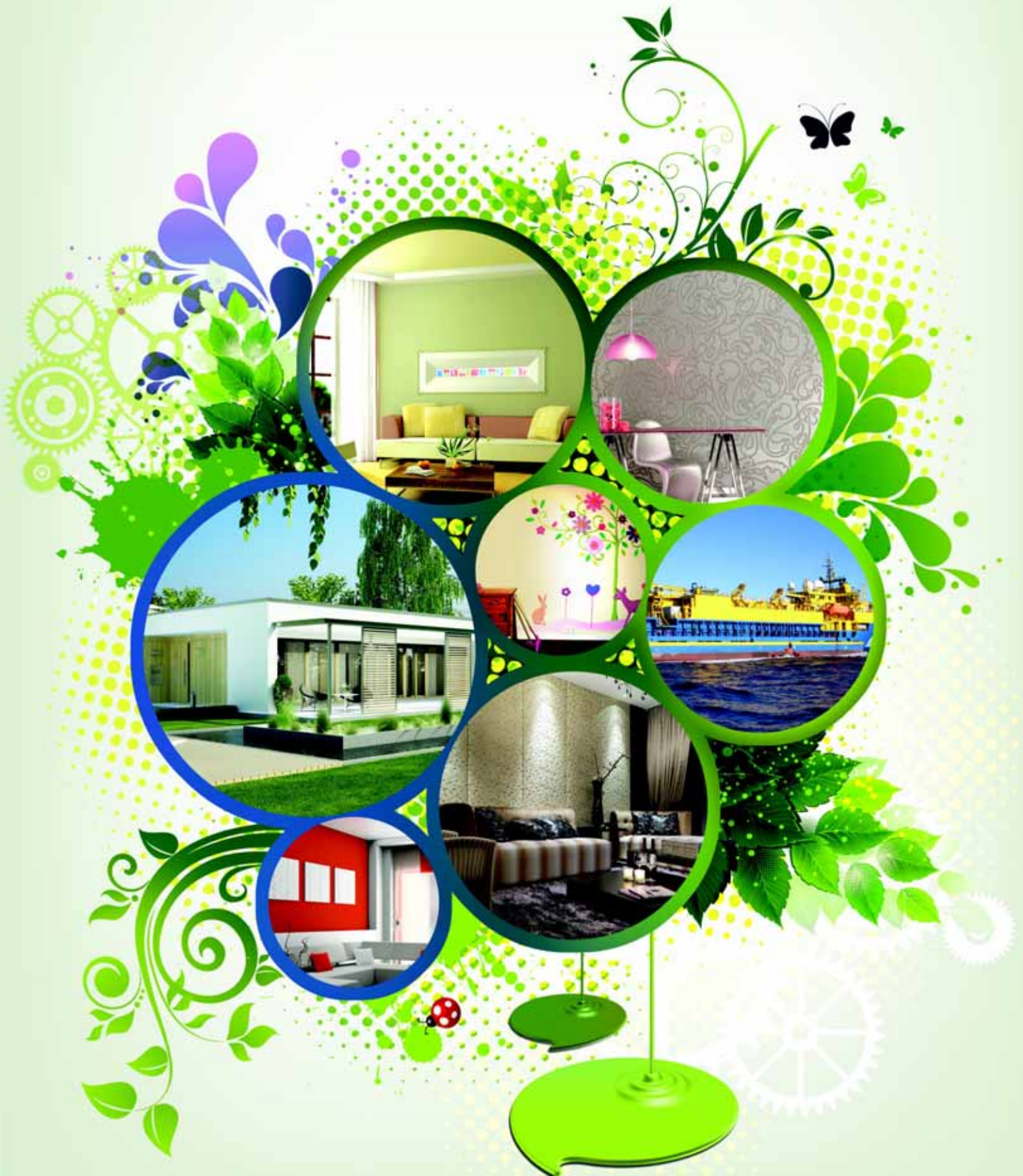


Shalimar Paints Limited

110th ANNUAL REPORT 2011-12





Decorative Exterior Emulsion



Interior Emulsion



Enamel & Distemper





DIRECTORS

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

COMPANY SECRETARY

Debendra Banthiya

AUDITORS

Chaturvedi & Partners

MANAGEMENT

Dr. S. K. Pal — *Vice President – Operations (Howrah)*
T. R. Sharma — *Vice President – Operations (Nashik)*
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*
Dr. Gulzar Waghoo — *General Manager – R&D*

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 (WB)
Tel.: (033) 2644 3201-02 Fax: (033) 2644 3540

FACTORIES

Howrah

Goaberia, P. O. Danesh Shaikh Lane
Howrah – 711 109 (WB)
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 (UP)
Pin: 203 205
Tel.: (05735) 221793

REGISTRARS & SHARE TRANSFER AGENTS

MCS Limited
77/2A, Hazra Road, Kolkata – 700 029
Tel.: (033) 4072 4052, 2476 7350, 2454 1892/93 Fax: (033) 2454 1961
E-mail: mcskol@rediffmail.com



Shalimar Paints Limited

Notice of the Annual General Meeting

NOTICE is hereby given that the 110th Annual General Meeting of the Company will be held on Wednesday, the 18th July, 2012 at 11.00 A.M. at its Registered Office at Goabheria, P.O. Danesh Shaikh Lane, Howrah - 711 109, to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the audited Statement of Profit and Loss for the year ended 31st March, 2012 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. Rajiv Garg, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Pujit Aggarwal, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint Auditors and to fix their remuneration.

By order of the Board

Registered Office :
Goabheria, P.O. Danesh Shaikh Lane
Howrah - 711 109
Dated: 7th May, 2012

For **SHALIMAR PAINTS LIMITED**

Debendra Banthiya
Company Secretary

Notes:

1. **A member entitled to attend and vote at the Annual General Meeting (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 commencement of the Meeting.**
2. The Register of Members and the Share Transfer Books of the Company will remain closed from 11th July, 2012 to 18th July, 2012 (both days inclusive).
3. The dividend for the financial year ended on 31st March, 2012, as recommended by the Board of Directors, if declared at the ensuing Meeting, will be paid within 30 days from the date of declaration to those shareholders whose names appear in the Register of Members/Statement of Beneficial Ownership furnished by the depositories at the close of business hours on 10th July, 2012.
4. Members are requested to bring the attendance slip along with their copy of the Annual Report to the Meeting. Corporate members are requested to send to the Company's Registered Office, a duly certified copy of Board Resolution authorizing their representative to attend and vote at 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 31st March, 2004 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, 2005, which remains unpaid or unclaimed, will be due for transfer to the Investors Education and Protection Fund of the Central Government on 26th August, 2012, 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 yet encashed their dividend warrant(s) for the financial year ended 31st March, 2005, or any subsequent year(s), are requested to claim the same from the Company's Registrar and Share Transfer Agents, Messrs. MCS Limited.

7. In order to avoid risk of loss/interception of dividend warrants in postal transit and/or fraudulent encashment of dividend warrants, shareholders holding shares in demat form are requested to register their latest bank details with their respective depository participants and those holding shares in physical form are requested to provide their latest bank details to the Company's Registrar and Share Transfer Agents, Messrs. MCS Limited.
8. 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 notices/documents including Annual Reports 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 address 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.

Registered Office :
Goaberia, P.O.: Danesh Shaikh Lane
Howrah - 711 109
Dated: 7th May, 2012

By order of the Board
For **SHALIMAR PAINTS LIMITED**

Debendra Banthiya
Company Secretary



Directors' Report

To the Shareholders

Your Directors are pleased to present the 110th Annual Report on the business and operations of the Company and the audited statement of accounts for the year ended 31st March, 2012.

Financial results

	(₹ in lacs)	
Particulars	2011-12	2010-11
Revenue from Operations & Other Income	52872	44332
Expenses	49070	41353
PBIDT	3802	2979
Profit before tax	2096	1664
Provision for taxation		
Current Tax	682	463
Deferred Tax	(32)	34
Profit after tax	1446	1167
Add: Amount brought forward from last year's account	761	646
Profit available for appropriation	2207	1813
Less: Proposed Dividend	379	303
Tax on proposed dividend	61	49
Amount transferred to General Reserve	800	700
Balance carried to Balance Sheet	967	761

Dividend

The Directors are pleased to recommend payment of dividend at the rate of ₹10/- per equity share amounting to ₹378.57 lacs as compared to ₹8/- per equity share declared last year.

Review of operations

The Company's revenue from operations has increased from ₹ 443 crores in 2010-11 to ₹ 529 crores in 2011-12, an increase of 19%. Both the Decorative and Industrial segments have grown reasonably well. With the increase in international crude prices and the sharp depreciation of the rupee against major currencies, the raw material prices have increased sharply. The paint industry has tried to counter the increase in raw material costs by increasing prices at regular intervals. However since the raw material prices have been extremely volatile, it has, to some extent, affected the overall operating margins.

In spite of the 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 ₹ 29.79 crores in 2010-11 to ₹ 38.02 crores in 2011-12, an increase of 28% over last year.

The Company has in 2011-12 launched a premium exterior emulsion under the brand name Self Clean. It has received a very favourable response to the launch.

In 2011-12 there has been a sharp increase in the interest rates by all the working capital bankers. As a result of increased utilization to finance the increased volume of business as well as increase in the interest rates, finance costs have increased from ₹ 9.75 crores to ₹ 12.77 crores.

The Profit before Tax has increased from ₹ 16.64 crores to ₹ 20.96 crores, an increase of 26%.

Tinting systems

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



ISO Certifications

All the three plants of the Company at Howrah, Nasik and Sikandrabad are ISO 9000 accredited and these accreditations have been renewed in the year under review. The Nasik plant has also received ISO 14001 accreditation in 2011-12.

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 Statement of Profit & Loss for the year 2011-12.

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. Rajiv Garg and Mr. Pujit Aggarwal, retire by rotation and being eligible, offer themselves for re-appointment.

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

Directors' Responsibility Statement

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

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

Conservation of energy and technical absorption

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. 2.33, 2.34 and 2.35 of Notes 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.

Cost Auditors

In compliance with the Central Government's order, your Board has appointed Messrs. D. Sabyasachi & Co., Cost Accountants, to carry out the Cost Audit of the Company in respect of Paints & Varnishes. This appointment has to be made in each financial year and based on the application of your Company the Central Government has approved the re-appointment of Cost Auditor for the year under review. The Cost Audit Report for the year ended 31st March, 2011 has been submitted to Ministry of Corporate Affairs.

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, 2012, 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, 2012

Girish Jhunjhnuwala
Chairman

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

		Current Year 2011-2012	Previous Year 2010-2011
A. POWER AND FUEL CONSUMPTION :			
1. ELECTRICITY:			
a) Purchased :			
Units	Nos.	35,57,312	Nos. 39,14,752
Total Amount	₹	2,32,56,955	₹ 2,33,23,217
Rate/Unit	₹	6.54	₹ 5.96
b) Own Generation :			
i) Through Diesel Generator			
Units	Nos.	1,70,594	Nos. 2,47,896
Unit/Litre of Diesel Oil		3.14	3.34
Cost/Unit	₹	13.91	₹ 11.67
ii) Through Steam Turbine/Generator Units, Unit/Litre of Fuel Oil/Gas, Cost/Unit		Not Applicable	Not Applicable
2. COAL :			
Quantity/Total Cost/Average Rate		Not Applicable	Not Applicable
3. FURNACE :			
Quantity		403 KL	438 KL
Total amount	₹	1,54,07,504	₹ 1,20,23,505
Average Rate/Ltr.	₹	38.23	₹ 27.45
4. OTHERS/INTERNAL GENERATION :			
Quantity/ Total Cost /Average Rate		Not Applicable	Not Applicable
B. CONSUMPTION PER UNIT OF PRODUCTION :			
Products	Standard		
Paints, Varnishes & Enamels (KL)	No specific standard as the consumption per unit depends on the product mix	45,314 KL	43,503 KL
Unit/KL			
Electricity		₹ 82.27	₹ 95.69
Furnace Oil		₹ 0.009	₹ 0.010
Coal (specify quality) :		—	—
Others (specify) :		Not Applicable	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, 2012

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) Addition of new product line in packaging coating segment.

