



**SHALIMAR
PAINTS**

31st August, 2019

BSE Limited
Corporate Relationship Department,
1st Floor, New Trading Ring,
Rotunda Building, P.J. Towers,
Dalal Street, Fort, Mumbai-400 001

National Stock Exchange of India Ltd
Exchange Plaza, 5th Floor,
Plot No. C/1, G-Block
Bandra Kurla Complex, Bandra (E),
Mumbai - 400051

Reference: Scrip Code - NSE-SHALPAINTS, BSE-509874

Subject: Notice of the 117th Annual General Meeting ('AGM') and Annual Report of the Company for the Financial Year 2018-19 in terms of requirements of Regulation 30 & 34 of the SEBI (Listing obligations and Disclosure Requirements) Regulations, 2015, as amended ('LODR Regulations')

Pursuant to Regulation 30 & 34 of the LODR Regulations, we enclose herewith a copy of the Notice of 117th Annual General Meeting ("AGM") of the Company along with the Annual Report, which is scheduled to be held on Thursday, 26th September, 2019 at 4:00 P.M. at Nirvana Patio Club, Nirvana Community Ground, Opposite Court Yard Market, Nirvana Country, Southcity-2, Sec-50, Gurugram, Haryana 122001. The Proxy Form and Attendance Slip are also forming part of the Annual Report 2018-19.

Further, pursuant to the provisions of Section 108 of the Companies Act, 2013 read with rule 20 of the Companies (Management and Administration) & Rules made thereunder and Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company is providing facility to the members to cast their votes by electronic means on all resolutions set out in the 117th AGM Notice through e-voting services provided by "Central Depository Services (India) Limited" ("CDSL").

Cut-off date for determining the eligibility of the members to vote by remote e- voting or voting at the venue of the AGM is September 19, 2019 . The e-voting period starts at 9.00 A.M on Monday, September 23, 2019 and ends at 5.00 PM on Wednesday, September 25, 2019.

Kindly take the same on your records.

Thanking You,

Yours truly,
For **Shalimar Paints Limited**

(Gautam)
Company Secretary &
Compliance Officer



**SHALIMAR
PAINTS**

Corporate Office: 1st Floor, Plot No. 28, Sector 32, Gurugram - 122001, Haryana
Regd. Office: Stainless Centre, 4th Floor, Plot No. 50, Sector 32, Gurugram - 122001, Haryana.
Call: +91 124 461 6600 Fax: +91 124 461 6659 Toll Free: 1800-103-6509
Email Id: askus@shalimarpaints.com Website: www.shalimarpaints.com CIN: L24222HR1902PLC065611



SHALIMAR
PAINTS



ANNUAL REPORT
2018-19

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CHAIRMAN'S MESSAGE

Dear shareholders,

It gives me immense pleasure to update you on the overall performance of your company. Our future-oriented approach and management agility have always helped your company to overcome many ups and downs. Be it the fire in Nashik and Howrah unit, or the economic disruption caused by the introduction of the GST bill, we have always bounced back – stronger than before – from every adversity.



Mr. Gautam Kanjilal
Chairman

And so, as we reminisce about past glories, we also celebrate the present. This year has marked the successful commencement of operations at the Nashik plant. We have also further strengthened our pan-India distribution network to make deeper inroads into established and emerging markets.

In order to improve our profitability, we have also deployed a 360-degree strategy that is aimed at the all-around development of the organization. To begin with, by raising INR 250 crore through a rights issue, we have successfully overcome working capital constraints. We are reinvesting that capital into R&D in order to explore cost optimization initiatives while simultaneously ensuring that we maintain the high product quality that we are renowned for.

We are, therefore, pleased to announce our plans to produce alkyd resins, an important ingredient in synthetic paints, completely in-house. Owning a greater share of our manufacturing supply chain will help us significantly reduced our production costs. It also opens opportunities for greater product innovation, in both the decorative and protective coating businesses.

These measures are already showing impressive results, with Shalimar Paints registering a robust year-on-year revenue growth of 48% in the quarter ending March 2019. We are aggressively targeting increasing our monthly revenues from INR 30 crore to INR 40 crore and are confident of being back in profit for the full year in the current fiscal, with a revenue topline of INR 450 crore.

Underlining our commitment to deliver on all fronts, this year your company has launched brand campaign Har Rang Khoobsurat (HRK) to touch on the strongest vein of the country – diversity. With this, we are celebrating India's unique mix of cultures and identities while working towards a society that has broken through the artificial boundaries of religion, caste, gender and profession.

In keeping with our positioning as a socially responsible corporate company, we also did an Activity called #PaintTheChange with Kahani in a remote village of Dehradun to create awareness about local migration which is a grave issue back in the people living in the hills.

We respect that change is constant. Our strategy lies not in passively adapting to change, but proactively shaping the direction in which we move. This is why, having started from a single plant in 1902 in Howrah, Shalimar Paints today has a strong foothold in all the for zones and holds the power of adding color to the lives of millions across India, Nepal, Bhutan, Dubai and Seychelles.

I must say that this would not have been possible without your continued support and faith in us. It is with you that we have been through it all – from financial hurdles to operational recovery – and come out victorious. In the end, the courage to grow together is what counts.

As a 100-year-young brand, we are barely just beginning. We are confident that, with support from the government and you, Shalimar Paints will continue to scale greater heights and pursue a thousand opportunities. Let's make the world a better place and paint a brighter future for the country's business ecosystem – together.

DECORATIVE PAINTS



Signature
Interior Luxury Emulsion

The toughness of pure acrylic binders fortified with fluoro polymers impart high level of inertness giving a long-lasting, luxurious and stain-free finish. Signature Luxury Emulsion has superior Bacterial & Fungus Resistance.

Weather Pro +

Exterior Super Premium Emulsion

A water-based Super Premium 100% acrylic exterior emulsion with silicon additives that safeguard your walls from extreme weather conditions like rain, humidity and heat. It reflects sun rays to help reduce heat build-up, blocks out damaging ultraviolet rays and prevent algal and fungal formation on walls. It has excellent Dirt Pick Up Resistance Property.



Superlac
Interior Premium Acrylic Emulsion

Superlac Stay Clean is a water based super premium emulsion which provides Easy Stain Cleanability to household stains such as tea, coffee, ketchup etc. It is formulated with advanced stain guard technology which gives superior stain resistance to household stains.

Xtra Tough

Exterior Super Premium Emulsion

Formulated with special additives and fine pigments to provide a rich finish with anti-fading/anti-flaking property. It has superior Algae and Fungus resistance. Pure Acrylic Emulsion technology with silicon additives. It's tough and durable film effectively withstands in all weather conditions.



INDUSTRIAL PAINTS



PROTECTIVE COATING

For over a century, Shalimar Paints has been in the business of protecting & enhancing the effective service life of machinery and national infrastructure with its TUF range of high performance coatings & services, meeting the highest international standards, through a process of innovation & continued improvements, while meeting and exceeding the requisite legislation of business & environment.

PRODUCT FINISH

Shalimar is a major player in the utility services segment comprising ceiling fans, light fixtures, luminaries, pumps, motors, material handling equipment, textile machinery, tractors & tillers, barrels, LPG cylinders, auto ancillary and two & three-wheeler industry (both manual as well as motorised).



PACKAGING

We are the leading coating manufacturer & supplier in the organised paints and metal packaging segments in India. Our products can be easily found everywhere – from food cans & metal closures, to PP caps and paint cans etc. Today Shalimar Paints Cankote products touch every Indian Household in any item of metal packaging.

MARINE

Shalimar Paints is known for its century-old know-how and expertise in Marine requirements. We have supplied paints for Rani Padmini, the first vessel 76000 DWT, Cargo Carrier, built in Cochin Shipyard. We have the entire range and complete system of painting for :

- New Construction Shop Primers
- Under Water Anti-Corrosive & Anti-fouling paints
- Boot Top & Top Side Paints
- Super Structure, Deck and Accommodation Area coatings
- Portable Water Tank Coatings
- Tanks & Cargo Holds Coatings.



BOARD OF DIRECTORS

Mr. Gautam Kanjilal
Chairman

Mr. Ashok Kumar Gupta
Vice Chairman

Mr. Ashok Kumar Agarwal
Director

Ms. Urvi Jindal
Director

Mr. Alok Perti
Director



CORPORATE INFORMATION

Corporate Office

1st Floor, Plot No. 28, Sector - 32, Gurugram, 122001, Haryana

Registrar & Transfer Agents

BEETAL Financial & Computer Services Pvt. Ltd.

Beetal House, 3rd Floor,

99, Madangir, Behind LSC, New Delhi - 110062

Ph. 011-29961281-83 Fax 011-29961284

Email: beetalrta@gmail.com

Consortium Member Banks

State Bank of India

Punjab National Bank

Corporation Bank

HDFC Bank Ltd

IndusInd Bank

Statutory Auditors

A.K Dubey & Co.

Company Secretary & Compliance Officer

Mr. Gautam

Website

www.shalimarpaints.com

Corporate Identification Number

L24222HR1902PLC065611

SHALIMAR PAINTS LIMITED

CIN: L24222HR1902PLC065611

Registered Office: Stainless Centre, 4th Floor, Plot No. 50, Sector -32, Gurugram, Haryana - 122001

Phone: 0124-4616600; Fax: 0124-4616659; E-mail Id: askus@shalimarpaints.com

Website: www.shalimarpaints.com

Notice of the 117th Annual General Meeting

NOTICE is hereby given that the 117th Annual General Meeting of the Members of **SHALIMAR PAINTS LIMITED** will be held on Thursday, the 26th day of September, 2019 at 4:00 P.M., at Nirvana Patio Club, Nirvana community Ground, Opposite Court Yard Market, Nirvana Country, Southcity-2, Sec-50, Gurugram, Haryana 122001 to transact the following business (es):

ORDINARY BUSINESS:

Item No. 1 - To receive, consider and adopt:

- the audited standalone financial statements of the Company for the financial year ended on 31st March, 2019, the Reports of Board of Directors and Auditors thereon, and
- the audited consolidated financial statements of the Company for the financial year ended on 31st March, 2019 and the Report of the Auditors thereon.

Item No. 2 - Re-appointment of Mr. Ashok Kumar Gupta (DIN: 01722395) as a director liable to retire by rotation

To re-appoint Mr. Ashok Kumar Gupta (DIN: 01722395) who retires by rotation and being eligible, seeks reappointment and to pass with or without modification(s) the following resolution, as an Ordinary Resolution:

“RESOLVED THAT pursuant to provision of section 152 and other applicable provisions of the Companies Act 2013, the approval of the members of the Company be and is hereby accorded to the re-appointment of Mr. Ashok Kumar Gupta (DIN: 01722395) as Director of the Company, who retires by rotation at an ensuing Annual General Meeting and being eligible, offered himself for re-appointment.”

SPECIAL BUSINESS:

Item No. 3 – Appointment of Ms. Urvi Jindal (DIN:08461065) as Non-Executive Non-Independent Director of the Company

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

“RESOLVED THAT pursuant to the provisions of Sections 152, 161 and other applicable provisions, if any, of the Companies Act, 2013 (“the Act”) and the Companies (Appointment and Qualification of Directors) Rules, 2014 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI Listing Regulations) (including any statutory modifications or re-enactment thereof for the time being in force) and Articles of Association of the Company, Ms. Urvi Jindal (DIN: 08461065), who was appointed as an Additional Director of the Company with effect from May 28, 2019 by the Board of Directors and who holds office upto the date of ensuing Annual General Meeting of the Company under Section 161(1) of the Companies Act, 2013 (the Act), who is eligible for appointment and in respect of whom the Nomination and Remuneration Committee has recommended her appointment to the Board which was further approved by the Board of Directors of the Company, and in respect of whom the Company has received a notice in writing under Section 160(1) of the Act from a Member proposing her candidature for the office of Director, be and is hereby appointed as Non-Executive Non-Independent Director of the Company, to hold office for a term of 3 (three) consecutive years with effect from May 28, 2019.”

“RESOLVED FURTHER THAT the Board of Directors (hereinafter referred to as “the Board” including any committee/sub-committee of the Board) of the Company be and are hereby authorized to take all necessary steps to give effect to the aforesaid resolution.”

Item No. 4 - Appointment of Mr. Ashok Kumar Agarwal (DIN: 08154563) as Non-Executive Independent Director of the Company

To consider and if thought fit, to pass, with or without modification(s), the following resolution, as a **Special Resolution**:

“RESOLVED THAT pursuant to the provisions of Sections 149, 150 and 152 and other applicable provisions, if any, of the Companies Act, 2013 (“the Act”) and rules framed thereunder, read with Schedule IV of the said Act and Regulation 16(1) (b) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI Listing Regulations) (including any statutory modifications or re-enactment thereof for the time being in force) and Articles of Association of the Company, Mr. Ashok Kumar Agarwal (DIN: 08154563) the Independent Non-Executive Director of the Company, who has submitted a declaration that he meets the criteria for independence as provided in the Act and SEBI Listing Regulations and who is eligible for appointment and in respect of whom, the Nomination and Remuneration Committee has recommended his appointment to the Board which was further approved by the Board of Directors of the Company, be and is hereby appointed as an Independent Non-Executive Director of the Company, not liable to be retire by rotation, to hold office for a term of 3 (three) consecutive years with effect from 12 August 2019.”

Notice (Contd.)

“**RESOLVED FURTHER THAT** the Board of Directors (hereinafter referred to as “the Board” including any committee/ sub-committee of the Board) of the Company be and are hereby authorized to take all necessary steps to give effect to the aforesaid resolution.”

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

**Gautam
Company Secretary
M. No. : ACS 30581**

Dated : 12 August, 2019

Place : Gurugram

Notes:

1. An Explanatory Statement pursuant to Section 102 (1) of the Companies Act, 2013 in respect of business to be transacted at the Annual General Meeting (AGM), as set out above and the relevant details of the Directors seeking appointment/ re-appointment as required by Regulation 26(4) and 36(3) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirement) Regulations, 2015 (Listing Regulations) is annexed thereto.
2. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE AGM IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF / HER SELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.** The instrument appointing the proxy should be deposited at the **Registered Office of the Company not less than 48 (forty - eight) hours before commencement of the AGM.**

A proxy form is annexed to the Annual Report. Proxies submitted on behalf of limited companies, societies etc., must be supported by an appropriate resolution/ authority, as applicable.

Pursuant to the provisions of Section 105 of the Companies Act, 2013, a person can act as proxy on behalf of members not exceeding 50 (fifty) in number and holding in the aggregate not more than 10 (ten) percent of the total share capital of the Company carrying voting rights. A member holding more than 10 (ten) percent of the total share capital carrying voting rights may appoint single person as a proxy and such person shall not act as proxy for any other member.

A proxy-holder shall prove his identity at the time of attending the Meeting.

Corporate members intending to send their authorized representatives to attend the AGM pursuant to Section 113 of the Companies Act, 2013 are requested to send, a certified copy of relevant Board Resolution together with the respective specimen signature(s) of those representative(s) authorized under the said resolution to attend and vote on their behalf at the AGM, to the Company's Registrar and Transfer Agent, BEETAL Financial & Computer Services Private Limited, BEETAL HOUSE, 3rd Floor, 99, Madangir, behind LSC, New Delhi – 110062 by not less than 48 (forty-eight) hours before commencement of the AGM.

3. The Register of Members and Share Transfer books of the Company will remain closed from Friday 20th September, 2019 to Thursday 26th September, 2019 (both days inclusive), for the purpose of Annual General Meeting.
4. In accordance with the amendments to Regulation 40 of Listing Regulations, the Securities and Exchange Board of India (SEBI) has revised the provisions relating to transfer of listed Securities and has decided that request for effecting transfer of listed securities shall not be processed unless the securities are held in dematerialized form with a Depository (National Securities Depository Limited and Central Depository Services (India) Limited). This measure is aimed at curbing fraud and manipulation risk in physical transfer of securities by unscrupulous entities. Transfer of securities only in demat form will improve ease, facilitate convenience and safety of transactions for investors.

Members holding shares in physical form are requested to convert their holding(s) to dematerialized form to eliminate all risks associated with physical shares.

5. In accordance with Rule 20 of the Companies (Management and Administration) Amendment Rules, 2015, the Company has fixed 19th September, 2019 as the “cut-off date” to determine the eligibility to vote by electronic means or in the general meeting. A person whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date, i.e. 19th September, 2019, shall be entitled to avail the facility of remote e-voting or voting in the general meeting.
6. Pursuant to applicable provisions of the Companies Act, 2013 read with Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 (Rules), all unpaid or unclaimed dividends are required to be transferred by the Company to the IEPF established by the Central Government, after completion of 7 (seven) years. The Company has transferred an amount of ₹ 4,43,820.00/- (Rupees Four Lac Forty Three Thousand Eight Hundred and twenty Only) to the IEPF.
7. Members are requested to hand over the Attendance Slip, duly signed in accordance with the specimen Signature (s) registered with the Company for admission to the meeting hall. Members who hold shares in dematerialized form are requested to bring their Client ID and DP ID numbers for identification.
8. Documents open for inspection:

Notice (Contd.)

- A. During the period beginning 24 (twenty-four) hours before the time fixed for the AGM, a member would be entitled to inspect the proxies lodged at any time during the business hours of the Company provided that not less than 3 (three) days of advance notice in writing is given to the Company;
 - B. Relevant documents referred to in the accompanying Notice and the statement pursuant to Section 102(1) of the Companies Act, 2013 are available for inspection at the Registered Office of the Company during business hours on all days except Saturdays, Sundays and public holidays upto the date of the AGM;
 - C. The Register of Directors and Key Managerial Personnel and their shareholding, maintained under Section 170 of the Companies Act, 2013 and the Register of Contracts or Arrangements in which Directors are interested, maintained under Section 189 of the Companies Act, 2013, will be available for inspection by the members at the AGM.
9. Members holding shares in single name are advised to avail the facility of nomination in respect of shares held by them pursuant to the provisions of Section 72 of the Companies Act, 2013. Members holding shares in physical form desiring to avail this facility may send their nomination in prescribed Form No. SH-13. Members holding shares in electronic mode may contact their respective Depository Participants for availing this facility.
 10. Shareholders may be aware that the Companies Act, 2013, permits service of the Notice of the Annual General Meeting through electronic mode. Electronic copy of the Annual Report including Notice of the 117th Annual General Meeting of the Company inter alia indicating the process and manner of e-voting along with Admission Slip and Proxy Form is being sent to all the members whose email IDs are registered with the Company/Depository Participant(s) for communication purposes. However, those members who desire to have a physical copy may request for the same to the Registrar & Transfer Agent (RTA), BEETAL Financial & Computer Services Private Limited. For members who have not registered their email IDs, physical copies of the Annual Report are being sent in the permitted mode.
 11. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to the Depository Participants with whom they maintain their demat accounts. Members holding shares in physical form should submit their PAN to BEETAL Financial & Computer Services Private Limited.
 12. The shareholders who are holding shares in demat form and have not yet registered their e-mail IDs with their Depository Participant are requested to register their e-mail address at the earliest, to enable the Company to use the same for serving documents to them electronically, hereinafter. Shareholders holding shares in physical form may kindly provide their e-mail address to the RTA by sending an e-mail at beetalrta@gmail.com. The Annual Report of the Company would also be made available on the Company's website www.shalimarpaints.com.
 13. Voting through Electronic means:

In compliance with Section 108 and other applicable provisions of the Companies Act, 2013, if any, read with Rule 20 of the Companies (Management and Administration) Amendment Rules, 2015, and Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company is pleased to provide its Shareholders with the facility of "remote e-voting" (e-voting from a place other than venue of the AGM), to enable them to cast their votes at the 117th Annual General Meeting (AGM) and the business at the 117th AGM may be transacted through such voting. The Company has entered into an agreement with Central Depository Services (India) Ltd. (CDSL) for facilitating e-voting to enable all its Shareholders to cast their vote electronically.

The facility for voting, either through electronic voting system or ballot/polling paper shall also be made available at the venue of the AGM, apart from the remote e-voting facility provided prior to the date of AGM. The members attending the meeting, who have not already cast their vote through remote e-voting shall be able to exercise their voting rights at the meeting. The members who have already cast their vote by remote e-voting prior to the meeting may also attend the meeting but shall not be entitled to cast their vote again at the AGM. The Company has appointed Ms. Manisha Rawat, Practising Company Secretary, as the Scrutiniser for conducting the remote e-voting and the voting process at the AGM in a fair and transparent manner. The Scrutiniser shall make a consolidated Scrutiniser's report of the total votes cast in favour or against, if any, during the remote e-voting and voting at the AGM, not later than three days of conclusion of the meeting, to the Chairman or a person, authorised by him in writing. The Chairman or a person, authorised by him in writing, shall declare the results of the AGM forthwith. The results declared along with the Scrutiniser's report shall be placed on the Company's website and on the website of CDSL and shall be communicated to the Stock Exchanges.

Members holding shares in physical form or in demat form as on 19th September, 2019, the cut-off date shall only be eligible for e-voting.

The instructions for voting electronically are as under:

- (i) The voting period begins on Monday, 23rd September, 2019 at 9.00 a.m. and ends on Wednesday, 25th September, 2019 at 5.00 p.m. During this period, the eligible shareholders of the Company, holding shares either in physical form or in dematerialized form, as of cut-off date 19th September, 2019 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) The shareholders should log on to the e-voting website www.evotingindia.com.
- (iii) Click on Shareholders/Members
- (iv) Now Enter your User ID

Notice (Contd.)

- a. For CDSL: 16 digits beneficiary ID,
 - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (v) Next enter the Image Verification as displayed and Click on Login.
- (vi) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.
- (vii) If you are a first time user follow the steps given below:

For Members holding shares in Demat Form and Physical Form	
PAN*	<p>Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <ul style="list-style-type: none"> • Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the last 8 digits of the demat account/folio number in the PAN field. • In case the folio number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with folio number 1 then enter RA00000001 in the PAN field.
Dividend Bank Details OR Date of Birth (DOB)	<p>Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the Company records in order to login.</p> <ul style="list-style-type: none"> • If both the details are not recorded with the depository or company please enter the member id/folio number in the Dividend Bank details field as mentioned in instruction (iv).

- (viii) After entering these details appropriately, click on "SUBMIT" tab.
- (ix) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field.
- Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that Company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xi) Click on the EVSN of SHALIMAR PAINTS LIMITED on which you choose to vote.
- (xii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xiii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xiv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- (xv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xvi) You can also take a print of the voting done by you by clicking on "Click here to print" option on the Voting page.
- (xvii) If the Demat account holder has forgotten the changed login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xviii) Shareholders can also cast their vote using CDSL's mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. Apple and Windows phone users can download the app from the App Store and the Windows Phone Store respectively. Please follow the instructions as prompted by the mobile app while voting on your phone.
- (xix) Note for Non-Individual Shareholders and Custodians
- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodians are required to log on to www.evotingindia.com and register themselves as Corporates.
 - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
 - After receiving the login details a compliance user should be created using the admin login and password. The

Notice (Contd.)

Compliance user would be able to link the account(s) for which they wish to vote on. they have to create a user who would be able to link the account(s) which they wish to vote on.

- The list of accounts should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
- (xx) A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same. In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions (“FAQs”) and e-voting manual available at www.evotingindia.com, under help section or write an email to helpdesk.evoting@cdslindia.com or call 1800225533.

All grievances connected with the facility for voting by electronic means may be addressed to Deputy Manager, Central Depository Services (India) Limited (CDSL), A Wing, 25th Floor, Marathon Futurex, Mafatlal Mill Compounds, N M Joshi Marg, Lower Parel (East), Mumbai - 400013 or send an email to helpdesk.evoting@cdslindia.com or call 1800225533.

Those persons, who have acquired shares and have become members of the Company after the despatch of Notice of the AGM by the Company and whose names appear in the Register of Members or Register of beneficial holders as on the cut-off date i.e. 19th September, 2019 shall view the Notice of the 117th AGM on the Company’s website or on the website of CDSL. Such Members shall exercise their voting rights through remote e-voting by following the procedure as mentioned above or by voting at the AGM.

14. As a measure of austerity, copies of the Annual Report will not be distributed at the AGM. Members are, therefore, requested to bring their copies of the Annual Report to the AGM.
15. A route map showing directions to reach the venue of the 117th AGM is given along with this Annual Report as per the requirement of the Secretarial Standards - 2 on General Meetings.

EXPLANATORY STATEMENT

(Pursuant to Section 102 of the Companies Act, 2013 and Secretarial Standard 2)

Item No. 3

The Board of Directors at its meeting held on May 28, 2019, on the recommendation of the Nomination and Remuneration committee considers the appointment of Ms. Urvi Jindal as Non-Executive Non-Independent Director on the Board of the Company. Ms. Urvi Jindal being eligible and offering herself for appointment and is proposed to be appointed as Non-Executive Non Independent Director for a term of three consecutive years w.e.f May 28, 2019.

Ms. Urvi Jindal, aged about 32 years, is graduated from Regents Business School, London and completed Interior Designing Course from the College of Applied Arts, Delhi. Being a part of the illustrious O.P. Jindal family, Ms. Urvi Jindal inherits business acumen from her parents i.e. father-Mr. Ratan Jindal, considered to be a vanguard of innovation in Stainless Steel industry, who is currently Chairman of the Jindal Stainless Limited and Jindal Stainless (Hisar) Limited and mother-Mrs. Deepika Jindal, who is heading the operations of JSL Lifestyle Limited as Managing Director, a company which is carving its own niche in Stainless Steel Lifestyle market. Ms. Urvi Jindal is currently leading a venture running an online portal for baby and kids products.

Nomination and Remuneration Committee of the Board of Directors has recommended appointment of Ms. Urvi Jindal for a term of consecutive three years. A notice in writing has been received from a Member of the Company in terms of Section 160 of the Companies Act, 2013 signifying her to propose the appointment of Ms. Urvi Jindal as a Director of the Company. In the opinion of the Board, Ms. Urvi Jindal fulfills the conditions specified in the Companies Act, 2013 and the rules made thereunder for her appointment as Non Independent Non-Executive Director on the Board of the Company. Save and except the above, none of the Directors, Key Managerial Personnel and their relatives, is interested or concerned in the resolution except to the extent of their shareholdings in the Company.

This statement may also be regarded as an appropriate disclosure under the Listing Regulations.

The Board recommends the Ordinary Resolution set out at Item No. 3 of the Notice for approval by the members.

Item No. 4

The Board of Directors at its meeting held on 12th August 2019, on the recommendation of the Nomination and Remuneration Committee considers the appointment of Mr. Ashok Kumar Agarwal as an Independent Non-Executive Director of the Company, not liable to retire by rotation, for a term of three consecutive years commencing from 12th August 2019.

Mr. Ashok Kumar Agarwal, former General Manager of Indian Railways, retired in June 2016 after more than 38 years of service. He graduated with a Bachelors in Mechanical engineering after qualifying in the prestigious Special Class Railway Apprentice Examination in 1973. He has more than 38 years of experience with Indian Railways in various fields like Production, Planning, Man and Asset Management, Workshop Management, Materials Management, Inventory Management, Budgetary control, Transfer of Technology, export of locos and coaches, R&D.

Notice (Contd.)

His last assignment was with Integral Coach Factory, Chennai as General Manager. Prior to the posting as General Manager, he was heading the Indian Railway Organization for Alternate Fuels (IROAF) of Indian Railways as Chief Administrative Officer. Before that, as Chief Mechanical Engineer – East Coast Railway, Bhubaneswar he managed the highest loading zone in Indian Railways; Chief Mechanical Engineer, Diesel Loco Modernisation, Patiala and Divisional Railway Manager, Bhopal. Mr. Agarwal has also worked in various capacities in Railway Board, New Delhi; RITES Ltd., Gurgaon and Research, Designs and Standards Organisation (RDSO), Lucknow. Throughout his career, Mr. Agarwal has displayed great leadership qualities and managerial skills which has enabled him to deliver results in crisis situations.

In the opinion of the Board, Mr. Ashok Kumar Agarwal is a person of Integrity and possesses relevant expertise and experience and fulfills the conditions for appointment as a director as specified in the Companies Act, 2013 and the rules made thereunder and as per the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for his appointment as Independent Non-Executive Director on the Board of the Company. Nomination and Remuneration Committee of the Board of Directors has recommended appointment of Mr. Ashok Kumar Agarwal for a term of consecutive three years.

A notice in writing has been received from a Member of the Company in terms of Section 160 of the Companies Act, 2013 signifying his intention to propose the appointment of Mr. Ashok Kumar Agarwal as a Director of the Company. Save and except the above, none of the Directors, Key Managerial Personnel and their relatives, is interested or concerned in the resolution except to the extent of their shareholdings in the Company.

This statement may also be regarded as an appropriate disclosure under the Listing Regulations.

The Board recommends the Special Resolution set out at Item No. 4 of the Notice for approval by the members.

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

**Dated : August 12, 2019
Place : Gurugram**

**Gautam
Company Secretary
M. No.: ACS 30581**

Notice (Contd.)

