



Corporate Presentation, March 2011

Adding Colour To Life

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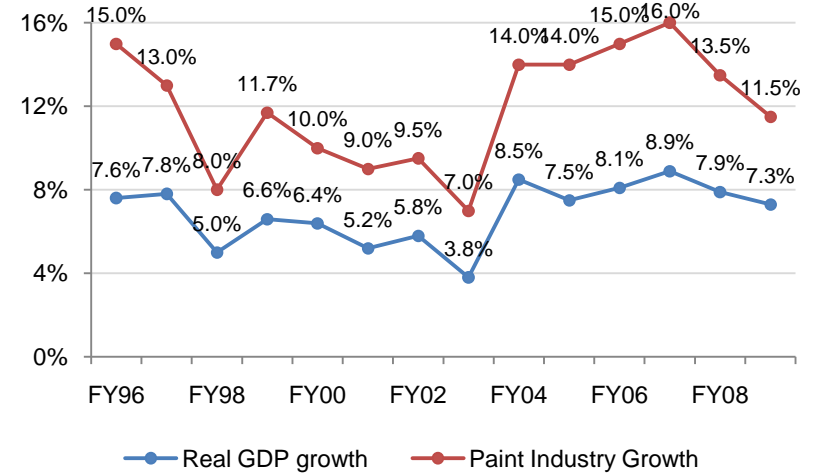


Paints | A Large and Growing Market

OVERVIEW

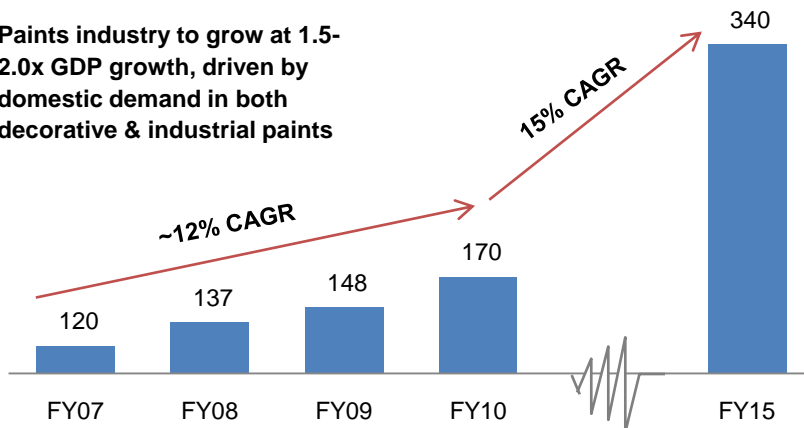
- The Indian paints market is estimated at INR 170 Bn (net sales), having grown at a CAGR of 12% over FY07 – FY10; it is expected to continue growing at ~ 15% CAGR to reach ~INR 340 Bn by FY15
- Growth in the Indian paints industry has traditionally been 1.5 – 2.0x GDP growth; expected GDP growth of >8% over the next few years augurs well for the paints industry
- A low per capita consumption (1.35 kg) vis-à-vis other emerging markets (5 kg for Malaysia) and developed markets (25 kg for USA) also indicates continued scope for high growth for paints in India
- Exports and imports (limited to specialized paints only) in the paints industry are minimal, growth is primarily being driven by domestic demand in both decorative and industrial paints

GDP GROWTH V/S PAINTS INDUSTRY GROWTH

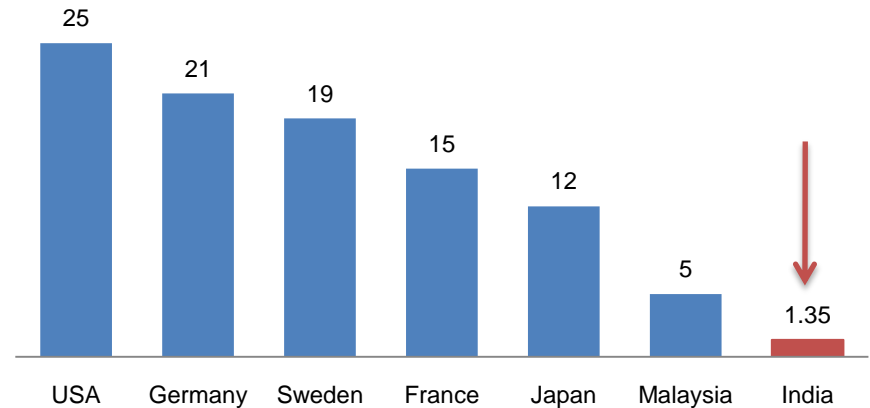


MARKET SIZE & GROWTH, INR Bn

Paints industry to grow at 1.5-2.0x GDP growth, driven by domestic demand in both decorative & industrial paints



PER CAPITA CONSUMPTION (KG - FY10)





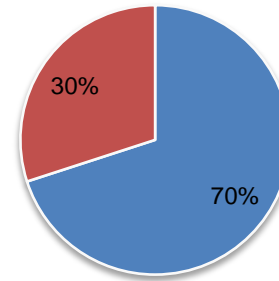
Dominated by a few large players

OVERVIEW

- The INR 170 Bn industry is dominated by organized players who account for ~75% of the market; the unorganized sector (~25%) is highly fragmented with ~1,000 small scale players
- The share of organized market has improved from ~55% in FY2000 due to reduction of excise duties and import duties of key raw materials over time
- A number of players in the unorganized segment contract manufacture for the large organized players, than sell in the open market, especially at the lower end of the product portfolio – this has further increased the share of the organized segment
- Key players in the organized sector are Asian Paints, Kansai Nerolac, Berger Paints, Akzo Nobel and Shalimar Paints – they account for ~80% of the organized market
- The Indian paints industry is dominated by decorative paints; the current ratio of decorative v/s industrial stands at 70:30, and is expected to move towards the international ratio of 50:50 due to
 - Strong growth in underlying sectors such as infrastructure, automotive, consumer durables etc.
 - Strong interest from international players with technical expertise in entering India to leverage the above opportunity
- The growth in the Indian market is attracting multiple international players to the country – some of the global majors who have entered India in the recent past are Sherwin-Williams, Nippon Paint, Jotun Paints etc.

INDUSTRY STRUCTURE

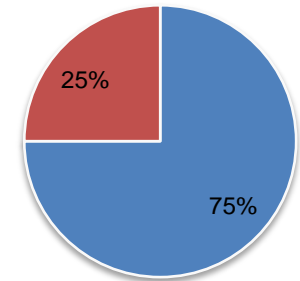
DECO V/S INDUSTRIAL



INR 170 Bn

■ Decorative ■ Industrial

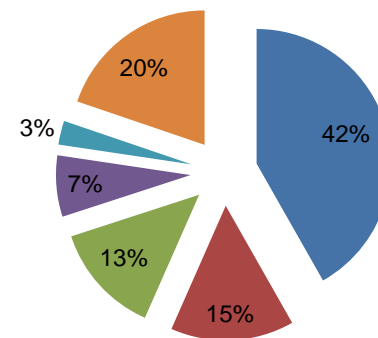
ORGANIZED SEGMENT



INR 170 Bn

■ Organized ■ Unorganized

MAJOR PLAYERS, GROWTH & MARKET SHARES **



| | Sales FY10 (INR Mn) | CAGR (FY07- 10) |
|----------------------|---------------------------|-----------------------|
| ■ Asian Paints* | 53,266 | 21.8% |
| ■ Berger Paints | 18,913 | 15.7% |
| ■ Kansai Nerolac | 17,064 | 9.7% |
| ■ Akzo Nobel | 9,386 | (2.6)% |
| ■ Shalimar Paints | 3,656 | 12.6% |
| ■ Others | 25,215 | 14.7% |
| Total (Top 5) | 102,285 | 14.9% |

