

SHALIMAR PRODUCTIONS LIMITED

26TH

ANNUAL REPORT

2010 – 2011

SHALIMAR PRODUCTIONS LIMITED

ANNUAL REPORT 2010 – 2011

BOARD OF DIRECTORS :

Mr. Rajendra Kumar Rathi
Mr. Tilokchand Kothari
Mr. Abhishek Palaparthi
Mr. Chandra Shekhar Sharma
Mr. Pankaj Kumar Daga

BANKERS :

HDFC Bank
The Pratap Co-Op Bank Ltd.

AUDITORS :

M/S LAKHPAT M TRIVEDI & CO.
Chartered Accountants

REGISTERED OFFICE :

15/76, Old Rajendra Nagar,
2nd Floor, New Delhi – 110 060.
Tel/Fax : 011-25818446

ADMN. OFFICE :

926/R, Navjeevan Comm. Co-Op Hsg Soc Ltd,
Lamington Road,
Mumbai – 400 007.
Tel – 3256 7459, 2309 9318 Fax : 2309 9318

PRODUCTION HOUSE :

- 1) A-9, Shree Siddhivinayak Plaza,
Plot No. B – 31, Off Link Road,
Andheri (W), Mumbai – 400 053.
Tel : 2671 3919 Fax : 2623 5205
- 2) Shalimar House
Near Circuit House,
Bikaner, Rajasthan.
Tel : 0151 3240241

LISTING:

THE STOCK EXCHANGE, MUMBAI

REGISTRAR & TRANSFER AGENT:

ADROIT CORPORATE SERVICES (P) LTD.
19/20, Jafferbhoy Industrial Estate,
1st floor, Makwana Road, Marol Naka,
Andheri (East), Mumbai – 400 059.
Tel.No. 2859 0942/2850 3748

ISIN NO.

INE435E01020

SHALIMAR PRODUCTIONS LIMITED

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DIRECTORS' REPORT

TO,
THE MEMBERS,
SHALIMAR PRODUCTIONS LIMITED.

Your Directors have pleasure in presenting the 26th Annual Report and the Audited Accounts for the year ended on 31st March 2011.

BUSINESS PERFORMANCE:

	Current Year Ended 31-03-2011 (Rs.)	Previous Year Ended 31-03-2010 (Rs.)
Profit for the Year	123,822	119,664
Less: Short/ Excess provision for Tax	-	-
Deferred Tax	(7,641)	251,259
Fringe Benefit Tax	-	-
Provision for Tax	38,000	26,390
Profit / (Loss) after Tax	93,463	(157,985)
Profit / (Loss) brought from Previous Year	4,438,489	4,596,474
Balance carried to Balance Sheet	4,531,952	4,438,489

PERFORMANCE :

The resources of the Company were optimally utilized to maximize the returns with minimal risk. The proactive and pragmatic approach of the Company has been reflected in the results despite the difficult and turbulent economic conditions prevailing in the country.

The company would like to produce more Serials and Albums in other language in near future.

FUTURE OUTLOOK :

Your company has an In house production at Bikaner, Rajasthan and has a comprehensive set - up of Distribution office of Films and Albums.

The Company is more keen to produce regional films and Hindi & Rajasthani albums.

DIVIDEND :

Your Directors do not recommend any dividend for the year ended 31st March, 2011 in view to conserve the resources.

DIRECTORS :

Mr. Pankaj Kumar Daga and Mr. Tilokchand Kothari Directors of the Company retire by rotation and being eligible offers himself for re-appointment.

FIXED DEPOSITS :

The Company did not invite/accept/renew any fixed deposits during the year under review.

DEMATERIALISATION OF SHARES :

Your Company has connectivity with the NSDL & CDSL for dematerialization of its Equity Shares. The ISIN No. **INE435E01020** has been allotted for the Company. Therefore, the members and / or investors may keep their shareholdings in the electronic mode with their Depository Participant.

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PARTICULARS OF EMPLOYEES :

There is no employee covered pursuant to provisions of section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 as amended vide Notification no. GSR 839 (c) dated 25/10/2000.

ENERGY, TECHNOLOGY AND FOREIGN EXCHANGE :

Details of Energy, conservation research and development activities undertaken by the Company along with the information in accordance with provisions of Section 217(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in respect of Board of Directors), Rules, 1998 is given in the Annexure.

AUDITORS REPORT :

The observations of the Auditors in their report, read with noted annexed to accounts, are self explanatory and therefore do not call for the any further comment and explanation under section 217(3) of the Companies Act, 1956.

AUDITORS :

M/s Lakhpat M Trivedi & Co., the Auditors retire at the ensuing Annual General Meeting but being eligible offer themselves for reappointed. The Company has received the letter from Auditors to the effect that their appointment if made it would be within the prescribed limits under section 224 (1B) of the Companies Act, 1956. Your Directors recommend reappointment of M/s Lakhpat M Trivedi & Co. as the Auditors of the Company.

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DIRECTORS RESPONSIBILITY STATEMENT

As required under section 217(2AA) of the Companies Act, 1956 relating to the Directors Responsibility Statement, it is hereby confirmed that:

- 1) In the preparation of the Annual Account for the financial year ended 31st March, 2011 the applicable accounting standard have been followed along with proper explanations relating to material departures.
- 2) The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are responsible and prudent so as to give a true and fair view of the state of affairs of the Company as at the end of the financial year and of the Profit or Loss of the Company for the year ended on that date.
- 3) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- 4) The Directors have prepared the Annual Accounts on a going concern basis.

STATEMENT PURSUANT TO LISTING AGREEMENTS

The company's shares are listed with The Bombay Stock Exchange. Your Company has paid the respective Annual Listing fees up to date and there are no arrears.

ACKNOWLEDGEMENT

The Directors wish to place on records their appreciation of the contributions made by the employees at the all levels, whose continued commitment and dedication helped the Company to achieve better results. The Directors also wish to thank customers, bankers, etc. for their continued support. Finally your Directors would like to express their sincere & whole-hearted gratitude to all of you for your faith in us in your Co-operation & never failing support.