ADDITIONAL INFORMATION REQUIRED TO BE FURNISHED PURSUANT TO SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015 AND SECRETARIAL STANDARD-2 ON GENERAL MEETINGS:

As required pursuant to Regulation 36 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Clause 1.2.5 of Secretarial Standards-2 on General Meetings, the particulars of Directors seeking appointment/re-appointment are provided below:

Name of the Director	Mr. Ashok Kumar Agarwal	Ms Urvi Jindal
Director Identification Number (DIN)	08154563	08461065
Date of Birth (Age in years)	17/06/1956 (63 years)	09/07/1987 (32 years)
Original date of Appointment	August 12, 2019	May 28, 2019
Qualification	Master's degree in Physics and completed his PGDBA	Graduated from Regents Business School, London and completed Interior Designing Course from the College of Applied Arts, Delhi
Experience and nature of expertise in specific functional area	<p>Mr. Ashok Kumar Agarwal, former General Manager of Indian Railways, retired in June 2016 after more than 38 years of service. He graduated with a Bachelors in Mechanical engineering after qualifying in the prestigious Special Class Railway Apprentice Examination in 1973.</p> <p>He has more than 38 years of experience with Indian Railways in various fields like Production, Planning, Man and Asset Management, Workshop Management, Materials Management, Inventory Management, Budgetary control, Transfer of Technology, export of locos and coaches, R&D.</p> <p>His last assignment was with Integral Coach Factory, Chennai as General Manager. Prior to the posting as General Manager, he was heading the Indian Railway Organization for Alternate Fuels (IROAF) of Indian Railways as Chief Administrative Officer. Before that, as Chief Mechanical Engineer – East Coast Railway, Bhubaneswar he managed the highest loading zone in Indian Railways; Chief Mechanical Engineer, Diesel Loco Modernisation, Patiala and Divisional Railway Manager, Bhopal. Mr Agarwal has also worked in various capacities in Railway Board, New Delhi; RITES Ltd., Gurgaon and Research, Designs and Standards Organisation (RDSO), Lucknow.</p> <p>Throughout his career, Mr. Agarwal has displayed great leadership qualities and managerial skills which has enabled him to deliver results in crisis situations.</p>	<p>Ms. Urvi Jindal inherits business acumen from her parents i.e. father-Mr. Ratan Jindal, considered to be a vanguard of innovation in Stainless Steel industry, who is currently Chairman of the Jindal Stainless Limited and Jindal Stainless (Hisar) Limited and mother-Mrs. Deepika Jindal, who is heading the operations of JSL Lifestyle Limited as Managing Director, a company which is carving its own niche in Stainless Steel Lifestyle market. Ms. Urvi Jindal is currently leading a venture running an online portal for baby and kids products.</p>
Shareholding in the Company as on 31 st March 2019	Nil	Nil
Remuneration last drawn	Not Applicable	Not Applicable
No. of Board Meeting Attended during the financial year 2018-19	Not Applicable	Not Applicable
Terms and conditions of reappointment and remuneration	As detailed in Item No. 4 of the Notice read with the Explanatory Statement thereto	As detailed in Item No. 3 of the Notice read with the Explanatory Statement thereto

Notice (Contd.)

Disclosure of inter-se relationships between directors and Key Managerial Personnel	Not a relative of any Director and Key Managerial Personnel of the Company as defined under section 2(77) of the Companies Act, 2013 read with Rule 4 of Companies (Specification of definitions details) Rules, 2014	
Directorship held in other companies in India as on 31 st March 2019	JSL Lifestyle Limited	Not Applicable
Membership / Chairmanship of Committees, held during the financial year 2018-19 in the public limited companies in India	Not Applicable	Not Applicable

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

**Dated : August 12, 2019
Place : Gurugram**

**Gautam
Company Secretary
M. No.: ACS 30581**

Director's Report

Dear Shareholders,

The Board of Directors hereby submits the report of the businesses and operations of your Company ('the Company' or 'Shalimar') along with the audited financial statements (Standalone and Consolidated), for the financial year ended March 31, 2019. The consolidated performance of the Company and its subsidiaries has been referred to wherever required.

Financial performance

₹ (in lakhs)

Description	2018-19		2017-18	
	Standalone	Consolidated	Standalone	Consolidated
Revenue from Operations & Other Income	28,991.90	28,965.20	27,863.96	27,838.24
Expense other than Depreciation & Finance cost	34,966.59	34,967.35	31,181.97	31,184.54
Profit before Exceptional Items, Depreciation, Finance cost & tax	(5,974.69)	(6,002.15)	(3,318.01)	(3,346.31)
Add:				
Exceptional Items	(1,567.77)	(1,567.77)	-	-
Less:				
Finance Cost	2,494.37	2,494.37	2,602.67	2,602.68
Depreciation & Amortisation expenses	847.45	849.04	786.37	787.96
Profit before tax	(10,884.28)	(10,913.33)	(6,707.05)	(6,736.94)
Provision for taxation				
Current Tax				
Deferred Tax	(2,730.30)	(2,738.89)	(2,165.41)	(2,181.45)
Profit (loss) after tax	(8,153.98)	(8,174.45)	(4,541.64)	(4,555.50)
Other Comprehensive Income	(57.43)	(57.43)	(12.53)	(12.53)
Balance carried to Balance Sheet	(8,211.41)	(8,231.88)	(4,554.17)	(4,568.03)

Results of our operations and state of affairs for financial year 2018-19

Your Company during the year under review suffered a loss (Total loss) of ₹ 8,211.41/- Lakhs as against loss (Total comprehensive loss) of ₹ 4,554.17/- Lakhs in the previous year. The revenue from operations and other income of the Company for the financial year 18-19 stood at ₹ 28,991.90/- Lakhs as against ₹ 27,863.96/- Lakhs in the previous year.

Decorative Paints Segment– Decorative paints are generally used for painting of domestic, office and other buildings mainly for enhancement of aesthetic look & protection. Our Company manufactures and markets wide range of decorative paints for interior and exterior surfaces – concrete, plaster, metal or wood etc. We have created established brand like Weather Pro, Xtra Tough premier, Shaktiman exterior emulsion specially designed for exterior surfaces. We have wide range of interior emulsions brand like Signature luxury emulsion, Stay Clean interior emulsion, Superlac Advance, No 1 Silk and Master interior emulsion & NO.1 Distemper. Shalimar enjoys established brand in solvent based product range like Superlac Hi-Gloss synthetic enamel, Superlac satin enamel, lustre finish. Our Company's range of water based paints come with no added lead or mercury and with near zero VOC (Volatile Organic Component).

Industrial Paints Segment– Shalimar manufactures and markets industrial coatings to cater Protective coating sector, Product Finish (OEM, GENERAL INDUSTRIAL SECTOR), Range of marine paints including antifouling paints Packaging coatings for metal decoration including food can lacquers are established products running successfully in different coating lines for years. Industrial paints can again be classified into Heavy Duty Protective Coating, GI Coating, Packaging Coating and Marine Coatings and primarily used for protect the structure from deterioration through corrosion and then beautification. Shalimar is actively involved in providing solution through their expert team to mitigate corrosion by recommending the appropriate coating systems.

Nature of Business

We are engaged in the business of manufacturing of paints.

Dividend

In view of the losses incurred during the year under review, the Board did not recommend any dividend.

Standalone/ Consolidated Financial Statement

As per Regulation 33 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as "Listing Regulations") and applicable provisions of the Companies Act, 2013 read with the Rules issued thereunder, the Standalone as well as Consolidated Financial Statements of the Company with applicable Accounting Standards are approved by the Board of Directors of the Company. The Consolidated Financial Statements together with the Auditors' Report form part of this Annual Report.

Operations and Business Performance

Kindly refer to Management Discussion & Analysis and Corporate Governance Report which forms part of this report.

Director's Report (Contd.)

Share Capital

During the year under review, the Authorised Share Capital of the Company has been increased from ₹ 8,00,00,000/- to ₹ 20,00,00,000/- through Postal Ballot, the result of which was declared on July 7, 2018.

During the year under review, there was change in the Company's paid-up equity share capital. The Company has allotted 35,52,370 equity shares of ₹ 2/- each at a premium of ₹ 138/- per share on Rights basis to the eligible equity shareholders on April 27, 2018 which made the Company's paid up share capital to ₹ 4,49,96,690/- divided into 2,24,98,345 Equity Shares of ₹ 2/- each. Further, the Company has allotted 3,11,43,042 equity shares of ₹ 2/- each at a premium of ₹ 62.50/- per share on Rights basis to the eligible equity shareholders on January 04, 2019 which made the Company paid up share capital to ₹ 10,72,82,774/- divided into 5,36,41,387 Equity Shares of ₹ 2/- each.

Further, the Company has allotted 6,58,872 equity shares to Hind Strategic Investments - Promoter of the Company on April 08, 2019 through preferential allotment pursuant to the conversion of ECB Loan into Equity. As present the paid-up share capital of the Company is ₹ 10,86,00,518/- divided into 5,43,00,259 Equity Shares of ₹ 2/- each.

General Reserves

The Company has not transferred any amount to the General Reserve during the financial year ended March 31, 2019.

Material changes and commitments affecting financial position between the end of the financial year and date of the report

- The Company has allotted 6,58,872 equity shares to Hind Strategic Investments - Promoter of the Company on April 08, 2019 through preferential allotment pursuant to the conversion of ECB Loan into Equity.
- The Company has got the listing and trading permission from BSE Limited and National Stock Exchange of India Limited in respect of shares allotted pursuant to preferential allotment.

Transfer of amount to Investor Education and Protection Fund

Pursuant to the applicable provisions of the Companies Act, 2013, read with the IEPF Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ('the Rules'), all unpaid or unclaimed dividends are required to be transferred by the Company to the IEPF established by Government of India, after the completion of seven years. Further, according to the Rules, the shares on which dividend has not been paid or claimed by the shareholders for seven consecutive years or more shall be transferred to the IEPF Authority. Accordingly, the Company has transferred the unclaimed and unpaid dividends of ₹ 4,43,820.00/- (Rupees Four Lac Forty Three Thousand Eight Hundred and twenty Only) to the IEPF.

Tinting Systems

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

Tinting is an economic way of producing a virtually unlimited number of paint colors to meet the exact needs of each individual customer, large or small.

ISO Certifications

Presently, Sikandrabad plant of the Company is certified for Quality Management System-ISO 9001.

Credit Ratings

The Company has been accorded credit rating of CARE BB+ for long term bank facilities and CARE A4+ for short term bank facilities by CARE Ratings Limited on February 19, 2019.

Employee Stock Option Plan (ESOP)

There were no shares offered by the company pursuant to Employee Stock Option Scheme, 2013 i.e. 'ESOP 2013' of the Company, during the financial year under review. A report as required under the SEBI (Share Based Employee Benefits) Regulations, 2014 and as per the provisions of section 62(1)(b) of the Companies Act read with rule 12(9) of the Companies (Share Capital and Debenture) Rules, 2014 and other applicable Regulations is annexed as '**Annexure A**' to this report.

Directors and Key Managerial Personnel

Appointments/ Re-appointments

During the year under review, -

Mr. Gautam Kanjilal was reappointed as Chairman cum Independent Non-Executive Director of the Company for a further period of three years in the Board Meeting held on August 10, 2018 and Mr. Ashok Kumar Gupta was appointed as Vice-Chairman cum Additional Director (Non-Executive Non- Independent) of the Company in the Board Meeting held on August 10, 2018. Further, their appointments were ratified by the members of the Company at the 116th Annual General Meeting held on September 26, 2018.

Ms. Urvi Jindal was appointed as Non-Executive Non Independent Director of the Company in the Board Meeting held on May 28, 2019. Your Board recommends their appointments as the Director in the ensuing AGM.

A brief profile of the Directors proposed to be appointed and re-appointed, as required under SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, is appended as an Annexure to the Notice of the ensuing AGM. The Board recommends the same for the approval of the shareholders of the Company.

Director's Report (Contd.)

Declaration by Independent Directors

The Company has received necessary declarations from each Independent Director under section 149(7) of the Companies Act, 2013, that he/ she meets the criteria of independence laid down in section 149(6) of the Companies Act, 2013 and Regulation 25 of the Listing Regulations.

Nomination and Remuneration Policy

This policy formulates the criteria for determining qualifications, competencies, positive attributes and independence for the appointment of Director (Executive/ Non - Executive) and also the criteria for determining the remuneration of the Directors, Key Managerial Personnel and other employees.

The detailed policy is available on the Company's website link at: https://www.shalimarpaints.com/uploads/Nomination_and_Remuneration_Policy.pdf

Performance Evaluation

In compliance with the applicable provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board of Directors on recommendation of the Nomination and Remuneration Committee has approved and adopted the Evaluation Policy setting out the process, format, attributes and criteria for the performance evaluation of the Board, Board Committees and Individual Directors.

The Directors carried out the annual performance evaluation of the Board, Committees of Board and individual Directors along with accessing the quality, quantity and timeliness of flow of information between the Company management and the Board that is necessary for the Board to effectively and reasonably perform their duties. The performance evaluation of independent directors was done by the entire Board of Directors, excluding the director being evaluated.

Directors were evaluated on various aspects, including inter alia active participation, specialization on subject and expressing views, dissemination of information and explanation or response on various queries in the meeting.

The Independent Directors had met separately on February 08, 2019 without the presence of Non Independent Directors and the members of management and discussed inter-alia, the performance of Non Independent Directors and Board as a whole and the performance of the Chairman of the Company after taking into consideration the views of Executive and Non-Executive Directors.

Board and Committee Meetings

During the year under review, Board Meetings and Committee Meetings were held and the intervening gap between the meetings did not exceed the period prescribed under the Act, the details of which are given in the Corporate Governance Report.

Subsidiaries

As on March 31, 2019, the Company has two subsidiaries, namely Shalimar Adhunik Nirman Limited (SANL) and Eastern Speciality Paints & Coatings Private Limited (ESPCPL). None of the Companies has become or ceased to be the Company's subsidiaries, during the year under review.

In accordance with Section 129(3) of the Companies Act, 2013 read with Rule 5 of Companies (Accounts of Companies) Rules 2014, the Company has prepared consolidated financial statements of the Company and its subsidiaries which form part of the Annual Report. A statement in Form AOC- 1, containing the salient features of financial statements of the above mentioned subsidiaries of the Company is annexed as 'Annexure - B' to this Report.

The audited financial statements of the subsidiary companies are available for inspection at the Company's Registered Office.

Any member desirous of obtaining a copy of said financial statements may write to the Company Secretary at Company's Registered Office. The Company does not have any associate and/or joint venture company.

Auditor reports and auditors

Audit reports

- The Auditors' Report for financial year 2018-19 does not contain any qualifications, reservations or adverse remarks. The Auditors' Report is enclosed with the financial statements in this Annual Report.
- The Secretarial Auditors' Report for financial year 2018-19 does not contain any qualifications, reservations or adverse remarks. The Secretarial Auditors' Report is enclosed as 'Annexure-C' to the Director's Report in this Annual Report
- As required by the Listing Regulations, the auditors' certificate on corporate governance is forming part to this Director's Report. The auditors' certificate for financial year 2018-19 does not contain any qualifications, reservations or adverse remarks.

Statutory Auditors

As per Section 139 of the Companies Act, 2013 ('the Act'), read with the Companies (Audit and Auditors) Rules, 2014, the Members of the Company in 115th Annual General Meeting approved the appointment of M/s. A K Dubey & Co., Chartered Accountants (Firm Registration Number: 329518E), as the Statutory Auditors of the Company for an initial term of 5 years i.e. from the conclusion of 115th Annual General Meeting till the conclusion of 120th Annual General Meeting of the Company. Pursuant to amendments in Section 139 of the Companies Act, 2013, the requirements to place the matter relating to such appointment for ratification by members at every annual general meeting has been omitted with effect from 7th May, 2018. The Report given by M/s. A K Dubey & Co., Chartered Accountants on the financial statement of the Company for the financial year 2018-19 is part of the Annual Report. During the financial year 2018-19, the Auditors had not reported any matter under Section 143 (12) of the Act, therefore no detail is required to be disclosed under Section 134(3)(CA) of the Act.

Director's Report (Contd.)

Secretarial Auditors and Secretarial Standards

The Secretarial Audit was carried out by M/s. Jayant Gupta and Associates Company Secretaries (CP No. 9738) for the financial year 2018-19. The Report given by the Secretarial Auditors is annexed as Annexure-C and forms integral part of this Report. There has been no qualification, reservation or adverse remark or disclaimer in their Report. During the financial year 2018-19, the Secretarial Auditors had not reported any matter under Section 143 (12) of the Act, therefore no detail is required to be disclosed under Section 134 (3)(ca) of the Act.

During the financial year 2018-19, your Company has complied with the applicable Secretarial Standards issued by the Institute of Company Secretaries of India.

Corporate Social Responsibility

Shalimar has been an early adopter of CSR initiatives. Your Company's overarching aspiration to create significant and sustainable societal value is manifest in its CSR initiatives. CSR is traditionally driven by a moral obligation and philanthropic spirit. Through CSR there is a formation of a dynamic relationship between a Company on one hand and the society and environment on the other.

The CSR Policy of the Company is available on the Company's website link at: https://www.shalimarpaints.com/uploads/Corporate_Social_Responsibility_Policy.pdf

The Annual Report on CSR activities in accordance with the Companies (Corporate Social Responsibility Policy) Rules, 2014 is annexed as 'Annexure - D' to this Report.

Listing on stock exchanges

The Company's shares are listed on BSE Limited and National Stock Exchange of India Limited.

The Company has paid annual listing fees to the respective Stock Exchanges. As the trading in equity shares of the Company is permitted only in dematerialized form, the Company has made the requisite arrangements with National Securities Depository Limited and Central Depository Services (India) Limited to enable investors to hold shares in dematerialized form.

Risk Management

The purpose of Risk Management is to assist the Board in fulfilling its responsibilities with regard to the identification, evaluation and mitigation of operational, strategic and environmental risks. It involves identifying potential events that may affect the Company and formulating strategy to manage these events while ensuring that the risk exposure remains at the defined appropriate levels. The Company has developed and implemented comprehensive risk assessment and mitigation procedures as laid down in the Company's Risk Management Policy duly approved by the Board.

There are no risks identified by the Board which may threaten the existence of the Company. The detailed Risk Review is provided in the Management Discussion & Analysis section forming integral part of Annual Report.

The Risk Management Policy of the Company, is available on the Company's website link at: <https://www.shalimarpaints.com/uploads/Risk-Management-Policy.pdf>

Internal financial control and its adequacy

The Board has adopted policies and procedures for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, safeguarding of its assets, prevention and detection of fraud, error reporting mechanisms, accuracy and completeness of the accounting records, and timely preparation of reliable financial disclosures. The Board of Directors of the Company had discussed in their meeting about the effectiveness and appropriateness of a sound Internal Financial Control System already established in the Company. They also discussed the strength and weakness of the system. They also discussed the various suggestions recommended by the audit committee with the internal auditors. Internal audit department provide an annual overall assessment of the robustness of the Internal Financial Control System in the Company.

Audit Committee

During the year under review, the Audit Committee comprised Independent Non-Executive Directors, namely, Mr. Gautam Kanjilal (Chairperson), Mr. Alok Perti and Ms. Pushpa Chowdhary. Powers and role of the Audit Committee are included in Corporate Governance Report. All the recommendations made by the Audit Committee were accepted by the Board of Directors.

Further, Mr. Ashok Kumar Gupta, Non-Executive Directors was inducted to the Committee as new member pursuant to the resignation of Ms. Pushpa Chowdhary in the Board Meeting held on May 28, 2019

Vigil Mechanism

The Whistle – blower Policy has been approved and adopted by the Board of Directors of the Company in compliance with the provisions of Section 177 (10) of the Companies Act, 2013 and Regulation 22 of the Listing Regulations. The Policy also provides protection to the Directors/ employees and business associates who report unethical practices and irregularities.

The Whistle Blower Policy of the Company, is available on the Company's website link at: <https://www.shalimarpaints.com/uploads/Whistleblower-Policy1.pdf>

The Code provides for adequate safeguards against victimization of director(s)/ employee(s) who avail of the mechanism and also provides for direct access to the Chairman of the Audit Committee in exceptional cases.

Director's Report (Contd.)

Extract of Annual Return

The extract of annual return in Form MGT 9 as required under Section 92(3) of the Companies Act, 2013 and Rule 12 of the Companies (Management and Administration) Rules, 2014 is annexed as **Annexure – E** and Forms part of this report. The same is available on the website of the Company: www.shalimarpaints.com

Significant and Material Orders

There are no significant material orders.

Particulars of Loans, Guarantees or Investments

Details of loans, guarantees and investments under the provisions of Section 186 of the Companies Act, 2013 read with the Companies (Meetings of Board and its Powers) Rules, 2014, as on March 31, 2019, are set out in Note 8, 9.

Related Party Transactions

All contracts/arrangements/transactions entered by the Company with Related Parties were in ordinary course of Business and at arm's length basis.

During the year under review, the Company has not entered into any contracts/arrangements/transactions with the Policy of the Company on materiality of related party transactions.

All transactions with related parties were reviewed and approved by the Audit Committee and are in accordance with the Policy on Related Party Transactions formulated by the Company.

The details of the related party transactions as per Indian Accounting Standards (IND AS) - 24 are set out in Note 46 to the Standalone Financial Statements of the Company.

Form AOC - 2 pursuant to Section 134 (3) (h) of the Companies Act, 2013 read with Rule 8(2) of the Companies (Accounts) Rules, 2014 is set out in the '**Annexure-F**' to this report.

The Related Party Transactions policy of the Company, is available on the Company's website link at: <https://www.shalimarpaints.com/uploads/Related-Party-Transaction-Policy.pdf>

Policy on Prevention of Insider Trading

Pursuant to the amendments in the SEBI (Prohibition of Insider Trading) Regulations, 2015, the Board of Directors has amended the Code of Internal Procedures and Conduct for Regulating, Monitoring and Reporting of Trading by Insiders and Code of Fair Disclosure. The Board has also framed a policy on investigation in case of leak / suspected leak of unpublished price sensitive information. The Company's Code, inter alia, prohibits dealing in the shares of the Company by an insider, while in possession of unpublished price sensitive information in relation to the Company and also during certain prohibited periods

Sexual Harassment

To foster a positive workplace environment, free from harassment of any nature, we have adopted a policy on prevention of sexual harassment at workplace. Our policy assures discretion and guarantees non-retaliation to complainants. We follow a gender-neutral approach in handling complaints of sexual harassment and we are compliant with the law of the land wherever we operate. We also constituted an Internal Complaints Committee (ICC) in all locations across India to consider and address sexual harassment complaints in accordance with the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. During the Calendar year, the Company has not received any complaint.

Particulars of Employees

The ratio of the remuneration of Director and Key Managerial Personnel (KMP) to the median of employees' remuneration as per section 197(12) of the Companies Act, 2013, read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 forms part of the Director's Report as "**Annexure-G**".

Energy Conservation, Technology Absorption and Foreign Exchange Earnings and Outgo

The information on conservation of energy, technology absorption and foreign exchange earnings and outgo as stipulated under Section 134 of the Companies Act, 2013 read with the Companies (Accounts) Rules, 2014, is set out in the '**Annexure-H**' to this report.

Corporate Governance

In terms of Regulation 34 of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter "Listing Regulations"), a Report on Corporate Governance along with Compliance Certificate issued by Practicing Company Secretary is attached as **Annexure-I** and forms integral part of this Report (hereinafter "Corporate Governance Report").

Management Discussion and Analysis Report

Management Discussion and Analysis as stipulated under the Listing Regulations is presented in a separate section forming part of this Annual Report. It speaks about the overall industry structure, global and domestic economic scenarios, developments in business operations/ performance of the Company's various businesses viz., decorative business, international operations, industrial and home improvement business, internal controls and their adequacy, risk management systems and other material developments during the financial year 2018-19.

Directors' Responsibility Statement

The financial statements are prepared in accordance with Indian Accounting Standards (Ind AS) (to the extent notified) and guidelines issued by SEBI. The Ind AS is prescribed under section 133 of the Companies Act, 2013 ('the Act') read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016. Effective April 1, 2017, the Company has adopted all the Ind AS standards and the adoption was

Director's Report (Contd.)

carried out in accordance with applicable transition guidance. Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

The directors confirm that:

- a) In the preparation of the annual accounts, the applicable accounting standards have been followed and there are no material departures;
- b) They had selected such accounting policies and applied them consistently and made judgments 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 loss of the Company for that period;
- c) They had taken proper and sufficient care 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;
- d) They had prepared the annual accounts on a going concern basis;
- e) They had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and
- f) They had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Green initiatives

Electronic copies of the Annual Report 2018-19 and the notice of the 117th Annual General Meeting are sent to all members whose email addresses are registered with the Company/ depository participant(s). For members who have not registered their email addresses, physical copies are sent in the permitted mode.

Other disclosures

- a. During the year under review, the Company has not accepted any deposit within the meaning of Sections 73 and 74 of the Companies Act, 2013 read with the Companies (Acceptance of Deposits) Rules, enactment(s) thereof for the time being in force);
- b. The Company has complied with Secretarial Standards issued by the Institute of Company Secretaries of India on Meetings of the Board of Directors and General Meetings;
- c. The Managing Director and CEO of the Company have not received any remuneration or commission from any of Companies subsidiary;
- d. None of the Auditors of the Company have reported any fraud as specified under the second proviso of Section 143 (12) of Companies Act, 2013 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force).
- e. The Company does not have any scheme or provision of money for the purchase of its own shares by employees/ directors or by trustees for the benefit of employees/Directors.

Cautionary Statement

The statements in the Board's Report and the Management Discussion & Analysis Report describing the Company's objectives, expectations or forecasts may be forward looking within the meaning of applicable laws. Actual results may differ materially from those expressed in the statement. Important factors that could influence the Company's operations includes demand and supply conditions affecting selling prices, raw material availability and prices, changes in government regulations, tax laws, economic developments within the country and other factors such as litigation and industrial relations.

Acknowledgements

We thank our customers, vendors, investors, bankers, employees for their continued support during the year. We place on record our appreciation of the contribution made by our employees at all levels. Our continuous operation was made possible by their hard work, solidarity, cooperation and support. We thank the Government of India and government agencies for their support and look forward to their continued support in the future.

**By Order of the Board
For Shalimar Paints Limited**

**Dated : May 28, 2019
Place : Gurugram**

**Ashok Kumar Gupta
Director
DIN: 01722395**

**Alok Perti
Director
DIN: 00475747**

Director's Report (Contd.)

Disclosure in Director's Report

'Annexure-A' to Director's Report

SHALIMAR STOCK OPTION 2013: STATUS AS ON 31.03.2019		
S. No	Particulars	ESOP SCHEME 2013
1	Number of Stock options granted	940,000
2	Pricing Formula	92.08
3	Option Vested	71,475
4	Number of Option exercised	17,875
5	Number of Shares arising as a result of exercise of option	17,875
6	Variation of terms of options	None
7	Number of option lapsed	899,250
8	Money realized upon exercise of options (₹ in Lakhs)	8.16
9	Total number of option in force	22,875
10	(a) Options granted to senior managerial personnel Mr. Sameer Nagpal	280,000
	(b) Any other employee who receives a grant in any one year of option amounting to 5% or more of options granted during the year	
	Mr. Praveen Kumar Asthana	34,000
	Mr. Pravir Kumar	34,000
	Mr. Sanjay Chowdhury	25,000
	Mr. Sandeep Kokane	25,000
	Mr. Ketan Dinesh Girap	34,000
	Mr. Chandan Arora	100,000
	Mr. Shankar Subramanian	50,000
	Mr. Abhay Dadhich	15,000
	(c) Identified employees who were granted options during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants & conversions) of the Company at the time of grant	
	Mr. Sameer Nagpal	280,000
11	(i) Method of calculation of employee compensation cost	Fair Value Method
12	a) Weighted average exercise prices of option granted	92.08
	b) Weighted average fair value of options granted on the date of grant (₹)	98.23
13	Method and significant assumptions used to estimate the fair values of options Black Scholes Valuation Model	Black Scholes Valuation Model
	(i) Weighted average share price / Fair value of share (₹)	137.34
	(ii) Exercise Price ₹	92.08
	(iii) Annual Volatility (Standard Deviation – Annual)	69.57%
	(iv) Time To Maturity - in years	0.32
	(v) Dividend Yield	0.00%
	(vi) Risk free Rate – Annual	8.15%

Form No. AOC-1

(Pursuant to first proviso to sub-section (3) of section 129 of the Act and Rule 5 of the Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statement of Subsidiaries / associate companies / joint ventures

Part "A" : Subsidiaries

(₹ in Lakhs)

Name of the Subsidiary	Shalimar Adhunik Nirman Limited	Eastern Speciality Paints & Coatings Private Limited
Reporting Period	1 st April, 2018 to 31 st March, 2019	1 st April, 2018 to 31 st March, 2019
Reporting Currency	INR	INR
Share Capital	9.50	5.00
Reserves & Surplus	1696.02	(2.60)
Total assets	2733.84	2.99
Total liabilities	2733.84	2.99
Investments	0.00	0.00
Turnover	0.00	0.00
Profit before taxation	(28.82)	(0.23)
Provision for taxation	8.57	0.00
Profit after taxation	(20.25)	(0.23)
Proposed Dividend	0.00	0.00
% of shareholding	99.99%	100%

Note:

1. Name of subsidiaries which are yet to commence operation: **None**
2. Name of subsidiaries which have been liquidated or sold during the year: **None**

Part "B": Associates and Joint Ventures – Not Applicable

For and on behalf of the Board
For Shalimar Paints Limited

Dated : May 28, 2019
Place : Gurugram

Ashok Kumar Gupta
Director
DIN: 01722395

Alok Perti
Director
DIN: 00475747

**MR-3
SECRETARIAL AUDIT REPORT
(For the Financial Year ended March 31, 2019)**

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies
(Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members,
Shalimar Paints Limited
Stainless Centre, 4th Floor, Plot No. 50,
Sector-32, Gurgaon, Haryana-122001

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Shalimar Paints Limited (hereinafter called "the Company"/"SPL"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of SPL's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the Financial Year ended on March 31, 2019, complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by SPL for the period ended on March 31, 2019 according to the provisions of:

- I. The Companies Act, 2013 ('the Act') and the Rules made thereunder;
- II. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- III. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- IV. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- V. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009(till November 9,2018) and The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 (w.e.f. November 10,2018).
 - (d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 (Not applicable to the Company during the Audit Period);
 - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 (Not applicable to the Company during the Audit Period);
 - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client (Not applicable to the Company during the Audit Period);
 - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009(Not applicable to the Company during the Audit Period);
 - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 (Not applicable to the Company during the Audit Period); and
 - (i) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

I have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards with respect to Meetings of the Board of Directors (SS-1) and General Meeting (SS-2) issued by the Institute of Company Secretaries of India;
- (ii) The Listing Agreements entered into by the Company with Stock Exchanges.

During the period under review the Company has generally complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

I further report that:

- a. The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the applicable provisions of law.
- b. Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance (otherwise with requisite compliance for a shorter notice, wherever applicable), and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.
- c. Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

Director's Report (Contd.)