Source: Annual Reports, Mgmt Estimates

* Only domestic revenues

** Market shares are for the organized market of INR 128 Bn (FY10)



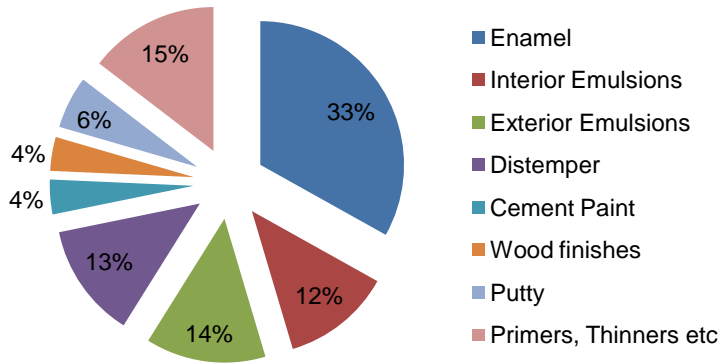
DECORATIVE PAINTS



Market Overview

REVENUE BY SEGMENT

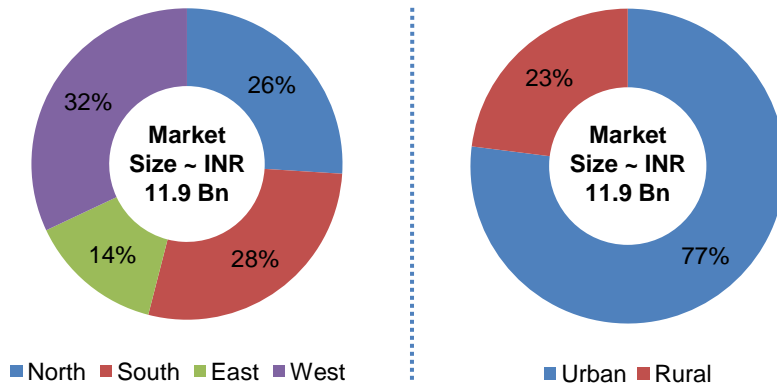
Decorative Market Size ~ INR 11.9 Bn (FY10)



Source: The Nielsen Company

While solvent based paints are the largest segment, water based paints, esp. emulsions are the fastest growing category

REVENUE BY REGION



Source: The Nielsen Company

KEY SUCCESS FACTORS

As a consumer product that is being sold to a young, increasingly more affluent customer, key success factors in decorative paints are as below

- **Brand:** Paints are becoming a high involvement purchase for the end consumer, hence the brand plays a key role in determining his choice, both for new construction & repainting activities
- **Product portfolio:** It is essential for paints companies to have a judicious mix of targeted products for its core customer along with a complete product portfolio across product categories and price points for the entire customer universe
- **Distribution:** Sales of decorative paints requires extensive dealer networks, especially in the rural and semi-urban markets; hence a strong supply chain & pan-India distribution presence is essential

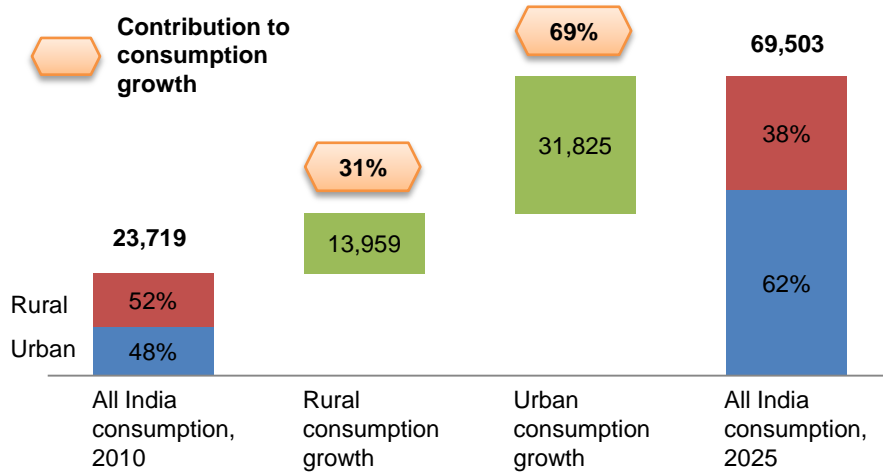
KEY PURCHASE INFLUENCERS

- The “Do It Yourself” (DIY) market is virtually non-existent in India, painting contractors are typically used by all households for painting activities – accordingly they are one of the key influencers in the purchase decision of paints in the retail market
- Institutional customers such as builders are also moving from purchase of paints to giving contracts to painting contractors on a supply-apply basis – hence ability to directly offer these services &/or strong relationships with painting contractors & architects, the key influencers, is essential for paints companies in India



Growth drivers & key trends

URBAN & RURAL CONSUMPTION, INR Billion (2000)



GROWTH DRIVERS

Residential construction growth

- Rising incomes & increased affordability, esp. in urban India
- A young customer – average age of home buyer is only 33 years
- Reducing household sizes
- Easy access to finance

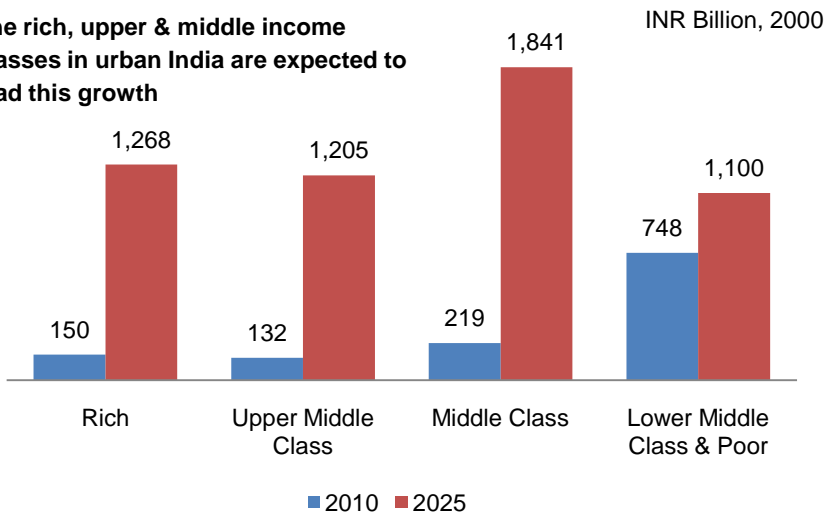
Commercial construction growth driven by

- IT / ITES sector
- Organized retail sector
- Overall economic development, leading to more office space etc.