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

- a) Cost economization
- b) Introduction of new products in the architectural as well as industrial coating segment.
- c) Introduction of environment benign low VOC and odour free paints and hygiene coatings.
- d) Introduction of self cleaning/easy cleaning energy saving coatings.

3. Future plan of action

- a) Water borne Industrial coatings.
- b) Thermal barrier coatings for buildings.
- c) Waterborne 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

a) Capital	:	₹ 4.26 lacs
b) Recurring	:	₹ 175.08 lacs
c) Total	:	₹ 179.34 lacs
d) Total R&D expenditure as a percentage of total turnover	:	0.34%

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".

For and on behalf of the Board

New Delhi
7th May, 2012

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, suppliers, bankers 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 2011-12, the Board of the Company met on four occasions. The time gap between two consecutive meetings of the Board of Directors of the Company was not more than four months. The dates of the meetings are 7th May, 2011, 12th August, 2011, 18th October, 2011 and 20th January, 2012.

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

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

The details of other directorships, memberships/ chairmanship of Committees held, as on 31st March, 2012, by the Directors of the Company are given below :

Name of Director	Category	No. of other Directorships*	No. of Committees** on which	
			Member	Chairman
Mr. Girish Jhunjhnuwala (Chairman)	Non-Executive, Promoter	23	-	-
Mr. Ratan Jindal	Non-Executive, Promoter	13	-	-
Mr. A.V. Lodha	Non-Executive, Independent	3	-	1
Mr. Rajiv Garg	Non-Executive, Independent	-	-	-
Dr. R. Srinivasan	Non-Executive, Independent	6	5	2
Mr. Pujit Aggarwal	Non-Executive, Independent	2	1	-
Mr. S. Sarda	Executive	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 7th May, 2011, 8th August, 2011, 18th October, 2011 and 20th January, 2012. 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	3

4. Shareholders' Grievance Committee

The Shareholders' Grievance Committee of the Board of Directors of the Company is comprised of Mr. Girish Jhunjhnuwala and Mr. A.V. Lodha under the Chairmanship of Mr. Lodha. Mr. Pranab Kumar Maity, Company Secretary of the Company was designated as Compliance Officer. Mr. Debendra Banthiya has been appointed as Company Secretary and Compliance Officer of the Company with effect from 2nd April, 2012.

The details of the complaints, excluding correspondences which are not in the nature of complaints are given below:

No. of Complaints pending as on 1st April, 2011	1
No. of Complaints received during the year	11
No. of Complaints redressed during the year	12
No. of Complaints pending as on 31st March, 2012	—

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 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 Committee

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

The Company has not been paying any remuneration to non-executive Directors except sitting fees 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 6100 equity shares in the Company.

The details of sitting fees paid to the non-executive directors during the financial year 2011-12 are given below:

Name of Director	Sitting Fees (₹)
Mr. Girish Jhunjhnuwala	40,000/-
Mr. Ratan Jindal	30,000/-
Mr. A.V. Lodha	70,000/-
Mr. Rajiv Garg	20,000/-
Dr. R Srinivasan	70,000/-
Mr. Pujit Aggarwal	50,000/-



The details of remuneration paid to Mr. S. Sarma, Executive Director, during the year under review and other requisite disclosures in this regard are given below:

(Figures in ₹)

Salary	Contribution to PF and Other funds	Total	Period of Agreement	Notice Period
23,14,128	1,80,000	24,94,128	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.

The declaration duly signed by Mr. Sandeep Sarma, 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
2010-11	12.08.2011	11.00 A.M.	Goaberia, P.O.: Danesh Shaikh Lane, Howrah - 711 109	None
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

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. 2.40 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

Industry Structure and Development

It has been a challenging period for the Indian economy. The GDP growth is showing distinct signs of a slowdown. There has been significant volatility in the raw material prices especially of solvent based raw materials. Further the depreciation of the rupee has resulted in sharp increase in cost of imports. The high interest costs are also having an adverse impact on the investment scenario. The global economy is also not showing any signs of significant improvement with several countries in the Euro zone still facing severe financial problems.



The paint industry still has shown strong growth in both Decorative and Industrial segments. In the Decorative segment there has been strong demand from tier II and tier III cities. On the industrial side the auto sector has done extremely well which has driven the demand for industrial paints.

The Company's growth in both the Decorative and Industrial segments has been in line with industry growth. It has launched a new premium exterior emulsion and there has been a good response from the market for this product. In the Industrial segment strong growth has come from the Protective Coatings segment where the Company continues to be one of the leading suppliers in the country.

Opportunities and Threats

The growth in the paints industry is directly linked to the overall economic growth of the country. With the economy showing some signs of a slowdown it may have an adverse impact on the demand for paints. However the reduction in interest rates may lead to a revival of the real estate sector. It is also expected that there would be sustained growth in end user industrial segments like auto, refinery, power etc., which would lead to increased demand for paints. There are however concerns with regard to the global economic scenario which could again affect the Indian economy and overall business confidence which could have an adverse impact on the growth in the paint industry.

Outlook

The growth of the paints industry is directly linked to the overall growth of the Indian economy. A slowdown in the economy will affect the demand for paints. However the domestic consumption is very strong and with the reduction in interest rates the investment climate may improve. The Company's endeavour will be to tap the market potential and increase its market share both in the decorative as well as the industrial segment.

Risks and concerns

The paints industry is raw material intensive and the volatility in the raw material prices particularly of petroleum based products will have considerable impact on operating margins. Any future depreciation of the rupee will also lead to increase in input costs. The paint companies have till now been able to pass on the increase in prices of raw materials. However if there is a slowdown in demand, there could be resistance to further price increases. Inventory management is also a key area of concern with the large number of SKU's and the geographical spread of stock points across the country.

The growth in the industrial segment is also susceptible to end user business cycles.

Internal Control System and its Adequacy

The Company has adequate internal control systems commensurate with the size and nature of its business. The Company has appointed external audit firms to conduct regular audits at various locations of the Company. At every Audit Committee meeting a summary of the internal audit reports, internal audit observations together with the replies and the action taken report are placed 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 and in Aajkal in Bengali and are also posted on the Company's website www.shalimarpaints.com.

The Management Discussion and Analysis has been given in point no.10 above and is forming part of the Annual Report.

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

12. Disclosure on re-appointment of Directors

Mr. Rajiv Garg, aged 56, is M.Sc. (Hons.) and holds a Master Degree in Management from McGill University, Canada and Post Graduate Diploma in International Management from INSEAD, France. He is having thirty five years' experience in various companies in general and operating management, finance and corporate strategy and has worked with highly reputed companies in India and abroad.

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

Mr. Pujit Aggarwal, aged 41, is alumnus of Harvard Business School and Sydenham College with more than 22 years experience in the real estate industry. He has served as member of Chief Minister's Task



Force for developing the housing policies for state of Maharashtra. He is the Managing Director of Orbit Corporation Ltd. and holds Directorships in Orbit High City Pvt. Ltd., Ahinsa Buildtech Pvt. Ltd., Emgee Foils Pvt. Ltd., Pheonix Appliances Pvt. Ltd., Ambuj Infrastructure Pvt. Ltd., Revati Academic & Infrastructure Pvt. Ltd., Orbit Abode Pvt. Ltd., Orbit Lifestyle City Developers Pvt. Ltd., Orbit Translink & Logistics Pvt. Ltd., Orbit Habitat Pvt. Ltd., Orbit Eduworld Pvt. Ltd., Mazda Construction Company Pvt. Ltd., Brio Academic Infrastructure and Resource Management Pvt. Ltd., Property Redevelopers Association, Apex Hotel Enterprises Pvt. Ltd., Orbit Raking Solutions Limited, Orbit Entertainment Pvt. Ltd., Orbit Power & Transmission Pvt. Ltd., Orbit Socio Foundation, Orbit Retail Chain Pvt. Ltd., Orbit Parkcity Pvt. Ltd., Orbit Infraserve Pvt. Ltd., Orbit Compel Infra - Build Pvt. Ltd., Orbit Evolve Developers Pvt. Ltd., Orbit Exquisites Housing Pvt. Ltd., Orbit Parkland Developers Pvt. Ltd., Orbit Evolve Infra Pvt. Ltd., Nitika Multitrading Pvt. Ltd., Charm Mercantile Pvt. Ltd., Orbit Eduserve Pvt. Ltd. He is the member of the Shareholders Grievance Committee of Orbit Corporation Ltd.

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

13. Subsidiary

The Company has one unlisted subsidiary company, which is not material as per the Explanation 1 of Clause 49(III) of the Listing Agreement. 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, 2012, the 110th Annual General Meeting of the Company will be held on 18th July, 2012 at 11:00 A.M. at the Company's Registered Office at Goaberia, P.O.: Danesh Shaikh Lane, Howrah – 711 109.
- b) The Register of Members and Share Transfer Books of the Company will remain closed from 11th July, 2012 to 18th July, 2012, 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, 2012 (Unaudited) : 14th August, 2012
For the Quarter ending 30th September, 2012 (Unaudited) : 14th November, 2012
For the Quarter ending 31st December, 2012 (Unaudited) : 14th February, 2013
For the year ending 31st March, 2013 (Audited) : 30th May, 2013
- 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 thereagainst:

	Stock Code
1. The Calcutta Stock Exchange Ltd. 7, Lyons Range, Kolkata - 700 001	10029193
2. Bombay Stock Exchange Ltd. Phiroze Jeejeebhoy Towers Dalal Street, Mumbai - 400 001	509874
3. National Stock Exchange of India Ltd. Exchange Plaza, Badra Kurla Complex Bandra (E), Mumbai – 400 051	SHALPAINTS

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



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

Month	BSE		NSE	
	High	Low	High	Low
April 2011	311.00	280.00	310.00	268.00
May 2011	799.30	270.00	801.60	267.10
June 2011	988.00	540.00	998.00	531.25
July 2011	669.00	540.10	664.30	527.00
August 2011	580.00	361.00	584.00	360.05
September 2011	608.00	393.50	609.90	394.60
October 2011	519.40	421.00	522.85	420.00
November 2011	516.70	415.00	513.85	418.00
December 2011	504.00	292.30	495.15	293.10
January 2012	465.00	304.00	466.00	303.05
February 2012	492.00	420.00	490.00	416.00
March 2012	491.70	392.20	485.00	395.05

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

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

Month	Company's Shares price		BSE Sensex	
	High	Low	High	Low
April 2011	311.00	280.00	19811.14	18976.19
May 2011	799.30	270.00	19253.87	17786.13
June 2011	988.00	540.00	18873.39	17314.38
July 2011	669.00	540.10	19131.70	18131.86
August 2011	580.00	361.00	18440.07	15765.53
September 2011	608.00	393.50	17211.80	15801.01
October 2011	519.40	421.00	17908.13	15745.43
November 2011	516.70	415.00	17702.26	15478.69
December 2011	504.00	292.30	17003.71	15135.86
January 2012	465.00	304.00	17258.97	15358.02
February 2012	492.00	420.00	18523.78	17061.55
March 2012	491.70	392.20	18040.69	16920.61

- h) MCS Limited of 77/2A, Hazra Road, Kolkata - 700 029, Phone Nos. (033) 4072-4052 (3 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, 2012 is given below:

	No. of Shareholders	Percentage	No. of Shares held	Percentage
Upto 500	4530	95.61	330549	8.73
501 to 1000	102	2.15	71750	1.89
1001 to 2000	39	0.82	59106	1.56
2001 to 3000	15	0.32	34990	0.92
3001 to 4000	5	0.11	17008	0.45
4001 to 5000	6	0.13	28246	0.75
5001 to 10000	14	0.29	101937	2.70
10001 to 50000	16	0.34	347353	9.18
50001 to 100000	5	0.10	368521	9.73
100001 and above	6	0.13	2426160	64.09
Total	4738	100.00	3785620	100.00



k) Category of shareholders as on 31st March, 2012 are given below:

	No. of shares	Percentage
Promoters	2360628	62.36
Financial Institutions	125130	3.30
NRI/NRC	29875	0.79
General	1269987	33.55
Total	3785620	100.00

l) Dematerialisation of shares and liquidity: As on 31st March, 2012, Equity shares representing 96.47% are in dematerialised form.

m) The Company's plants are located at the following places:

- P.O. Danesh Shaik Lane, Goaberia, Howrah, West Bengal
- Village: Gonde Dumala, Tehsil: Igatpuri, Nasik, Maharashtra, and
- No.A-1 and A-2 Sikandrabad Industrial Area, Sikandrabad, Dist. Bulandsahar, Uttar Pradesh.

n) Address for Correspondence: Secretarial Department, Shalimar Paints Limited, P.O. Danesh Shaik Lane, 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, 2012

Girish Jhunjnuwala
Chairman

DECLARATION

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

I, Sandeep Sarma, 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.

