

BERGER PAINTS INDIA LIMITED



Report and Accounts 2004 - 2005

BOARD OF DIRECTORS

Kuldip Singh Dhingra
Chairman

G S Dhingra
Vice Chairman

Subir Bose
Managing Director

Anil Bhalla

K R Das

Gurcharan Das

Naresh Gujral

Rajive Sawhney

COMPANY SECRETARY

Aniruddha Sen

AUDITORS

Lovelock & Lewes

BANKERS

Bank of Baroda

Central Bank of India

Citibank, N.A.

Corporation Bank

HDFC Bank Ltd.

The Hongkong & Shanghai Banking Corporation Ltd.

ICICI Bank Ltd.

Standard Chartered Bank

State Bank of India

Union Bank of India

REGISTERED OFFICE

Berger House, 129 Park Street, Kolkata 700 017

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DIRECTORS' REPORT

Your Directors are pleased to present the Annual Report of the Company, together with the audited accounts for the financial year ended 31st March, 2005.

1. FINANCIAL RESULTS & APPROPRIATIONS

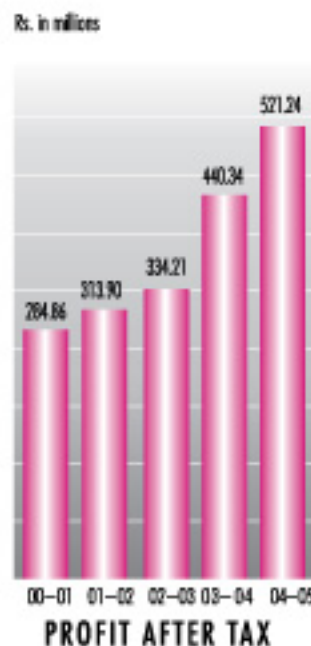
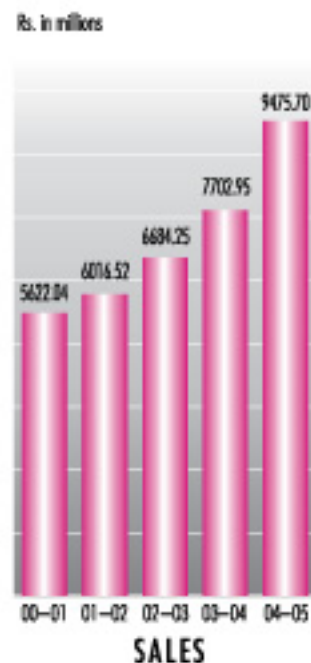
(Rs. in millions)

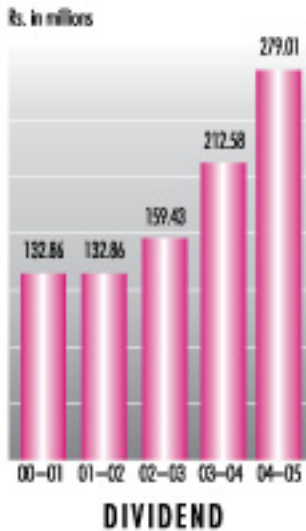
	BPIL		Consolidated	
	2004-05	2003-04	2004-05	2003-04
Profit before Depreciation, Interest and Exceptional Item	913	782	957	811
Less :				
Depreciation	157	139	163	149
Interest	36	28	38	37
Exceptional Item (Expenditure under Voluntary Retirement Scheme/Gratuity)	57	1	57	1
Profit Before Tax	663	614	699	624
Less :				
Provision for Taxation	142	174	148	182
Profit After Taxation	521	440	551	442
Add :				
Profit brought forward from the previous year	180	180	180	180
Available for appropriation	701	620	731	622
Appropriations :				
Transfer to General Reserve	204	200	231	202
Dividend(s) Interim	139	93	142	93
Final (Proposed)	140	120	140	120
Tax on dividend	38	27	38	27
Balance carried to Balance Sheet	180	180	180	180
	701	620	731	622

2. OPERATIONAL & FINANCIAL PERFORMANCE

The Consolidated Sales achieved during the financial year ended 31st March, 2005 was Rs.9827 million as against Rs.8141 million in the previous year showing a growth of 21%. During the financial year ended 31st March, 2005, the Company achieved Sales of Rs.9476 million as against Rs.7703 million in the previous year, on a stand alone basis, registering a growth of 23%. The Profit before Depreciation, Interest and Exceptional Item was Rs.913 million as against Rs.782 million in the previous year, recording an improvement of 17%. The Profit Before Tax at Rs.663 million and the Profit After Tax at Rs.521 million during the year under review showed improvement of 8% and 18% respectively.

The year 2004-05 witnessed another period of steady growth for your Company in both Retail and Industrial segments. The Company put in sustained efforts to raise the prices of both Retail and Industrial products due to significant increase in raw material prices, arising out of increases in crude oil petroleum prices. These efforts enabled your Company to ensure that the impact on profitability was kept to a bare minimum.





The demand for both solvent and water based products in Decorative Paints was good throughout the year due to a significant increase in demand from housing and infrastructure sectors. Your Company's special efforts for improving its market share in Interior and Exterior Emulsions were fairly successful and your Company was able to register good growth in this profitable segment.

The Automotive and Protective Coatings segments also grew well due to an increase in automotive production and significant growth in infrastructure and core sectors of the Indian economy.

Your Company's new initiatives in Berger Home Decor and Berger Illusions met with a fair level of success and the Company intends to further consolidate its progress and development in these areas.

3. DIVIDEND

The Company paid an interim dividend of 35% for the year under review in January 2005 amounting to Rs.139 million.

Your Directors recommend a final dividend of 35% for the year under review. This, if approved, will absorb an amount of Rs.140 million and will be paid to those members whose names appear in the Register of Members as on 27th July, 2005. The total dividend payment for the year will therefore be Rs.279 million as compared to Rs.213 million in the previous year.

In terms of the provisions of Section 205C of the Companies Act, 1956, your Company transferred an amount of Rs.1,589,021 to the Investor Education and Protection Fund, in respect of dividend amounts lying unclaimed / unpaid for more than seven years from the date they became due i.e., for the year ended 31st March, 1997 in respect of interim and final dividends and 31st March, 1998 in respect of interim dividend.

4. AMALGAMATION OF BERGER AUTO & INDUSTRIAL COATINGS LIMITED WITH THE COMPANY

The respective shareholders of Berger Auto & Industrial Coatings Limited ("BAICL"), wholly owned subsidiary of the Company with its factory at Rishra, West Bengal and the Company, approved the Scheme of Amalgamation of BAICL with your Company, effective 1st April 2004, at their meetings held on 11th January, 2005. The Hon'ble High Court at Calcutta sanctioned the aforesaid Scheme of Amalgamation - vide its Order dated 3rd March, 2005. The said Order was filed with the Registrar of Companies, West Bengal on 31st March, 2005. BAICL therefore stands amalgamated with the Company with effect from 1st April, 2004 pursuant to the Order of the Hon'ble High Court and operates as "BAICL Division" of the Company.

Accordingly, the assets, liabilities and reserves of BAICL as at 1st April, 2004 have been taken over by your Company in accordance with the relevant accounting standards.

5. SUBSIDIARY COMPANIES & JOINT VENTURE

The Statement of the holding company's interest in the subsidiary companies namely Beepee Coatings Pvt. Ltd. ("Beepee Coatings"), Berger Jenson & Nicholson (Nepal) Pvt. Ltd. ("BJN - Nepal"), and Berger Paints (Cyprus) Ltd. ("Berger Cyprus") and subsidiary of its subsidiary company namely Berger Paints Overseas Limited ("Berger Russia") as specified in Sub-section (3) of Section 212 of the Companies Act, 1956 ('the Act') is attached to the Report and Accounts of the Company.

The performance of Beepee Coatings, a wholly owned subsidiary with its entire manufacturing facilities dedicated to processing of the Company's products was satisfactory. The processing income amounted to Rs.56 million and the Profit Before Tax was Rs.1 million.

BJN-Nepal, also a wholly owned subsidiary has shown substantial improvement. During the year under review, the company achieved a turnover of Rs.72 million and Profit Before Tax of Rs.8.4 million.



The Company invested in Berger Cyprus, a company incorporated in Cyprus on 3rd February, 2005 for the purpose of setting up a paint manufacturing facility in Russia and for carrying out such other activities and investments in the international market as may be deemed fit. Berger Cyprus is a wholly owned subsidiary of the Company effective 3rd February, 2005.

Subsequently, on 5th March, 2005, Berger Cyprus incorporated a wholly owned subsidiary in Russia by the name of Berger Paints Overseas Limited. Berger Russia is expected to commence business activities, in the Republic of Adygeya in Russia, soon.

The Company's joint venture, Berger Becker Coatings Private Limited, has achieved good results during the year under review.

The Company has applied for exemption under Section 212 of the Companies Act, 1956 from the Department of Company Affairs from annexing to this Report the Annual Reports of the above subsidiaries for the year ended 31st March, 2005 and its approval is expected shortly. The Consolidated Financial Statement includes the results of these subsidiary companies duly audited by their respective statutory Auditors. Annual Accounts of the subsidiary companies and related detailed information shall be made available to the members seeking such information and shall also be kept for inspection at the Registered Office of the Company by any investor during working hours.

Consequent to issue of shares on a private placement basis to Punjab National Bank, Vijaya Bank and Principal Financial Group (Mauritius) Limited on 21st February, 2005, Pnb Principal Insurance Advisory Company Private Limited (erstwhile Avani Insurance Services Private Limited) has now ceased to become a subsidiary of the Company. The Company now holds 125,000 equity shares of Rs.100/- each representing 25% of the paid up capital in Pnb Principal Insurance Advisory Company Private Limited. Pnb Principal Insurance Advisory Company Private Limited has commenced its business of direct brokers in insurance in accordance with IRDA (Insurance Brokers) Regulations, 2002.

6. SOLVENT-BASED PLANT

During the year under review, your Company started commercial production of the new solvent-based paints plant at Jammu in addition to the water based paints plant as stated in the Report of the Directors for the year 2003-2004. A powder coating plant is now under construction.

7. CONSOLIDATED FINANCIAL STATEMENT

The duly audited Consolidated Financial Statement as per the Accounting Standard AS-21 and as per provisions of Clause 32 of the Listing Agreement has been prepared after considering the audited financial statements of your Company's subsidiaries and appear in the Annual Report of the Company for the year 2004-05.

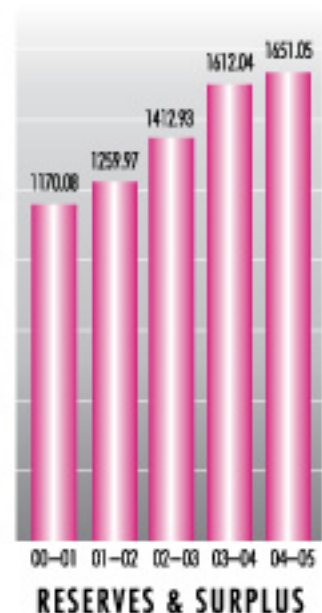
8. CORPORATE GOVERNANCE

Your Company re-affirms its commitment to the standards of corporate governance. This Annual Report carries a section on Corporate Governance and benchmarks your Company with the provisions of Clause 49 of the Listing Agreement.

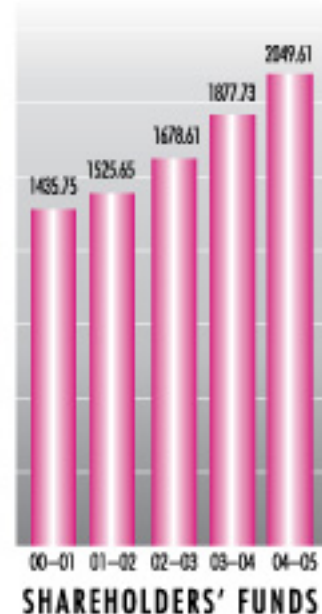
9. TECHNICAL LICENCE AGREEMENTS

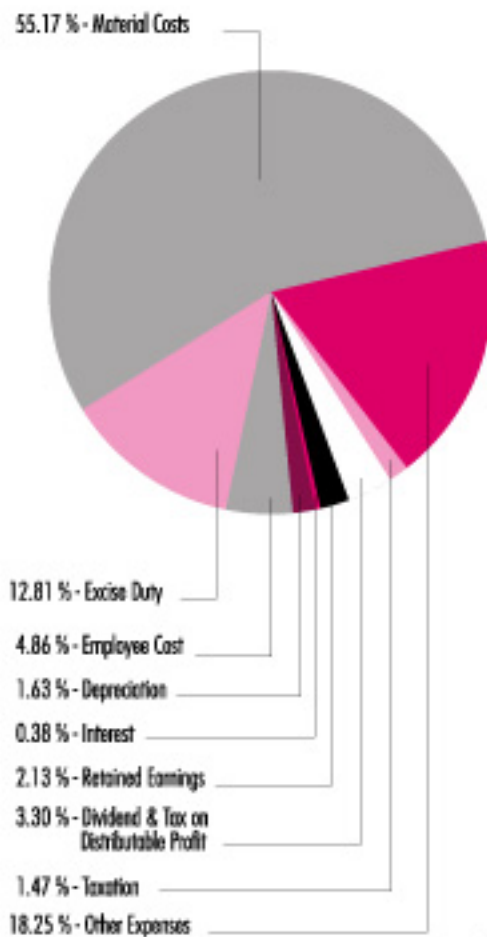
Your Company has Technical Licence Agreements with (1) DuPont Performance Coatings in the area of Automotive Coatings, (2) Nippon Paint Co. Ltd. for new generation Automotive Coatings, (3) Orica Australia Pty. Ltd. in the area of Protective Coatings, (4) TIGERWERK Lack-u.Farbenfabrik GmbH & Co. KG, Austria for specialized powder coatings and (5) Nippon Bee Chemical Co. Ltd. for coating on bumpers and other plastic auto parts and mobile phones. Products manufactured with the know-how of the collaborators have been well received by the concerned customers.

Rs. in millions



Rs. in millions



DISTRIBUTION OF INCOME

10. FOREIGN EXCHANGE

Your Company earned foreign exchange of Rs.12 million from export of paints and consultancy fees. Details of Foreign Exchange outgo and earnings appear in items (v) to (viii) of Schedule 21 of the Accounts for the year under review.

11. FUTURE PROSPECTS

Given the sustained buoyancy in different sectors ruling the paints demand, the industry is expected to post a steady growth rate in the future years. Your Company plans to counter the uncertainty in certain key input prices through proper planning and contracting mechanism and a further focus on various aspects of cost.

The Value Added Tax (VAT) has been implemented partially and despite initial fears and uncertainties at the grass root levels, the decorative paint market shows signs of coming to terms. The protective coatings business should sustain past growth levels in view of the impetus given by the Government to the infrastructure sector.

The year to date performance is encouraging and barring unforeseen circumstances, your Directors are optimistic that your Company will continue to show a healthy growth in 2005-06.

12. SHARE RELATED INFORMATION

Pursuant to the resolution passed at the Extraordinary General Meeting held on 19th April, 2004 the authorized and subscribed equity shares of the face value of Rs.10/- each were subdivided into a face value of Rs.2/- per equity share with effect from 1st September, 2004.

As stated in the Report of the Directors for the year 2003-04, bonus shares in the ratio of one bonus share for every two equity shares held in the Company were allotted on 12th April, 2004.

The Company made a public announcement on 10th May, 2005 for buy-back of its own equity shares, pursuant to the Board Resolution dated 29th April, 2005, by way of open market purchase through National Stock Exchange of India Limited at a price not exceeding Rs.60/- per equity share for an aggregate consideration not exceeding Rs.1859 lakhs ("Offer Size"). The Offer Size represents 10% of the aggregate of the Company's paid-up equity capital and free reserves as on 31st March, 2004.

While the Company has bought back 4200 equity shares under the said buy-back programme, currently it is not progressing with the same and will commence buy-back as and when deemed appropriate by the Board of Directors, pursuant to the Public Announcement published on 10th May, 2005.

13. FIXED DEPOSITS

Your Company's financial position continues to be healthy. The Company has discontinued acceptance of fresh deposits and renewal of deposits. The total amount of public deposits in your Company as on 31st March, 2005 was Rs.46 million. Deposits amounting to Rs.5.8 million, which had matured for repayment are lying unclaimed, for which your Company has sent out reminders. Out of the aforesaid amount of Rs.5.8 million, Rs.64 thousand has been transferred to the Investor Education and Protection Fund.

14. COST AUDITORS

The Board of Directors have re-appointed M/s N. Radhakrishnan & Co., Kolkata, Mr V. Gopalakrishnan, Pondicherry and N. Dewan & Co., New Delhi, as the Cost Auditors of the Company under Section 233B of the Companies Act, 1956, for its various factories across the country, subject to the approval of the Central Government, for the year 2005-06. The Cost Auditors' Reports will be forwarded to the Central Government as required under law.

15. HUMAN RESOURCES

As on 31st March, 2005 your Company had 1,937 employees. Industrial Relations were satisfactory during the year under review.

Your Company pursues a policy of extensive training and development programme to enhance and update the skills and knowledge of its human resources. A new training programme oriented towards field personnel has been put in place. The performance appraisal system has been refurbished to objectively address the corporate and individual needs and aspirations.

The management wishes to put on record its deep appreciation, co-operation and efforts of all employees for the betterment of the organization.

A Voluntary Retirement Scheme offered to employees received good response.

16. INFORMATION PURSUANT TO SECTION 217 OF THE ACT

A. CONSERVATION OF ENERGY & TECHNOLOGY ABSORPTION

Information pursuant to Section 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosures of Particulars in the Report of Board of Directors) Rules, 1988 and forming part of the Directors' Report for the financial year ended 31st March, 2005 is given in Annexure III to the Report.

B. PARTICULARS OF EMPLOYEES

Statement under Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, as amended, is given in Annexure IV to this Report.

C. DIRECTORS' RESPONSIBILITY STATEMENT

Your Directors wish to inform that the Audited Accounts containing Financial Statements for the financial year ended 31 March, 2005 are in full conformity with the requirements of the Companies Act, 1956. They believe that the Financial Statements reflect fairly, the form and substance of transactions carried out during the year and reasonably present your Company's financial condition and results of operations.