I further report that there are adequate systems and processes in the company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the Audit period the Company has:

1. The Company sought and obtained Members' approvals through Postal Ballot mechanisms for:
 - (i) increase of Authorised Share Capital of the Company to ₹ 20,00,00,000 (Rupees Twenty Crore only) and consequent alteration to the capital clause (clause 5) of Memorandum of Association;
 - (ii) alteration of Clause 4 of Article of Association to give effect the capital increase;
 - (iii) For Right Issue of equity shares not exceeding ₹ 3,00,00,00,000 (Rupees Three Hundred Crore Only);
 - (iv) increase in the limit of total shareholding of all registered foreign portfolio investors (FPIs)/ registered foreign institutional investors (FIIs) put together from 24% to 49% of the paid up equity share capital of the company;
 - (v) issue of 6,58,872 equity shares of the Company of face value ₹2 (Indian Rupees Two) each fully paid up ("Equity Shares") towards the conversion of loan into equity to the extent of US\$ 800,000 to one of the Promoter of the Company on preferential basis.
2. The members of the Company at the Annual General Meeting held on 26th September, 2018 approved raising the fund by way of unsecured loans with an option to convert into the Equity Shares through the Right Issue upto an amount not exceeding ₹ 50,00,00,000/- (Rupees Fifty Crore only).
3. The Company issued and allotted 35,52,370 Equity shares of ₹ 2/- each against the valid applications received, at a price of ₹ 140/- per share aggregating to ₹ 4,973.32 Lakhs, on rights basis to the existing shareholders of Company as on the record date viz. 29th December, 2017. The allotment was made on 27th April, 2018.
4. The Company issued and allotted 3,11,43,042 Equity shares of ₹ 2/- each against the valid applications received, at a price of ₹ 64.50/- per shares aggregating to ₹ 20087.26 Lakhs on right basis to the existing shareholders of Company as on the record date viz. 9th November, 2018 The allotment was made on 4th January, 2019.

This report is to be read with my letter of even date which is annexed as Annexure and forms integral part of this report.

For Jayant Gupta and Associates

(Jayant Gupta)
Practicing Company Secretary
FCS: 7288
CP: 9738

Dated : 25.05.2019
Place : New Delhi

Annexure to the Secretarial Audit Report of Shalimar Paints Limited for financial year ended March 31, 2019

To,
The Members,
Shalimar Paints Limited

Management Responsibility for Compliances

1. Maintenance of secretarial record is the responsibility of the management of the Company. My responsibility is to express an opinion on these secretarial records based on my audit.
2. I have followed the audit practices and process as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. I believe that the process and practices I followed provide a reasonable basis for my opinion.
3. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Wherever required, I have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. My examination was limited to the verification of procedure on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For Jayant Gupta and Associates

(Jayant Gupta)
Practicing Company Secretary
FCS: 7288
CP: 9738

Dated : 25.05.2019
Place : New Delhi

THE ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES

I. BRIEF OUTLINE OF THE COMPANY’S CSR POLICY:

Our corporate governance practices are a reflection of our value system encompassing our culture, policies and relationships with our stakeholders. Integrity and transparency are key to our corporate governance practices to ensure that we gain and retain the trust of our stakeholders at all times. Corporate governance is about maximizing shareholder value legally, ethically and sustainably. At Shalimar, our Board exercises its fiduciary responsibilities in the widest sense of the term. Our disclosures seek to attain the best practices in international corporate governance. We also endeavor to enhance long-term shareholder value and respect minority rights in all our business decisions. The Company is committed towards improving the quality of lives of people in the communities in which it operates because the Company strongly believes that the society is an essential stakeholder and the purpose of its existence. The Company believes that giving back to the society through CSR activities is its duty. The detailed CSR Policy of the Company is available on the Company’s website link at

https://www.shalimarpaints.com/uploads/Corporate_Social_Responsibility_Policy.pdf

II. THE COMPOSITION OF THE CSR COMMITTEE:

The composition of the CSR Committee as on March 31, 2019 is as follows:

Name	Designation
Mr. Surender Kumar, Chairman	Managing Director and CEO
Mr. Alok Perti, Member	Non Executive - Independent Director
Ms. Pushpa Chowdhary, Member*	Non Executive - Independent Director

* Ms.Pushpa Chowdhary had resigned from the Directorship of the Company w.e.f May 28, 2019

** Mr. Ashok Kumar Gupta was appointed as new member of the Committee w.e.f May 28, 2019.

III. AVERAGE NET PROFIT OF THE COMPANY FOR THE LAST 3 FINANCIAL YEARS: (₹ 1,559.29) lakhs

IV. PRESCRIBED CSR EXPENDITURE (2% OF THIS AMOUNT AS IN POINT NO. III ABOVE): NIL

V. DETAILS OF CSR SPEND FOR THE FINANCIAL YEAR:

(a) Total amount spent for the financial year: 3.40 Lakhs

(b) Amount unspent, if any: NIL

(c) Manner in which the amount spent during the financial year is detailed below:

(₹ in Lakhs)

Sr. No	CSR projects/ activities identified	Sector in which the project is covered	Projects or Programs (1) Local area or other (2) Specify the State and district where projects or programs was undertaken	Amount outlay (budget) Project/ Programs was undertaken	Amount Spent on the Projects or Programs		Cumulative Expenditure up to the reporting period	Amount spent : Direct or through implementing agency
					Direct Expenditure on the Projects or Programs	Over-heads		
1	Promoting Education	Education	West Bengal (Howrah Distt.)	3.40	3.40	-	3.40	Directly

VI. Your Company is committed to focus on inclusive growth and improve lives by contributing towards communities around which it operates.

The Company proposes to incur CSR expenditure in accordance with provision of Section 135 of the Companies Act, 2013 and the Companies (Corporate Social Responsibility Policy) Rules, 2014. The CSR Committee confirms that the implementation and monitoring of the CSR Policy is in compliance with the CSR objectives and Policy of your Company.

Surender Kumar
Managing Director and CEO
DIN: 00510137
Chairman, CSR Committee

**Form No. MGT-9
EXTRACT OF ANNUAL RETURN
As on the financial year ended on March 31, 2019
[Pursuant to Section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies
(Management and Administration) Rules, 2014]**

I. REGISTRATION AND OTHER DETAILS

- | | | |
|------|---|---|
| i) | CIN | L24222HR1902PLC065611 |
| ii) | Registration Date | December 16, 1902 |
| iii) | Name of the Company | Shalimar Paints Limited |
| iv) | Category of the Company | Company Limited by Shares |
| | Sub-Category of the Company | Indian Non-Government Company |
| v) | Address of the Registered office and contact details | Stainless Centre, 4 th Floor, Plot No. 50, Sector-32, Gurugram, Haryana-122001
Tel.: 0124 4616600
Email: askus@shalimarpaints.com |
| vi) | Whether listed Company | Yes |
| vii) | Name, Address, Contact details of Registrar and Transfer Agents (RTA) | BEETAL Financial & Computer Services Pvt Ltd.
BEETAL HOUSE, 3 rd Floor, 99, Madangir, behind LSC, New Delhi - 110062
Tel.: 011-29961281-283 Fax 011-29961284
Email: beetalrta@gmail.com |

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10 % or more of the total turnover of the company shall be stated:-

Sl. No.	Name and Description of main products / services	NIC Code of the Product/ Service	% to total turnover of the company
1	Paints, Varnishes, Enamels or Lacquers	20221	100%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:

Sl. No.	Name and address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1	Shalimar Adhunik Nirman Limited Address: 9A, Cannought Place, Above ICICI Bank, New Delhi 110001	U24220DL2007PLC168944	Subsidiary	99.99%	Section 2 (87) of the Companies Act, 2013
2.	Eastern Speciality Paints & Coatings Private Limited Address: Stainless Centre, 4 th Floor, Plot No. 50, Sector-32, Gurugram Haryana-122001	U24240HR2009PTC066208	Subsidiary	100.00%	Section 2 (87) of the Companies Act, 2013

Director's Report (Contd.)

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity):

(i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical Shares	Total	% of Total shares	Demat	Physical Shares	Total	% of Total shares	
A. Promoters									
(1) Indian									
a) Individual/HUF	193000	0	193000	1.01	383216	0	383216	0.71	(0.30)
b) Central Govt	0	0	0	0.00	0	0	0	0.00	0.00
c) State Govt (s)	0	0	0	0.00	0	0	0	0.00	0.00
d) Body Corporate	5669680	0	5669680	29.92	20420839	0	20420839	38.07	8.15
e) Banks / FI	0	0	0	0.00	0	0	0	0.00	0.00
f) Any Other....	0	0	0	0.00	0	0	0	0.00	0.00
Sub-total (A) (1):-	5862680	0	5862680	30.94	20804055	0	20804055	38.78	7.84
(2) Foreign									
a) NRIs – Individuals	102500	0	102500	0.54	1526331	0	1526331	2.85	2.31
b) Other – Individuals	0	0	0	0.00	0	0	0	0.00	0.00
c) Bodies Corp.	5841570	0	5841570	30.83	5841570	0	5841570	10.89	(19.94)
d) Banks / FI	0	0	0	0.00	0	0	0	0.00	0.00
e) Any Other....	0	0	0	0.00	0	0	0	0.00	0.00
Sub-total (A) (2):-	5944070	0	5944070	31.37	7367901	0	7367901	13.74	(17.63)
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	11806750	0	11806750	62.31	28171956	0	28171956	52.52	(9.79)
B. Public shareholding									
1. Institutions									
a) Mutual Funds	305134	0	305134	1.61	0	0	0	0.00	(1.61)
b) Banks / FI	5610	250	5860	0.3	53372	1000	54372	0.10	(0.20)
c) Central Govt	0	0	0	0.00	0	0	0	0.00	0.00
d) State Govt(s)	0	0	0	0.00	0	0	0	0.00	0.00
e) Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
f) Insurance Companies	332750	0	332750	1.75	332750	250	333000	0.62	(1.13)
g) FIs	31076	0	31076	0.16	251500	0	251500	0.47	0.31
h) Foreign Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
i) Others (specify)	0	0	0	0.00	1869522	0	1869522	3.49	3.49
Sub-total (B)(1):-	674570	250	674820	3.56	2507144	1250	2508394	4.68	1.12
2. Non-Institutions									
a) Bodies Corp.									
i) Indian	1624314	13410	1637724	8.64	4144034	9755	4153789	7.74	(0.90)
ii) Overseas	0	0	0	0.00	0	0	0	0.00	0.00
b) Individuals									
i) Individual shareholders holding nominal share capital up to ₹ 1 lakh	3749471	414175	4163646	21.97	8433841	275198	8709039	16.24	(5.73)
ii) Individual shareholders holding nominal share capital in excess of ₹1 lakh	170000	0	170000	0.89	8074968	0	8074968	15.05	14.16
c) Others (specify)	0	0	0	0.00	961448	0	1246401	2.32	2.32
i. Trust	56608	0	56608	0.29	2047	0	2047	0.00	(0.29)
ii. Non Resident Individual	436017	410	436427	2.3	1059746	0	1059746	1.98	(0.32)
Sub-total (B)(2):-	6036410	427995	6464405	34.12	22676084	284953	22961037	42.80	8.68
Total Public Shareholding (B)=(B)(1)+(B)(2)	6710980	428245	7139225	37.68	25183228	286203	25469431	47.48	9.80
C. Shares held by Custodian for GDRs & ADRs	0	0	0	0.00	0	0	0	0.00	0.00
Grand Total (A+B+C)	18517730	428245	18945975	100	53355184	286203	53641387	100.00	0.00

Director's Report (Contd.)



(ii) Shareholding of Promoters

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share holding during the year
		No of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	No of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	
1	Hind Strategic Investments	5841570	30.83	-	5841570	10.89	-	-19.94
2	Hexa Securities and Finance Co. Ltd.	1500000	7.91	-	1500000	2.80	-	-5.11
3	Nalwa Sons Investments Ltd.	1372590	7.24	-	1372590	2.56	-	-4.68
4	Colarado Trading Co Ltd.	1224635	6.46	-	1224635	2.28	-	-4.18
5	Nalwa Investments Limited	1193855	6.30	-	270569	0.50	-	-5.80
6	Jindal Equipment Leasing and Consultancy Services Ltd	102500	0.54	-	102500	0.19	-	-0.35
7	Stainless Investments Ltd	82500	0.44	-	82500	0.15	-	-0.29
8	Sun Investments Private Limited	82500	0.44	-	82500	0.15	-	-0.29
9	Prithvi Raj Jindal	72000	0.38	-	85500	0.16	-	-0.22
10	Abhinandan Investments Ltd	55000	0.29	-	55000	0.10	-	-0.19
11	Mansarover Investments Ltd.	52500	0.28	-	52500	0.10	-	-0.18
12	Surya Kumar Jhunjhnuwala	0	0	-	923286	1.72	-	1.72
13	Ratan Jindal	30500	0.16	-	165545	0.31	-	0.15
14	Deepika Jindal	30000	0.16	-	89062	0.17	-	0.01
15	Sarita Devi Jain	20000	0.11	-	20000	0.04	-	-0.07
16	Hina Devi Goyal	20000	0.11	-	50000	0.09	-	-0.02
17	Kusum Mittal	20000	0.11	-	50000	0.09	-	-0.02
18	S K Jindal and Sons (HUF)	12300	0.06	-	12300	0.02	-	-0.04
19	Savitri Devi Jindal	12300	0.06	-	36515	0.07	-	0.01
20	Prithvi Raj Jindal & Sons (HUF)	12300	0.06	-	14606	0.03	-	-0.03
21	Naveen Jindal	12300	0.06	-	36515	0.07	-	0.01
22	Sminu Jindal	10500	0.54	-	12468	0.02	-	-0.52
23	R. K. Jindal & Sons (HUF)	12300	0.06	-	30750	0.06	-	0.00
24	Sangitajindal	31000	0.16	-	31000	0.06	-	-0.10
25	Opelina Finance and Investment Limited	500	0.02	-	500	0.00	-	-0.02
26	OPJ Trading Private Limited	500	0.02	-	500	0.00	-	-0.02
27	GaganInfraenergy Limited	500	0.02	-	500	0.00	-	-0.02
28	Virtuous Tradecorp Private Limited	1000	0.05	-	13354462	24.90	-	24.85
29	Systran Multiventures Private Limited	100	0.00	-	100	0.00	-	0.00
30	JSL Limited	1000	0.01	-	2321983	4.33	-	4.32
31	Sarika Jhunjhnuwala	0	0.00	-	352000	0.66	-	0.66

Director's Report (Contd.)

- (iii) **Change in Promoters' Shareholding (please specify, if there is no change):** Yes there is change in promoter shareholding due to addition of few in our promoter group namely Mr. Surya Kumar Jhunjhnuwala and Ms. Sarika Jhunjhnuwala. Also Please note that Company during the year under review issued shares under Rights Issue due to which there is an change in the paid up share capital of the Company which lead to significant change in % of the Holding of the Promoters
- (iv) **Shareholding Pattern of top ten Shareholders (other than Directors, Promoters, and Holders of GDRs and ADRs):**

S. No	Name of the Shareholder	Shareholding		Date	Increase / Decrease in Shareholding	Reason	Cumulative Shareholding during the year (April 1, 2018 to March 31, 2019)	
		No of Shares at the beginning of the year	% of total shares of the Company				No. of Shares	% of total shares of the Company
1	Veera Gupta	30000	0.1333	31-Aug-18	1701	Purchase	31701	0.1409
				11-Jan-19	4651251	Purchase	4682952	8.7301
2	Ashok Kumar Gupta	0	0	24-08-19	10000	Purchase	10000	0.0444
				11-Jan-19	1817000	Purchase	1827000	3.406
3	Equity Intelligence India Private Limited	100000	0.4445	13-Apr-18	10000	Sell	0	0.2222
				11-May-18	25000	Purchase	50000	0.3334
				25-May-18	25000	Purchase	75000	0.5556
				01-Jun-18	500000	Purchase	125000	0.4445
				02-Nov-18	100000	Sell	100000	0.5334
				21-Dec-18	62000	Purchase	120000	1.1558
				11-Jan-19	50000	Purchase	620000	1.3422
				18-Jan-19	88000	Purchase	720000	1.4578
				25-Jan-19	80000	Purchase	782000	1.551
				01-Feb-19	100000	Purchase	832000	1.7151
				08-Feb-19	50000	Purchase	920000	1.8642
				15-Feb-19	100000	Purchase	1000000	2.0507
				08-Mar-19		Purchase	1100000	2.1439
				22-Mar-19		Purchase	1150000	2.3303
29-Mar-19		Purchase	1250000	2.3303				
4	E Q India Fund	200000	0.889	01-Jun-18	180000	Purchase	380000	1.689
				11-Jan-19	570000	Purchase	950000	1.771
				08-Feb-19	130000	Purchase	1080000	2.0134
5	Assured Fin - Cap Pvt Ltd	420820	1.8704	04-May-18	44000	Purchase	464820	2.066
				11-May-18	83000	Purchase	547820	2.4349
				18-May-18	19500	Purchase	567320	2.5216
				25-May-18	32500	Purchase	599820	2.6661
				01-Jun-18	56101	Purchase	655921	2.9154
				08-Jun-18	41934	Purchase	697855	3.1018
				15-Jun-18	25066	Purchase	722921	3.2132
				22-Jun-18	13500	Purchase	736421	3.2732
				29-Jun-18	15000	Purchase	751421	3.3399
				06-Jul-18	9500	Purchase	760921	3.3821
				13-Jul-18	27429	Purchase	788350	3.504
20-Jul-18	1000	Purchase	789350	3.5085				
6	Ganesh Srinivasan	170000	0.7556	11-May-18	40000	Purchase	210000	0.9334
				01-Jun-18	40000	Purchase	250000	1.1112
				11-Jan-19	375000	Purchase	625000	1.1651
7	Elsamma Joseph	164000	0.7556	01-Jun-18	71000	Purchase	235000	0.9334
				11-Jan-19	352500	Purchase	587500	1.1112
8	V E C Strategic Growth Fund	55000	0.2445	11-Jan-19	392500	Purchase	447500	0.8342
				25-Jan-19	37000	Purchase	484500	0.9032
9	National Insurance Company Ltd	332750	1.479	----	-----	-----	332750	1.479

Director's Report (Contd.)



10	V E C Indian Special Situations Master Fund Ltd	220000	0.4101	22-Mar-19	31000	Purchase	251000	0.4679
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(v) Shareholding of Directors and Key Managerial Personnel

SL. No.	Name of the Directors and Key Managerial Personnel	Shareholding		Date	Increase/ Decrease in Shareholding	Reason	Shareholding during the year	
		No. of shares	% of shares				No. of Shares	% of shares
1.	Mr. Ashok Kumar Gupta	0	0	24-08-18 11-01-19	10000 1817000	Purchase Purchase	10000 1827000	0.01 3.40
2.	Mr. Surender Kumar	0	0	11-01-19	10000 5000	Purchase Sale	10000 5000	0.01 0.009

(vi) INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

(₹ in Lakhs)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	16,888.58	1,020.35	-	17,908.93
ii) Interest due but not paid	3.06	33.13	-	36.18
iii) Interest accrued but not due	4.57	-	-	4.57
Total (i+ii+iii)	16,896.20	1,053.48	-	17,949.68
Change in Indebtedness during the financial year				
Addition	32.69	33.02	-	65.71
Reduction	2,233.53	500.00	-	2,733.53
Net Change	-2,200.84	-466.98	-	-2,667.82
Indebtedness at the end of the financial year				
i) Principal Amount	14,687.75	553.37	-	15,241.11
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	25.94	2.81	-	28.75
Total (i+ii+iii)	14,713.69	556.18	-	15,269.87

(vii) Remuneration of Directors and Key Managerial Personnel

A. Remuneration of Managing Director, Whole-time Director and/or Manager

(Amount in ₹)

SL. No.	Particulars of Remuneration	Mr. Surender Kumar, Managing Director and CEO	Total Amount
1	Gross salary		
(a)	Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961	12619261	12619261
(b)	Value of perquisites u/s 17(2) Income Tax Act, 1961	-	-
(c)	Profits in lieu of salary under section 17(3) Income Tax Act, 1961	-	-
2	Stock Option	-	-
3	Sweat Equity	-	-
4	Commission	-	-
	- as % of profit	-	-
	-Others, specify	-	-

Director's Report (Contd.)



5	Others, specify	-	-
	Provident Fund	440040	440040
	Non-taxable Reimbursements	-	-
Total		13059301	13059301

Notes:

1. The performance linked variable pay is also included in the remuneration.

B. Remuneration to other directors

(Amount in ₹)

Name of Independent Directors	Fee for attending Board / committee meetings	Commission	Others, Specify	Total
Mr. Gautam Kanjilal	4,70,000	-	-	4,70,000
Mr. Alok Perti	1,70,000	-	-	1,70,000
Ms. Pushpa Chowdhary	1,70,000	-	-	1,70,000
Total	8,10,000	-	-	8,10,000

C. Remuneration to Key Managerial Personnel other than Managing Director / Whole-time Directors / Manager

Sl. No.	Particulars of Remuneration	Mr. Sandeep Gupta - Chief Financial Officer	Mr. Nitin Gupta - Company Secretary	Total Amount
1	Gross salary	9003504	1156800	10160304
(a)	Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961	-	-	-
(b)	Value of perquisites u/s 17(2) Income Tax Act, 1961	-	-	-
(c)	Profits in lieu of salary under section 17(3) Income Tax Act, 1961	-	-	-
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission	-	-	-
	- as % of profit	-	-	-
	-Others, specify	-	-	-
5	Others, specify	-	-	-
	Provident Fund	278460	43200	321660
	Non-taxable Reimbursements			
TOTAL		9281964	1200000	10481964

(viii) Penalties / Punishment / Compounding of Offences

There were no penalties / punishment / compounding of offences for breach any section of Companies Act against the Company or its Directors or other officers in default if any during the year.

FORM AOC – 2
[Pursuant to Section 134(3) (h) of the Companies Act, 2013 and Rule 8(2) of
the Companies (Accounts) Rules, 2014]

Form for disclosure of particulars of contracts/arrangements entered into by the Company with related parties referred to in Section 188(1) of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto

1. DETAILS OF CONTRACTS OR ARRANGEMENTS OR TRANSACTIONS NOT AT ARM'S LENGTH BASIS:

a.	Name(s) of the related party and nature of relationship	N.A.
b.	Nature of contracts/arrangements/transactions	
c.	Duration of the contracts/arrangements/transactions	
d.	Salient terms of the contracts or arrangements or transactions including the value, if any	
e.	Justification for entering into such contracts or arrangements or transactions	
f.	Date(s) of approval by the Board	
g.	Amount paid as advances, if any	
h.	Date on which (a) the requisite resolution was passed in general meetings as required under first proviso to Section 188 of the Companies Act, 2013	

2. DETAILS OF MATERIAL CONTRACTS OR ARRANGEMENT OR TRANSACTIONS AT ARM'S LENGTH BASIS:

a.	Name(s) of the related party and nature of relationship	N.A.
b.	Nature of contracts/arrangements/transactions	
c.	Duration of the contracts/arrangements/transactions	
d.	Salient terms of the contracts or arrangements or transactions including the value, if any	
e.	Date(s) of approval by the Board, if any	
f.	Amount paid as advances, if any	

All related party transactions are in the ordinary course of business and on arm's length basis which are approved by Audit Committee of the Company. There were no material contracts or arrangements entered into during the year.

**By Order of the Board
For Shalimar Paints Limited**

Dated : May 28, 2019
Place : Gurugram

Ashok Kumar Gupta
Director
DIN: 01722395

Alok Perti
Director
DIN: 00475747

Director's Report (Contd.)

'Annexure - G' to Director's Report

Details under section 197(12) of the Companies Act 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

Particulars of Employees

The information required under Section 197 of the Act read with rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are given below:

Relevant Clause u/r 5(1)	Prescribed Requirement	Details			
(i)	Ratio of the remuneration of each director to the Median Remuneration to the employees of the company for the financial year	Ratio of the remuneration of Mr. Surender Kumar (Managing Director and CEO) to the median remuneration of employees is 30.61 Notes : 1. Sitting fees paid to the Directors have not been considered under this clause 2. For calculation of median remuneration overall payout is considered which includes basic salary, allowances, contribution towards provident fund, statutory bonus and excludes gratuity and leave encashment.			
(ii)	The percentage increase in remuneration of each director, CFO, CEO, Company Secretary or Manager, if any, in the financial year.	KMP	Remuneration 2018-19	Remuneration 2017-18	Change in %
			(₹)	(₹)	
		Mr. Surender Kumar	13,059,301	12,320,050	6%
		Mr. Sandeep Gupta	9,281,964	8,640,000	7%
	Mr. Nitin Gupta	1,200,000	909,996	32%	
	Note: While calculating remuneration total cost to the Company is considered, which includes basic salary, allowances, contribution towards provident fund, statutory bonus, performance linked variable pay, gratuity and excludes leave encashment.				
(iii)	Percentage increase in median remuneration of employees in the financial year.	14.20% Note: For calculation of median remuneration overall payout is considered which includes basic salary, allowances, contribution towards provident fund, statutory bonus and excludes gratuity and leave encashment			
(iv)	Number of permanent employee on the rolls of the company.	592 Employees			
(v)	Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration;	Average increase in the salaries of employees other than the managerial personnel is 5% which is in line with the average increase of 5% in the managerial remuneration. Note: while calculating remuneration total cost to the Company is considered, which includes basic salary, allowances, contribution towards provident fund, statutory bonus, performance linked variable pay, gratuity and excludes leave encashment.			
(vi)	Affirmation that the remuneration is as per the remuneration policy of the company.	It is affirmed that the remuneration paid to the Directors, Key Managerial Personnel and senior management is as per the Nomination and Remuneration Policy of your Company.			

Director's Report (Contd.)

Statement containing the particulars of employees in accordance with Rule 5 (2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

1. Details of employees, employed throughout the financial year 2018-19, was in receipt of remuneration for that year which in aggregate, was not less than One Crore and Two Lakhs Rupees

Name	Designation	Remuneration received	Qualification (years)	Experience	Joining Date	Age (years)	Last employment
Surender Kumar	Managing Director & CEO	13,059,301	CA (ICAI)	More than 2 Decades	30-May-15	54	Tega Industries Limited
Jasbir Singh Bindra	Director Sales	11,356,632	M Com	More than 2 Decades	15-Sep-17	56	BRG GROUP

2. Details of top 10 (Ten) employees in terms of remuneration drawn during the year:

Name	Designation	Mar-19	Qualification (years)	Experience	Joining Date	Age (years)	Last employment
Surender Kumar	Managing Director & CEO	13,059,301	Chartered Accountant	More than 2 Decades	30-May-15	14-Apr-65	Tega Industries Ltd
Jasbir Singh Bindra	Director Sales	11,356,632	Master's in Commerce	More than 2 Decades	15-Sep-17	25-Oct-62	BRG GROUP
Sandeep Gupta	Chief Financial Officer	92,81,964	Chartered Accountant	26 Years	03-Jan-17	04-Jan-68	Khanna Paper Mills Limited
Minal Sri-vastava	Vice President	90,00,000	MBA	08 Year	06-Aug-18	06-Nov-78	Apple
Mayank Goel	National Sales Head	90,00,000	PGDM	16 Years	06-Dec-18	23-Feb-78	VIP Industries Ltd.
Suresh Nair	Vice President	65,93,977	PGDM Operations	18 Years	14-Dec-17	14-Nov-72	ASIAN Paints PPG Pvt. Ltd
Anil Kumar Pan-dey	Vice President	61,11,034	B.Com	20 Years	02-Feb-15	09-Oct-69	Jindal Stainless Ltd
Shalini Adhaar	Chief Human Resources Officer	60,00,000	MBA	19 Years	13-Feb-19	30-Jul-74	Husys Consulting
Amit Jait-ly	Assistant Vice President	54,00,000	PGDBA	25 Years	04-Feb-19	01-Jul-71	Eastman Auto and Power Limited
Chinmaya Nayak	Head	4,579,151	M. Tech	18 Years	14-Dec-17	13-May-73	Berger Paints India Ltd

3. Details of employees, employed for a part of the financial year 2018-19, was in receipt of remuneration for any part of that year, at a rate which, in the aggregate, was not less than Eight Lakhs and Fifty Thousand Rupees per month: **NIL**
4. Details of employees, employed throughout the financial year or part thereof, was in receipt of remuneration in that year which, in the aggregate, or as the case may be, at a rate which, in the aggregate, is in excess of that drawn by the managing director or whole-time director or manager and holds by himself or along with his spouse and dependent children, not less than two percent of the equity shares of the company: **NIL**

Notes:

- Employees mentioned above are neither relatives of any directors or managers of the Company, nor hold 2% or more of the paid-up equity share capital of the Company as per Clause (iii) of sub-rule (2) of Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014
- Remuneration includes basic salary, allowances, contribution towards provident fund, statutory bonus, and performance linked variable pay, gratuity and excludes leave encashment.
- All appointments are contractual and terminable by notice on either side.

**CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND
FOREIGN EXCHANGE EARNINGS AND OUTGO
Section 134 of the Companies Act, 2013 read with Companies (Accounts) Rules, 2014**

(A) Conservation of Energy

Shalimar Paints believes conservation of energy and resources, is not a choice but a compulsion, to help us save cost as well as a route to create sustainable development.

(I) Steps taken towards conservation of energy:

Shalimar Paints have four existing manufacturing facilities. Out of which two plants are currently in operation. All the existing manufacturing facilities continued their efforts to reduce the specific energy consumption. We have introduced systems to track and trend Energy consumption, with respect to Power purchased from grid, inhouse generation from DG, fuel used etc., on a continuous basis. We have mapped energy norms at individual machine, product, and individual block and at factory level. In addition, we have started internal benchmarking practices on energy performance, to compare the relative performance between plants. In that process, we have created platform to help share the good practices amongst different plants.

We have also instituted the process of Energy audit across all critical operations, at regular intervals and the findings of the audits are implemented. We have started engaging with external functional experts in the field, to help us understand the gaps and implement the best practices aimed at Energy conservation. All the manufacturing units continue to put their efforts to reduce the specific energy consumption. We have initiated process to do external benchmarking on specific Energy consumption, with similar scale paint manufacturing operations. **We also have instituted process to develop people capability to have our plants certified for Energy Management System – En MS – ISO 50001.**

In addition, Process standardization & Batch cycle time reduction initiatives are taken to reduce the energy consumption in all our manufacturing plants. We have also working on debottlenecking few operations to help us to operate at higher throughput rate, which in turn reducing specific energy consumption.