New Delhi
7th May, 2012

S. Sarma
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, 2012 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, 2012

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, 2012, the Statement of Profit & Loss 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, Statement of Profit & Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - iv) In our opinion, the Balance Sheet, Statement of Profit & Loss 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 and taken on record by the Board of Directors, we report that none of the directors are disqualified as on 31st March, 2012 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 Disclosure of Accounting Policies & Notes to Account in Point 1 & 2, respectively, give the information required by the Companies Act, 1956, in the manner so required, and present a true and fair view, in conformity with the accounting principles generally accepted in India:
 - (a) in so far as it relates to Balance Sheet, of the state of affairs of the Company as at 31st March, 2012;
 - (b) in so far as it relates to the Statement of Profit and Loss, 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: New Delhi
Dated: May 07, 2012



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, Customs 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, 2012 for a period of more than six months from the date of becoming payable.



- b) The disputed statutory dues on account of Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty and Cess, as applicable, aggregating to ₹604.09 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 (₹ in lacs)
01.	Central Excise Act, 1944	Excise Duty	Various Assessing, Appellate & Tribunal Authorities	292.40
02.	Central Sales Tax Act and Sales Tax Act of various states	Sales Tax	Various Assessing, Appellate, Tribunal & Revision Board Authorities	311.69
			TOTAL:	<u>604.09</u>

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: New Delhi
Dated: May 07, 2012

**Balance Sheet as at 31st March, 2012**

Particulars	Note No.	(₹ in Lacs)	
		As at 31.03.2012	As at 31.03.2011
I. EQUITY AND LIABILITIES			
(1) Shareholders' fund			
(a) Share Capital	2.1	378.57	378.57
(b) Reserve and Surplus	2.2	5,993.84	4,992.33
(c) Money received against share warrants		—	—
		6,372.41	5,370.90
(2) Share Application money pending allotment		—	—
(3) Non-Current Liabilities			
(a) Long Term Borrowings	2.3	3.36	125.04
(b) Deferred Tax Liabilities (Net)	2.4	282.85	315.13
(c) Other Long Term Liabilities	2.5	34.00	27.00
(d) Long Term Provisions	2.6	627.42	511.61
		947.63	978.78
(4) Current Liabilities			
(a) Short Term Borrowings	2.7	6,880.83	5,848.52
(b) Trade Payables	2.8	13,158.30	10,377.24
(c) Other Current Liabilities	2.9	2,140.81	2,136.57
(d) Short Term Provisions	2.10	822.83	537.90
		23,002.77	18,900.23
Total		30,322.81	25,249.91
II. ASSETS			
1 Non Current Assets			
(a) Fixed Assets			
(i) Tangible Assets	2.11	3,029.40	3,073.69
(ii) Intangible Assets	2.11	189.68	291.09
(iii) Capital Work-in-Progress	2.11	90.90	31.04
(iv) Intangible assets under development	2.11	—	—
(b) Non Current Investment	2.12	79.73	79.73
(c) Long Term Loans and Advances	2.13	121.57	140.11
(d) Other Non-Current Assets		—	—
		3,511.28	3,615.66
2 Current Assets			
(a) Current Investment		—	—
(b) Inventories	2.14	10,581.19	8,311.59
(c) Trade receivables	2.15	13,821.43	11,381.17
(d) Cash and Bank Balances	2.16	1,325.57	1,064.43
(e) Short term loans and advances	2.17	571.80	537.67
(f) Other current assets	2.18	511.54	339.39
		26,811.53	21,634.25
Total		30,322.81	25,249.91
Significant Accounting Policies and Notes on Accounts	1 & 2		

Notes 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
(Membership No. 054975)

New Delhi
7th May, 2012

Debendra Banthiya
Company Secretary

For and on behalf of the Board

G. Jhunjhnuwala
Chairman

Dr. R. Srinivasan
Director

S. Sarda
Executive Director & CEO

**Statement of Profit and Loss for the year ended 31st March, 2012**

		(₹ in Lacs)	
Particulars	Note No.	For the year ended 31st March 2012	For the year ended 31st March 2011
I. Revenue from Operations	2.19	52,864.36	44,286.22
Less : Excise Duty		4,219.43	3,569.88
		48,644.93	40,716.34
II. Other Income	2.20	8.35	45.83
III. Total Revenue (I + II)		48,653.28	40,762.17
IV. Expenses :			
Cost of materials consumed	2.21	32,230.63	25,259.40
Purchases of stock-in-trade	2.22	2,126.44	1,522.53
Changes in inventories of finished goods, work-in-progress and stock-in-trade	2.23	(2,393.21)	(1,366.95)
Employee benefit expenses	2.24	2,529.57	2,273.16
Finance costs	2.25	1,276.76	975.41
Depreciation and amortization expenses	2.27	429.80	339.73
Other expenses	2.26	10,357.54	10,095.01
Total Expenses		46,557.53	39,098.29
V. Profit before exceptional and extraordinary items and tax	(III-IV)	2,095.75	1,663.88
VI. Exceptional Items		—	—
VII. Profit before extraordinary items and tax	(V-VI)	2,095.75	1,663.88
VIII. Extraordinary items		—	—
IX. Profit before tax	(VII-VIII)	2,095.75	1,663.88
X. Tax expense:			
(1) Current Tax		681.76	463.50
(2) Deferred Tax		(32.29)	33.53
		649.47	497.03
XI. Profit / (Loss) for the period from continuing operations	(IX-X)	1,446.28	1,166.85
XII. Profit/(Loss) from discontinuing operations		—	—
XIII. Tax expense of discontinuing operations		—	—
XIV. Profit/(Loss) from discontinuing operations (after tax)	(XII-XIII)	—	—
XV. Profit/(Loss) for the period	(XI+XIV)	1,446.28	1,166.85
XVI. Earnings per equity share: (in ₹)			
(1) Basic		38.20	30.82
(2) Diluted		38.20	30.82

Significant Accounting Policies and Notes on Accounts 1&2

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

This is the Statement of Profit & Loss referred to in our report of even date.

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

A. K. Dubey
Partner
(Membership No. 054975)
New Delhi
7th May, 2012

Debendra Banthiya
Company Secretary

For and on behalf of the Board

G. Jhunjhnuwala
Chairman

Dr. R. Srinivasan
Director

S. Sarda
Executive Director & CEO



1. SIGNIFICANT ACCOUNTING POLICIES

1.1 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.

1.2 FIXED ASSETS

Fixed Assets are stated at cost, net of cenvat. The cost comprises the purchase price and any other attributable costs 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 Statement of Profit and Loss.

1.3 LEASE ACCOUNTING

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

1.4 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 Nashik 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.

1.5 INVESTMENTS

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

1.6 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.

1.7 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) Stock in trade, finished goods and work-in-process 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 condition.
- d) The obsolete/damaged items of inventories are valued at estimated realisable value.



SIGNIFICANT ACCOUNTING POLICIES (Contd.)

1.8 SALES

The amount recognised as sale is exclusive of 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 sales. The excise duty related to difference between the closing stock and opening stock is recognised separately as part of 'material cost'.

1.9 RETIREMENT BENEFITS TO EMPLOYEES

- (i) The Company operates defined contributions scheme.

The Company makes regular contribution to provident funds which are fully funded and administered by Government and are independent of Company's finance. Contributions are recognized in Statement of Profit & Loss on an accrual basis.

- (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 Statement of Profit & Loss. The Company recognizes in the Statement of Profit & Loss 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 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 Statement of Profit and Loss.

1.10 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.

1.11 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.

1.12 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.

1.13 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.

**2. NOTES TO ACCOUNTS**

	(₹ in Lacs)	
	<u>2011-12</u>	<u>2010-11</u>
2.1 Share Capital		
(i) Authorised		
80,00,000 Equity Shares, Par Value ₹ 10/- each (80,00,000 Equity Shares, Par Value ₹ 10/- each)	<u>800.00</u>	<u>800.00</u>
(ii) Issued, Subscribed and Fully Paid-up		
37,85,620 Equity Shares, Par Value ₹ 10/- each (37,85,620 Equity Shares, Par Value ₹ 10/- each)	<u>378.56</u>	<u>378.56</u>
(iii) Share Forfeiture Account	<u>0.01</u>	<u>0.01</u>
	<u>378.57</u>	<u>378.57</u>

- (iv) The reconciliation of the number of shares outstanding and the amount of share capital as at 31.03.2012 and 31.03.2011

Particulars	<u>As at 31.03.2012</u>		<u>As at 31.03.2011</u>	
	<u>No. of Shares</u>	<u>Amount</u>	<u>No. of Shares</u>	<u>Amount</u>
Number of shares vis-à-vis amount at the beginning	<u>37,85,620</u>	<u>378.56</u>	37,85,620	378.56
Add: Shares issued	—	—	—	—
Number of shares vis-à-vis amount at the end	<u>37,85,620</u>	<u>378.56</u>	<u>37,85,620</u>	<u>378.56</u>

- (v) The Company has only one class of shares viz., Equity Shares having a Par Value of ₹10/-.
Each holder of equity shares is entitled to one vote per share.
- (vi) The details of shareholders holding more than 5 % shares as at 31.03.2012 and 31.03.2011 are given below

Name of Shareholders	<u>As at 31.03.2012</u>		<u>As at 31.03.2011</u>	
	<u>No. of Shares</u>	<u>% held</u>	<u>No. of Shares</u>	<u>% held</u>
Hind Strategic Investments	<u>11,80,314</u>	<u>31.18</u>	11,80,314	31.18
Quantum Securities Private Limited	<u>2,37,630</u>	<u>6.28</u>	4,71,943	12.47
HEXA Securities and Finance Co. Ltd.	<u>3,00,000</u>	<u>7.92</u>	3,00,000	7.92
Nalwa Sons Investments Ltd (Formerly Jindal Strips Limited)	<u>2,74,518</u>	<u>7.25</u>	2,74,518	7.25
Colorado Trading Company Limited	<u>2,44,925</u>	<u>6.47</u>	2,44,925	6.47
Nalwa Investments Limited	<u>2,38,771</u>	<u>6.31</u>	2,38,771	6.31



NOTES TO ACCOUNTS (Contd.)