For and on behalf of Board of Directors
Sd/-
DIRECTORS

Place: New Delhi
Date : 24.08.2011

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CERTIFICATES

TO,
THE MEMBERS,
SHALIMAR PRODUCTIONS LIMITED

We have reviewed the records concerning the Company's compliance of conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement entered into, by the Company, with the Stock Exchange of India, for the financial year ended 31st March, 2011.

The compliance of conditions of corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

We have conducted our review on the basis of the relevant records and documents maintained by the Company and furnished to us for the review and the information and explanations given to us by the Company.

Based on such a review, in our opinion the Company has complied with the condition of Corporate Governance, as stipulated in Clause 49 of the Listing Agreements.

We further state that, such compliance is neither an assurance as to the future viability of the Company, nor as to the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For M/S Lakhpat M. Trivedi & Co.
Chartered Accountants
Sd/-
Lakhpat M. Trivedi
Proprietor

Place: Mumbai
Date: 24.08.2011

SHALIMAR PRODUCTIONS LIMITED

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CORPORATE GOVERNANCE REPORT

The detailed report on Corporate Governance as per the format prescribed by SEBI and incorporated in Clause 49 of the Listing Agreement is set out below:

MANDATORY REQUIRMENTS

A. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

The Company's Philosophy on Corporate Governance envisages the attainment of the high level of transparency and accountability in the functioning of the Company and assist the top management of the Company in the efficient conduct of its business internally and externally, including its inter-action with employees, shareholders, creditors, consumers and institutional and other lenders and place due emphasis on regulatory compliance.

The Company believes that its system and actions must be followed for enhancing corporate performance and maximizing shareholder value in the long term.

B. BOARD OF DIRECTORS

COMPOSITION AND CATEGORY

1. Executive Directors.
2. Independent, Non-Executive Directors.

Independent Directors are Directors, who apart from receiving Directors' remuneration do not have any other material pecuniary relationship or transactions with the Company.

The composition of the Board of Directors and also the number of other Board of Directors or Board Committees of which he is a member/Chairman are as under.

Sr.No.	Name of Director	Category of Directorship	Number of other Directorships (i)
001	Mr. Rajendra Kumar Rathi	Executive Director	Nil
002	Mr. Tilokchand Kothari	Executive Director	3
003	Mr. Shekhar Sharma	Independent, Non-Executive Director	Nil
004	Mr. Abhishek Palaparthi	Independent, Non-Executive Director	1
005	Mr. Pankaj Kumar Daga	Independent, Non-Executive Director	1

- (i) Excludes Directorship in Indian Private Limited Companies, membership of Managing Committees of various bodies.

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ATTENDANCE OF EACH DIRECTOR AT THE BOARD MEETINGS AND THE LAST ANNUAL GENERAL MEETING

During the financial year ended 31st March, 2011 Eight Board Meeting were held on 26/04/2010, 31/05/2010, 31/07/2010, 24/08/2010, 19/11/2010, 11/01/2011, 31/01/2011 and 23/02/2011. The attendance of each Director at Board Meetings and the last Annual General Meeting (AGM) is as under.

Sr.No.	Name of Directors	No. of Board Meetings attended	Attendance at last AGM held on 30.09.2010
001	Mr. Rajendra Kumar Rathi	8	Present
002	Mr. Tilokchand Kothari	8	Present
003	Mr. Abhishek Palaparthy	7	Present
004	Mr. Shekhar Sharma	8	Present
005	Mr. Pankaj Kumar Daga	6	Present

C. AUDIT COMMITTEE

BROAD TERMS OF REFERENCE

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

The terms of reference of the Audit Committee include the following:

- ❖ Reviewing the Company's financial reporting process and the disclosure of its financial information.
- ❖ Recommending the appointment and removal of statutory auditors, fixation of audit fees and also to approve payment for other services.
- ❖ Reviewing the quarterly and annual financial statements with primary focus on accounting policies and practices, compliance with accounting standards and legal requirements concerning financial statements.
- ❖ Reviewing the adequacy of internal control systems and internal audit function, ensuring compliance of internal control systems and reviewing the Company's financial and risk management policies.
- ❖ Reviewing the reports furnished by the statutory auditors and ensure suitable follow-ups thereon.

COMPOSITION

The Audit Committee of the Company comprises Three Directors, of which, One is Executive Director and others are Independent Director. All these Directors possess knowledge of corporate finance, accounts and Company law. The Chairman of the Committee is a Non-Executive, Director nominated by the Board. The statutory Auditors and the Executives in the Finance Department are invitees to the Meetings.

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The Board of Directors at the subsequent Board Meeting notes the minutes of the Audit Committee Meetings.

The constitution of the Audit Committee is as follows :

1. Mr. Abhisekh Palaparthi : Chairman.
2. Mr. Pankaj Kumar Daga : Member.
3. Mr. Shekhar Sharma : Member.

MEETINGS AND ATTENDANCE

During the financial year ended 31st March, 2011, four Audit Committee Meetings were held on 26/04/2010, 31/05/2010, 31/07/2010 and 31/01/2011.

The attendance at the Audit Committee Meetings is as under :

Sr. No	Name of the Directors	No. of Meeting attended
001	Mr. Abhisekh Palaparthi	4
002	Mr. Shekhar Sharma	4
003	Mr. Pankaj Kumar Daga	3

INTERNAL AUDITORS

The Company has in-built system of internal checks and to review the internal control systems of the Company and to report thereon. The report of such reviews is being submitted to the Audit Committee.

D. REMUNERATION COMMITTEE

The Remuneration Committee of the Company comprises Three Directors.

The constitution of the Remuneration Committee is as follows :

1. Mr. Tilokchand Kothari : Chairman.
2. Mr. Rajendra Kumar Rathi : Member.
3. Mr. Pankaj Kumar Daga : Member.

The remuneration committee mainly looks after fixation of salary, perquisites and commissions etc. to the Directors of the company.