Increasing preference for branded products in the substantial repainting segment (~60% of all decorative demand)

PERSONAL & HOUSEHOLD SERVICES (P&HHS) CONSUMPTION

The rich, upper & middle income classes in urban India are expected to lead this growth



KEY TRENDS

- **Greater growth in the premium and mid-range paint categories**, led by a young, affluent, urban consumer; differentiated products such as textured shades etc. are being introduced in the market
- **Preference for eco-friendly products** like lead free paints, low VOC paints, odourless paints etc; growing preference for water based paints versus solvent based paints as well
- **Greater involvement in purchase**, touch & feel important – exclusive retail stores provide customers a personal shopping experience and value added services like colour consultancy etc
- **Use of tinting systems** to provide a wide variety of shades & excellent colour repeatability – India has the largest number of tinting systems (30,000+) in the world



INDUSTRIAL PAINTS



Market Overview

OVERVIEW

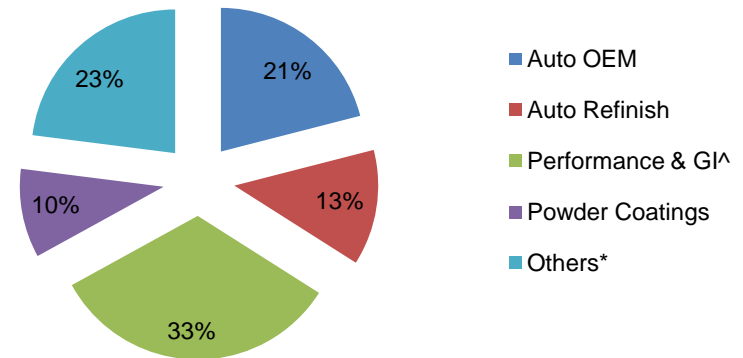
- The industrial paints market contributes ~30% of the total market – it is primarily solvent based with few water based applications (auto primers, high end auto refinishes etc)
- The proportion of industrial paints is expected to move to the global standard of 50% over the long term driven by growth in underlying sectors like automotive, infrastructure etc.
- The market for industrial paints is mainly a B2B market, with competitive bidding through tenders; in many cases, the paint manufacturers work with their customers to develop formulations to match their requirements
- Refineries, power plants, chemical plants etc. which require protective coatings are increasingly shifting from purchase of paints to giving the work on contract on apply-supply basis

KEY SUCCESS FACTORS

- Industrial paints are highly technology intensive – strong internal R&D and/or technical collaborations with foreign majors is an overriding requirement to be successful in this segment
- Continuous R&D, both in products and raw materials, to develop products that meet the stringent requirements and quality standards of the clients at competitive costs
- Customer loyalty and relationships developed through joint development of new paint applications between industrial paints suppliers and OEMs

REVENUE BY SEGMENT

Industrial Market Size – INR 5.1 Bn (FY10)



[^]GI – General Industrial

*Others include marine paints, coil coatings, packaging coatings etc

Source: The Nielsen Company

END USER INDUSTRIES FOR NON-AUTOMOTIVE COATINGS

- Performance coatings – Power plants, oil & gas industries etc
- Coil coatings – Construction industry, consumer durables etc
- Packaging coatings – Packaged foods, beverages etc.
- Powder coatings – Primarily consumer durables
- General industrial coatings – Used in a various industries like
 - Heavy and light engineering industries
 - Auto ancillaries
 - Railways etc



Growth Drivers

| Category | Growth Drivers |
|----------------------------|--|
| Automotive | <ul style="list-style-type: none">• Robust volume growth of 25% Y-o-Y, driven by domestic sales and exports• Increased infrastructure spend on roads, both intra-city and inter-city• Easy availability of auto loans |
| Performance Coatings & GI* | <ul style="list-style-type: none">• Increased thrust on infrastructure – INR 40 Trillion budgeted in the XIIth five year plan• Proliferation of oil, gas and downstream industries• Robust manufacturing growth |
| Coil Coatings | <ul style="list-style-type: none">• Growth in the construction industry, driven by greater infrastructure spend• Greater acceptance of colour coated products for premium roofing applications• Increased use of coil coatings in consumer durables |
| Packaging Coatings | <ul style="list-style-type: none">• Changing consumer lifestyle – more hygienic, convenient food choices preferred• Strong growth in packaged foods & beverages – industry growth is ~ 20-30% Y-o-Y• Growth in personal care and packaged consumer goods |
| Powder Coatings | <ul style="list-style-type: none">• Increased demand for consumer durables – industry growth is ~ 20% Y-o-Y• Shift towards powder coatings as a technology for such products |

*GI – General Industrial



COMPANY OVERVIEW



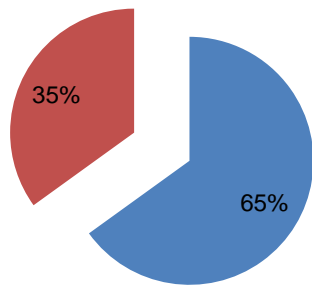
Shalimar Paints | An Overview

BUSINESS OVERVIEW

- We are the oldest & one of the most well-known paint manufacturing companies in India with the first manufacturing facility being set up in 1902 in Howrah, Kolkata
- We have a diversified revenue mix with presence in both decorative and industrial paints and a wide product range across both segments
- We have 3 manufacturing plants, located across the country with a capacity of 57,000 tonnes p.a. (FY10); a fourth plant with a capacity of 18,000 tonnes p.a. is expected to start operations by April 2012
- We have a nationwide distribution network with 3 Regional Distribution Centres (RDCs) & 55 depots servicing 5,000+ dealers. We also have dedicated sales & marketing teams for decorative and industrial paints

DECORATIVE V/S INDUSTRIAL MIX, FY 2010 (INR Mn)

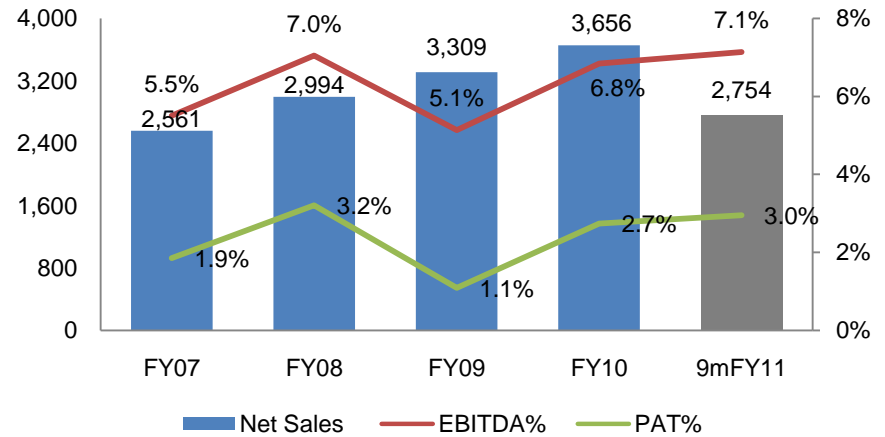
Net Sales – INR 3,656 Mn



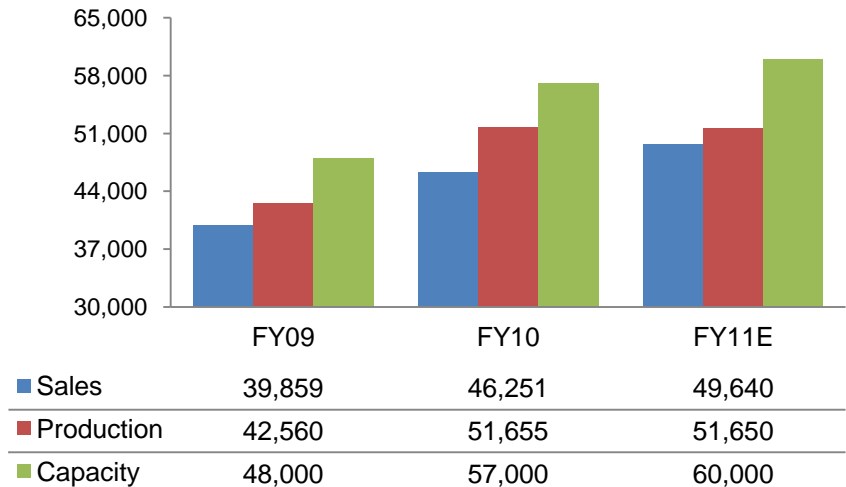
■ Decorative ■ Industrial

The mix has been steadily moving in favour of industrial paints over the last three years. We expect this trend to accelerate further in the coming years.