	2011-12		2010-11	
	(₹ in Lacs)			
2.2 Reserve and Surplus				
(i) Capital Reserve - at the beginning & end of the year				
Subsidy from SICOM against Generator Set	31.19		31.19	
Debenture Forfeiture Account	1.05	32.24	1.05	32.24
(ii) Securities Premium Account - at the beginning & end of the year		949.27		949.27
(iii) Fixed Asset Revaluation Reserve				
Opening Balance	291.10		298.24	
Transferred from/(to)				
Statement of Profit and Loss	(-) 4.79		(-) 7.13	
Closing Balance		286.31		291.11
(iv) Export Profit Reserve - at the beginning & end of the year		1.95		1.95
(v) General Reserve				
Opening Balance	2,956.56		2,256.56	
Transferred from/(to)				
Statement of Profit and Loss	800.00		700.00	
Closing Balance		3,756.56		2,956.56
(vi) Surplus				
Opening Balance	761.21		646.33	
Add: Net Profit after tax transferred from Statement of Profit & Loss	1,446.27		1 166.85	
Surplus available for Appropriations	2,207.48		1 813.18	
Less : Appropriations				
Transferred to General Reserve	800.00		700.00	
Proposed Dividend	378.56		302.85	
Tax on Proposed Dividend	61.41		49.13	
Surplus - closing balance		967.51		761.20
		5,993.84		4,992.33
2.3 Long-Term Borrowings				
Secured				
Term Loans				
(i) From Bank				
a. Vehicle loan from HDFC Bank Ltd. (secured by hypothecation of vehicle financed, term of payment 36 months started from Sept.'09)	—		1.65	
b. Vehicle loan from SBOP Bank (secured by hypothecation of vehicle financed, term of payment 36 months started from Aug.'10)	3.36	3.36	8.46	10.11
Unsecured				
Deferred Payment liabilities				
(ii) Deferred sales tax		—		114.93
(Representing outstanding deferred payment of sales tax collected under the Deferred Sales Tax Payment Scheme of 1988 as promulgated by the Govt. of Maharashtra)				
		3.36		125.04

**NOTES TO ACCOUNTS (Contd.)**

	(₹ in Lacs)	
	2011-12	2010-11
2.4 Deferred Tax Liabilities (net)		
(i) Deferred Tax Assets		
– Expenses allowable on payment basis	(-) 46.73	(-) 54.79
(ii) Deferred Tax Liabilities		
– Depreciation and related items (refer note no. 2.38)	329.58	369.92
	<u>282.85</u>	<u>315.13</u>
2.5 Other Long Term Liabilities		
(i) Trade Deposit	<u>34.00</u>	<u>27.00</u>
2.6 Long Term Provisions		
(i) Provision for Employees' Benefits :		
Leave Encashment	115.61	73.24
Gratuity (refer note no. 2.42)	<u>211.81</u> <u>327.42</u>	<u>138.37</u> <u>211.61</u>
(ii) Others	<u>300.00</u>	<u>300.00</u>
	<u>627.42</u>	<u>511.61</u>
2.7 Short Term Borrowings		
Secured		
(i) Loans repayable on demand		
From Bank (Cash credit and WCDL) (Secured by pari-passu hypothecation of the Company's entire stock of raw materials, finished goods, stocks in process, consumable stores and spare parts, bills receivable and book debts and all other moveables of the 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 Plant and Machinery at Howrah plant and first charge on the entire fixed assets of the Nasik plant and second charge on the entire fixed assets of Sikandrabad plant)	<u>6,869.73</u>	5,834.67
Unsecured		
(ii) Deposits	<u>11.10</u>	13.85
	<u>6,880.83</u>	<u>5,848.52</u>

**NOTES TO ACCOUNTS (Contd.)**

			(₹ in Lacs)	
	2011-12		2010-11	
2.8 Trade Payables				
(i) Acceptances		1,845.88		2,600.34
(ii) Sundry Creditors				
Sundry Creditors for bill discounting (refer note 2.28)	2,443.16		1,990.46	
Others	8,869.26	11,312.42	5,786.45	7,776.90
		13,158.30	10,377.24	
2.9 Other Current Liabilities				
(i) Interest Accrued and due on trade deposit		1.80		3.40
(ii) Unpaid Dividend		18.04		16.63
(iii) Other Payables				
Employee's remuneration	228.25		172.72	
Leave encashment	3.52		66.77	
Statutory Payment	628.35		559.30	
Discount and Rebate	588.00		580.19	
Others (Operating Expenses)	666.10	2,114.22	728.77	2,107.75
(iv) Vehicle loan from Bank- HDFC Ltd.		1.65		3.69
(v) Vehicle loan from Bank- SBOP		5.10		5.10
[for securities offered against vehicle loans, refer note 2.3 (i)]				
		2,140.81		2,136.57
2.10 Short Term Provision				
(i) Others				
Provision for Income Tax (net)		382.86		185.92
Proposed Dividend		378.56		302.85
Tax on Proposed Dividend		61.41		49.13
		822.83		537.90
2.11 Fixed Assets				
(i) Tangible Assets		3,029.40		3,073.69
(ii) Intangible Assets				
a. Computer Software	167.96		264.72	
b. Technical Know How	21.72	189.68	26.37	291.09
(iii) Capital Work in Progress		90.90		31.04
(refer note no. 2.27)				
		3,309.98		3,395.82

**NOTES TO ACCOUNTS (Contd.)**

	2011-12	2010-11
(₹ in Lacs)		
2.12 Non Current Investments - Other Investment, at cost		
(i) Investment in Equity Instruments - Unquoted		
Shalimar Adhunik Nirman Ltd. (Subsidiary Company)		
49990 Equity Shares of ₹ 10/- each fully paid-up	5.00	5.00
450000 Equity Shares of ₹ 10/- each (Partly paid-up @ ₹ 1/- each)	4.50	4.50
(ii) Investment in Preference Shares - Unquoted		
Shalimar Adhunik Nirman Ltd. (Subsidiary Company)		
50000, 6% Preference Shares non convertible of ₹ 100/- each (Fully paid up)	50.00	50.00
(iii) Investment in Debentures or Bonds - Unquoted		
₹ 6,500 1/2% Woodland Medical Centre Ltd.	0.06	0.06
₹ 17,000 5% Woodland Medical Centre Ltd. (Non redeemable Mortgage Debenture Stock 1957)	0.17	0.17
(iv) Investment in Mutual Funds - Quoted		
UTI Infrastructure Advantage Fund Series I Growth Plan (now converted to UTI Advantage Fund - Growth Plan)		
200000 Units of ₹ 10/- each	20.00	20.00
	79.73	79.73
Aggregate amount of Unquoted Investments	59.73	59.73
Aggregate amount of Quoted Investments	20.00	20.00
Market Value of Quoted Investments	14.13	16.79
2.13 Long Terms Loans and Advances		
(Unsecured, considered good)		
(i) Security Deposits	121.57	140.11

**NOTES TO ACCOUNTS (Contd.)**

	<u>2011-12</u>	<u>2010-11</u>
(₹ in Lacs)		
2.14 Inventories		
(at cost or net realisable value, whichever is lower)		
Raw Material [including stock in transit ₹ 322.66 lacs (P. Y. ₹ 510.62 lacs)]	2,873.90	3,009.76
Work- in -Progress	643.81	422.20
Finished Goods	6,602.43	4,464.35
Stock- in- Trade	351.07	317.55
Stores & spares	109.98	97.73
[stock in transit of Inventories, except raw material - NIL (Previous year NIL)]		
	<u>10,581.19</u>	<u>8,311.59</u>
2.15 Trade Receivables		
(Unsecured, considered good)		
Outstanding for a period exceeding six months from due date	904.27	852.29
Others	12,917.16	10,528.88
	<u>13,821.43</u>	<u>11,381.17</u>
2.16 Cash and Bank Balances		
Cash and Cash Equivalents		
(i) Balances with Bank (in Current Account)	116.82	67.78
(ii) Cheques, drafts in hand	1,182.61	970.18
(iii) Cash in hand	7.72	9.46
	<u>1,307.15</u>	<u>1,047.42</u>
Other Bank Balances		
(i) Unpaid Dividend Account	18.04	16.63
(ii) Fixed Deposits Account (for more than 12 months)	0.38	0.38
	<u>18.42</u>	<u>17.01</u>
	<u>1,325.57</u>	<u>1,064.43</u>
2.17 Short Term Loans and Advances - Unsecured, considered good		
(i) Loan and advances to related parties	498.93	489.31
Receivable from Subsidiary Company (Shalimar Adhunik Nirman Limited)		
(ii) Others		
Advances to suppliers	50.06	8.93
Advance to employees	22.81	39.43
	<u>72.87</u>	<u>48.36</u>
	<u>571.80</u>	<u>537.67</u>
2.18 Other Current Assets		
Prepaid Expenses	40.00	32.47
Short term deposits	309.36	218.49
Balances with Excise Deptt.	162.18	88.43
	<u>511.54</u>	<u>339.39</u>
2.19 Revenue from Operations		
(i) Revenue from sale of products (refer note 2.45)	52,596.97	44,014.48
(ii) Other Operating Revenue		
a. Lease Rental	110.76	139.20
b. Scrap Sales	156.63	132.54
	<u>267.39</u>	<u>271.74</u>
	<u>52,864.36</u>	<u>44,286.22</u>
(iii) Less : Excise duty	4,219.43	3,569.88
	<u>48,644.93</u>	<u>40,716.34</u>

**NOTES TO ACCOUNTS (Contd.)**

	2011-12		2010-11	
			(₹ in Lacs)	
2.20 Other Income				
(i) Interest		3.66		6.38
(ii) Other non operating Income				
Profit on Sale of Fixed Assets	0.04		—	
Miscellaneous Receipts	4.65	4.69	39.45	39.45
		8.35		45.83
2.21 Cost of Materials Consumed				
Organic Acid/Chemicals		6,232.41		4,867.08
Pigments		5,401.34		3,674.99
Solvents & Oils		10,552.04		8,394.40
Packages and Packing Materials		3,415.68		2,201.84
Others*		6,629.16		6,121.09
* Includes individual items of less than 10% of the total and therefore, not considered for the above classification.				
		32,230.63		25,259.40
2.22 Purchase of Stock-in-Trade		2,126.44		1,522.53
2.23 Changes in inventories of finished goods, work-in-progress and stock-in-trade				
Closing Stock				
Finished Goods	6,602.43		4,464.35	
Work-in-progress	643.81		422.20	
Stock-in-trade	351.07	7,597.31	317.55	5,204.10
Opening Stock				
Finished Goods	4,464.35		3,375.30	
Work-in-progress	422.20		261.78	
Stock-in-trade	317.55	5,204.10	200.07	3,837.15
		(2,393.21)		(1,366.95)
2.24 Employee Benefit Expenses				
Salaries and Wages		2,003.58		1,839.18
Contribution to Provident and other funds		210.52		129.67
Staff Welfare Expenses		315.47		304.31
		2,529.57		2,273.16
2.25 Finance Costs				
(i) Interest expense (including interest on short payment of advance income tax ₹ 23.71 lacs)		1,100.23		837.28
(ii) Other borrowing costs		176.53		138.13
		1,276.76		975.41



NOTES TO ACCOUNTS (Contd.)

(₹ in Lacs)

	2011-12	2010-11
2.26 Other Expenses		
Consumption of stores and spare parts	108.68	95.98
Power and fuel	411.96	382.40
Rent	183.14	170.80
Repairs to building	38.19	34.43
Repairs to plant and machinery	59.93	36.33
Insurance	11.18	12.98
Rates and taxes	14.17	17.35
Repairs - others	137.68	126.03
Printing and stationery	72.59	59.81
Communication expenses	98.91	105.80
Directors' fees	2.80	2.80
Payment to the Auditor (refer note no. 2.32)	6.34	4.84
Cost Audit Fees	0.50	0.50
Commission on sales	219.38	236.59
Travelling expenses	390.36	351.09
Application Charges	549.33	937.31
Freight	2,132.79	1,819.58
Discount & Rebates	5,086.52	4,903.77
Loss on sale of fixed assets	—	0.41
Bad Debts	100.64	100.53
Miscellaneous Expenses	732.45	695.68
	10,357.54	10,095.01

2.27 Fixed Assets

PARTICULARS	GROSS BLOCK				ACCUMULATED DEPRECIATION				NET BLOCK	
	As at 1st April'11	Additions during the period	Adjustments	As at 31st March, 12	Provided Upto 31st March'11	Adjustments	Provision for the current period	Total as at 31st March, 12	As at 31st March, 12	As at 31st March'11
I. Tangible Assets										
Land	506.20	—	—	506.20	—	—	—	—	506.20	506.20
Building	1,764.18	11.40	—	1,775.58	704.86	—	57.57	762.43	1,013.15	1,059.32
Plant & Machinery	2,124.45	55.35	(0.45)	2,179.35	1,721.33	(0.20)	59.11	1,780.24	399.10	403.04
Leased Equipment	1,369.81	194.66	(4.93)	1,559.54	611.13	(1.85)	117.56	726.84	832.70	758.68
Furniture and Fixture	264.56	4.94	(0.09)	269.41	168.49	(0.07)	6.29	174.71	94.70	96.07
Office Equipment	817.77	20.24	(13.06)	824.95	613.74	(12.66)	76.73	677.81	147.14	204.11
Motor Vehicles	118.31	—	(5.02)	113.29	72.04	(4.93)	9.79	76.90	36.39	46.27
Total (A)	6,965.28	286.59	(23.55)	7,228.32	3,891.59	(19.71)	327.05	4,198.93	3,029.40	3,073.69
Previous Year	6,573.99	407.25	(15.97)	6,965.28	3,579.64	(13.53)	325.48	3,891.59	3,073.69	
Note: Depreciation for the period includes ₹ 4.79 lacs (Pre. Yr. ₹ 7.13 lacs) recouped from Revaluation Reserve.										
II. Intangible Assets										
Computer software	583.88	6.13	—	590.01	319.16	—	102.89	422.05	167.96	264.72
Technical know how	62.72	—	—	62.72	36.35	—	4.65	41.00	21.72	26.37
Total (B)	646.60	6.13	—	652.73	355.51	—	107.54	463.05	189.68	291.09
Previous Year	545.33	101.27	—	646.60	334.12	—	21.38	355.51	291.09	
III. Capital Work-in-Progress										
Capital WIP	24.48	73.98	(7.55)	90.91	—	—	—	—	90.91	24.48
Plant and Machinery	6.56	—	(6.56)	—	—	—	—	—	0.00	6.56
Total (C)	31.04	73.98	(14.11)	90.91	—	—	—	—	90.91	31.04
Previous Year	15.72	15.32	—	31.04	—	—	—	—	31.04	
IV. Intangible assets under development										
Total (D)	—	—	—	—	—	—	—	—	—	—
Previous Year	—	—	—	—	—	—	—	—	—	
Total (A+B+C+D)	7,642.92	366.70	(37.66)	7,971.96	4,247.10	(19.71)	434.59	4,661.98	3,310.00	3,395.82
Previous Year	7,135.04	523.84	(15.97)	7,642.91	3,913.76	(13.53)	346.86	4,247.09	3,395.82	

