settlement Cost	—	—
8 Total Expenses	27.67	53.92
II Net Assets / (Liability) recognized in the balance sheet as at 31st March 2010		
1 Present Value of Defined Benefits of Obligation as at March '10	383.75	124.96
2 Fair Value of plan assets as at March '10	243.68	—
3 Funded status [Surplus/(Deficit)]	(140.07)	(124.96)
4 Net Assets/(Liability) as at March '10	(140.07)	(124.96)
III Change in Obligation during the Year ended 31st March 2010		
1 Present Value of Defined Benefit Obligation at beginning of the Year	365.72	115.24
2 Current Service Cost	26.59	8.72
3 Interest Cost	28.11	9.00
4 Settlement cost	—	—
5 Past Service Cost	—	—
6 Employee Contributions	—	—
7 Actuarial (Gain)/ Losses	(10.62)	36.20
8 Benefits Payments	(26.05)	(44.20)
9 Present value of Defined Benefits Obligation at the end of year	383.75	124.96
IV Change in Assets during the Year ended 31st March 2010		
1 Plan assets at the beginning of the year	253.32	—
2 Plan assets acquired on amalgamation in Previous Year	—	—
3 Settlements	—	—
4 Expected return on plan assets	—	—
5 Contributions by employer	—	44.20
6 Actual benefits paid	(26.05)	(44.20)
7 Actual Gains/ (Losses)	—	—
8 Plan assets at the end of the year	243.68	—
9 Actual return on plan assets	16.41	—



Schedules forming part of the Accounts (Contd.)

V Actuarial Assumptions:	As at 31st March 2010
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

28. With regard to the Subsidiary Company, since there is no business activities / profit during the year ended 31st March, 2010, tax provisions including of deferred tax, have not been made.

Pre-operative Expenses :

Head of Accounts	31st March, 2010 (Rs.)	31st March, 2009 (Rs.)
Audit Fees	16,648	11,133
Printing & Stationary	4,382	4,382
Bank Charges	56	56
Filing Fees (ROC) and Professional Charges	1,35,720	—
Total	1,56,806	15,571

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

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

31. Financial figures have been rounded off to nearest rupee.

Signature to Schedule 1 to 19

For CHATURVEDI & PARTNERS
Chartered Accountants

A.K. DUBEY
Partner

28th May, 2010

Pranab Kumar Maity
Company Secretary

DR. R. SRINIVASAN
Director

S. SARDA
Executive Director & CEO

**Cash Flow Statement for year ended 31st March, 2010**

	2009-2010 (Rs. ' 000)	2008-2009 (Rs. ' 000)
A. CASH FLOW FROM OPERATING ACTIVITY		
Net Profit before Tax and Extraordinary items	1,71,601	84,260
Adjusted for :		
Depreciation	33,819	33,999
Deferred Revenue Expenditure (Amortised)	(141)	—
Interest/Other Income	(17,274)	(18,937)
Interest Expenses	75,996	80,588
	<u>92,400</u>	<u>98,650</u>
Operating Profit before Working Capital Changes	2,64,001	1,79,910
Adjusted for:		
Trade and Other Receivables	(120,649)	54,939
Inventories	(1,22,766)	1,19,103
Trade Payables	2,70,798	(1,06,239)
Direct Taxes paid (net of refund)	(33,054)	(35,156)
	<u>(5,671)</u>	<u>32,647</u>
Cash Flow before extraordinary items	2,58,330	2,12,557
Extraordinary items	(20,442)	(20,868)
Deferred Revenue Expenditure for the year	—	(119)
Cash Generated from Operating Activities	2,37,888	1,91,570
Direct Tax	—	—
Net Cash from Operation	<u>2,37,888</u>	<u>1,91,570</u>
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(99,238)	1,42,191
Sale of Fixed Assets	994	57,556
Purchase of Investment	—	(2,000)
Interest Received	78	787
Lease Rental Received	16,362	17,451
Net cash used in Investing Activity	<u>(81,804)</u>	<u>(68,397)</u>
C. CASH FLOW FROM FINANCIAL ACTIVITIES		
Proceeds from Borrowings	(63,284)	(6,717)
Repayment of Borrowings	—	(199)
Interest Paid	(76,005)	(80,774)
Dividend Paid	(13,280)	(30,763)
Net Cash used in Financing Activities	<u>(1,52,569)</u>	<u>(1,18,453)</u>
Net Increase in Cash and Cash Equivalents (A+B+C)	<u>3,515</u>	<u>4,720</u>
Opening Balance of Cash and Cash Equivalents	1,37,137	1,32,417
Closing Balance of Cash and Cash Equivalents	1,40,652	1,37,137

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

For CHATURVEDI & PARTNERS
Chartered Accountants

A.K. DUBEY
Partner

28th May, 2010

Pranab Kumar Maity
Company Secretary

DR. R. SRINIVASAN
Director

S. SARDA
Executive Director & CEO

ATTENDANCE SLIP



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

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

DP. Id*	
---------	--

Registered Folio No.	
----------------------	--

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

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

NAME AND ADDRESS OF THE SHAREHOLDER

I hereby record my presence at the 108th ANNUAL GENERAL MEETING of the Company held on Friday, the 30th July, 2010 at 10.30 a.m. at its Registered Office at Goaberia, P.O.: Danesh Shaikh Lane, Howrah - 711 109.

*Applicable for investors holding shares in dematerialised form.

Signature of the shareholder / proxy

PROXY FORM



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

DP. Id*	
---------	--

Registered Folio No.	
----------------------	--

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

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

I/We of
..... being a member/members of Shalimar Paints Limited
hereby appoint of
..... or failing him
..... of
as my/our proxy to vote for me/us and on my/our behalf at the 108th ANNUAL GENERAL MEETING of the Company to be held
on Friday, the 30th July, 2010 at 10.30 a.m.

Signed this day of 2010.

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