FINANCIALS (INR Mn)

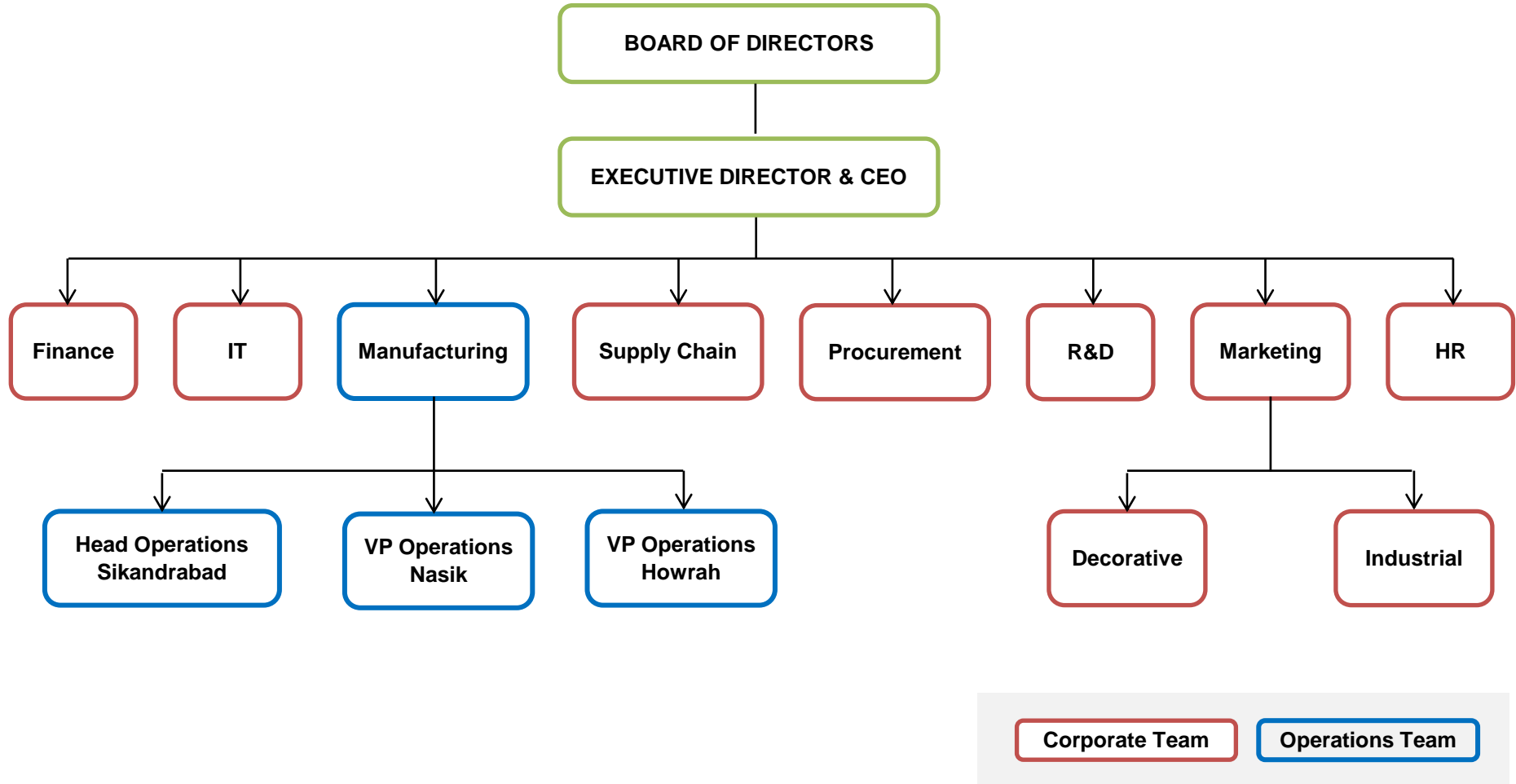


SALES VOLUME, PRODUCTION & CAPACITY (MT)





Organizational Structure





Key Management – 1/2

| Designation | Profile |
|---|--|
| Executive Director & Chief Executive Officer | <ul style="list-style-type: none">• Responsible for overall operations of the company• Has more than 20 years of experience• Prior experience at Bajaj Tempo and the Jalan group of companies• A qualified Chartered Accountant and Company Secretary |
| Vice President Decorative Sales & Marketing | <ul style="list-style-type: none">• Responsible for the entire decorative sales and all marketing activities of the company• Has more than 14 years of experience in Sales and Marketing• Prior experience as Head of Marketing, Nitco Ltd and in Pidilite Industries and Sarda Group• MBA in Marketing |
| Vice President Industrial Coatings | <ul style="list-style-type: none">• Responsible for the entire industrial coating sales of the company• Has more than 33 years of experience in Sales and Marketing• Prior experience as Head of Industrial Sales, Asian Paints and in Jenson & Nicholson• B.Tech in Chemical Engineering |
| Vice President R&D | <ul style="list-style-type: none">• Responsible for the entire R&D activities of the company• Has more than 17 years of experience• Prior experience at Asian Paints, Pidilite Industries and STP Limited• A PhD who has also done post-doctoral research in Japan and Taiwan |
| Vice President Operations (Howrah) | <ul style="list-style-type: none">• Responsible for the overall operations of the Howrah Plant• Has more than 30 years of experience in the paints industry• Prior work experience at Amar Dye Chem• M.Sc. and PhD degree holder |
| Vice President Operations (Nasik) | <ul style="list-style-type: none">• Responsible for the overall operations of the Nasik Plant• Has more than 30 years of experience in the paints industry• Prior experience as VP, American Paints and with ICI Paints• B.Sc, B.Tech in Chemical Engineering |



Key Management – 2/2

| Designation | Profile |
|--|---|
| DGM Operations (Sikandrabad) | <ul style="list-style-type: none">• Responsible for the overall operations at the Sikandarabad Plant• Has more than 25 years of experience, mainly in the paints industry• Prior work experience at Jenson & Nicholson• M.Sc degree holder |
| General Manager Supply Chain | <ul style="list-style-type: none">• Responsible for the entire supply chain activities of the company• Has more than 25 years of experience in supply chain planning, distribution, logistics & warehouse mgmt• Prior experience as Head, Transportation & Logistics at Ceat Tyres & with TCI, Philips, Pepsi etc• B.Sc, MMM |
| General Manager Human Resources | <ul style="list-style-type: none">• Responsible for all HR related activities of the company• Has more than 25 years of experience in HR, Personnel and Administration activities• Prior experience as Country Head – HR for Sumaria Group and with Kenstar, PCS Technologies etc• B.Sc, M.L.S |
| General Manager Systems | <ul style="list-style-type: none">• Responsible for all systems and IT related activities of the company• Has more than 21 years experience in Information Technology• Prior experience with Videocon International, United Phosphorus and Atco Industries• B.Sc, PG Diploma in Computer Studies |
| General Manager Finance | <ul style="list-style-type: none">• Responsible for all finance and accounts activities of the company• Has more than 25 years experience in finance, accounts and commercial activities• Prior experience as VP, Commercial at Pioneer Embroideries & with Raymond Cement, Modern Threads• Qualified Chartered Accountant |

