



**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 – Sales & Marketing (Deco.)*  
Sunil Choudhary — *Head-Finance & Accounts*  
K. Mathew Joseph — *General Manager – Systems*  
Soumitra Ganguly — *General Manager – Supply Chain*

**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  
Sikandrabad  
Dist : Bulandsahar (U.P.)  
Pin : 203 205  
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  
E-mail : mcskol@rediffmail.com



# Shalimar Paints Limited

## Notice of the Annual General Meeting

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NOTICE is hereby given that the 109th Annual General Meeting of the Company will be held on Friday, the 12th August, 2011 at 11.00 A.M. at its Registered Office at Goaberia, P.O.: Danesh Shaikh Lane, Howrah - 711 109, to transact the following business:

### **ORDINARY BUSINESS:**

1. To receive, consider and adopt the audited Profit and Loss Account for the year ended 31st March, 2011 and the Balance Sheet as at that date together with the Reports of the Directors and Auditors thereon.
2. To declare a dividend.
3. To appoint a Director in place of Mr. Ratan Jindal, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Dr. R. Srinivasan, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint Auditors and to fix their remuneration.

### **SPECIAL BUSINESS:**

6. **To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:**

“RESOLVED THAT in supersession of any Resolution passed by the shareholders of the Company at the Annual General Meeting of the Company held on 3rd September, 1992, the consent of the Company be and is hereby accorded in terms of Section 293(1)(d) and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or re-enhancement thereof for the time being in force) to the Board of Directors of the Company (herein after referred to as “the Board” which term shall be deemed to include any Committee which Board may constitute for this purpose) to borrow, from time to time, any sum or sums of monies, as they deem necessary for the purpose of the business of the Company, notwithstanding that the monies to be borrowed together with the monies already borrowed by the Company (apart from temporary loans obtained or to be obtained from the Company's Bankers in the ordinary course of business) may exceed aggregate of the paid-up capital of the Company and its free reserves, provided that the total amount so borrowed by the Board shall not, at any time, exceed Rs.150 crores.”

Registered Office :  
Goaberia, P.O.: Danesh Shaikh Lane  
Howrah - 711 109  
Dated: 7th May, 2011

By order of the Board

**Pranab Kumar Maity**  
*Company Secretary*

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### **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 5th August, 2011 to 12th August, 2011 (both days inclusive).
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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, 2003 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 31st March, 2004, which remains unpaid or unclaimed, will be due for transfer to the Investors Education and Protection Fund of the Central Government on 14th October, 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 31st March, 2004, or any subsequent year(s), are requested to claim the same from the Company's Registrar and Share Transfer Agents, Messrs. MCS Limited.

7. The Ministry of Corporate Affairs has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliances by the companies and has issued circulars stating that notice/documents including Annual Report can be sent by e-mail to its members. The Company appreciates and supports this green initiative and requests the members to give their consent and register their e-mail id's to receive the future correspondence, including Annual Reports, through e-mails. Members who are holding shares in demat form are requested to register their e-mail through their concerned Depository Participants and the members who hold shares in physical form are requested to send their consent and e-mail address to the Company's Registrar and Share Transfer Agents, Messrs. MCS Limited.

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## **EXPLANATORY STATEMENT**

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

### **Item No. 6**

In term of provision of Section 293(1)(d) of the Companies Act, 1956, the Board of Directors of the Company cannot, except with the consent of the Company in General Meeting; borrow money, apart from the temporary loan obtained from the Company's bankers in the ordinary course of business, in excess of aggregate of paid up capital and its free reserves that is to say reserves not set apart for any specific purpose.

In accordance with the Resolution passed by the shareholders of the Company at the Annual General Meeting held on 3rd September, 1992, the amount borrowed by the Board of Directors of the Company cannot exceed Rs.75 crores at any point of time. Since then the turnover of the company vis-a-vis fund requirements of the Company has increased substantially. In view of the growth in the Company's business and taking into consideration the Company's future plans, it is desirable to increase the said borrowing limits of Rs.75 crores to Rs.150 crores, hence this resolution.

Your Directors recommend the resolution under Section 293(1)(d) of the Companies Act, 1956, as set out in item no. 6 of the notice, for the approval of the shareholders.

None of the Directors is in any way concerned or interested in this resolution.

Registered Office :  
Goaberia, P.O.: Danesh Shaikh Lane  
Howrah - 711 109  
Dated: 7th May, 2011

By order of the Board

**Pranab Kumar Maity**  
*Company Secretary*



## Directors' Report

### To the Shareholders

Your Directors are pleased to present the 109th Annual Report on the business and operations of the Company and the audited statement of accounts for the year ended 31st March, 2011.

### Financial results

	(Rs. in lacs)	
<b>Description</b>	<b>2010-11</b>	2009-10
Net Sales	<b>44014</b>	39417
Expenses	<b>41173</b>	36807
PBIDT	<b>2841</b>	2610
Profit before tax	<b>1664</b>	1512
Provision for taxation		
Current Tax	<b>463</b>	468
Deferred Tax	<b>34</b>	44
Profit after tax	<b>1167</b>	1000
Add: Amount brought forward from last year's account	<b>646</b>	578
Profit available for appropriation	<b>1813</b>	1578
Less: Proposed Dividend	<b>303</b>	284
Tax on Proposed Dividend	<b>49</b>	48
Amount transferred to General Reserve	<b>700</b>	600
Balance carried to Balance Sheet	<b>761</b>	646

### Dividend

The Directors are pleased to recommend payment of dividend at the rate of Rs.8/- per equity share amounting to Rs. 303 lacs as compared to Rs.7.50 per equity share declared last year.

### Review of operations

The Company's turnover has increased from Rs. 394 crores in 2009-10 to Rs. 440 crores in 2010-11. Both the Decorative and Industrial segments have grown reasonably well. However, with the increase in international crude prices, the raw material prices particularly of solvent based raw materials, have increased sharply. This has affected the overall operating margins.

In spite of sharp increase in the raw material prices the Company has, with improvement in operational efficiencies and changes in the product mix, improved its PBIDT from Rs. 26.10 crores in 2009-10 to Rs. 28.40 crores in 2010-11.

There has also been increase in the interest rates by all the working capital bankers. Further, in order to finance the increased volume of business, the utilisation levels have also increased. As a result of higher utilisation and increased interest rates, the interest costs have increased from Rs. 7.60 crores to Rs. 8.37 crores.

The Profit before Tax has increased from Rs. 15.12 crores to Rs. 16.64 crores.

### Tinting systems

The Company continued with its policy of installation of tinting systems at 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**

The Company has only one subsidiary, namely Shalimar Adhunik Nirman Limited (SANL). Since there was no business activity carried out by SANL during the year under review, SANL has not prepared the Profit & Loss A/c for the year 2010-11.

In terms of General Circular No. 2/2011 dated 8th February, 2011 issued by the Ministry of Corporate Affairs, Government of India, granting general exemption to attach the Subsidiaries' Annual Accounts, as required under Section 212 of the Companies Act, 1956, the Board of Directors of the Company has decided not to attach the Annual Accounts of the said subsidiary. Any member who desires to obtain the copy of Annual Report & Accounts of SANL may send his request to the Company Secretary of the Company.

The consolidated financial statement of the Company and SANL duly audited by the Company's Statutory Auditors are attached in the Annual Report.

### **Directors**

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

Brief resume of Mr. Ratan Jindal and Dr. R. Srinivasan, 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**

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

### **Auditors**

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

### **Listing**

Your Company's equity shares continue to be listed with the Bombay Stock Exchange Limited, 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, 2011, together with Certificate on its compliance, pursuant to requirements of Clause 49 of the Listing Agreement with Stock Exchanges is annexed hereto as Annexure 'B' 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

New Delhi  
7th May, 2011

Girish Jhunjhnuwala  
Chairman

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

		<b>Current Year 2010-2011</b>		Previous Year 2009-2010
<b>A. POWER AND FUEL CONSUMPTION :</b>				
1. ELECTRICITY:				
a) Purchased :				
Units	<b>Nos.</b>	<b>39,14,752</b>	Nos.	37,19,349
Total Amount	<b>Rs.</b>	<b>2,33,23,217</b>	Rs.	1,94,17,723
Rate/Unit	<b>Rs.</b>	<b>5.96</b>	Rs.	5.22
b) Own Generation :				
i) Through Diesel Generator				
Units	<b>Nos.</b>	<b>2,47,896</b>	Nos.	2,43,707
Unit/Litre of Diesel Oil		<b>3.34</b>		2.92
Cost/Unit	<b>Rs.</b>	<b>11.67</b>	Rs.	12.21
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		<b>438 KL</b>		350 KL
Total amount	<b>Rs.</b>	<b>1,20,23,505</b>	Rs.	96,77,427
Average Rate/Ltr.	<b>Rs.</b>	<b>27.45</b>	Rs.	27.65
4. OTHERS/INTERNAL GENERATION :				
Quantity/ Total Cost /Average Rate				Not Applicable
<b>B. CONSUMPTION PER UNIT OF PRODUCTION :</b>				
Products	Standard			
Paints, Varnishes & Enamels (KL)	No specific standard as the consumption per unit depends on the product mix			
Unit/KL		<b>43,503 KL</b>		43,046KL
Electricity		<b>95.69</b>		92.07
Furnace Oil		<b>0.010</b>		0.008
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

New Delhi  
7th May, 2011

Girish Jhunjhnuwala  
Chairman



**FORM 'B'**

**RESEARCH & DEVELOPMENT (R&D), TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION**

**1. Specific areas in which R&D was carried out by the company**

- a) Development of new products to meet the functional demands, cost economization & EHS (Environment, Health & Safety) requirements
- b) Upgradation and value engineering of existing products
- c) Development of energy saving and green architectural coatings
- d) Development of water borne hygiene coating
- e) Room temperature cure high heat-resistant coatings
- f) High durable low dry film thickness (DFT) coatings for public transportation
- g) Silicone modified high durable coatings for anti-corrosion application
- h) Extension of Color space Tinting system by introduction of new bases in different product lines
- i) Addition of new product line in packaging coating segment

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

- a) Cost economization to improve margins
- b) Introduction of new products in the architectural as well as industrial coatings segment
- c) Introduction of environment benign low VOC and odour free paints, hygiene coatings for hospital & schools
- d) Introduction of self cleaning/easy cleaning energy saving coatings
- e) Developed coatings for public transportations like bus-body, railway coaches etc.
- f) Reduced process cycle time

**3. Future plan of action**

- a) Water borne Industrial coatings
- b) Thermal barrier coatings for buildings
- c) Water borne glossy enamel paint
- d) Anti-graffiti coatings for public transportation
- e) Rapid cure coating systems for faster turn-around time
- f) High performance long durable silicone modified coating system
- g) BADGE free food lacquers for Can coatings

**4. Expenditure on R&D**

**Rs. in lakhs**

a) Capital	:	23.24
b) Recurring	:	129.15
c) Total	:	152.39
d) Total R&D expenditure as a percentage of total turnover	:	0.35%

**5. Technology absorption, adaptation and innovation**

Applied provisional Indian patent (Application No. 2061/MUM/2010) titled "Organic Acid Hydrolyzed Stable Silicate Binders and Coatings Thereof".

New Delhi  
7th May, 2011

For and on behalf of the Board  
Girish Jhunjnuwala  
Chairman

**ANNEXURE-B 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 2010-11, 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 3rd April, 2010, 28th May, 2010, 30th July, 2010, 23rd October, 2010 and 31st January, 2011.

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	5	Attended
Mr. Rajiv Garg	1	Absent
Mr. A.V. Lodha	2	Attended
Dr. R. Srinivasan	4	Attended
Mr. Pujit Aggarwal	1	Absent
Mr. S. Sarda (Executive Director)	5	Attended

The details of other directorships, memberships/chairmanship of Committees held, as on 31st March, 2011, 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	19	—	—
Mr. Ratan Jindal	13	—	—
Mr. Rajiv Garg	2	1	—
Mr. A.V. Lodha	3	—	1
Dr. R. Srinivasan	8	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 four times during the year under review, i.e., on 14th May, 2010, 30th July, 2010, 23rd October, 2010 and 31st January, 2011. The attendance of the members of the Committee is given below:

Name of Director	No. of Meetings attended
Mr. A.V. Lodha	3
Mr. Rajiv Garg	1
Dr. R Srinivasan	4
Mr. Pujit Aggarwal	1

**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 13 complaints from the investors during the financial year 2010-11, of which only one complaint was pending as on 31st March, 2011. 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 Committee met on 14th May, 2010 and the meeting was attended by Mr. A.V. Lodha and Dr. R. Srinivasan.

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 2010-11 are given below:

Name of Director	Sitting Fees (Rs.)
Mr. Girish Jhunjhnuwala	40,000
Mr. Ratan Jindal	50,000
Mr. A.V. Lodha	60,000
Mr. Rajiv Garg	20,000
Dr. R Srinivasan	90,000
Mr. Pujit Aggarwal	20,000



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
22,00,374	1,67,400	23,67,774	Three years with effect from 1st July, 2010	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](http://www.shalimarpaints.com).