In the recently commissioned new plant at Chennai, we have instituted Energy conservation in the design stage of the plant. The following features are built in the plants:

- Paint manufacturing block roof structure is designed to have natural air circulation with turbo ventilators to reduce the cost of ventilation. We have already installed natural air circulation with turbo ventilators in two godown (RDC & Calcutta) at Howrah plant to reduce the cost of ventilation.
- Partial translucent roof sheets installed, aiding good lighting inside the process and storage areas, reducing cost of lighting. We have already installed Partial translucent roof sheets inside the process plant, maintenances workshop, resin plant, for sufficient day light inside the areas.
- Installed, IE3 model (energy efficient motors) in all plant operations for energy saving
- In Sikandrabad plant for energy saving drive in FY18-19, we have installed 9W & 20 watt LED in office and general Lighting purposes.
- We have done energy audit at Nashik Factory. Arrested compressed air leakages and working on Power factor improvement to get it 99.3.
- In Nashik Plant, Air Compressor has been put with VFD for optimised consumption with increasing load pattern.
- In Nashik Plant, revisited the Thermic Fluid heating system and restored the insulation.
- In Nashik Plant, we have been taking trials for In line dispersers which has higher production capacity with reduced power consumption and significantly brings down the specific Power.

Efforts have been put consistently year on year to optimize the use of energy consumption in production processes and operation of utilities. A few notable measures taken last year include:

- Installation of flame proof LED lights inside of the plant. We are on the process for installing LED lights inside of the plant.
- Power factor improved at our SKBD facility from 95 % to 97 % and Chennai facility is continue to maintain above 99 %, there by energy losses in the system has been reduced.
- Proper insulation of Thermic fluid heating unit & it's pipe lines to minimize heat loss.
- Compressed air leakages were audited in plants on periodic basis and leakages were arrested.
- To optimize the power consumption at Chennai plant, lower rated compressor has been installed which has given significant reduction in power consumption.

(II) The steps taken by the company for utilizing alternate sources of energy:

We have initiated plans to install Solar panels in roof, under outsourced model where the infrastructure is funded by a third party and your company commits to a specified off take of the power generated at a cost which will be less than the present grid cost.

(III) The capital investment on energy conservation of equipments:

The Company has not spent anything on capital investment to save energy consumption at Chennai facility during the financial year 2018-19.

Director's Report (Contd.)

(B) TECHNOLOGY ABSORPTION

(I) The efforts made towards technology absorption:

The Research & Development department (R&D) of our Company is carrying out following activities to fulfil short term & long term business goals of the Company with emphasis on future trend in Coating business.

- Development of new products & processes related to interior & exterior decorative coatings, industrial protective coatings & maintenance coatings and their intermediates
- Continuous value engineering through various means such as design modification, new product development (NPD), process modification, introducing new & alternate raw materials.
- Eco-friendly products development by removing heavy metals & monitoring VOC level in the formulations with an ultimate objective to develop green products.
- Import substitution and identification of new indigenous counter raw materials for development.
- Upgradation of existing products & processes to improve quality, reduce cost, save cycle time, energy consumption & overall operational efficiencies.
- Reduction in factory level losses by optimization of formulation, reduction in processing time, upgradation of measuring devices & minimization of waste generation.
- Undertaking Collaborative development & testing projects with vendors, academia & institutes.
- Not collaborated and absorbed any outsourced or third party technology during the year under review.

(II) The benefits derived as a result of above R&D activities:

- Introduction of new products in the Architectural as well as industrial coating segments.
- Offering more & more environmentally friendly & safe products by eliminating toxic metals & monitoring of VOC level.
- Value engineering & cost optimization.
- Development of industrial products as per Customers' / Consultants' specification.

Following new product in Decorative segment has been developed during the financial year 2018-19:

- Waterborne glossy enamel.

Future plan of action:

- Anti-carbonation coating: This coating will prevent the diffusion of Carbon dioxide and thereby protect concrete structures from the detrimental effects of carbonation.
- Water based red oxide primer: This product is an alternate to solvent based red oxide primer. It is nonflammable, low odour, fast drying with easy clean.
- Water based glossy enamel: This product is an alternate to solvent based enamels. It is Non-flammable, low odour, fast drying with easy clean.
- Water based designer finish: Using this product, we can make various designs on wall.
- Thermal resistant anti corrosion heavy duty aluminium coating
- Super High Build Epoxy Glass Flake coating for chemical plant maintenance
- Low VOC Epoxy Phenolic based Tank liner for OIL and GAS segment
- Establishment of Color Tinting system for Industrial product segment

(III) Your Company has not imported any technology during last three years reckoned from the beginning of the financial year.

Initiatives towards Green products development:

- Company has accorded highest priority in making the entire premium range of decorative products environment friendly - GREEN PRODUCTS.
- Programs are continuing to make remaining products eco-friendly & free from toxic heavy metals, chemicals without affecting performance & with minimum or no impact on cost.
- Special emphasis on mapping of toxicity levels of raw materials done with an objective to mitigate risk during handling, processing & application.

(IV) The expenditure incurred on Research and Development:

(₹ in Lakhs)

Particulars	FY 2018-19	FY 2017-18
Capital	30.40	4.28
Recurring	254.82	169.76
Total	285.22	174.04

(C) FOREIGN EXCHANGE EARNINGS AND OUTGO

(₹ in Lakhs)

(Equivalent INR value of various currencies)

Particulars	FY 2018-19	FY 2017-18
Inflow	408.19	196.48
Outflow	544.63	1478.92

REPORT ON CORPORATE GOVERNANCE

Your Company evolves and follows corporate governance guidelines and best practices sincerely, not just to boost long term shareholder value, but also to respect minority rights. We consider it our inherent responsibility to disclose timely and accurate information regarding our operations and performance, as well as the leadership and governance of the Company.

1. Philosophy on code of Corporate Governance.

Our corporate governance practices are a reflection of our value system encompassing our culture, policies and relationships with our stakeholders. Integrity and transparency are key to our corporate governance practices to ensure that we gain and retain the trust of our stakeholders at all times. Corporate governance is about maximizing shareholder value legally, ethically and sustainably. At Shalimar, our Board exercises its fiduciary responsibilities in the widest sense of the term. We also endeavor to enhance long-term shareholder value and respect minority rights in all our business decisions.

2. Board of Directors

During the year under review, the Company's Board of Directors comprised five members, one of whom is Executive Director and Four are Non-Executive Directors ("NEDs") out of those three are Independent Director. The Board comprise one woman Director. The Board's composition is in compliance with the requirements of Regulation 17(1) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") read with Section 149 of the Companies Act, 2013 ("the Act"). The Directors possess experience in diverse fields including banking, finance, marketing and consumer industry. The skill and knowledge of the Directors have proved to be of immense value to the Company. The details of Directors seeking re-appointment have been attached along with the Notice of the Annual General Meeting ("AGM").

The Composition and category of the Directors on the Board of the Company as on 31st March, 2019 are given below as:

Name of Director	DIN	Category of Director	No. of Board Meetings attended	Attendance at the last AGM on 26 th September, 2018	No. of Directorship Held in other Companies (A)	No. of Membership/ Chairpersonship in other Board Committees (B)	No. of Shares Held	Names of the Listed Companies where the Person is a Director along with category of Directorship
Mr. Gautam Kanjilal (*)	03034033	Chairman – Independent Non - Executive	6	Yes	2	4	-	Jindal Stainless Limited –, Non-Executive, Non-Independent (Nominee Director) Optiemus Infracom Limited – Independent Non- Executive
Mr. Ashok Kumar Gupta (**)	01722395	Vice Chairman – Non Independent Non Executive	4	Yes	1	--	1827000	APL Apollo Tubes Limited – Manag-ing Director
Mr. Surender Kumar	00510137	Managing Director and CEO - Execu-tive	6	Yes	--	--	5000	-

Director's Report (Contd.)

Mr. Alok Perti	00475747	Independent Non Executive	5	Yes	--	2	-	Deepak Fertiliser and Petrochemicals corporation Ltd – Independent Director
Ms. Pushpa Chowdhary (***)	06877982	Independent Non Executive	5	No	--	2	-	-

* Mr. Gautam Kanjilal was reappointed as Chairman cum Independent Non-Executive Director of the Company for a second term of 3 (Three) consecutive years in Annual General Meeting held in the year 2018 through special resolution.

** Mr. Ashok Kumar Gupta was appointed as an additional director (Vice Chairman cum Non Executive Non-Independent Director) of the Company w.e.f August 10, 2018 and his appointment was confirmed by members in 116th Annual General Meeting of the Company held in the year 2018 through ordinary resolution.

(***) Ms. Pushpa Chowdhary who was appointed as an Additional Director of the Company on May 30, 2014 and her appointment was confirmed by the Members at the 112th Annual General Meeting of the Company held on 26th September, 2014 for a term of 5 consecutive years has shown her unwillingness to be reappointed for next term. Hence, resigned from the directorship of the Company w.e.f May 28, 2019. Further, Ms, Urvi Jindal was appointed as an Additional Director of the Company in the category of Non-Executive Non Independent in the meeting of Board of Directors of the Company held on May 28, 2019

Detailed profile of each of the Directors is available on the Company's website at www.shalimarpaints.com

- (1) Excluding Private Companies, Section 8 Companies and Foreign Companies as per Companies Act, 2013 but including Directorship in Shalimar Paints Limited.
- (2) Committees for this purpose mean Audit Committee and Stakeholders' Relationship Committee of Indian public companies, including Committees of Shalimar Paints Limited.
- (3) None of the Directors are relatives of any other Director as per the provisions of Section 2 (77) of the Companies Act, 2013 read with Rule 4 of Companies (Specification of Definitions Details) Rules, 2014.
- (4) None of the Directors hold equity shares in the Company except Mr. Surender Kumar & Mr. Ashok Kumar Gupta as on March 31, 2019.

Appointment/ Re-appointment of Directors

Mr. Gautam Kanjilal was reappointed as Chairman cum Independent Non-Executive Director of the Company for a second term of 3 (Three) consecutive years in Annual General Meeting held in the year 2018 through special resolution.

Mr. Ashok Kumar Gupta was appointed as an additional director (Vice Chairman cum Non Executive Independent Director) of the Company w.e.f August 10, 2018 and his appointment was confirmed by members in 116th Annual General Meeting of the Company held in the year 2018 through ordinary resolution.

Ms. Pushpa Chowdhary who was appointed as an Additional Director of the Company on May 30, 2014 and her appointment was confirmed by the Members at the 112th Annual General Meeting of the Company held on 26th September, 2014 for a term of 5 consecutive years has shown her unwillingness to be reappointed for next term. Hence, resigned from the directorship of the Company w.e.f May 28, 2019.

Mr. Surender Kumar Bhatia, ceased to be the Managing Director and CEO w.e.f. 11 August 2019.

Mr. Ashok Kumar Gupta, Director is liable to retire by rotation at an ensuing Annual General Meeting, pursuant to the provisions of Section 152 of the Companies Act, 2013 read with the Companies (Appointment and Qualification of Directors) Rules, 2014 and the Articles of Association of the Company and being eligible and has offered himself for re-appointment.

Ms. Urvi Jindal was appointed as an Additional Director by the Board of Directors of the Company at their meeting held on May 28, 2019.

The Board recommends the appointment, as mentioned above for the approval of the shareholders at the ensuing Annual General Meeting.

Detailed profile and other information as required under Listing Regulations, of the aforesaid proposed appointee will be provided in the Notice of the ensuing Annual General Meeting.

Board Meetings and Annual General Meeting

During the year, the Board met six times on May 23, 2018, July 10, 2018, August 10, 2018, October 25, 2018, November 17, 2018 and February 08, 2019. The maximum gap between any two Board Meetings was not more than one hundred and twenty days. All material information was circulated to the directors before the meeting or placed at

Director's Report (Contd.)

the meeting, including minimum information required to be made available to the Board as prescribed under Part A of Schedule II of subregulation 7 of Regulation 17 of the Listing Regulations. The necessary quorum was present for all the meetings.

During the year, a separate meeting of the Independent Directors was held on February 08, 2019 without the attendance of non-independent directors and members of the management.

Details of attendance of Directors at the Board Meetings held during the financial year 2018-2019 and at the last AGM are as follows:

Name of Director	Number of Board Meeting Attended	Attendance at the last AGM
Mr. Gautam Kanjilal	6	Yes
Mr. Ashok Kumar Gupta*	3	Yes
Mr. Surender Kumar	6	Yes
Mr. Alok Perti	5	Yes
Ms. Pushpa Chowdhary**	5	No

* Mr. Ashok Kumar Gupta was appointed as an additional director of the Company w.e.f August 10, 2018

** Ms. Pushpa Chowdhary had resigned from the Directorship of the Company w.e.f May 28, 2019

*** Ms. Urvi Jindal was appointed as an additional director of the Company w.e.f May 28, 2019

Board Procedures

The Board Meetings are held within forty-five days of end of each quarter (other than the last quarter) and within sixty days of the end of the financial year in the manner that it coincides with the announcement of quarterly and financial results. The Directors of the Company are provided with relevant information required for taking informed decisions at the Board/ Committee meetings. The Board members are provided with well-structured agenda papers and presentations in advance of the meetings. With a view to leverage technology and with the perspective of environmental preservation, agenda papers/ presentations are circulated in electronic form. The Board members may bring up any matter for consideration of the Board, in consultation with the Chairman. Presentations are made by the management on the Company's operations and other matters on a periodic basis. The proceedings of the meetings of the Board and its Committees are recorded in the form of minutes. The important decisions taken at the Board / Committee meetings are communicated to the concerned departments / divisions promptly.

The Board performs various statutory and other functions in connection with managing the affairs of the Company. The key functions includes reviewing and guiding corporate strategy, annual budgets and business plans, setting performance objectives, monitoring implementation and corporate performance and overseeing major capital expenditures, ensuring integrity of the Company's accounting and financial reporting system, financial and operating controls, compliance with the relevant laws.

The Company has issued formal letters of appointment to Independent Directors in the manner as provided in the Act. All the Independent Directors have confirmed that they meet the criteria of independence as laid down under the Act and the Listing Regulations.

None of the Directors hold directorships in more than 20 Indian Companies including 10 public limited companies. Further, none of them serve as Members of more than 10 Committees nor are any of them serving as Chairperson of more than five Committees, across all the companies in which they are Directors. "Committees" for this purpose include the Audit Committee and the Stakeholders' Relationship Committee as per the Listing Regulations.

The Non-Executive Directors (NED) of the Company are paid sitting fees for attending meetings of the Board and Committees thereof. The Executive Director is being paid remuneration. At present, the Board is headed by an Independent Non - Executive Director as a Chairman.

Code of Conduct

The Company has adopted the Code of Conduct for the members of the Board and Senior Management Personnel including the Managing Director and Executive Director of the Company. All NED's and Independent Directors have affirmed compliance with the said Code for the financial year ended March 31, 2019 and all Senior Management of the Company have affirmed compliance with the same. The Codes of Conduct are also displayed on the Company's web site under the web-link https://www.shalimarpaints.com/uploads/Code_Of_Conduct.pdf. The Annual Report of the Company contains a Certificate duly signed by the Managing Director and CEO in this regard.

Code for Prevention of Insider Trading Practices

In accordance with the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, the Company has formulated a Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information ("the Code") to its management staff. The Company Secretary is the compliance officer under the Code responsible for complying with the procedures, monitoring adherence to the rules for the prevention.

Director's Report (Contd.)

Disclosures of Accounting Treatment

The financial statements of the Company have been prepared in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act, read with relevant rules issued thereunder.

Training of Directors

The Directors appointed by the Board are given induction and orientation with respect to the Company's vision, strategic direction, core values, including ethics, corporate governance practices, financial matters and business operations by having one-to-one meetings.

The Board members of Shalimar are eminent personalities having wide experience in the field of Business, Finance, Education, Industry, Commerce and Administration. Their presence on the Board has been advantageous and fruitful in taking business decisions.

Periodic presentations are made by Senior Management, Statutory and Internal Auditors at the Board/Committee meetings on business and performance updates of the Company, global business environment, business risks and its mitigation strategy, impact of regulatory changes on strategy etc. Updates on relevant statutory changes encompassing important laws are regularly intimated to the Directors.

The new Board Members are also requested to access the necessary documents/ brochures, Annual Reports and internal policies available at our website www.shalimarpaints.com to enable yourself to familiarize with the Company's procedures and practices.

Familiarisation Program for independent directors

The Company has an appropriate induction programme for new Directors and an ongoing familiarisation programme, with respect to their roles, rights, responsibilities in the Company, nature of the industry in which the Company operates, business model of the Company, etc. The details of the familiarisation programme are disclosed on the Company's website under the weblink: https://www.shalimarpaints.com/uploads/Policy_on_Familiarisation_Program_for_Independent_Directors.pdf

3. Audit Committee

As on March 31, 2019, the Company's Audit Committee comprises entirely of three Independent Directors. Further, at present the composition of Audit Committee includes three directors out of which two is Independent Director and one is Non- Independent Director. The Composition of the Audit Committee is in compliance with the provisions of Section 177 of the Companies Act, 2013 and Listing Regulations. Each Member of the Committee has the relevant experience in the field of finance, banking and accounting. The Committee has, inter alia, the following terms of reference:

- i. Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible
- ii. The recommendation for appointment, remuneration and terms of appointment of auditors of the Company
- iii. Approval of fees to statutory auditors for any other services rendered by the statutory auditors
- iv. Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to:
 - Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of section 134 of the Act
 - Changes, if any, in accounting policies and practices and reasons for the same
 - Major accounting entries involving estimates based on the exercise of judgment by management
 - Significant adjustments made in the financial statements arising out of audit findings
 - Compliance with listing and other legal requirements relating to financial statements
 - Disclosure of any related party transactions
 - Qualifications in the draft audit report
- v. Reviewing, with the management, the quarterly/ half yearly/ annually financial statements before submission to the board for approval;
- vi. Review and monitor the auditor's independence and performance, and effectiveness of audit process;
- vii. Approval or any subsequent modification of transactions of the company with related parties;
- viii. Scrutiny of inter-corporate loans and investments;
- ix. Valuation of undertakings or assets of the Company, wherever it is necessary;
- x. Evaluation of internal financial controls and risk management systems;

Director's Report (Contd.)

- xi. Examination of the financial statement and the auditors' report thereon;
- xii. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
- xiii. Discussion with internal auditors of any significant findings and follow up there on;
- xiv. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;
- xv. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;

xvi. To review the functioning of the Whistle Blower mechanism;

The Committee met four times during the period under review on May 23, 2018, August 10, 2018, October 25, 2018, February 08, 2019,. The necessary quorum was present for all the meetings.

The Company Secretary acts as the Secretary to the Audit Committee. The Chairman of the Audit Committee, Mr. Gautam Kanjilal was present at the last Annual General Meeting. The composition and attendance of the members of the Committee is given below:

Name of the Member	Category	No. of Meetings attended
Mr. Gautam Kanjilal	Chairman – Non Executive Independent Director	4
Mr. Alok Perti	Member - Non Executive Independent Director	3
Ms. Pushpa Chowdhary*	Member - Non Executive Independent Director	3

* Ms.Pushpa Chowdhary had resigned from the Directorship of the Company w.e.f May 28, 2019

** Mr. Ashok Kumar Gupta was appointed as new member of the Committee w.e.f May 28, 2019.

4. Nomination and Remuneration Committee

As on March 31, 2019, the Company's Nomination and Remuneration Committee comprises entirely of three Non - Executive Directors. Further, at present the composition of Nomination and Remuneration Committee includes three directors out of which two is Independent Director and one is Non- Independent Director. The Composition of the Nomination and Remuneration Committee is in compliance with the provisions of Section 178 of the Companies Act, 2013 and Listing Regulations. The Committee has, inter alia, the following terms of reference:

- i. Recommend to the Board the set up and composition of the Board and its Committees including the "formulation of the criteria for determining qualifications, positive attributes and independence of a Director". The Committee will consider periodically reviewing the composition of the Board with the objective of achieving an optimum balance of size, skills, independence, knowledge, age, gender and experience.
- ii. Recommend to the Board the appointment or reappointment of Directors.
- iii. Recommend to the board appointment of Key Managerial Personnel ("KMP" as defined by the Act) and executive team members of the Company (as defined by this Committee).
- iv. Carry out evaluation of every Director's performance and support the Board and Independent Directors in evaluation of the performance of the Board, its Committees and individual Directors. This shall include "formulation of criteria for evaluation of performance of Independent Directors and the Board".
- v. Recommend to the Board the remuneration policy for Directors, executive team or KMP as well as the rest of the employees.
- vi. On an annual basis, recommend to the Board the remuneration payable to the Directors and oversee the remuneration to executive team or KMP of the Company.
- vii. Oversee familiarisation programmes for Directors.
- viii. Provide guidelines for remuneration of directors on material subsidiaries.
- ix. Recommend to the Board on voting pattern for appointment and remuneration of Directors on the boards of its material subsidiary companies.
- x. Performing such other duties and responsibilities as may be consistent with the provisions of the Committee charter.

The Committee met five times during the period under review on May 23, 2018, July 10, 2018, August 10, 2018, October 25, 2018 and February 08, 2019. The necessary quorum was present for all the meetings

Director's Report (Contd.)

The Company Secretary acts as the Secretary to the Nomination and Remuneration Committee. The Chairman of the Nomination and Remuneration Committee, Mr. Alok Perti was present at the last Annual General Meeting. The composition and attendance of the members of the Committee is given below:

Name of the Member	Category	No. of Meetings attended
Mr. Alok Perti	Chairman – Non Executive In-dependent Director	4
Mr. Gautam Kanjilal	Member – Non Executive Independent Director	5
Ms. Pushpa Chowdhary*	Member – Non Executive Independent Director	4

* Ms. Pushpa Chowdhary had resigned from the Directorship of the Company w.e.f May 28, 2019

** Mr. Ashok Kumar Gupta was appointed as new member of the Committee w.e.f May 28, 2019.

Nomination and Remuneration Policy

The Nomination and Remuneration Policy of the Company is posted on the Company's website link at: https://www.shalimarpaints.com/uploads/Nomination_and_Remuneration_Policy.pdf

Details of the Remuneration to Directors during the Financial Year 2016-17

All the non-executive Directors are being paid sitting fees for attending meetings of the Board and Committees thereof. The details of sitting fees paid to the non-executive directors during the financial year 2018-19 are given below:-

Name of Director	Sitting Fees
Mr. Gautam Kanjilal	₹ 4,70,000.00/-
Mr. Alok Perti	₹ 1,70,000.00/-
Ms. Pushpa Chowdhary	₹ 1,70,000.00/-

The details of remuneration paid to Mr. Surender Kumar, Managing Director and CEO during the year under review and other relevant disclosures are given below:

Name	Salary (₹)	Other Allowances (₹)	Contribution to PF and Other funds (₹)	Total (₹)	Period of Agreement	Notice Period
Mr. Surender Kumar	10,442,711/-	2,176,550/-	440,040/-	13,059,301/-	Attain the age of superannuation/retirement which is 60 years	Three months notice by either party

5. Stakeholders' Relationship Committee

As on March 31, 2019, the Company's Stakeholders' Relationship Committee ("SRC") comprises entirely of three Non - Executive Directors. The Composition of the Stakeholders Relationship Committee is in compliance with the provisions of Section 178 of the Companies Act, 2013 and Listing Regulations.

The Company has constituted Share Transfer Committee which merely deals with processing Share transfers requests with consultation with Registrar and Share Transfer Agents of the Company. All valid share transfers lodged upto March 31, 2019, have been processed by the Committee. Investor grievances are placed before the Committee. There were no pending investor complaints which remained unresolved. The Company has also cleared all complaints received through SEBI Complaints Redress System ("SCORES") - a centralized web based complaints redress system which serves as a Centralised database of all complaints received, enables uploading of Action Taken Reports ("ATRs") by the concerned companies and online viewing by the investors of actions taken on the complaint and its current status. The status of the complaints received from shareholders from April 1, 2018 to March 31, 2019 is as under:

No. of complaints pending as on April 1, 2018	Nil
No. of complaints received during the year	6
No. of complaints redressed during the year	6
No. of complaints pending as on March 31, 2019	Nil

The SRC met four times during the period under review on May 23, 2018, August 10, 2018, October 25, 2018 and February 08, 2019. The necessary quorum was present for all the meetings.

The Company Secretary acts as the Secretary to the Stakeholders' Relationship Committee. The Chairman of the Stakeholders' Relationship Committee, Mr. Alok Perti was present at the last Annual General Meeting. The composition and attendance of the members of the Committee is given below:

Director's Report (Contd.)

Name of the Member	Category	No. of Meetings attended
Mr. Alok Perti	Chairman – Non Executive Independent Director	3
Mr. Gautam Kanjilal	Member – Non Executive Independent Director	4
Ms. Pushpa Chowdhary*	Member – Non Executive Independent Director	3

* Ms.Pushpa Chowdhary had resigned from the Directorship of the Company w.e.f May 28, 2019

** Mr. Ashok Kumar Gupta was appointed as new member of the Committee w.e.f May 28, 2019.

6. Corporate Social Responsibility Committee

As on March 31, 2019, the Company's Corporate Social Responsibility (CSR) Committee comprises entirely of three Directors. The Composition of the CSR Committee is in compliance with the provisions of Section 135 of the Companies Act, 2013 and Listing Regulations. The Committee has, inter alia, the following terms of reference:

- Formulating and recommending to the Board, the CSR Policy which shall indicate the activities to be undertaken by the Company
- Recommending the amount of expenditure to be incurred on the aforesaid activities and
- Reviewing and Monitoring the CSR Policy of the Company from time to time

The CSR Committee met once during the period under review on February 08, 2019. The necessary quorum was present for the meeting.

The Company Secretary acts as the Secretary to the CSR Committee. The Chairman of the CSR Committee, Mr. Surender Kumar was present at the last Annual General Meeting. The composition and attendance of the members of the Committee is given below:

Name of the Member	Category	No. of Meetings attended
Mr. Surender Kumar	Chairman – Executive Director	1
Mr. Alok Perti	Member – Non Executive Independent Director	1
Ms. Pushpa Chowdhary*	Member – Non Executive Independent Director	1

* Ms.Pushpa Chowdhary had resigned from the Directorship of the Company w.e.f May 28, 2019

** Mr. Ashok Kumar Gupta was appointed as new member of the Committee w.e.f May 28, 2019.

Corporate Social Responsibility Policy

The Corporate Social Responsibility Policy of the Company is posted on the Company's website link at: https://www.shalimarpaints.com/uploads/Corporate_Social_Responsibility_Policy.pdf

The Annual Report on CSR activities in accordance with the Companies (Corporate Social Responsibility Policy) Rules, 2014 is annexed as 'Annexure - D' to the Board's Report.

7. Subsidiary Companies

The Company has two unlisted subsidiary companies, viz. Shalimar Adhunik Nirman Limited and Eastern Speciality Paints & Coatings Private Limited, which are not material as per the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Audit Committee of the Company reviews the financial statements of these Subsidiaries.

The Company monitors performance of its subsidiary companies, inter alia, by the following means:

- The Audit Committee reviews the Financial Statements of the subsidiary companies, on a quarterly basis.
- The Board of Directors reviews the Board meeting minutes and statements of all significant transactions and arrangements, if any, of the subsidiary companies.

Your Company does not have a material Indian subsidiary. The Company's Policy on Material Subsidiaries is posted on the Company's website link at: https://www.shalimarpaints.com/uploads/SPL_Material_Subsiidaries.pdf

8. CEO/CFO Certification

As required under SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, Mr. Ashok Kumar Gupta, Director and Mr. Sandeep Gupta, CFO of the Company has certified to the Board of Directors, inter-alia, the accuracy of the financial statements and adequacy of internal control for the financial reporting purpose, for the year under review.

Company's website:

The website of the Company is www.shalimarpaints.com contains all relevant information about the Company's Annual Reports, Shareholding Patterns, Results and all other material information as and when prepared are updated on this site.

Director's Report (Contd.)

9. General Body Meetings

The details of the last three Annual General Meetings are given below:

Financial year ended	Date & Time	Venue	Items approved by Special Resolution
31 st March 2018	September 26, 2018 at 11:00 A.M.,	Hilton Garden Inn, Baani Square, Sec-tor 50, Gur-gaon-122002	<ul style="list-style-type: none"> Re-appointment of Mr. Gautam Kanjilal (DIN: 03034033) as Chairman cum Independent Non-Executive Director of the Company Appointment of Mr. Ashok Kumar Gupta (DIN: 01722395) as Vice - Chairman cum Non-Executive Non-Independent Director of the Company Revision of remuneration structure of Mr. Surender Kumar – Managing Director and CEO of the Company Conversion of Unsecured Loans into the Equity through the Rights Issue
31 st March 2017	September 28, 2017 at 11:00 A.M.	Galaxy Hotel Shopping & Spa, NH-8, Sector 15, Part-II, Gurga-on-122001	No matter was approved through special resolution
31 st March, 2016	September 28, 2016 at 11:00 A.M.	Galaxy Hotel Shopping & Spa, NH-8, Sector 15, Part-II, Gurga-on-122001	<ul style="list-style-type: none"> Revision in the terms of the Payment of the Remuneration to the Managing Director of the Company w.e.f 1st October, 2015 Revision in the terms of the Payment of the Remuneration to the Managing Director of the Company w.e.f 1st April, 2016 Appointment of Managing Director and CEO of the Company Waiver of excess remuneration payable to Ex-Managing Director & CEO of the Company Adoption of new set of Articles of Association of the Company Adoption of new set of Memorandum of Association of the Company

During the financial year 2018-19, the Company has conducted two postal ballots to obtain members approval for the following resolution as stated in the table below. A snap shot of the voting results are as follows:

Name of the Resolution	Type of Resolution	Number of valid Postal Ballot forms Received (In Shares)	Votes cast in favour of the Resolution		Votes against the Resolution	
			No. of votes cast	%	No. of votes cast	%
Increase in Authorised Share Capital and consequent alteration to the capital clause of Memorandum of Association	Ordinary	14323100	14322819	99.99	281	0.00
Alteration of Article of Association	Special	14323100	14322819	99.99	281	0.00
approval of Fund raising through Rights Is-sues	Special	14323100	14321834	99.99	1266	0.00

Director's Report (Contd.)