REMUNERATION POLICY

The Remuneration Policy of the Company is based upon well defined performance and responsibility criterions. The Company endeavours to attract, retain, develop and motivate its high skilled and dedicated personnel through its Remuneration Policy.

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SITTING FEES PAID TO NON-EXECUTIVE INDEPENDENT DIRECTORS FOR THE FINANCIAL YEAR 2010-2011:

The remuneration of Non-Executive Independent Directors consists of sitting Fees not exceeding the limits prescribed under Section 309 of the Companies Act 1956, which is decided by the Board within limits approved by the shareholders. The Non-Executive Independent Directors would be paid sitting fees of Rs. 2500/- per Board Meeting or any other Committee Meetings of the Company attended subject to necessary approvals of the Board/ Regulators/ Shareholders.

E. SHAREHOLDERS' COMMITTEE

The company has constituted a "Share Transfer-cum-investors Grievance Committee" comprised of following Directors:

1. Mr. Rajendra Kumar Rathi : Chairman.
2. Mr. Tilokchand Kothari : Member.
3. Mr. Shekhar Sharma : Member.

The Board has delegated to the committee powers to inter alia approve the transfer/transmission of share, issue of duplicate share certificate and review of all matters connected with Investors complaints/Grievances if any and redressal of the same. The committee also approves requests for issue of new share certificates on spilt /consolidation / renewal / rematerialisation etc.

The committee also sees the overall performance of the Registrar and Share Transfer agent, and recommend to the Board of director for improvement in the investor service.

The Company Secretary is the Compliance officer. She also acts as the Secretary to the Committee and is responsible for convening and holding of the meetings of the Committee. It meets once in a fortnight to ensure proper services to the stakeholders of the company.

The Minutes of the committee meeting are placed at the Board Meeting from time to time.

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COMPLIANCE OFFICER

Shri Rajendra K. Rathi is the compliance officer in terms of the listing agreement executed by the Company with the Stock Exchange.

DETAILS OF SHAREHOLDERS COMPLIANCE RECEIVED, NOT SOLVED AND PENDING SHARE TRANSFERS.

Number of shareholders complaints received so far and number of complaints solved to the satisfaction of shareholders.

Sr. No.	Nature of Complaints	Received	Replied	Balance	No. of Days Taken
1.	Received from Share Holders	1	NONE	1	N.A.
	Revalidation of Dividend	NIL	NIL	NIL	N.A.
	Non receipt of Warrants	NIL	NIL	NIL	N.A.
	Non receipt of Dividend	NIL	NIL	NIL	N.A.
	Non receipt of Share Certificates	NIL	NIL	NIL	N.A.
2.	Received from SEBI/Stock Exchange	1	NONE	1	N.A.
	Revalidation of Dividend	NIL	NIL	NIL	N.A.
	Non receipt of Warrants	NIL	NIL	NIL	N.A.
	Non receipt of Dividend	NIL	NIL	NIL	N.A.
	Non receipt of Share Certificates	NIL	NIL	NIL	N.A.

There is one outstanding complaints, pending from investor.

. GENERAL BODY MEETINGS :

Location and time, where last three Annual General Meetings were held is given below :

Financial Year	Date	Location of Meeting	Time
2007-2008	01/09/2008	Sindhi Bhawan, Block No. 14A, Rajendra Nagar, Gangaram Hospital Marg, Delhi - 110060	12:30 p.m.
2008-2009	30/09/2009	Agarwal Bhawan, 21/08, Shanti Nagar, Delhi - 07	11:00 a.m.
2009-2010	30/09/2010	Agarwal Bhawan, 21/08, Shanti Nagar, Delhi - 07	11:00 a.m.

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G. CEO & CFO CERTIFICATION

The Managing Director (CEO) and the Chief Financial Officer (CFO) have certified to the Board of Directors of the Company that:

- a) They have reviewed financial statements and the Cash Flow Statement for the year and that to the best of their knowledge and belief:
 - (i) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - (ii) These statement together present a true and fair view of the Company's affairs and are in compliance with existing Accounting Standards, applicable laws and regulations.
- b) There are, to the best of their knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violate the Company's Code of Conduct.
- c) They accept responsibility for establishing and maintaining internal controls for Financial Reporting and that they have evaluated the effectiveness of the internal control systems of the company pertaining to Financial Reporting and they have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any of which they are aware and the steps they have taken or propose to take to rectify these deficiencies.
- d) They have indicated the Auditors and the Audit Committee:
 - (i) significant changes in internal control over Financial Reporting during the year;
 - (ii) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - (iii) instances of significant fraud of which they have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's Internal Control System over Financial Reporting.

H. DISCLOSURES

- A. The Company has not entered into any transaction of material nature with the Promoters, Directors or Management, their subsidiaries or relative that may have potential conflict with the interest of the Company at large. The register of Contracts containing the transactions in which Directors are interested is placed before the Board regularly for its approval.
- B. During the last three years, there were no strictures or penalties imposed by either SEBI or the Stock Exchanges or any statutory authority for non-compliance of any matter related to the capital market.

I. MEANS OF COMMUNICATION :

1. The quarterly and half yearly results are forthwith communicated to all the Stock Exchange with whom the Company has listing agreement as soon as they are approved and taken on record by the Board of Directors of the Company. Further the results are published in the newspapers English and Hindi.
2. Management discussion and analysis forms part of the Annual Report, which is posted to the shareholders of the Company.

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J. GENERAL SHAREHOLDERS INFORMATION:

*	Annual General Meeting	
	Date	30 th SEPTEMBER, 2011
	Time	10.00 A.M.
	Venue	Agarwal Bhawan, 21/08, Shanti Nagar, Delhi - 07
*	Financial Calendar	APRIL 2011 TO MARCH 2012
	Financial reporting for the quarter ending June, 2011	JULY END 2011
	Financial reporting for the quarter ending September, 2011	OCTOBER END 2011
	Financial reporting for the quarter ending December, 2011	JANUARY END 2012
	Financial reporting for the quarter ending March, 2012	APRIL END 2012
*	Date of Book Closure	28 TH SEPTEMBER, 2011 TO 30 TH SEPTEMBER, 2011 (BOTH DAYS INCLUSIVE)
*	Dividend Payment date	NOT APPLICABLE
*	Registered office	15/76, Old Rajendra Nagar, 2 nd Floor, New Delhi-110 060.
*	Listing on Stock Exchange	THE STOCK EXCHANGE, MUMBAI
*	Stock Code	
	The Stock Exchange, Mumbai	512499

Market Price Data : High Low during each month in last financial year.