Your Directors further confirm that in preparation of the Annual Accounts :

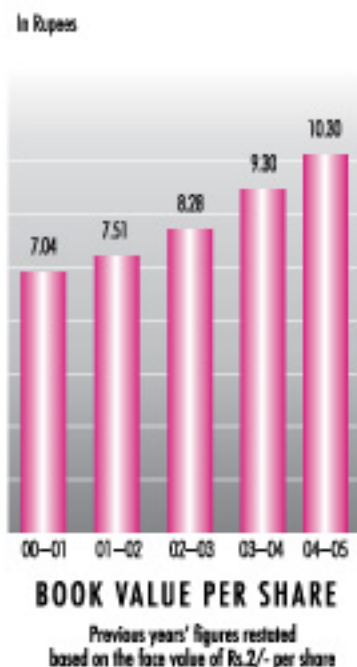
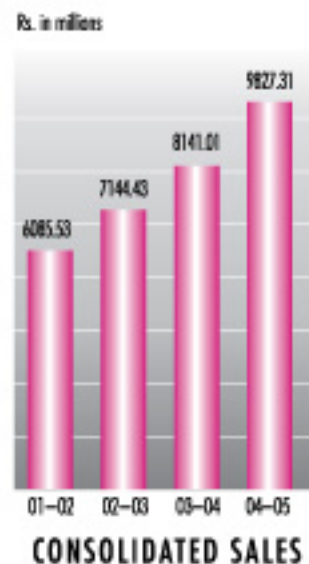
- i) the applicable accounting standards have been followed and wherever required, proper explanations relating to material departures have been given,
- ii) the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent 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 or loss of the Company for that period,
- iii) proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Act 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.

17. DIRECTORS

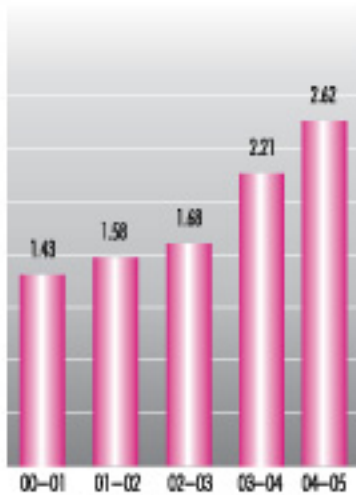
Pursuant to Article 112 of the Articles of Association of the Company, Mr Kuldeep Singh Dhingra and Mr Gurcharan Das retire by rotation and being eligible offer themselves for re-appointment.

Mr Kuldeep Singh Dhingra is a graduate and an industrialist. Mr Dhingra is a promoter of the Company and is the Chairman of the Board of Directors. Under Mr Dhingra's guidance, the Company has achieved the present status. He has vast and rich experience in paints business and also other industries. He is on the Board of a number of companies.

Mr Gurcharan Das is a Harvard graduate and was the CEO of Procter & Gamble India and the Managing Director of Procter & Gamble, Worldwide. He is an author and management consultant and advises companies on global strategy. He is on the board of a number of companies.



In Rupees



EARNINGS PER SHARE

Previous years' figures restated based on the face value of Rs.2/- per share

18. RELATED PARTY TRANSACTIONS

A Statement of related party transactions pursuant to Accounting Standard 18 forms a part of this Annual Report.

19. LISTING WITH STOCK EXCHANGES

Your Company is listed with The Calcutta Stock Exchange Association Limited, The Stock Exchange - Mumbai and National Stock Exchange of India Limited and the Company has paid the listing fee to each of the Exchanges. The addresses of these Stock Exchanges and other information for Shareholders are given in this Annual Report.

20. AUDITORS

The Auditors, Messrs Lovelock & Lewes, retire at the conclusion of the ensuing Annual General Meeting and, being eligible under Section 224(1B) of the Act, offer themselves for re-appointment.

21. APPRECIATION

Your Directors place on record their deep appreciation of the assistance and guidance provided by the Central Government and the Governments of the States of India, its suppliers, technology providers and all other stakeholders. Your Directors thank the financial institutions and banks associated with your Company for their support as well. Your Directors also thank the Company's dealers and its customers for their unstinted commitment and valuable inputs.

Your Directors acknowledge the support received from you as shareholders of the Company.

Kolkata

Dated : 4th June, 2005

On behalf of the Board of Directors

KULDIP SINGH DHINGRA
CHAIRMAN

ANNEXURE – I
CORPORATE GOVERNANCE

Corporate Governance provides that a company is directed in such a way that it performs efficiently and effectively, keeping in view the long term interest of the stakeholders, while respecting laws and regulations of the land and contributing, as a responsible corporate citizen, to the national exchequer.

I. COMPANY'S PHILOSOPHY

Your Company believes in professionalism of management, transparency and sound business ethics. It encourages wide participation from all stakeholders.

II. BOARD OF DIRECTORS

Of the 8 members on the Board, 7 are Non-Executive Directors and majority of them are independent.

The names of the Directors and their Directorships in other Public Limited Companies are as below :—

Name of Director	Other Directorships	Remuneration	Sitting Fees
Mr. Kuldip Singh Dhingra <i>Non-Executive Chairman</i>	Citland Commercial Credits Ltd.	N.A.	Rs. 12000
Mr. G S Dhingra <i>Non-Executive Vice Chairman</i>	Citland Commercial Credits Ltd.	N.A.	Rs. 24000
Mr. Subir Bose <i>Managing Director</i>	N.A.	As per <i>Annexure IV</i>	N.A.
Mr. Anil Bhalla <i>Non-Executive Director (Independent)</i>	Bharti Telecom Finance Ltd.	N.A.	Rs. 36000
Mr. K R Das <i>Non-Executive Director (Independent)</i>	Bengal Waterproof Ltd.	N.A.	Rs. 58000
Mr. Rajive Sawhney <i>Non-Executive Director (Independent)</i>	Talbro's Automotive Components Ltd. Win-Medicare Ltd.	N.A.	Rs. 2000
Mr. Gurcharan Das <i>Non-Executive Director (Independent)</i>	Crest Animation Developers Ltd. Fortis Health Care Ltd. Mastek Ltd. Ranbaxy Laboratories Ltd. Zodiac Clothing Company Ltd.	N.A.	Rs. 12000
Mr. Naresh Gujral <i>Non-Executive Director (Independent)</i>	N.A.	N.A.	Rs. 6000

The number of Board Meetings and the attendance of Directors as well as their attendance at the last AGM during the financial year 2004-2005 were as below :—

Name of Director	Board Meeting Dates & Attendance										AGM Date & Attendance
	19.04.04	14.05.04	15.06.04	29.07.04	31.08.04	16.09.04	25.10.04	28.12.04	10.01.05	29.01.05	
Mr. Kuldip Singh Dhingra	✓	✓	✓	X	✓	✓	✓	X	X	✓	X
Mr. G S Dhingra	X	✓	✓	✓	X	✓	✓	✓	X	✓	✓
Mr. Subir Bose	✓	X	✓	✓	✓	✓	X	X	✓	✓	✓
Mr. Anil Bhalla	X	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Mr. K R Das	✓	X	✓	X	X	X	✓	X	✓	✓	X
Mr. Rajive Sawhney	X	X	X	X	✓	X	X	X	X	X	X
Mr. Gurcharan Das	X	X	✓	X	✓	✓	✓	✓	X	✓	X
Mr. Naresh Gujral	X	X	X	X	✓	✓	X	✓	X	X	X

III. COMMITTEE OF DIRECTORS
A. AUDIT COMMITTEE

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

The Audit Committee comprises :

Mr. Anil Bhalla (Chairman)

Mr. K R Das

Mr. G S Dhingra

Mr. Aniruddha Sen - Secretary

The number of Audit Committee Meetings and the attendance of Directors during the financial year 2004-2005 were as follows :—

Name of Director	Meeting Dates & Attendance							
	10.04.04	15.06.04	09.07.04	29.07.04	01.10.04	25.10.04	10.01.05	29.01.05
Mr. Anil Bhalla	✓	✓	✓	✓	✓	✓	✓	✓
Mr. K R Das	✓	✓	X	X	✓	✓	✓	✓
Mr. G S Dhingra	X	✓	✓	✓	X	✓	X	✓

Note : The quorum of two independent directors as required by the Listing Agreement was present in 6 Audit Committee Meetings out of 8 Audit Committee Meetings held during the year.

B. SHAREHOLDERS' COMMITTEES

1. The composition of the Shareholders' Committees are as follows :

(A) SHARE TRANSFER COMMITTEE

Mr. Subir Bose (Chairman)

Mr. K R Das

Mr. Aniruddha Sen - Secretary

(B) INVESTORS' GRIEVANCE COMMITTEE

Mr. K R Das (Chairman)

Mr. Subir Bose

Mr. Anil Bhalla

Mr. Aniruddha Sen - Secretary

2. Number of Meetings of the above Committees and the attendance of Directors during the financial year 2004-2005 were as follows :—

a. FOR SHARE TRANSFER COMMITTEE MEETING

Name of Director	Meeting Dates & Attendance							
	12.04.04	27.04.04	14.05.04	27.05.04	15.06.04	30.06.04	14.07.04	30.07.04
Mr. Subir Bose	✓	✓	✓	✓	✓	✓	✓	✓
Mr. K R Das	✓	X	✓	✓	✓	✓	X	X
	13.08.04	01.09.04	20.09.04	04.10.04	28.10.04	16.11.04	30.11.04	14.12.04
	✓	✓	✓	✓	X	✓	✓	✓
	X	✓	X	✓	✓	✓	✓	✓
	27.12.04	13.01.05	27.01.05	11.02.05	28.02.05	11.03.05	24.03.05	
	✓	✓	✓	✓	✓	✓	✓	
	✓	✓	✓	✓	✓	✓	✓	

b. FOR INVESTORS' GRIEVANCE COMMITTEE MEETING

Name of Director	29.03.05
Mr. K R Das	X
Mr. Subir Bose	✓
Mr. Anil Bhalla	✓

IV. GENERAL BODY MEETINGS

Date, Time & Venue of the last three Annual General Meetings

FY ended	Date	Time	Venue	If Special Resolution Passed
March 31, 2002	31.07.02	11.00 a.m.	Kalamandir 48, Shakespeare Sarani, Kolkata-700 017	Yes (one)
March 31, 2003	31.07.03	11.30 a.m.	G D Birla Sabhagar, 29 Ashutosh Choudhury Avenue, Kolkata-700 019	No
March 31, 2004	29.07.04	10.30 a.m.	G D Birla Sabhagar, 29 Ashutosh Choudhury Avenue, Kolkata-700 019	No

V. MEANS OF COMMUNICATION

Quarterly and Half Yearly Results are published in leading English and Vernacular dailies and are placed on the Company's website - www.bergerpaints.com

As per requirements of Clause 51 of the Listing Agreement, quarterly financial results, shareholding pattern in the Company, report on compliance with corporate governance code and other important information are provided at the special website - www.sebiedifar.com

VI. MANAGEMENT DISCUSSION AND ANALYSIS

1. INDUSTRY STRUCTURE AND DEVELOPMENT

In the year 2004-05, manufacturing industry is estimated to have grown by 8.5% against an overall GDP growth of 7%. The paint industry has outperformed the overall industry growth. The shift in preference of decorative consumers towards value added products and services continues unabated. All major paint manufacturers are seized of this opportunity. There is also a marked emphasis on quality in the industrial sector. The Company continues to strengthen its presence in all sectors viz., decorative, industrial, automotive and powder coatings. It has technical collaborations with major international producers for addressing the requirements of quality conscious customers and has a performance oriented policy in place. In practice, this is aimed at continuous improvement of the quality of its products and development of new products based on market perception. Besides, the Company continues to focus on developing its brands and establishing new concepts. The Company is also exploring options of strategic alliances with reputed partners for sustaining and furthering its position in the paint industry.

2. OPPORTUNITIES AND THREATS

India has one of the lowest per capita consumption of paints in the world presenting a potential to grow manifold. The demand for industrial paints is also likely to grow at a higher rate in keeping with the global trend. With continued stress on housing, the decorative sector is likely to witness a uniform growth in the foreseeable future, given a constant demand from the rural market. The industrial demand will depend on the overall performance of the industry, particularly in automotive and consumer durables sectors and capacity additions of various users of industrial paints such as chemical units, power units and refineries.

There is increasing competition in all sectors leading to reduction in pricing power and pressure on profit margin.

3. OUTLOOK

With expectations of growth in the housing sector and economic liberalization, the demands for both decorative and industrial paints are estimated to grow at a steady rate. The outlook, coupled with increased competition, appears to be challenging.

4. RISK AND CONCERN

Most of the raw materials used are petroleum based and hence the Company is subject to cyclical fluctuations in the prices of these products. While decorative paints are price sensitive, industrial paints are susceptible to end user business cycles.

5. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company has adequate internal control systems which enable it to run its factories and depots at a fair degree of comfort in so far as internal control systems are concerned. The system incorporates continuous monitoring, checks and balances, negotiation, authorization and delegation procedures, audits including compliance audits, which are periodically reviewed by the Audit Committee. A strong Internal Audit Department keeps a regular surveillance over the whole operations.

Other matters such as operational and financial performance, human resources, etc., as well as a brief resume of Directors appointed and re-appointed and related party disclosures have been discussed under the respective heads in the Directors' Report.

VII. DISCLOSURES

The statement of related party transactions forms a part of the Annual Report. The related party transactions do not have potential conflict with the interests of the Company at large.

The Company has complied with all requirements of the Listing Agreement with Stock Exchanges as well as the Regulations and Guidelines prescribed by SEBI.

Kolkata
Dated : 4th June, 2005

On behalf of the Board of Directors
Kuldip Singh Dhingra
Chairman

ANNEXURE - II**GENERAL SHAREHOLDERS' INFORMATION**

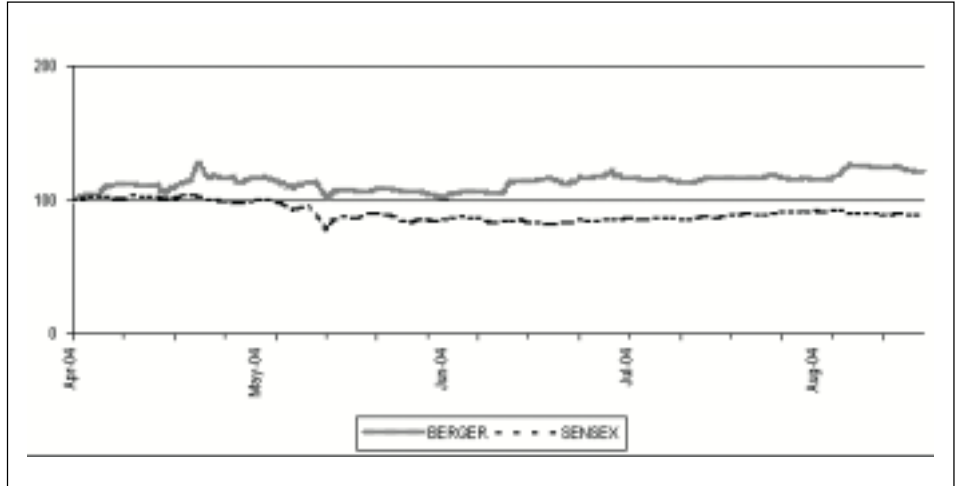
	<u>Date</u>	<u>Time</u>	<u>Venue</u>
Annual General Meeting	: 27th July, 2005	11.00 a.m.	Kalamandir 48, Shakespeare Sarani Kolkata - 700 017
Book Closure Dates	: 13th July, 2005 to 27th July, 2005		(Both days inclusive)
Dividend Payment Dates	: Interim Final		25th January, 2005 On or before 12th August, 2005
Ensuing Financial Reporting Calendar	: Financial Reporting for the quarter ended 30th June, 2005 30th September, 2005 31st December, 2005 31st March, 2006 (Audited)		— By 31st July, 2005 — By 31st October, 2005 — By 31st January, 2006 — By 30th June, 2006
Listing on Stock Exchanges	: The Calcutta Stock Exchange Association Limited 7, Lyons Range, Kolkata - 700 001 National Stock Exchange of India Limited “Exchange Plaza”, 5th Floor, Plot No. C/1 'G' Block, Bandra - Kurla Complex Mumbai - 400 051		The Stock Exchange - Mumbai Phiroze Jeejeebhoy Towers Dalal Street, Mumbai - 400 001
Stock Codes	: 12529 (CSE) 509480 (BSE)		BERGEPAIN (NSE)
Depositories	: The National Securities Depository Ltd. 4th Floor, Trade World, Kamala Mill Compound Senapati Bapat Marg, Lower Parel, Mumbai-400 013		Central Depositories Services (India) Ltd. Phiroze Jeejeebhoy Towers, 28th Floor Dalal Street, Mumbai-400 023
ISIN No.	: INE463A01020		

Market Price (High & Low) at NSE during each month of the Financial Year 2004-05

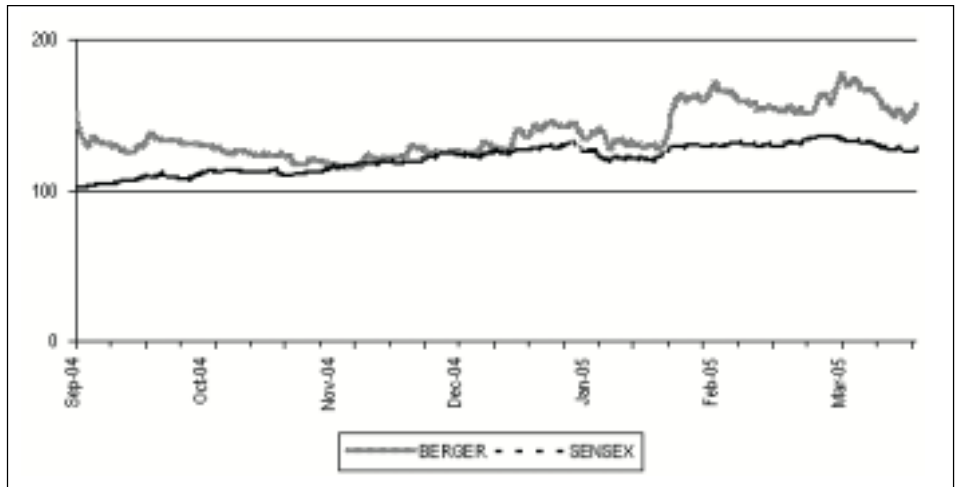
Month	Face Value (Rs.)	High (Rs.)	Low (Rs.)	
April	10	138.75	103.00	Represents market price of shares after sub-division. Please see note.
May	10	125.00	96.00	
June	10	129.90	100.00	
July	10	132.00	116.00	
August	Rs. 10 upto 24.8.2004 Rs. 2 after 24.8.2004 (no delivery period at BSE from 24.8.2004)	136.40	25.50 *	
September	2	41.60 *	32.75 *	
October	2	35.90 *	31.00 *	
November	2	35.60 *	30.75 *	
December	2	42.90 *	33.00 *	
January	2	42.70 *	34.00 *	
February	2	47.00 *	38.00 *	
March	2	52.00 *	38.50 *	

* Note : The face value of the equity shares of the Company were sub-divided from Rs. 10 each to Rs. 2 per share. The market prices during this period are therefore not comparable with the market prices of the period prior to the sub-division.