The declaration duly signed by Mr. Sandeep Sarda, Executive Director of the Company, pursuant to Clause 49 I (D) (ii) of the Listing Agreement, has been received regarding receipt of affirmation from all the members of the Board and Senior Management Personnel regarding compliance with Code of Conduct of the Company during the year under review.

#### 7. CEO/CFO Certification

As required under Clause 49(V) of the Listing Agreement, the Executive Director and the Head - 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
2009-10	30.07.2010	10.30 A.M.	Goaberia, P.O.: Danesh Shaikh Lane Howrah - 711 109	None
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

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

#### 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 the 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 seen steady growth in 2010-11. The GDP growth is estimated to be about 8%. There has been pick up of demand in both the Decorative and Industrial segments. However the high inflation is a matter of concern. Further there has also been a considerable increase in the raw material prices. The sharp increase in international crude prices have resulted in considerable increase in the prices of solvent based raw materials.

Both the Decorative and Industrial segments have witnessed increased demand. In the Decorative sector the real estate and infrastructure development is driving the demand. In the Industrial sector there has been a significant increase in the demand in the automotive sector which has driven the demand for industrial paints. However demand in non automotive industrial segment remained muted.

The Company has achieved reasonable growth in both the Decorative and Industrial segments. Since there was considerable increase in the raw materials prices, the paint companies had to increase prices of various products. Hence the sales value increase in 2010-11 is much higher than the volume increase.

### **Opportunities and Threats.**

The growth in Paints industry is directly linked to the overall economic growth of the country. 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. However the high inflation and the higher interest rates, both on housing and auto loans, could have an adverse impact on the growth in the housing and auto sectors which could affect the growth in the paint industry.

The increase in raw materials prices and also availability of critical raw materials will also have a significant impact on the Indian paint industry.

### **Outlook**

The Indian economy is expected to grow at about 8-8.5% in 2011-12. However the growth could be impacted on account of inflationary pressures. The global economic scenario could also have an impact on the growth of the Indian economy. 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 materials intensive and the volatility in the raw materials prices particularly of petroleum based products will have considerable impact on the operating margins.

Inventory management is also a key area of concern with the large numbers 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 internal audit reports, internal audit observations together with the replies and action taken report are placed before the Audit Committee and discussed.

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

## **11. Means of Communication**

The quarterly results are being generally published in Financial Express in English language and in Aajkal in Bengali and are also posted on the Company's website [www.shalimarpaints.com](http://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. Ratan Jindal, aged about 49 years, one of the Promoter Directors of the Company is a commerce graduate with specialized top management training from Wharton School of Management, USA. He is currently the Vice Chairman & Managing Director of JSL Stainless Limited (formerly Jindal Stainless Limited).



Mr. Jindal is also on the Board of International Stainless Steel Forum (ISSF), a forum under the auspices of International Iron & Steel Institute, Belgium which is established to focus on the development of stainless steel worldwide. He is currently the Chairman of Economic & Statistic Committee of ISSF. He is a member of the Board of Directors of the following companies :

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

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

Dr. R. Srinivasan, aged about 80 years, holds a Doctorate in Banking & Finance from the University of Bombay and is also Fellow of Institute of Banking and Finance apart from being a Certified Associate of the Institute. He has nearly 43 years of experience in Banks and was Chairman of three different Banks at New Delhi, Kolkata and Mumbai. He retired as Chairman and Managing Director of Bank of India, Mumbai. He is a member of the Board of Directors of the following Companies:

J Kumar Infraprojects Ltd, Elder Pharmaceuticals Ltd, McLeod Russel India Ltd, Graphite India Ltd, Goldiam Intl. Ltd, Williamson Magor & Co. Ltd, XL Energy Ltd, Hi Tech Pharmaceuticals Pvt. Ltd, JM Financial Assets Management Pvt. Ltd, Nayamode Solutions Pvt. Ltd, Snowcem Pvt. Ltd, Suchirindia Infratech Pvt. Ltd. and Subhalakshmi Polyesters Ltd.

Dr. Srinivasan does not hold any shares in the Company.

### 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 Meetings of the Subsidiary are also being placed before the Board of the Company.

### 14. General Shareholder information

- a) As indicated in the notice dated 7th May, 2011, the 109th Annual General Meeting of the Company will be held on 12th August, 2011 at 11:00 A.M. at its registered office at Goaberia, P.O.: Danesh Shaik Lane, Howrah 711109.
- b) The Register of Members and Share Transfer Books of the Company will remain closed from 5th August, 2011 to 12th August, 2011, 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, 2011 (Unaudited)	:	14th August, 2011
For the Quarter ending 30th September, 2011 (Unaudited)	:	14th November, 2011
For the Quarter ending 31st December, 2011 (Unaudited)	:	14th February, 2012
For the year ending 31st March, 2012 (Audited)	:	30th May, 2012
- 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:

	<b>Stock Code</b>
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 (NSE) are given below:

Month	BSE		NSE	
	High	Low	High	Low
April 2010	314.40	260.00	314.00	265.00
May 2010	358.00	241.20	333.00	262.00
June 2010	430.25	273.50	434.00	257.20
July 2010	418.00	356.00	434.95	363.25
August 2010	408.00	344.00	394.15	336.50
September 2010	415.00	352.50	419.00	348.50
October 2010	409.00	335.00	380.00	342.55
November 2010	389.80	327.00	369.00	310.00
December 2010	380.00	285.00	380.00	289.00
January 2011	369.00	270.00	340.00	292.20
February 2011	317.90	220.15	318.50	221.55
March 2011	318.40	244.00	325.00	236.10

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

- g) Performance of the price of the Company's shares on BSE vis-à-vis BSE Sensex during the period under review, is given below:

Month	Company's Shares price		BSE Sensex	
	High	Low	High	Low
April 2010	314.40	260.00	18047.86	17276.80
May 2010	358.00	241.20	17536.86	15960.15
June 2010	430.25	273.50	17919.62	16318.39
July 2010	418.00	356.00	18237.56	17395.58
August 2010	408.00	344.00	18475.27	17819.99
September 2010	415.00	352.50	20267.98	18027.12
October 2010	409.00	335.00	20854.55	19768.96
November 2010	389.80	327.00	21108.64	18954.82
December 2010	380.00	285.00	20552.03	19074.57
January 2011	369.00	270.00	20664.80	18038.48
February 2011	317.90	220.15	18690.97	17295.62
March 2011	318.40	244.00	19575.16	17792.17

- h) MCS Limited of 77/2A, Hazra Road, Kolkata - 700 029, Phone Nos. (033) 2476-7350 (4 lines), (033) 2454-1892 and 2454-1893, are the Registrar and Share Transfer Agents of the Company for both physical as well as demat segment.
- i) The share transfer work is being handled by the Company's R&T Agents, MCS Limited of 77/2A, Hazra Road, Kolkata - 700 029 who are also having connectivity with the depositories, viz., NSDL and CDSL. The power of approving the transfer of shares has been delegated to the Registrar so that they can attend to the share transfer formalities on fortnightly basis.
- j) The distribution of shareholdings as on 31st March, 2011 is given below:

	No. of Shareholders	Percentage	No. of Shares held	Percentage
Upto 500	3704	95.19	304082	8.03
501 to 1000	89	2.29	63357	1.67
1001 to 2000	29	0.75	39277	1.04
2001 to 3000	18	0.46	44941	1.19
3001 to 4000	8	0.21	28200	0.74
4001 to 5000	5	0.13	22326	0.59
5001 to 10000	12	0.31	85385	2.26
10001 and above	26	0.66	3198052	84.48
Total	3891	100.00	3785620	100.00



k) Category of shareholders as on 31st March, 2011 are given below:

	No. of shares	Percentage
Promoters	2358528	62.30
Financial Institutions	125130	3.31
NRI/NRC	32816	0.87
General	1269146	33.52
Total	3785620	100.00

- l) Dematerialisation of Shares and liquidity: As on 31st March, 2011, equity shares representing 42% are in dematerialised form.
- m) The Company' s plants are located at the following places:
- P.O. Danesh Shaik Lane, Goaberia, Howrah
  - Village: Gonde Dumala, Tehsil: Igatpuri, Nasik and
  - A-1 & A-2, UPSIDC Industrial Area, Sikandrabad, Dist. Bulandsahar, Uttar Pradesh.
- n) Address for Correspondence: Secretarial Department, Shalimar Paints Limited, P.O. Danesh Shaik Lane, Goaberia, 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

New Delhi  
7th May, 2011

Girish Jhunjhnuwala  
Chairman

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

I, Sandeep Sarada, Executive Director of the Company, do hereby declare that all the Board members and senior management personnel of the Company affirmed compliance with the Code of Conduct, adopted by the Company, for the Board of Directors and Senior Management of the Company.

For and on behalf of the Board

New Delhi  
7th May, 2011

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, 2011 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 : 7th May, 2011

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, 2011, 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, 2011 and taken on record by the Board of Directors, we report that none of the directors are disqualified as on 31st March, 2011 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, 2011;
    - (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*  
Firm Reg No. 307068E

A K Dubey  
*Partner*

Membership No. 054975

Place : Delhi  
Date : 7th May, 2011



**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 2011 for a period of more than six months from the date of becoming payable.
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- 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. 522.35 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	Various Assessing, Appellate & Tribunal Authorities	234.50
02.	Central Sales Tax Act and Sales Tax Act of various states	Sales Tax	Various Assessing, Appellate, Tribunal & Revision Board Authorities	287.85
			TOTAL:	522.35

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*  
Firm Reg No. 307068E

A K Dubey  
*Partner*

Membership No. 054975

Place : Delhi  
Date : 7th May, 2011

**Balance Sheet as at 31st March, 2011**

	Schedule No.	As at 31st March 2011 Rs.	As at 31st March 2010 Rs.
<b>I SOURCES OF FUNDS</b>			
<b>1. Shareholders' Funds</b>			
a) Capital	1	<b>3,78,56,735</b>	3,78,56,735
b) Reserves & Surplus	2	<b>49,92,33,758</b>	41,84,59,437
		<b>53,70,90,493</b>	45,63,16,172
<b>2. Loan Funds</b>	3		
a) Secured Loans		<b>58,53,57,908</b>	48,26,63,663
b) Unsecured Loans		<b>1,45,33,445</b>	1,94,45,645
		<b>59,98,91,353</b>	50,21,09,308
<b>3. Deferred Tax Liability (Net)</b> (Refer Note no. 22 of Schedule 19)		<b>3,15,13,294</b>	2,81,60,161
	Total	<b>1,16,84,95,140</b>	98,65,85,641
<b>II APPLICATION OF FUNDS</b>			
<b>1. Fixed Assets</b>	4		
a) Gross Block		<b>76,11,87,635</b>	71,19,31,901
b) Less : Depreciation		<b>42,47,09,419</b>	39,13,75,760
c) Net Block		<b>33,64,78,216</b>	32,05,56,141
d) Capital Work-in-Progress		<b>31,03,783</b>	15,72,072
		<b>33,95,81,999</b>	32,21,28,213
<b>2. Investments</b>	5	<b>79,73,400</b>	79,73,400
<b>3. Current Assets, Loans and Advances</b>			
a) Inventory	6	<b>83,11,59,565</b>	62,84,96,992
b) Sundry Debtors	7	<b>1,13,00,99,088</b>	91,81,12,676
c) Cash and Bank Balances	8	<b>10,64,42,503</b>	10,08,46,268
d) Loans and Advances	9	<b>10,12,26,246</b>	11,35,95,228
		<b>2,16,89,27,402</b>	1,76,10,51,164
<i>Less : Current Liabilities and Provisions</i>			
a) Liabilities	10	<b>1,29,41,97,797</b>	1,05,35,64,992
b) Provisions	11	<b>5,37,89,864</b>	5,10,02,144
		<b>1,34,79,87,661</b>	1,10,45,67,136
<b>Net Current Assets</b>		<b>82,09,39,741</b>	65,64,84,028
	Total	<b>1,16,84,95,140</b>	98,65,85,641
<b>III NOTES TO ACCOUNTS</b>	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 and on behalf of Board

For CHATURVEDI & PARTNERS  
Chartered Accountants  
Firm Regn. No. 307068E

G. JHUNJHNUWALA  
Chairman

A.K. DUBEY  
Partner  
(Mem. No. 054975)