Increase in the limit of total shareholding of all registered Foreign Portfolio Investors (FPIs)/ Registered Foreign Institutional Investors (FIIs) put together from 24% to 49% of the paid up equity share capital of the Company	Special	14323100	14322819	99.99	281	0.00
Issue of Equity Shares to one of the Promoter on Preferential Basis	Special	27560915	27559508	1407	99.99	0.0051

Ms Manisha Rawat of M/s Manisha Rawat & Associates, Practicing Company Secretaries, were appointed as the Scrutinizer for carrying out the both Postal Ballot in a fair and transparent manner. The results of Postal Ballot is available on the website of the Company.

10. Disclosure

- i. All transactions entered into with Related Parties as defined under the Listing Regulations during the financial year were in the ordinary course of business and on an arm's length pricing basis and do not attract the provisions of Section 188 of the Act. Suitable disclosure as required by the Accounting Standards (AS 18) has been made in the notes to the Financial Statements.

The Policy for dealing with Related Party Transactions has been uploaded on the Company's website at the following link: https://www.shalimarpaints.com/uploads/Policy_on-materiality-of-related-party-transactions-and-on-dealing-with-related-party_transactions.pdf

- ii. The Company has complied with the requirements of the Stock Exchanges / Securities and Exchange Board of India / Statutory Authorities on all matters relating to capital markets, during the last three years.
- iii. In accordance with the requirement of the Act as well as the Listing Regulations, the Company has adopted the Whistle Blower Policy pursuant to which employees can raise their concerns relating to fraud, malpractice or any other activity or event which is against the Company's interest by approaching the Ethics Counsellor or Chairman of the Audit Committee. The policy has been disclosed on the website of the Company under the link <https://www.shalimarpaints.com/uploads/Whistleblower-Policy1.pdf>

Director's Report (Contd.)

11. MANAGEMENT DISCUSSION AND ANALYSIS

INTRODUCTION

Established in 1902, it can be said that the history of Shalimar Paints is the history of the paints industry in India and also in South East Asia. The company is engaged in manufacturing and marketing of decorative paints and industrial coatings. The Decorative business covers both Interior and Exterior paints where it has a number of flagship brands. The Company also has tinting systems under the brand "Color Space" where it offers more than 10,000 shades across all product lines to its customers. Some of India's iconic buildings and structures such as the Howrah Bridge, Rashtrapati Bhawan, Salt Lake Stadium, All India Institute of Medical Sciences, and many others, continue to be painted with Shalimar Paints. The company currently has two operational units- Chennai (Tamil Nadu) that was set up to serve the south market in 2017 and Sikandarabad (Uttar Pradesh) set up in 2002 with the total capacity of 33,000 KL per annum. Nashik facility has also been reinstated and it is expected to have an annual capacity of 25,000 kilolitres. The operation has already started from April 2019. Howrah unit's operations remains suspended after fire broke out in 2014. The company will resume the work post clearance from the West Bengal government. The company has sales and distribution network of more than 5,300 active dealers, 32 sales depots, and 3 regional distribution centres across all four zones in India. On the back of such promising growth numbers complemented by a significant production boost, the brand is well on its way to pick up the growth trajectory soon. Apart from India, Shalimar also caters to consumers from Nepal, UAE and Bhutan. Recently, the company has added another country in its distribution channel i.e. Seychelles.



INDUSTRY DEVELOPMENT

Paint industry in India is largely dominated by organized players accounting for 65% of the market while the unorganized players accounting for the rest 35%. With the increase of per capita paint consumption, Indian paint market is expected to reach INR 709 bn by 2019-20. The industry is divided into two categories- decorative and industrial. Demand of Decorative Paints that hold 75% of the market is significant during the festive season that arises from

household painting and other display purposes. With an increasing disposable income, the percentage of middle class is expected to expand to 69 percent by 2020. Along with this, the popularity of quality paints and increasing income in tier-1 and tier-2 cities is adding in the growth of the premium market of decorative paint industry.

Further the government of India has announced various reforms to revive the real-estate sector for both home buyers and the developers in the recent budget announcement for FY 2019-20. Reforms like reinvestment of capital gain in two houses rather than one will have much more stronger impact on home buyers to buy more assets. Thus, sectors related to real-estate, significantly the paint industry will gain an opportunity to boost their business and paint industry will also benefit significantly.



OPPORTUNITIES AND THREATS

Paint Industry in India is driven by growth not only in construction activities but also in industrial development. Media exposure and innovative marketing initiatives by the players have also added impetus to increasing awareness about latest trends prevalent in the sector. Due to increased Government funding for infrastructure, paint industry is poised for growth. Though the decision of the GST Council to cut down the tax rates has boosted the demand, the rising raw material cost is still the biggest challenge. As oil prices have witnessed a sharp rise in the past one year, inflationary cost pressures will continue to weigh on margins.

A further analysis of key drivers and challenges of the market indicate the factors for growth of the market including boom in real estate construction, growth in industrial sector, increase in disposable income, and increased government expenditure on infrastructure.

Director's Report (Contd.)

Another threat to this industry is that the competition does not lie just within the paint industry. Any brand, be it into decoration or furniture, in which a consumer is ready to spend money to decorate his home is our competitor.

Your Company is poised to grow in the Decorative as well as Industrial segment. The Company is in the process of reinforcing its current production facilities and is simultaneously expanding its manufacturing base to new geographical locations. Many new products are ready for launch in the coming months.

MARKETING

Marketing plays a vital role in generating consumer and customer awareness and interest for a consumer facing company like Shalimar Paints. The Company has followed a tiered network strategy to engage with influencer network and to upgrade the capabilities of dealers and painters in customer engagement at the stores and homes.

Keeping this in strategy in mind, this year we launched the painter loyalty program called Shalimar Paints EXPERT program where in the painters get a chance to earn loyalty points on their each purchase of our products. The registered painter base already has increased up to 19000+ painters in 6 months. The painters are getting benefitted out of these program as they have already redeeming mobile phones, home and kitchen appliances and even automobiles from the accumulated points. This loyalty program is the biggest brand building initiative for the company within limited resources we have, as it helps in reaching & connecting to the most important influencer which is painter & contractor. 45% of the industry retail sales is triggered through this influencer.

We aimed at capturing a larger mindshare of the consumer by increasing our brand presence at the ground level. Your

company participated in festivities like Diwali, Durga puja to make sure that its presence in continued among the relevant target audience at grassroots level.

We made sure that the brand presence is felt in those points which have maximum footfall. Wagah Border is one of those places which witness approx. 25,000 people from all over the world on an average per day. We took up the all-weather Led screen at the strategic location for the period of 6 months to grab the maximum eye balls.

Your company had partnered with Clean India program, an NGO who supports and actively works towards cleaner India. Many areas and corners Ahmedabad was repainted beautified to spread awareness about open urination.

We as Color Partner created Delhi's first artistic slum 'Kachi Gali' in collaboration with Button Mushroom aiming at beautifying the area and improving the quality of living in Sanjay Camp, a slum in Chanakyapuri in FY 2017-18 but during that time we only covered the one fourth of the camp. After receiving phenomenal response in the first leg this time we went bigger and better and in association with Kailash Satyarthi Foundation, we planned to cover the whole urban slum. This time the activity was spread over two consecutive weekends, over 1600 volunteers participated, we painted 3000 households and over 700 murals were painted by the art students and professional artists.

We also received remarkable coverage in more than 20 publications including ET Brand Equity, TOI, Adgully, Exchange4Media etc.

We also associated with Evolve Foundation and painted a small remote village in Dehradun called Tauli Bhud. The people who live in this village belong to Jaunsar tribe which is on the verge of extinction, the NGO which is working towards curbing the migration and empowering the locals to become self-dependant wanted to portray their culture and folklores on the walls of the village as they don't have any scriptures of their own. We covered almost 8000+ sqft of area including 14 walls of 11 houses, 1 school and 1 panchayat house. Volunteers and artists from 7 countries, 12 universities and 2 schools participated. Livelihood was generated 24 villagers while the activity was going on and around 300+ people were empowered through this activity.

We also did a press conference in Dehradun to create awareness about brand activity KAHAANI through which we garnered coverage in leading publications like Pioneer, Nav Bharat Times, Hindustan, Punjab Kesari and almost in all the local publications.

On digital front, we strategically kept our communication mix of products, decor tips, color games, etc. We also did many



Director's Report (Contd.)

campaigns around trending topics along with engaging posts around contests.

We capitalized on many trending topics like Diwali, Holi, Republic Day, Women's Day, etc.

#WohRangeenDiwali was the contest done to gain visibility among the new audience and leverage the popularity of the festival. The contest received very good response from all platforms with over 400 entries and engagement rate of 15%. Digital amplification of both our CSR activity of #RangBadlavKe and #Kahaani were also done with platform specific strategy and helped the brand spread its message of #PaintTheChange

SEGMENT-WISE OR PRODUCT WISE PERFORMANCE

Industrial has always been our strength. We have a very strong hold in protective and marine coatings. Your Company had launched cost effective version of Epoxy, Poly Urethane, Zinc Silicate specially for the dealers dealing in Epoxy and Poly Urethane. We are also working on High end industrial products like Glass Flake Epoxy, Glass flake coatings offer excellent resistance to oil, gas, moisture, chemicals, and many solvents. The market is mainly driven by the increased demand for glass flake coatings to coat substrates such as steel and concrete in the oil & gas, marine, and chemical & petrochemical end-use industries. Epoxy-based glass flake coatings have different properties, including superior anti-corrosion properties and longer service life, which make them highly useful for coating steel structures used in industrial plants, tank exteriors, oil tanks, pipelines, and cooling towers. The glass flake coatings market is expected to grow at a CAGR of 4.48% from 2017 to 2022.

We also implemented integrated mono packs in smaller SKUs through retail trade to broaden our horizon and penetrate in deeper pockets. We also focused our business more towards decorative segment as this brings us closer to the customers. Today, Shalimar Paints has array of products catering to different industries and suitable to style and class across. Our range comprises of Emulsions (Exterior and Interior), Enamels, Distempers, Wood finishes, Metal surfaces Cement Paints and Floor Paints.



We are soon planning to roll out our Special Effects range for textured and metallic finish walls. Our state-of-the-art R&D team is also constantly undertaking product research and innovations to bring across best in class quality products for

the consumers. There persistent effort of developing products with cutting down the input cost but without comprising on the quality standards will definitely give us an edge over the other players in the market.

RISK AND CONCERNS

The paint sector in India is continuously facing certain challenges. Factors like rising input prices and stringent environmental regulations pose a barrier for growth.

The paint sector is raw material intensive, with over 300 raw-materials (50% petro-based derivatives) involved in the manufacturing process. Since most of the raw materials are petroleum based, the industry is sensitive to crude oil prices. Another concern is that the demand for paint, being a discretionary expenditure, is typically hurt during periods of inflation.

Further, as the growth of Paint Industry is aligned with the growth of economy, any sluggish economic growth may adversely impact the business of the Company. Similarly, depreciating rupee may also impact the profitability of your company. However, recent softening of oil prices would reduce the raw material cost thereby boost up your company's financial performance.

INTERNAL CONTROL SYSTEMS

The internal control system is an integral part of the general organizational structure of the Company. The system is highly structured and totally in sync with the size and nature of its business. This process is aimed at pursuing the 44 45 values of both procedural and substantial fairness, transparency and accountability. External audit firms are appointed at various locations of the Company to conduct regular audits. The internal control system is basically a set of rules, regulations, policies and procedures which run on softwares with in-built authorizations for enhanced control. The organisation is appropriately staffed with qualified and experienced personnel for implementing and monitoring the internal control environment.



Director's Report (Contd.)

INFORMATION TECHNOLOGY

Shalimar Paints continues to invest in Information Technology (IT) to enhance customer experiences, improve productivity and bolster agility by refining operational efficiency through automation and better data-driven insights. IT is today embedded into virtually all operating processes of the Company's business, enabling it to successfully implement a wide variety of strategic and tactical initiatives. You company has launched e-Procurement Platform to automate the procurement system end to end right from purchase to payment (P2P). We also launched a collaboration platform called Zoom through which all the employees across the country can come in a common platform via video conferencing facility for important discussions and timely closures on the decisions. We have also automated and optimised around 50 Process in SAP and Non-SAP Applications which resulted in saving human intervention, cleaner data for correct and speedy decision making and productivity improvement. We successfully implemented e-Rapid, it is Shalimar Analytics Platform with HR dashboard with single analytics platform for all functions. This brings transparency across functions with single version of truth with no manual tampering user can do multiple data analysis, create their own reports, reduce time spend in creating MIS. Also, implemented MOM- Manufacturing Operation Management Mobility Solution for Factory, manufacturing team now can see various reports and analytics through this application while on move and help for review and speedy decision.

AWARDS & RECOGNITIONS

- Ranked in First 3 "India's Most social CIO" – This is because of continuous effort to represent and engage us on social platform Twitter.
- Received award "Digital Leadership" by DQ formally known as "Cyber Media" ... This is research based award for various digital activities taken by organization.
- Received "Digital Architect" Award from IDG - This award is being given for our various digital activities around consumer, employee so on.
- Become an Executive Committee member of CIO Club which is India non-Profit Organization who work for welfare of CIO and Technology Leaders.



SUPPLY CHAIN

This year, we focussed on superior supply chain management and smarter procurement, driven via advanced digital solutions. Implementation of digital software to manage and control logistic demand and loopholes with help of services of Vector Consulting, will give structured approach to Material planning and availability against demand. We have also started with replenishment mode of supplies which will further help us to control inventory.

We recently re-commissioned our Nashik plant and the production has already started in that facility. The geographical set up of the new plant will further help your company to improve its flexibility in offering better services to its both industrial and decorative customers. We have recently moved from CFA mode of logistic operations to 3PL mode and with introducing 3PL model in the system, your company already has successfully implemented the operation in the West zone. Third party for the East and South zone have already been finalised and the transition is in process for East. Finalisation North zone is in the pipeline. This shifting from CFA to 3PL has helped in bringing down the logistics cost to great extent.



HR INITIATIVES

People are the essential part of the organization. People are foundation and pillar that hold the organization strong and tall as they provide skills and competencies necessary to make organizational strategies work. Numerous efforts are taken to engage the energies and enthusiasm of the employees in the

Director's Report (Contd.)

most competent way. The employee on joining undergoes a functional and cultural familiarization process through our induction process. The company lays a lot of emphasis on capability building through right mix of on-the-job training and class room training. A three day induction program is conducted for the new employees.

In order to engage all employees together as an organization we launched "Shalimar One", a quarterly Magazine. The motive behind this launch was to connect all, highlight and appreciate the efforts put in different areas of the organization by putting them on a common platform. With the introduction of Shalimar One (A new concept of selling), HR supported the transition by skilling and training the FSS level employees, by sensitizing and communicating the concept to all relevant stakeholders. Along with that multiple training sessions such as Motivational Training, Product training were organized. In the field of recruitment the manpower needs across the organization, Plant Hiring, Sales Hiring or Leadership team Hiring has been taken care successfully. In this regards the critical positions in leadership team, Howrah Plant team and R&D team were closed successfully. This year our corporate office also shifted successfully. We also have migrated our HR system from manual to HR technology platform.

FINANCIAL PERFORMANCE



Year 2018-19 had been the rising phase of the phoenix with company placing itself in the positive growth trajectory. The Company's revenue from operations and other income for the financial year 18-19 stood at **INR 28991.90 lacs** as against **INR 27863.96 lacs** in the previous year.

Director's Report (Contd.)

12. Means of Communication:

Quarterly, half-yearly and annual results of the Company were published in leading English and vernacular newspapers viz. Financial Express and Jansatta. Additionally, the results and other important information are also periodically updated on the Company's website viz. www.shalimarpaints.com, which also contains a separate dedicated section "Investors".

NSE Electronic Application Processing System ("NEAPS") and BSE Listing Centre

All communications, disclosures and periodic filings are made electronically on BSE's online portal viz. BSE Corporate Compliance and Listing Centre and on NSE Electronic Application Processing System.

Extensive Business Reporting Language ("XBRL")

XBRL is a language for electronic communication of business and financial data. It offers major benefits to all those who have to create, transmit, use or analyze such information which aids better analysis and decision making. The Company has filed its Annual Accounts on MCA through XBRL.

Ministry of Corporate Affairs ("MCA")

The Company has periodically filed all the necessary documents with the MCA.

SEBI Complaints Redress System ("SCORES")

A centralized web based complaints redress system which serves as a centralised database of all complaints received, enables uploading of Action Taken Reports ("ATRs") by the concerned companies and online viewing by the investors of actions taken on the complaint and its current status.

Annual Report

The Annual Report containing inter alia the Audited Standalone and Consolidated Financial Statements, Directors' Report, Auditors' Report and other important information is circulated to the investors. Management Discussion and Analysis forms part of the Annual Report. Pursuant to the Green Initiative launched by the MCA, the Company also sends e-copies of the Annual Report to Members whose e-mail ids are registered with the Company.

The Annual Reports are also available in the section "INVESTORS" on the Company's website www.shalimarpaints.com.

13. General Shareholder Information:

- As indicated in the Notice dated August 12, 2019 the 117th Annual General Meeting of the Company will be held on September 26, 2019 at 4:00 P.M. at Nirvana Patio Club, Nirwana community Ground, Opposite Court Yard Market, Nirvana Country, Southcity-2, Sec-50, Gurugram, Haryana 122001.
- The Register of Members and Share Transfer Books of the Company will remain closed from Friday September 20, 2018 to Thursday September 26, 2019 both days inclusive.
- Financial Calendar for Financial Year 2019-20 (Tentative): The Company follows April 01 to March 31 as its Financial Year. The Financial Calendar for year 2019-20 is as follows:

First Quarter Results: August 14, 2019

Second Quarter/ Half yearly Results: November 14, 2019

Third Quarter Results: February 14, 2020

Fourth Quarter / Audited Annual Results: May 30, 2020

- The Shares of the Company are listed with the following Stock Exchanges with the stock code as mentioned below:

1	BSE Limited Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001	509874
2	National Stock Exchange of India Limited Exchange Plaza, Bandra Kurla Complex, Bandra (E), Mumbai -400 051	SHALPAINTS

The stock code (ISIN) for the Company's shares in demat segment is INE849C01026.

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

Month	BSE		NSE	
	High	Low	High	Low
April, 2018	162.15	140.15	160	140
May, 2018	154.7	113	155	112
June, 2018	138.25	113.05	138	112
July, 2018	141.7	115.05	142	115
August, 2018	135.8	119.4	136.2	119.15
September, 2018	124.3	80.25	124.2	80.25
October, 2018	107.35	72.2	106.45	72

Director's Report (Contd.)

November, 2018	108.1	75.2	108	75
December, 2018	83.5	67.85	83.6	67.8
January, 2019	74.8	59.85	74.8	60
February, 2019	70.2	56	70.05	55.9
March, 2019	82	63.5	82.45	63.85

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

Month	Company's Share Price		BSE Sensex	
	High	Low	High	Low
April, 2018	162.15	140.15	35213.3	32972.56
May, 2018	154.7	113	35993.53	34302.89
June, 2018	138.25	113.05	35877.41	34784.68
July, 2018	141.7	115.05	37644.59	35106.57
August, 2018	135.8	119.4	38989.65	37128.99
September, 2018	124.3	80.25	38934.35	35985.63
October, 2018	107.35	72.2	36616.64	33291.58
November, 2018	108.1	75.2	36389.22	34303.38
December, 2018	83.5	67.85	36554.99	34426.29
January, 2019	74.8	59.85	36701.03	35375.51
February, 2019	70.2	56	37172.18	35287.16
March, 2019	82	63.5	38748.54	35926.94

- (ii) Performance of the price of the Company's shares on NSE vis-à-vis NSE Nifty during the period under review is given below:-

Month	Company's Share Price		NSE Nifty	
	High	Low	High	Low
April, 2018	160	140	10759	10111.3
May, 2018	155	112	10929.2	10417.8
June, 2018	138	112	10893.25	10550.9
July, 2018	142	115	11366	10604.65
August, 2018	136.2	119.15	11760.2	11234.95
September, 2018	124.2	80.25	11751.8	10850.3
October, 2018	106.45	72	11035.65	10004.55
November, 2018	108	75	10922.45	10341.9
December, 2018	83.6	67.8	10985.15	10333.85
January, 2019	74.8	60	10987.45	10583.65
February, 2019	70.05	55.9	11118.1	10585.65
March, 2019	82.45	63.85	11630.35	10817

- g) The Company Registrar and Share Transfer Agents is BEETAL Financial & Computer Services Private Limited, BEETAL HOUSE, 3rd Floor, 99, Madangir, behind LSC, New Delhi – 110062, Ph. 011-29961281-283 Fax 011-29961284.
BEETAL Financial & Computer Services Private Limited are the Registrar and Share Transfer Agents of the Company for both physical as well as demat segment.
- h) The share transfer work is being carried out by the Company's Registrar and Transfer Agent (RTA), who are also having connectivity with the depositories, viz., NSDL and CDSL. The power of approving the transfer of shares has been delegated to the RTA so that they can attend to the share transfer formalities on fortnightly basis.

Director's Report (Contd.)

- i) The distribution of shareholdings as on March 31, 2019 is given below:-

	No. of Shareholders	Percentage	No. of Shares held	Percentage
Up to 500	14936	94.38	4329871	7.9739
501 to 1000	452	2.85	1659734	3.0566
1001 to 2000	192	1.21	1380384	2.5421
2001 to 3000	80	0.50	986078	1.8160
3001 to 4000	28	0.17	502379	0.9252
4001 to 5000	32	0.20	729041	1.3426
5001 to 10000	51	0.32	1819225	3.3503
10001 and Above	54	0.34	42893547	78.9933
Total	15825	100.00	54300259	100.00

- j) In keeping with the requirements of the Stock Exchanges, a Reconciliation of Share Capital Audit by a Practicing Company Secretary is carried out at the end of every quarter to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and listed capital. The said audit confirms that the total issued / paid – up capital tallies with the total number of shares in physical form and the total number of dematerialised shares held with NSDL and CDSL.

The reconciliation of total admitted capital as on March 31, 2019 is given below:-

Shares held through	Percentage of holding
NSDL	90.41
CDSL	9.05
Physical	0.54
Total	100.00

- k) Category of shareholders as on March 31, 2019 are given below:

Particulars	No. of shares	Percentage
Promoters	28830828	53.10
Financial Institutions	54372	0.10
NRI/ NRC/ FIIs	1311246	2.41
General	24103813	44.39
Total	54300259	100.00

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

- P.O. Danesh Shaikh Lane, Goabaria, Howrah, West Bengal (Operations suspended due to fire accident in the month of March, 2014)
- Village: Gonde Dumala, Tehsil: Igatpuri, Nasik (Operations suspended due to fire accident in the month of November, 2016). It further commenced commercial Production in the month of August 2019.
- No.A-1 and A-2 Sikandrabad Industrial Area, Sikandrabad, Dist. Bulandsahar, Uttar Pradesh and
- Chinnapuliur Village, Gummidipoondi Taluk, Thiruvallur, Chennai.

- m) Address for Correspondence: Secretarial Department, Shalimar Paints Limited, 01st Floor, Plot No 28, Sector, 32, Gurugram, Haryana - 122001

- n) E-Mail ID of the Grievance Redressal Division/Compliance Officer exclusively for the purpose of registering complaints by the Investors: askus@shalimarpaints.com

**By Order of the Board
For Shalimar Paints Limited**

Dated : May 28, 2019

Place : Gurugram

Ashok Kumar Gupta

Director

DIN: 01722395

Alok Perti

Director

DIN: 00475747

DECLARATION

(Pursuant to Schedule V of SEBI (Listing Obligations and Disclosure Requirements Regulations, 2015)

I, Surender Kumar, Managing Director and CEO of the Company, do hereby declare that all the Board members and senior management personnel of the Company affirmed compliance with the code of conduct, adopted by the Company, for the Board of Directors and Senior Management of the Company.

Dated : May 28, 2019
Place : Gurugram

Surender Kumar
Managing Director and CEO
DIN: 00510137

Report on Corporate Governance As per SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

To,
The Members of Shalimar Paints Limited

1. We, Manisha Rawat & Associates, Company Secretaries, have examined the compliance of conditions of Corporate Governance by the Company, for the year ended on 31st March 2019, as stipulated the regulations 17 to 27 and clause (b) to (i) of regulation 46(2) and para C and D of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended ("SEBI Listing Regulations").

Management's Responsibility

2. The compliance of conditions of Corporate Governance is the responsibility of the Management. This responsibility includes the design, implementation and maintenance of internal control and procedures to ensure the compliance with the conditions of the Corporate Governance stipulated in the SEBI Listing Regulations.

Our Responsibility

3. Our responsibility is limited to examining the procedures and implementation thereof, adopted by the Company for ensuring compliance with the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
4. We have examined the relevant records and documents maintained by the Company for the purposes of providing reasonable assurance on the compliance with Corporate Governance requirements by the Company.

Opinion

5. Based on our Examination of the relevant records and according to the information and explanation provided to us and the representation provided by the Management, we certify that the Company has Complied with the conditions of Corporate Governance as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C and D of Schedule V of the SEBI Listing Regulations during the year ended March 31, 2019.
6. We 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.

For Manisha Rawat & Associates
(Company Secretaries)

CS Manisha Rawat
M. No: 7228
COP: 15073

Dated : 28 May 2019
Place : New Delhi

CERTIFICATE FROM COMPANY SECRETARY IN PRACTICE

CERTIFICATE

[PURSUANT TO CLAUSE 10 OF PART C OF SECHDULE V OF SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015]

To the Members,
Shalimar Paints Limited

On the basis of our review and according to the records of Shalimar Paints Limited ("the Company"), we certify that none of the Directors on the Board of Directors of the Company have been debarred or disqualified from being appointed or continuing as directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such statutory authority.

For and On Behalf of
Shashank Pashine & Associates

CS Shashank Pashine
Proprietor
Membership No.: A40278

Dated : 28 May 2019
Place : New Delhi

Independent Auditors' Report



To The Members of Shalimar Paints Limited Report on the Audit of Standalone Financial Statements

Opinion

We have audited the accompanying standalone Ind AS financial statements of Shalimar Paints Limited ("the Company"), which comprise the Balance Sheet as at 31st March, 2019, and the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year ended on that date, and a summary of the significant accounting policies and other explanatory information (herein after referred to as "the Standalone financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Companies Act, 2013 (the 'Act') in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India and the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act read together with Companies (Indian Accounting Standards) Rules, 2015, of the state of affairs of the Company as at 31st March, 2019, and its loss, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the *Auditor's Responsibilities for the Audit of the Standalone Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the independence requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Sr. No.	Key Audit Matter	Auditor's Response
1	<p>Evaluation of Trade receivables: The Company's Trade receivables included material disputed receivables & receivables against which legal proceedings have been initiated or to be initiated by the Company . The Company has made provision for trade receivables (which are significantly disputed and which are subjected to legal proceedings) for ₹ 1843.56 Lakh under the head 'Life Time Expected Credit Loss', besides regular provisioning for expected credit loss of ₹ 597.64 Lakh under the head '12 months Expected Credit Loss' [(Refer Note 45(ii) of the Standalone Financial Statement)]</p>	<p>Principal Audit Procedures While reviewing the quality of trade receivables from realization perspective based on information & explanation made available to us, we also have relied upon the management representation with respect to fair valuation of trade receivable in accordance of applicable IND AS which have been confirmed by the IBBI Registered Valuer recognized under Companies Act, 2013 (hereinafter referred to as 'Registered Valuer'). Trade receivables which carried significant credit risk and /or credit impaired, as evaluated in terms of provisioning thereof, have been broadly reviewed by us, on selective basis. We also obtained, on sample basis, direct confirmation from customers of the Company. Our audit approach was a combination of test of internal controls with respect to Trade receivable management and substantive procedures. The Audit Committee of the Company has also reviewed/approved the provisioning of Trade receivables for fair value thereof.</p>

Independent Auditors' Report (Contd.)

<p>2</p>	<p>Evaluation of Inventories The Company has identified inventories with minimal realizable value. The carrying amount / cost of such inventories lying at Godown & factory stood at ₹ 1155.38 lakh as at year end . We have been informed by the management that such inventories shall be sold as scrap. The carrying amount of unrealizable inventories aggregating ₹ 1155.38 lakh identified by the Management during the year has been shown as 'Exceptional Item' in the Statement of Profit & Loss Account. [Refer Notes 38(b) of the Standalone Financial Statements] Other inventories are valued at applicable IND AS.</p>	<p>Principal Audit Procedures We, on sample basis, test checked said inventories with negligible realizable values. We took cognizance of and relied upon the report of Registered Valuer. The valuer has also reported that carrying amount of damaged inventories has only scrap value, as stated in 'key Audit Matter'. Audit committee of the Company has approved the fully damaged stock to be sold as scrap. Valuation of Other inventories (test checked by us on sample basis) as stated in the financial statement, are in agreement with report of the Registered Valuer.</p>
<p>3</p>	<p>Evaluation of un-ascertained tax & other liabilities The Company has material unascertained disputed taxes & other liabilities shown as contingent liabilities, the determination of which involves significant management judgment. Refer Notes 41 of the Standalone Financial Statements</p>	<p>Principal Audit Procedures We have obtained the details of completed tax assessments and demands for the year ended March 31, 2019 from management. We evaluated the management's underlying assumptions in estimating the tax provision and the possible outcome of the disputes. We have also evaluated the disputed tax demand of earlier years having regard to legal precedence and other rulings in evaluating management's position on these uncertain tax positions. The material uncertain tax position & uncertain other liabilities, giving rise to disputed liabilities shown as contingent liabilities, have been examined by us having regard to material information & explanation furnished to us by the management. We review material uncertain tax position & uncertain other liabilities from year to year basis for changes therein.</p>

Information Other than the Standalone Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Business Responsibility Report, Corporate Governance and Shareholder's Information, but does not include the standalone financial statements and our auditor's report thereon.

Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's Responsibility for the Standalone Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act, read with relevant rules issued thereunder.

This responsibility also includes 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 frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are responsible for overseeing the Company's financial reporting process.

Independent Auditors' Report (Contd.)