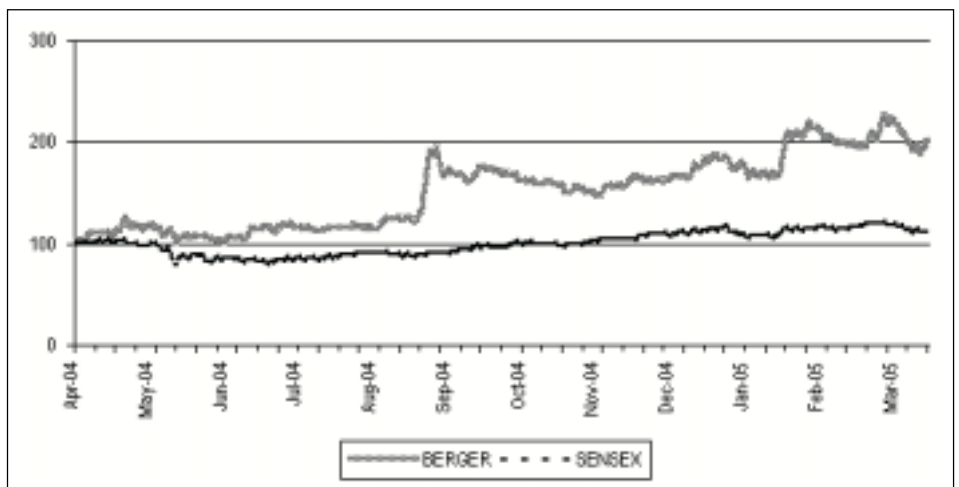
Share Performance in relation to BSE Sensex (Indexed) prior to the sub-division of the Equity Shares of the Company of the face value of Rs. 10 each to Rs. 2 per share with effect from 01.09.2004



Share Performance in relation to BSE Sensex (Indexed) after the sub-division of the Equity Shares of the Company of the face value of Rs. 10 each to Rs. 2 per share with effect from 01.09.2004



The following chart is given for comparative purpose, in order to show the Share Performance in relation to BSE Sensex (Indexed), had the face value of the Equity Shares of the Company been Rs. 10 per share, throughout the year



Number of Shareholders : 28165
(As at 31.03.2005)

Shareholding Pattern (As at 31.03.2005)	:	<u>Status</u>	<u>Holding (%)</u>
		Indian Promoters	73.53
		Non-Resident Individuals/Companies	0.26
		Financial Institutions	6.58
		Resident Individuals	16.11
		Domestic Companies	2.89
		Nationalised Banks & Mutual Funds	0.63
			<u>100.00</u>

Distribution of Shareholding (As at 31.03.2005)	:			
		No. of Shares	No. of Shareholders	% of Shareholders
		Up to 500	15026	53.35
		501 – 1000	4521	16.05
		1001 – 2000	4262	15.13
		2001 – 3000	2076	7.37
		3001 – 4000	845	3.00
		4001 – 5000	397	1.41
		5001 – 10000	690	2.45
		10001 and above	348	1.24

Share Transfer System : Shares sent for physical transfer are effected within 15 working days of lodgement. The Share Transfer Committee meets as often as required. The total number of shares transferred in physical form during the year 2004-2005 was 175362 (29072 shares of face value of Rs. 10 each during 1st April, 2004 to 1st September, 2004 and 146290 shares of face value of Rs. 2 each during 2nd September, 2004 to 31st March, 2005) compared to 57376 (face value of Rs. 10 each) during 2003-2004.

Complaints in the year : Number of complaints received – 30
Number of complaints attended to – 30

Dematerialisation of Shares & Liquidity : 85.43% of the Company's shares are held in electronic form.

Plant Location : This information forms part of the annual report.

Registrars and Share Transfer Agents and Address for Correspondence : C B Management Services (P) Ltd.
P-22, Bondel Road, Kolkata-700 019

Compliance Officer : Mrs. T Punwani

Non-Mandatory requirements : A Chairman's office with requisite facilities is provided and maintained at the Company's expense for use by its Non-Executive Chairman. All expenses incurred in furtherance of the Company's business interests are reimbursed by the Company.

Compliance Certificate from Auditors of the Company

As required by Clause 49 of the Listing Agreement, the Auditors' Certificate is given as an Appendix to the Report on Corporate Governance.

On behalf of the Board of Directors

Kolkata
Dated : 4th June, 2005

Kuldip Singh Dhingra
Chairman

**AUDITORS' CERTIFICATE ON COMPLIANCE WITH THE CONDITIONS OF
CORPORATE GOVERNANCE UNDER CLAUSE 49 OF THE LISTING AGREEMENT**

To the Members of **Berger Paints India Limited**

We have examined the compliance of conditions of Corporate Governance by Berger Paints India Limited, for the year ended on 31st March, 2005, as stipulated in clause 49 of the Listing Agreement of the said Company with the stock exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementations thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. 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 the explanations given to us, read with note under section A of Annexure I to the Directors' Report on Corporate Governance regarding quorum of certain Audit Committee Meetings, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above-mentioned Listing Agreements.

We state that in respect of investor grievances received during the year ended 31st March, 2005, no investor grievances are pending for a period exceeding one month against the Company as per records maintained by the Company which are presented to the Shareholders' / Investors' Grievance Committee.

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

Partha Mitra

Partner

Membership Number 50553

For and on behalf of

LOVELOCK & LEWES

Chartered Accountants

Place : Kolkata

Date : 4th June, 2005

ANNEXURE III TO DIRECTORS' REPORT PURSUANT TO SECTION 217(1)(e) OF THE COMPANIES ACT, 1956 FOR THE YEAR ENDED 31ST MARCH, 2005
**FORM A
DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY**

(A) Power and Fuel Consumption	Current Year	Previous Year
1. Electricity :		
(a) Purchased		
Units	9,809,384	7,046,821
Total Amount	Rs. 44,690,359	Rs. 34,212,266
Rate/Unit	Rs. 4.56	Rs. 4.85
(b) Own Generation		
(i) Through Diesel Generator :		
Units	836,170	242,514
Units per litre of Diesel Oil	3.64	2.84
Cost/Unit	Rs. 6.77	Rs. 6.31
(ii) Through Steam Turbine/Generator		
Units		
Units per litre of Fuel Oil/Gas	Not applicable	Not applicable
2. Coal :		
Quantity		
Total Cost	Not applicable	Not applicable
Average Rate		
3. Furnace Oil :		
Quantity		
Total Cost	Not applicable	Not applicable
Rate/Unit (per KL)		
4. Others :		
Quantity	1,545 KL	1,084 KL
Total Cost	37,141,618	20,407,715
Rate/Unit (per KL)	Rs. 24,045	Rs. 18,823
(B) Consumption per unit of production		
Products	Standard	
Paints, Varnishes & Enamels (KL)	No specific standard	
Resin (KL) for captive consumption	as the consumption	
Unit/KL	per unit depends on	
Electricity	the product mix	
Furnace Oil		
Coal		
Others (LDO for Resin Prod.)		
	68,261 KL	49,070 KL
	24,702 KL	20,513 KL
	115	105
	Not applicable	Not applicable
	Not applicable	Not applicable
	0.06	0.05

The variation in consumption in power and fuel was due to different product mix between current and previous year.

The previous year's figures have been regrouped where necessary.

In view of the amalgamation of Berger Auto and Industrial Coatings Limited with the Company, effective 1st April, 2004, the current year's figures are not comparable with those of the previous year.

On behalf of the Board of Directors

Kolkata
Dated : 4th June, 2005

Kuldip Singh Dhingra
Chairman

ANNEXURE III TO DIRECTORS' REPORT (Contd.)

FORM B

DISCLOSURE OF PARTICULARS WITH RESPECT TO TECHNOLOGY ABSORPTION

Research & Development (R&D)

1. Specific Areas in which R&D carried out by the Company :

- Development of new products.
- Adaptation of Collaborator's Technology in the field of Resins as well as Paints to suit Indian market conditions.
- Technology reproduction.
- Cost reduction with product upgradation.
- New products for Colorbank System.
- Customized products for OEM.

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

- Launching of new decorative products :
— Weathercoat Tile Protector, Illusion
- Launching of new Protective Coating Products :
— Road Marking Paint, Silicone Alkyd Heat Resisting Paint
- Specific products for Industrial & OEM.

3. Future plan of action :

- New products for retail market.
- Low VOC paint.
- Process optimization.
- New products for Two Wheelers, Four Wheelers, Automotive Ancillary, General Industrial, etc.
- Cost reduction.
- Product upgradation.

4. Expenditure on R&D :

	(Rs. in million)
a) Capital	4.20
b) Recurring	18.30
c) Total	22.50
d) Total R&D Expenditure as a percentage of total turnover	0.24%

Technology Absorption, Adaptation and Innovation :

1. Efforts, in brief, made towards technology absorption, adaptation and innovation :

- New products for specific OEM customers through collaborators' technology.
- Products of Powder Coating after assimilation of collaborators' technology.
- A number of products on Protective Coating offered to specific customers.

2. Benefits derived as a result of the above efforts e.g. product improvement, cost reduction, product development, import substitution etc.

- For Automotive Coating, Powder Coating & Protective Coating, several new products have been introduced.

3. Technology Imported during the last 5 years :

Technology Imported	Year of Import	Absorption of Technology
Protective Coating	2001	Mostly absorbed
Powder Coating	2003	In the process of absorption
Automotive Coating	2004	In the process of absorption

On behalf of the Board of Directors

Kolkata

Dated : 4th June, 2005

Kuldip Singh Dhingra
Chairman

ANNEXURE IV TO DIRECTORS' REPORT PURSUANT TO SECTION 217(2A) OF THE COMPANIES ACT, 1956 FOR THE YEAR ENDED 31ST MARCH, 2005

Name	Designation/ Nature of duties	Gross remuneration	Qualification	Experience (Years)	Date of Commencement of employment in the Company	Age	Previous Employment/ Position held
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)

A. EMPLOYED THROUGHOUT THE YEAR AND IN RECEIPT OF REMUNERATION AGGREGATING Rs. 2,400,000/- OR MORE

Mr. Subir Bose	Managing Director	4,966,335	B.Tech., PGDBA	34	09.07.1984	55	Marketing Manager, Abucon Nigeria Ltd.
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B. EMPLOYED FOR A PART OF THE YEAR AND IN RECEIPT OF REMUNERATION AGGREGATING Rs. 2,00,000/- OR MORE PER MONTH

NIL

- Notes :**
1. Gross remuneration includes salary, commission, value of perquisites, medical benefits and Company's contribution to Provident, Superannuation & Gratuity Funds.
 2. The employee does not hold by himself or alongwith his spouse and dependent children, 2% or more of the Equity Shares in the Company.

On behalf of the Board of Directors

Kolkata

Dated : 4th June, 2005

Kuldip Singh Dhingra
Chairman

NOTICE

Notice is hereby given that the Eighty-first Annual General Meeting of Berger Paints India Limited will be held at Kalamandir, 48 Shakespeare Sarani, Kolkata - 700 017 on 27th July, 2005 at 11.00 a.m. to transact the following business :

1. To receive, consider and adopt the Profit and Loss Account for the year ended 31st March, 2005, the audited Balance Sheet as at 31st March, 2005 together with the Directors' and Auditors' Reports thereon.
2. To confirm payment of Interim Dividend and declare a Final Dividend on equity shares of the Company for the year ended 31st March, 2005.
3. To appoint a Director in place of Mr. Kuldip Singh Dhingra who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Gurcharan Das who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint Auditors and to fix their remuneration.

The Register of Members and Share Transfer Books of the Company will remain closed from 13th July, 2005 to 27th July, 2005 both days inclusive.

The final dividend, if declared, will be paid on or before 12th August, 2005 to those members entitled thereto and whose names shall appear on the Register of Members of the Company on 27th July, 2005 or their mandatees.

By Order of the Board

Place : Kolkata
Dated : 4th June, 2005

Aniruddha Sen
Company Secretary

Notes :

1. A Member entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote on a poll instead of himself. A proxy need not be a Member of the Company. Proxies, in order to be effective, must be received by the Company not later than 48 hours before the Meeting.
2. Members are requested to notify any change in their address immediately to C B Management Services (P) Ltd., P-22 Bondel Road, Kolkata - 700 019, the Share Registrars of the Company for shares held in physical form.
3. Members are reminded to send their uncashed dividend warrants, if any, to the Company for revalidation.
4. As per current SEBI Regulations, dividend is required to be credited to shareholders through Electronic Clearing Service (ECS) wherever the facility is available and the requisite details/mandates have been provided by the members. Members desirous of availing this facility may send the details of their bank accounts with addresses and MICR Codes of their banks to their Depository Participants (in case of shares held in dematerialized form) or to C B Management Services (P) Ltd. (in case of shares held in physical form) at the earliest.
5. Members interested in nomination in respect of shares held by them may write to C B Management Services (P) Ltd. for the prescribed form.

Members are requested to bring their copies of the Annual Report and Admission Slip to the meeting.

INFORMATION RELATING TO DIRECTORS PROPOSED TO BE RE-APPOINTED UNDER CLAUSE 49 OF THE LISTING AGREEMENT WITH STOCK EXCHANGES**Item No. 2(a)**

Mr. Kuldip Singh Dhingra has been a Director of the Company since 17th July, 1991. Mr. Dhingra was appointed Chairman of the Board of Directors on 17th June, 1994. Mr. Dhingra is a graduate, an industrialist, promoter of the Company and has a long standing experience of paints and related industries. Mr. Dhingra received Alumni Award from Delhi University for distinction in the field of industry.

Mr. Dhingra is a Director of several companies viz., Berger Becker Coatings Private Limited, Berger Jenson & Nicholson (Nepal) Private Limited, Bigg Investments & Finance Private Limited, Citland Commercial Credits Limited, Flex Properties Private Limited, Malibu Estates Private Limited, Rajdoot Paints Nepal Private Limited, Scorpio Research & Consultants Private Limited, U.K. Paints India Private Limited, Vignette Investments Private Limited, Wazir Estates Private Limited and Berger Cyprus Limited. Since January 2001, Mr. Dhingra is also Honorary Consul of Georgia in India.

Mr. Dhingra does not hold any committee positions in the companies in which he is a Director.

Your Directors recommend the resolution for your approval.

Item No. 2(b)

Mr. Gurcharan Das has been a Director of the Company since 27th July, 2001. Mr. Gurcharan Das is a Harvard graduate and was the CEO of Proctor & Gamble, India and Managing Director of Proctor & Gamble, Worldwide. He is an author and management consultant and advises companies on global strategy.

Mr. Das is a Director of several companies viz., Agni Media Private Limited, Ankar Capital (Private) Limited, Birla Sun Life Trustee Company Private Limited, Crest Animation Developers Limited, Fortis Health Care Limited, Gurcharan Das Consultants Private Limited, Mastek Limited, Ranbaxy Laboratories Limited and Zodiac Clothing Company Limited.

Mr. Das does not hold any committee positions in the companies in which he is a Director.

Your Directors recommend the resolution for your approval.

By Order of the Board

Place : Kolkata
Dated : 4th June, 2005

Aniruddha Sen
Company Secretary

AUDITORS' REPORT

TO THE MEMBERS OF
BERGER PAINTS INDIA LIMITED

1. We have audited the attached Balance Sheet of Berger Paints India Limited, as at 31st March, 2005, and the related Profit and Loss Account and the 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 the 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. As required by the Companies (Auditors' Report) Order, 2003, as amended by the Companies (Auditors' Report) (Amendment) Order, 2004 issued by the Central Government of India in terms of sub-section (4A) of Section 227 of 'The Companies Act, 1956' of India (the 'Act') and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that :
 - (a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (b) 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;
 - (c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - (d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Act;
 - (e) On the basis of written representations received from the directors, as on 31st March, 2005 and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2005 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act;
 - (f) In our opinion and to the best of our information and according to the explanations given to us, the said financial statements together with the notes thereon and attached thereto give in the prescribed manner the information required by the Act and give a true and fair view in conformity with the accounting principles generally accepted in India :
 - (i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2005;
 - (ii) in the case of the Profit and Loss Account, of the profit for the year ended on that date; and
 - (iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Partha Mitra
Partner

Membership Number 50553
For and on behalf of
Lovell & Lewes
Chartered Accountants

Kolkata, 4th June, 2005

ANNEXURE TO AUDITORS' REPORT

(Referred to in paragraph 3 of the Auditors' Report of even date to the members of Berger Paints India Limited on the financial statements for the year ended 31st March, 2005)

1. (a) The Company is maintaining proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) The fixed assets of the Company in its possession and also those in the custody of third parties have been physically verified by the management at intervals, which in our opinion are reasonable having regard to the size of the Company and the nature of its assets and no material discrepancies between the book records and the physical inventory have been noticed.