**NOTES TO ACCOUNTS (Contd.)**

	2011-12	2010-11
		(₹ in Lacs)
2.28 Liabilities in Note 2.8(ii) include ₹ 2443.16 Lacs (Previous Year ₹ 1990.46 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		
2.29 Contingent Liabilities		
Contingent liability not provided for in respect of :		
i) Excise Duty	292.40	234.50
ii) Bank Guarantee	1,488.04	1,416.15
iii) Sales Tax	311.69	287.85
iv) Claims against the Company not acknowledged as debt (to the extent ascertained)	63.79	72.18
2.30 In case of one of the Company's offices previously taken on rent, the division Bench of Hon'ble 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.		
2.31 Commitments		
(i) Estimated amount of capital commitments, net of advance of ₹ 11.89 lacs (previous year ₹ NIL)	16.09	3.54
(ii) Uncalled Liability on Partly paid up shares	40.50	40.50
(iii) Others	—	—
2.32 Auditors' Remuneration		
Audit Fees	3.00	2.00
Tax Audit Fees	0.50	0.50
Certification fees and other services	1.10	1.40
Reimbursement of Expenses	1.74	0.94
	6.34	4.84
2.33 CIF Value of Imports		
Raw Materials	3,473.07	2,205.01
2.34 Expenditure in foreign currency		
Purchase of Raw Material	2,336.07	2,694.82
Travelling Expenses	1.66	1.18
Testing Charges	0.90	-

**NOTES TO ACCOUNTS (Contd.)**

	<u>2011-12</u>	<u>2010-11</u>
2.35 Amount remitted in foreign currency on account of dividend		
Number of Non-resident shareholders	1	1
Number of shares held by them	11,80,314	11,80,314
Amount of dividend remitted (₹ in Lacs)	94.43	88.52
Year to which dividend relates	2010-11	2009-10

2.36 Consumption of imported and indigenous raw materials & stores

	<u>2011-12</u>		<u>2010-11</u>	
	%	₹ in Lacs	%	₹ in Lacs
Imported	11.67	3,773.09	10.33	2,618.14
Indigenous	88.33	28,566.22	89.67	22,737.24
	100.00	32,339.31	100.00	25,355.38

2.37 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. Associated Containers & Barrels Pvt. Ltd., M/s. Arvind Cans Limited, M/s. Bhavya Container & Estate company, M/s. Bijaya Drums Pvt. Ltd., M/s. Calcutta Containers Co., M/s. Calcutta Paper Industries, M/s. Choudhary Tar & Chemicals, M/s. Choudhary Industries, M/s. Evergreen Drums & Cans Pvt. Ltd., 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. 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. Piyanshu Chemicals Pvt. Ltd., M/s. S.R. Packaging & Industries Pvt. Ltd., M/s. Sam Transport (P) Ltd., M/s. Somani Oil Industries, 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., M/s. Western Cans Pvt. Ltd, and M/s Anand Tin. 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.

2.38 The Company has adopted Accounting Standard 22 "Accounting for Taxes on Income"; and the net deferred tax liabilities amounting to ₹ 282.85 lacs pertaining to the current year has been recognised.

	Opening as at 01.04.2011 (₹ In lacs)	Charge /(Credit) during the year (₹ in lacs)	Closing as at 31.03.2012 (₹ in lacs)
Deferred Tax Assets			
Expenses allowable on payment basis	54.79	8.06	46.73
Deferred Tax Liabilities			
Depreciation and related items	(369.92)	(40.34)	(329.58)
Net Deferred Tax Liabilities	315.13	(32.28)	282.85



NOTES TO ACCOUNTS (Contd.)

(₹ in Lacs)

2.39 Future minimum lease rentals receivable as at the year end (as per the lease agreements) :

	<u>2011-2012</u>	<u>2010-2011</u>
i) Not later than one year	54.83	111.15
ii) Later than one year and not later than five years	42.78	118.22
iii) Later than five years	—	—
	<u>97.61</u>	<u>229.37</u>

2.40 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 outstanding as on 31st March, 2012	Amount 2011-2012
S.Sarda	Executive Director	Remuneration	1.74 (1.87)	24.94 (23.68)
Smt. Lata Sarda	Relative of ED	Rent etc.	— (—)	7.20 (7.20)
Shalimar Adhunik Nirman Ltd.	Subsidiary	Payment made	498.93 (489.31)	9.62 (10.45)
Shalimar Adhunik Nirman Ltd.	Subsidiary	Investment	59.50 (59.50)	— (—)
Sonabheel Tea Ltd.	Company controlled by Directors	Sales	(-) 0.22 (- 0.22)	3.33 (3.05)
Jindal Stainless Ltd.	Company controlled by Directors	Sales	43.69 (56.06)	91.29 (130.94)

* Amount Written Off/Back during the year NIL as well as previous year NIL for related parties
(Note - Figures in bracket represent previous year amount)

2.41 Advance 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.

2.42 Employees' Benefits

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

The following disclosures are made in accordance with Accounting Standard 15 (Revised) pertaining to Defined Benefit Plans :

(a) Defined Benefit Plans/Compensated absences - As per actuarial valuation on 31st March, 2012

	<u>Gratuity Funded</u>		<u>Leave Encashment Non funded</u>	
	<u>2011-12</u>	2010-11	<u>2011-12</u>	2010-11
I Expense recognized in the statement Profit and Loss				
1 Current Service Cost	25.89	26.26	1.62	7.71
2 Interest on Cost	35.45	31.66	12.25	10.31
3 Employee Contribution	—	—	—	—
4 Expected Return on plan assets	(22.99)	(18.79)	—	—
5 Net Actuarial (Gain) / Losses	35.09	3.99	34.14	30.82
6 Past Service Cost	—	17.18	—	—
7 Settlement Cost	—	—	—	—
8 Total Expenses	73.44	60.30	48.01	48.84

**NOTES TO ACCOUNTS (Contd.)**

(₹ in Lacs)

	Gratuity Funded		Leave Encashment Non funded	
	2011-12	2010-11	2011-12	2010-11
II Net Assests / (Liability) recognized in the balance sheet				
1 Present Value of Defined Benefits of Obligation as at March 12	454.16	417.09	119.13	14.01
2 Fair Value of plan assets as at Mar' 12	242.35	278.72	—	—
3 Funded status [Surplus/(Deficit)]	(211.81)	(138.37)	(119.13)	(140.01)
4 Net Assests/(Liability) as at Mar' 12	(211.81)	(138.37)	(119.13)	(140.01)
III Change in Obligation during the Year ended				
1 Present Value of Defined Benefit Obligation at beginning of the year	417.09	383.75	140.01	124.96
2 Current Service Cost	25.89	26.26	1.62	7.71
3 Interest Cost	35.45	31.66	12.25	10.31
4 Settlement Cost	—	—	—	—
5 Past Service Cost	—	—	—	—
6 Employee Contributions	—	—	—	—
7 Plan Amendments	—	17.18	—	—
8 Actuarial (Gain)/ Losses	20.79	3.99	34.14	30.82
9 Benefits Payments	(45.06)	(45.75)	(68.89)	(33.79)
10 Present value of Defined Benefits Obligation at the end of year	454.16	417.09	119.13	140.01
IV Change in Assets during the Year				
1 Plan assets at the beginning of the year	278.72	243.68	—	—
2 Plan assets acquired on amalgamation in Previous Year	—	—	—	—
3 Settlements	—	—	—	—
4 Expected return on plan assets	22.99	—	—	—
5 Contributions by employer	—	62.00	68.90	33.79
6 Actual benefits paid	(45.06)	(45.75)	(68.90)	(33.79)
7 Actual Gains/ (Losses)	(14.30)	—	—	—
8 Actual return on Plan assets	—	18.79	—	—
9 Plan assets at the end of the year	242.35	278.72	—	—



NOTES TO ACCOUNTS (Contd.)

	As at 31.03.2012	As at 31.03.2011
V Actuarial Assumptions:		
1 Discount Rate	8.50%	8.25%
2 Rate of increase in salaries	5.00%	5.00%
3 Rate of return on Plan Assets	8.50%	8.25%
4 Mortality	As per standard table LIC (1994-1996) ultimate.	

2.43 The Company operates mainly in one business segment i.e. Paints; accordingly sales & stock in trade represent paints.

2.44 Finance charges, under Miscellaneous Expenses, include foreign exchange loss of ₹ 253.33 lacs (previous year ₹ 9.20 lacs)

2.45 Previous year's figures have been regrouped / rearranged, wherever necessary.

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

A. K. Dubey
Partner
(Membership No. 054975)
New Delhi
7th May, 2012

Debendra Banthiya
Company Secretary

For and on behalf of the Board

G. Jhunjhnuwala
Chairman

Dr. R. Srinivasan
Director

S. Sarda
Executive Director & CEO

**Cash Flow Statement for year ended 31st March, 2012**

	(₹ in Lacs)	
	2011-2012	2010-2011
A. CASH FLOW FROM OPERATING ACTIVITY		
Net Profit before Tax and Extraordinary items	2,095.74	1,663.89
Adjusted for :		
Depreciation	429.80	339.73
Interest/Other Income	(8.35)	(45.83)
Interest Expenses	1,100.23	837.28
Operating Profit before Working Capital Changes	3,617.42	2,795.07
Adjusted for:		
Trade and Other Receivables	(2,627.70)	(1,992.79)
Inventories	(2,269.59)	(2,026.63)
Trade and Other Payables	2,900.31	2,405.21
Direct Taxes paid (net of refund)	(484.82)	(455.43)
Cash Flow before extraordinary items	1,135.62	725.43
Extraordinary items	—	—
Cash Generated from Operating Activities	1,135.62	725.43
Net Cash from Operation	1,135.62	725.43
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(352.59)	(523.84)
Sale of Fixed Assets	3.84	2.85
Purchase of Investment	—	—
Investment in Subsidiary (Shalimar Adhunik Nirman Ltd.)	—	—
Interest Received	8.35	42.05
Lease Rental Received	—	—
Net Cash used in Investing Activity	(340.40)	(478.94)
C. CASH FLOW FROM FINANCIAL ACTIVITIES		
Proceeds from Borrowings	918.33	976.12
Repayment of Borrowings	—	—
Interest Paid	(1,101.84)	(835.58)
Dividend Paid	(350.57)	(331.06)
Net Cash used in Financing Activities	(534.08)	(190.52)
Net Increase in Cash and Cash Equivalents (A+B+C)	261.14	55.97
Opening Balance of Cash and Cash Equivalents	1,064.43	1,008.46
Closing Balance of Cash and Cash Equivalents	1,325.57	1,064.43

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
(Membership No. 054975)