Auditor's responsibility for the audit of the Ind AS Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Standards on Auditing (SAs) will always detect material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3) (i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

- (i) As per information and explanation furnished to us, the insurance claims of loss for damage of immovable & movable assets due to fire in Company's plants/units located at Howrah & Nasik, are yet to be assessed by the Insurer & claim have been accounted for on estimated basis. (Note 51 of standalone financial statements).
- (ii) Some of the financial assets & liabilities including trade receivables, trade payables & advances are pending confirmation /reconciliation, and their impact on financial statements, if any, is unascertained. (Note 55 of standalone financial statements)
- (iii) As regard disclosure in Note 42 of standalone financial statements regarding Micro, Small & Medium Enterprises, we have relied upon the information & explanation, to the extent made available to us by the management.

Our opinion on the standalone Ind AS financial statements and our report on Other Legal and Regulatory Requirements below is not modified in respect of these matters.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit, we report, to the extent applicable that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

Independent Auditors' Report (Contd.)

- b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account.
 - d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Indian Accounting Standards prescribed under Section 133 of the Act & Rules made thereunder.
 - e) On the basis of the written representations received from the directors as on 31st March, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2019 from being appointed as a director in terms of Section 164(2) of the Act.
 - f) With respect to the adequacy of the internal financial controls over financial reporting of the Company, and the operating effectiveness of such controls, refer to our separate Report in "**Annexure A**". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
 - g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197 (16) of the Act, as amended:
In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.
 - h) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its standalone Ind AS financial statements. (Note 41 to the standalone Ind AS financial statements)
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There has been no delay in transferring amounts required to be transferred to the Investor Education and Protection Fund.
2. As required by the Companies (Auditors' Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "**Annexure B**" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For A K Dubey & Co.
Chartered Accountants
Firm Registration No. 329518E

Place : Gurugram
Date : 28th May, 2019.

Arun Kumar Dubey
Partner
Membership No.- 057141

Annexure "A" to the independent Auditors' Report

(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' Section of our report of even date to the Members of Shalimar Paints Limited)

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Shalimar Paints Limited ("the Company") as of 31st March, 2019 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management represented by the Board of directors, is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the

Independent Auditors' Report (Contd.)

prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting of the Company based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial controls over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements, due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial controls over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For A K Dubey & Co.
Chartered Accountants
Firm Registration No. 329518E

Place : Gurugram
Date : 28th May, 2019.

Arun Kumar Dubey
Partner
Membership No.- 057141

Independent Auditors' Report (Contd.)

Annexure "B" to the independent Auditors' Report

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements'" section of our report of even dateto the Members of Shalimar Paints Limited)

- i. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of the fixed assets.
- (b) Due to fire in Company's Howrah & Nasik Plants, there has been significant damage its fixed assets comprising Building, Plant & Machineries, etc situated therein. The Company has a regular programme/policy of physical verification of its fixed assets included in Property, Plant & Equipments (PPE) by which all fixed assets are verified in a phased manner. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. As per the policy, certain fixed assets, excluding damaged, as stated above, were physically verified by the Management during the year. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
- (c) According to the information and explanations given to us and the records examined by us on test basis, we report that, the title deeds in respect of freehold immovable properties of land and buildings, are held in the name of the Company as at the Balance Sheet date. In respect of leasehold immovable properties, the lease agreements are in the name of the Company.
- ii. The inventory, (except material/ goods-in-transit, stocks lying with third parties & stock burnt/damaged due to fire in Howrah & Nasik Plants), have been physically verified by the management during the year. In our opinion, the frequency of such verification is reasonable. For stocks lying with third parties at the year end, written confirmations, obtained by the management have been verified by us, on test basis. The discrepancies noticed on verification between the physical stocks and the book records were not material and have been dealt with in books of account.
- iii. The Company is to receive ₹ 722.08 lakh (previous year ₹ 699.90lakh) from its subsidiary, Shalimar AdhunikNirman Limited(SANL) which is shown under the head 'Loans(Non-current) under sub head Loan to Related parties' in Note 9 of the Financial Statement. The said loan includes ₹ 492.00 lakh (Note 50), being consideration money for transfer of Land by the Company to SANL, and the same is interest free. The terms and conditions of said advances are not prejudicial to the Company's interest.

As per information & explanation given to us the repayment schedule is being adhered to so far as it relates to payment of principal & interest whenever, they fall due . There is no overdue amount of loan & interest.

Except loan and advances to the aforesaid subsidiary, the Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnership or other parties covered in the register maintained under section 189 of the Companies Act, 2013.

- iv. In our opinion and according to information and explanations given to us, in respect of loans, investments, guarantees, and security, the Company has complied with the provisions of section 185 & 186 of the Companies Act, 2013, to the extent applicable.
- v. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposit from the public in accordance with the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the rules framed thereunder. Accordingly, Clause 3(v) of the Order is not applicable to the Company.
- vi. The Central Government has prescribed Cost Records under Section 148(1) of the Companies Act, 2013 in respect of certain manufacturing activities of the Company. However, as per information and explanation furnished to us, the same is not statutorily required to be maintained during the year under audit .
- vii. According to the information and explanations given to us, in respect of statutory dues:
 - (a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, cess and other material statutory dues applicable to it to the appropriate authorities.
 - (b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, cess and other material statutory dues in arrears as at 31st March, 2019 for a period of more than six months from the date they became payable, except excise duty /VAT- ₹ 270.05 lakh and custom duty, as stated in para (c) below.

Independent Auditors' Report (Contd.)

- (c) Details of dues of Income Tax, Sales Tax, Service Tax, Excise Duty, and Value Added Tax which have not been deposited as on 31st March, 2019 on account of disputes are given below:

Name of Statute	Nature of dues	Forum where dispute is pending	Amount Involved (₹, lakh)
Central Excise Act, 1944	Excise Duty	Various Assessing, Appellate & Tribunal Authorities	837.61
Income Tax Act, 1961	Income Tax	Various Assessing, Appellate, Tribunal Authorities	221.44
Sales Tax Act	Central Sales Tax & VAT	Various Assessing, Appellate, Tribunal & Revision Board Authorities	1677.78
Customs Act, 1962	Custom Duty	Application to be made to DGFT for appropriate compliance & waiver of penalty [Refer Note 41(b) of the Standalone Financial Statements]	54.00

- viii. In our opinion and according to the information and explanations given to us, the Company has not defaulted during the year in repayment of dues to its financial institutions, bankers and government of the to the standalone Ind AS financial statements. The Company did not have any outstanding debentures during the year.
- ix. The Company has not raised money by way of initial public offer or further public offer (including debt instruments) According to information & explanation given to us, the term loans are applied for the purposes for which those are raised .
- x. Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that no fraud by the Company or on the Company by the officers and employees of the Company has been noticed or reported during the year.
- xi. According to the information and explanations given by the management, the managerial remuneration has been paid / provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act 2013.
- xii. The Company is not a Nidhi Company & accordingly, reporting under Clause (xii) of the Order is not applicable to the Company.
- xiii. According to the information and explanations given to us, all transactions with the related parties are in compliance with Section 177 and 188 of Act, where applicable ;and the details have been disclosed in the Financial Statements as required by the applicable Indian Accounting Standards.
- xiv. During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures; hence, reporting under Clause (xiv) of the Order is not applicable to the Company.
- xv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with its directors or persons connected with them ; hence, provisions of Section 192 of the Companies Act, 2013 & Clause (xv) of the Order are not applicable.
- xvi. The Company is not required to be registered under Section 45 IA of the Reserve Bank of India Act, 1934. Hence, Clause (xvi) of the Order are not applicable.

For A K Dubey & Co.
Chartered Accountants
Firm Registration No. 329518E

Place : Gurugram
Date : 28th May, 2019.

Arun Kumar Dubey
Partner
Membership No.- 057141

Standalone Balance Sheet as at March 31, 2019

(All amounts in ₹ lakh, unless otherwise stated)

Particulars	Note No.	As at March 31, 2019	As at March 31, 2018
ASSETS			
Non-current assets			
Property, Plant and Equipment	5	21,573.89	22,061.10
Capital work-in-progress	6	2,356.34	66.70
Intangible assets	7	133.07	175.05
Financial Assets			
i) Investments	8	77.99	73.10
ii) Loans	9	912.31	904.34
iii) Other financial assets	10	31.14	41.77
Deferred tax assets (net)	11	3,047.34	290.99
Other non-current assets	12	437.63	21.10
Current assets			
Inventories	13	7,135.74	7,400.65
Financial Assets			
i) Trade receivables	14	9,901.46	10,583.86
ii) Cash and cash equivalents	15.1	8,570.55	1,551.91
iii) Bank balances other than (ii) above	15.2	523.57	357.00
iv) Other financial assets	16	1,057.76	2,409.64
Current Tax Assets (Net)	17	283.49	277.78
Other current assets	18	1,545.69	1,499.22
Total Assets		57,587.97	47,714.21
EQUITY AND LIABILITIES			
Equity			
Equity Share Capital	19	1,072.84	378.93
Other Equity	20	27,776.61	11,727.64
LIABILITIES			
Non-current liabilities			
Financial Liabilities			
i) Borrowings	21	1,809.10	2,494.44
ii) Other financial liabilities	22	113.81	22.73
Provisions	23	602.55	670.62
Current liabilities			
Financial Liabilities			
i) Borrowings	24	12,682.56	15,003.11
ii) Trade payables	25	9,763.72	13,951.75
iii) Other financial liabilities	26	2,953.27	1,714.55
Other current liabilities	27	360.27	1,558.77
Provisions	28	453.24	191.67
Total Equity and Liabilities		57,587.97	47,714.21
Overview and Significant Accounting Policies	1-4		

The accompanying notes form an integral part of the financial statements.

As per our report of even date

For A. K. Dubey & Co.,
Chartered Accountants
(ICAI Firm Registration No.: 329518E)

Arun Kumar Dubey
Partner
(Membership No.: 057141)

Place : Gurugram
Date : May 28, 2019

For and on Behalf of Board of Directors

Surender Kumar
Managing Director and CEO
DIN:- 00510137

Sandeep Gupta
Chief Financial Officer

Ashok Kumar Gupta
Director
DIN:- 01722395

Nitin Gupta
Company Secretary
Mem. No. F8485

Standalone Statement of Profit & Loss for the year ended March 31, 2019

(All amounts in ₹ lakh, unless otherwise stated)

Particulars	Note No.	Year ended March 31, 2019	Year ended March 31, 2018
Revenue From Operations	29	28,761.59	27,773.78
Other Income	30	230.31	90.18
Total Revenue		28,991.90	27,863.96
EXPENSES			
Cost of materials consumed	31	19,393.23	14,143.56
Purchases of Stock-in-Trade	32	1,931.23	5,161.59
Changes in inventories of finished goods, Stock-in -Trade and work-in-progress	33	731.58	1,583.03
Excise duty		-	655.12
Employee Benefit Expenses	34	4,200.51	3,940.86
Finance costs	35	2,494.37	2,602.67
Depreciation and amortization expense	36	847.45	786.37
Other expenses	37	8,710.04	5,697.81
Total expenses		38,308.41	34,571.01
Profit/(loss) before exceptional items and tax		(9,316.51)	(6,707.05)
Exceptional items	38	(1,567.77)	-
Profit/(loss) before tax		(10,884.28)	(6,707.05)
Tax expense	39		
Current Tax		-	-
Deferred tax		(2,730.30)	(2,165.41)
Profit/(loss) for the period		(8,153.98)	(4,541.64)
Other Comprehensive Income			
(i) Items that will not be reclassified to profit or loss		(83.48)	(18.13)
(ii) Income tax effect on above		(26.05)	(5.60)
Total Other Comprehensive Income/(Loss) for the year		(57.43)	(12.53)
Total Comprehensive Income/(loss) for the year		(8,211.41)	(4,554.17)
Earnings per Shares of ₹ 2/- each	40		
1) Basic (in ₹)		(15.20)	(23.97)
2) Diluted (in ₹)		(15.20)	(23.97)
Overview and Significant Accounting Policies	1-4		
The accompanying notes form an integral part of the financial statements.			

As per our report of even date
For A. K. Dubey & Co.,
Chartered Accountants
(ICAI Firm Registration No.: 329518E)

Arun Kumar Dubey
Partner
(Membership No.: 057141)

 Place : Gurugram
Date : May 28, 2019

For and on Behalf of Board of Directors
Surender Kumar
Managing Director and CEO
DIN:- 00510137

Sandeep Gupta
Chief Financial Officer

Ashok Kumar Gupta
Director
DIN:- 01722395

Nitin Gupta
Company Secretary
Mem. No. F8485

Standalone Cash Flow Statement for the year ended March 31, 2019

(All amounts in ₹ lakh, unless otherwise stated)

PARTICULARS	For the year ended March 31, 2019	For the year ended March 31, 2018
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit / (Loss) Before Tax	(10,884.28)	(6,707.05)
Adjustments for:		
Depreciation, amortization and impairment expenses	847.45	786.37
Net (Gain) / Loss on Sale of Property, Plant & Equipment	20.85	3.68
Net (Gain) / Loss on Sale/ Fair valuation of Investment	(4.89)	(7.84)
Bad debts/Provision for doubtful Debts Written Back	2,441.20	30.59
Change in inventory valuation	1,155.38	-
Provision for insurance claim receivables	412.39	-
Other receivable written off	15.50	-
Employee stock option expenses	(5.66)	(7.20)
Finance Costs	2,494.37	2,602.67
Interest Income	(180.60)	(67.42)
Operating Profit/(loss) before Working Capital changes	(3,688.29)	(3,366.20)
Adjustments for:		
Trade Receivables	(1,826.13)	1,968.84
Other receivable	983.33	1,364.29
Inventories	(890.47)	1,854.69
Trade Payable (including LC)	(3,689.12)	663.20
Trade & other Payables	(487.53)	1,044.34
Cash generated (used) in /from Operations before tax	(9,598.20)	3,529.15
Direct Taxes (paid)/refund (net)	(5.71)	34.65
Net cash flow (used) in/ from Operating Activities	(9,603.91)	3,563.80
B. CASH FLOW FROM INVESTING ACTIVITIES		
Acquisition of Property, Plant & Equipment/ Intangible Assets including Capital Advances	(3,151.58)	(1,446.77)
Proceeds from sale of Property, Plant & Equipment	-	74.03
Sale of Investment	(0.00)	295.32
Interest/other income Received	133.53	58.83
Movement in Margin money/Fixed deposits	(157.62)	(14.92)
Net cash flow (used) in/ from Investing Activities	(3,175.67)	(1,033.51)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Issue of Share capital	25,060.54	-
Proceeds from /(repayment) of Borrowings (net)- Long term	(350.81)	(457.14)
Right Issue Expense	(100.05)	-
Proceeds from /(repayment) of Borrowings (net)- Short term	(2,320.55)	1,290.34
Finance Costs	(2,490.92)	(2,619.81)
Net cash (used) in/ from Financing Activities	19,798.21	(1,786.61)
Net cash (used) in/ from Operating, Investing & Financing Activities	7,018.64	743.68
Opening balance of Cash and Cash equivalent	1,551.91	808.22
Closing balance of Cash & Cash equivalent	8,570.55	1,551.91
Note: Cash and cash equivalents included in the Cash Flow Statement comprise of the following (refer note 15.1):-		
i) Cash Balance on Hand	4.12	3.17
ii) Balance with Banks :		
-In Current Accounts	5,511.20	1,522.28
-Cheques/draft in hand	-	19.80
-Bank deposits with maturity of less than 3 months	3,055.23	6.66
Total	8,570.55	1,551.91

As per our report of even date

For A. K. Dubey & Co.,

Chartered Accountants

(ICAI Firm Registration No.: 329518E)

Arun Kumar Dubey

Partner

(Membership No.: 057141)

Place : Gurugram

Date : May 28, 2019

For and on Behalf of Board of Directors

Surender Kumar

Managing Director and CEO

DIN:- 00510137

Sandeep Gupta

Chief Financial Officer

Ashok Kumar Gupta

Director

DIN:- 01722395

Nitin Gupta

Company Secretary

Mem. No. F8485

Statement of change in equity for the year ended March 31, 2019

(All amounts in ₹ lakh, unless otherwise stated)

A. Equity Share Capital	Amount
Equity Share Capital as on 31 st March 2017	378.93
Movement during the year 2017-18	-
Equity Share Capital as on 31st March 2018	378.93
Movement during the year 2018-19	693.91
Equity Share Capital as on 31st March 2019	<u>1,072.84</u>

B. Other equity

Particulars	Reserves & Surplus				Other Compre- hensive Income	Total
	Securities Premium Reserve	Share Options Out- standing	General Reserve	Retained earnings	Remeasurement of Defined Benefit Obligation/ Plan	
Balance as at March 31, 2017	961.10	39.66	4,061.71	11,199.26	31.01	16,292.74
-Profit or Loss for the year				(4,541.64)		(4,541.64)
-Other comprehensive income for the year					(12.53)	(12.53)
-Addition during the year						-
-Movement during the year		(10.93)				(10.93)
Balance as at March 31, 2018	961.10	28.73	4,061.71	6,657.62	18.48	11,727.64
-Profit or Loss for the year				(8,153.98)		(8,153.98)
-Other comprehensive income for the year					(57.43)	(57.43)
-Movement during the year	24,366.67	(6.26)				24,360.41
-Right issue expenses*	(100.05)					(100.05)
Balance as at March 31, 2019	25,227.72	22.47	4,061.71	(1,496.36)	(38.95)	27,776.61

*Issue expenses comprise ₹ 34.32 lakh incurred out of right issue proceeds and the balance ₹ 65.73 lakh out of insurance claim receipt.

As per our report of even date
For A. K. Dubey & Co.,

Chartered Accountants

(ICAI Firm Registration No.: 329518E)

Arun Kumar Dubey

Partner

(Membership No.: 057141)

Place : Gurugram

Date : May 28, 2019

For and on Behalf of Board of Directors
Surender Kumar

Managing Director and CEO

DIN:- 00510137

Sandeep Gupta

Chief Financial Officer

Ashok Kumar Gupta

Director

DIN:- 01722395

Nitin Gupta

Company Secretary

Mem. No. F8485

Notes to the Standalone Financial Statements for the year ended March 31, 2019

1 Overview

Shalimar Paints Limited ("the Company") is a public limited Company domiciled in India. The registered office of the Company is located at Stainless Centre, 4th floor, Plot no.- 50, Sector 32, Gurugram, 122001, Haryana. The shares of the Company are listed on National Stock Exchange and Bombay Stock Exchange.

The Company is engaged in the business of manufacturing, selling and distribution of paints, coatings and providing related services. The Company has pan-India presence through its marketing offices in all major states in India.

2. Basis of preparation of financial statements

These financial statements have been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard ('Ind AS') as per the Companies (Indian Accounting Standards) Rules, 2015 notified under Section 133 of the Companies Act, 2013 ('the Act') and other relevant provisions of the Act to the extent applicable. The accounting policies have been applied consistently over all the periods presented in these financial statements. The standalone financial statements provide comparative information in respect of previous year.

3. Key Accounting Judgements, Estimates & Assumptions:

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of incomes, expenses, assets and liabilities, and the accompanying disclosures at the date of the financial statements. The judgments, estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision effects only that period or in the period of the revision and future periods if the revision affects both current and future years.

Income Tax

Management judgement is required for the calculation of provision for income taxes and deferred tax assets and liabilities. The Company reviews at each balance sheet date the carrying amount of deferred tax assets/ liabilities. The factors used in the estimates may differ from actual outcome which could lead to significant adjustment to the amounts reported in the standalone financial statements.

Defined Benefit Obligation

The cost of the defined benefit plan and other post-employment benefits and the present value of such obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in future. These include the determination of the discount rate, future salary increases, mortality rates and attrition rate. Due to the complexities involved in the valuation and its long term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

Fair value measurement of Financial Instruments

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the Discounted Cash Flow (DCF) model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. Judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

Contingencies

Management judgment is required for estimating the possible outflow of resources, if any, in respect of contingencies/ claim/litigations against the Company as it is not possible to predict the outcome of pending matters with accuracy.

Property, plant and equipment

Property, Plant and Equipment represent a significant proportion of the asset base of the Company. The charge in respect of periodic depreciation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. The residual values of Company's assets are determined by the management at the time the asset is acquired and reviewed periodically.

4. Significant Accounting Policies

4.1. Basis of measurement

The financial statements have been prepared under the historical cost convention on the accrual basis, except for the following assets and liabilities which have been measured fair value:

- Property, Plant & Equipment (at fair value as deemed cost as at 1st April 2016);
- Financial assets and liabilities except certain investments, Loans and borrowings carried at amortised cost;
- Defined benefit plans - plan assets measured at fair value;
- Share based payments

The financial statements are presented in Indian Rupees which is the Company's functional and presentation currency and all amounts are rounded to the nearest lakhs and two decimals thereof, except otherwise stated.

4.2. Property, plant and equipment

i) Recognition and measurement

An asset is recognised as property, plant and equipment when it qualifies the recognition criteria as specified in Ind AS 16. Following initial recognition, items of Property, Plant and Equipment are carried at its cost, net of available duty/tax credits, less accumulated depreciation and accumulated impairment losses if any. Costs include costs of acquisitions or constructions including incidental expenses thereto, borrowing costs, and other attributable costs of bringing the asset to its working condition for its intended use.

Subsequent expenditure relating to Property, Plant and Equipment is capitalized only when it is probable that future economic benefits associated with these will flow to the Company and the cost of the item can be measured reliably. Costs in nature of minor repairs and maintenance are recognized in the Statement of Profit and Loss as and when incurred.

The carrying amount of an item of property, plant and equipment is derecognized on disposal or when no future economic benefits are expected from its use or disposal. Gains or losses arising from discard/sale of Property, Plant and Equipment are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is discarded / sold.

Capital work-in-progress includes cost of property, plant and equipment under installation/under development, other expenditure (including trial run / test run expenditures) during construction / erection period (net of income) pending allocation/capitalization as at the balance sheet date.

ii) Depreciation

Depreciation on property, plant and equipment is provided at the rates and in the manner specified in Schedule II of the Companies Act, 2013 and in respect of assets added/disposed off during the year on pro-rata basis with reference to the date of its use / disposal/residual value:

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

Depreciation is charged on fair valued amount less estimated salvage value. Leasehold land is amortized on a straight line basis over the remaining period of lease.

The useful lives, residual values of each part of an item of property, plant and equipment and the depreciation methods are reviewed at the end of each financial year. If any of these expectations differ from previous estimates, such change is accounted for as a change in an accounting estimate.

4.3. Intangible assets

i) Recognition & measurement :

Intangible assets are recognised when it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and cost of assets can be measured reliably. Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment loss, if any.

Amortization:

Intangible Assets with finite lives are amortized over the estimated useful economic life as per following manner:

- a) In respect of assets located at Nashik, Sikandrabad & Chennai - on straight line method.
- b) In respect of other assets - on written down value method.

The amortization expense on intangible assets with finite lives is recognized in the Statement of Profit and Loss. The estimated useful life of intangible assets as per management is mentioned below:

Computer Software	6 years
Trade mark	10 Years
Technical know how	10 years

The amortization period and the amortization method for an intangible asset with finite useful life is reviewed at the end of each financial year. If any of these expectations differ from previous estimates, such change is accounted for as a change in an accounting estimate.

ii) Derecognition:

The carrying amount of an intangible asset is derecognized on disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising from the Derecognition of an intangible asset is measured as the difference between the net disposal proceeds and the carrying amount of the intangible asset and is recognized in the Statement of Profit and Loss when the asset is derecognized.

4.4 Impairment

The carrying amount of Property, Plant & Equipment, Intangible assets and cash generating assets are reviewed at each Balance Sheet date to assess impairment, if any based on internal / external factors. An asset is treated as impaired when the carrying cost of asset or exceeds its recoverable value being higher of value in use and fair value less cost of disposal. An impairment loss is recognized as an expense in the Statement of Profit & Loss in the year in which an asset is identified as impaired. The impairment loss recognized in prior accounting period is reversed, if there has been an improvement in recoverable amount.

4.5. Lease Accounting

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date, whether fulfillment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset, even if that is not explicitly specified in an arrangement.

4.6. Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

i) Initial recognition

The Company recognises financial assets and financial liabilities when it becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are recognised at fair value on initial recognition. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities, that are not at fair value through profit or loss, are added/deducted respectively to the fair value on initial recognition. Trade receivables and trade payables that do not contain a significant financing component are initially measured at their transaction price.

ii) Subsequent measurement

(i) Financial assets carried at amortised cost

A financial asset is subsequently measured at amortised cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. When the financial asset is derecognised or impaired, the gain or loss is recognised in the statement of profit and loss.

(ii) Financial assets at fair value through other comprehensive income

A financial asset is subsequently measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Movements in the carrying amount are recognised in OCI except the recognition of impairment gains or losses, interest revenue calculated using the Effective Interest Rate (EIR) method and foreign exchange gains and losses which are recognised in profit and loss. On derecognition of the asset, cumulative gain or loss previously recognised in Other Comprehensive Income is reclassified from the equity to Statement of Profit and Loss.

(iii) Financial assets at fair value through profit or loss

A financial asset which is not classified in any of the above categories are subsequently fair valued through profit or loss. Therefore, they are subsequently measured at each reporting date at fair value, with all fair value movements recognised in the Statement of Profit and Loss.

(iv) Financial liabilities

Financial liabilities are subsequently carried at amortized cost using the effective interest method. Financial liabilities at fair value through profit and loss (FVTPL) includes financial liability held for trading and financial liability designated upon initial recognition as at fair value through profit and loss.

(v) Investment in subsidiaries

Investment in subsidiaries is carried at cost less impairment, if any, in the separate financial statements.

iii) Impairment of financial assets

Financial assets, other than debt instruments measured at FVTPL and Equity instruments are assessed for indicators of impairment at the end of each reporting period. The Company recognises a loss allowance for expected credit losses on all financial asset. In case of trade receivables, the Company follows the simplified approach permitted by Ind AS 109 – Financial Instruments for recognition of impairment loss allowance. The Company calculates the expected credit losses on trade receivables using a provision matrix on the basis of its historical credit loss experience.

iv) Derecognition

Financial Assets

Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

Financial liabilities

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expires.

v) Reclassification of Financial Assets and Financial Liabilities

The Company determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. If the Company reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The Company does not restate any previously recognised gains, losses (including impairment gains or losses) or interest.

vi) Derivative financial instruments

Derivative instruments such as forward currency contracts are used to hedge foreign currency risks, and are initially recognized at their fair values on the date on which a derivative contract is entered into and are subsequently re-measured at fair value on each reporting date. A hedge of foreign currency risk of a firm commitment is accounted for as a fair value hedge. Any gains or losses arising from changes in the fair value of derivatives are taken directly to Statement of Profit and Loss.

vii) Offsetting

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

4.7. Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non- financial asset takes in to account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy in which they fall.

4.8. Inventory

Inventory are valued at lower of cost, computed on weighted average basis, or net realizable value. Cost of inventories includes in case of raw material, cost of purchase including taxes and duties net of tax credits/GST and incidental expenses; in case of work-in-progress, estimated direct cost including taxes and duties net of tax credits/GST and appropriate proportion of administrative and other overheads; in case of finished goods, estimated direct cost including taxes and duties net of tax credits/GST and appropriate administrative and other overheads including other cost incurred in bringing the inventories to the present location and conditions; and in case of traded goods, cost of purchase and other costs incurred in bringing the inventories to the present location and conditions.

The obsolete/damaged items of inventories are valued at estimated realisable value.

4.9. Provisions, Contingent Liabilities and Contingent Assets

A provision is recognised if, as a result of a past event, the Company has a present obligation (legal or constructive) that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects, when appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Contingent Liability is disclosed after careful evaluation of facts, uncertainties and possibility of reimbursement, unless the possibility of an outflow of resources embodying economic benefits is remote or the amount cannot be estimated reliably. Contingent liabilities are not recognised but are disclosed in notes. Contingent assets are not recognized but disclosed in the financial statements when an inflow of economic benefits is probable.

4.10. Revenue Recognition

Revenue is recognized when it is probable that economic benefits associated with a transaction flows to the Company in the ordinary course of its activities and the amount of revenue can be measured reliably. Revenue is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and rebates granted by the Company.

Revenue includes only the gross inflows of economic benefits, including excise duty, received and receivable by the Company, on its own account. Amounts collected on behalf of third parties such as sales tax, value added tax and goods & service tax are excluded from revenue.

4.11 Other income

Interest Income

Interest income is recognized on a time proportion basis taking into account the amount outstanding and the applicable effective interest rate. Interest income is included in other income in the statement of profit and loss.

Dividends

Dividend income is recognised when the Company's right to receive dividend is established, and is included in other income in the statement of profit and loss.

4.12. Employee Benefits

- i) Short term employee benefits are recognized as an expense in the Statement of Profit and Loss of the year in which the related services are rendered. The Company recognizes the undiscounted amount of short term employee benefits expected to be paid in exchange for services rendered as a liability (accrued expense) after deducting any amount already paid.
- ii) The Company makes regular contribution to provident funds which are administered by Government and are independent of Company's finance. The Company recognizes contribution payable to a defined contribution plan as an expense in the Statement of Profit and Loss when the employees render services to the Company during the reporting period.
- iii) The Company is maintaining Defined Benefit Plan for its Gratuity Scheme. The Company contributes to gratuity fund, and such contribution is determined by the actuary at the end of the year. The gratuity fund is administered by the Trustees.

For Schemes where recognized funds have been set up, annual contributions are made as determined using the Projected Unit Credit method with actuarial valuations being carried out at each reporting date. Remeasurements comprising actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged / credited to Other Comprehensive Income in period in which they arise. The Company recognizes in the Statement of Profit & Loss gains or losses on curtailment or settlement of a defined benefit plan as and when the curtailment or settlement occurs.

- iv) Provision is made for leave encashment benefit payable to employees on the basis of independent actuarial valuation, at the end of each year and charge is recognized in the Statement of Profit and Loss.

4.13. Foreign Exchange Transactions

Initial Recognition:

On initial recognition, transactions in foreign currencies entered into by the Company are initially recorded in the functional currency (i.e. Indian Rupees) at rates prevailing at the date of the transaction. Exchange differences arising on foreign exchange transactions settled during the year are recognized in the Statement of Profit and Loss.