- (c) In our opinion and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed of by the Company during the year.
2. (a) The inventories have been physically verified by the management during the year. Stocks in the custody of third parties or that in transit as at 31st March, 2005 have been either verified physically by the management or with reference to subsequent receipt of goods or other relevant documents. In our opinion, the frequency of verification is reasonable.
- (b) In our opinion, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) On the basis of our examination of the inventory records, in our opinion, the Company is maintaining proper records of inventories. The discrepancies noticed on physical verification of inventories as compared to book records were not material and have been properly dealt with in the books of account.
3. The Company has not taken or granted any loans, secured or unsecured, from or to companies, firms or other parties covered in the register maintained under Section 301 of the Act. As such, clause 4 (iii) (b), (c), (d), (f) and (g) of the Order are not applicable.
4. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventories, fixed assets and for the sale of goods and services. Further, on the basis of our examination of the books and records of the Company, and according to the information and explanations given to us, we have neither come across nor have been informed of any continuing failure to correct major weaknesses in the aforesaid internal control procedures.
5. (a) In our opinion and according to the information and explanations given to us, the particulars of contracts or arrangements referred to in Section 301 of the Act have been entered in the register required to be maintained under that section.
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements and exceeding the value of Rupees Five Lakhs in respect of any party during the year, have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
6. The Company has not accepted any deposits from the public within the meaning of Section 58A, 58AA or any other relevant provisions of the Act and the rules framed thereunder, where applicable. According to the information and explanations given to us, no Order under the aforesaid Sections has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal on the Company.
7. In our opinion, the Company has an internal audit system commensurate with its size and nature of its business.
8. We have broadly reviewed the books of account maintained by the Company in respect of products where, pursuant to the Rules made by the Central Government of India, the maintenance of cost records has been prescribed under clause (d) of sub-section (1) of Section 209 of the Act and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. However, we are not required to examine and have not carried out any detailed examination of such records.
9. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is regular in depositing 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 material statutory dues as applicable with the appropriate authorities.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, sales tax, wealth tax, service tax, customs duty, excise duty and cess were in arrears, as at 31st March, 2005 for a period of more than six months from the date they became payable.
- (c) According to the information and explanations given to us and the records of the Company examined by us the particulars of income tax, sales tax and excise duty as at 31st March, 2005 which have not been deposited on account of a dispute, are as follows —

Name of the Statute	Amount Rs.	Forum where the dispute is pending
Income Tax Act	18,496,481	Commissioner (Appeals)
Central Excise Act	9,427,928 1,374,846	Appellate Tribunal Commissioner (Appeals)
Central Sales Tax Act	687,088 9,244,364 44,730,570	Appellate Tribunal Appellate Court Deputy Commissioner (Appeals)
Sales Tax Act	1,395,271 4,387,157 28,447,811 52,348,454 28,867,004	High Court Appellate Tribunal Appellate Court Deputy Commissioner (Appeals) Assistant Commissioner (Appeals)

10. The Company has no accumulated losses as at 31st March, 2005 and it has not incurred any cash losses in the financial year ended on that date or in the immediately preceding financial year.
11. According to the records of the Company examined by us and the information and explanations given to us, the Company has not defaulted in repayment of dues to any financial institution or bank as at the balance sheet date.
12. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The provisions of any special statute applicable to chit fund/nidhi/mutual benefit fund/societies are not applicable to the Company.
14. In our opinion, the Company is not a dealer or trader in shares, securities, debentures and other investments.
15. In our opinion and according to the information and explanations given to us, the terms and conditions of the guarantees given by the Company, for loans taken by others from banks or financial institutions during the year, are not prejudicial to the interest of the Company.
16. The Company has not obtained any term loans during the year.
17. On the basis of an overall examination of the Balance Sheet of the Company, in our opinion and according to the information and explanations given to us, there are no funds raised on a short-term basis which have been used for long-term investment.
18. The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act during the year.
19. The Company has not issued any debentures during the year and no debentures are outstanding at the year-end.
20. The Company has not raised any money by public issues during the year.
21. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the management.

Partha Mitra

Partner

Membership Number 50553

For and on behalf of

Lovelock & Lewes

Chartered Accountants

Kolkata, 4th June, 2005

BALANCE SHEET AS AT 31ST MARCH, 2005

	Schedule	31st March, 2005 Rs. '000	31st March, 2004 Rs. '000
SOURCES OF FUNDS			
Shareholders' Funds			
Capital	1	398,561	265,691
Reserves and Surplus	2	1,651,045	1,612,039
		<u>2,049,606</u>	<u>1,877,730</u>
Loan Funds			
Secured Loans	3	66,779	33,475
Unsecured Loans	4	577,316	353,674
		<u>644,095</u>	<u>387,149</u>
Deferred Taxation	5	71,031	78,675
TOTAL		<u>2,764,732</u>	<u>2,343,554</u>
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	6	1,888,961	1,511,794
Less : Depreciation		924,716	758,534
Net Block		964,245	753,260
Capital Work-in-Progress — at cost		115,732	61,606
		<u>1,079,977</u>	<u>814,866</u>
Investments	7	109,109	171,715
Current Assets, Loans and Advances			
Inventories	8	1,668,360	1,117,801
Sundry Debtors	9	846,463	693,575
Cash & Bank Balances	10	219,657	306,034
Loans and Advances	11	254,631	270,692
		<u>2,989,111</u>	<u>2,388,102</u>
Less : Current Liabilities and Provisions			
Liabilities	12	1,257,729	902,506
Provisions	13	159,068	134,897
		<u>1,416,797</u>	<u>1,037,403</u>
Net Current Assets		<u>1,572,314</u>	<u>1,350,699</u>
Miscellaneous Expenditure	14	3,332	6,274
(To the extent not written off or adjusted)			
TOTAL		<u>2,764,732</u>	<u>2,343,554</u>
Notes on the Balance Sheet	14		

NOTES : Schedules 1 to 14 & 21(i) form an integral part of the Balance Sheet.
This is the Balance Sheet referred to in our report of even date.

Kolkata
Dated : 4th June, 2005

Partha Mitra
Partner
Membership Number 50553

For and on behalf of
LOVELOCK & LEWES
Chartered Accountants

On behalf of the Board of Directors
Kuldip Singh Dhingra — Chairman
G S Dhingra — Vice Chairman
Subir Bose — Managing Director
Anil Bhalla — Director
K R Das — Director
Gurcharan Das — Director
Aniruddha Sen — Company Secretary

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31ST MARCH, 2005**

	Schedule	For the year ended 31st March, 2005 Rs. '000	For the year ended 31st March, 2004 Rs. '000
INCOME			
Gross Turnover		9,475,702	7,702,955
Less : Excise Duty		1,229,924	996,912
Net Turnover		<u>8,245,778</u>	<u>6,706,043</u>
Other Income	15	124,828	104,000
		<u>8,370,606</u>	<u>6,810,043</u>
EXPENDITURE			
Materials Consumed	16	5,296,872	4,197,108
Expenses	17	2,160,745	1,830,945
Interest	18	36,382	27,932
Depreciation		156,869	139,292
		<u>7,650,868</u>	<u>6,195,277</u>
PROFIT BEFORE TAXATION AND EXCEPTIONAL ITEM		719,738	614,766
Exceptional Item (Expenditure Under Voluntary Retirement Scheme/Gratuity)		56,957	550
PROFIT BEFORE TAXATION		<u>662,781</u>	<u>614,216</u>
Provision for Taxation			
Current Tax	19	155,914	180,146
Deferred Tax	20	– 14,370	– 6,266
PROFIT AFTER TAXATION		<u>521,237</u>	<u>440,336</u>
Profit brought forward		180,000	180,000
AVAILABLE FOR DISTRIBUTION		<u>701,237</u>	<u>620,336</u>
Transfer to :			
General Reserve		204,124	200,519
Dividend			
– Interim		139,507	93,004
– Final		139,503	119,576
Tax on distributable profit		38,103	27,237
Balance carried to Balance Sheet		180,000	180,000
		<u>701,237</u>	<u>620,336</u>
Earning per share – Basic and diluted (in Rupees)		2.62	2.21

Notes on Profit and Loss Account

21

NOTES : Schedules 15 to 21 form an integral part of the Profit and Loss Account.
This is the Profit and Loss Account referred to in our report of even date.

Kolkata
Dated : 4th June, 2005

Partha Mitra
Partner
Membership Number 50553

For and on behalf of
LOVELOCK & LEWES
Chartered Accountants

On behalf of the Board of Directors
Kuldip Singh Dhingra — Chairman
G S Dhingra — Vice Chairman
Subir Bose — Managing Director
Anil Bhalla — Director
K R Das — Director
Gurcharan Das — Director
Aniruddha Sen — Company Secretary

SCHEDULES

	31st March, 2005 <u>Rs. '000</u>	31st March, 2004 <u>Rs. '000</u>
1. CAPITAL – Equity		
Share Capital		
Authorised :		
200,000,000 (2003-04 : 40,000,000) Ordinary Shares of Rs. 2 each (2003-04 : Rs. 10 each)	<u>400,000</u>	<u>400,000</u>
Issued :		
199,345,230 (2003-04 : 26,582,780) Ordinary Shares of Rs. 2 each (2003-04 : Rs. 10 each)	<u>398,690</u>	<u>265,828</u>
Subscribed :		
199,293,990 (2003-04 : 26,572,532) Ordinary Shares of Rs. 2 each (2003-04 : Rs. 10 each) fully paid-up	398,588	265,725
Less : Calls unpaid	27	34
	<u>398,561</u>	<u>265,691</u>

Notes : Of the above

- (a) 3,151,187 shares allotted fully paid-up pursuant to a contract without payment being received in cash.
- (b) 257,660 shares allotted fully paid-up pursuant to a contract in full redemption of Mortgage Debentures.
- (c) 1,962,282 shares allotted as fully paid Bonus Shares by capitalisation of General Reserve and Share Premium.
- (d) 11,723,666 shares allotted as fully paid Bonus Shares by capitalisation of Share Premium.
- (e) 13,286,266 shares allotted as fully paid Bonus Shares during the year by capitalisation of Share Premium.
- (f) Authorised and paid-up face value of the Company's Ordinary (Equity) Shares of Rs. 10 each sub-divided into authorised and paid-up face value of Rs. 2 per share with effect from 1st September, 2004.

2. RESERVES AND SURPLUS	Balance at 31st March, 2004	**Additions on Amalgamation	Additions	Deductions	Balance at 31st March, 2005
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Revaluation Reserve	18,022	—	—	1,418 *	16,604
General Reserve	1,088,683	– 30,857	204,124	—	1,261,950
Share Premium	324,734	—	20	132,863	191,891
Profit and Loss Account	180,000	—	180,000	180,000	180,000
Capital Reserve	200	—	—	—	200
Capital Redemption Reserve	400	—	—	—	400
	<u>1,612,039</u>	<u>– 30,857</u>	<u>384,144</u>	<u>314,281</u>	<u>1,651,045</u>

* Refer to note (ii)(a) in Schedule 21

** Reserves as at 1st April 2004 of erstwhile Berger Auto and Industrial Coatings Limited taken over (Refer Note VII in Schedule 14)

	31st March, 2005 <u>Rs. '000</u>	31st March, 2004 <u>Rs. '000</u>
3. SECURED LOANS		
Loans from Banks – Cash Credit	<u>66,779</u>	<u>33,475</u>
	<u>66,779</u>	<u>33,475</u>

Note : Loans from Banks – Cash Credits are secured by hypothecation of stock-in-trade and book debts.

SCHEDULES

	31st March, 2005 Rs. '000	31st March, 2004 Rs. '000
4. UNSECURED LOANS		
Fixed Deposits *	46,486	135,674
Short Term Loans		
Bank	330,830	218,000
Others	200,000	—
	<u>577,316</u>	<u>353,674</u>
* Includes unclaimed matured fixed deposits.	5,766	3,438

5. DEFERRED TAXATION

Liability		
Depreciation *	82,532	82,123
Amortisation of expenses in Accounts	1,537	2,651
	<u>84,069</u>	<u>84,774</u>
Less : Asset		
Amortisation of expenses allowed as per Income Tax Act *	7,693	1,867
Others	5,345	4,232
	<u>13,038</u>	<u>6,099</u>
	<u>71,031</u>	<u>78,675</u>

* Includes opening balance of Deferred Taxation Liability as at 1st April, 2004 of erstwhile Berger Auto and Industrial Coatings Limited, now merged.

6. FIXED ASSETS

	Original Cost/Professional Valuation		Depreciation												
	Original Cost/Professional Valuation at 31st March, 2004	at 1st April, 2004 taken over consequent to amalgamation ****	Additions		Deletions		Original Cost/Professional Valuation at 31st March, 2005	On assets taken over consequent to amalgamation as at 1st April, 2004 ****			On deletions (Accumulated upto the date of sale)		Upto 31st March, 2005	Net Book value at 31st March, 2005	Net Book value at 31st March, 2004
			Rs.'000	Rs.'000	Rs.'000	Rs.'000		Upto 31st March, 2004	For the year ***	Upto 31st March, 2005	Rs.'000	Rs.'000			
Land :															
Freehold	19,496	13,573	—	—	33,069	—	—	—	—	—	—	—	33,069	19,496	
Leasehold**	13,268	—	—	—	13,268	1,100	—	142	—	1,242	—	1,242	12,026	12,168	
Buildings :															
Freehold*	286,631	17,371	88,258	—	392,260	75,807	1,496	10,875	—	88,178	304,082	210,824	304,082	210,824	
Leasehold**	32,139	—	—	—	32,139	6,367	—	448	—	6,815	25,324	25,772	25,324	25,772	
Plant and Machinery	819,366	29,151	171,795	1,075	1,019,237	479,856	5,798	106,747	840	591,561	427,676	339,510	427,676	339,510	
Furniture and Fittings	30,548	1,405	7,408	74	39,287	18,454	248	1,718	64	20,356	18,931	12,094	18,931	12,094	
Equipment	257,766	17,110	26,804	902	300,778	149,942	4,725	31,336	683	185,320	115,458	107,824	115,458	107,824	
Motor Cars and Other Vehicles	52,580	3,981	7,490	5,128	58,923	27,008	1,697	7,021	4,482	31,244	27,679	25,572	27,679	25,572	
	<u>1,511,794</u>	<u>82,591</u>	<u>301,755</u>	<u>7,179</u>	<u>1,888,961</u>	<u>758,534</u>	<u>13,964</u>	<u>158,287</u>	<u>6,069</u>	<u>924,716</u>	<u>964,245</u>	<u>753,260</u>	<u>964,245</u>	<u>753,260</u>	
Previous year	1,318,266	—	200,287	6,759	1,511,794	623,108	—	140,710	5,284	758,534	753,260	753,260	753,260	753,260	

* Partly on Leasehold Land.

** Represents payments made and costs incurred in connection with acquisition of leasehold rights in certain properties for 87, 90 and 99 years and are being amortised over the period of such leases.

*** Refer to note (ii)(a) in Schedule 21.

**** Fixed Assets as at 1st April, 2004 of erstwhile Berger Auto and Industrial Coatings Limited taken over (Refer Note VII in Schedule 14).

SCHEDULES

	31st March, 2005	31st March, 2004
	Rs. '000	Rs. '000
7. INVESTMENTS		
Long Term		
Unquoted – In wholly owned subsidiary companies —		
Beepee Coatings Pvt. Limited - at cost		
2,500,000 Equity Shares of Rs. 10 each fully paid-up	25,000	25,000
Berger Jenson & Nicholson (Nepal) Pvt. Limited – at cost		
105,421 Equity Shares of NRs 100 each fully paid-up	29,622	29,622
Berger Auto and Industrial Coatings Limited – at cost		
2,500,000 Equity Shares of Rs. 10 each fully paid-up	—	85,000
Berger Paints (Cyprus) Limited – at cost		
1,000 Equity Shares of CYP £ 1 each fully paid-up (Purchased during the year)	77	—
Unquoted – Other Investments		
Pnb Principal Insurance Advisory Company Limited – at cost		
125,000 Equity Shares of Rs. 100 each fully paid-up (75,000 shares purchased during the year)	12,500	5,000
1,498 Shares of Re. 1 each fully paid-up in Shantikunj Apartments Limited	1	1
Government Security – 7 Years National Savings Certificate (Under Lien)	7	7
270,850 Equity Shares of M/s. Berger Becker Coatings Pvt. Limited of Rs. 100 each fully paid-up	27,085	27,085
Short Term – Unquoted		
3-8.40% Andhra Pradesh Power Generation Corporation Bonds of Rs. 1,000,000 each (6 Bonds purchased and 3 Bonds sold during the year)	3,096	—
2-9.50% Maharashtra Patbandhare Vitiya Co. Limited Bonds of Rs. 1,000,000 each (9 Bonds purchased and 7 Bonds sold during the year)	2,078	—
4-8.60% Sardar Sarovar Narmada Nigam Limited Bonds of Rs. 1,000,000 each (9 Bonds purchased and 5 Bonds sold during the year)	4,168	—
29-14.15% Maharashtra State Road Development Corporation Bonds of Rs. 100,000 each (Purchased during the year)	3,564	—
10-12.50% Maharashtra Krishna Valley Development Corporation Bonds of Rs. 100,000 each (45 Bonds purchased and 35 Bonds sold during the year)	1,052	—
8-11.50% Maharashtra Krishna Valley Development Corporation Bonds of Rs. 100,000 each (35 Bonds purchased and 27 Bonds sold during the year)	859	—
	<u>109,109</u>	<u>171,715</u>

Note :

The following investments were purchased and sold during the year :

Description of Investment	No. of Units	Purchase Cost Rs.'000
1. 8.95% Gujarat Electricity Board Bonds	21	2,185
2. 11.40% Andhra Pradesh Power Financial Corporation Limited Bonds	3	320
3. RLFD Sahara Liquid Fund – Dividend	19,541,793.974	200,000
4. Reliance Liquid Fund – Treasury Plan – Institutional Option	3,928,329.808	60,000
5. HDFC Cash Management Fund – Savings Plan	2,820,503.177	30,000
6. Templeton India – Treasury Management Account	3,927.320	6,000
7. HDFC Floating Rate Income Fund – Short Term Plan	997,565.939	10,000

SCHEDULES

	31st March, 2005 Rs. '000	31st March, 2004 Rs. '000
8. INVENTORIES (including in transit)		
Stores and Spare Parts	22,004	16,584
Raw Materials	497,540	301,510
Containers	46,258	38,423
Work-in-Process	119,519	62,571
Finished Goods	983,039	698,713
	<u>1,668,360</u>	<u>1,117,801</u>
9. SUNDRY DEBTORS – Unsecured – Considered Good		
Debts Outstanding - for a period exceeding six months	49,277	54,372
Other Debts	797,186	639,203
	<u>846,463</u>	<u>693,575</u>
10. CASH AND BANK BALANCES		
Cash and Cheques in hand	13,496	23,070
With Standard Chartered Bank, Chittagong (at pre-1966 devaluation rate of Indian Rupees), Rs. 36, fully written off	—	—
With Scheduled Banks		
On Current Accounts	189,005	257,350
On Debenture Interest Account	43	43
On Unpaid Dividend Account	14,660	13,358
On Fixed Deposit Account	1,212	10,987
On Margin Money Account	848	824
On Debenture Redemption Account	393	402
	<u>219,657</u>	<u>306,034</u>
11. LOANS AND ADVANCES		
Advances recoverable in cash or in kind or for value to be received		
Secured – Considered Good	18	19,031
Unsecured – Considered Good*	148,838	186,494
– Considered Doubtful	—	126
	<u>148,856</u>	<u>205,651</u>
Less : Provision	—	126
	<u>148,856</u>	<u>205,525</u>
Advance payment of Tax [net of provision Rs. 167,366 (2003-04 : Rs. 186,210)]	16,716	11,635
Balance with Customs, Central Excise etc.		
Unsecured – Considered Good **	46,727	13,860
Deposits		
Unsecured – Considered Good		
Security and Tender (including Deposits in Government Securities – Unquoted at cost - pledged with Government Authorities Rs. 6 : 2003-04 – Rs. 6)	42,332	39,672
	<u>254,631</u>	<u>270,692</u>
* – Includes interest accrued on deposits and others	1,307	1,489
– Includes advance made to subsidiaries	13,163	15,897
– Includes loan made to Berger Auto and Industrial Coatings Limited, a wholly owned subsidiary (Maximum amount outstanding during the year 2003-04 : Rs. 55,900)	—	55,900
** Includes excise duty deposited for subsidiary	790	997