Date	Open (Rs.)	High (Rs.)	Low (Rs.)	Close (Rs.)	No of Shares	No of Trades	Net T/O (Rs.)
April 2010	1.00	1.35	0.99	1.23	250791	209	297977
May 2010	1.29	1.50	0.96	1.01	462648	314	566203
June 2010	1.06	1.17	0.90	1.05	115733	132	118365
July 2010	1.05	1.18	0.90	0.96	250060	279	252474
August 2010	0.95	1.07	0.89	0.94	207268	276	195964
September 2010	0.91	1.18	0.87	0.99	545941	518	535298
October 2010	1.08	1.15	0.87	1.03	521428	454	521146
November 2010	1.05	1.96	0.92	1.60	1812745	1393	2946992
December 2010	1.53	2.86	1.51	2.86	1385329	819	2926405
January 2011	3.00	3.23	2.18	2.35	1912893	952	5331263
February 2011	2.32	2.46	1.82	2.39	491319	373	1079416
March 2011	2.45	3.06	2.29	2.46	1395789	1020	3860302

The Shares are Re. 1/- paid up

Registrar and Share Transfer Agent

Adroit Corporate Services Pvt Ltd,
19/20, Jaferbhoy Industrial Estate,
1st Floor, Makwana Road,
Marol Naka, Andheri (West),
Mumbai - 400 059.
Tel Nos - 28590942 / 28596060
Fax : 28503748

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Share Transfer System Share certificates received for transfer in physical form and requests for Demat are generally registered / confirmed within 15 days of receipt of the same, provided documents are clear in all respects. The Company also provides simultaneous transfer cum Demat facility to its equity shareholders.

Distribution of holding and share holding pattern as on 31st March, 2011.

No. of Equity Shares held	No of Holders	% of Holders	No. of Shares	% of Shares
Upto - 5000	4484	87.37	6078526	4.75
5001-10000	336	6.55	2669143	2.09
10001-20000	144	2.81	2097762	1.64
20001-30000	50	0.97	1276107	1.00
30001-40000	19	0.37	643253	0.50
40001-50000	17	0.33	775295	0.61
50001-100000	16	0.31	1125066	0.88
100001 & Above	66	1.29	113255161	88.54
Total	5132	100.00	127920313	100.00

Categories of Shareholding as on March 31, 2011.

	<u>Category</u>	No. of Shares held	Percentage Of Shareholding
A	Promoter's Holding		
1	Promoters <u>Indian promoters:</u> <u>Foreign Promoters:</u>	8686147	6.79
2	Persons acting in concert	NIL	NIL
	Sub-Total	8686147	6.79
B	Non-Promoters Holding		
3	Institutional Investors	NIL	NIL
a.	Mutual Funds and UTI	NIL	NIL
b.	Banking, Financial Institutions/Insurance Companies (Central/State Govt.Institutions Non-government Institutions)	NIL	NIL
c.	FII's	NIL	NIL
	Sub-Total	NIL	NIL
4	Others	NIL	NIL
a.	Private Corporate Bodies	31956656	24.98
b.	Indian Public	87022950	68.03
c.	NRI's/OCBs	230509	0.18
d.	Any other (Please Specify)	24051	0.02
	Sub-total	119234166	93.21
	Grand Total	127920313	100.00

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Particulars of Shares held in physical / Electronic form as on 31st March, 2011.

Category	No. of shares	% of shares
Paper Mode	81264963	63.53
NSDL	33749850	26.38
CDSL	12905500	10.09
TOTAL	22720313	100.00

K. MANAGEMENT DISCUSSION AND ANALYSIS

A statement of Management Discussion and Analysis is appearing elsewhere in this Annual Report in terms of the requirement of the Code of Corporate Governance.

NON-MANDATORY REQUIRMENTS

CHAIRMAN OF THE BOARD:

The Company has a Non- Executive Chairman.

REMUNERATION COMMITTEE :

The Company has not constituted remuneration committee.

POSTAL BALLOT:

The provision relating to Postal Ballot will be complied with in respect of matters where applicable.

DECLARATION REGARDING COMPLIANCE BY BOARD MEMBERS AND SENIOR MANAGEMENT PERSONNEL WITH THE CODE OF CONDUCT

This is to confirm that the Company has adopted NSAIL Code of Conduct for its Directors and Senior Management Personnel.

I confirm that the Company has in respect of the Financial year ended 31st March, 2011, received from the members of the Board and Senior Management Personnel a declaration of Compliance with the Code of conduct as applicable to them.

For the purpose of this declaration, Senior Management personnel means who are of the rank of General Manager and above including all functional heads.

For Shalimar Productions Limited

Sd/-

Rajendra Kumar Rathi

Director

Place: New Delhi

Dated : 24.08.2011

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MANAGEMENT DISCUSSION & ANALYSIS

Shalimar Productions Limited (hereinafter referred as “the Company”) is engaged in the business of Media and Media Products. The Company is producing Films in Rajasthani and other Regional languages. During the year, the company has come out with various song albums in Regional languages. The Company is also training students in Acting, Dance and Music. As of date, the company has gained much recognition in Rajasthan state for its music albums.

FUTURE OUTLOOK

The future outlook of the company is very prospective and it urges to diversify the various media and Media Products.

Based on our high recognition in the Regional music & film markets, the Company is poised for sustained growth in the future years in music albums & film-making business.

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AUDITOR'S REPORT

TO,
THE MEMBERS,
SHALIMAR PRODUCTIONS LIMITED

We have audited the attached Balance Sheet of **M/S SHALIMAR PRODUCTIONS LIMITED** as at 31st March, 2011 and Profit & Loss A/c 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.