Shalimar Paints is led by a management team with long and relevant industry experience



SEGMENT OVERVIEW



Decorative Paints

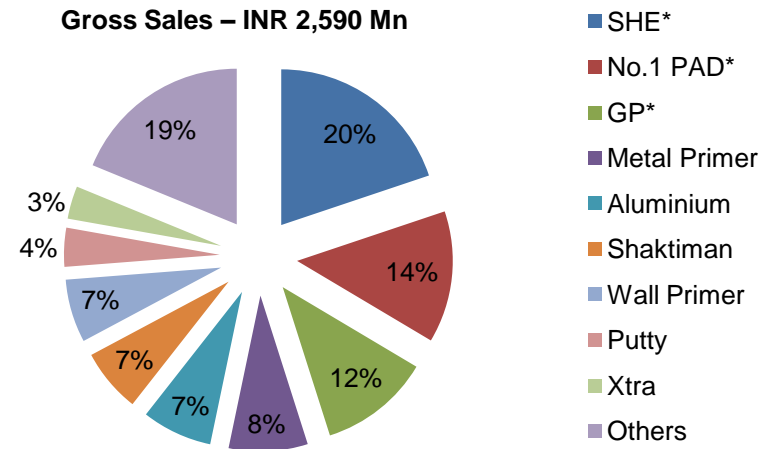
OVERVIEW

- We manufacture a wide range of decorative products for both the exterior and interior segments; our product portfolio spans all price points & caters to a wide variety of customers
- The decorative segment currently contributes 76% by volume and 65% by value of revenues (FY2010). Our top 5 brands contribute to over 60% of the sales; North & East are our key regions
- We have been introducing more water based paints in the last few years and expect greater growth in this segment, especially exterior emulsions, going forward
- Introduction of tinting systems at dealer locations has further helped us in offering our customers a wide choice of 9,000+ shades and in improving the customer experience

COLORSPACE TINTING SYSTEMS

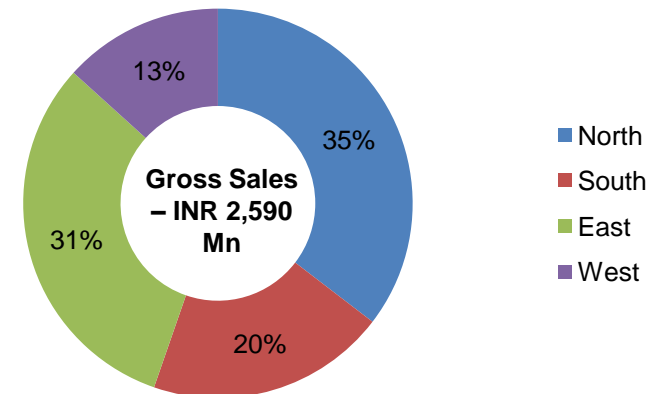
- We have tied up with Degussa Coatings and Colorants, a world leader in POS colorants, for supply of colorants for its Color Space tinting systems
- Color Space uses state of the art dispensing systems manufactured by Fluid Management Inc. (unit of IDEX Corporation) – they ensure complete accuracy in dispensing of colorants to the base paints and make custom-blending easy
- We offer over 10 product lines through Colorspace, including our top selling brands such as Superlac Hi - Gloss Synthetic Enamel, No.1 Premium Acrylic Distemper etc. and are planning on extending it to more product categories going forward

REVENUE MIX, FY 2010



* Superlac Hi-Gloss Enamel, No.1 Premium Acrylic Distemper, General Purpose

REGION WISE SPLIT, FY 2010





Decorative Product Portfolio

We have a complete portfolio of decorative products across price points. We have a greater presence in the economy and mid-tier markets, and derive ~ 75% - 80% of our revenue from these segments

| Product | Revenue % ^ | Economy | Mid-range | Premium |
|--------------------|-------------|--------------------------|---------------------------|-------------------|
| Enamels | 36% | General Purpose | Diamond Synthetic | Superlac Hi Gloss |
| Interior Emulsions | 5% | No. 1 Silk | Superlac Acrylic Emulsion | Husain Collection |
| Exterior Emulsions | 10% | Shaktiman | Xtra | Xtra Maxima |
| Primers | 15% | Cement & Metal Primers | Universal White Primer | - |
| Distemper | 14% | Mela Acrylic Distemper | No. 1 PAD * | - |
| Aluminium | 7% | GP Aluminium | TE Aluminium | Lustrol |
| Stainer | 2% | - | Superlac Stainer | - |
| Putty | 4% | Shakti, Magic (Exterior) | - | - |
| Others | 7% | - | - | - |

^ Revenue contribution in FY2010 * No.1 Premium Acrylic Distemper



Industrial Paints

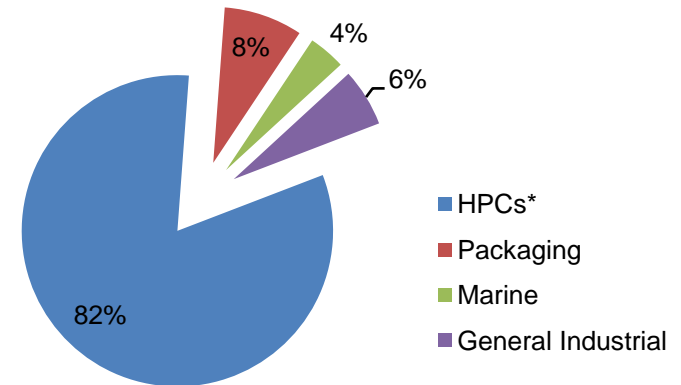
OVERVIEW

- Shalimar Paints has been a pioneer in the industrial paints segment by virtue of its association with Pinchin Johnson Co. & International Paints as well as its own R&D strength
- We are the 3rd largest player in high performance coatings and also have a significant presence in packaging coatings. We service marquee clients in the following industries: oil & gas, petrochemicals, fertilizers, power, steel, engineering, shipping, auto ancillaries etc.
- Our industrial product portfolio is as below

| Product | Variants |
|--------------------|--|
| HPCs* | Shop primers, epoxy finish coats, surface tolerant coatings, polyurethane coatings, inorganic zinc silicate primers, chlorinated rubber finish paints etc |
| Packaging | Hard water white varnish, meat can varnish, tube coatings white, roller coatings whites, overprint varnish, epoxy pale gold varnish, vinyl & epoxy sizes etc |
| Marine Coatings | Prefabrication primer, sealer coat, antifouling paint, chimney paint, epoxy non skid paint, deck paint, tank & cargo holds, bituminous coatings, etch primer etc |
| General Industrial | Tube protective varnish, coil coatings, epoxy primer & finishes, barrel enamel finish, stoving finishes, synthetic primers & finishes, coatings for fan industries etc |