SCHEDULES

	31st March, 2005 <u>Rs. '000</u>	31st March, 2004 <u>Rs. '000</u>
12. LIABILITIES		
Acceptances	224,436	—
Sundry Creditors	671,396 *	579,444 *
Security Deposits	7,807	7,719
Other Liabilities	348,875 *	300,321 *
Interest accrued but not due on loans	5,215	15,022
	<u>1,257,729</u>	<u>902,506</u>
* Refer Note IV in Schedule 14		
13. PROVISIONS		
Tax on distributable profit	19,565	15,321
Proposed Dividend	139,503	119,576
	<u>159,068</u>	<u>134,897</u>
14. NOTES ON THE BALANCE SHEET		
I. Estimated amount of Contracts remaining to be executed on Capital Account not provided for	99,553	1,32,884
II. The Company had been determining the assessable value for Excise purpose based on the adjudication order of the assessing authority as also appellate orders of the earlier years and various decisions of the Hon'ble Tribunal and of various Hon'ble High Courts as also of the Hon'ble Supreme Court. The Excise Authorities have disputed some of the abatements and the matter is sub-judice. However, in view of the decision of the Hon'ble Supreme Court in May, 1995 while determining the assessable value for excise purpose, there may arise an additional excise duty liability for the years 1988-89 to 1993-94 which is not quantifiable at present as both the price lists as also the assessments for the said period are pending final adjudication.		
III. The Sales Tax, Excise, Income Tax Authorities have made certain claims totalling Rs. 146,837 (2003-04 : Rs. 96,742) Rs. 10,803 (2003-04 : Rs. Nil), Rs. 18,496 (2003-04 : Rs. Nil) respectively in respect of earlier years. The Company has been advised by its lawyers that none of the claims are tenable and is therefore contesting the same.		
IV. Liabilities in Schedule 12 include :		
(i) Sundry Creditors include a sum of Rs. 18,633 (2003-04 : Rs. 27,605) payable to small scale industrial undertakings. The outstandings of the following such parties are above 30 days :		
Anupam Colours & Chemicals Industries	Mittal Polymer	
Anupam Colours Private Limited	Alka Minerals & Chemicals	
Coastal Paints Limited	Marigold Paints	
Fozdar Products	Unicat Chemicals	
Manish Plastic	Akross Synthetics	
Parachem Products	Auro Chemicals	
National Moulding	Deep Enterprises	
Peroxy Chem	Kevin Packers	
Soham Packing	Metal Containers	
Tanwer Rajput	Sahajnand Trading	
(ii) Payable to a subsidiary company : Rs. 1,435 (2003-04 : Rs. 2,275)		

SCHEDULES

	31st March, 2005 <u>Rs. '000</u>	31st March, 2004 <u>Rs. '000</u>
V. Miscellaneous Expenditure (to the extent not written off or adjusted) represent		
(i) Expenses on issue of shares and debentures	628	943
(ii) Technical Fees	2,704	5,331
	<u>3,332</u>	<u>6,274</u>
VI. (i) Secured Loans from Bank taken by wholly owned subsidiaries and outstanding as at 31st March, 2005 guaranteed by the Company	1,610	4,936
(ii) Secured Loans taken by a joint venture company M/s. Berger Becker Coatings Pvt. Limited and outstanding as at 31st March, 2005 guaranteed by the Company	61,596	31,097
(iii) Bank guarantees availed by the joint venture company M/s. Berger Becker Coatings Pvt. Limited guaranteed by the Company	2,683	1,983
M/s. Becker Industrial Coatings (HK) Limited, the joint venture partner holding 51.02% shares has in turn indemnified the Company against any loss on account of these guarantees to the extent of its shareholding in the joint venture.		
VII. Amalgamation of Berger Auto and Industrial Coatings Limited with the Company		
(a) The scheme of amalgamation of Berger Auto and Industrial Coatings Limited (BAICL) a wholly owned subsidiary, with the Company as approved by the shareholders at the meeting of the Equity Shareholders held on 11th January, 2005 has been subsequently sanctioned by the Hon'ble High Court at Calcutta on 3rd March, 2005. The scheme has therefore been given effect to in these accounts and all assets and liabilities of the erstwhile BAICL were transferred to and vested in the Company with effect from the appointed date i.e., 1st April, 2004.		
(b) The amalgamation as defined in the scheme and approved by the shareholders and the Hon'ble High Courts is in the nature of a merger as per Accounting Standard 14 (Accounting for Amalgamations) as issued by the Institute of Chartered Accountants of India. Accordingly, the assets, liabilities and reserves of BAICL as at 1st April, 2004 have been taken over at their book values.		
This is consistent with the "pooling of interests" method as prescribed in the Accounting Standard.		
(c) The transferor company BAICL was in the business of manufacturing and selling paints and varnishes.		
(d) Pursuant to the scheme of amalgamation, 25,00,000 equity shares of BAICL, being the entire shareholding held by the Company stand cancelled.		
(e) In view of the amalgamation effective 1st April, 2004 the figures for the current year are not comparable with the previous year.		
VIII. All figures are in Rupees thousands.		
IX. Previous Year's figures have been regrouped wherever necessary.		

SCHEDULES

	For the year ended 31st March, 2005 <u>Rs. '000</u>	For the year ended 31st March, 2004 <u>Rs. '000</u>
15. OTHER INCOME		
Dividend received	4,083	2,113
Discount	2,375	1,356
Bad Debts Recovered	1,765	210
Hire of Machinery	2,158	2,373
Consultancy fees	5,950	1,354
Profit on sale of Fixed Assets (net)	638	568
Income from Investment in Mutual Fund	1,053	3,311
Miscellaneous *	106,806	92,715
	<u>124,828</u>	<u>104,000</u>
* Includes net profit on contracts executed – Rs. 793 (2003-04 : Rs. 1301)		
16. MATERIALS CONSUMED		
Opening Stocks		
Raw Materials	301,510	310,148
Containers	38,423	35,233
Work-in-Process	62,571	57,267
Finished Goods	698,713	621,530
	<u>1,101,217</u>	<u>1,024,178</u>
Add : Stocks of Berger Auto and Industrial Coatings Limited taken over consequent to amalgamation	95,018 *	—
Add : Purchases		
Raw Materials	4,507,137	3,344,071
Containers	743,781	544,014
Finished Goods	512,597	392,782
	<u>5,763,515</u>	<u>4,280,867</u>
Less : Cost of materials sold [including cost of containers and others Rs. 686 (2003-04 : Rs. 8)]	16,522	6,720
	<u>5,746,993</u>	<u>4,274,147</u>
Deduct : Closing Stocks		
Raw Materials	497,540	301,510
Containers	46,258	38,423
Work-in-Process	119,519	62,571
Finished Goods	983,039	698,713
	<u>1,646,356</u>	<u>1,101,217</u>
	<u>5,296,872 **</u>	<u>4,197,108</u>
* Includes Raw Material Stock	31,040	—
** Includes Raw Materials Consumed	4,326,311	3,345,997
Others	970,561	851,111
Materials Consumed	<u>5,296,872</u>	<u>4,197,108</u>

SCHEDULES

	For the year ended 31st March, 2005 <u>Rs. '000</u>	For the year ended 31st March, 2004 <u>Rs. '000</u>
17. EXPENSES		
Salaries, Wages, Bonus and Commission	302,591	249,691
Contribution to Provident, Superannuation and Gratuity Funds	57,311	50,915
Staff Welfare	106,197	92,637
Freight, Octroi and Delivery	380,258	322,587
Power & Fuel	100,957	68,147
Consumption of Stores and Spare Parts	23,731	12,947
Repairs to Buildings (a)	1,157	924
Repairs to Machinery (a)	17,118	11,509
Repairs to Other Assets (a)	5,813	3,306
Rent	45,894	38,333
Rates & Taxes	26,802	25,905
Travelling	89,458	77,035
Advertisement and Sales Promotion Expenses	273,676	209,317
Insurance	9,575	7,928
Cash Discount	365,335	316,572
Commission to Stockists, Distributors etc.	6,101	5,559
Bad Debts written off	9,667	9,472
Directors' Fees	150	136
Auditors' Remuneration :	<u>2004-05</u>	<u>2003-04</u>
	Rs. '000	Rs. '000
Audit Fee	760	660
Other Services :		
Provident & Other Funds Audit	41	10
Tax Audit	175	150
Miscellaneous Certificates and Other Matters	659	574
Reimbursement of Expenses	119	64
Other Expenses (b)	<u>337,200</u>	<u>326,567</u>
	<u>2,160,745</u>	<u>1,830,945</u>
(a) Includes :		
Consumption of Stores and Spare Parts	4,136	3,030
(b) Includes :		
Processing Charges	143,840	151,861
Amortisation of :		
(a) Expenses on Technical Fees	2,629	2,629
(b) Expenses on issue of ordinary shares and debentures	314	314
(c) Preliminary Expenses	—	32
18. INTEREST		
Interest expenditure :		
On Fixed Loans	9,840	17,454
On Others *	<u>30,307</u>	<u>13,833</u>
Less : Interest income – (Tax deducted at source 2004-05 : Rs. 598, 2003-04 : Rs. 453)	<u>3,765</u>	<u>3,355</u>
	<u>36,382</u>	<u>27,932</u>

* Includes Discounting Charges on Commercial Papers.

SCHEDULES

	For the year ended 31st March, 2005 <u>Rs. '000</u>	For the year ended 31st March, 2004 <u>Rs. '000</u>
19. PROVISION FOR TAXATION		
Income Tax		
Provision for the year	159,922	182,256
Less : Provision in respect of earlier years no longer required written back	<u>4,008</u>	<u>2,110</u>
	<u>155,914</u>	<u>180,146</u>
20. DEFERRED TAXATION		
Liability		
Depreciation	1,072	—
Amortisation of expenses in Accounts	<u>6</u>	<u>626</u>
	<u>1,078</u>	<u>626</u>
Less : Asset		
Depreciation	—	4,218
Amortisation of expenses allowed as per Income Tax Act	6,889	943
Others	<u>1,234</u>	<u>1,731</u>
	<u>8,123</u>	<u>6,892</u>
	<u>-7,045</u>	<u>-6,266</u>
Add : Previous Year's Net Deferred Taxation Liability as at 31st March, 2004 recomputed as per Finance Act, 2005 rates	<u>-7,325</u>	<u>—</u>
Net Change	<u>-14,370</u>	<u>-6,266</u>

21. (i) SIGNIFICANT ACCOUNTING POLICIES
a) Accounting convention

The financial statements have been prepared in accordance with the historical cost convention as modified by revaluation of certain fixed assets.

b) Fixed Assets and Depreciation

i) Fixed Assets are carried at cost of acquisition, except in the case of certain Land and Freehold Buildings which are carried at revaluation on current cost basis less depreciation as applicable.

ii) Depreciation is provided on a straight line method as follows :

(a) In respect of assets other than motor vehicles and computers :

1. In respect of additions before 1.7.87 on the basis of specified period determined at the time of acquisition at the rates inter alia under the Income Tax Act, 1961 and Rules framed thereunder and,
2. In respect of additions on or after 1.7.87 in accordance with the provisions of Schedule XIV of the Companies Act, 1956.

(b) In respect of motor vehicles and computers at 15% and 25% respectively and

(c) Tinting machines are depreciated at rates based on the estimated useful life varying from 60 months to 100 months, which are higher than rates specified in Schedule XIV.

In respect of revalued assets, depreciation on the amount added on revaluation is set off against Revaluation Reserve. Payments made/costs incurred in connection with acquisition of leasehold rights are amortised over the period of the lease.

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

c) Investments

Investments are stated at cost less amounts written off where appropriate.

d) Inventories

Finished goods inventories are stated at the lower of cost or estimated net realisable value. Costs comprise costs of purchase and production overheads. Other inventories are valued at cost. Provision is made for damaged, defective or obsolete stocks where necessary. All inventories are valued according to weighted average cost method of valuation.

SCHEDULES

- e) **Foreign Currencies**
Transactions in foreign currency are recorded at the rates of exchange prevalent on the date of transaction. Exchange differences arising from foreign currency transactions are dealt with in the Company's Profit and Loss Account after converting current assets and liabilities in foreign currencies at year end rates. In the case of fixed assets, exchange differences are adjusted in the carrying costs.
- f) **Sales**
Sales comprise invoiced value of goods net of sales tax and are recognised on passing of property in goods.
- g) **Other Income**
Other Income is recognised on accrual basis.
- h) **Research and Development**
Revenue expenditure on research and development is charged to Profit and Loss Account of the year in which it is incurred. Capital expenditure on research and development is shown as addition to Fixed Assets.
- i) **Miscellaneous Expenditure**
Debenture issue expenses are amortised over the period of such debenture. Share issue expenses are amortised over ten years. Technical fees are amortised over a period of 6 years and over the period of projects respectively.
- j) **Retirement Benefits**
Liabilities in respect of retirement gratuities for employees of the Company are funded in terms of a scheme of Life Insurance Corporation of India.
Other retirement benefits are accounted for on an accrual basis with contributions to recognised funds.
Leave encashment benefits are calculated on actuarial basis and provided for.
- k) **Borrowing Costs**
Borrowing costs charged to the Profit and Loss Account include interest and discounts on bank borrowings and short and long term borrowings. Borrowing costs attributable to qualifying assets are capitalised as cost of the assets.
- l) **Taxation**
Current Tax is the tax payable for the period determined as per the provisions of the Income Tax Act, 1961. Deferred Tax Assets and Liabilities represent adjustments for timing differences in the manner in which items of income or expenditure are recognised for tax calculations and annual accounts (as per the Companies Act, 1956).

21. NOTES ON PROFIT AND LOSS ACCOUNT

- (ii) (a) Gross depreciation for the year amounts to Rs. 158,287 (2003-04 : Rs. 140,710) from which has been deducted Rs. 1,418 (2003-04 : Rs. 1,418) being extra depreciation for the year arising on revaluation of fixed assets withdrawn from Revaluation Reserve.
- (b) Net Loss on exchange fluctuation recognised in the Profit and Loss Account amounts to Rs. 3,360 (2003-04 : Net Gain – Rs. 16,839).
- (c) Aggregate research and development expenditure incurred during the year amounts to Rs. 22,500 (2003-04 : Rs. 22,167).
- (d) Calculation of Earnings per Share of Rs. 2.62 (2003-04 : Rs. 2.21) (Face Value Rs. 2). The numerator (net profit for the year) and denominator (number of equity shares) are Rs. 521,237 (2003-04 : Rs. 440,336) and 199,293,990 (2003-04 : 199,293,990)* shares respectively.

* Figure for the corresponding period last year has been restated based on the current diluted equity as per Accounting Standard 20 issued by the Institute of Chartered Accountants of India.

	For the year ended 31st March, 2005		For the year ended 31st March, 2004	
	Quantity MT	Value Rs.'000	Quantity MT	Value Rs.'000
(iii) (a) Raw Materials Consumed				
Acids and Chemicals	10,984	570,916	9,415	403,164
Resins	12,971	758,462	10,731	555,696
Pigments	12,711	933,191	11,369	918,004
Solvents	35,407	1,063,666	29,789	659,963
Oils	9,789	433,905	8,265	352,143
Extenders	34,535	161,793	26,872	141,085
Others		404,378		315,942
		<u>4,326,311</u>		<u>3,345,997</u>

Note : Raw Materials consumed are after adjustment of shortage/excess.

SCHEDULES

(b) Consumption of Imported and Indigenous Raw Materials and Stores and Spare Parts and the percentage of each to the total consumption	For the year ended 31st March, 2005		For the year ended 31st March, 2004	
	% of Total Consumption	Value Rs.'000	% of Total Consumption	Value Rs.'000
(1) Raw Materials				
(i) Imported	11.19	484,094	9.71	324,857
(ii) Indigenous	88.81	3,842,217	90.29	3,021,140
	<u>100.00</u>	<u>4,326,311</u>	<u>100.00</u>	<u>3,345,997</u>
(2) Stores and Spare Parts				
(i) Imported	7.48	2,085	3.18	508
(ii) Indigenous	92.52	25,782	96.82	15,469
	<u>100.00</u>	<u>27,867</u>	<u>100.00</u>	<u>15,977</u>

(iv) Details of each Class of Goods Manufactured, Purchased, Sold and Stocks during the year ended 31st March, 2005

Class of Goods	Installed Capacity per annum	Opening Stocks	Production	Closing Stocks	Sales	
					Quantity	Value Rs.'000
(a) Synthetic Resin 2004-05 (MT)	16,896	525 *	12,352	993	105	7,868
2003-04 (MT)	12,096	366	9,430	466	50	3,546
(b) Paints, Varnishes, Enamels, etc. 2004-05						
Liquid (KL)		9,961 *	65,797	12,065	93,036	
Non-Liquid (MT)		<u>3,562</u>	<u>11,065</u>	<u>3,921</u>	<u>45,585</u>	
Total	127,592	<u>14,473</u>	<u>83,220</u>	<u>17,150</u>	<u>147,683</u>	9,467,413
(all expressed in MT)						
Value (Rs.'000)		753,950 *		983,039		
Others Value (Rs.'000)						<u>421</u>
Grand Total (a) + (b)						<u>9,475,702</u>
2003-04						
Liquid (KL)		8,200	47,778	9,498	78,356	
Non-Liquid (MT)		<u>3,730</u>	<u>4,347</u>	<u>3,562</u>	<u>41,841</u>	
Total	75,181	<u>12,750</u>	<u>56,903</u>	<u>14,010</u>	<u>128,033</u>	7,698,666
(all expressed in MT)						
Value (Rs.'000)		621,530		698,713		
Others Value (Rs.'000)						<u>743</u>
Grand Total						<u>7,702,955</u>

- Notes :**
- (1) Installed Capacity estimated on a two/three shift basis as applicable and is as certified by the Company's Technical Expert.
 - (2) Conversion factor from KL to MT is as certified by the Company's Technical Expert.
 - (3) Closing Stock of Synthetic Resin is after deducting quantity used in own production (as captive consumption) 2004-05 : 11,779 MT (2003-04 : 9,280)
 - (4) Value of Stocks of Synthetic Resin is included in Work-in-Process appearing in Schedule 8.
 - (5) Synthetic Resin quantities are in terms of solid resins.
 - (6) Production does not include production from Raw Materials processed from outside 52,491 MT (2003-04 : 56,779 MT).
 - (7) Sales, Opening Stocks and Closing Stocks include goods processed and purchased from outside.
 - (8) Closing Stocks are after adjustment of losses including shortage/excess.
 - (9) * Includes stock (Resin : 59 MT, Paints etc. volume : 463 KL, value Rs. 55,237) as at 1st April, 2004 of erstwhile Berger Auto and Industrial Coatings Limited taken over (Refer Note VII in Schedule 14).