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 misstatements. 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 statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As required by the Companies (Auditor Report) order, 2003 (amended) by the central Gov. of India in terms of Section 227(4A) of the Companies Act, 1956. We give in the annexure hereto a statement on the matters specified in the said order.

1. 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.
2. In our opinion, the company has maintained proper record as required by law so far as it appears from our examination of the books of accounts.
3. The Balance Sheet and the Profit & Loss Account dealt with by this report are in agreement with the books of accounts and comply with the accounting standards referred to in sub-section [3C] of Section 211 of the Companies Act, 1956.
4. On the basis of written representation received from Director and taken on record by the Board of Directors, we report that none of the Directors are disqualified from being appointed as a Director in terms of Clause (g) of sub section (1) of section 274 of the Companies Act, 1956.
5. In our opinion and according to the information and explanations given to us, the said accounts read together with the notes thereon, gives the information required by the Companies Act, 1956 and in the manner as required and give a true and fair view:
 - a. In the case of the Balance Sheet of the state of affairs of the Company as on 31st March, 2011.
 - b. In the case of Profit & Loss Account of the Profit of the Company for year ended that date.
 - c. In the case of Cash Flow statement, of the cash flow for the year ended on that date.

For **M/S Lakhpat M. Trivedi & Co.**

Chartered Accountants

Sd/-

Lakhpat M. Trivedi

Proprietor

Place : Mumbai
Date : 24.08.2011

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ANNEXURE TO THE AUDITORS REPORT

(On the basis of such checks as we considered appropriate and in terms of information and explanations given to us, we state that:

- 1) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed Assets, which is in the process of updation. The fixed assets of the Company have been physically verified by the management during the year in accordance with the regular program which in our opinion is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification. The Company has not disposed off any Fixed Assets during the year.
- 2) a) The inventories have been physically verified by the management at reasonable intervals during the years and at the close of the year.
b) As explained to us, the procedure followed by Management for physical verification of the above referred stocks are in our opinion, reasonable and adequate in relation to the size of the Company and the nature of its business.
c) According to the records produced to us for our verification, there were no material discrepancies noticed on physical verification of the inventory as compared to book records and the same have been properly dealt with in the books of account.
- 3) The Company has not taken any loan secured or unsecured from Companies, Firms and other parties listed in the register maintained under section 301 and/or from the Companies under the same Management as defined under section 370 (1B) of the Companies Act, 1956. In view of this sub clause (b), (c) and (d) of the clause (iii) of the Companies (Auditors' Report) Order, 2003 are not applicable.
- 4) In our opinion and according to the information and explanation given to us there are adequate Internal Control procedures commensurate with the size of the Company and the nature of its business.
- 5) In our opinion and according to the information and explanations given to us The Company has not done any transaction that needs to be entered in the register maintained under Section 301 of the Act.
- 6) In our opinion and according to the information and explanations given to us The Company has not accepted any deposit from the public during the year as stated in the provisions of Section 58 A , 58AA and other relevant provision of the Companies Act, 1956.
- 7) In our opinion, the Company has an internal audit system commensurate with its size and nature of its business.
- 8) The provisions of Section 209 (1)(d) of the Companies Act, 1956 are not applicable to the Company.
- 9) a) According to the records of the Company, there were no undisputed statutory dues including Provident Fund, , Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, and other Statutory dues applicable to it as at 31st March,2010 for a period of more than six months from the date they became payable.
b) According to the records of the company and the information and explanations given to us upon our inquires in this regards, disputed amount payable in respect of Income Tax as at the last date of the financial year are as follows:

Statues	Forums before whom pending	Total
Income Tax	Commissioners Appeals	13,33,952/-

- 10) The Company does not have any accumulated losses at the end of the financial year.

SHALIMAR PRODUCTIONS LIMITED
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- 11) The company has taken loans from Tata Motors Finance Ltd and the company has paid entire amount at the end of this financial Year.
- 12) The Company has not made any loans and advances granted on the basis of security by way of pledge of shares and other securities.
- 13) In our opinion and according to the information and explanations given to us, the nature of activities of the Company does not attract any special statute applicable to chit fund and nidhi/mutual benefit fund, Societies.
- 14) The Company has, in our opinion, maintained proper records and contracts with respect to its investments where timely entries of transactions are made in the former. All investments at the close of the year are held in the name of the Company.
- 15) The Company has not given any guarantee for loan taken by others from bank or financial institutions.
- 16) The company has not taken any term loan, during the financial year.
- 17) The Company has not raised any fund, long term or short term during the year.
- 18) The Company has not made any preferential allotment of shares to the parties or Companies covered in the register maintained under section 301 of the Companies Act, 1956.
- 19) The Company has not issued any debentures during the year.
- 20) Based upon the audit procedures performed by us for expressing our opinion on these financial statements and 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.

For M/S Lakhpat M. Trivedi & Co.
Chartered Accountants
Sd/-
Lakhpat M. Trivedi
Proprietor

Place : Mumbai
Date : 24.08.2011

SHALIMAR PRODUCTIONS LIMITED
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BALANCE SHEET AS AT 31ST MARCH, 2011.

PARTICULARS	SCH	AS AT 31.03.2011 (RS.)	AS AT 31.03.2010 (RS.)
<u>SOURCE OF FUNDS</u>			
SHAREHOLDERS' FUNDS			
Share Capital	1	127,920,313	22,720,313
Reserve & Surplus	2	78,082,952	4,438,489
LOANS			
Unsecured Loan	3	156,000	100,000
Secured Loan		-	17,390
		156,000	117,390
Deferred Tax Liability		331,913	339,554
		206,491,178	27,615,746
<u>APPLICATION OF FUNDS</u>			
FIXED ASSETS			
Gross Block	4	4,882,695	5,760,233
Less: Depreciation		678,935	877,538
		4,203,760	4,882,695
<u>INVESTMENTS</u>			
	5	10,825,702	825,702
<u>CURRENT ASSETS, LOANS & ADVANCES</u>			
Inventories	6	145,786,398	13,316,656
Sundry Debtors	7	12,610,000	11,659,231
Cash & Bank Balances	8	4,372,308	115,854
Loans & Advances	9	20,915,642	2,426,088
		183,684,348	27,517,829
LESS : CURRENT LIABILITIES & PROVISIONS			
Current Liabilities	10	38,007	14,233,889
Provisions	11	73,440	61,830
		111,447	14,295,719
Net Current Assets		183,572,901	13,222,110
<u>Miscellaneous Expenditure</u>			
(to the extent not written off or adjusted)		7,888,815	8,685,239
		206,491,178	27,615,746
The Schedules referred to herein form an integral part of the Balance Sheet	15		
As per our Report of even date For Lakhpat M. Trivedi & Co. Chartered Accountants Sd/-		Sd/- Director	Sd/- Director
Lakhpat M. Trivedi Proprietor Place : Mumbai Dated : 24.08.2011			