DR. R. SRINIVASAN  
Director

New Delhi  
7th May, 2011

Pranab Kumar Maity  
Company Secretary

S. SARDA  
Executive Director & CEO

**Profit and Loss Account for the year ended 31st March, 2011**

	Schedule No.	For year ended 31st March 2011 Rs.	For year ended 31st March 2010 Rs.
<b>INCOME</b>			
Sales less returns		<b>4,40,14,48,463</b>	3,94,16,89,791
Less : Excise duty		<b>35,69,87,438</b>	28,60,14,855
Sales (Net of Excise)		<b>4,04,44,61,025</b>	3,65,56,74,936
Other Income	12	<b>3,17,56,725</b>	3,18,64,783
Increase/(Decrease) in stocks	13	<b>13,66,95,478</b>	7,87,59,880
		<b>4,21,29,13,228</b>	<b>3,76,62,99,599</b>
<b>EXPENDITURE</b>			
Materials Consumed	14	<b>2,52,59,39,673</b>	2,20,83,47,702
Purchase of Bought-in-Items		<b>15,22,53,387</b>	11,43,27,105
Employees' Remuneration and Other Benefits	15	<b>22,73,16,303</b>	19,73,56,599
Discounts and Rebates		<b>49,03,77,431</b>	46,16,43,592
Manufacturing, Administrative, Selling and Other Expenses	16	<b>53,29,36,950</b>	52,36,51,253
Interest	17	<b>8,37,27,619</b>	7,59,96,031
		<b>401,25,51,363</b>	<b>3,58,13,22,282</b>
<b>Profit Before Depreciation</b>		<b>20,03,61,865</b>	18,49,77,317
Depreciation		<b>3,39,73,240</b>	3,38,18,535
<b>Profit Before Tax</b>		<b>16,63,88,625</b>	15,11,58,782
Provision for Tax			
— Current Tax		<b>4,63,50,000</b>	4,68,00,000
— Deferred Tax		<b>33,53,133</b>	43,55,492
<b>Profit After Tax</b>		<b>11,66,85,492</b>	10,00,03,290
Balance Brought Forward		<b>6,46,33,334</b>	5,78,47,440
Amount available for Appropriations		<b>18,13,18,826</b>	15,78,50,730
<b>APPROPRIATIONS</b>			
Transferred to General Reserve		<b>7,00,00,000</b>	6,00,00,000
Proposed Dividend		<b>3,02,84,960</b>	2,83,92,150
Tax on Proposed Dividend		<b>49,12,978</b>	48,25,246
Balance carried forward to Balance Sheet		<b>7,61,20,888</b>	6,46,33,334
		<b>18,13,18,826</b>	15,78,50,730
Earnings per share - Basic and diluted		<b>30.82</b>	26.42

**NOTES TO ACCOUNTS**

18 &amp; 19

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

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

For and on behalf of Board

For CHATURVEDI & PARTNERS  
Chartered Accountants  
Firm Regn. No. 307068EG. JHUNJHNUWALA  
ChairmanA.K. DUBEY  
Partner  
(Mem. No. 054975)DR. R. SRINIVASAN  
DirectorNew Delhi  
7th May, 2011Pranab Kumar Maity  
Company SecretaryS. SARDA  
Executive Director & CEO

**Schedules forming part of the Accounts**

	2010-2011 Rs.	2009-2010 Rs.
<b>1. CAPITAL</b>		
<b>Authorised</b>		
80,00,000 Equity Shares of Rs. 10 each	<b>8,00,00,000</b>	8,00,00,000
<b>Issued and Subscribed</b>		
37,85,620 Equity Shares of Rs. 10 each fully paid	<b>3,78,56,200</b>	3,78,56,200
Share Forfeiture Account	<b>535</b>	535
	<b>3,78,56,735</b>	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.		
<b>2. RESERVES AND SURPLUS</b>		
<b>General Reserve</b>		
Balance as per last Account	<b>22,56,56,367</b>	16,56,56,367
Transferred from/(to) Profit and Loss Account	<b>7,00,00,000</b>	6,00,00,000
	<b>29,56,56,367</b>	22,56,56,367
<b>Profit and Loss Account</b>	<b>7,61,20,888</b>	6,46,33,334
<b>Export Profit Reserve</b>	<b>1,95,000</b>	1,95,000
<b>Capital Reserve</b>		
Subsidy from SICOM and against Generator Set	<b>31,19,000</b>	31,19,000
Debenture Forfeiture Account	<b>1,05,089</b>	1,05,089
	<b>32,24,089</b>	32,24,089
<b>Fixed Asset Revaluation Reserve</b>		
Balance as per last Account	<b>2,98,23,647</b>	3,11,15,711
Transferred from/(to) Profit and Loss Account	<b>(7,13,233)</b>	(12,92,064)
	<b>2,91,10,414</b>	2,98,23,647
<b>Share Premium Account</b>	<b>9,49,27,000</b>	9,49,27,000
	<b>49,92,33,758</b>	41,84,59,437
<b>3. LOAN FUNDS</b>		
<b>Secured Loans</b>		
Bank Borrowing (including Working Capital Demand Loans)	<b>58,34,67,429</b>	48,17,94,653
Auto Loans	<b>18,90,479</b>	8,69,010
	<b>58,53,57,908</b>	48,26,63,663
<b>Unsecured Loans</b>		
Trade Deposits	<b>27,00,000</b>	27,00,000
Interest accrued and due	<b>3,40,200</b>	1,70,100
	<b>30,40,200</b>	28,70,100
Deferred Sales Tax	<b>1,14,93,245</b>	1,65,75,545
	<b>1,45,33,445</b>	1,94,45,645



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

**4. FIXED ASSETS**

(Figures in Rupees)

Particulars	GROSS BLOCK				ACCUMULATED DEPRECIATION				NET BLOCK	
	As at 1st April 2010	Addition during the year	Sold/ Adjust- ments during the year	As at 31st March 2011	Provided up to 31st March 2010	Adjustment	Provision for the current year	Total as at 31st March 2011	Net written down value as at 31st March 2011	Net written down value as at 31st March 2010
Land	5,06,19,606	—	—	<b>5,06,19,606</b>	—	—	—	—	<b>5,06,19,606</b>	5,06,19,606
Buildings	16,36,42,513	1,27,75,035	—	<b>17,64,17,548</b>	6,49,85,440	—	55,00,118	<b>7,04,85,558</b>	<b>10,59,31,990</b>	9,86,57,073
Plant & Machinery	22,64,79,955	85,98,895	(1,18,585)	<b>23,49,60,265</b>	18,00,12,609	(40,136)	74,42,457	<b>18,74,14,930</b>	<b>4,75,45,335</b>	4,64,67,346
Leased Equipment	12,35,64,643	1,36,46,311	(2,30,000)	<b>13,69,80,954</b>	4,98,05,101	(1,20,630)	1,14,28,517	<b>6,11,12,988</b>	<b>7,58,67,966</b>	7,37,59,542
Furnitures & Fittings	2,61,21,392	4,81,607	(1,46,564)	<b>2,64,56,435</b>	1,63,42,035	(1,45,590)	6,52,856	<b>1,68,49,301</b>	<b>96,07,134</b>	97,79,357
Office Equipment	11,20,71,845	1,29,51,766	(11,01,859)	<b>12,39,21,752</b>	7,40,49,234	(10,46,458)	86,40,221	<b>8,16,42,997</b>	<b>4,22,78,755</b>	3,80,22,611
Motor Vehicles	94,31,947	23,99,128	—	<b>1,18,31,075</b>	61,81,341	—	10,22,304	<b>72,03,645</b>	<b>46,27,430</b>	32,50,606
<b>Total</b>	<b>71,19,31,901</b>	<b>5,08,52,742</b>	<b>(15,97,008)</b>	<b>76,11,87,635</b>	<b>39,13,75,760</b>	<b>(13,52,814)</b>	<b>3,46,86,473</b>	<b>42,47,09,419</b>	<b>33,64,78,216</b>	<b>32,05,56,141</b>
Previous Year	61,80,05,063	9,81,81,187	(42,54,349)	71,19,31,901	35,96,24,897	(33,59,736)	3,51,10,599	39,13,75,760	32,05,56,141	

NOTE: Gross Depreciation for the year amounts to Rs. 3,46,86,473/- (previous year Rs. 3,51,10,599/-) from which Rs. 7,13,233/- (previous year Rs. 12,92,064/-) being depreciation for the year arising on revaluation of fixed assets recouped from Revaluation Reserve

	<b>2010-2011 Rs.</b>	2009-2010 Rs.
<b>5. INVESTMENTS - (other than trade) (at cost)</b>		
<b>Long Term Investment</b>		
<b>Unquoted</b>		
<b>Unquoted - In Subsidiary Company:-</b>		
Shalimar Adhunik Nirman Ltd.		
49990 Equity Shares of Rs. 10 each fully paid-up	<b>4,99,900</b>	4,99,900
450000 Equity Shares of Rs. 10 each (Partly paid-up @ Rs. 1 each)	<b>4,50,000</b>	4,50,000
50000, 6% Non Cumulative, Non Convertible, Redeemable Preference Shares of Rs. 100 each (Fully paid up)	<b>50,00,000</b>	50,00,000
<b>In Debentures</b>		
Rs. 6,500 1/2% Woodland Medical Centre Ltd.	<b>6,500</b>	6,500
Rs. 17,000 5% Woodland Medical Centre Ltd. (Non redeemable Mortgage Debenture Stock 1957)	<b>17,000</b>	17,000
<b>Quoted</b>		
<b>In Bond-At Cost</b>		
UTI Infrastructure Advantage Fund Series I Growth Plan 200000 Units of Rs. 10 Each (Market Value of Long Term Quoted Investment Rs. 16,78,500, previous year Rs. 18,40,000)	<b>20,00,000</b>	20,00,000
	<b>79,73,400</b>	79,73,400
<b>6. INVENTORY (at cost or net realisable value whichever is lower)</b>		
Raw Material	<b>24,99,14,415</b>	21,44,18,344
Stock-in-trade	<b>47,81,90,475</b>	35,75,36,816
Material-in-process	<b>4,22,19,952</b>	2,61,78,133
Stores	<b>97,72,789</b>	79,22,255
Materials-in-transit	<b>5,10,61,934</b>	2,24,41,444
	<b>83,11,59,565</b>	62,84,96,992

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

	2010-2011 Rs.	2009-2010 Rs.
<b>7. SUNDRY DEBTORS</b>		
(Unsecured - considered good)		
Debts outstanding for a period exceeding six months	<b>8,66,59,000</b>	7,31,78,000
Others	<b>1,04,34,40,088</b>	84,49,34,676
	<b>1,13,00,99,088</b>	91,81,12,676
<b>8. CASH AND BANK BALANCES</b>		
Cash and cheques in hand	<b>9,79,64,333</b>	9,08,55,757
Balance with Scheduled Banks :		
Current Account	<b>67,77,504</b>	81,49,705
Fixed Deposit Account	<b>37,940</b>	2,89,609
Unpaid Dividend Account	<b>16,62,726</b>	15,51,197
	<b>84,78,170</b>	99,90,511
	<b>10,64,42,503</b>	10,08,46,268
<b>9. LOANS AND ADVANCES</b>		
<b>Unsecured : Considered Good</b>		
Advances (recoverable in cash or in kind or for value to be received):		
Advances to Subsidiary Company	<b>4,89,30,562</b>	4,99,75,562
Other Advances	<b>1,29,98,262</b>	2,69,13,353
Balances with Customs, Central Excise, etc	<b>34,37,241</b>	28,37,119
Deposits	<b>3,58,60,181</b>	3,38,69,194
	<b>10,12,26,246</b>	11,35,95,228
<b>10. LIABILITIES</b>		
Acceptances	<b>26,00,33,589</b>	18,54,36,665
Sundry Creditors		
– Dues to Small Scale Industrial Undertakings	<b>19,90,45,675</b>	15,94,51,777
– Others	<b>83,34,55,807</b>	70,71,25,353
Investor Education & Protection Fund shall be credited by:		
– Unpaid Dividend	<b>16,62,726</b>	15,51,197
	<b>1,29,41,97,797</b>	1,05,35,64,992
<b>11. PROVISIONS</b>		
Provision for Taxation	<b>1,85,91,926</b>	1,77,84,748
Proposed Dividend	<b>3,02,84,960</b>	2,83,92,150
Tax on Proposed Dividend	<b>49,12,978</b>	48,25,246
	<b>5,37,89,864</b>	5,10,02,144
<b>12. OTHER INCOME</b>		
Sundry Sales	<b>1,32,53,690</b>	1,32,40,459
Profit on sale of fixed assets	—	99,761
Lease Rental	<b>1,39,20,144</b>	1,70,96,485
Interest (TDS - Rs. 67,413, Previous Year Rs.15,438)	<b>6,37,776</b>	77,825
Miscellaneous receipts	<b>39,45,115</b>	13,50,253
	<b>3,17,56,725</b>	3,18,64,783