Measurement of foreign currency items at reporting date:

Foreign currency monetary items of the Company are translated at the closing exchange rates and the resulting exchange difference recognised in statement of profit & loss. Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is measured. Exchange component of the gain or loss arising on fair valuation of non-monetary items is recognised in line with the gain or loss of the item that gave rise to such exchange difference.

4.14 Borrowing costs

Borrowing costs are interest and other costs (including exchange differences relating to foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs) incurred in connection with the borrowing of funds.

Borrowing costs attributable to acquisition or construction of qualifying asset that necessarily take a substantial period of time to get ready for their intended use is worked out on the basis of attributable of funds out of project specific loans and/or other borrowings to the extent identifiable with the qualifying asset and is capitalized with the cost of qualifying asset, using the effective interest method. Other borrowing costs are recognised as an expense in the period in which they are incurred.

4.15 Taxes on Income

Tax expense comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to items recognised directly in equity or in Other Comprehensive Income.

Tax on income for the current period is determined on the basis of taxable income and tax credits computed in accordance with the provisions of the Income Tax Act, 1961. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Deferred tax is provided on temporary difference arising between the tax bases of assets & liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax is measured using the tax rate that are expected to apply in the year when the asset is realized or the liability is settled based on the tax rates and the tax laws enacted or substantively enacted at the reporting date.

Deferred tax asset is recognized to the extent that it is probable that sufficient future taxable profit will be available against which the deductible temporary differences and the carry forward unused tax credits and unused tax losses can be utilized. The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized.

Minimum Alternate tax (MAT) credit is recognized as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period.

4.16. Segment Reporting

Company's business falls within a primary business segment viz, "Paints".

4.17. Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, bank balance, short-term deposits with original maturities of three months or less and other short term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

4.18. Share-based payment transactions

Equity-settled share-based payments to employees are measured at the fair value of the equity instruments at the grant date. The fair value determined at the grant date of the equity settled share-based payments is expensed on a straight line basis over the vesting period, based on the Company's estimate of equity instruments that will eventually vest, with a corresponding increase in equity.

4.19. Earning per share

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to Equity Shareholders by the weighted average number of equity shares outstanding during the period.

For the purpose of calculating diluted Earning per Share, the net profit or loss for the period attributable to Equity Shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

Notes to the Standalone Financial Statements (Contd.)

(All amounts in ₹ lakh, unless otherwise stated)



5. PROPERTY, PLANT & EQUIPMENT

Particulars	Land-Free hold	Land-Lease hold	Build-ings	Plant & Machin-ery*	Furni-ture & Fixtures	Motor Ve-hicles	Office Equip-ment	Total
Gross carrying value								
As at 01st April 2017	9,736.52	1,690.95	6,472.21	1,809.75	107.33	12.78	108.77	19,938.31
Additions	-	-	1,829.54	1,676.54	7.52	16.73	70.07	3,600.40
Disposals	-	-	(75.18)	-	-	-	-	(75.18)
As at March 31, 2018	9,736.52	1,690.95	8,226.57	3,486.29	114.85	29.51	178.84	23,463.53
Additions	-	-	60.39	233.11	7.89	37.60	36.86	375.85
Disposals	-	-	(56.00)	-	-	(24.77)	(0.24)	(81.01)
As at March 31, 2019	9,736.52	1,690.95	8,230.96	3,719.40	122.74	42.34	215.46	23,758.37
Depreciation								
As at 01st April 2017	-	25.62	283.50	290.43	35.16	4.82	38.31	677.84
Depreciation for the year 17-18	-	25.62	352.90	298.90	18.34	3.31	31.82	730.89
Disposals	-	-	(6.30)	-	-	-	-	(6.30)
As at March 31, 2018	-	51.24	630.10	589.33	53.50	8.13	70.13	1,402.43
Depreciation for the year 18-19	-	25.62	375.90	335.08	16.33	3.72	42.77	799.42
Disposals	-	-	(7.38)	-	-	(9.99)	-	(17.37)
As at March 31, 2019	-	76.86	998.62	924.41	69.83	1.86	112.90	2,184.48
Net carrying value								
Balance as at March 31, 2017	9,736.52	1,665.33	6,188.71	1,519.32	72.17	7.96	70.46	19,260.47
Balance as at March 31, 2018	9,736.52	1,639.71	7,596.47	2,896.96	61.35	21.39	108.71	22,061.10
Balance as at March 31, 2019	9,736.52	1,614.09	7,232.34	2,794.99	52.91	40.48	102.56	21,573.89

6. CAPITAL WORK IN PROGRESS

Balance as at March 31, 2017	1,373.99
Balance as at March 31, 2018	66.70
Balance as at March 31, 2019	2,356.34

*including expenditure on research & development activities, incurred during the year is ₹ 7.23 lakh (previous year ₹ 4.28 lakh).

Notes to the Standalone Financial Statements (Contd.)

(All amounts in ₹ lakh, unless otherwise stated)



7. INTANGIBLE ASSETS

Particulars	Computer & Software	Technical Know How	Trade Mark	Total
Gross carrying value				
As at 01 st April 2017	141.15	68.47	49.78	259.80
Additions	45.15			45.15
Disposals				-
Balance as at March 31, 2018	186.70	68.47	49.78	304.95
Additions	6.05	-	-	6.05
Disposals				-
Balance as at March 31, 2019	192.75	68.47	49.78	311.00
Amortization				
As at 01 st April 2017	52.70	8.29	13.44	74.43
Additions	41.00	4.66	9.81	55.48
Disposals	-	-	-	-
Balance as at March 31, 2018	93.70	12.95	23.25	129.91
Additions	36.29	4.58	7.16	48.03
Disposals	-	-	-	-
Balance as at March 31, 2019	129.99	17.53	30.41	177.94
Net Carrying Value				
Balance at March 31, 2017	88.85	60.18	36.34	185.37
Balance at March 31, 2018	93.00	55.52	26.53	175.05
Balance at March 31, 2019	62.76	50.94	19.37	133.07

8. INVESTMENTS (NON-CURRENT)

Particulars	As at March 31, 2019		As at March 31, 2018	
	No. of Shares/ units	Amount	No. of Shares/ units	Amount

8.1 Investment in Equity Instruments

Unquoted shares

Investment in wholly-owned subsidiary Companies at Cost

(i) Shalimar Adhunik Nirman Ltd.

Fully paid up shares of ₹10 each	49,990	5.00	49,990	5.00
Partly paid up shares @ ₹1 each (Share of ₹10 each)	4,50,000	4.50	4,50,000	4.50
Equity Component of 6% Non cumulative, non convertible Redeemable Preference Shares of ₹ 100 each		13.95		13.95

(ii) Eastern Speciality Paints & Coatings Pvt Ltd.

Fully paid up shares of ₹10 each	50,000	5.00	50,000	5.00
		28.45		28.45

8.2 Investment in Debentures carried at Amortised Cost

Unquoted Shares

(i) 1/2% Woodland Medical Centre Ltd.		0.06		0.06
(ii) 5% Woodland Medical Centre Ltd.		0.17		0.17
		0.23		0.23

Notes to the Standalone Financial Statements (Contd.)

(All amounts in ₹ lakh, unless otherwise stated)



Particulars	As at March 31, 2019		As at March 31, 2018	
	No. of Shares/ units	Amount	No. of Shares/ units	Amount
8.3 Investment in Preference Shares in wholly-owned subsidiary Companies at Fair value through Profit & Loss account				
Unquoted Shares				
(i) Shalimar Adhunik Nirman Ltd.				
6% Non cumulative, non convertible Redeemable Preference Shares of ₹ 100 each (Fully paid up)*	50,000	49.31	50,000	44.42
		49.31		44.42
		77.99		73.10
*The redemption date of Preference shares is 20 th May 2019.				
Aggregate amount of quoted investments		-		-
Market value of quoted investments		-		-
Aggregate amount of unquoted investments		77.99		73.10
Aggregate amount of impairment in value of investments		-		-
9. LOANS- NON CURRENT				
Particulars		As at		As at
		March 31, 2019		March 31, 2018
(Unsecured, considered good)				
Security Deposits		189.79		204.14
Loan to related parties(refer note 46 & 50)		722.52		700.20
TOTAL		912.31		904.34
10. OTHER FINANCIAL ASSETS- NON CURRENT				
Particulars		As at		As at
		March 31, 2019		March 31, 2018
(Unsecured, considered good)				
Bank Balance (Maturity period more than 12 months)		31.14		41.77
TOTAL		31.14		41.77
11. DEFERRED TAX ASSETS/ (LIABILITIES) (NET)				
Particulars		As at		As at
		March 31, 2019		March 31, 2018
Deferred tax assets/ liabilities are attributable to the following items;				
Deferred Tax Assets				
-Carry Forward Losses/Unabsorbed depreciation		4,998.24		3,216.72
-Disallowance under section 43B		234.60		45.69
-Provision for doubtful debt and advances		761.65		-
-Remeasurements of the defined benefit plans		26.05		5.60
Sub-Total (a)		6,020.54		3,268.01
Deferred Tax Liabilities				
-Fixed assets		(2,969.06)		(2,974.43)
-Fair valuation of investment		(4.14)		(2.59)
Sub-Total (b)		(2,973.20)		(2,977.02)
Net Deferred Tax Assets/ (Liability) (a)+(b)		3,047.34		290.99

Notes to the Standalone Financial Statements (Contd.)

(All amounts in ₹ lakh, unless otherwise stated)

12. OTHER NON CURRENT ASSETS

Particulars	As at March 31, 2019	As at March 31, 2018
Capital Advances	437.63	21.10
TOTAL	437.63	21.10

13. INVENTORIES

Particulars	As at March 31, 2019	As at March 31, 2018
Raw Material		
Inventories	1,808.28	1,338.57
Goods in Transit	25.45	4.07
Work- in -Progress	287.15	213.45
Finished Goods		
Inventories [including trading goods ₹ 406.77 lakh (P.Y ₹ 543.51 lakh)]	4,692.33	5,477.60
Goods in Transit	223.03	243.03
Stores & spares	99.50	123.93
TOTAL	7,135.74	7,400.65

14. TRADE RECEIVABLES

Particulars	As at March 31, 2019	As at March 31, 2018
Unsecured		
-Considered Good	9,901.46	10,583.86
-Considered Doubtful	2,441.20	-
	12,342.66	10,583.86
Less: Provision for bad and doubtful receivable [refer note 45(ii)]	(2,441.20)	-
TOTAL	9,901.46	10,583.86

15.1 CASH AND CASH EQUIVALENT

Particulars	As at March 31, 2019	As at March 31, 2018
-Balance with banks		
On Current Accounts	5,511.20	1,522.28
-Cash on hand	4.12	3.17
-Cheque, drafts on hand	-	19.80
Fixed Deposit for right issue*	2,892.84	
Bank deposits with maturity of less than 3 months	162.39	6.66
TOTAL	8,570.55	1,551.91

15.2 Bank Balance other than Cash and Cash Equivalents

Particulars	As at March 31, 2019	As at March 31, 2018
Unpaid dividend	5.40	7.09
Margin Money	1.08	19.46
Fixed Deposit Account	517.09	330.45
TOTAL	523.57	357.00

* Fixed deposit has been made for the unutilised amount of right issue related to Capital Expenditure.

Notes to the Standalone Financial Statements (Contd.)



(All amounts in ₹ lakh, unless otherwise stated)

16. OTHER FINANCIAL ASSETS- CURRENT

Particulars	As at	
	March 31, 2019	March 31, 2018
Other Receivables(refer note 51)	891.59	2,399.37
Security Deposits	108.84	-
Interest accrued	57.33	10.27
TOTAL	1,057.76	2,409.64

17. CURRENT TAX ASSETS/(LIABILITIES) (NET)

Particulars	As at	
	March 31, 2019	March 31, 2018
Advance Income Tax	2,814.99	2,809.28
Less: Provision for Income Tax	2,531.50	2,531.50
TOTAL	283.49	277.78

18. OTHER CURRENT ASSETS

Particulars	As at	
	March 31, 2019	March 31, 2018
Advances other than capital advances		
Advances to suppliers	315.86	269.81
Others		
Advance to employee	17.90	5.37
Prepaid expenses	195.23	182.68
Balance With Govt. Authorities & Others	1,016.70	872.78
Other receivable	0.00	168.58
TOTAL	1,545.69	1,499.22

19. EQUITY SHARE CAPITAL

Particulars	As at	
	March 31, 2019	March 31, 2018
Authorised		
10,00,00,000 (31 st March,2018: 4,00,00,000) equity shares of ₹ 2/- each	2,000.00	800.00
Issued, subscribed and fully paid up		
5,36,41,387 (31 st March,2018: 1,89,45,975) equity shares of ₹ 2/- each	1,072.83	378.92
Share Forfeiture Account	0.01	0.01
	1,072.84	378.93

Notes:

(i) Reconciliation of number of shares and share capital outstanding at the beginning and end of the year -

Particular	As at March 31, 2019		As at March 31, 2018	
	No. of shares	Amount	No. of shares	Amount
Number of shares at the beginning	1,89,45,975	378.92	1,89,45,975	378.92
Add: Right issue	3,46,95,412	693.91	-	-
Number of shares at the end	5,36,41,387	1,072.83	1,89,45,975	378.92

(ii) Rights, preferences and restrictions attached to shares

The Company has one class of equity shares having a par value of ₹ 2 each . Each shareholder is eligible for one vote per share held. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all Preferential amounts, in proportion to their shareholding.

Notes to the Standalone Financial Statements (Contd.)



(All amounts in ₹ lakh, unless otherwise stated)

- (iii) During the year, Under Right Issue the Company issued 35,52,370 Equity Shares @ 140 per share (including premium of INR 138 per share) in the ratio of 6 equity shares for every 32 shares and 3,11,43,042 Equity Share @ INR 64.50 per share (including premium of INR 62.50 per share) in the ratio of 3 equity shares for every 2 equity shares.

- (iv) **Proceeds from the first right issue have been utilised in the following manner -**

Particulars	Proposed to be utilised	Utilised	To be utilised
For Working capital purpose	3,800.00	3,836.00	-
General Corporate Purpose	1,107.82	1,093.32	-
Expense for right issue	65.50	44.00	-
TOTAL	4,973.32	4,973.32	-

- Proceeds from the second right issue have been utilised in the following manner -**

Particulars	Proposed to be utilised	Utilised	To be utilised
Project of Reinstatement of paint manufacturing plant at Nashik	4,568.43	2,035.22	2,533.21
Setting up of Regional Distribution Centre (RDC) at Nashik	340.00	-	340.00
Long Term Working Capital Requirements	11,737.50	8,709.15	3,028.35
General Corporate purposes	3,415.07	1,136.57	2,278.50
Expenses for right issue	26.27	26.27	0.00
TOTAL	20,087.27	11,907.21	8,180.06

- (v) The unutilised amount totalling ₹ 8180.06 lakh (related to second Right Issue) is shown under the head 'Cash and cash equivalents' (Refer Note no. 15.1) as current account bank balance amounting to ₹ 5287.22 lakh and as Fixed Deposits amounting to ₹ 2892.84 lakh.

Particular	As at March 31, 2019		As at March 31, 2018	
	No. of shares	Amount	No. of shares	Amount
Virtuous Tradecorp Pvt. Ltd.	1,33,54,462	24.90%	1,000	0.01%
Hind Strategic Investments	58,41,570	10.89%	58,41,570	30.83%
Veera Gupta	46,82,952	8.73%	-	0.00%
Hexa Securities and Finance Co. Ltd.	15,00,000	2.80%	15,00,000	7.92%
Nalwa Sons Investments Ltd (Formerly Jindal Strips Ltd.)	13,72,590	2.56%	13,72,590	7.24%
Colorado Trading Company Ltd.	12,24,635	2.28%	12,24,635	6.46%
Nalwa Investments Ltd.	2,70,569	0.50%	11,93,855	6.30%

The Company does not have any holding / ultimate holding Company.

Notes to the Standalone Financial Statements (Contd.)

(All amounts in ₹ lakh, unless otherwise stated)



20. Other equity

Particulars	Reserves & Surplus				Other Compre-	Total
	Securities Premium Reserve	Share Op- tions Out- standing	General Reserve	Retained earnings	hensive Income Remeasurement of Defined Benefit Obligation/ Plan	
Balance as at March 31, 2017	961.10	39.66	4,061.71	11,199.26	31.01	16,292.74
-Profit or Loss for the year				(4,541.64)		(4,541.64)
-Other comprehensive income for the year					(12.53)	(12.53)
-Addition during the year						-
-Movement during the year		(10.93)				(10.93)
Balance as at March 31, 2018	961.10	28.73	4,061.71	6,657.62	18.48	11,727.64
-Profit or Loss for the year				(8,153.98)		(8,153.98)
-Other comprehensive income for the year					(57.43)	(57.43)
-Movement during the year	24,366.67	(6.26)				24,360.41
-Right issue expenses*	(100.05)					(100.05)
Balance as at March 31, 2019	25,227.72	22.47	4,061.71	(1,496.36)	(38.95)	27,776.61

*Issue expenses comprise ₹ 34.32 lakh incurred out of right issue proceeds and the balance ₹ 65.73 lakh out of insurance claim receipt.

21. NON-CURRENT BORROWINGS

Particulars	As at	As at
	March 31, 2019	March 31, 2018
Secured		
Term Loans :		
- from Banks	0.00	219.30
- from Financial Institutions	1,969.85	2,147.77
- from others (vehicle loan)	31.79	18.40
	2,001.64	2,385.47
Less: Current Maturity of Long term Debt (refer note 26)	192.54	411.38
Sub total (A)	1,809.10	1,974.09
Unsecured		
- from related party in foreign currency *	553.37	520.35
	553.37	520.35
Less: Current Maturity of Long term Debt (refer note no. 26)	553.37	-
Sub total (B)	-	520.35
TOTAL (A + B)	1,809.10	2,494.44

*The shareholders of the Company after requisite approval from Reserve Bank of India and other competent authorities, have approved conversion of unsecured ECB loan of USD 8,00,000 from Hind Strategic Investments (Promoter Company) into equity shares by way of preferential allotment; and the Allotment Committee of the Company have allotted on 08th April, 2019 - 6,58,872 Equity shares of ₹ 2 each at a premium of ₹ 84.56 as fully paid in discharge of ECB loan.

SECURITY (In relation to existing borrowings)

(i) Term Loan from financial institutions

Loan of ₹ 352.81 lakh (March 31, 2018 ₹ 405.90 lakh) taken from India Bulls Housing Finance Limited @ 17% p.a., repayable in 91 monthly installments starting from 05.05.2016 and ending on 05.11.2023, are secured by first charge on Company's immovable property situated at 5th Floor, C wing, Oberoi Garden Estate, Chandivalli Farm Road, Chandivalli, Andheri (East), Mumbai-400072.

Loan of ₹ 1617.04 lakh (March 31, 2018 ₹ 1741.87 lakh) taken from Religare Finvest Limited @ 14% p.a., repayable in 129 monthly installments starting from 01.08.2016 and ending on 01.10.2026, are secured by First charge on Company's immovable & movable properties of Sikandrabad plant situated at Plot No A1 & A2 UPSIDC Industrial Area, Sikandrabad Dist- Bulandshahar (U.P).

(ii) Vehicle Loan (Secured by Vehicle financed)

Loans of ₹ 31.79 lakh, taken from Toyota Financial Service India Ltd. @ 9.50% p.a. are repayable in 60 monthly installments starting from 20.02.2019 and ending on 20.01.2024.

Notes to the Standalone Financial Statements (Contd.)

(All amounts in ₹ lakh, unless otherwise stated)

22. OTHER FINANCIAL LIABILITIES- NON CURRENT

Particulars	As at March 31, 2019	As at March 31, 2018
Security Deposit		
-From others	113.81	22.73
TOTAL	113.81	22.73

23. PROVISIONS- NON CURRENT

Particulars	As at March 31, 2019	As at March 31, 2018
Provision for employee benefits		
-Gratuity (refer note 43)	257.98	325.03
-Provision for Leave Benefit (refer note 43)	44.57	45.59
Others	300.00	300.00
TOTAL	602.55	670.62

24. CURRENT BORROWINGS

Particulars	As at March 31, 2019	As at March 31, 2018
Secured		
Loans Repayable on Demand		
From Banks (Cash Credit and WCDL)	10,391.10	11,704.72
Unsecured		
Loans Repayable on Demand		
From other parties	0.00	500.00
Bill Discounting	2,291.46	2,798.39
TOTAL	12,682.56	15,003.11

Cash Credit and WCDL from Banks

Primary Security

First charge, ranking pari passu by way of hypothecation on the entire stocks and current assets of the Company.

Collateral Security

- (i) first charge, by way of equitable mortgage of land and building, and hypothecation of other fixed assets thereon, of the Company's factory, at Nasik, Maharashtra;
- (ii) first charge, by way of hypothecation of plant and machinery at the Company's factory situated at Howrah, West Bengal;
- (iii) second charge, ranking pari passu, on the fixed assets of the Company at its factory situated at Sikandarabad, Uttar Pradesh;
- (iv) second charge, ranking pari passu, on the fixed assets of the Company situated at village -Chinnapuliur, Taluka-Gummidipoondi, District- Tiruvallur, Tamil Nadu.

Rate of interest for current borrowings ranges from 10.75% p.a. to 15.40% p.a.

25. TRADE PAYABLES (INCLUDING ACCEPTANCES*)

Particulars	As at March 31, 2019	As at March 31, 2018
Due to Micro & small enterprises (refer note 42)	1,065.87	3.48
Due to others	8,697.85	13,948.27
TOTAL	9,763.72	13,951.75

*Acceptances include arrangements where operational suppliers of goods and services are initially paid by banks while the Company continues to recognise the liability till settlement with the banks which are normally effected within a period of 120 days amounting to ₹ 1,773.98 (Previous year: ₹ 2,374.78).

Notes to the Standalone Financial Statements (Contd.)



(All amounts in ₹ lakh, unless otherwise stated)

26. OTHER FINANCIAL LIABILITIES- CURRENT

Particulars	As at	As at
	March 31, 2019	March 31, 2018
Current maturities of long-term debt (refer note 21)	745.91	411.38
Interest accrued	44.20	40.75
Unpaid Dividend*	5.40	7.09
Creditors for Capital expenditure	227.18	333.55
Others		
Employee's Payables	363.47	338.53
Others (Operating expenses)	1,567.11	583.25
TOTAL	2,953.27	1,714.55

* There are no outstanding dues to be paid to Investor Education & Protection Fund.

27. OTHER CURRENT LIABILITIES

Particulars	As at	As at
	March 31, 2019	March 31, 2018
Advances from customers	-	350.00
Statutory dues	360.27	1,208.77
TOTAL	360.27	1,558.77

28. PROVISIONS-CURRENT

Particulars	As at	As at
	March 31, 2019	March 31, 2018
Provision for employee benefits		
-Gratuity (refer note 43)	407.11	189.49
-Provision for Leave Benefit (refer note 43)	46.13	2.18
TOTAL	453.24	191.67

29. REVENUE FROM OPERATIONS

Particulars	Year ended	Year ended
	March 31, 2019	March 31, 2018
a) Sale of products		
Finished Goods	31,640.18	30,916.26
Sale of Services	401.31	172.18
	32,041.49	31,088.44
Less: Rebates & Trade Discounts	(3,357.82)	(3,534.18)
	28,683.67	27,554.26
b) Other operating Revenues		
Scrap Sales	78.32	213.02
Others	(0.40)	6.50
	77.92	219.52
TOTAL	28,761.59	27,773.78

30. OTHER INCOME

Particulars	Year ended	Year ended
	March 31, 2019	March 31, 2018
Interest Income		
-Bank Deposits	157.10	43.95
-Others	23.49	23.47
Profit on sale/Fair value of investments	4.89	7.84
Other Non-Operating Income		
-Foreign exchange gain	12.95	-
-Miscellaneous Receipts	31.88	14.92
TOTAL	230.31	90.18

Notes to the Standalone Financial Statements (Contd.)

(All amounts in ₹ lakh, unless otherwise stated)



31. COST OF MATERIALS CONSUMED

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Cost of Material Consumed	19,393.23	14,143.56
TOTAL	19,393.23	14,143.56

32. PURCHASE OF STOCK-IN-TRADE

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Purchase of stock in trade	1,931.23	5,161.59
TOTAL	1,931.23	5,161.59

33. CHANGES IN INVENTORIES OF FINISHED GOODS, STOCK-IN-TRADE AND WORK-IN-PROGRESS

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Closing Stock		
Work in progress	287.15	213.45
Finished Goods	4,915.36	5,720.63
	5,202.51	5,934.08
Opening Stock		
Work in progress	213.45	156.53
Finished Goods	5,720.64	7,360.58
	5,934.09	7,517.11
(Increase)/ Decrease in Inventory	731.58	1,583.03

34. EMPLOYEE BENEFIT EXPENSES

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Salaries and wages*	3,766.95	3,426.34
Contribution to provident & other funds	208.10	230.48
Expense/(reversal) on Employee Stock Option Scheme	(5.66)	(7.20)
Staff Welfare Expenses	231.12	291.24
TOTAL	4,200.51	3,940.86

*Current year expenditure includes ₹ 182.38 lakh (P.Y. ₹ 135.20 lakh)incurred on research & development activities.

35. FINANCE COST

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Interest Expenses		
On Working Capital & Term loan	2,184.77	2,292.46
Foreign exchange (gain) / loss	33.02	12.34
Other Borrowing Costs	276.58	297.87
TOTAL	2,494.37	2,602.67

36. DEPRECIATION AND AMORTIZATION EXPENSES

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Depreciation on Property, Plant & Equipment	799.41	730.89
Amortisation on Intangible Assets	48.04	55.48
TOTAL	847.45	786.37

Notes to the Standalone Financial Statements (Contd.)

(All amounts in ₹ lakh, unless otherwise stated)



37. OTHER EXPENSES

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Consumption of stores and spare parts	80.58	53.22
Power and fuel	376.73	270.87
Rent	467.58	521.65
Repairs to building	2.30	15.72
Repairs to plant and machinery	82.03	69.95
Repairs - others	199.09	204.56
Insurance	144.14	69.84
Rates and taxes	40.29	39.72
Printing and stationery	29.54	33.96
Communication expenses	69.96	104.51
Directors' fees	8.10	10.10
Payment to Auditors	17.12	19.36
C&F Charges	61.90	127.67
Travelling expenses	573.48	622.76
Application Charges	265.10	170.30
Freight	2,313.85	2,225.55
Loss on sale/transfer of PPE	20.99	3.68
Bad Debts	-	30.59
Provision for Bad & Doubtful Debt	2,441.20	-
Miscellaneous Expenses*	1,516.06	1,103.80
	8,710.04	5,697.81

*including expenditure on research & development activities, incurred during the year is ₹ 23.40 lakh (previous year ₹ 34.56 lakh).

Payment to Auditors

Audit Fee	7.25	7.25
Certification fee and other Services	3.60	7.15
Reimbursement of expenses	4.77	3.46
TOTAL	15.62	17.86

Payment to Tax Auditors

Tax Audit Fees	1.50	1.50
TOTAL	1.50	1.50

38. Exceptional Items

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Provision for insurance claim recoverable [see note (a) below]	412.39	-
Disposable Inventories, as scrap [see note (b) below]	1,155.38	-
TOTAL	1,567.77	-

- a) During the year 2017-18, the Company had recorded a insurance claim receivable of ₹ 1,474.81 lakh related to Howrah Plant on estimate basis pending final assessment by the insurer. In current year, based on the recoverability of insurance claim an amount of ₹ 412.39 lakh has been reversed.
- b) Reduction in value of old unusable inventories (resolved by the management to be disposed off as scrap) is, the carrying amount of said inventories and the same is confirmed by the IBBI registered valuer recognised under Companies Act, 2013.

Notes to the Standalone Financial Statements (Contd.)

(All amounts in ₹ lakh, unless otherwise stated)



39. Tax Expenses

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Income tax recognized in profit or loss		
Current tax expense		
Current year	-	-
Deferred tax expense/(income)		
Origination and reversal of temporary differences	(2,730.30)	(2,165.41)
	(2,730.30)	(2,165.41)
OTHER COMPREHENSIVE INCOME		
(i) Items that will not be reclassified to profit or loss (refer note 43)		
Remeasurements of the defined benefit plans	(83.48)	(18.13)
(ii) Income tax relating to items that will not be reclassified to profit or loss		
Related to Remeasurements of defined benefit plans	(26.05)	(5.60)

40. EARNING PER SHARE

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
(a) Net profit/ (loss) as attributable for equity shareholders	(8,153.98)	(4,541.64)
(b) Weighted average number of equity shares (Nos.)	5,36,41,387	1,89,45,975
(c) Effect of potential Dilutive Equity shares on Employee stock option outstanding (Nos.)	22,875	30,875
(d) Weighted average number of Equity shares in computing diluted earning per share	5,36,64,262	1,89,76,850
Basic Earnings per Share	(15.20)	(23.97)
Diluted Earnings per Share*	(15.20)	(23.97)

*Effect being antidilutive, hence ignored.

The diluted EPS is calculated on the same basis as basic EPS, after adjusting for the effects of potential dilutive equity.

41. A. Contingent Liabilities and claims against the Company

Particulars	As at March 31, 2019	As at March 31, 2018
Contingent liabilities, to the extent not provided for in respect of:		
a. Guarantees, Undertakings & Letter of Credit		
Guarantees issued by the Company's Bankers on behalf of the Company	267.42	195.91
Letter of Credit	2496.22	3072.01
b. Demands		
Excise Duty	837.61	855.95
Custom Duty*	54.00	0.00
Sales Tax (excluding liability on account of C/F/Other forms) The management is of the opinion that these forms will be collected in due course, and no significant liability is expected in this respect)	1677.78	1636.51
Income Tax	221.44	62.73
Others	1436.11	1,634.75

(i) It is not possible to predict the outcome of the pending litigations with accuracy, the Company has reviewed all its pending litigations and proceedings and has adequately provided for where provisions are required and disclosed as contingent liabilities where applicable, in its financial statements. The management believe the ending actions will not require outflow of resources embodying economic benefits and will not have a material adverse effect upon the results of the operations, cash flows or financial condition of the Company.

Notes to the Standalone Financial Statements (Contd.)