SCHEDULES

	For the year ended 31st March, 2005		For the year ended 31st March, 2004	
	Quantity	Value Rs. '000	Quantity	Value Rs. '000
(c) Purchase for Resale				
Paints, Enamels, Varnishes etc.				
Liquid (KL)	2,263		2,162	
Non-Liquid (MT)	13,318		14,168	
All expressed in MT	15,786	5,11,606	16,546	391,722
Others		991		1,060
Total		512,597		392,782
		For the year ended 31st March, 2005		For the year ended 31st March, 2004
		Rs. '000		Rs. '000
(v) C.I.F. value of Direct Imports				
(a) Raw Materials		432,476		253,517
(b) Capital Goods		33,601		16,471
(c) Stores and Spare Parts		570		192
		466,647		270,180
(vi) Remittance in Foreign Currency on account of dividend to non-resident shareholders				
(a) Financial Year for which the dividend was remitted		2003-04		2002-03
(b) Number of non-resident shareholders to whom remittance was made		1		1
(c) Number of shares on which remittance was made		3,231,720 *		2,154,480
(d) Dividend remitted		9,695		12,927
* post issue of Bonus shares				
Remittance in Foreign Currency on account of interim dividend to non-resident shareholders				
(a) Financial Year for which the dividend was remitted		2004-05		2003-04
(b) Number of non-resident shareholders to whom remittance was made		1		1
(c) Number of shares on which remittance was made		16,158,600 **		2,154,480
(d) Dividend remitted		11,311		7,541
** post sub-division of shares				
(vii) Expenditure in Foreign Currency during the year				
Travelling		914		521
Royalty		1,823		—
Shade Card		3,313		1,315
		6,050		1,836
(viii) Earnings in Foreign Exchange during the year				
(a) F O B value of export		5,741		20,564
(b) Consultancy Fees		5,950		1,354
		11,691		21,918

SCHEDULES

	For the year ended 31st March, 2005	For the year ended 31st March, 2004
	Rs. '000	Rs. '000
(ix) Computation of Net Profits in accordance with Section 198 of the Companies Act, 1956 and the commission payable to the directors		
Net Profit as shown in Accounts	521,237	440,336
Add : Provision for Taxation – Current and deferred	141,544	173,880
Depreciation	156,869	139,292
Directors' Fees	150	136
Share and Debenture Issue Expenses	314	314
Gratuity (refer to note xii)	31,794	—
Voluntary Retirement Scheme (refer to note xii)	25,163	550
Wealth Tax	180	179
Managing Director's Remuneration (Note)	4,966	3,632
	<u>882,217</u>	<u>758,319</u>
Less : Depreciation at rates specified under sec. 350 of the Companies Act, 1956	132,172	120,541
Profit on Sale of Fixed Assets (Net)	638	568
Net Profit for the purpose of Director's Commission	<u>749,407</u>	<u>637,210</u>
Director's Commission payable thereon at 1%	<u>7,494</u>	<u>6,372</u>
Directors Commission restricted to	<u>1,365</u>	<u>900</u>
Note : Managing Director's Remuneration includes		
(i) Salary	2,730	1,800
(ii) Commission	1,365	900
(iii) Allowances and estimated benefits in kind	134	446
(iv) Contribution to Provident, Superannuation and Gratuity Funds	737	486
	<u>4,966</u>	<u>3,632</u>
(x) Particulars of information in relation to the Company's interest in the joint venture company :—		
(a) Description of interest in the joint venture company		
i. Name of the Company	Berger Becker Coatings Pvt. Limited	
ii. Proportion of interest	48.98%	
iii. Country of incorporation	India	
(b) The aggregate amount of assets, liabilities, income and expenses related to the Company's interest in the joint venture company as at 31st March, 2005 is as follows :		
	<u>2004-05</u>	<u>2003-04</u>
Assets	182,740	98,028
Liabilities	118,591	53,396
Income	249,142	115,078
Expenses	222,228	94,751

SCHEDULES
(xi) Disclosures on Related Parties

							For the year ended 31st March, 2005	For the year ended 31st March, 2004
	Related Party	Relationship	Outstanding as on 31.3.2005 (Rs. in '000)	Outstanding as on 31.3.2004 (Rs. in '000)	Payable/ Receivable	Nature of Transaction	Value of Transaction (Rs. in '000)	Value of Transaction (Rs. in '000)
(A)	U. K. Paints India Pvt Ltd	Holding Company	22,749	15,096	Payable	1. Clearing & Forwarding Agency Commission 2. Charges for Processing of Goods 3. Purchase of Goods 4. Sale of Goods 5. Rent Expenses 6. Sale of Fixed Assets	4,468 107,747 19,023 71 120 -	4,144 87,529 31,469 1,912 125 59
(B)	Berger Becker Coatings Pvt. Ltd.	Joint Venture Company	184	100	Receivable	1. Services rendered 2. Sale of Goods 3. Rent Income 4. Dividend Received	2,036 1,600 4,462 4,063	8 1,126 5,526 2,113
(C)	Berger Auto and Industrial Coatings Ltd.	Wholly owned Subsidiary Company	-	60,017	Receivable	1. Interest on Loan 2. Purchase of Goods 3. Charges for Processing of Goods 4. Loan given	- - - -	1,188 5,521 14,563 6,000
(D)	Berger Jenson & Nicholson (Nepal) Pvt. Ltd.	Wholly owned Subsidiary Company	13,163	11,780	Receivable	1. Sale of Goods	17,119	7,641
(E)	Beepee Coatings Pvt. Limited	Wholly owned Subsidiary Company	1,430	2,275	Payable	1. Charges for Processing of Goods 2. Machinery Rental Income 3. Building Rent Paid	55,713 2,248 48	54,218 2,373 -
(F)	Berger Paints (Cyprus) Ltd.	Wholly owned Subsidiary Company	103	-	Receivable			
(G)	Berger Paints Overseas Ltd.	Wholly owned indirect Subsidiary Company	-	-				
(H)	U.K. Paints (Overseas) Ltd.	Fellow Subsidiary Company	77	-	Payable			
(I)	U.K. Paints International Ltd.	Fellow Subsidiary Company	13,243	-	Receivable	1. Sale of Goods	6,590	-
(J)	Mr. Subir Bose	Key Management Personnel	36	-	Receivable	1. Rent Paid 2. Security Deposit Paid	48 36	- -
(K)	Mrs. Chandrika Bose	Relative of Key Management Personnel	186	150	Receivable	1. Rent Paid 2. Security Deposit Paid	185 36	120 -

There are no individuals who are related parties other than the members of the Board of Directors or their relatives.

Except for the transaction mentioned above, none of them have had any transactions with the Company other than sitting fees (refer schedule 17 to Profit and Loss Account) received for attendance of board meetings or remuneration received as per contract (refer note 21(ix) to Profit and Loss Account) of employment with the Company.

- (xii) Exceptional item consists of Rs. 25,163 (2003-04 Rs. 550) for Voluntary Retirement Scheme and Rs. 31,794 for past service Gratuity.
- (xiii) In view of the amalgamation effective 1st April, 2004 the figures for the current year are not comparable with the previous year.
- (xiv) All figures are in Rupees thousands.
- (xv) Previous year's figures have been regrouped wherever necessary.

On behalf of the Board of Directors

Kuldip Singh Dhingra — Chairman

G S Dhingra — Vice Chairman

Subir Bose — Managing Director

Anil Bhalla — Director

K R Das — Director

Gurcharan Das — Director

Aniruddha Sen — Company Secretary

Kolkata

Dated : 4th June, 2005

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2005 (pursuant to the requirement of clause 32 of Listing Agreement of Stock Exchange)

	For the year ended 31st March, 2005	For the year ended 31st March, 2004
	Rs. '000	Rs. '000
A. Cash flow from operating activities		
Net profit before income tax & exceptional items	719,738	614,766
Adjusted for :		
Depreciation	156,869	139,292
Interest Income	– 11,134	– 6,627
Dividend Income	– 4,083	– 2,113
Interest charged	47,516	34,559
Profit on sale of fixed assets	– 637	– 568
Wealth tax	—	207
Misc. expenditure amortised	2,943	2,975
Expenditure under Voluntary Retirement Scheme/Gratuity	– 56,957	– 550
Operating profit before working capital changes	<u>854,255</u>	<u>781,941</u>
Changes in :		
Trade & Other receivables	– 73,354	– 159,953
Inventories	– 452,566	– 76,767
Trade & other Payables	<u>343,923</u>	<u>218,931</u>
Cash generated from operations	<u>672,258</u>	<u>764,152</u>
Direct taxes paid (net of income tax refund received)	– 175,739	– 229,197
Net Cash from operating activities	<u>496,519</u>	<u>534,955</u>
B. Cash flow from investing activities		
Purchase of fixed assets	– 333,026	– 250,494
Sale of fixed assets	1,747	2,043
Interest received	11,515	5,796
Dividend received	4,083	2,113
Proceeds from liquidation of investments	—	1,106
Purchase of investments	– 22,317	– 5,000
Net cash used in investing activities	<u>– 337,998</u>	<u>– 244,436</u>
C. Cash flow from financing activities		
Proceeds from share issue	27	14
Proceeds from / repayments of long term borrowings	124,755	69,738
Proceeds from / repayments of other loans	– 62,879	– 67,573
Interest paid	– 57,029	– 36,707
Dividend paid	– 257,682	– 248,743
Net cash used in financing activities	<u>– 252,808</u>	<u>– 283,271</u>
Net changes in cash & cash equivalents (A+B+C)	<u>– 94,287</u>	<u>7,248</u>
Cash & cash equivalents - opening balance	<u>313,944</u>	<u>298,786</u>
Cash & cash equivalents - closing balance	<u>219,657</u>	<u>306,034</u>

- Notes : 1) Cash and cash equivalents represent cash and bank balances only.
 2) Bank overdraft and other short term loans have been treated as part of financing activities.
 3) Previous year's figures have been regrouped wherever necessary.
 4) In view of the amalgamation with erstwhile Berger Auto and Industrial Coatings Ltd. effective 1st April, 2004 the figures for the current year are not comparable with the previous year.

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

Partha Mitra
 Partner
 Membership Number 50553

Kolkata
 Dated : 4th June, 2005

For and on behalf of
 LOVELOCK & LEWES
 Chartered Accountants

On behalf of the Board of Directors
 Kuldip Singh Dhingra — Chairman

INFORMATION PURSUANT TO PART IV OF SCHEDULE VI TO THE COMPANIES ACT, 1956

Balance Sheet Abstract and Company's General Business Profile

I. Registration Details

Registration No.

4	7	9	3
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 State Code

2	1
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 Balance Sheet Date

3	1
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0	3
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0	5
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II. Capital raised during the year (Amount in Rs. Thousands)

Public Issue <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td>N</td><td>I</td><td>L</td><td> </td><td> </td><td> </td><td> </td></tr></table>				N	I	L					Rights Issue <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td>N</td><td>I</td><td>L</td><td> </td><td> </td><td> </td><td> </td></tr></table>				N	I	L				
			N	I	L																
			N	I	L																
Bonus Issue <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td>1</td><td>3</td><td>2</td><td>8</td><td>6</td><td>3</td></tr></table>				1	3	2	8	6	3	Private Placement <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td>N</td><td>I</td><td>L</td><td> </td><td> </td><td> </td><td> </td></tr></table>				N	I	L					
			1	3	2	8	6	3													
			N	I	L																

III. Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)

Total Liabilities <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td>2</td><td>7</td><td>6</td><td>4</td><td>7</td><td>3</td><td>2</td></tr></table>			2	7	6	4	7	3	2	Total Assets <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td>2</td><td>7</td><td>6</td><td>4</td><td>7</td><td>3</td><td>2</td></tr></table>			2	7	6	4	7	3	2					
		2	7	6	4	7	3	2																
		2	7	6	4	7	3	2																
Sources of Funds																								
Paid-up Capital <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td>3</td><td>9</td><td>8</td><td>5</td><td>6</td><td>1</td></tr></table>				3	9	8	5	6	1	Reserves & Surplus <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td>1</td><td>6</td><td>5</td><td>1</td><td>0</td><td>4</td><td>5</td></tr></table>				1	6	5	1	0	4	5				
			3	9	8	5	6	1																
			1	6	5	1	0	4	5															
Secured Loans <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td>6</td><td>6</td><td>7</td><td>7</td><td>9</td></tr></table>					6	6	7	7	9	Unsecured Loans <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td>5</td><td>7</td><td>7</td><td>3</td><td>1</td><td>6</td></tr></table>					5	7	7	3	1	6				
				6	6	7	7	9																
				5	7	7	3	1	6															
Application of Funds																								
Net Fixed Assets <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td>1</td><td>0</td><td>7</td><td>9</td><td>9</td><td>7</td><td>7</td></tr></table>				1	0	7	9	9	7	7	Investments <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td>1</td><td>0</td><td>9</td><td>1</td><td>0</td><td>9</td></tr></table>					1	0	9	1	0	9			
			1	0	7	9	9	7	7															
				1	0	9	1	0	9															
Net Current Assets <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td>1</td><td>5</td><td>7</td><td>2</td><td>3</td><td>1</td><td>4</td></tr></table>					1	5	7	2	3	1	4	Misc. Expenditure <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td>3</td><td>3</td><td>3</td><td>2</td></tr></table>									3	3	3	2
				1	5	7	2	3	1	4														
								3	3	3	2													
Accumulated Losses <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td>N</td><td>I</td><td>L</td><td> </td><td> </td><td> </td><td> </td></tr></table>				N	I	L																		
			N	I	L																			

IV. Performance of Company (Amount in Rs. Thousands)

Turnover (Net of Excise) <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td>8</td><td>2</td><td>4</td><td>5</td><td>7</td><td>7</td><td>8</td></tr></table>				8	2	4	5	7	7	8	Total Expenditure <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td>7</td><td>6</td><td>5</td><td>0</td><td>8</td><td>6</td><td>8</td></tr></table>				7	6	5	0	8	6	8		
			8	2	4	5	7	7	8														
			7	6	5	0	8	6	8														
+ - Profit / Loss before tax <input checked="" type="checkbox"/> <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td>6</td><td>6</td><td>2</td><td>7</td><td>8</td><td>1</td></tr></table>					6	6	2	7	8	1	+ - Profit / Loss after tax <input checked="" type="checkbox"/> <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td>5</td><td>2</td><td>1</td><td>2</td><td>3</td><td>7</td></tr></table>					5	2	1	2	3	7		
				6	6	2	7	8	1														
				5	2	1	2	3	7														
Earning per Share in Rs. <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td>2</td><td>.</td><td>6</td><td>2</td></tr></table>							2	.	6	2	Dividend rate % <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td>7</td><td>0</td></tr></table>											7	0
						2	.	6	2														
										7	0												

V. Generic names of three principal Products / Services of Company (as per monetary terms)

Item code No. (ITC Code)

3	2	0	8	9	0	.	0	2
---	---	---	---	---	---	---	---	---

 Product Description

S	Y	N	T	H	E	T	I	C	E	N	A	M	E	L				
U	L	T	R	A		W	H	I	T	E		P	A	I	N	T	S	

 Item code No. (ITC Code)

3	2	0	8	9	0	.	0	2
---	---	---	---	---	---	---	---	---

 Product Description

S	Y	N	T	H	E	T	I	C	E	N	A	M	E	L				
O	T	H	E	R		C	O	L	O	U	R	S						

 Item code No. (ITC Code)

3	2	0	9	1	0	.	0	2
---	---	---	---	---	---	---	---	---

 Product Description

A	C	R	Y	L	I	C	E	M	U	L	S	I	O	N				
---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	--	--	--	--

STATEMENT REGARDING SUBSIDIARY COMPANIES

Pursuant to Section 212 of the Companies Act, 1956

1.	Name of the Subsidiary Company	Beepee Coatings Pvt. Limited	Berger Jenson & Nicholson (Nepal) Pvt. Limited	Berger Paints (Cyprus) Limited	Berger Paints Overseas Limited
2.	The Financial Year of the Subsidiary Company ended	31st March, 2005	31st March, 2005	31st March, 2005	31st March, 2005
3.	Holding Company's interest as at 31.03.2005 :				
	a. No. of Equity Shares held	25,00,000 Shares of Rs. 10/- each	1,05,421 Shares of NRs. 100/- each	1,000 Shares of CYP £1 each	The Charter Capital of 5000 Roubles is held by Berger Paints (Cyprus) Ltd., the wholly owned subsidiary of the Company.
	b. Percentage of shareholding	100%	100%	100%	100%
4.	Net aggregate amount of Profits/Losses of the Subsidiary so far as it concerns the members of the Company	Rs. '000	Rs. '000	Rs. '000	Rs. '000
	a) Not dealt with in the Accounts of the Company for the financial year ended 31st March, 2005				
	i) for the financial year of the Subsidiary	(+) 677	(+) 6,392	(-) 131	(-) 1
	ii) for previous financial years of the Subsidiary since it became Subsidiary of the Company	(+) 8,037	(-) 1,968	Nil	Nil
	b) Dealt with in the accounts of the Company				
	i) for the financial year of the Subsidiary	Nil	Nil	Nil	Nil
	ii) for previous financial years of the Subsidiary since it became Subsidiary of the Company	(+) 20,114	Nil	Nil	Nil

On behalf of the Board of Directors

Kuldip Singh Dhingra — Chairman

G S Dhingra — Vice Chairman

Subir Bose — Managing Director

Anil Bhalla — Director

K R Das — Director

Gurcharan Das — Director

Aniruddha Sen — Company Secretary

Kolkata

Dated : 4th June, 2005

SUMMARY OF FINANCIAL STATEMENTS OF SUBSIDIARY COMPANIES FOR THE YEAR ENDED 31ST MARCH, 2005

Subsidiary Name	Original Currency	Exchange Rate	Share Capital	Reserves & Surplus	Total Liabilities	Total Assets	Net Sales	Profit Before Tax	Provision For Tax	Profit After Tax
Berger Jenson & Nicholson (Nepal) Pvt. Limited	Nepali Rupees	1 NPR = 0.62 INR	6,583	16,586	37,571	60,740	72,155	8,436	2,044	6,392
Beepee Coatings Pvt. Limited	Indian Rupees	—	25,000	2,940	13,162	41,102	55,713 **	842	165	677
Berger Paints (Cyprus) Limited	US Dollars	1USD = 43.61 INR	77	-276	207	8	—	-131	—	-131
Berger Paints Overseas Limited	Roubles	1 Rouble = 1.57 INR	8	-1	—	7	—	-1	—	-1

** Consists of Processing Income.

All Figures in Rupees Thousand.