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

	2010-2011 Rs.	2009-2010 Rs.
<b>13. INCREASE/(DECREASE) IN STOCKS</b>		
<b>Closing Stock</b>		
Finished Goods	47,81,90,475	35,75,36,816
Materials-in-Process	4,22,19,952	2,61,78,133
	<b>52,04,10,427</b>	<b>38,37,14,949</b>
<b>Opening Stock</b>		
Finished Goods	35,75,36,816	26,84,06,541
Materials-in-Process	2,61,78,133	3,65,48,528
	<b>38,37,14,949</b>	<b>30,49,55,069</b>
	<b>13,66,95,478</b>	<b>7,87,59,880</b>
<b>14. MATERIALS CONSUMED</b>		
Opening Stock of Raw Materials	21,44,18,344	16,88,83,761
Add : Purchase of Raw Materials	2,54,48,24,329	2,25,92,34,173
Less : Closing Stock of Raw Materials	24,99,14,415	21,44,18,344
(Decrease)/Increase in Excise duty on finished goods	1,66,11,415	(53,51,888)
	<b>2,52,59,39,673</b>	<b>2,20,83,47,702</b>
<b>15. EMPLOYEES' REMUNERATION AND OTHER BENEFITS</b>		
Salaries, wages, bonus etc.	18,39,17,562	15,35,04,548
Contribution to provident and other funds	1,29,67,365	1,38,21,940
Workmen, staff welfare and other expenses	3,04,31,376	3,00,30,111
	<b>22,73,16,303</b>	<b>19,73,56,599</b>
<b>16. MANUFACTURING, ADMINISTRATIVE, SELLING AND OTHER EXPENSES</b>		
Stores consumed	95,98,383	83,91,781
Power and fuel	3,82,39,669	3,20,78,215
Rent	1,70,79,585	2,04,57,183
Rates and taxes	17,34,526	19,33,577
Insurance	12,98,327	11,47,903
Repairs to plant and machinery	36,32,531	36,37,465
Repairs to building	34,43,364	34,01,174
Repairs - others	1,26,02,914	96,58,354
Printing and stationery	59,81,458	55,04,574
Communication expenses	1,05,79,631	1,07,29,344
Directors' fees	2,80,000	3,00,000
Auditors' remuneration (Note 9 of Schedule 19)	4,84,427	4,02,076
Cost Audit fees	50,000	40,000
Commission on sales	2,36,59,294	2,19,50,480
Travelling expenses	3,51,09,337	3,39,59,495
Application Charges	9,37,31,052	9,68,85,973
Freight and carriage	18,19,58,684	16,57,70,975
Bad Debts written off	1,00,52,639	2,04,42,347
Loss on sale of Fixed Assets	40,767	—
Miscellaneous Expenses	8,33,80,362	8,69,60,337
	<b>53,29,36,950</b>	<b>50,32,08,906</b>
<b>17. INTEREST</b>		
On Working Capital	8,35,38,619	7,58,07,031
Others	1,89,000	1,89,000
	<b>8,37,27,619</b>	<b>7,59,96,031</b>



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

**18. SIGNIFICANT ACCOUNTING POLICIES**

**18.1 General**

The financial statements have been prepared on accrual basis, except otherwise stated and under the historical cost convention except revalued fixed assets in accordance with the applicable accounting standards specified by the Institute of Chartered Accountants of India and relevant provisions of Companies Act, 1956.

**18.2 Fixed Assets**

Fixed Assets are stated at cost, net of cenvat. The cost comprises the purchase price and any other attributable cost of bringing the assets to its working conditions for its intended use.

In case of revaluation of Fixed Assets, the cost/book value as written up by the approved valuer is considered in the books of accounts and the differential amount is transferred to Fixed Asset Revaluation Reserve.

Cash generating assets are assessed for possible impairment at balance sheet dates based on external and internal sources of information. Impairment losses, if any, are recognized as an expense in the Profit and Loss Account.

**18.3 Lease Accounting**

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

**18.4 Depreciation**

Depreciation on fixed assets is provided at the rates and in the manner specified in Schedule XIV of the Companies Act, 1956 and in respect of assets added/disposed off during the year on pro-rata basis with reference to the date of its use/disposal :

- a) In respect of assets located at 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.)**

	<b>For the year ended 31st March 2011 Rs.</b>	For the year ended 31st March 2010 Rs.
<b>19. NOTES TO ACCOUNTS</b>		
1. Cash Credit and Working Capital Demand Loans from banks are secured by pari-passu hypothecation of Current Assets namely, stock of raw materials, stock in process, semi-finished and finished goods, consumable stores and spare parts, bills receivables and book debts and all other movables of Company's factories, premises and godowns situated at Howrah, Nasik and Sikandrabad (U.P.) and various places located throughout the country; and first charge on Company's all Plant and Machinery at Howrah plant and first charge on Company's entire fixed assets of Nasik Plant and second charge on Company's entire fixed assets of Sikandrabad plant.		
2. Liabilities in Schedule 10 include Rs. 1990.46 Lacs (Previous Year Rs. 1594.52 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 Company's entire fixed assets of Sikandrabad Plant.		
3. Auto Loans are secured by hypothecation of the vehicles financed out of such loans.	<b>18,90,479</b>	8,69,010
4. <b>Contingent Liabilities</b> Contingent Liabilities not provided for in respect of :		
Excise Duty	<b>2,34,49,659</b>	1,49,06,491
Bank Guarantees	<b>14,16,14,900</b>	11,14,89,491
Sales Tax	<b>2,87,85,000</b>	2,32,63,000
5. In case of one of the Company's offices on rent, the Division Bench of High Court of Calcutta 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)	<b>72,17,769</b>	70,62,597
7. Estimated amount of capital commitments, net of advance of Rs Nil (previous year Rs. 4,25,000)	<b>3,53,940</b>	54,654
8. Uncalled Liability on Partly paid up shares	<b>40,50,000</b>	40,50,000
9. <b>Auditors' Remuneration</b>		
Audit fees	<b>2,00,000</b>	2,00,000
Tax Audit fees	<b>50,000</b>	50,000
Certification fees and other Services	<b>1,40,000</b>	1,05,000
Travelling & Other expenses	<b>94,427</b>	47,076
	<b>4,84,427</b>	4,02,076
10. <b>Consumption of Stores</b>	<b>95,98,383</b>	83,91,781
11. <b>CIF Value of Imports</b>		
Raw Materials	<b>22,05,01,068</b>	19,90,62,215
12. <b>Expenditure in foreign currency</b>		
Purchase of raw material	<b>26,94,82,282</b>	12,70,70,122
Travelling Expenses	<b>1,17,962</b>	—
13. <b>Amounts remitted in foreign currency on account of Dividend</b>		
a) Number of Non-resident shareholders	<b>1</b>	1
b) Number of shares held by them	<b>1180314</b>	1180314
c) Amount of dividend remitted	<b>Rs. 88,52,355</b>	Rs. 35,40,942
d) Year to which dividend relates	<b>2009-10</b>	2008-09



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

		<b>For the year ended 31st March 2011 Rs.</b>		<b>For the year ended 31st March 2010 Rs.</b>
<b>14. Managerial remuneration</b>				
Directors' Fees		<b>2,80,000</b>		3,00,000
Wholetime Director's remuneration:				
Salaries		<b>22,00,374</b>		
Contribution to Provident Fund		<b>1,67,400</b>	<b>23,67,774</b>	19,88,724
		<b>For the year ended 31st March 2011</b>		<b>For the year ended 31st March 2010</b>
<b>15. Turnover</b>		<b>Quantity KL</b>	<b>Value Rs.</b>	<b>Quantity KL</b>
Class of Goods				<b>Value Rs.</b>
Paint (finished)	<b>48381</b>	<b>4,40,14,48,463</b>	46251	3,94,16,89,791
	<b>(58057 MT)</b>		(55501 MT)	
<b>16. Opening and Closing Stocks</b>				
		<b>Opening stocks as at 1st April, 2010</b>		<b>Closing stocks as at 31st March, 2011</b>
		<b>Quantity KL</b>	<b>Value Rs.</b>	<b>Quantity KL</b>
Paint (finished)		5700	35,75,36,816	<b>6100</b>
		(6840 MT)		<b>(7320 MT)</b>
Previous year				
Paint (finished)		4357	26,84,06,541	5700
		(5228 MT)		(6840 MT)
<b>17. Capacity and Production</b>				
		<b>Installed capacity as at 31st March 2011</b>	<b>Actual Production during the year ended 31st March 2011 (Packed for sale)</b>	<b>Previous Year</b>
Paints, enamels & varnishes, N.C. Lacquers & ancillary items (Packed for sale)		<b>57,000 Tonnes</b>	<b>52,204 Tonnes</b>	51,655 Tonnes
Synthetic Resin (mainly for captive consumption)		<b>7,672 Tonnes</b>	<b>2,395 Tonnes</b>	2,388 Tonnes
		<b>For the year ended 31st March 2011</b>		<b>For the year ended 31st March 2010</b>
		<b>Quantity KL</b>	<b>Value Rs.</b>	<b>Quantity KL</b>
<b>18. Purchase (Bought-in-items)</b>		<b>5278</b>	<b>15,22,53,387</b>	4548
				11,43,27,105
<b>19. Consumption of imported and indigenous raw materials (excluding spare parts and components).</b>				
		<b>For the year ended 31st March 2011</b>		<b>For the year ended 31st March 2010</b>
		<b>%</b>	<b>Rs.</b>	<b>%</b>
Imported Raw Materials		<b>10.37</b>	<b>26,18,14,360</b>	10.48
Indigenous Raw Materials		<b>89.63</b>	<b>226,41,25,313</b>	89.52
				1,97,69,26,408

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

	For the year ended 31st March 2011		For the year ended 31st March 2010	
	Quantity	Value Rs.	Quantity	Value Rs.
Organic acid/chemicals	<b>64,22,654 Kgs</b>	<b>48,67,08,288</b>	46,87,175 Kgs	33,29,05,414
Pigments	<b>39,58,352 Kgs</b>	<b>36,74,99,230</b>	36,17,705 Kgs	31,88,80,125
Solvents & Oils	<b>1,59,78,893 Ltr</b>	<b>83,94,40,262</b>	1,56,25,623 Lts	68,15,27,966
Packages and Packing Materials	<b>94,43,776 Kgs</b>	<b>22,01,84,426</b>	1,39,76,372 Nos	26,36,86,628
Others*		<b>61,21,07,467</b>		61,13,47,569
		<b>252,59,39,673</b>		<b>2,20,83,47,702</b>

\* 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. Baba Container Manufacturers, 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. Choudhary Industries, M/s. Cross Point Chemical Industries, M/s. Damani Packaging Pvt. Ltd., M/s. Evergreen Drums & Cans Pvt. Ltd., M/s. Floana Coatings, M/s. Globe Logistics (India), M/s. Indian Tin Box Mfg. Co. Pvt. Ltd., M/s. J.S. Transystem, M/s. Krishna Technochem Pvt. Ltd., M/s. Kapilesh Udyog, M/s. Karna Paints (P) Ltd., M/s. K B Engineering Co. Pvt. Ltd., M/s. Mastan Tin Works, M/s. Maxim, M/s. Micas Organics Ltd., M/s. Mittal Containers Pvt. Ltd., M/s. Mangla Metals (P) Ltd., M/s. Moongipa Roadways, M/s. Pearson Drums & Barrels Pvt. Ltd., M/s. Pearson Containers Co., M/s. Piyanshu Chemicals Pvt. Ltd., M/s. Regent Paints Pvt. Ltd., M/s. S.R. Packaging & Industries Pvt. Ltd., M/s. Sunflag Chemicals Pvt. Ltd., M/s. Sam Transport (P) Ltd., M/s. Surya Containers Pvt. Ltd., M/s. Somani Oil Industries, M/s. Somani Oils & Chemicals, M/s. Shri Metal Containers, M/s. Sunrise Chemicals, M/s. Todi Bulk Carriers Pvt. Ltd., M/s. Tin Box Company, M/s. Techcon India Pvt. Ltd., M/s. 20 Microns Nano Minerals Ltd., and M/s. Western Cans Pvt. Ltd. The Company has not received any intimation from suppliers regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 and hence 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 "Accounting for Taxes on Income"; and the net deferred tax liabilities amounting to Rs. 33,53,133 pertaining to the current year has been recognised.

	Opening As at 01/04/2010	Charge /(Credit) During the year	(Rs. in Lacs) <b>Closing As at 31/03/2011</b>
<b>Deferred Tax Assets</b>			
Expenses allowable on payment basis	51.41	3.37	<b>54.78</b>
<b>Deferred Tax Liabilities</b>			
Depreciation and related items	(333.01)	(36.90)	<b>(369.91)</b>
<b>Net Deferred Tax Liabilities</b>	281.60	33.53	<b>315.13</b>

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

23. Future minimum lease rentals receivable as at 31.03.2011 as per the lease agreements :

	2010-2011	(Rs. in lacs) 2009-2010
i) Not later than one year	<b>111.15</b>	137.77
ii) Later than one year and not later than five years	<b>118.22</b>	199.57
iii) Later than five years	—	—
	<b>229.37</b>	337.34

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 2010-2011* (Rs. in Lac)	Amount outstanding as on 31st March, 2011* (Rs. in Lac)
S.Sarda	Executive Director	Remuneration	Refer Note 14(b) of Schedule 19	— (—)
Smt. Lata Sarda	Relative of ED	Rent etc.	7.20 (7.20)	— (—)
Shalimar Adhunik Nirman Ltd	Subsidiary	Payment against dues	10.45 (49.82)	489.31 (499.76)
Shalimar Adhunik Nirman Ltd	Subsidiary	Investment	— (50.00)	59.50 (59.50)
Jindal Stainless Ltd.	Company over which key managerial personnel is able to exercise significant influence	Sales	130.94 (—)	56.06 (—)
Sonabheel Tea Ltd.	— do —	Sales	3.05 (—)	(0.22) (—)

\* Amounts in brackets indicate previous year's figures.