New Delhi
7th May, 2012

For and on behalf of the Board

G. Jhunjhnuwala
Chairman

Dr. R. Srinivasan
Director

Debendra Banthiya
Company Secretary

S. Sarda
Executive Director & CEO



Statement Regarding Subsidiary Company

Pursuant to Section 212 of Companies Act, 1956

1. Name of the Subsidiary Company	Shalimar Adhunik Nirman Ltd.
2. The Financial Year of the Subsidiary Company ended	31st of March 2012
3. Holding Company's Interest as at 31.03.2012	
a) i) No. of Fully Paid up Shares held	49,990 Shares of ₹ 10/- each
ii) No. of Partly Paid Equity Shares held	4,50,000 Shares of ₹ 10/- each (₹ 1/- paid up)
iii) No. of Fully paid up Preferential Share held	50,000 shares of ₹ 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, 2012	
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
7th May, 2012

Girish Jhunjnuwala
(Chairman)



Auditors' Report

The Members of 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, 2012, the Consolidated Statement of Profit and Loss 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 the “Group” as at 31st March, 2012;
 - b) in the case of the Consolidated Statement of Profit and Loss, 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-307068E

A K Dubey
Partner

Membership No: 054975

Place: New Delhi
Dated: May 07, 2012



Shalimar Paints Limited – Consolidated

Consolidated Balance Sheet as at 31st March, 2012

Particulars	Note No.	(₹ in Lacs)	
		As at 31.03.2012	As at 31.03.2011
I EQUITY AND LIABILITIES			
(1) Shareholders' fund			
(a) Share Capital	2.1	378.57	378.57
(b) Reserve and Surplus	2.2	5,993.84	4,992.33
(c) Money received against share warrants		—	—
(d) Minority Interest		—	—
		6,372.41	5,370.90
(2) Share Application money pending allotment		—	—
(3) Non-Current Liabilities			
(a) Long Term Borrowings	2.3	3.36	125.04
(b) Deferred Tax Liabilities (Net)	2.4	282.85	315.13
(c) Other Long Term Liabilities	2.5	34.00	27.00
(d) Long Term Provisions	2.6	627.42	511.61
		947.63	978.78
(4) Current Liabilities			
(a) Short Term Borrowings	2.7	6,880.83	5,848.52
(b) Trade Payables	2.8	13,158.30	10,377.24
(c) Other Current Liabilities	2.9	2,141.07	2,136.77
(d) Short Term Provisions	2.10	822.83	537.90
		23,003.03	18,900.43
Total		30,323.07	25,250.11
II ASSETS			
1 Non Current Assets			
(a) Fixed Assets			
(i) Tangible Assets	2.11	3,582.62	3,617.83
(ii) Intangible Assets	2.11	189.68	291.09
(iii) Capital Work-in-Progress	2.11	90.90	31.04
(iv) Intangible assets under development	2.11	—	—
(b) Non Current Investment	2.12	20.23	20.23
(c) Long Term Loans and Advances	2.13	122.57	140.11
(d) Other Non-Current Assets		4.36	4.02
		4,010.36	4,104.32
2 Current Assets			
(a) Current Investment		—	—
(b) Inventories	2.14	10,581.19	8,311.59
(c) Trade Receivables	2.15	13,821.43	11,381.17
(d) Cash and Bank Balance	2.16	1,325.69	1,065.26
(e) Short Term Loans and Advances	2.17	72.87	48.37
(f) Other Current Assets	2.18	511.54	339.39
		26,312.72	21,145.78
Total		30,323.07	25,250.11
Significant Accounting Policies and Notes on Accounts	1 & 2		

Notes 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
(Membership No. 054975)

New Delhi
7th May, 2012

Debendra Banthiya
Company Secretary

For and on behalf of the Board

G. Jhunjhnuwala
Chairman

Dr. R. Srinivasan
Director

S. Sarda
Executive Director & CEO

**Consolidated Statement of Profit and Loss for the year ended 31st March, 2012**

		(₹ in Lacs)	
Particulars	Note No.	For the year ended 31st March 2012	For the year ended 31st March 2011
I. Revenue from Operations	2.19	52,864.36	44,286.22
Less : Excise Duty		4,219.43	3,569.88
		48,644.93	40,716.34
II. Other Income	2.20	8.35	45.83
III. Total Revenue (I + II)		48,653.28	40,762.17
IV. Expenses :			
Cost of materials consumed	2.21	32,230.63	25,259.40
Purchases of Stock-in-trade	2.22	2,126.44	1,522.53
Changes in inventories of finished goods, work-in-progress and Stock-in-trade	2.23	(2,393.21)	(1,366.95)
Employee benefit expenses	2.24	2,529.57	2,273.16
Finance Costs	2.25	1,276.76	975.41
Depreciation and amortization expense	2.27	429.80	339.73
Other expenses	2.26	10,357.54	10,095.01
Total Expenses		46,557.53	39,098.29
V. Profit before exceptional and extraordinary items and tax	(III-IV)	2,095.75	1,663.88
VI. Exceptional Items		—	—
VII. Profit before extraordinary items and tax	(V-VI)	2,095.75	1,663.88
VIII. Extraordinary items		—	—
IX. Profit before tax	(VII-VIII)	2,095.75	1,663.88
X. Tax expense:			
(1) Current Tax		681.76	463.50
(2) Deferred Tax		(32.29)	33.53
		649.47	497.03
XI. Profit / (Loss) for the period from continuing operations	(IX-X)	1,446.28	1,166.85
XII. Profit/(Loss) from discontinuing operations		—	—
XIII. Tax expense of discontinuing operations		—	—
XIV. Profit/(Loss) from discontinuing operations (after tax)	(XII-XIII)	—	—
XV. Profit/(Loss) for the period	(XI+XIV)	1,446.28	1166.85
XVI. Earnings per equity share: (in ₹)			
(1) Basic		38.20	30.82
(2) Diluted		38.20	30.82

Significant Accounting Policies and Notes on Accounts 1&2

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

This is the Statement of Profit & Loss referred to in our report of even date.

For CHATURVEDI & PARTNERS
Chartered Accountants
(Firm Regn. No. 307068E)A. K. Dubey
Partner
(Membership No. 054975)
New Delhi
7th May, 2012Debendra Banthiya
Company Secretary

For and on behalf of the Board

G. Jhunjhnuwala
ChairmanDr. R. Srinivasan
DirectorS. Sarda
Executive Director & CEO



1. SIGNIFICANT ACCOUNTING POLICIES

1.1 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, liabilities, 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.

1.2 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.

1.3 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 Statement of Profit and Loss.

1.4 LEASE ACCOUNTING

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

1.5 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 Nashik 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.

1.6 INVESTMENTS

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

1.7 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.



SIGNIFICANT ACCOUNTING POLICIES (Contd.)

1.8 INVENTORY

- a) Raw materials including materials in transit, stores & spare parts and loose tools are valued at lower of cost or net realisable value.
- b) Stock in trade, finished goods and work-in-process 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.

1.9 SALES

The amount recognised as sale is exclusive of 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 sales. The excise duty related to difference between the closing stock and opening stock is recognised separately as part of 'material cost'.

1.10 RETIREMENT BENEFITS TO EMPLOYEES

- (i) The Company operates defined contribution schemes.
The Company makes regular contribution to provident funds which are fully funded and administered by Government and are independent of Company's finance. Contributions are recognized in Statement of Profit & Loss on an accrual basis.
- (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 Statement of Profit & Loss. The Company recognizes in the Statement of Profit & Loss 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 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 Statement of Profit and Loss.

1.11 BORROWING COST

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

1.12 TAXES ON INCOME

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

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

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

1.13 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.

1.14 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.



2. NOTES TO ACCOUNTS

	(₹ in Lacs)	
	<u>2011-12</u>	<u>2010-11</u>
2.1 Share Capital		
(i) Authorised		
80,00,000 Equity Shares, Par Value ₹ 10/- each (80,00,000 Equity Shares, Par Value ₹ 10/- each)	800.00	800.00
(ii) Issued, Subscribed and Fully Paid-up		
37,85,620 Equity Shares, Par Value ₹ 10/- each (37,85,620 Equity Shares, Par Value ₹ 10/- each)	378.56	378.56
(iii) Share Forfeiture Account	0.01	0.01
	<u>378.57</u>	<u>378.57</u>

(iv) The reconciliation of the number of shares outstanding and the amount of share capital as at 31.03.2012 and 31.03.2011

Particulars	<u>As at 31.03.2012</u>		<u>As at 31.03.2011</u>	
	<u>No. of Shares</u>	<u>Amount</u>	<u>No. of Shares</u>	<u>Amount</u>
Number of shares vis-à-vis amount at the beginning	37,85,620	378.56	37,85,620	378.56
Add: Shares issued	—	—	—	—
Number of shares vis-à-vis amount at the end	<u>37,85,620</u>	<u>378.56</u>	<u>37,85,620</u>	<u>378.56</u>

(v) The Company has only one class of shares viz., Equity Shares having a Par Value of ₹10/-. Each holder of equity shares is entitled to one vote per share.

(vi) The details of shareholders holding more than 5% shares as at 31.03.2012 and 31.03.2011 are given below

<u>Name of Shareholders</u>	<u>As at 31.03.2012</u>		<u>As at 31.03.2011</u>	
	<u>No. of Shares</u>	<u>% held</u>	<u>No. of Shares</u>	<u>% held</u>
Hind Strategic Investments	11,80,314	31.18	11,80,314	31.18
Quantum Securities Private Limited	2,37,630	6.28	4,71,943	12.47
HEXA Securities and Finance Co. Ltd.	3,00,000	7.92	3,00,000	7.92
Nalwa Sons Investments Ltd (Formerly Jindal Strips Limited)	2,74,518	7.25	2,74,518	7.25
Colorado Trading Company Limited	2,44,925	6.47	2,44,925	6.47
Nalwa Investments Limited	2,38,771	6.31	2,38,771	6.31

**NOTES TO ACCOUNTS (Contd.)**

	2011-12		2010-11	
			(₹ in Lacs)	
2.2 Reserve and Surplus				
(i) Capital Reserve - at the beginning & end of the year				
Subsidy from SICOM against Generator Set	31.19		31.19	
Debenture Forfeiture Account	1.05	32.24	1.05	32.24
(ii) Securities Premium Account - at the beginning & end of the year		949.27		949.27
(iii) Fixed Asset Revaluation Reserve				
Opening Balance	291.10		298.24	
Transferred from/(to)				
Statement of Profit and Loss	(-) 4.79	286.31	(-) 7.13	291.11
Closing Balance				
(iv) Export Profit Reserve - at the beginning & end of the year		1.95		1.95
(v) General Reserve				
Opening Balance	2,956.56		2,256.56	
Transferred from/(to)				
Statement of Profit and Loss	800.00		700.00	
Closing Balance		3,756.56		2,956.56
(vi) Surplus				
Opening Balance	761.21		646.33	
Add: Net Profit after tax transferred from Statement of Profit and Loss	1,446.27		1,166.85	
Surplus available for Appropriations	2,207.48		1,813.18	
Less : Appropriations				
Transferred to General Reserve	800.00		700.00	
Proposed Dividend	378.56		302.85	
Tax on Proposed Dividend	61.41		49.13	
Surplus - closing balance		967.51		761.20
		5,993.84		4,992.33
2.3 Long-Term Borrowings				
Secured				
Term Loans				
(i) From Bank				
a. Vehicle loan from HDFC Bank Ltd. (secured by hypothecation of vehicle financed, term of payment 36 months started from Sept.'09)	—		1.65	
b. Vehicle loan from SBOP Bank (secured by hypothecation of vehicle financed, term of payment 36 months started from Aug.'10)	3.36	3.36	8.46	10.11
Unsecured				
Deferred Payment liabilities				
(ii) Deferred sales tax		—		114.93
(Representing outstanding deferred payment of sales tax collected under the Deferred Sales Tax Payment Scheme of 1988 as promulgated by the Govt. of Maharashtra)				
		3.36		125.04