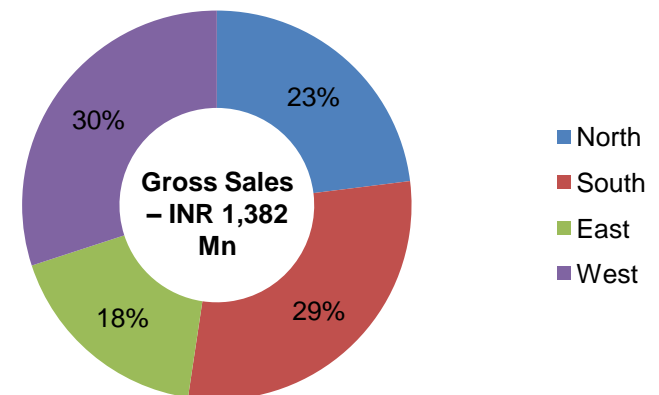
REVENUE MIX, FY 2010

Gross Sales – INR 1,382 Mn



*HPCs – High Performance Coatings

REGION WISE SPLIT, FY2010





MANUFACTURING FACILITIES



Manufacturing Facilities

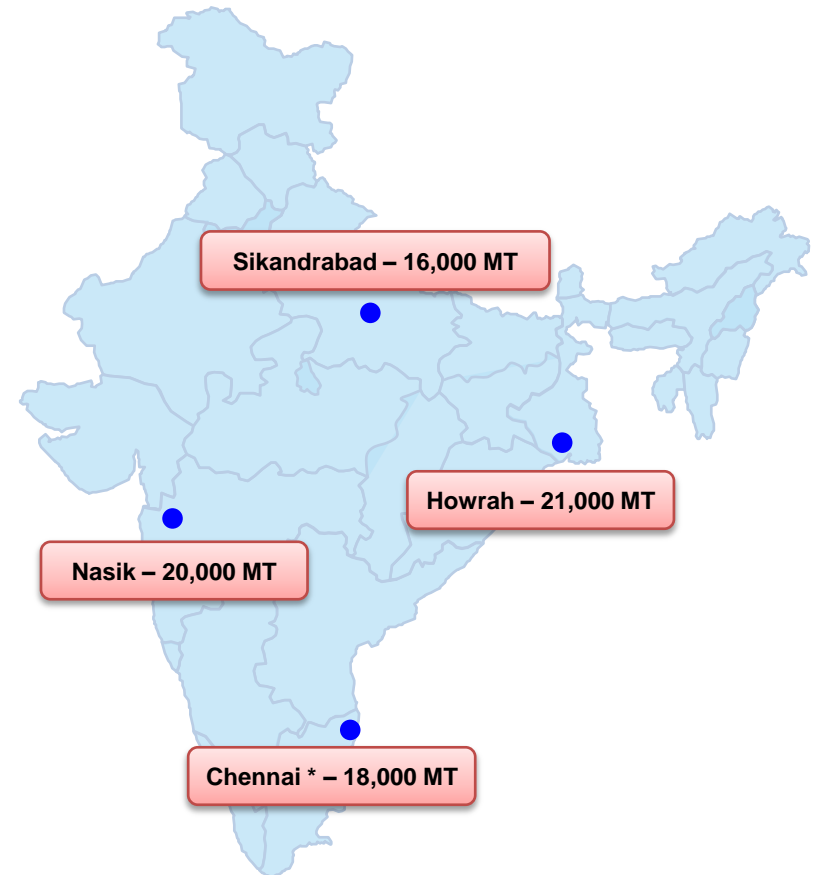
OVERVIEW

- We have 3 manufacturing plants at Howrah, Sikandrabad and Nasik with a total installed capacity of 57,000 tonnes p.a. (FY10)
 - Howrah plant was the first large scale paint manufacturing plant to be set up in the whole of South East Asia
 - The Sikandarabad plant was acquired in 2003 from American Paints, which had a licensee arrangement with Sherwin Williams, USA
- All the manufacturing units are ISO 9001:2008 accredited
- The Howrah & Nasik plants also have resin manufacturing facilities, which helps Shalimar operate effectively in industrial paints
- A fourth plant with an installed capacity of 18,000 tonnes p.a. is being set up in Chennai, Tamil Nadu and is expected to start production by April 2012

CHENNAI PLANT

- We currently serve South India out of our Nasik plant. The Chennai plant will enable us to better serve the South market, which is the largest & amongst the fastest growing markets
- The current status of the Chennai plant is as below
 - Land acquisition is complete
 - Plant design has been finalized
 - Necessary clearances have been applied for
 - Civil construction is expected to start by May 2011

PLANT LOCATIONS & CAPACITIES, FY2010



Shalimar's plants are strategically located and enable it to serve the entire country in an efficient manner

* Expected to commence in April 2012



Manf. facilities offer significant operating leverage

- The decorative vs. industrial production mix is highly flexible
 - It can be altered to as much as 80% in favour of either segment, thereby maximizing capacity utilization
 - The remaining 20% is dedicated to decorative paints only – mainly putty, distemper etc.
- Our current manufacturing facilities stand only on ~1/3rd of the land available – significant capacity expansion is possible without any additional land cost

| Parameters | Howrah Plant | Nasik Plant | Sikandrabad Plant |
|---------------------------------|---|---|--|
| Establishment year | 1902 | 1993 | 2003 |
| Location | West Bengal | Maharashtra | Uttar Pradesh |
| Total Area (sq.m.) | 145,000 | 50,000 | 41,243 |
| Covered Area (sq.m.) | 25,500 | 10,970 | 7,102 |
| Production capacity (MT – FY10) | 21,000 | 20,000 | 16,000 |
| Total Production (MT – FY10) | 19,879 | 17,839 | 13,937 |
| Decorative | 69% | 63% | 92% |
| Industrial | 31% | 37% | 8% |
| Utilization (%) | 93% | 82% | 82% |
| Total Manpower | 230 | 94 | 39 |
| Products manufactured | Enamel finishes, primers, water base finishes, aluminium paints, industrial & marine paints, HPCs, packaging coatings | Enamels finishes, primers, water base finishes, industrial & marine paints, distemper | Enamels finishes, primers, water base finishes, industrial & marine paints, distemper, cycle black |

Low value products are outsourced from unorganised players, who essentially act as ancillaries to the organized segment



Research & Development

Overview:

- We have 2 state of the art R&D centres at Howrah & Nasik, both of them recognized by Department of Scientific & Industrial Research (DSIR)
- The Howrah facility was the first in-house R&D unit to be recognized by DSIR in 1979
- The Nasik R&D facility was started in 2009 – it is spread over 10,000 sq ft and is fully equipped with state of the art equipment
- R&D is actively involved in development of new products, upgradation, import substitution, economization & technology absorption across products
- We have 3 dedicated teams working on R&D for decorative paints, industrial paints and resin intermediaries

Activities:

- New product development, resin development, quality upgradation and cost economization across intermediaries and finished products
- Reduction of Volatile Organic Content (VOC) and Hazardous Air Pollutants (HAP) in products
- Development of environment friendly products (Ex. Lead and chrome free enamels)
- Benchmarking of products vis-à-vis competitors
- To provide technical support to production, marketing, purchase & stores
- To provide inputs to marketing on future trends in paint technology

Shalimar has several “firsts” to its credit in India, a few notable “firsts” are:

- High build zinc silicate coatings
- Radiation resistant coating for nuclear power plants
- Electro-print marking paint as an import substitution item in India for use as a prefabrication primer in the Cochin Shipyard
- Epoxy/vinyl system for 3 piece beer cans
- Polyurethane paint for fighter aircraft and railway coaches