25. Advances to Subsidiary represents the balance consideration receivable by the Company in cash as per the order of Honorable High Courts of Calcutta and Delhi, for transfer of its Real Estate Division to the subsidiary company, Shalimar Adhunik Nirman Limited.

26. Cash and Cheques in hand include cheques in hand Rs. 9,70,18,312 ( Previous Year Rs. 8,98,83,360).

**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 2011

(Rs. in Lacs)

	Gratuity Funded		Leave Encashment Non funded	
	2010-11	2009-10	2010-11	2009-10
<b>I Expense recognized in the statement of Profit and Loss</b>	<b>2010-11</b>	2009-10	<b>2010-11</b>	2009-10
1 Current Service Cost	<b>26.26</b>	26.59	<b>7.71</b>	8.72
2 Interest Cost	<b>31.66</b>	28.11	<b>10.31</b>	9.00
3 Employees Contribution	-	-	-	-
4 Expected Return on plan assets	<b>(18.79)</b>	(16.41)	-	-
5 Net Actuarial (Gain)/Losses	<b>3.99</b>	(10.62)	<b>30.82</b>	36.20
6 Past Service Cost	<b>17.18</b>	-	-	-
7 Settlement Cost	-	-	-	-
8 Total Expenses	<b>60.30</b>	27.67	<b>48.84</b>	53.92
<b>II Net Assets / (Liability) recognized in the balance sheet</b>	<b>As at 31.03.2011</b>	As at 31.03.2010	<b>As at 31.03.2011</b>	As at 31.03.2010
1 Present Value of Defined Benefits of Obligation	<b>417.09</b>	383.75	<b>140.01</b>	124.96
2 Fair Value of plan assets	<b>278.72</b>	243.68	-	-
3 Funded status [Surplus/(Deficit)]	<b>(138.37)</b>	(140.07)	<b>(140.01)</b>	(124.96)
4 Net Assets/(Liability)	<b>(138.37)</b>	(140.07)	<b>(140.01)</b>	(124.96)
<b>III Change in Obligation during the year</b>	<b>2010-11</b>	2009-10	<b>2010-11</b>	2009-10
1 Present Value of Defined Benefit Obligation at beginning of the Year	<b>383.75</b>	365.72	<b>124.96</b>	115.24
2 Current Service Cost	<b>26.26</b>	26.59	<b>7.71</b>	8.72
3 Interest Cost	<b>31.66</b>	28.11	<b>10.31</b>	9.00
4 Settlement cost	-	-	-	-
5 Past Service Cost	-	-	-	-
6 Employee Contributions	-	-	-	-
7 Plan Amendments	<b>17.18</b>	-	-	-
8 Actuarial (Gain)/ Losses	<b>3.99</b>	(10.62)	<b>30.82</b>	36.20
9 Benefits Payments	<b>(45.75)</b>	(26.05)	<b>(33.79)</b>	(44.20)
10 Present value of Defined Benefits Obligation at the end of year	<b>417.09</b>	383.75	<b>140.01</b>	124.96
<b>IV Change in Assets during the year</b>				
1 Plan assets at the beginning of the year	<b>243.68</b>	253.32	-	-
2 Plan assets acquired on amalgamation in Previous Year	-	-	-	-
3 Settlements	-	-	-	-
4 Expected return on plan assets	-	-	-	-
5 Contributions by employer	<b>62.00</b>	-	<b>33.79</b>	44.20
6 Actual benefits paid	<b>(45.75)</b>	(26.05)	<b>(33.79)</b>	(44.20)
7 Actual Gains/ (Losses)	-	-	-	-
8 Actual return on Plan assets	<b>18.79</b>	16.41	-	-
9 Plan assets at the end of the year	<b>278.72</b>	243.68	-	-



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

**V Actuarial Assumptions:**

	<b>As at 31.03.2011</b>	As at 31.03.2010
1 Discount Rate	<b>8.25%</b>	7.50%
2 Rate of increase in salaries	<b>5.00%</b>	5.00%
3 Rate of return on Plan Assets	<b>8.25%</b>	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. 9,19,747 (previous year Rs. NIL).
30. Previous year's figures have been rearranged, where necessary.
31. Financial figures have been rounded off to nearest rupee.

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Signature to Schedule 1 to 19

For CHATURVEDI & PARTNERS  
Chartered Accountants  
Firm Regn. No. 307068E

A.K. DUBEY  
Partner  
(Mem. No. 054975)

New Delhi  
7th May, 2011

Pranab Kumar Maity  
Company Secretary

For and on behalf of Board

G. JHUNJHNUWALA  
Chairman

DR. R. SRINIVASAN  
Director

S. SARDA  
Executive Director & CEO

**Abstract of the Balance Sheet as at 31.03.2011 and Company's General Business Profile as per Part IV of Schedule VI (amended) to the Companies Act, 1956.**

I) Registration Details :			
Registration Number	<b>1540</b>	1540	
State Code	<b>21</b>	21	
Balance Sheet Date	<b>31.03.2011</b>	31.03.2010	
II) Capital raised during the year			
	<b>Current year</b>	Previous year	
	<b>Rs.</b>	Rs.	
Public issue	<b>Nil</b>	Nil	
Rights issue	<b>Nil</b>	Nil	
Bonus issue	<b>Nil</b>	Nil	
Private placements	<b>Nil</b>	Nil	
III) Position of mobilisation and deployment of funds			
Total liabilities	<b>2,51,64,82,801</b>	2,09,11,52,778	
Total assets	<b>2,51,64,82,801</b>	2,09,11,52,778	
Sources of funds			
Paid-up capital	<b>3,78,56,735</b>	3,78,56,735	
Reserves and Surplus	<b>49,92,33,758</b>	41,84,59,437	
Secured loans	<b>58,53,57,908</b>	48,26,63,663	
Unsecured loans	<b>1,45,33,445</b>	1,94,45,645	
Deferred tax liability	<b>3,15,13,294</b>	2,81,60,161	
Application of funds			
Net fixed assets	<b>33,95,81,999</b>	32,21,28,214	
Investments	<b>79,73,400</b>	79,73,400	
Net current assets	<b>82,09,39,741</b>	65,64,84,027	
Miscellaneous expenditure	<b>Nil</b>	Nil	
Accumulated losses	<b>Nil</b>	Nil	
IV) Performance of the Company			
Turnover (including other income )	<b>4,43,32,05,188</b>	3,97,35,54,574	
Total expenditure	<b>4,26,68,16,563</b>	3,82,23,95,791	
Profit before tax	<b>16,63,88,625</b>	15,11,58,783	
Profit after tax	<b>11,66,85,492</b>	10,00,03,290	
Earning per share in Rupees	<b>30.82</b>	26.42	
Dividend rate percentage	<b>80%</b>	75%	
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 and on behalf of Board

For CHATURVEDI & PARTNERS  
Chartered Accountants  
Firm Regn. No. 307068EG. JHUNJHNUWALA  
ChairmanA.K. DUBEY  
Partner  
(Mem. No. 054975)DR. R. SRINIVASAN  
DirectorNew Delhi  
7th May, 2011Pranab Kumar Maity  
Company SecretaryS. SARDA  
Executive Director & CEO



**Cash Flow Statement for year ended 31st March, 2011**

	2010-2011 (Rs. '000)	2009-2010 (Rs. '000)
<b>A. CASH FLOW FROM OPERATING ACTIVITY</b>		
Net Profit before Tax and Extraordinary items	1,66,389	1,51,159
Depreciation	33,973	33,819
Interest/Other Income	(14,599)	(17,274)
Interest Expenses	83,728	75,996
Operating Profit before Working Capital Changes	<u>2,69,491</u>	<u>2,43,700</u>
Adjusted for:		
Trade and Other Receivables	(1,99,279)	(1,15,665)
Inventories	(2,02,663)	(1,22,766)
Trade Payables	2,40,521	2,70,802
Direct Taxes paid (net of refund)	(45,543)	(33,054)
Cash Flow before extraordinary items	<u>62,527</u>	<u>2,43,017</u>
Extraordinary items	—	—
Cash Generated from Operating Activities	<u>62,527</u>	<u>2,43,017</u>
<b>Net Cash from Operation</b>	<u>62,527</u>	<u>2,43,017</u>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	(52,384)	(99,238)
Sale of Fixed Assets	285	994
Purchase of Investment	—	—
Investment in Subsidiary (Shalimar Adhunik Nirman Ltd)	—	(5,000)
Interest Received	638	78
Lease Rental Received	13,582	16,362
<b>Net Cash used in Investing Activity</b>	<u>(37,879)</u>	<u>(86,804)</u>
<b>C. CASH FLOW FROM FINANCIAL ACTIVITIES</b>		
Proceeds from Borrowings	97,612	(1,01,955)
Repayment of Borrowings	—	—
Interest Paid	(83,558)	(76,005)
Dividend Paid	(33,106)	(13,280)
<b>Net Cash used in Financing Activities</b>	<u>(19,052)</u>	<u>(1,91,240)</u>
<b>Net Increase in Cash and Cash Equivalents (A+B+C)</b>	<u>5,596</u>	<u>(35,027)</u>
<b>Opening Balance of Cash and Cash Equivalents</b>	<u>1,00,846</u>	<u>1,35,873</u>
<b>Closing Balance of Cash and Cash Equivalents</b>	<u>1,06,442</u>	<u>1,00,846</u>

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

For CHATURVEDI & PARTNERS  
Chartered Accountants  
Firm Regn. No. 307068E

A.K. DUBEY  
Partner  
(Mem. No. 054975)

New Delhi  
7th May, 2011

Pranab Kumar Maity  
Company Secretary

For and on behalf of Board

G. JHUNJHNUWALA  
Chairman

DR. R. SRINIVASAN  
Director

S. SARDA  
Executive Director & CEO



**Statement Regarding Subsidiary Company**

Pursuant to Section 212 of the Companies Act, 1956

<b>1. Name of the Subsidiary Company</b>	<b>Shalimar Adhunik Nirman Ltd.</b>
2. The Financial Year of the Subsidiary Company ended	31st of March 2011
3. Holding Company's Interest as at 31.03.2011:	
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	99.99%
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, 2011	
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

New Delhi  
Dated: 7th May, 2011

GIRISH JHUNJHNUWALA  
Chairman



## **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, 2011, 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, 2011:
  - 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*  
Firm Reg. No: 054975

A K Dubey

*Partner*

Membership No.054975

Place: Delhi  
Dated: 7th May 2011



## Shalimar Paints Limited – Consolidated

### Consolidated Balance Sheet as at 31st March, 2011

	Schedule No.	As at 31st March 2011 Rs.	As at 31st March 2010 Rs.
<b>I SOURCES OF FUNDS</b>			
<b>1. Shareholders' Funds</b>			
a) Capital	1	3,78,56,735	3,78,56,735
b) Reserves & Surplus	2	49,92,33,758	41,84,59,437
		<b>53,70,90,493</b>	<b>45,63,16,172</b>
<b>2. Minority Interest</b>		<b>100</b>	<b>100</b>
<b>3. Loan Funds</b>	3		
a) Secured Loans		58,53,57,908	48,26,63,663
b) Unsecured Loans		1,45,33,445	1,94,45,645
		<b>59,98,91,353</b>	<b>50,21,09,308</b>
<b>4. Deferred Tax Liability (Net)</b> (Refer Note no. 22 of Schedule 19)		<b>3,15,13,294</b>	<b>2,81,60,161</b>
	Total	<b>1,16,84,95,240</b>	<b>98,65,85,741</b>
<b>II APPLICATION OF FUNDS</b>			
<b>1. Fixed Assets</b>	4		
a) Gross Block		81,56,01,183	76,63,45,449
b) Less : Depreciation		42,47,09,419	39,13,75,760
c) Net Block		39,08,91,764	37,49,69,689
d) Capital Work-in-Progress		31,03,782	15,72,072
		<b>39,39,95,546</b>	<b>37,65,41,761</b>
<b>2. Investments</b>	5	<b>20,23,500</b>	<b>20,23,500</b>
<b>3. Current Assets, Loans and Advances</b>			
a) Inventory	6	83,11,59,565	62,84,96,992
b) Sundry Debtors	7	1,13,00,99,088	91,81,12,676
c) Cash and Bank Balances	8	10,65,26,617	10,19,81,912
d) Loans and Advances	9	5,22,95,684	6,36,19,666
		<b>2,12,00,80,954</b>	<b>1,71,22,11,246</b>
<i>Less : Current Liabilities and Provisions</i>			
a) Liabilities	10	1,29,42,17,827	1,05,35,72,008
b) Provisions	11	5,37,89,864	5,10,02,144
		<b>1,34,80,07,691</b>	<b>1,10,45,74,152</b>
Net Current Assets		<b>77,20,73,263</b>	<b>60,76,37,094</b>
<b>4. Miscellaneous Expenditure</b> (To the extent not written off or adjusted)			
Preliminary Expenses		2,26,580	2,26,580
Pre-operative Expenses		1,76,351	1,56,806
	Total	<b>1,16,84,95,240</b>	<b>98,65,85,741</b>
<b>III NOTES TO ACCOUNTS</b>	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