FINANCIAL SUMMARY

	Rs. '000				
	2004-05 ##	2003-04	2002-03	2001-02	2000-01
Sales	9,475,702	7,702,955	6,684,248	6,016,525	5,622,041
Net Sales (Sales net of Excise)	8,245,778	6,706,043	5,822,801	5,249,521	4,903,828
% Growth	22.96	15.17	10.92	7.05	11.96
Other Income	124,828	104,000	67,171	72,539	57,048
Materials Consumed	5,296,872	4,197,108	3,655,938	3,291,292	3,118,754
Employee Cost	466,099	393,243	335,408	307,211	287,405
Other Expenses	1,694,646	1,437,702	1,276,125	1,180,648	1,057,581
Operating Profit (PBDIT & Exceptional Item)	912,989	781,990	622,501	542,909	497,136
% to Net Sales	11.07	11.66	10.69	10.34	10.14
Depreciation	156,869	139,292	131,227	113,875	84,289
Interest	36,382	27,932	38,514	73,569	82,469
Profit Before Tax & Exceptional Item	719,738	614,766	452,760	355,465	330,378
Exceptional Item*	56,957	550	500	9,221	1,219
Profit Before Tax	662,781	614,216	452,260	346,244	329,159
Tax	141,544	173,880	118,049 @	32,340	44,300
Profit After Tax	521,237	440,336	334,211	313,904	284,859
Return On Net Worth (%) **	25.40	23.76	20.26	20.97	20.29
Dividend – including Tax on Distributable Profit	317,113	239,817	179,859	139,638	146,415
Retained Earnings	204,124	200,519	154,352	174,266	138,444
Fixed Assets	2,004,693	1,573,400	1,346,578	1,253,308	1,153,812
Less : Depreciation	924,716	758,534	623,108	495,126	383,170
Net Fixed Assets	1,079,977	814,866	723,470	758,182	770,642
Investments	109,109	171,715	167,821	167,821	73,829
Current Assets	2,989,111	2,388,102	2,131,359	2,158,958	2,273,448
Less : Current Liabilities	1,416,797	1,037,403	883,359	715,570	790,676
Net Current Assets	1,572,314	1,350,699	1,248,000	1,443,388	1,482,772
Misc. Exp. not written off or adjusted	3,332	6,274	9,249	7,655	9,879
Net Assets Employed	2,764,732	2,343,554	2,148,540	2,377,046	2,337,122
Share Capital ***	398,561	265,691	265,688	265,680	265,677
Reserves	1,651,045	1,612,039	1,412,927	1,259,970	1,170,076
Shareholders' Equity	2,049,606	1,877,730	1,678,615	1,525,650	1,435,753
Borrowings	644,095	387,149	384,984	762,506	901,369
Deferred Tax Liability	71,031	78,675	84,941	88,890	—
Net Capital Employed	2,764,732	2,343,554	2,148,540	2,377,046	2,337,122
Debt – Equity Ratio	0.31:1	0.21:1	0.23:1	0.50:1	0.63:1
Cash Earnings Per Share (Rs.) #	3.40	2.91	2.34	2.15	1.85
Earning Per Share (Rs.) #	2.62	2.21	1.68	1.58	1.43
Book Value Per Share (Rs.) **	10.30	9.30	8.28	7.51	7.04
Dividend per share (Rs.) ****	1.40	1.30	1.20	1.00	1.00
Number of employees	1937	1818	1732	1692	1682

* Exceptional item represents expenditure under Voluntary Retirement Scheme and past service Gratuity.

** Net Worth and Book Value are exclusive of Revaluation Reserve and Miscellaneous Expenditure not written off or adjusted.

@ After adjusting refund of tax of earlier years.

*** The authorised and paid up face value of the Company's Ordinary (Equity) Shares of Rs. 10 each were sub-divided into authorised and paid-up face value of Rs. 2 per share with effect from 1st September, 2004.

The equity share capital had been increased earlier by issue of 1:2 bonus shares on 12th April, 2004.

**** Interim Dividend – Re. 0.70 per share. Proposed Final Dividend @ Re. 0.70 per share.

Figures for the corresponding period last year have been restated based on the current diluted equity as per Accounting Standard 20.

The scheme of amalgamation of Berger Auto and Industrial Coatings Limited, a wholly owned subsidiary, with the Company has been sanctioned by the Hon'ble High Court at Calcutta on 3rd March, 2005.

In view of the amalgamation effective 1st April, 2004, the figures for the current year are not comparable with the previous year.

Report of the Auditors to the Board of Directors of Berger Paints India Limited on the Consolidated Financial Statements of Berger Paints India Limited and its Subsidiaries and a Joint Venture Company

We have audited the attached consolidated Balance Sheet of Berger Paints India Limited and its subsidiaries and a joint venture company as at 31st March, 2005, the consolidated Profit and Loss Account for the year ended on that date annexed thereto, and the consolidated Cash Flow Statement for the year ended on that date, which we have signed under reference to this report. These consolidated financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are prepared, in all material respects, in accordance with an identified financial reporting framework and are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the report of other auditors provide a reasonable basis for our opinion.

We did not audit the financial statements of certain subsidiaries and a joint venture company whose financial statements reflect total assets of Rs. 29,78,66,359 as at 31st March, 2005 and total revenues of Rs. 58,28,96,836 for the year ended on that date. These financial statements have been audited by other auditors whose reports have been furnished to us, and our opinion, in so far as it relates to the amounts included in respect of these subsidiaries and joint venture company is based solely on the report of other auditors.

We report that the consolidated financial statements have been prepared by the Company in accordance with the requirements of Accounting Standard 21 on 'Consolidated Financial Statements' and Accounting Standard 27 on 'Financial Reporting of Interests in Joint Ventures' issued by the Institute of Chartered Accountants of India, on the basis of the separate audited financial statements of Berger Paints India Limited and its subsidiary and joint venture companies included in the consolidated financial statements.

On the basis of information and explanations given to us and on consideration of the separate audit reports on individual audited financial statements of Berger Paints India Limited and its subsidiary and joint venture companies, in our opinion, the consolidated financial statements together with the notes thereon and attached thereto gives a true and fair view in conformity with the accounting principles generally accepted in India :

- (a) In the case of the consolidated Balance Sheet, of the consolidated state of affairs of Berger Paints India Limited and its subsidiaries and joint venture company as at 31st March, 2005,
- (b) In the case of the consolidated Profit and Loss Account, of the consolidated results of operations of Berger Paints India Limited and its subsidiaries and joint venture company for the year ended on that date
and
- (c) In the case of the consolidated Cash Flow Statement, of the consolidated Cash Flows of Berger Paints India Limited and its subsidiaries and joint venture company for the year ended on that date.

Kolkata, 4th June, 2005

Partha Mitra
Partner
Membership Number 50553
For and on behalf of
Lovelock & Lewes
Chartered Accountants

**CONSOLIDATED BALANCE SHEET OF BERGER PAINTS INDIA LIMITED AND ITS
SUBSIDIARY AND JOINT VENTURE COMPANIES
AS AT 31ST MARCH, 2005**

		31st March, 2005	31st March, 2004
	Schedule	Rs. '000	Rs. '000
SOURCES OF FUNDS			
Shareholders' Funds			
Capital	1	398,561	265,691
Reserves and Surplus	2	1,696,912	1,601,993
		<u>2,095,473</u>	<u>1,867,684</u>
Loan Funds			
Secured Loans	3	140,819	178,610
Unsecured Loans	4	577,315	353,673
		<u>718,134</u>	<u>532,283</u>
Deferred Taxation	5	79,795	92,379
TOTAL		<u>2,893,402</u>	<u>2,492,346</u>
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	6	2,036,406	1,729,291
Less : Depreciation		965,864	807,895
Net Block		<u>1,070,542</u>	<u>921,396</u>
Capital Work-in-Progress — at cost		117,287	62,187
		<u>1,187,829</u>	<u>983,583</u>
Investments	7	27,502	185
Current Assets, Loans and Advances			
Inventories	8	1,745,579	1,262,235
Sundry Debtors	9	914,715	795,242
Cash & Bank Balances	10	226,539	319,956
Loans and Advances	11	264,346	224,501
		<u>3,151,179</u>	<u>2,601,934</u>
Less : Current Liabilities and Provisions			
Liabilities	12	1,317,772	965,234
Provisions	13	159,068	134,897
		<u>1,476,840</u>	<u>1,100,131</u>
Net Current Assets		<u>1,674,339</u>	<u>1,501,803</u>
Miscellaneous Expenditure (To the extent not written off or adjusted)		3,732	6,775
TOTAL		<u>2,893,402</u>	<u>2,492,346</u>
Notes on the Balance Sheet	20		

NOTES : Schedules 1 to 13 & 20 form an integral part of the Balance Sheet.
This is the Balance Sheet referred to in our report of even date.

On behalf of the Board of Directors

Partha Mitra
Partner
Membership Number 50553

For and on behalf of
LOVELOCK & LEWES
Chartered Accountants

Kolkata
Dated : 4th June, 2005

K S Dhingra — Chairman
G S Dhingra — Vice Chairman
Subir Bose — Managing Director
Anil Bhalla — Director
K R Das — Director
Gurcharan Das — Director
Aniruddha Sen — Company Secretary

**CONSOLIDATED PROFIT AND LOSS ACCOUNT OF BERGER PAINTS INDIA LIMITED
AND ITS SUBSIDIARY AND JOINT VENTURE COMPANIES
FOR THE YEAR ENDED 31ST MARCH, 2005**

	Schedule	For the year ended 31st March, 2005 Rs. '000	For the year ended 31st March, 2004 Rs. '000
INCOME			
Gross Turnover		9,827,314	8,141,006
Less : Excise Duty		1,268,439	1,046,215
Net Turnover		<u>8,558,875</u>	<u>7,094,791</u>
Other Income	14	122,680	101,351
		<u>8,681,555</u>	<u>7,196,142</u>
EXPENDITURE			
Materials Consumed	15	5,520,563	4,473,782
Expenses	16	2,204,460	1,911,776
Interest	17	37,992	37,081
Depreciation		162,742	149,378
		<u>7,925,757</u>	<u>6,572,017</u>
PROFIT BEFORE TAXATION AND EXCEPTIONAL ITEM		755,798	624,125
Exceptional Item (Expenditure Under Voluntary Retirement Scheme/Gratuity)		56,957	550
PROFIT BEFORE TAXATION		<u>698,841</u>	<u>623,575</u>
Provision for Taxation			
Current Tax	18	160,825	185,549
Deferred Tax	19	– 12,736	– 4,169
PROFIT AFTER TAXATION		<u>550,752</u>	<u>442,195</u>
Profit brought forward		180,000	180,067
		<u>730,752</u>	<u>622,262</u>
Transfer to :			
General Reserve		230,577	202,272
Dividend			
– Interim		142,215	93,004
– Final		139,503	119,576
Tax on distributable profit		38,457	27,410
Balance carried to Balance Sheet		180,000	180,000
		<u>730,752</u>	<u>622,262</u>
Earnings per share – Basic and diluted (in Rupees)		2.76	2.22

Notes on Profit and Loss Account

20

NOTES : Schedules 14 to 20 form an integral part of the Profit and Loss Account.
This is the Profit and Loss Account referred to in our report of even date.

On behalf of the Board of Directors

Partha Mitra
Partner
Membership Number 50553

K S Dhingra — Chairman
G S Dhingra — Vice Chairman
Subir Bose — Managing Director
Anil Bhalla — Director
K R Das — Director
Gurcharan Das — Director
Aniruddha Sen — Company Secretary

Kolkata
Dated : 4th June, 2005

For and on behalf of
LOVELOCK & LEWES
Chartered Accountants

SCHEDULES

	31st March, 2005 <u>Rs. '000</u>	31st March, 2004 <u>Rs. '000</u>
1. CAPITAL – Equity		
Share Capital		
Authorised :		
200,000,000 (2003-04 : 40,000,000) Ordinary Shares of Rs. 2 each (2003-04 : Rs. 10 each)	400,000	400,000
Issued :		
199,345,230 (2003-04 : 26,582,780) Ordinary Shares of Rs. 2 each (2003-04 : Rs. 10 each)	398,690	265,828
Subscribed :		
199,293,990 (2003-04 : 26,572,532) Ordinary Shares of Rs. 2 each (2003-04 : Rs. 10 each) fully paid-up	398,588	265,725
Less : Calls unpaid	27	34
	<u>398,561</u>	<u>265,691</u>

Notes : Of the above

- (a) 3,151,187 shares allotted fully paid-up pursuant to a contract without payment being received in cash.
- (b) 257,660 shares allotted fully paid-up pursuant to a contract in full redemption of Mortgage Debentures.
- (c) 1,962,282 shares allotted as fully paid Bonus Shares by capitalisation of General Reserve and Share Premium.
- (d) 11,723,666 shares allotted as fully paid Bonus Shares by capitalisation of Share Premium.
- (e) 13,286,266 shares allotted as fully paid Bonus Shares during the year by capitalisation of Share Premium.
- (f) Authorised and paid up face value of the Company's Ordinary (Equity) Shares of Rs. 10 each sub-divided into authorised and paid-up face value of Rs. 2 per share with effect from 1st September, 2004.

	Balance at 31st March, 2004 <u>Rs. '000</u>	Additions <u>Rs. '000</u>	Deductions <u>Rs. '000</u>	Balance at 31st March, 2005 <u>Rs. '000</u>
	Revaluation Reserve	18,022	—	1,418 *
General Reserve	1,076,960	229,180	—	1,306,140 **
Share Premium	324,734	20	132,863	191,891
Profit and Loss Account	180,000	180,000	180,000	180,000
Capital Reserve	1,877	—	—	1,877
Capital Redemption Reserve	400	—	—	400
	<u>1,601,993</u>	<u>409,200</u>	<u>314,281</u>	<u>1,696,912</u>

* Refer to note (6) in Schedule 20

** Includes Rs. 42,740 on account of 48.98% holding in the joint venture company M/s. Berger Becker Coatings Pvt. Limited as per proportionate consolidation principle.

	31st March, 2005 <u>Rs. '000</u>	31st March, 2004 <u>Rs. '000</u>
3. SECURED LOANS		
Loans from Banks	140,819	178,610
	<u>140,819</u>	<u>178,610</u>

Note : Loans from Banks are secured by hypothecation of stock-in-trade and book debts.

SCHEDULES

	31st March, 2005 Rs. '000	31st March, 2004 Rs. '000
4. UNSECURED LOANS		
Fixed Deposits *	46,486	135,674
Short Term Loans		
Banks	330,829	217,999
Others	200,000	—
	<u>577,315</u>	<u>353,673</u>
* Includes unclaimed matured fixed deposits	5,766	3,438
5. DEFERRED TAXATION		
Liability		
Depreciation	91,596	96,069
Amortisation of expenses in Accounts	1,537	2,708
	<u>93,133</u>	<u>98,777</u>
Less : Asset		
Amortisation of expenses allowed as per Income Tax Act	7,666	1,853
Others	5,672	4,545
	<u>13,338</u>	<u>6,398</u>
	<u>79,795</u>	<u>92,379</u>

6. FIXED ASSETS

	Original Cost/			Depreciation			Net Book		
	Professional		Professional	Upto	On deletions	Upto	value at	Net Book	
	Valuation at	*****	Valuation at	31st March,	(Accumulated	31st March,	value at	value at	
31st March,	*****	*****	31st March,	31st March,	upto the date	31st March,	31st March,	31st March,	
2004	Additions	Deletions	2005	2004	year ***	of sale)	2005	2004	
Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	
Goodwill	12,589	276	271	12,594	—	—	—	12,594 ****	12,589
Land :									
Freehold	36,917	—	—	36,917	—	—	—	36,917	36,917
Leasehold	17,221	—	—	17,221	1,878	182	2,060	15,161	15,343
Buildings :									
Freehold *	349,978	89,641	—	439,619	88,638	12,405	101,043	338,576	261,340
Leasehold**	39,807	5	—	39,812	8,890	705	9,595	30,217	30,917
Plant and Machinery	891,590	181,768	1,075	1,072,283	497,947	109,608	840	606,715	465,568
Furniture and Fittings	34,718	7,615	74	42,259	20,552	2,076	64	22,564	19,695
Equipment	287,815	27,757	1,056	314,516	160,542	31,938	683	191,797	122,719
Motor Cars and Other Vehicles	58,656	7,657	5,128	61,185	29,448	7,246	4,604	32,090	29,095
	<u>1,729,291</u>	<u>314,719</u>	<u>7,604</u>	<u>2,036,406</u>	<u>807,895</u>	<u>164,160</u>	<u>6,191</u>	<u>965,864</u>	<u>1,070,542</u>
Previous year	1,502,035	235,823	8,567	1,729,291	664,133	150,796	7,034	807,895	921,396

* Partly on Leasehold Land.

** Represents payments made and costs incurred in connection with acquisition of leasehold rights in certain properties for 87, 90 and 99 years and are being amortised over the period of such leases.

*** Refer to note (6) in Schedule 20.

**** Includes Rs. 38 on account of 48.98% holding in the joint venture company M/s. Berger Becker Cotings Pvt. Limited as per proportionate consolidation principle.

***** Includes balances of M/s Pnb Principal Insurance Advisory Company Pvt Limited (erstwhile M/s Avani Insurance Services Pvt. Ltd.) being deleted on its ceasing to be a subsidiary.