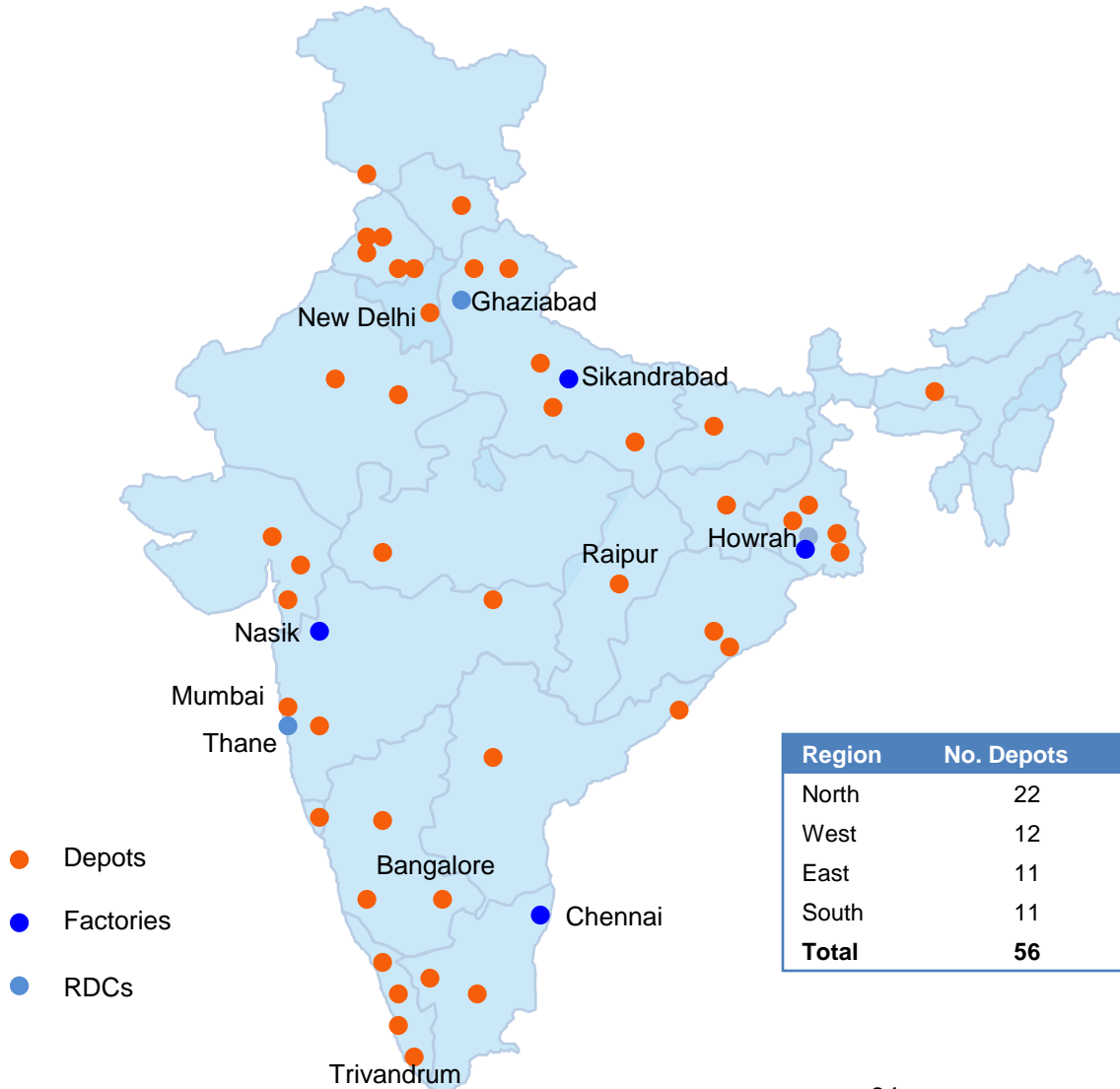


SALES & DISTRIBUTION



Sales & Distribution | Decorative Paints

Pan India distribution set up with a wide reach across rural and up country markets across India



- Shalimar has a strong pan-India presence through a hub and spoke network consisting of Regional Distribution Centres (RDCs), depots and dealers for decorative paints, through which they cater to the retail customer
- The RDCs have been brought into operation recently – they help minimize inventory at the depot & also ensure minimal stock out situations
- We also have a project sales division in each region to handle projects and institutional business. The project sales team directly interacts with architects and builders for painting of large scale projects
- Key projects handled by Shalimar include
 - IIT, Kharagpur
 - Pune International Airport
 - Chandigarh High Court
 - SRM University, Chennai
 - TISCO Colony, Jamshedpur



Sales & Distribution | Industrial Paints

OVERVIEW

- The industrial paints business typically operates on the basis of tenders – vendors need to meet the exact technical specifications (strong R&D capabilities required) & should also be cost competitive to be able to win the tender. Clients also typically prefer vendors with local presence
- Accordingly, we have a dedicated team handling sales of industrial paints. We have a significant presence across both high performance coatings and packaging coatings. We are the 3rd largest player in high performance coatings in India. Our key clients include Reliance, ONGC, IOC, Punj Lloyd, L&T, BHEL etc
- We have entered into tie-ups with large industrial painting contractors and are taking up turnkey contracts, called Apply Supply Contracts, for both maintenance jobs and new projects

KEY CLIENTS



A dedicated industrial sales team backed by strong in-house R&D has helped Shalimar establish itself in industrial paints



KEY INITIATIVES & FUTURE PLANS



Key Initiatives | 1

Shalimar has built a considerable platform in the paints industry, both across decorative and industrial paints. We continue to grow this platform through a series of initiatives on an on-going basis. Some of our key ongoing & recent initiatives have been mentioned below

Marketing Initiatives

- We do several marketing initiatives for our products. Some of the key initiatives include
 - Launch of a CRM program for the key purchase influencers, the painting contractors
 - ▶ The program focuses on promoting key products to the contractors & hence the end customers
 - ▶ The CRM program is operational in 6 out of the 10 regions, and the national rollout is expected to be complete by CY 2011
 - Occasion based, product based incentive schemes / discounts etc. for end customers, contractors, dealers etc.
 - Organization of regular meets for the dealers and contractors / painters across the country
 - Wall paintings, signages at dealer outlets etc.
 - Radio based advertising & promotion campaigns

Systems Initiatives

- We have implemented an ERP solution (SAP) across the company in October 2010
- All the three factories, 55 sales offices and the corporate office are now online through a main server
- We completed the entire implementation in 9 months & went live in October 2010; the legacy system is now discontinued
- The ERP system will drive more informed and better decision making across all divisions of the company



Key Initiatives | 2

Shalimar has built a considerable platform in the paints industry, both across decorative and industrial paints. We continue to grow this platform through a series of initiatives on an on-going basis. Some of our key ongoing & recent initiatives have been mentioned below

Manufacturing Initiatives

- We undertook a **Manufacturing Excellence Program** in consultation with ECS, a leading management consultancy firm at our Nasik & Sikandrabad plants in FY2010. The program helped in improvement of operational efficiencies & in introduction of certain manufacturing best practices at both the plants
- We have also started the process of upgrading our Nasik & Sikandrabad plants in FY2010. The production area in Nasik and Sikandrabad plants has been extended, a new quality control lab has been made in Sikandrabad and significant additions to the plant and equipment have been made at both plants

Collaborations

- In July 2010, we entered into a tie-up with Rudolf Hensel, a leading manufacturer of fire intumescent coatings. Under the arrangement, Shalimar will have exclusive rights to promote Rudolf Hensel products in India. These would be used as intermediate coatings with the primer and top coat of the company. This product is expected to have significant growth potential as regulations requiring fire intumescent coatings in places like airports, malls, metro stations etc. are fast coming into place