(Firm Regn. No. 307068E)

A.K. DUBEY

Partner

(Mem. No. 054975)

New Delhi

7th May, 2011

Pranab Kumar Maity  
Company Secretary

For and on behalf of Board

G. JHUNJHNUWALA  
Chairman

DR. R. SRINIVASAN  
Director

S. SARDA  
Executive Director & CEO

**Profit And Loss Account for the year ended 31st March, 2011**

	Schedule No.	For year ended 31st March 2011 Rs.	For year ended 31st March 2010 Rs.
<b>INCOME</b>			
Sales less returns		<b>4,40,14,48,463</b>	3,94,16,89,791
Less : Excise duty		<b>35,69,87,438</b>	28,60,14,855
Sales (Net of Excise)		<b>4,04,44,61,025</b>	3,65,56,74,936
Other Income	12	<b>3,17,56,725</b>	3,18,64,783
Increase/(Decrease) in stocks	13	<b>13,66,95,478</b>	7,87,59,880
		<b>4,21,29,13,228</b>	3,76,62,99,599
<b>EXPENDITURE</b>			
Materials Consumed	14	<b>2,52,59,39,673</b>	2,20,83,47,702
Purchase of Bought-in-items		<b>15,22,53,387</b>	11,43,27,105
Employees' Remuneration and Other Benefits	15	<b>22,73,16,303</b>	19,73,56,599
Discounts and Rebates		<b>49,03,77,431</b>	46,16,43,592
Manufacturing, Administrative, Selling and Other Expenses	16	<b>53,29,36,950</b>	52,36,51,253
Interest	17	<b>8,37,27,619</b>	7,59,96,031
		<b>4,01,25,51,363</b>	3,58,13,22,282
<b>Profit Before Depreciation</b>		<b>20,03,61,865</b>	18,49,77,317
Depreciation		<b>3,39,73,240</b>	3,38,18,535
<b>Profit Before Tax</b>		<b>16,63,88,625</b>	15,11,58,782
<b>Provision for Tax</b>			
— Current Tax		<b>4,63,50,000</b>	4,68,00,000
— Deferred Tax		<b>33,53,133</b>	43,55,492
<b>Profit After Tax</b>		<b>11,66,85,492</b>	10,00,03,290
Balance Brought Forward		<b>6,46,33,334</b>	5,78,47,440
Amount available for Appropriations		<b>18,13,18,826</b>	15,78,50,730
<b>APPROPRIATIONS</b>			
Transferred to General Reserve		<b>7,00,00,000</b>	6,00,00,000
Proposed Dividend		<b>3,02,84,960</b>	2,83,92,150
Tax on Proposed Dividend		<b>49,12,978</b>	48,25,246
Balance Carried Forward to Balance Sheet		<b>7,61,20,888</b>	6,46,33,334
		<b>18,13,18,826</b>	15,78,50,730
Earnings per share - Basic and diluted		<b>30.82</b>	26.42
<b>NOTES TO ACCOUNTS</b>	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  
Firm Regn. No. 307068E  
A.K. DUBEY  
Partner  
(Mem. No. 054975)

New Delhi  
7th May, 2011

Pranab Kumar Maity  
Company Secretary

For and on behalf of Board

G. JHUNJHNUWALA  
Chairman

DR. R. SRINIVASAN  
Director

S. SARDA  
Executive Director & CEO

**Schedules forming part of the Accounts**

	<b>2010-2011</b> <b>Rs.</b>	2009-2010 Rs.
<b>1. CAPITAL</b>		
<b>Authorised</b>		
80,00,000 Equity Shares of Rs. 10 each	<b>8,00,00,000</b>	8,00,00,000
<b>Issued and Subscribed</b>		
37,85,620 Equity Shares of Rs. 10 each fully paid	<b>3,78,56,200</b>	3,78,56,200
Share Forfeiture Account	<b>535</b>	535
	<b>3,78,56,735</b>	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.		
<b>2. RESERVES AND SURPLUS</b>		
<b>General Reserve</b>		
Balance as per last Account	<b>22,56,56,367</b>	16,56,56,367
Transferred from/(to) Profit and Loss Account	<b>7,00,00,000</b>	6,00,00,000
	<b>29,56,56,367</b>	22,56,56,367
<b>Profit and Loss Account</b>	<b>7,61,20,888</b>	6,46,33,334
<b>Export Profit Reserve</b>	<b>1,95,000</b>	1,95,000
<b>Capital Reserve</b>		
Subsidy from SICOM and against Generator Set	<b>31,19,000</b>	31,19,000
Debenture Forfeiture Account	<b>1,05,089</b>	1,05,089
	<b>32,24,089</b>	32,24,089
<b>Fixed Asset Revaluation Reserve</b>		
Balance as per last Account	<b>2,98,23,647</b>	3,11,15,711
Transferred from/(to) Profit and Loss Account	<b>(7,13,233)</b>	(12,92,064)
	<b>2,91,10,414</b>	2,98,23,647
<b>Share Premium Account</b>	<b>9,49,27,000</b>	9,49,27,000
	<b>49,92,33,758</b>	41,84,59,437
<b>3. LOAN FUNDS</b>		
<b>Secured Loans</b>		
Overdrafts (including Working Capital Demand Loans)	<b>58,34,67,429</b>	48,17,94,653
Auto Loans	<b>18,90,479</b>	8,69,010
	<b>58,53,57,908</b>	48,26,63,663
<b>Unsecured Loans</b>		
Trade Deposits	<b>27,00,000</b>	27,00,000
Interest accrued and due	<b>3,40,200</b>	1,70,100
	<b>30,40,200</b>	28,70,100
Deferred Sales Tax	<b>1,14,93,245</b>	1,65,75,545
	<b>1,45,33,445</b>	1,94,45,645



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

**4. FIXED ASSETS**

(Figures in Rupees)

Particulars	GROSS BLOCK				ACCUMULATED DEPRECIATION				NET BLOCK	
	As at 1st April 2010	Addition during the year	Sold/ Adjustments during the year	As at 31st March 2011	Provided up to 31st March 2010	Adjustment	Provision for the current year	Total as at 31st March 2011	Net written down value as at 31st March 2011	Net written down value as at 31st March 2010
Land	10,50,33,153	—	—	<b>10,50,33,153</b>	—	—	—	—	<b>10,50,33,153</b>	10,50,33,153
Buildings	16,36,42,512	1,27,75,035	—	<b>17,64,17,548</b>	6,49,85,440	—	55,00,118	<b>7,04,85,558</b>	<b>10,59,31,990</b>	9,86,57,073
Plant & Machinery	22,64,79,955	85,98,895	(1,18,585)	<b>23,49,60,265</b>	18,00,12,609	(40,136)	74,42,457	<b>18,74,14,930</b>	<b>4,75,45,335</b>	4,64,67,346
Leased Equipment	12,35,64,643	1,36,46,311	(2,30,000)	<b>13,69,80,954</b>	4,98,05,101	(1,20,630)	1,14,28,517	<b>6,11,12,988</b>	<b>7,58,67,966</b>	7,37,59,542
Furnitures & Fittings	2,61,21,392	4,81,607	(1,46,564)	<b>2,64,56,435</b>	1,63,42,035	(1,45,590)	6,52,856	<b>1,68,49,301</b>	<b>96,07,134</b>	97,79,357
Office Equipment	11,20,71,845	1,29,51,766	(11,01,859)	<b>12,39,21,752</b>	7,40,49,234	(10,46,458)	86,40,221	<b>8,16,42,997</b>	<b>4,22,78,756</b>	3,80,22,612
Motor Vehicles	94,31,947	23,99,128	—	<b>1,18,31,075</b>	61,81,341	—	10,22,304	<b>72,03,645</b>	<b>46,27,430</b>	32,50,606
<b>Total</b>	<b>76,63,45,447</b>	<b>5,08,52,742</b>	<b>(15,97,008)</b>	<b>81,56,01,182</b>	<b>39,13,75,760</b>	<b>(13,52,814)</b>	<b>3,46,86,473</b>	<b>42,47,09,419</b>	<b>39,08,91,764</b>	<b>37,49,69,689</b>
Previous Year	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	

NOTE: Gross Depreciation for the year amounts to Rs. 3,46,86,473/- (previous year Rs. 3,51,10,599/-) from which Rs. 7,13,233/- (previous year Rs. 12,92,064/-) being depreciation for the year arising on revaluation of fixed assets recouped from Revaluation Reserve.

	<b>2010-2011 Rs.</b>	2009-2010 Rs.
<b>5. INVESTMENTS - (other than trade) (at cost)</b>		
<b>Long Term Investment</b>		
<b>Unquoted</b>		
<b>In Debentures</b>		
Rs. 6,500 1/2% Woodland Medical Centre Ltd.	<b>6,500</b>	6,500
Rs. 17,000 5% Woodland Medical Centre Ltd. (Non redeemable Mortgage Debenture Stock 1957)	<b>17,000</b>	17,000
<b>Quoted</b>		
<b>In Bond-At Cost</b>		
UTI Infrastructure Advantage Fund Series I Growth Plan 200000 Units of Rs. 10 Each	<b>20,00,000</b>	20,00,000
(Market Value of Long Term Quoted Investment Rs. 16,78,500, Previous year Rs. 18,40,000)		
	<b>20,23,500</b>	20,23,500
<b>6. INVENTORY (at cost or net realisable value whichever is lower)</b>		
Raw Material	<b>24,99,14,415</b>	21,44,18,344
Stock-in-trade	<b>47,81,90,475</b>	35,75,36,816
Material-in-process	<b>4,22,19,952</b>	2,61,78,133
Stores	<b>97,72,789</b>	79,22,255
Materials-in-transit	<b>5,10,61,934</b>	2,24,41,444
	<b>83,11,59,565</b>	62,84,96,992

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

	2010-2011 Rs.	2009-2010 Rs.
<b>7. SUNDRY DEBTORS</b>		
(Unsecured - considered good)		
Debts outstanding for a period exceeding six months	<b>8,66,59,000</b>	7,31,78,000
Others	<b>1,04,34,40,088</b>	84,49,34,676
	<b>1,13,00,99,088</b>	91,81,12,676
<b>8. CASH AND BANK BALANCES</b>		
Cash and cheques in hand	<b>9,79,64,333</b>	9,08,55,757
Balance with Scheduled Banks :		
Current Account	<b>68,61,618</b>	92,85,349
Fixed Deposit Account	<b>37,940</b>	2,89,609
Unpaid Dividend Account	<b>16,62,726</b>	15,51,197
	<b>85,62,284</b>	1,11,26,155
	<b>10,65,26,617</b>	10,19,81,912
<b>9. LOANS AND ADVANCES</b>		
Unsecured : Considered Good		
Advances (recoverable in cash or in kind or for value to be received):		
Other Advances	<b>1,29,98,262</b>	2,69,13,353
Balances with Customs, Central Excise, etc	<b>34,37,241</b>	28,37,119
Deposits	<b>3,58,60,181</b>	3,38,69,194
	<b>5,22,95,684</b>	6,36,19,666
<b>10. LIABILITIES</b>		
Acceptances	<b>26,00,33,589</b>	18,54,36,665
Sundry Creditors		
– Dues to Small Scale Industrial Undertakings	<b>19,90,45,675</b>	15,94,51,777
– Others	<b>83,34,75,837</b>	70,71,32,369
Investor Education & Protection Fund shall be credited by:		
– Unpaid Dividend	<b>16,62,726</b>	15,51,197
	<b>1,29,42,17,827</b>	1,05,35,72,008
<b>11. PROVISIONS</b>		
Provision for Taxation	<b>1,85,91,926</b>	1,77,84,748
Proposed Dividend	<b>3,02,84,960</b>	2,83,92,150
Tax on Proposed Dividend	<b>49,12,978</b>	48,25,246
	<b>5,37,89,864</b>	5,10,02,144
<b>12. OTHER INCOME</b>		
Sundry Sales	<b>1,32,53,690</b>	1,32,40,459
Profit on sale of fixed assets	—	99,761
Lease Rental	<b>1,39,20,144</b>	1,70,96,485
Interest	<b>6,37,776</b>	77,825
Miscellaneous receipts	<b>39,45,115</b>	13,50,253
	<b>3,17,56,725</b>	3,18,64,783