SHALIMAR PRODUCTIONS LIMITED
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PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011.

PARTICULARS	SCH	AS AT 31.03.2011 (RS.)	AS AT 31.03.2010 (RS.)
<u>INCOME</u>			
Sales of Media Products		6,600,000	10,146,167
Income from Movie Release		680,285	862,725
Receipt of Dance Classes		937,914	931,630
Increase/(Decrease) in Stock		119,091,331	(4,174,584)
Other Income	12	27,555	131,137
		127,337,085	7,897,075
<u>EXPENDITURE</u>			
Purchases of Media Products		124,529,331	5,483,950
Payment to and Provisions for Employees	13	532,577	464,813
Directors' Remuneration		-	300,000
Administrative & Other Expenses	14	595,886	651,110
Depreciation		678,935	877,538
Preliminary Expenses W. Off		876,534	-
		127,213,263	7,777,411
Profit / (Loss) before Tax		1,23,822	119,664
Provision for Tax		38,000	26,390
Deferred Tax		(7,641)	251,259
Fringe Benefit Tax			-
provision for earlier years			-
Profit / (Loss) after Tax		93,463	(157,985)
Profit / (Loss) brought from Prev. Year		4,438,489	4,596,474
Net Profit/(Loss) Carried over to B/sheet		4,531,952	4,438,489

As per our Report of even date

For **Lakhat M. Trivedi & Co.**

Chartered Accountants

Sd/-

Lakhat M. Trivedi

Proprietor

Place : Mumbai

Dated : 24.08.2011

For **Shalimar Productions Limited**

Sd/-
Director

Sd/-
Director

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SCHEDULE FORMING PART OF THE BALANCE SHEET.

PARTICULARS	AS AT 31.03.2011 (RS.)	AS AT 31.03.2010 (RS.)
<u>SCHEDULE : 1</u>		
SHARE CAPITAL		
AUTHORISED		
1150000000 Equity Shares of Re. 1/- each (Prev. Year 1150000000 Equity Shares of Re. 1/- Each)	11,500,000,00	11,500,000,00
	11,50,000,000	11,50,000,000
ISSUED, SUBSCRIBED & PAID UP		
127920313 Equity Shares of Rs. 1/- Each (P.Y. 22720313 Equity Shares of Rs. 1/- Each.)	127,920,313	22,720,313
	127,920,313	22,720,313
<u>SCHEDULE : 2</u>		
RESERVES & SURPLUS		
Profit & Loss A/c	4,531,952	4,438,489
Share Premium Account	4,208,000	
Share Application Money	69,343,000	
	78,082,952	4,438,489
<u>SCHEDULE : 3</u>		
SECURED LOAN		
Tata Motors Finance Ltd. (Against Hypothecation of Car)	-	17,390
	-	17,390
UNSECURED LOAN		
Kapish Packaging Pvt Ltd	-	100,000
Sagar Portfolio Services Limited.	1,56,000	-
	1,56,000	100,000
	1,56,000	117,390

SHALIMAR PRODUCTIONS LIMITED
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SCHEDULE: 4
FIXED ASSETS

PARTICULARS BLOCK	GROSS BLOCK		DEPRECIATION				NET	
	AS AT 01.04.2010	ADD/DED DURING	AS AT 31.03.2011	UPTO 31.03.2010	PROVIDED DURING	UPTO 31.03.2011	AS AT 31.03.2011	AS AT 31.03.2010
Immovable Assets								
Bikaner House	3208517	-	3208517	446267	138113	584380	2624138	2762250
Movable Assets								
FURNITURE & FIXTURES	121664	-	121664	94261	4960	99221	22443	27403
ELECTRIC FITTINGS	28663	-	28663	27252	196	27448	1215	1411
COMPUTER	526456	-	526456	448427	31213	471660	46817	78029
OFFICE EQUIPMENTS	56525	-	56525	49093	1034	50127	6398	7432
AIR CONDITION M/C	19647	-	19647	12751	959	13710	5937	6896
AIR PURIFYING M/C	12800	-	12800	8193	641	8834	3966	4607
FAX M/C	26416	-	26416	24031	332	24363	2053	2385
MOTOR CAR	807142	-	807142	467507	87933	555440	251702	339635
PRINTER	31440	-	31440	28972	987	29959	1481	2468
SCANNER	5680	-	5680	5521	64	5585	95	159
Intangible Assets								
Rights of Parai Beti	4888948	-	4888948	3238929	412505	3651434	1237514	1650020
TOTAL RS.	9733898	-	9733898	4851204	678935	5522159	4203760	4882695
PREVIOUS YEAR RS.	9713948	-	9713948	3973665	877538	4851204	4882695	5740283

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SCHEDULE FORMING PART OF THE BALANCE SHEET.