**NOTES TO ACCOUNTS (Contd.)**

	2011-12	(₹ in Lacs) 2010-11	
2.4 Deferred Tax Liabilities (net)			
(i) Deferred Tax Assets			
– Expenses allowable on payment basis	(-) 46.73		(-) 54.79
(ii) Deferred Tax Liabilities			
– Depreciation and related items (refer note no. 2.38)	329.58		369.92
	<u>282.85</u>		<u>315.13</u>
2.5 Other Long Term Liabilities			
(i) Trade Deposit	34.00		27.00
2.6 Long Term Provisions			
(i) Provision for Employees' Benefits :			
Leave Encashment	115.61		73.24
Gratuity (refer note no. 2.41)	211.81	327.42	138.37
			211.61
(ii) Others	300.00		300.00
	<u>627.42</u>		<u>511.61</u>
2.7 Short Term Borrowings			
Secured			
(i) Loans repayable on demand			
From Bank (Cash credit and WCD) (Secured by pari-passu hypothecation of the Company's entire stock of raw materials, finished goods, stocks in process, consumable stores and spare parts, bills receivable and book debts and all other moveables of the 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 Plant and Machinery at Howrah plant and first charge on the entire fixed assets of the Nasik plant and second charge on the entire fixed assets of Sikandrabad plant)	6,869.73		5,834.67
Unsecured			
(ii) Deposits	11.10		13.85
	<u>6,880.83</u>		<u>5,848.52</u>

**NOTES TO ACCOUNTS (Contd.)**

			(₹ in Lacs)	
	2011-12		2010-11	
2.8 Trade Payables				
(i) Acceptances		1,845.88		2,600.34
(ii) Sundry Creditors				
Sundry Creditors for bill discounting (refer note 2.28)	2,443.16		1,990.46	
Others	8,869.26	11,312.42	5,786.45	7,776.90
		13,158.30	10,377.24	
2.9 Other Current Liabilities				
(i) Interest Accrued and due on trade deposit		1.80		3.40
(ii) Unpaid Dividend		18.04		16.63
(iii) Other Payables				
Employee's remuneration	228.25		172.72	
Leave encashment	3.52		66.77	
Statutory Payment	628.35		559.30	
Discount and Rebate	588.00		580.19	
Others (Operating Expenses)	666.36	2,114.48	728.98	2,107.95
(iv) Vehicle loan from Bank- HDFC Ltd.		1.65		3.69
(v) Vehicle loan from Bank- SBOP		5.10		5.10
[for securities offered against vehicle loans, refer note 2.3 (i)]				
		2,141.07		2,136.77
2.10 Short Term Provision				
(i) Others				
Provision for Income Tax (net)		382.86		185.92
Proposed Dividend		378.56		302.85
Tax on Proposed Dividend		61.41		49.13
		822.83		537.90
2.11 Fixed Assets				
(i) Tangible Assets		3,582.62		3,617.83
(ii) Intangible Assets				
a. Computer Software	167.96		264.72	
b. Technical Know How	21.72	189.68	26.37	291.09
(iii) Capital Work in Progress		90.90		31.04
(refer note no. 2.27)				
		3,863.20		3,939.96

**NOTES TO ACCOUNTS (Contd.)**

	2011-12	2010-11
		(₹ in Lacs)
2.12 Non Current Investments - Other Investments, at cost		
(i) Investment in Debentures or Bonds - Unquoted		
₹ 6,500 1/2% Woodland Medical Centre Ltd.	0.06	0.06
₹ 17,000 5% Woodland Medical Centre Ltd. (Non redeemable Mortgage Debenture Stock 1957)	0.17	0.17
(ii) Investment in Mutul Funds - Quoted		
UTI Infrastructure Advantage Fund		
Series I Growth Plan (now converted to UTI Advantage Fund - Growth Plan)		
200000 Units of ₹ 10/- each	20.00	20.00
	20.23	20.23
Aggregate amount of Unquoted Investments	0.23	0.23
Aggregate amount of Quoted Investments	20.00	20.00
Market Value of Quoted Investments	14.13	16.79
2.13 Long Term Loans and Advances (Unsecured, considered good)		
(i) Security Deposits	122.57	140.11
2.14 Inventories (at cost or net realisable value, whichever is lower)		
Raw Materials (including stock in transit ₹ 322.66 lacs (P. Y. ₹ 510.62 lacs))	2,873.90	3,009.76
Work- in -Progress	643.81	422.20
Finished Goods	6,602.43	4,464.35
Stock- in- Trade	351.07	317.55
Stores & spares	109.98	97.73
[stock in transit of Inventories, except raw material - NIL (Previous year NIL)]		
	10,581.19	8,311.59
2.15 Trade Receivables (Unsecured, considered good)		
Outstanding for a period exceeding six months from due date	904.27	852.29
Others	12,917.16	10,528.88
	13,821.43	11,381.17

**NOTES TO ACCOUNTS (Contd.)**

	2011-12		2010-11	
	(₹ in Lacs)			
2.16 Cash and Bank Balances				
Cash and Cash Equivalents				
(i) Balances with Bank (in Current Account)	116.94		68.61	
(ii) Cheques, drafts in hand	1,182.61		970.18	
(iii) Cash in hand	7.72	1,307.27	9.46	1,048.25
Other Bank Balances				
(i) Unpaid Dividend Account	18.04		16.63	
(ii) Fixed Deposits Account (for more than 12 months)	0.38	18.42	0.38	17.01
		1,325.69		1,065.26
2.17 Short Term Loans and Advances - Unsecured, considered good				
(i) Others				
Advances to suppliers	50.06		8.93	
Advance to employees	22.81		39.44	
		72.87		48.37
2.18 Other Current Assets				
Prepaid Expenses	40.00		32.47	
Short term deposits	309.36		218.49	
Balances with Excise Deptt.	162.18		88.43	
		511.54		339.39
2.19 Revenue from Operations				
(i) Revenue from sale of products (refer note 2.45)	52,596.97		44,014.48	
(ii) Other Operating Revenue				
a. Lease Rental	110.76		139.20	
b. Scrap Sales	156.63	267.39	132.54	271.74
		52,864.36		44,286.22
(iii) Less : Excise duty		4,219.43		3,569.88
		48,644.93		40,716.34
2.20 Other Income				
(i) Interest		3.66		6.38
(ii) Other non operating Income				
Profit on Sale of Fixed Assets	0.04		—	
Miscellaneous Receipts	4.65	4.69	39.45	39.45
		8.35		45.83
2.21 Cost of Materials Consumed				
Organic Acid/Chemicals	6,232.41		4,867.08	
Pigments	5,401.34		3,674.99	
Solvents & Oils	10,552.04		8,394.40	
Packages and Packing Materials	3,415.68		2,201.84	
Others*	6,629.16		6,121.09	
* Includes individual items of less than 10% of the total and therefore, not considered for the above classification.				
		32,230.63		25,259.40

**NOTES TO ACCOUNTS (Contd.)**

	2011-12	2010-11	
		(₹ in Lacs)	
2.22 Purchase of Stock-in-Trade	2 126.44	1522.53	
2.23 Changes in inventories of finished goods, work-in-progress and stock-in-trade			
Closing Stock			
Finished Goods	6,602.43	4,464.35	
Work-in-progress	643.81	422.20	
Stock-in-trade	351.07	317.55	5,204.10
Opening Stock			
Finished Goods	4,464.35	3,375.30	
Work-in-progress	422.20	261.78	
Stock-in-trade	317.55	200.07	3,837.15
	(2,393.21)	(1,366.95)	
2.24 Employee Benefit Expenses			
Salaries and Wages	2,003.58	1,839.18	
Contribution to provident and other funds	210.52	129.67	
Staff Welfare Expenses	315.47	304.31	
	2,529.57	2,273.16	
2.25 Finance Costs			
(i) Interest expense (including interest on short payment of advance income tax ₹ 23.71 lacs)	1,100.23	837.28	
(ii) Other borrowing costs	176.53	138.13	
	1,276.76	975.41	
2.26 Other Expense			
Consumption of stores and spare parts	108.68	95.98	
Power and fuel	411.96	382.40	
Rent	183.14	170.80	
Repairs to building	38.19	34.43	
Repairs to plant and machinery	59.93	36.33	
Insurance	11.18	12.98	
Rates and taxes	14.17	17.35	
Repairs - others	137.68	126.03	
Printing and stationery	72.59	59.81	
Communication expenses	98.91	105.80	
Directors' fees	2.80	2.80	
Payment to the Auditor (refer note no. 2.32)	6.34	4.84	
Cost Audit Fees	0.50	0.50	
Commission on sales	219.38	236.59	
Travelling expenses	390.36	351.09	
Application Charges	549.33	937.31	
Freight	2,132.79	1,819.58	
Discount & Rebates	5,086.52	4,903.77	
Loss on sale of fixed assets	—	0.41	
Bad Debts	100.64	100.53	
Miscellaneous Expenses	732.45	695.68	
	10,357.54	10,095.01	



NOTES TO ACCOUNTS (Contd.)

in ₹ Lacs

2.27 Fixed Assets

Particulars	GROSS BLOCK				ACCUMULATED DEPRECIATION			NET BLOCK		
	As at 1st April '11	Additions during the period	Adjustments	As at 31st March, 12	Provided Upto 31st March '11	Adjustments	Provision for the current period	Total as at 31st March, 12	As at 31st March, 12	As at 31st March '11
I. Tangible Assets										
Land	1,050.33	9.09	—	1,059.42	—	—	—	—	1,059.42	1,050.33
Building	1,764.18	11.40	—	1,775.58	704.86	—	57.57	762.43	1,013.15	1,059.32
Plant & Machinery	2,124.45	55.35	(0.45)	2,179.35	1,721.33	(0.20)	59.11	1,780.24	399.10	403.04
Leased Equipment	1,369.81	194.66	(4.93)	1,559.54	611.13	(1.85)	117.56	726.84	832.70	758.68
Furniture and Fixture	264.56	4.94	(0.09)	269.41	168.49	(0.07)	6.29	174.71	94.70	96.07
Office Equipment	817.77	20.24	(13.06)	824.95	613.74	(12.66)	76.73	677.81	147.14	204.11
Motor Vehicles	118.31	—	(5.02)	113.29	72.04	(4.93)	9.79	76.90	36.39	46.27
Total (A)	7,509.41	295.68	(23.55)	7,781.54	3,891.59	(19.71)	327.05	4,198.93	3,582.62	3,617.82
Previous Year	7,118.13	407.25	(15.97)	7,509.41	3,579.64	(13.53)	325.48	3,891.59	3,617.82	
Note: Depreciation for the period includes ₹ 4.79 lacs (Pre. Yr. ₹ 7.13 lacs) recouped from Revaluation Reserve.										
II. Intangible Assets										
Computer software	583.88	6.13	—	590.01	319.16	—	102.89	422.05	167.96	264.72
Technical know how	62.72	0.00	—	62.72	36.35	—	4.65	41.00	21.72	26.37
Total (B)	646.60	6.13	—	652.73	355.51	—	107.54	463.05	189.68	291.09
Previous Year	545.33	101.27	—	646.60	334.12	—	21.38	355.51	291.09	
III. Capital Work-in-Progress										
Capital WIP	24.48	73.98	(7.55)	90.91	—	—	—	—	90.91	24.48
Plant and Machinery	6.56	—	(6.56)	—	—	—	—	—	—	6.56
Total (C)	31.04	73.98	(14.11)	90.91	—	—	—	—	90.91	31.04
Previous Year	15.72	15.32		31.04	—	—	—	—	31.04	
IV. Intangible assets under development										
Total (D)	—	—	—	—	—	—	—	—	—	—
Previous Year	—	—	—	—	—	—	—	—	—	—
Total (A+B+C+D)	8,187.06	375.78	(37.66)	8,525.18	4,247.10	(19.71)	434.59	4,661.98	3,863.20	3,939.96
Previous Year	7,679.18	523.84	(15.97)	8,187.05	3,913.76	(13.53)	346.86	4,247.09	3,939.96	

**NOTES TO ACCOUNTS (Contd.)**

	2011-12	2010-11
		(₹ in Lacs)
2.28 Liabilities in Note 2.8(ii) include ₹ 2443.16 Lacs (Previous Year ₹ 1990.46 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		
2.29 Contingent Liabilities		
Contingent liability not provided for in respect of :		
i) Excise Duty	292.40	234.50
ii) Bank Guarantee	1,488.04	1,416.15
iii) Sales Tax	311.69	287.85
iv) Claims against the Company not acknowledged as debt (to the extent ascertained)	63.79	72.18
2.30 In case of one of the Company's offices previously taken on rent, the division Bench of Hon'ble 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.		
2.31 Commitments		
(i) Estimated amount of capital commitments, net of advance of ₹ 11.89 lacs (previous year ₹ NIL)	16.09	3.54
(ii) Uncalled Liability on Partly paid up shares	40.50	40.50
(iii) Others	—	—
2.32 Auditors' Remuneration		
Audit Fees	3.00	2.00
Tax Audit Fees	0.50	0.50
Certification fees and other Services	1.10	1.40
Reimbursement of Expenses	1.74	0.94
	6.34	4.84
2.33 CIF Value of Imports		
Raw Materials	3,473.07	2,205.01
2.34 Expenditure in foreign currency		
Purchase of Raw Material	2,336.07	2,694.82
Travelling Expenses	1.66	1.18
Testing Charges	0.90	—