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

	2010-2011 Rs.	2009-2010 Rs.
<b>13. INCREASE/(DECREASE) IN STOCKS</b>		
<b>Closing Stock</b>		
Finished Goods	47,81,90,475	35,75,36,816
Materials-in-Process	4,22,19,952	2,61,78,133
	<b>52,04,10,427</b>	<b>38,37,14,949</b>
<b>Opening Stock</b>		
Finished Goods	35,75,36,816	26,84,06,541
Materials-in-Process	2,61,78,133	3,65,48,528
	<b>38,37,14,949</b>	<b>30,49,55,069</b>
	<b>13,66,95,478</b>	<b>7,87,59,880</b>
<b>14. MATERIALS CONSUMED</b>		
Opening Stock of Raw Materials	21,44,18,344	16,88,83,761
Add : Purchase of Raw Materials	2,54,48,24,329	2,25,92,34,173
Less : Closing Stock of Raw Materials	24,99,14,415	21,44,18,344
Increase /(Decrease) in Excise duty on finished goods	1,66,11,415	(5,351,888)
	<b>2,52,59,39,673</b>	<b>2,20,83,47,702</b>
<b>15. EMPLOYEES' REMUNERATION AND OTHER BENEFITS</b>		
Salaries, wages, bonus etc.	18,39,17,562	15,35,04,548
Contribution to provident and other funds	1,29,67,365	1,38,21,940
Workmen and staff welfare expenses	3,04,31,376	3,00,30,111
	<b>22,73,16,303</b>	<b>19,73,56,599</b>
<b>16. MANUFACTURING, ADMINISTRATIVE, SELLING AND OTHER EXPENSES</b>		
Stores consumed	95,98,383	83,91,781
Power and fuel	3,82,39,669	3,20,78,215
Rent	1,70,79,585	2,04,57,183
Rates and taxes	17,34,526	19,33,577
Insurance	12,98,327	11,47,903
Repairs to plant and machinery	36,32,531	36,37,465
Repairs to building	34,43,364	34,01,174
Repairs - others	1,26,02,914	96,58,354
Printing and stationery	59,81,458	55,04,574
Communication expenses	1,05,79,631	1,07,29,344
Directors' fees	2,80,000	3,00,000
Auditors' remuneration (Note 9 of Schedule 19)	4,84,427	4,02,076
Cost Audit fees	50,000	40,000
Commission on sales	2,36,59,294	2,19,50,480
Travelling expenses	3,51,09,337	3,39,59,495
Application Charges	9,37,31,052	9,68,85,973
Freight and carriage	18,19,58,684	16,57,70,975
Bad Debts written off	1,00,52,639	2,04,42,347
Loss on sale of Fixed Assets	40,767	—
Miscellaneous Expenses	8,33,80,362	8,69,60,337
	<b>53,29,36,950</b>	<b>52,36,51,253</b>
<b>17. INTEREST</b>		
On Working Capital	8,35,38,619	7,58,07,031
Others	1,89,000	1,89,000
	<b>8,37,27,619</b>	<b>7,59,96,031</b>



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

**18. SIGNIFICANT ACCOUNTING POLICIES**

**18.1 BASIS OF PREPARATION**

- (i) The Consolidated Financial Statements are prepared in accordance with Accounting Standard (AS) 21 on Consolidated Financial Statements issued by the Institute of Chartered Accountants of India. The Consolidated Financial Statement comprises the financial statement of Shalimar Paints Limited (the Company) and its Subsidiary Shalimar Adhunik Nirman Limited. The Company and its Subsidiary constitute Shalimar Group.
- (ii) The financial Statements have been prepared to comply in all material aspects in respect with the notified Accounting Standard Rules, 2006.
- (iii) Financial statements are based on historical cost and are prepared on accrual basis, except where impairment is made and revaluation is carried out.
- (iv) Accounting Policies have been consistently applied by the Group and are consistent with those used in the previous year.
- (v) The financial statement of the Company and its subsidiary Company have been consolidated on line by line basis by adding together the book value of like items of assets, liability, after eliminating intra- group balances and intra- group transactions.
- (vi) The Consolidated financial statement have been prepared using uniform accounting policies for like transactions and other events in similar circumstances and presented, to the extent possible, in the same manner as the Company's separate financial statements.

**18.2 General**

The financial statements have been prepared on accrual basis, except otherwise stated, and under the historical cost convention except revalued fixed assets in accordance with the applicable accounting standards specified by the Institute of Chartered Accountants of India and relevant provisions of Companies Act, 1956.

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

**18.3 Fixed Assets**

Fixed Assets are stated at cost, net of cenvat. The cost comprises the purchase price and any other attributable cost of bringing the assets to its working conditions for its intended use.

In case of revaluation of Fixed Assets, the cost/book value as written up by the approved valuer is considered in the books of accounts and the differential amount is transferred to Fixed Asset Revaluation Reserve.

Cash generating assets are assessed for possible impairment at balance sheet dates based on external and internal sources of information. Impairment losses, if any, are recognized as an expense in the Profit and Loss Account.

**18.4 Lease Accounting**

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

**18.5 Depreciation**

Depreciation on fixed assets is provided at the rates and in the manner specified in Schedule XIV of the Companies Act, 1956 and in respect of assets added/disposed off during the year on pro-rata basis with reference to the date of its use/disposal:

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

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

**18.6 Investments**

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



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

**18.7 Foreign Currency Transactions**

Transactions in foreign currency are accounted for at the equivalent rupee value incurred/earned. Foreign currency assets and liabilities at the year-end are realigned at the applicable exchange rate and variations are adjusted to the revenue or capital heads.

**18.8 Inventory**

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

**18.11 Borrowing Cost**

Borrowing Costs attributable to acquisition and construction of assets are capitalized as part of the cost of such asset up to 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 realized.

**18.3 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.

**18.14 Contingent Liabilities**

Liabilities which are material in the opinion of the Company and whose future outcome cannot be ascertained with reasonable certainty are treated as contingent and disclosed by way of notes to the Accounts.

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

	<b>For the year ended 31st March 2011 Rs.</b>	For the year ended 31st March 2010 Rs.
<b>19. NOTES TO ACCOUNTS</b>		
1. Cash Credit and Working Capital Demand Loans from banks are secured by paripassu hypothecation of Current Assets namely, stock of raw materials, stock in process, semi-finished and finished goods, consumable stores and spare parts, bills receivables and book debts and all other movables of Company's factories, premises and godowns situated at Howrah, Nasik and Sikandrabad (U.P.) and various places located throughout the country; and first charge on Company's all Plant and Machinery at Howrah plant and first charge on Company's entire fixed assets of Nasik Plant and second charge on Company's entire fixed assets of Sikandrabad plant.		
2. Liabilities in Schedule 10 include Rs. 1990.46 Lacs (Previous Year Rs. 1594.52 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 Company's entire fixed assets of Sikandrabad Plant.		
3. Auto Loans are secured by hypothecation of the vehicles financed out of such loans.	<b>18,90,479</b>	8,69,010
4. <b>Contingent Liabilities</b>		
Contingent Liabilities not provided for in respect of :		
Excise Duty	<b>2,34,49,659</b>	1,49,06,491
Bank Guarantees	<b>14,16,14,900</b>	11,14,89,491
Sales Tax	<b>2,87,85,000</b>	2,32,63,000
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)	<b>72,17,769</b>	70,62,597
7. Estimated amount of capital commitments, net of advance of Rs Nil (previous year Rs. 4,25,000)	<b>3,53,940</b>	54,654
8. Uncalled liability on partly paid up shares	<b>40,50,000</b>	40,50,000
9. <b>Auditors' Remuneration</b>		
Audit fees	<b>2,00,000</b>	2,00,000
Tax Audit fees	<b>50,000</b>	50,000
Certification fees and other services	<b>1,40,000</b>	1,05,000
Out of pocket expenses	<b>94,427</b>	47,076
	<b>4,84,427</b>	4,02,076
Audit fees of Shalimar Adhunik Nirman Limited Rs. 5,515 (Previous Year Rs. 5,515) is included in "Pre-operative Expenses".		
10. <b>Consumption of Stores</b>	<b>95,98,383</b>	83,91,781
11. <b>CIF Value of Imports</b>		
Raw Materials	<b>22,05,010,68</b>	19,90,62,215
12. <b>Expenditure in Foreign Currency</b>		
Purchase of raw material	<b>26,94,82,282</b>	12,70,70,122
Travelling Expenses	<b>1,17,962</b>	—
13. <b>Amounts Remitted in Foreign Currency on Account of Dividend</b>		
a) Number of Non-resident shareholders	<b>1</b>	1
b) Number of shares held by them	<b>1180314</b>	1180314
c) Amount of dividend remitted	<b>88,52,355</b>	35,40,942
d) Year to which dividend relates	<b>2009-10</b>	2008-09



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

		<b>For the year ended 31st March 2011 Rs.</b>		<b>For the year ended 31st March 2010 Rs.</b>
<b>14. Managerial remuneration</b>				
(a) Directors' Fees		<b>2,80,000</b>		3,00,000
(b) Wholetime Director's remuneration:				
Salaries		<b>22,00,374</b>		
Contribution to Provident Fund		<b>1,67,400</b>	<b>23,67,774</b>	19,88,724
		<b>For the year ended 31st March 2011</b>		<b>For the year ended 31st March 2010</b>
<b>15. Turnover</b>		<b>Quantity KL</b>	<b>Value Rs.</b>	<b>Quantity KL</b>
Class of Goods				<b>Value Rs.</b>
Paint (finished)	<b>48381</b>	<b>4,40,14,48,463</b>	46251	3,94,16,89,791
	<b>(58057MT)</b>		(55501MT)	
<b>16. Opening and Closing Stocks</b>				
		<b>Opening stocks as at 1st April, 2010</b>		<b>Closing stocks as at 31st March, 2011</b>
		<b>Quantity KL</b>	<b>Value Rs.</b>	<b>Quantity KL</b>
Paint (finished)	5700	35,75,36,816	<b>6100</b>	<b>47,81,90,475</b>
	(6840MT)		<b>(7320MT)</b>	
Previous year				
Paint (finished)	4357	26,84,06,541	5700	35,75,36,816
	(5228MT)		(6840MT)	
<b>17. Capacity and Production</b>				
		<b>Installed capacity as at 31st March 2011</b>	<b>Actual Production during the year ended 31st March 2011 (Packed for sale)</b>	<b>Previous Year</b>
Paints, enamels & varnishes, N.C. Lacquers & ancillary items (Packed for sale)		<b>57,000 Tonnes</b>	<b>52,204 Tonnes</b>	51,655 Tonnes
Synthetic Resin (mainly for captive consumption)		<b>7,672 Tonnes</b>	<b>2,395 Tonnes</b>	2,388 Tonnes
		<b>For the year ended 31st March 2011</b>		<b>For the year ended 31st March 2010</b>
		<b>Quantity KL</b>	<b>Value Rs.</b>	<b>Quantity KL</b>
<b>18. Purchase (Bought-in-items)</b>		<b>5278</b>	<b>15,22,53,378</b>	4548
				11,43,27,105
<b>19. Consumption of imported and indigenous raw materials (excluding spare parts and components).</b>				
		<b>For the year ended 31st March 2011</b>		<b>For the year ended 31st March 2010</b>
		<b>%</b>	<b>Rs.</b>	<b>%</b>
Imported Raw Materials	<b>10.37</b>	<b>26,18,14,360</b>	10.48	23,14,21,294
Indigenous Raw Materials	<b>89.63</b>	<b>2,26,41,25,313</b>	89.52	1,97,69,26,408

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

	For the year ended 31st March 2011		For the year ended 31st March 2010	
	Quantity	Value Rs.	Quantity	Value Rs.
Organic acid/chemicals	<b>64,22,654 Kgs</b>	<b>48,67,08,288</b>	46,87,175 Kgs	33,29,05,414
Pigments	<b>39,58,352 Kgs</b>	<b>36,74,99,230</b>	36,17,705 Kgs	31,88,80,125
Solvents & Oils	<b>1,59,78,893 Kgs</b>	<b>83,94,40,262</b>	1,56,25,623 Lts	68,15,27,966
Packages and Packing Materials	<b>94,43,776 Nos</b>	<b>22,01,84,426</b>	1,39,76,372 Nos	26,36,86,628
Others*		<b>61,21,07,467</b>		61,13,47,569
		<b><u>2,52,59,39,673</u></b>		<b><u>2,20,83,47,702</u></b>

\* 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. Baba Container Manufacturers, 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. Choudhary Industries, M/s. Cross Point Chemical Industries, M/s. Damani Packaging, M/s. Evergreen Drums & Cans Pvt. Ltd., M/s. Flona Coatings, M/s. Globe Logistics (India), M/s. Indian Tin Box Mfg. Co. Pvt. Ltd., M/s. J.S. Transystem, M/s. Krishna Technochem Pvt. Ltd., M/s. Kapilesh Udyog, M/s. Karna Paints (P) Ltd., M/s. KB Engineering Co. Pvt. Ltd., M/s. Mastan Tin Works, M/s. Maxim, M/s. Micas Organics Ltd., M/s. Mittal Containers Pvt. Ltd., M/s. Mangla Metals (P) Ltd., M/s. Moongipa Roadways, M/s. Pearson Drums & Barrels Pvt. Ltd., M/s. Pearson Containers Co., M/s. Piyanshu Chemicals Pvt. Ltd., M/s. Regent Paints Pvt. Ltd., M/s. S.R. Packaging & Industries Pvt. Ltd., M/s. Sunflag Chemicals Pvt. Ltd., M/s. Sam Transport (P) Ltd., M/s. Surya Containers Pvt. Ltd., M/s. Somani Oil Industries, M/s. Somani Oils & Chemicals, M/s. Shri Metal Containers, M/s. Sunrise Chemicals, M/s. Todi Bulk Carriers Pvt. Ltd., M/s. Tin Box Company, M/s. Techcon India Pvt. Ltd., M/s. 20 Microns Nano Minerals Ltd., and M/s. Western Cans Pvt. Ltd. The Company has not received any intimation from suppliers regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 and hence 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 “Accounting for Taxes on Income”; and the net deferred tax liabilities amounting to Rs. 33,53,133 pertaining to the current year has been recognised.