Strategic Growth Initiatives

Decorative Paints

- Increased focus on institutional customers, offer products tailored to their needs
- Launch differentiated products for the retail customers
- Introduction of environment friendly lead free paints

Industrial Paints

- Expand product offerings to other niche segments allied with current offerings
- Explore technological tie-up opportunities with international paints firms in such areas

Production Facilities

- Expand capacities at the existing manufacturing plants by ~ 25%
- Start operations at the South plant by April 2012



FINANCIALS & SHAREHOLDING



Income Statement

| Figures in INR Mn | FY07A | FY08A | FY09A | FY10A | 9MFY11 |
|--|-------|-------|-------|-------|--------|
| Gross Sales | 2,905 | 3,401 | 3,689 | 3,942 | 3,036 |
| Net Sales | 2,564 | 2,994 | 3,309 | 3,656 | 2,754 |
| (Increase) / Decrease in Stock | (71) | (12) | 102 | (79) | (131) |
| Materials Consumed | 1,599 | 1,832 | 1,971 | 2,208 | 1,761 |
| Purchase of bought-in items | 99 | 75 | 97 | 114 | 103 |
| Employee Salary & Benefits | 132 | 155 | 160 | 197 | 173 |
| Discounts & Rebates | 347 | 401 | 433 | 461 | 348 |
| Manf., Admin, Selling & Other Expenses | 314 | 331 | 376 | 503 | 315 |
| EBITDA | 141 | 211 | 170 | 250 | 197 |
| Interest | 53 | 63 | 81 | 76 | 59 |
| Depreciation | 27 | 31 | 34 | 34 | 28 |
| Other Income | 21 | 27 | 29 | 32 | 14 |
| PBT before exceptional items | 81 | 145 | 84 | 172 | 123 |
| Exceptional Items | - | - | 21 | 20 | - |
| PBT | 81 | 145 | 63 | 151 | 123 |
| Tax | 34 | 49 | 27 | 51 | 42 |
| PAT | 47 | 96 | 36 | 100 | 81 |

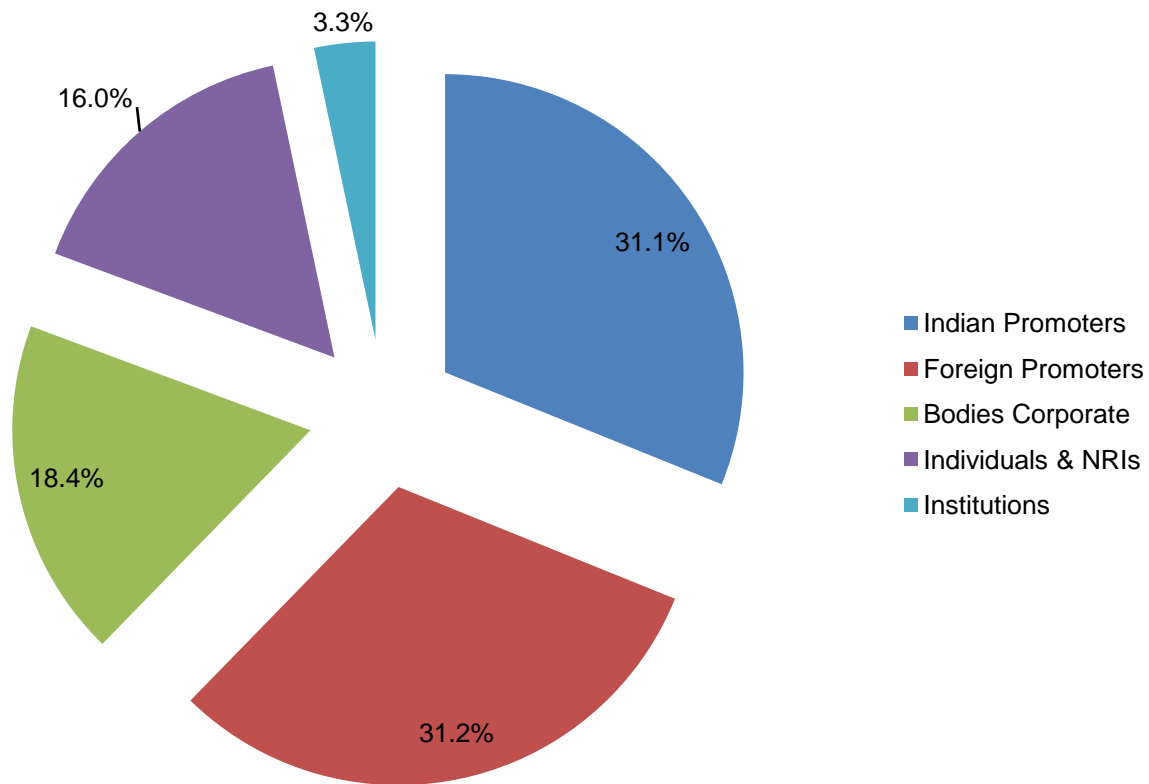


Balance Sheet

| Figures in INR Mn | FY07A | FY08A | FY09A | FY10A |
|--|------------|--------------|--------------|--------------|
| Sources Of Funds | | | | |
| (1) Share Capital | 38 | 38 | 38 | 38 |
| (2) Reserves and Surplus | 269 | 332 | 353 | 419 |
| (3) Loan Funds | 598 | 611 | 604 | 541 |
| (4) Deferred Tax Liability | 22 | 22 | 24 | 28 |
| Total Liabilities | 927 | 1,003 | 1,019 | 1,025 |
| Application Of Funds | | | | |
| (1) Fixed Assets | | | | |
| (a) Gross Block | 518 | 589 | 618 | 712 |
| (b) Less: Depreciation | 295 | 325 | 360 | 391 |
| (c) Net Block | 223 | 265 | 258 | 321 |
| (d) Capital Work in Progress | - | - | 1 | 2 |
| (2) Investments | - | - | 3 | 8 |
| (3) Current Assets, Loans and Advances | | | | |
| (a) Inventories | 583 | 625 | 506 | 629 |
| (b) Sundry Debtors | 634 | 785 | 786 | 918 |
| (c) Cash & Bank Balances | 113 | 132 | 136 | 140 |
| (d) Loans & Advances | 119 | 129 | 130 | 114 |
| Less: Current Liabilities & Provisions | | | | |
| (a) Liabilities | 721 | 889 | 783 | 1,054 |
| (b) Provisions | 24 | 44 | 17 | 51 |
| Net Current Assets | 704 | 738 | 757 | 695 |
| Total Assets | 927 | 1,003 | 1,019 | 1,025 |



Shareholding Pattern (31 Dec 2010)





In Summary

Shalimar – A strong established national brand with presence across both decorative and industrial paints

- **Diversified revenue mix**
 - Strong, well recognized brand with a complete range of products across all price points in decorative paints
 - Significant presence in high performance coatings, packaging coatings and general industrial coatings
- **Established distribution network**
 - Pan India distribution network, serviced through 55 depots and 5,000 active dealers covering every state in the country
 - Strong and direct relationships with marquee clients in the oil & gas, power, steel & engineering sectors
- **Significant operational leverage in the business**
 - Installed capacity of 57,000 MT + 18,000 MT p.a. strategically located across the country
 - Significant scope for capacity expansion as the existing plants are built on ~1/3rd of the available land
 - High levels of flexibility in switching between manufacture of industrial or decorative paints at each of the facilities
 - Strong R&D capabilities with a proven history of developing indigenous products for both the decorative and industrial segments



Thank You



Shalimar Paints

Zara hatke socho