**NOTES TO ACCOUNTS (Contd.)**

	2011-12	2010-11
2.35 Amount remitted in foreign currency on account of dividend		
Number of Non-resident shareholders	1	1
Number of shares held by them	11,80,314	11,80,314
Amount of dividend remitted (₹ in Lacs)	94.43	88.52
Year to which dividend relates	2010-11	2009-10

2.36 Consumption of imported and indigenous raw materials & stores

	2011-12		2010-11	
	%	₹ in Lacs	%	₹ in Lacs
Imported	11.67	3,773.09	10.33	2,618.14
Indigenous	88.33	28,566.22	89.67	22,737.24
	100.00	32,339.31	100.00	25,355.38

2.37 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. Associated Containers & Barrels Pvt. Ltd., M/s. Arvind Cans Limited, M/s. Bhavya Container & Estate company, M/s. Bijaya Drums Pvt. Ltd., M/s. Calcutta Containers Co., M/s. Calcutta Paper Industries, M/s. Choudhary Tar & Chemicals, M/s. Choudhary Industries, M/s. Evergreen Drums & Cans Pvt. Ltd., 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. 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. Piyanshu Chemicals Pvt. Ltd., M/s. S.R. Packaging & Industries Pvt. Ltd., M/s. Sam Transport (P) Ltd., M/s. Somani Oil Industries, 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., M/s. Western Cans Pvt. Ltd, and M/s. Anand Tin. 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.

2.38 The Company has adopted Accounting Standard 22 “Accounting for Taxes on Income”; and the net deferred tax liabilities amounting to ₹ 282.85 lacs pertaining to the current year has been recognised.

	Opening as at 01.04.2011 (₹ in Lacs)	Charge /(Credit) during the year (₹ in Lacs)	Closing as at 31.03.2012 (₹ in Lacs)
Deferred Tax Assets			
Expenses allowable on payment basis	54.79	8.06	46.73
Deferred Tax Liabilities			
Depreciation and related items	(369.92)	(40.34)	(329.58)
Net Deferred Tax Liabilities	315.13	(32.28)	282.85



NOTES TO ACCOUNTS (Contd.)

(₹ in Lacs)

2.39 Future minimum lease rentals receivable as at the year end (as per the lease agreements) :

	2011-2012	2010-2011
i) Not later than one year	54.83	111.15
ii) Later than one year and not later than five years	42.78	118.22
iii) Later than five years	<u>—</u>	<u>—</u>
	97.61	229.37

2.40 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 outstanding as on 31st March, 2012	Amount 2011-2012
S.Sarda	Executive Director	Remuneration	1.74 (1.87)	24.94 (23.68)
Smt. Lata Sarda	Relative of ED	Rent etc.	— (—)	7.20 (7.20)
Sonabheel Tea Ltd.	Company controlled by Directors	Sales	(-) 0.22 (- 0.22)	3.33 (3.05)
Jindal Stainless Ltd.	Company controlled by Directors	Sales	43.69 (56.06)	91.29 (130.94)

* Amount Written Off/Back during the year NIL as well as previous year NIL for related parties
(Note - Figures in bracket represents Previous year amount)

2.41 Employees' Benefits

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

The following disclosures are made in accordance with Accounting Standard 15 (Revised) pertaining to Defined Benefit Plans :

(a) Defined Benefit Plans/Compensated absences - As per actuarial valuation on 31st March, 2012

	Gratuity Funded		Leave Encashment Non funded	
	2011-12	2010-11	2011-12	2010-11
I Expense recognized in the statement Profit and Loss				
1 Current Service Cost	25.89	26.26	1.62	7.71
2 Interest on Cost	35.45	31.66	12.25	10.31
3 Employee Contribution	—	—	—	—
4 Expected Return on plan assets	(22.99)	(18.79)	—	—
5 Net Actuarial (Gain) / Losses	35.09	3.99	34.14	30.82
6 Past Service Cost	—	17.18	—	—
7 Settlement Cost	—	—	—	—
8 Total Expenses	73.44	60.30	48.01	48.84



NOTES TO ACCOUNTS (Contd.)

(₹ in Lacs)

	Gratuity Funded		Leave Encashment Non funded	
	2011-12	2010-11	2011-12	2010-11
II Net Assests / (Liability) recognized in the balance sheet				
1 Present Value of Defined Benefits of Obligation as at Mar' 12	454.16	417.09	119.13	14.01
2 Fair Value of plan assets as at Mar' 12	242.35	278.72	—	—
3 Funded status [Surplus/(Deficit)]	(211.81)	(138.37)	(119.13)	(140.01)
4 Net Assets/(Liability) as at Mar' 12	(211.81)	(138.37)	(119.13)	(140.01)
III Change in Obligation during the Year ended				
1 Present Value of Defined Benefit Obligation at beginning of the Year	417.09	383.75	140.01	124.96
2 Current Service Cost	25.89	26.26	1.62	7.71
3 Interest Cost	35.45	31.66	12.25	10.31
4 Settlement Cost	—	—	—	—
5 Past Service Cost	—	—	—	—
6 Employee Contributions	—	—	—	—
7 Plan Amendments	—	17.18	—	—
8 Actuarial (Gain)/ Losses	20.79	3.99	34.14	30.82
9 Benefits Payments	(45.06)	(45.75)	(68.89)	(33.79)
10 Present value of Defined Benefits Obligation at the end of year	454.16	417.09	119.13	140.01
IV Change in Assets during the Year				
1 Plan assets at the beginning of the year	278.72	243.68	—	—
2 Plan assets acquired on amalgamation in Previous Year	—	—	—	—
3 Settlements	—	—	—	—
4 Expected return on plan assets	22.99	—	—	—
5 Contributions by employer	—	62.00	68.90	33.79
6 Actual benefits paid	(45.06)	(45.75)	(68.90)	(33.79)
7 Actual Gains/ (Losses)	(14.30)	—	—	—
8 Actual return on Plan assets	—	18.79	—	—
9 Plan assets at the end of the year	242.35	278.72	—	—

**NOTES TO ACCOUNTS (Contd.)**

	As at 31.03.2012	As at 31.03.2011
V Actuarial Assumptions:		
1 Discount Rate	8.50%	8.25%
2 Rate of increase in salaries	5.00%	5.00%
3 Rate of return on Plan Assets	8.50%	8.25%
4 Mortality	As per standard table LIC (1994-1996) ultimate.	

2.42 With regard to the Subsidiary Company, since there is no business activity / profit during the year ended 31st March, 2012, tax provision including deferred tax, has not been made.

Pre-operative Expenses:		(₹ in Lacs)
Head of Accounts	31.03.2012	31.03.2011
Audit Fees	0.28	0.22
Printing & Stationery	0.04	0.04
Bank Charges	0.12	0.00
Filing Fees (ROC) and Professional Charges	1.66	1.50
Total	2.10	1.76

2.43 The Company operates mainly in one business segment i.e. Paints; accordingly sales & stock in trade represent paints.

2.44 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)	: ₹ 59.50 Lacs
b) Reserves	: NIL
c) Total Assets	: ₹ 558.68 Lacs
d) Total Liabilities	: ₹ 558.68 Lacs
e) Detail 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

2.45 Finance charges, under Miscellaneous Expenses, include foreign exchange loss of ₹ 253.33 lacs (previous year ₹ 9.20 lacs)

2.46 Previous year's figures have been regrouped / rearranged, wherever necessary.

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

A. K. Dubey
Partner
(Membership No. 054975)
New Delhi
7th May, 2012

Debendra Banthiya
Company Secretary

For and on behalf of the Board

G. Jhunjhnuwala
Chairman

Dr. R. Srinivasan
Director

S. Sarda
Executive Director & CEO

**Consolidated Cash Flow Statement for year ended 31st March, 2012**

	(₹ in Lacs)	
	2011-2012	2010-2011
A. CASH FLOW FROM OPERATING ACTIVITY		
Net Profit before Tax and Extraordinary items	2,095.74	1,663.89
Adjusted for :		
Depreciation	429.80	339.73
Deferred Revenue Expenditure (Amortised)	—	(0.21)
Interest/Other Income	(8.35)	(45.83)
Interest Expenses	1,100.23	837.28
Operating Profit before Working Capital Changes	3,617.42	2,794.86
Adjusted for:		
Trade and other Receivables	(2,629.03)	(2,003.10)
Inventories	(2,269.59)	(2,026.63)
Trade and other Payables	2,910.00	2,405.21
Direct Taxes paid (net of refund)	(484.82)	(455.43)
Cash Flow before extraordinary items	1,143.98	714.91
Extraordinary items	—	—
Cash Generated from Operating Activities	1,143.98	714.91
Net Cash from Operation	1,143.98	714.91
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(361.67)	(523.84)
Sale of Fixed Assets	3.84	2.85
Purchase of Investment	—	—
Interest Received	8.35	42.05
Lease Rental Received	—	—
Net Cash used in Investing Activity	(349.48)	(478.94)
C. CASH FLOW FROM FINANCIAL ACTIVITIES		
Proceeds from Borrowings	918.33	976.12
Repayment of Borrowings	—	—
Interest Paid	(1,101.84)	(835.58)
Dividend Paid	(350.57)	(331.06)
Net Cash used in Financing Activities	(534.08)	(190.52)
Net Increase in Cash and Cash Equivalents (A+B+C)	260.42	45.45
Opening Balance of Cash and Cash Equivalents	1,065.27	1,019.82
Closing Balance of Cash and Cash Equivalents	1,325.69	1,065.27

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
(Membership No. 054975)
New Delhi
7th May, 2012

Debendra Banthiya
Company Secretary

For and on behalf of the Board

G. Jhunjhnuwala
Chairman

Dr. R. Srinivasan
Director

S. Sarda
Executive Director & CEO

**Five year review**

	(₹ in lacs)				
Results for the financial year	2011-12	2010-11	2009-2010	2008-2009	2007-2008
Sales	52,596.97	44,014.48	39,416.9	36,886.68	34,013.82
Other Income	275.74	317.56	318.65	286.84	270.18
Material Consumed	34,357.07	26,781.93	23,226.75	20,677.42	18,955.81
Manufacturing, Administration, Selling and Other Expenses	14,889.86	14,709.21	13,899.06	14,716.31	12,944.31
EBIDTA	3,625.78	2,840.90	2,609.74	1,779.79	2,383.88
Interest	1,100.23	837.28	759.96	805.88	630.46
Depreciation	429.80	339.73	338.19	339.99	305.32
Profit before Tax	2,095.75	1,663.89	1,511.59	633.92	1,448.10
Provision for Tax	649.47	497.03	511.55	277.59	489.86
Profit after Tax	1,446.28	1,166.86	1,000.04	356.33	958.24
Share Capital	378.57	378.57	378.57	378.57	378.57
Reserve and Surplus	5,993.84	4,992.34	4,184.59	3,529.66	3,319.48
Earning per share (in ₹)	38.20	30.82	26.42	9.41	25.31
Dividend rate (%)	100.00	80	75	30	70

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*	
---------	--

Master Folio No.	
------------------	--

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

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

NAME AND ADDRESS OF THE SHAREHOLDER

I hereby record my presence at the 110th ANNUAL GENERAL MEETING of the Company held on Wednesday, the 18th July, 2012 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*	
---------	--

Master 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 110th ANNUAL GENERAL MEETING of the Company to be held on Wednesday, the 18th July, 2012 at 11.00 a.m.

Signed this day of 2012.

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

Industrial



Protective Coatings

Packaging



Marine



BOOK- POST

If undelivered please return to:

SHALIMAR PAINTS LTD.

Regd. Office : Goaberia, P.O. Danesh Shaikh Lane,
Howrah - 711 109, West Bengal