***** Includes balances for wholly owned subsidiary M/s Berger Paints (Cyprus) Ltd.

SCHEDULES

	31st March, 2005 <u>Rs. '000</u>	31st March, 2004 <u>Rs. '000</u>
7. INVESTMENTS		
Long Term		
Unquoted – Other than Trade		
Pnb Principal Insurance Advisory Company Limited – at cost 125,000 Equity Shares of Rs. 100 each fully paid-up (75,000 shares purchased during the year)	12,500	—
Rakesh Container Pvt. Limited - at cost 5,887 Equity Shares of Rs. 10 each fully paid-up	177	177
1,498 Shares of Re. 1 each fully paid up in Shantikunj Apartments Limited	1	1
Government Security - 7 Years National Savings Certificate (Under Lien)	7	7
Short Term – Unquoted		
3-8.40% Andhra Pradesh Power Generation Corporation Bonds of Rs. 1,000,000 each (6 Bonds purchased and 3 Bonds sold during the year)	3,096	—
2-9.50% Maharashtra Patbandhare Vitiya Co. Limited Bonds of Rs. 1,000,000 each (9 Bonds purchased and 7 Bonds sold during the year)	2,078	—
4-8.60% Sardar Sarovar Narmada Nigam Limited Bonds of Rs. 1,000,000 each (9 Bonds purchased and 5 Bonds sold during the year)	4,168	—
29-14.15% Maharashtra State Road Development Corporation Bonds of Rs. 100,000 each (Purchased during the year)	3,564	—
10-12.50% Maharashtra Krishna Valley Development Corporation Bonds of Rs. 100,000 each (45 Bonds purchased and 35 Bonds sold during the year)	1,052	—
8-11.50% Maharashtra Krishna Valley Development Corporation Bonds of Rs. 100,000 each (35 Bonds purchased and 27 Bonds sold during the year)	859	—
	<u>27,502</u>	<u>185</u>

Note :

The following investments were purchased and sold during the year :

<u>Description of Investment</u>	<u>No. of Units</u>	<u>Purchase Cost</u> Rs.'000
1. 8.95% Gujarat Electricity Board Bonds	21	2,185
2. 11.40% Andhra Pradesh Power Financial Corporation Limited Bonds	3	320
3. RLFD Sahara Liquid Fund – Dividend	19,541,793.974	200,000
4. Reliance Liquid Fund – Treasury Plan – Institutional Option	3,928,329.808	60,000
5. HDFC Cash Management Fund – Savings Plan	2,820,503.177	30,000
6. Templeton India – Treasury Management Account	3,927.320	6,000
7. HDFC Floating Rate Income Fund – Short Term Plan	997,565.939	10,000

8. INVENTORIES (including in transit)

Stores and Spare Parts	23,860	20,929
Raw Materials	540,994	359,665
Containers	48,907	40,988
Work-in-Process	136,262	77,490
Finished Goods	995,556	763,163
	<u>1,745,579</u>	<u>1,262,235</u>

SCHEDULES

	31st March, 2005 Rs. '000	31st March, 2004 Rs. '000
9. SUNDRY DEBTORS – Unsecured – Considered Good		
Debts Outstanding - for a period exceeding six months	50,636	62,073
Other Debts	864,079	733,169
	<u>914,715</u>	<u>795,242</u>
10. CASH AND BANK BALANCES		
Cash in hand (including cheques and remittances in transit)	13,866	24,019
With Standard Chartered Bank, Chittagong (at pre-1966 devaluation rate of Indian Rupees), Rs. 36, fully written off	—	—
With Scheduled Banks		
On Current Accounts	195,517	266,127
On Debenture Interest Account	43	43
On Unpaid Dividend Account	14,660	13,358
On Fixed Deposit Account	1,212	15,183
On Margin Money Account	848	824
On Debenture Redemption Account	393	402
	<u>226,539</u>	<u>319,956</u>
11. LOANS AND ADVANCES		
Advances recoverable in cash or in kind or for value to be received		
Secured – Considered Good	18	4,443
Unsecured – Considered Good*	151,729	144,129
– Considered Doubtful	—	126
	<u>151,747</u>	<u>148,698</u>
Less : Provision	<u>—</u>	<u>126</u>
	151,747	148,572
Advance payment of Tax (net of provision 2004-05 : Rs. 172,277 2003-04 : Rs. 191,613)	16,678	14,204
Balance with Customs, Central Excise etc.		
Unsecured – Considered Good	51,088	17,575
Deposits		
Unsecured – Considered Good		
(i) Security and Tender (including Deposits in Government Securities– Unquoted at cost - pledged with Government Authorities Rs. 6)	44,833	44,150
	<u>264,346</u>	<u>224,501</u>
* includes interest accrued on deposits and others	1,307	1,489
12. LIABILITIES		
Acceptances	224,436	—
Sundry Creditors	721,111	632,603
Security Deposits	7,807	8,043
Other Liabilities	359,203	309,442
Interest accrued but not due on loans	5,215	15,146
	<u>1,317,772</u>	<u>965,234</u>
13. PROVISIONS		
Tax on distributable profit	19,565	15,321
Proposed Dividend	139,503	119,576
	<u>159,068</u>	<u>134,897</u>

SCHEDULES

	For the year ended 31st March, 2005	For the year ended 31st March, 2004
	Rs. '000	Rs. '000
14. OTHER INCOME		
Dividend received	4,083	759
Discount	2,420	1,509
Bad Debts Recovered	1,765	210
Consultancy fees	5,950	1,354
Profit on sale of Fixed Assets (Net)	638	568
Income from investment in Mutual Fund	1,053	3,311
Miscellaneous *	106,771	93,640
	<u>122,680</u>	<u>101,351</u>
* Includes net profit on contracts executed - Rs 793 (2003-04 : Rs. 1,301)		
15. MATERIALS CONSUMED		
Opening Stocks		
Raw Materials	359,665	381,097
Containers	40,988	37,788
Work-in-Process	77,490	71,195
Finished Goods	763,163	705,918
	<u>1,241,306</u>	<u>1,195,998</u>
Add : Purchases		
Raw Materials	4,752,946	3,558,517
Containers	751,955	561,561
Finished Goods	512,597	406,922
	<u>6,017,498</u>	<u>4,527,000</u>
Less : Cost of materials sold [including cost of containers and others Rs. 686 (2003-04 : Rs. 8)]	16,522	7,910
	<u>6,000,976</u>	<u>4,519,090</u>
Deduct : Closing Stocks		
Raw Materials	540,994	359,665
Containers	48,907	40,988
Work-in-Process	136,262	77,490
Finished Goods	995,556	763,163
	<u>1,721,719</u>	<u>1,241,306</u>
	<u>5,520,563</u> *	<u>4,473,782</u>
* Includes Raw Materials Consumed	4,555,780	3,572,047
Others	964,783	901,735
Materials Consumed	<u>5,520,563</u>	<u>4,473,782</u>

SCHEDULES

	For the year ended 31st March, 2005	For the year ended 31st March, 2004
	Rs. '000	Rs. '000
16. EXPENSES		
Salaries, Wages, Bonus and Commission	331,675	291,148
Contribution to Provident, Superannuation and Gratuity Funds	59,611	57,019
Staff Welfare	109,084	98,453
Freight, Octroi and Delivery	384,358	332,099
Power & Fuel	122,993	109,078
Consumption of Stores and Spare Parts	27,587	21,601
Repairs to Buildings(a)	1,520	1,506
Repairs to Machinery (a)	18,783	13,200
Repairs to Other Assets(a)	8,196	6,324
Rent	46,607	40,317
Rates & Taxes	27,896	27,008
Travelling	93,705	82,792
Advertisement and Sales Promotion Expenses	278,808	212,522
Insurance	10,989	9,443
Cash Discount	368,197	318,321
Commission to Stockists, Distributors etc.	6,101	5,559
Bad Debts written off	10,385	10,543
Directors' Fees	155	143
Auditors' Remuneration :	<u>2004-05</u>	<u>2003-04</u>
	Rs. '000	Rs. '000
Audit Fee	956	905
Other Services		
Provident & Other Funds Audit	41	10
Tax Audit	209	199
Miscellaneous Certificates and Other Matters	679	587
Reimbursement of Expenses	125	81
Other Expenses (b)	<u>2,010</u>	<u>1,782</u>
	295,800	272,918
	<u>2,204,460</u>	<u>1,911,776</u>
(a) Includes :		
Consumption of Stores and Spare Parts	4,136	3,030
(b) Includes :		
Processing Charges	88,127	83,080
Amortisation of :		
(a) Expenses on Technical Fees	2,629	2,629
(b) Expenses on issue of ordinary shares and debentures	314	314
(c) Preliminary Expenses	5	62
(d) Deferred Revenue Expenditure	345	314
17. INTEREST		
Interest expenditure :		
On Fixed Loan	9,840	17,454
On Others*	30,869	22,008
Less : Interest income (Tax deducted at source Rs. 598 2003-04 - Rs. 453)	2,577	2,321
Interest on Income Tax Refund	140	60
	<u>37,992</u>	<u>37,081</u>
	<u>37,992</u>	<u>37,081</u>
* Includes Discounting Charges on Commercial Papers		

SCHEDULES

	For the year ended 31st March, 2005	For the year ended 31st March, 2004
	Rs. '000	Rs. '000
18. PROVISION FOR TAXATION		
Income Tax		
Provision for the year	164,838	187,660
Less : Provision in respect of earlier years no longer required written back	4,013	2,111
	<u>160,825</u>	<u>185,549</u>
19. DEFERRED TAXATION		
Liability		
Depreciation	3,061	2,038
Amortisation of expenses in Accounts	6	633
Others	7	151
	<u>3,074</u>	<u>2,822</u>
Less : Asset		
Depreciation	362	4,317
Amortisation of expenses allowed as per Income Tax Act	6,889	943
Others	1,234	1,731
	<u>8,485</u>	<u>6,991</u>
	<u>- 5,411</u>	<u>- 4,169</u>
Add : Previous Year's Net Deferred Taxation Liability as at 31st March, 2004 recomputed as per Finance Act, 2005 rates.		
Net Change	- 7,325	—
	<u>- 12,736</u>	<u>- 4,169</u>

20. NOTES TO THE CONSOLIDATED ACCOUNTS

1. Principles of consolidation

- a) The consolidated financial statements pertain to Berger Paints India Limited, its wholly owned subsidiary and joint venture companies as detailed below

Name of the company	Country of Incorporation	% voting power held at 31st March, 2005	Note
Direct Subsidiaries			
Berger Jenson & Nicholson (Nepal) Pvt Ltd.	Nepal	100	
Beepee Coatings Pvt. Limited	India	100	
Berger Paints (Cyprus) Limited	Cyprus	100	Became a wholly owned subsidiary on 3rd February, 2005
Indirect Subsidiary			
Berger Paints Overseas Limited	Russia	100	Became a wholly owned subsidiary of Berger Paints (Cyprus) Limited on 5th March, 2005
Joint Venture			
Berger Becker Coatings Pvt. Limited	India	48.98	

SCHEDULES

- b) i) The financial statements of Berger Paints India Limited and its subsidiaries have been compiled by adding together on a line by line basis the book value of like items of assets, liabilities, income and expenses, after eliminating intra group balances and intra group transactions. The Company's interest in its joint venture company, M/s Berger Becker Coatings Pvt Limited, has been consolidated using the proportionate consolidation principle based on the audited financial statements drawn upto 31st March, 2005.

M/s Pnb Principal Insurance Advisory Company Pvt. Limited (erstwhile M/s Avani Insurance Services Pvt. Ltd) is no longer a subsidiary / associate of Berger Paints India Limited (within the meaning of Accounting Standards 21 and 23 issued by the Institute of Chartered Accountants of India) pursuant to the agreement with the other shareholders whereby Berger Paints India Limited holds only 25% of the equity share capital (as at 31st March, 2005) in the capacity of a financial investor only and the control of the Board of Directors as well as the day to day management of the company is vested in the other shareholders.

- ii) The excess / deficit of the cost to the Company of its investments over its share in the equity of the subsidiaries and joint venture company as on the date (or as near to the date as practicable) of takeover has been recognised in the consolidated financial statements as goodwill / (capital reserve).
- c) The consolidated financial statements have been prepared using the same accounting policies as that of Berger Paints India Limited except for depreciation, gratuity and leave encashment for Berger Jenson & Nicholson (Nepal) Pvt Limited which are accounted for on cash basis and valuation of inventory for Berger Becker Coatings Pvt Limited which has been carried out on FIFO basis. The value of inventory carried at FIFO is Rs. 53,850 (2003-04 : Rs. 26,489). The accounting policies of Berger Paints India Limited are given separately in the financial statements of the Company.
2. The Company had been determining the assessable value for Excise purpose based on the adjudication order of the assessing authority as also appellate orders of the earlier years and various decisions of the Hon'ble Tribunal and of various Hon'ble High Courts as also of the Hon'ble Supreme Court. The Excise Authorities have disputed some of the abatements and the matter is subjudice. However, in view of the decision of the Hon'ble Supreme Court in May, 1995 while determining the assessable value for excise purpose, there may arise an additional excise duty liability for the years 1988-89 to 1993-94 which is not quantifiable at present as both the price lists as also the assessments for the said period are pending final adjudication.
3. The Sales Tax, Excise, Income Tax and Customs Authorities have made certain claims totalling Rs. 146,837 (2003-04 : Rs. 96,742), Rs. 10,803 (2003-04 : Rs. Nil), Rs. 18,505 (2003-04 : Rs. 634) and Rs. 1,766 (2003-04 : Rs. 1,513) respectively in respect of earlier years. The Company has been advised by its lawyers that none of the claims are tenable and is therefore contesting the same.
4. Miscellaneous Expenditure (to the extent not written off or adjusted) represent :

	31st March, 2005	31st March, 2004
	Rs. '000	Rs. '000
(i) Expenses on issue of shares and debentures	628	943
(ii) Technical Fees	2,704	5,331
(iii) Preliminary Expenses	9	112
(iv) Deferred Revenue Expenditure-others	391	389
	<u>3,732</u>	<u>6,775</u>
5. Estimated amount of Contracts remaining to be executed on Capital Account not provided for (includes 2004-05 Rs. 1,314, 2003-04 : Rs. Nil pertaining to the joint venture company)	100,867	132,884

SCHEDULES

6. Gross depreciation for the year amounts to Rs. 164,160 (2003-04 : Rs. 150,796) from which has been deducted Rs. 1,418 (2003-04 : Rs. 1,418) being extra depreciation for the year arising on revaluation of fixed assets withdrawn from Revaluation Reserve.
7. Calculation of Earnings per Share of Rs. 2.76 (2003-04 : Rs. 2.22) (Face Value Rs. 2 per share) : The numerator (net profit for the year) and denominator (number of equity shares) are Rs. 550,752 (2003-04 : Rs. 442,195) and 199,293,990 (2003-04 : 199,293,990)* shares respectively.
- *Figure for the corresponding period last year has been restated based on the current diluted equity as per Accounting Standard 20 issued by the Institute of Chartered Accountants of India.

8. Disclosures on Related Parties

							For the year ended 31st March, 2005	For the year ended 31st March, 2004
	Related Party	Relationship	Outstanding as on 31.3.2005 (Rs. '000)	Outstanding as on 31.3.2004 (Rs. '000)	Payable/Receivable	Nature of Transaction	Value of Transaction (Rs. '000)	Value of Transaction (Rs. '000)
(a)	U. K. Paints India Pvt Ltd	Holding Company	22,749	15,096	Payable	1. Clearing & Forwarding Agency Commission 2. Charges for Processing of Goods 3. Purchase of Goods 4. Sale of Goods 5. Rent Expense 6. Sale of Fixed Assets	4,468 107,747 19,023 71 120 -	4,144 87,529 31,469 1,912 125 59
(b)	U. K. Paints (Overseas) Ltd.	Fellow Subsidiary	77	-	Payable			
(c)	U. K. Paints International Ltd.	Fellow Subsidiary	13,243	-	Receivable	1. Sale of Goods	6,590	-
(d)	Mr. Subir Bose	Key Management Personnel	36	-	Receivable	1. Rent Paid 2. Security Deposit Paid	48 36	- -
(e)	Mrs. Chandrika Bose	Relative of Key Management Personnel	186	150	Receivable	1. Rent Paid 2. Security Deposit Paid	185 36	120 -

There are no individuals who are related parties other than the members of the Board of Directors or their relatives.

Except for the transaction mentioned above, none of the Directors had any transactions with the Company other than sitting fees received for attendance of board meetings or remuneration received as per contract of employment with the Company.

9. Exceptional Item consists of Rs. 25,163 (2003-04 : Rs. 550) for Voluntary Retirement Scheme and Rs. 31,794 for past service Gratuity.
10. All figures are in Rupees thousands.
11. Previous Year's figures have been regrouped wherever necessary.

On behalf of the Board of Directors

K S Dhingra — Chairman
G S Dhingra — Vice Chairman
Subir Bose — Managing Director
Anil Bhalla — Director
K R Das — Director
Gurcharan Das — Director
Aniruddha Sen — Company Secretary

Kolkata
Dated : 4th June, 2005

CONSOLIDATED CASH FLOW STATEMENT OF BERGER PAINTS INDIA LIMITED AND ITS SUBSIDIARY AND JOINT VENTURE COMPANIES FOR THE YEAR ENDED 31ST MARCH, 2005

	For the year ended 31st March, 2005	For the year ended 31st March, 2004
	Rs. '000	Rs. '000
A. Cash flow from operating activities		
Net profit before income tax & extra-ordinary items	755,798	625,035
Adjusted for :		
Depreciation	162,742	149,378
Interest Income	- 11,274	- 6,841
Dividend Income	- 4,083	- 2,113
Interest charged	52,039	44,405
Profit on sale of fixed assets	- 637	- 578
Wealth tax	-	207
Miscellaneous expenditure amortised	3,294	3,293
Expenditure under Voluntary Retirement Scheme	- 56,957	- 550
Operating profit before working capital changes	<u>900,922</u>	<u>812,236</u>
Changes in :		
Trade & other receivables	- 104,801	- 173,986
Inventories	- 483,343	- 44,722
Trade & other payables	<u>364,046</u>	<u>214,555</u>
Cash generated from operations	<u>676,824</u>	<u>808,083</u>
Miscellaneous expenditure-technical fees	- 347	- 542
Direct taxes paid (net of income tax refund received)	- 178,381	- 234,582
Net cash from operating activities	<u>498,096</u>	<u>572,959</u>
B. Cash flow from investing activities		
Purchase of fixed assets	- 347,165	- 286,157
Sale of fixed assets	1,747	2,111
Interest received	11,655	6,010
Dividend received	4,083	2,113
Proceeds from liquidation of investments	-	1,106
Purchase of investments	- 22,317	- 5,177
Net cash used in investing activities	<u>- 351,997</u>	<u>- 279,994</u>
C. Cash flow from financing activities		
Proceeds from share issue	27	14
Proceeds from / repayments of long term borrowings	155,254	138,693
Proceeds from / repayments of other loans	- 65,914	- 129,185
Interest paid	- 61,552	- 46,553
Dividend paid	- 262,271	- 250,855
Net cash used in financing activities	<u>- 234,456</u>	<u>- 287,886</u>
Net changes in cash & cash equivalents (A+B+C)	<u>- 88,357</u>	<u>5,079</u>
Cash & cash equivalents - opening balance	314,896	310,486
Cash & cash equivalents - closing balance	226,539	315,565

- Notes : 1) Cash and cash equivalents represent cash and bank balances only.
2) Bank overdraft and other short term loans have been treated as part of financing activities.
3) Previous year's figures have been regrouped wherever necessary.

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

Partha Mitra
Partner
Membership Number 50553

For and on behalf of
LOVELOCK & LEWES
Chartered Accountants

On behalf of the Board of Directors

K S Dhingra — Chairman

Kolkata
Dated : 4th June, 2005