PARTICULARS	FACE VALUE	AS ON 31.03.2011		AS ON 31.03.2010	
	Rs.	No of Shares	Amount Rs.	No of Shares	Amount Rs.
SCHEDULE : 5					
INVESTMENTS					
LONG TERM TRADE INVESTMENTS					
EQUITY SHARES					
QUOTED					
Systel Infotech Limited	10/-	50	702	50	702
UNQUOTED					
Sai Entech Pvt. Ltd.	100/-	250	500,000	250	500,000
Reliable Papers P ltd	100/-	-	-	-	-
Sagar Portfolio Ser Pvt Ltd	100/-	3250	325,000	3250	325,000
SHARE APPLICATION MONEY					
Ready Roti India Private Limited	-	-	10,000,000	-	-
			10,825,702		825,702

*10 paid up

Aggregate Market Value of Quoted Investment Rs.702

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SCHEDULE FORMING PART OF THE BALANCE SHEET.

PARTICULARS	AS AT 31.03.2011 (RS.)	AS AT 31.03.2010 (RS.)
<u>SCHEDULE : 6</u>		
INVENTORIES		
Stock - in - hand	119,091,331	
Work In Progress	26,695,067	13,316,656
	145,786,398	13,316,656
<u>SCHEDULE : 7</u>		
SUNDRY DEBTORS		
Debts exceeding Six Months	11,285,000	4,080,731
Other Debts	1,325,000	7,578,500
	12,610,000	11,659,231
<u>SCHEDULE : 8</u>		
CASH & BANK BALANCE		
Cash on Hand	8,11,652	60,152
Bank Balance (In Current Account)	35,60,656	55,702
	4,372,308	115,854
<u>SCHEDULE : 9</u>		
LOANS & ADVANCES		
Advance recoverable in cash or kind	6,123,205	2,275,650
Advance against Expenses	-	20,000
Advance Against Productions	1,46,62,000	-
Deposits	100,721	100,722
T.D.S.	29,716	29,716
	20,915,642	2,426,088
<u>SCHEDULE : 10</u>		
CURRENT LIABILITIES		
Sundry Creditors	11,734	14,228,374
Sundry Creditors for expenses	28,273	5,515
	38,007	14,233,889
<u>SCHEDULE : 11</u>		
PROVISION FOR TAXATION		
Provision for Tax F.Y. 2008-09	1,700	1,700
Provision for Tax F.Y. 2007-08	33,740	33,740
Provision for Tax F.Y. 2009-10	-	26,390
Provision for Tax F.Y. 2010-11	38,000	-
	73,440	61,830

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SCHEDULE FORMING PART OF THE PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED
31.03.2011

PARTICULARS	YEAR ENDED 31.03.2011 (RS.)	YEAR ENDED 31.03.2010 (RS.)
<u>SCHEDULE : 12</u>		
OTHER INCOME		
Interest Received	27,555	131,137
	27,555	131,137
<u>SCHEDULE : 13</u>		
STAFF COST		
Salary Expenses	507,287	423,500
Conveyance	10,810	15,076
Staff Welfare Expenses	14,480	26,237
	532,577	464,813
<u>SCHEDULE : 14</u>		
ADMINISTRATIVE EXPENSES		
Advertisement Expenses	19,622	34,221
Audit Fee	8,273	5,515
Bank Charges	10,370	32,346
Books & Periodicals	2,390	14,043
Computer Maintenance	-	2,600
Computer Expenses	5,430	-
Custodial Fees	-	49,688
Demat Charges	-	2,250
Filing Fees	10,200	8,000
Finance Charges	-	16,135
Insurance Exp Motor Car	8,900	19,942
Interest Paid	-	1,202
Listing Fees	67,327	11,063
Office Expenses	1,13,964	27,850
Postage & Telegram Expenses	12,621	17,505
Printing & Stationary	23,200	34,884
Professional Fees	21,170	20,958
Repair & Maintenance	1,18,625	13,574
Rent, Rate & Electricity	70,625	68,682
Share Transfer Agent Fee	18,000	18,000
Telephone Charges	24,029	16,436
Traveling Expenses	35,630	236,216
Sales Tax paid	25,510	-
	595,886	651,110

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SCHEDULE - 15

NOTES TO ACCOUNT & SIGNIFICANT POLICIES

1. Significant Accounting Policies

FIXED ASSETS

Fixed Assets are stated at cost of acquisition, inclusive of inward freight, duties and taxes and incidental expenses related to acquisition.

DEPRECIATION

Depreciation is calculated on Fixed Assets at Written Down Value method in accordance with schedule XIV of the Companies Act, 1956.

INVENTORIES

Stock is Valued at cost. The closing stock of film produced is valued at Actual Cost by allocating all direct expenses which are related to the production. The fixed expenses under which the allocation was necessary as per the management discretion is allocated to the respective projection to arrive at its Actual cost of production

The Work - in - Progress is valued accordingly as per the completion of the projection. All expenses which can be related directly are all Capitalised and added to the cost.

INVESTMENTS

Investments are valued at cost, in the opinion of management investments made by the company being of long nature, diminution in the value of investments will be made at the time of sell.

INCOME FROM INVESTMENTS / DEPOSITS

Income from investments / Deposits is credited to revenue in the year in which it accrues expect Dividend which is accounted for on Cash basis.

RECOGNITION OF INCOME & EXPENDITURE

All income and expenditure are accounted for on accrual basis.

RETIRMENT BENEFITS

Provision for Payment of Gratuity Act, 1972 is not applicable and as such no provision is made. Leave Encashment, if any, would be accounted for as and when paid.

2. In the opinion of the Board the value of Current Assets, Loans & Advances have a value in ordinary course of business at least equal to that stated in the Balance Sheet, except in case of those shown as doubtful.
3. No Interest has been provided for the year on LOANS & ADVANCES made by the Company in few cases.
4. Estimated Amount of Contracts Remaining to be executed on Capital Accounts and not provide is for Rs. NIL.