	Opening As at 01/04/2010	Charge /(Credit) During the year	(Rs. in Lacs) <b>Closing As at 31/03/2011</b>
<b>Deferred Tax Assets</b>			
Expenses allowable on payment basis	51.41	3.37	<b>54.78</b>
<b>Deferred Tax Liabilities</b>			
Depreciation and related items	(333.01)	(36.90)	<b>(369.91)</b>
<b>Net Deferred Tax Liabilities</b>	281.60	33.53	<b>315.13</b>



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

23. Future minimum lease rentals receivable as at 31.03.2011 as per the lease agreements :

	<b>2010-2011</b>	(Rs. in lacs) 2009-2010
i) Not later than one year	<b>111.15</b>	137.77
ii) Later than one year and not later than five years	<b>118.22</b>	199.57
iii) Later than five years	—	—
	<b>229.37</b>	337.34

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 2010-2011* (Rs. in Lacs)	Amount outstanding as on 31st March, 2011* (Rs. in Lacs)
S. Sarda	Executive Director	Remuneration	Refer Note 14(b) of Schedule 19	— (—)
Smt. Lata Sarda	Relative of ED	Rent, etc.	7.20 (7.20)	— (—)
Jindal Stainless Ltd.	Company over which key managerial personnel is able to exercise significant influence	Sales	130.94 (—)	56.06 (—)
Sonabheel Tea Ltd.	– do –	Sales	3.05 (—)	(0.22) (—)

\* Amounts in brackets indicate previous year’s figures.

25. Cash and Cheques in hand includes cheques in hand Rs. 9,70,18,312 ( Previous Year Rs. 8,98,83,360).

**26. Employees Benefits**

The Company has adopted Accounting Standard 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 15 (Revised) pertaining to Defined Benefit Plans :

(a) Defined Benefits Plans / Compensated absences - As per actuarial valuation :

(Rs. in Lacs)

	Gratuity Funded		Leave Encashment Non funded	
	2010-11	2009-10	2010-11	2009-10
<b>I Expense recognized in the statement of Profit and Loss</b>				
1 Current Service Cost	<b>26.26</b>	26.59	<b>7.71</b>	8.72
2 Interest Cost	<b>31.66</b>	28.11	<b>10.31</b>	9.00
3 Employees Contribution	-	-	-	-
4 Expected Return on plan assets	<b>(18.79)</b>	(16.41)	-	-
5 Net Actuarial (Gain)/Losses	<b>3.99</b>	(10.62)	<b>30.82</b>	36.20
6 Past Service Cost	<b>17.18</b>	-	-	-
7 Settlement Cost	-	-	-	-
8 Total Expenses	<b>60.30</b>	27.67	<b>48.84</b>	53.92
<b>II Net Assets / (Liability) recognized in the balance sheet</b>	<b>As at</b>	As at	<b>As at</b>	As at
	<b>31.03.2011</b>	31.03.2010	<b>31.03.2011</b>	31.03.2010
1 Present Value of Defined Benefits of Obligation	<b>417.09</b>	383.75	<b>140.01</b>	124.96
2 Fair Value of plan assets	<b>278.72</b>	243.68	-	-
3 Funded status [Surplus/(Deficit)]	<b>(138.37)</b>	(140.07)	<b>(140.01)</b>	(124.96)
4 Net Assets/(Liability)	<b>(138.37)</b>	(140.07)	<b>(140.01)</b>	(124.96)
<b>III Change in Obligation during the year</b>	<b>2010-11</b>	2009-10	<b>2010-11</b>	2009-10
1 Present Value of Defined Benefit Obligation at beginning of the Year	<b>383.75</b>	365.72	<b>124.96</b>	115.24
2 Current Service Cost	<b>26.26</b>	26.59	<b>7.71</b>	8.72
3 Interest Cost	<b>31.66</b>	28.11	<b>10.31</b>	9.00
4 Settlement cost	-	-	-	-
5 Past Service Cost	-	-	-	-
6 Employee Contributions	-	-	-	-
7 Plan Amendments	<b>17.18</b>	-	-	-
8 Actuarial (Gain)/ Losses	<b>3.99</b>	(10.62)	<b>30.82</b>	36.20
9 Benefits Payments	<b>(45.75)</b>	(26.05)	<b>(33.79)</b>	(44.20)
10 Present value of Defined Benefits Obligation at the end of year	<b>417.09</b>	383.75	<b>140.01</b>	124.96
<b>IV Change in Assets during the year</b>				
1 Plan assets at the beginning of the year	<b>243.68</b>	253.32	-	-
2 Plan assets acquired on amalgamation in Previous Year	-	-	-	-
3 Settlements	-	-	-	-
4 Expected return on plan assets	-	-	-	-
5 Contributions by employer	<b>62.00</b>	-	<b>33.79</b>	44.20
6 Actual benefits paid	<b>(45.75)</b>	(26.05)	<b>(33.79)</b>	(44.20)
7 Actual Gains/ (Losses)	-	-	-	-
8 Actual return on Plan assets	<b>18.79</b>	16.41	-	-
9 Plan assets at the end of the year	<b>278.72</b>	243.68	-	-



**Schedules forming part of the Accounts (Contd.)****V Actuarial Assumptions:**

	<b>As at 31.03.2011</b>	As at 31.03.2010
1 Discount Rate	<b>8.25%</b>	7.50%
2 Rate of increase in salaries	<b>5.00%</b>	5.00%
3 Rate of return on Plan Assets	<b>8.25%</b>	7.50%
4 Mortality	As per standard table LIC(1994-1996) ultimate	

27. With regard to the Subsidiary Company, since there is no business activities / profit during the year ended 31st March, 2011, tax provisions including of deferred tax, have not been made.

## Pre-operative Expenses :

Head of Accounts	31st March, 2011 (Rs.)	31st March, 2010 (Rs.)
Audit Fees	22,163	16,648
Printing & Stationary	4,382	4,382
Bank Charges	56	56
Filing Fees (ROC) and Professional Charges	1,49,750	1,35,720
<b>Total</b>	<b>1,76,351</b>	<b>1,56,806</b>

28. The Company operates mainly in one business segment i.e. Paints.

29. The Company has one subsidiary, namely "Shalimar Adhunik Nirman Limited". The information in respect of the said subsidiary, as required to be given vide general circular no. 2/2011 dated 8th February, 2011 issued by the Ministry of Corporate Affairs, are given below :

(a) Capital (paid-up)	: Rs. 59,50,000
(b) Reserves	: NIL
(c) Total Assets	: Rs. 5,49,00,592
(d) Total Liabilities	: Rs. 5,49,00,592
(e) Details of Investment (except in case of investment in the subsidiaries)	: NIL
(f) Turnover	: NIL
(g) Profit before Taxation	: NIL
(h) Provision for Taxation	: NIL
(i) Profit after Taxation	: NIL
(j) Proposed Dividend	: NIL

30. Finance charges, under Miscellaneous Expenses, include foreign exchange loss of Rs. 9,19,747 (previous year Rs. NIL).

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

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

Signature to Schedule 1 to 19

For CHATURVEDI & PARTNERS  
Chartered Accountants  
Firm Regn. No. 307068E

A.K. DUBEY  
Partner  
(Mem. No. 054975)

New Delhi  
7th May, 2011

Pranab Kumar Maity  
Company Secretary

For and on behalf of Board

G. JHUNJHNUWALA  
Chairman

DR. R. SRINIVASAN  
Director

S. SARDA  
Executive Director & CEO

**Cash Flow Statement for year ended 31st March, 2011**

	2010-2011 (Rs. ' 000)	2009-2010 (Rs. ' 000)
<b>A. CASH FLOW FROM OPERATING ACTIVITY</b>		
Net Profit before Tax and Extraordinary items	1,66,389	1,51,159
Adjusted for :		
Depreciation	33,973	33,819
Deferred Revenue Expenditure (Amortised)	(20)	(141)
Interest/Other Income	(14,599)	(17,274)
Interest Expenses	83,728	75,996
	<u>1,03,082</u>	<u>92,400</u>
Operating Profit before Working Capital Changes	2,69,471	2,43,559
Adjusted for:		
Trade and Other Receivables	(2,00,323)	(1,20,649)
Inventories	(2,02,663)	(1,22,766)
Trade Payables	2,40,534	2,70,798
Direct Taxes paid (net of refund)	(45,543)	(33,054)
	<u>(2,07,995)</u>	<u>(5,671)</u>
Cash Flow before extraordinary items	61,476	2,37,888
Extraordinary items	—	—
Deferred Revenue Expenditure for the year	—	—
Cash Generated from Operating Activities	61,476	2,37,888
Direct Tax	—	—
<b>Net Cash from Operation</b>	<u>61,476</u>	<u>2,37,888</u>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	(52,384)	(99,238)
Sale of Fixed Assets	285	994
Purchase of Investment	—	—
Interest Received	638	78
Lease Rental Received	13,582	16,362
<b>Net cash used in Investing Activity</b>	<u>(37,879)</u>	<u>(81,804)</u>
<b>C. CASH FLOW FROM FINANCIAL ACTIVITIES</b>		
Proceeds from Borrowings	97,612	(1,01,954)
Repayment of Borrowings	—	—
Interest Paid	(83,558)	(76,005)
Dividend Paid	(33,106)	(13,280)
<b>Net Cash used in Financing Activities</b>	<u>(19,052)</u>	<u>(1,91,239)</u>
<b>Net Increase in Cash and Cash Equivalents (A+B+C)</b>	<u>4,545</u>	<u>(35,155)</u>
<b>Opening Balance of Cash and Cash Equivalents</b>	1,01,982	1,37,137
<b>Closing Balance of Cash and Cash Equivalents</b>	<u>1,06,527</u>	<u>1,01,982</u>

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

For CHATURVEDI & PARTNERS  
Chartered Accountants  
Firm Regn. No. 307068E  
A.K. DUBEY  
Partner  
(Mem. No. 054975)

New Delhi  
7th May, 2011

Pranab Kumar Maity  
Company Secretary

For and on behalf of Board

G. JHUNJHNUWALA  
Chairman

DR. R. SRINIVASAN  
Director

S. SARDA  
Executive Director & CEO

**Five year review**

	(Rs. in lacs)				
Results for the financial year	2010-2011	2009-2010	2008-2009	2007-2008	2006-2007
Sales	<b>44014.48</b>	39416.9	36886.68	34,013.82	29,049.22
Other Income	<b>317.56</b>	318.65	286.84	270.18	207.30
Materials consumed	<b>26781.93</b>	23226.75	20677.42	18,955.81	16,271.58
Manufacturing Administration, Selling and Other Expenses	<b>14709.21</b>	13899.06	14716.31	12,944.31	11,372.33
EBIDTA	<b>2,840.90</b>	2,609.74	1,779.79	2,383.88	1,612.61
Interest	<b>837.28</b>	759.96	805.88	630.46	533.95
Depreciation	<b>339.73</b>	338.19	339.99	305.32	266.83
Profit before tax	<b>1,663.89</b>	1,511.59	633.92	1,448.10	811.83
Provision for tax	<b>497.03</b>	511.55	277.59	489.86	337.15
Profit after tax	<b>1,166.86</b>	1,000.04	356.33	958.24	474.68
Share Capital	<b>378.57</b>	378.57	378.57	378.57	378.57
Reserves and Surplus	<b>4992.34</b>	4184.59	3529.66	3,319.48	2,689.42
Deferred Tax Liability (Net)	<b>315.13</b>	281.60	238.05	223.95	220.59
Loan Funds	<b>5998.91</b>	5021.09	5704.05	5,520.34	5,640.85
Fixed Assets	<b>3395.82</b>	3221.28	2588.96	2,648.56	2,226.85
Net Current Assets	<b>8209.40</b>	6564.84	7231.63	6,784.06	6,702.35
Earning per share (Rs.)	<b>30.82</b>	26.42	9.41	25.31	12.54
Dividend rate percentage	<b>80</b>	75	30	70	50



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 109th ANNUAL GENERAL MEETING of the Company held on Friday, the 12th August, 2011 at 11.00 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 109th ANNUAL GENERAL MEETING of the Company to be held  
on Friday, the 12th August, 2011 at 11.00 a.m.

Signed this ..... day of ..... 2011.

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