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5. Related Party Information and transaction with Related Parties
None.
6. There are no Micro and Small enterprises to whom the company owes amounts which are outstanding for more than 45 says as at 31st March 2011. This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined on the basis of and to the extent information available with the Company.
7. Additional information Pursuant to the Provision of Paragraph 3, \$C and \$D of part II of the Schedule VI of the Companies Act, 1956.
- A. Other additional information - NIL (Previous Year NIL)
- B. Earning & Expenditure in Foreign Currency - NIL (Previous Year NIL).
8. In Compliance with AS 20-“Earning per Share” Issued by the Institute or Chartered Accountants of India, the disclosures are as follows:

		31 st March, 2011	31 st March, 2010
Net Profit\ (Loss) for the period attribute to Equity Shareholder	Rs.	123,822	(157,985.00)
Average number of Equity Shares outstanding during the period	Nos.	127,920,313	22,720,313
Nominal Value of ordinary share	Rs.	1.00	1.00
Basic/Diluted earning per share	Rs.	N.A	0.0075

9. Tax expenses comprise both current tax and deferred tax at the applicable enacted or substantively enacted rates. Current tax represents the amount of Income tax payable / recoverable in respect of taxable income / loss for the reporting period. Deferred tax represents the effect of timing difference between taxable income and accounting income for the reporting period that originate in one period and are capable of reversal in one or more subsequent periods.
10. Previous Year’s Figure have been Regrouped and rearrange wherever found necessary.

Signature to the Schedule 1 to 15 forming part of the Balance Sheet & Profit & Loss Account.

For **LAKHPAT M. TRIVEDI & CO.**
CHARTERED ACCOUNTANTS
Sd/-
LAKHPAT M. TRIVEDI
Proprietor
Place : Mumbai
Date : 24.08.2011

FOR **SHALIMAR PRODUCTIONS LIMITED.**
Sd/- Sd/-
(DIRECTOR) (DIRECTOR)

SHALIMAR PRODUCTIONS LIMITED

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REGISTRATION DETAILS

Registration No.	20499	State Code	55
Balance Sheet Date	31-03-2011		

CAPITAL RESERVED DURING THE YEAR (Amount in Rs. Lacs)

Public Issue	NIL	Right Issue	NIL
Promoters Equity	NIL	Bonus Issue	NIL

POSITION OF MOBILIZATION AND DEVELOPMENT OF FUNDS (Amount in Rs. Lacs)

Total Liability	2061.59	Total Assets	2061.59
-----------------	---------	--------------	---------

SOURCE OF FUNDS (Amount in Rs. Lacs)

Paid-up Capital	1279.20	Application Money	693.43
Reserves and Surplus	87.40	Secured Loan	NIL
Unsecured Loan	1.56		

APPLICATIONS OF FUNDS (Amount in Rs. Lacs)

Fixed Assets	42.03	Capital WIP	NIL
Investments	108.26	Net Current Assets	1832.41
Misc. Expenses	78.89		

PERFORMANCE OF COMPANY (Amount in Rs. Lacs)

Income	1273.37	Total Expenditure	1272.13
Profit before Tax	1.24	Profit after Tax	NIL
Earning per Share	NIL		

GENERIC NAMES OF THEE PRINCIPAL PRODUCTS / SERVICES OF COMPANY :

Product Description: TRADING IN MEDIA PRODUCTS

As per our Reports of Even Date
For **LAKHPAT M. TRIVEDI & CO.**
CHARTERED ACCOUNTANTS
Sd/-
LAKHPAT M. TRIVEDI
Proprietor

FOR SHALIMAR PRODUCTIONS LIMITED.
Sd/- Sd/-
(DIRECTOR) **(DIRECTOR)**

Place : Mumbai
Date : 24.08.2011

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CASH FLOW STATEMENT FOR THE YEAR 2010 - 2011

(Rs. In Lacs)

Particulars	31/03/2011	31/03/2010
(A) Cash inflow / (outflow) from operating activities		
Net income before tax	1.23	1.20
Adjustments to reconcile net income before tax to net cash provided by operating activities:		
Depreciation and amortization	6.79	8.77
(Profit) / Loss on sale of asset		
Income from deposits and investments		0.00
Unrealized foreign exchange (gain) / loss		
Interest paid		
Taxes paid		
Allowance for uncollectible amounts		
Loss on equity accounted investments		
Share Issue Expenses W.off		0.00
Operating Profit before working capital changes	8.02	9.97
Change in operating assets and liabilities		
Accounts receivable	-9.51	206.09
Inventory	-1324.70	-9.35
Current Liabilities	-141.84	-114.91
Other current assets	-184.90	11.42
Net changes in operating assets and liabilities	-1652.92	103.22
Net cash provided by operating activities		
(B) Cash inflow / (outflow) from investing activities		
Proceeds from sale/purchase of fixed assets (Net)	0.00	-0.20
Preliminary and Preoperative Expenditure	7.96	-85.05
Cash and Bank Balances of amalgamated company at the specified date		
Investment activities	-100.00	-0.84
Receipt of unsecured loan	0.39	0.00
Net cash used in investing activities	-91.65	-86.09
(C) Cash inflow / (outflow) from financing activities		
Increase in Share Capital	1052.00	
Proceeds from Borrowings		-18.40
Application Money Recd	735.51	
Taxes paid	-0.38	-02.78
Interest paid		
Net cash provided by/(used in) financing activities	1787.13	-21.17
Net Increase / (Decrease) in cash and cash equivalents	42.56	4.05
Cash and cash equivalents at the beginning of the year	1.16	5.21
Cash and cash equivalents at the end of the year	43.72	1.16
Cash and cash equivalents comprise	42.56	4.05

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AUDITORS CERTIFICATE

WE HAVE VERIFIED THE ABOVE CASH FLOW STATEMENT OF M/S SHALIMAR PRODUCTIONS LIMITED DERIVED FROM THE AUDITED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2011 AND FOUND THEM TO DRAWN IN ACCORDANCE THERE WITH AND ALSO WITH REQUIRMENT OF CLAUSE 32 OF LISTING AGREEMENTS WITH STOCK EXCHANGE.

For M/S Lakhpat M Trivedi & Co.
Chartered Accountants
Sd/-
Lakhpat M Trivedi
Proprietor

Place : Mumbai
Date : 24.08.2011

Book – Post
(Under Postal Certificate)

To, _____

If Undelivered please return to :
SHALIMAR PRODUCTIONS LIMITED
15/76, Old Rajendra Nagar,
2nd Floor, New Delhi – 110 060.