(All amounts in ₹ lakh, unless otherwise stated)

(ii) Under the Goods & Services Tax Act, 2017 (the Act), the Company's liability in respect of input credit of taxes availed by it but not paid by suppliers of goods & services as at the year end, is unascertained. The management is taking appropriate follow up measures with such suppliers to get the due taxes (claimed as input credit by the Company) paid by them before filing of annual return under the Act.

(iii)*As per legal advise obtained, the Company shall file application to the Directorate General of Foreign Trade (DGFT) for necessary compliances on its part & waiver of penalty.

B. Commitments

Particulars	As at	As at
	March 31, 2019	March 31, 2018
(i) Estimated amount of contracts remaining to be executed on Capital Accounts and not provided for, net of advances of ₹ 437.69 lakh (March 31, 2018 ₹ 21.09 lakh)	1469.49	166.53
(ii) Uncalled liability on partly paid up shares	40.50	40.50

42 THE MICRO, SMALL AND MEDIUM ENTERPRISES DEVELOPMENT (MSMED) ACT, 2006

The information regarding Micro, Small and Medium enterprises has been determined to the extent such parties have been identified on the basis of information available with the Company:

Particulars	Year ended	Year ended
	March 31, 2019	March 31, 2018
a) Principal amount and Interest due thereon remaining unpaid to any supplier as on 31 st March	872.23	3.48
b) Interest due on above remaining unpaid to any supplier as on 31 st March	193.65	-
c) Interest paid by the Company in terms of Section 16 of the MSMED Act along with the amounts of the payment made to the supplier beyond the appointed day during the accounting year	-	-
d) the amount of interest due and payable for the year of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under this Act	-	-
e) the amount of interest accrued and remaining unpaid	99.56	-
f) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of this Act.	-	-

Note:

- The above disclosure is given as per available information, to the extent ascertained, on principal outstanding dues as at the year end excluding the overdue amount settled/paid off during the year.
- No provision of interest & payment thereof have been made on overdue principal amount settled/paid during the year.
- Auditor has relied upon the information furnished in respect of above disclosures.

43. 'Employee Benefits', in accordance with Accounting Standard (Ind AS-19) :

The Company participates in defined contribution and benefit schemes, the assets of which are held (where funded) in separately administered funds. For defined contribution schemes the amount charged to the statements of profit or loss is the total of contributions payable in the year.

a) Defined Contribution Plans:-

The Company has recognised an expense of ₹ 150.53 lakh (Previous Year ₹ 123.45 lakh) towards the defined contribution plan.

Notes to the Standalone Financial Statements (Contd.)

(All amounts in ₹ lakh, unless otherwise stated)



b) Defined benefits obligation - as per actuarial valuation

Particulars	Year ended March 31, 2019		Year ended March 31, 2018	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
	Funded	Non-Funded	Funded	Non-Funded
I Change in present value of obligation during the year				
Present value of obligation at the beginning of the year	516.87	47.76	439.04	65.46
- Current Service Cost	27.44	9.46	42.08	13.56
- Past Service Cost	-	-	0.01	-
- Interest Cost	39.80	3.68	32.05	4.78
- Acquisition cost	-	-	-	-
Actuarial loss/(gains) on Obligation	83.68	42.67	18.08	(35.62)
Benefits Paid	(2.69)	(12.87)	(14.39)	(0.42)
Present Value of obligation as at year-end	665.10	90.70	516.87	47.76
II Change in Fair Value of Plan Assets during the year				
Plan assets at the beginning of the year	2.35	-	0.73	-
Investment Income	0.18	-	0.05	-
Employer's contribution	6.25	12.87	16.01	0.42
Benefits paid	(2.69)	(12.87)	(14.39)	(0.42)
Actuarial loss/(gains)	0.19	-	(0.05)	-
Plan assets at the end of the year	6.28	-	2.35	-
III Reconciliation of Present value of Defined Benefit Obligation and Fair Value of Plan Assets				
1 Present Value of obligation as at year-end	665.10	90.70	516.87	47.76
2 Fair value of plan assets at year -end	6.28	-	2.35	-
3 Funded status {Surplus/(Deficit)}	(658.82)	(90.70)	(514.52)	(47.76)
IV Expenses recognised in the Statement of Profit and Loss				
1 Current Service Cost	27.44	9.46	42.08	13.56
2 Interest Cost	39.62	3.67	32.00	4.78
3 Past service Cost	-	-	0.01	-
4 Expected return on plan assets	-	-	-	-
5 Actuarial (Gain) / Loss	-	42.67	-	(35.62)
Total Expenses	67.06	55.80	74.09	(17.28)
V Expenses recognised in the Statement of Other Comprehensive Income				
1 Net Actuarial (Gain)/Loss	83.49	-	18.13	-
VI Division of DBO at the end of the year				
1 Current Liability	407.11	46.13	189.49	2.18
2 Non-Current Liability	257.98	44.57	327.37	45.59
VII Actuarial Assumptions				
1 Discount Rate	7.60%	7.60%	7.70%	7.70%
2 Mortality Table	As per IALM 2006-08 Ultimate	As per IALM 2006-08 Ultimate	As per IALM 2006-08 Ultimate	As per IALM 2006-08 Ultimate
3 Salary Escalation	2.00%	2.00%	2.00%	2.00%

The Estimates of future salary increase considered in actuarial valuation, take account of inflation, seniority promotion and other relevant factors, such as supply and demand in the employment market. The above information is certified by the actuary.

Notes to the Standalone Financial Statements (Contd.)

(All amounts in ₹ lakh, unless otherwise stated)



VIII	Particulars	Actual Return on Plan Assets		Estimates of Contribution for next year		
		Year ended March 31, 2019	Year ended March 31, 2018	Year ended March 31, 2019	Year ended March 31, 2018	
		Funded	Funded	Funded	Funded	
	1) Gratuity	0.19	(0.05)	-	-	
IX	History of Experience Adjustment:	Year ended March 31, 2019	Year ended March 31, 2018	Year ended March 31, 2017	Year ended March 31, 2016	Year ended March 31, 2015
	Gratuity					
	Present Value of obligation	665.10	516.87	439.04	436.95	420.06
	Fair value of Plan assets	6.28	2.35	0.73	17.58	35.40
	Net Asset/(Liability)	(658.82)	(514.52)	(438.31)	(419.37)	(384.66)
	Actuarial (Gain)/Loss on plan obligation	83.68	18.08	(46.25)	(1.64)	(69.04)
	Actuarial Gain/(Loss) on plan assets	0.19	(0.05)	(1.38)	(0.77)	3.04
	Leave Encashment					
	Present Value of obligation	90.70	47.76	65.46	57.17	68.71
	Fair value of Plan assets	-	-	-	-	-
	Net Asset/(Liability)	(90.70)	(47.76)	(65.46)	(57.17)	(68.71)
	Actuarial (Gain)/Loss on plan obligation	42.67	(35.62)	4.08	1.98	6.37
	Actuarial Gain/(Loss) on plan assets	-	-	-	-	-
	X	Sensitivity Analysis	Year ended March 31, 2019		Year ended March 31, 2018	
		Assumption	Impact on liabilities		Impact on liabilities	
Changes in assumption		Increase	Decrease	Increase	Decrease	
Gratuity						
Discount rate +/-1% movement		17.22	20.55	25.98	23.02	
Future salary growth +/-1 % movement		22.32	18.85	28.15	25.23	
Leave Encashment						
Discount rate +/-1% movement		3.26	4.02	4.31	3.74	
Future salary growth +/-1 % movement		4.62	3.73	4.90	4.30	
XI		Description of Risk Exposures:	Valuations are performed on certain basic set of pre-determined assumptions and other regulatory framework which may vary over time. Thus, the company is exposed to various risks as follow -			
	A) Salary Escalation Risk :	The present value of the defined benefit plans calculated with the assumptions of salary increase rate of plan participants in future. Deviation in the rate of increase of salary in future for plan participants from the rate of increase in salary used to determined the present value of obligation will have a bearing on the plan's liability.				
	B) Interest Rate Risk :	The Plan expose the company to the risk of fall in interest rates. A fall in interest rate will result in an increase in the ultimate cost of providing the above benefit and will thus result in an increase in the value of the liability.				
	C) Liquidity Risk :	This is the risk that the company is not able to meet the short term benefit payout. This may arise due to non availability of enough cash/ cash equivalent to meet the liabilities or holding of illiquid assets not being sold in time.				
	D) Demographic Risk :	The company has used certain mortality and attrition assumptions in valuation of the liability. The company is exposed to the risk of actual experience turing out to be worse compared to the assumptions.				
XII	The major catagories of plan assets for gratuity as a percentage of the fair value of total plan assets are as follows:					
	Particulars	March 31, 2019		March 31, 2018		
	Fund managed by Insurer	100.00%		100%		

Notes to the Standalone Financial Statements (Contd.)

(All amounts in ₹ lakh, unless otherwise stated)

44. CATEGORY - WISE CLASSIFICATION OF FINANCIAL INSTRUMENTS

Financial Assets

Particulars	Fair Value Hierarchy	As at March 31, 2019		As at March 31, 2018	
		Carrying Amount	Fair Value	Carrying Amount	Fair Value
1. Financial assets designated at fair value through profit and loss					
a) Investment					
i) In Preference shares	Level-3	49.31	49.31	44.42	44.42
2. Financial assets designated at amortised cost					
a) Other bank balances		523.57	523.57	357.00	357.00
b) Cash & Cash Equivalents		8,570.55	8,570.55	1,551.91	1,551.91
c) Trade & Other receivables	Level-3	9,901.46	9,901.46	10,583.86	10,583.86
d) Loans	Level-3	912.31	912.31	904.34	904.34
e) Investment in Debentures	Level-3	0.23	0.23	0.23	0.23
f) Other Financial Assets	Level-3	1,088.90	1,088.90	2,451.41	2,451.41
3. Investment in subsidiary Companies		28.45	28.45	28.45	28.45

Financial Liabilities

Particulars	Fair Value Hierarchy	As at March 31, 2019		As at March 31, 2018	
		Carrying Amount	Fair Value	Carrying Amount	Fair Value
1. Financial liabilities designated at amortised cost					
a) Borrowings	Level-3	15,237.57	15,237.57	17,908.93	17,908.93
b) Trade & Other Payables	Level-3	9,763.72	9,763.72	13,951.75	13,951.75
c) Other Financial Liability	Level-3	2,321.17	2,321.17	1,325.91	1,325.91

1. The fair value of financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

2. The carrying amount of financial assets and financial liabilities measured at amortised cost in the financial statements are a reasonable approximation of their fair values, since the Company does not anticipate that the carrying amounts would be significantly different from the values that would eventually be received or settled.

3. Financial assets & liabilities under fair value hierarchy (Level 1 & 2) - Nil.

Fair value hierarchy

Level 1 - Quoted prices/NAV (unadjusted) in active markets for identical assets or liabilities.

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 - Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

45. FINANCIAL RISK MANAGEMENT - OBJECTIVES AND POLICIES

The Company's financial liabilities comprise mainly of borrowings, trade payables and other payables. The Company's financial assets comprise mainly of investments, cash and cash equivalents, other balances with banks, loans, trade receivables and other receivables. The Company is exposed to Market risk, Credit risk and Liquidity risk. The Company realizes that risks are inherent and integral aspect of any business. The primary focus is to foresee the unpredictability of financial markets and seek to minimize potential adverse effects on its financial performance. The primary market risk to the Company is foreign exchange risk & interest rate risk. The Company calculates and compares the alternative sources of funding by including cost of currency cover also.

The following disclosures summarize the Company's exposure to financial risks. Quantitative sensitivity analyses have also been provided to reflect the impact of reasonably possible changes in market rates on the financial results, cash flows and financial position of the Company.

i. Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of fluctuation in market prices. These comprise three types of risk i.e. currency rate risk, interest rate risk and other price related risks. Financial instruments affected by market risk include loans and borrowings, deposits, investments, and derivative financial instruments.

a) Foreign Currency Risk and sensitivity

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Foreign exchange risk sensitivity analysis has been performed on the foreign currency exposures in the Company's financials assets and financials liabilities at the reporting date i.e. 31st March 2019, net of related foreign exchange contracts.

Notes to the Standalone Financial Statements (Contd.)



(All amounts in ₹ lakh, unless otherwise stated)

The carrying amounts of the Company's foreign currency denominated monetary items (Unhedge) are as follows:

Particulars	As at 31 st March, 2019	As at 31 st March, 2018
Financial Assets		
Trade receivables	99.71	121.15
Financial liabilities		
Trade payables	71.25	-
Loan from related parties	553.37	520.35
Net assets / (liabilities)	724.33	641.50

Foreign Currency Sensitivity

Sensitivity analysis is computed based on the changes in the income and expenses in foreign currency upon conversion into functional currency, due to exchange rate fluctuations between the previous reporting period and the current reporting period.

5% increase and decrease in foreign exchanges rates will have the following impact on profit/(loss) before tax

Particulars	2018-19		2017-18	
	5% Increase	5% decrease	5% Increase	5% decrease
USD Sensitivity	36.22	(36.22)	32.08	(32.08)
Increases/ (decrease) in profit or loss	36.22	(36.22)	32.08	(32.08)

b. Interest Rate Risk and Sensitivity

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Any changes in the interest rates environment may impact future rates of borrowing. The Company mitigates this risk by regularly assessing the market scenario, finding appropriate financial instruments, interest rate negotiations with the lenders for ensuring the cost effective method of financing.

Interest Rate Risk Exposure

Particulars	As at 31 st March, 2019			As at 31 st March, 2018		
	INR	USD	Total	INR	USD	Total
Fixed Rate Borrowings	-	-	-	-	-	-
Variable Rate Borrowings	14,684.20	553.37	15,237.57	17,388.58	520.35	17,908.93
Total Borrowings	14,684.20	553.37	15,237.57	17,388.58	520.35	17,908.93

Sensitivity on variable rate borrowings

Particulars	Impact on Profit & (Loss) before tax	
	31-Mar-19	31-Mar-18
INR Borrowings		
Interest Rate Increase by 0.50%	(73.42)	(86.94)
Interest Rate decrease by 0.50%	73.42	86.94
USD Borrowings		
Interest Rate Increase by 0.25%	(1.38)	(1.30)
Interest Rate decrease by 0.25%	1.38	1.30

c. Commodity price risk and sensitivity

Commodity Price Risk is the risk that future cash flow of the Company will fluctuate on account of changes in market price of key raw materials. The Company is exposed to the movement in price of key raw materials in domestic and international markets.

ii. Credit Risk

Credit risk refers to the risk of default on its obligation by the counterparty resulting in a financial loss. Trade receivables are typically unsecured and are derived from revenue earned from customers primarily located in India. Credit risk arising from trade receivable is managed in accordance with the Established Policy etc, procedures and control relating to customer credit risk management. The deposits with banks constitute mostly the liquid investment of the Company and are generally not exposed to credit risk.

Notes to the Standalone Financial Statements (Contd.)

(All amounts in ₹ lakh, unless otherwise stated)

For trade receivables, as a practical expedient by computing the expected credit loss allowance for trade receivables based on a provision matrix. The provision matrix takes into account historical credit loss experience and adjusted for forward looking information. The expected credit loss allowance is based on the ageing of the days the receivables are due and the rates as given in the provision matrix. The provision matrix as at the end of the reporting period and expected credit loss for the year end against Trade receivables (Financial assets) as ascertained by the management and confirmed by the IBBI registered valuer are as follows:

Ageing	Expected credit loss (%)
Within the credit period	3.45%
0-1 year	4.78%
1-2 years	38.11%
More than 2 years	100.00%

Movement in expected credit loss allowance (net)

Particulars	Life time expected credit losses		12-months expected credit losses	
	31-Mar-19	31-Mar-18	31-Mar-19	31-Mar-18
Opening balance	-	-	-	-
Additional provision created during the year	1,843.56	-	597.64	-
Closing balance	1,843.56	-	597.64	-

The Company considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis. In general it is presumed that credit risk has significantly increased since initial recognition if legal action needs to be initiated against such trade receivables.

iii. Liquidity risk

Liquidity risk refers to risk of financial distress or high financing cost arising due to shortage of liquid funds in a situation where business conditions unexpectedly deteriorate and require financing. The Company's objective is to maintain at all times optimum levels of liquidity to meet its cash and collateral requirements. Processes and policies related to such risk are reviewed by senior management and management monitors the Company's net liquidity position through rolling forecast on the basis of expected cash flows.

The table below provides details regarding the contractual maturities of significant financial liabilities as of March 31, 2019:

Expected maturity for financial liabilities

Particulars	Carrying Amount	On Demand	Less than 1 year	More Than 1 Year	Total
Borrowings	15,237.57	10,391.10	3,037.37	1,809.10	15,237.57
Trade & Other payables	9,763.72	1,550.64	7,394.57	818.52	9,763.72
Other financial liabilities	2,321.17	-	2,207.37	113.81	2,321.18

The table below provides details regarding the contractual maturities of significant financial liabilities as of March 31, 2018:

Particulars	Carrying Amount	On Demand	Less than 1 year	More Than 1 Year	Total
Borrowings	17,908.93	12,204.72	3,209.77	2,494.44	17,908.93
Trade & Other payables	13,951.75	7,174.58	6,777.17	-	13,951.75
Other financial liabilities	1,325.91	129.71	1,173.47	22.73	1,325.91

45.1 Capital Risk Management

The Company's policy is to maintain an adequate capital base so as to maintain creditor and market confidence and to sustain future development. Capital includes issued capital, share premium and all other equity reserves attributable to equity holders. In order to strengthen the capital base, the Company may use appropriate means to enhance or reduce capital, as the case may be.

	As at March 31, 2019	As at March 31, 2018
Borrowings	15,237.57	17,908.93
Less: cash and cash equivalents	8,570.56	1,551.91
Net debt	6,667.02	16,357.02
Total Equity	28,849.45	12,106.57
Capital and Net debt	35,516.46	28,463.59
Gearing Ratio	19%	57%

Note: Sensitivity analysis for risk management is based on management estimates.

Notes to the Standalone Financial Statements (Contd.)



(All amounts in ₹ lakh, unless otherwise stated)

46. Related Party Disclosure as per Ind AS 24

A. List of Related Party & Relationship

Name of Related Party	Country of Incorporation	Ownership Interest	
		31 st March 2019	31 st March 2018
(a) Subsidiary Companies			
1 Shalimar Adhunik Nirman Ltd.	India	99.99%	99.99%
2 Eastern Speciality Paints & Coating Pvt. Ltd.	India	100%	100%
(b) Key Managerial person			
1 Mr. Surender Kumar	Managing Director & CEO		
2 Mr. Ashok Kumar Gupta	Non-Executive Director		
3 Mr. Sandeep Gupta	Chief Financial Officer		
4 Mr. Nitin Gupta	Company Secretay		
(c) Relative of KMP			
1 Mrs. Anita Gupta (Wife of Mr. Sandeep Gupta)			
(d) Other related parties			
1 Virtuuous Tradecorp Pvt. Ltd.			
2 Hind Strategic Investment			
3 Mr. Alok Perti	Non-Executive Director		
4 Mr. Gautam Kanjilal	Non-Executive Director		
5 Ms. Pushpa Chowdhary	Non-Executive Director		

B. Related Party Transaction

Particulars	Transaction during the year	
	FY 2018-19	FY 2017-18
Loans & Advances(Given)		
Shalimar Adhunik Nirman Ltd.	22.19	27.16
Reimbursement of expenses incurred by Company		
Eastern Speciality Paints & Coatings Pvt. Ltd.	0.12	0.22
Mr. Surender Kumar	0.20	0.64
Mr. Nitin Gupta	0.64	0.17
Mr. Sandeep Gupta	0.20	0.74
Loans & Advances(Taken)		
Hind Strategic Investment	-	520.35
Interest on Loan		
Hind Strategic Investment	29.30	19.40
Directors Sitting Fees		
Mr. Alok Perti	1.70	1.50
Mr. Gautam Knajilal	4.70	6.20
Ms. Pushpa Chowdhary	1.70	2.00
Vehicle hire charges		
Mrs. Anita Gupta (Wife of Mr. Sandeep Gupta)	2.16	2.30
Remuneration and other perquisites		
(a) short-term employee benefits;	209.00	200.78
(b) post-employment benefits;	2.66	0.83
(c) other long-term benefits;	0.29	1.21
Particulars	Outstanding Balances at the year ended	
	31 st March, 2019	31 st March, 2018
Loan & Advances (Given)		
Shalimar Adhunik Nirman Ltd.	722.09	699.90
Eastern Speciality Paints & Coatings Pvt. Ltd.	0.44	0.30
Investment		
Shalimar Adhunik Nirman Ltd.	59.50	59.50
Eastern Speciality Paints & Coatings Pvt. Ltd.	5.00	5.00

Notes to the Standalone Financial Statements (Contd.)

(All amounts in ₹ lakh, unless otherwise stated)



Particulars	Outstanding Balances at the year ended	
	31 st March, 2019	31 st March, 2018
Salary Payable		
Mr. Surender Kumar	6.53	6.14
Mr. Sandeep Gupta	4.15	4.22
Mr. Nitin Gupta	0.78	0.60
Interest Payable		
Hind Strategic Investment	2.66	1.90
Loans & Advances(Taken)		
Hind Strategic Investment	553.37	520.35
Compensation to Key Management Personnels		
Particulars	Short-term employee benefits	
	FY 2018-19	FY 2017-18
Mr. Surender Kumar	117.33	121.54
Mr. Sandeep Gupta	81.05	70.60
Mr. Nitin Gupta	10.61	8.64

47. SHARE BASED PAYMENTS

The Company provides share-based payment schemes to its employees. The relevant details of the scheme are as follows:

I. Option Movement during the year ended Mar 2019

Particulars	March 31, 2019		March 31, 2018	
	No. of options	Wt. avg exercise Price (in ₹)	No. of options	Wt. avg exercise Price (in ₹)
No. of Options Outstanding at the beginning of the year	30,875	97.19	98,400	72.12
Options Granted during the year				
Options Forfeited / Surrendered / Lapsed during the year	8,000	97.19	67,525	72.12
Options exercised during the year	-	-	-	-
Number of options Outstanding at the end of the year	22,875	92.08	30,875	97.19

II. Weighted Average remaining contractual life

Range of Exercise Price	March 31, 2019		March 31, 2018	
	No. of options outstanding	Weighted average contractual life (years)	No. of options outstanding	Weighted average contractual life (years)
43.80- 111.22	22,875	4.98	30,875	4.73

III. Weighted average Fair Value of Options granted during the year

Particulars	March 31, 2019	March 31, 2018
Exercise price is less than market price	98.23	102.29

IV. The weighted average market price of options exercised during the year ended March 31, 2019 is 137.34

The weighted average market price of options exercised during the year ended March 31, 2018 is 144.99

V. Method and Assumptions used to estimate the fair value of options granted during the year ended:

The fair value has been calculated using the Black Scholes Option Pricing model.

The Assumptions used in the model are as follows:

Variables	March 31, 2019	March 31, 2018
	Weighted Average	Weighted Average
1. Risk-free rate of return	8.15%	8.15%
2. Time to Maturity	0.32	1.15
3. Expected Volatility	69.57%	69.57%
4. Expected divided yield	-	-
5. Exercise Price (in ₹)	92.08	97.19

Notes to the Standalone Financial Statements (Contd.)



(All amounts in ₹ lakh, unless otherwise stated)

6. Price of the underlying share in market at the time of the option grant.(in ₹)	137.34	144.99
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VI. Particulars	March 31, 2019	March 31, 2018
Employee Option plan expense	(5.66)	(7.20)
Total liability at the end of the period	22.47	28.73

48. Impairment Review

Assets are tested for impairment whenever there are any internal or external indicators of impairment. Impairment test for assets are monitored for internal management purposes, within the only operating segment i.e. Manufacture of paints. During the year the impairment testing did not result in any impairment in the carrying amount of assets, except damaged inventories and doubtful trade receivables as referred to in Note no. 38 & 45 respectively.

49. Segment information

The Company operates mainly in one business segment (Business Segment) i.e. Paints; accordingly sales & stock in trade represent paints & allied products.

50. Loan to related party (refer note 9) includes the balance consideration of ₹ 492 lakh (interest free) receivable by the Company in cash as per the order of Hon'ble High Courts of Calcutta and Delhi, for transfer of its Real Estate Division to the subsidiary Company, Shalimar Adhunik Nirman Limited.

51. Other receivable includes,

(i) insurance claim receivable ₹ 387.10 lakh (net of ₹ 1099.73 lakh received in earlier years) related to Nasik plant. The policy is on Reinstatement basis. The above claim of receivables are accounted for on estimated basis pending final assessment by the insurer.

(ii) ₹ 352.46 (net of ₹ 1122.35 lakh received during the year) in respect to Howrah Plant insurance claim. The total claim receivable against the inventory and fixed assets was ₹ 1474.81 lakh but in final settlement Insurance Company paid an amount of ₹ 1122.35 lakh. Company is not in agreement with the settlement amount and has filed an arbitration petition in November, 2018 against the insurance Company in Delhi High Court.

52. Fixed assets and inventories, except the said damaged assets, have been verified & valued as per applicable accounting standards as well as existing accounting policies of the Company, with no material discrepancy.

53. Term Loan from financials institutions represent loan availed by Company for working capital for business needs.

54. The Division Bench of Hon'ble High Court of Calcutta passed an order on 07/05/2009 requiring the Company to give immovable property to the extent of ₹ 4.5 Crores as a security in favour of Tara Properties (the landlord of property at 13, Camac Street, Kolkata). The Company has given portion of the land at Goaberia as a security.

55. Some of the Financials assets & liabilities including trade receivables, trade payables and advances, are pending for confirmation/ reconciliation, and impact of the same on financial statements, if any, is unascertained.

56. Previous year figures have been regrouped/rearranged/recast, whatever considered necessary to confirm to current year's classification.

Signature to Note 1 to 56

For A. K. Dubey & Co.,

Chartered Accountants

(ICAI Firm Registration No.: 329518E)

For and on Behalf of Board of Directors

Arun Kumar Dubey

Partner

(Membership No.: 057141)

Surender Kumar

Managing Director and CEO

DIN:- 00510137

Ashok Kumar Gupta

Director

DIN:- 01722395

Place : Gurugram

Date : May 28, 2019

Sandeep Gupta

Chief Financial Officer

Nitin Gupta

Company Secretary

Mem. No. F8485

Independent Auditors' Report



To The Members of Shalimar Paints Limited Report on the Audit of Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated Ind AS financial statements of **Shalimar Paints Limited** ("the Company") and its subsidiaries- Shalimar Adhunik Nirman Limited & Eastern Speciality Paints & Coating Private Limited (collectively referred to as "**the Group**"), which comprise the Consolidated Balance Sheet as at 31st March, 2019, and the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information (herein after referred to as "the Consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Consolidated Ind AS financial statements give the information required by the Companies Act, 2013 (the 'Act') in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India and the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act read together with Companies (Indian Accounting Standards) Rules, 2015, of the consolidated state of affairs of the Group as at 31st March, 2019, and its consolidated loss, Consolidated total comprehensive income, its consolidated cash flows and the consolidated changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the consolidated financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the independence requirements that are relevant to our audit of the consolidated financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Sr. No.	Key Audit Matter	Auditor's Response
1	<p>Evaluation of Trade receivables: The Company's Trade receivables included material disputed receivables & receivables against which legal proceedings have been initiated or to be initiated by the Company . The Company has made provision for trade receivables (which are significantly disputed and which are subjected to legal proceedings) for ₹ 1843.56 Lakh under the head 'Life Time Expected Credit Loss', besides regular provisioning for expected credit loss of ₹ 597.64 Lakh under the head '12 months Expected Credit Loss' [(Refer Note 45(ii) of the Consolidated Financial Statement)]</p>	<p>Principal Audit Procedures While reviewing the quality of trade receivables from realization perspective based on information & explanation made available to us, we also have relied upon the management representation with respect to fair valuation of trade receivable in accordance of applicable IND AS which have been confirmed by the IBBI Registered Valuer recognized under Companies Act, 2013(hereinafter referred to as 'Registered Valuer'). Trade receivables which carried significant credit risk and /or credit impaired, as evaluated in terms of provisioning thereof, have been broadly reviewed by us, on selective basis. We also obtained, on sample basis, direct confirmation from customers of the Company . Our audit approach was a combination of test of internal controls with respect to Trade receivable management and substantive procedures. The Audit Committee of the Company has also reviewed/approved the provisioning of Trade receivables for fair value thereof .</p>

Independent Auditors' Report (Contd.)

<p>2</p>	<p>Evaluation of Inventories The Company has identified inventories with minimal realizable value. The carrying amount / cost of such inventories lying at Godown & factory stood at ₹ 1155.38 lakh as at year end . We have been informed by the management that such inventories shall be sold as scrap. The carrying amount of unrealizable inventories aggregating ₹ 1155.38 lakh identified by the Management during the year has been shown as 'Exceptional Item' in the Statement of Profit & Loss Account. [Refer Note 38 (b) of the Consolidated Financial Statements] Other inventories are valued at applicable IND AS.</p>	<p>Principal Audit Procedures We, on sample basis, test checked said inventories with negligible realizable values. We took cognizance of and relied upon the report of Registered Valuer. The valuer has also reported that carrying amount of damaged inventories has only scrap value, as stated in 'key Audit Matter'. Audit committee of the Company has approved the fully damaged stock to be sold as scrap. Valuation of Other inventories (test checked by us on sample basis) as stated in the financial statement, are in agreement with report of the Registered Valuer.</p>
<p>3</p>	<p>Evaluation of un-ascertained tax & other liabilities The Company has material unascertained disputed taxes & other liabilities shown as contingent liabilities, the determination of which involves significant management judgment. (Refer Note 41 of the Consolidated Financial Statements)</p>	<p>Principal Audit Procedures We have obtained the details of completed tax assessments and demands for the year ended March 31, 2019 from management. We evaluated the management's underlying assumptions in estimating the tax provision and the possible outcome of the disputes. We have also evaluated the disputed tax demand of earlier years having regard to legal precedence and other rulings in evaluating management's position on these uncertain tax positions. The material uncertain tax position & uncertain other liabilities, giving rise to disputed liabilities shown as contingent liabilities, have been examined by us having regard to material information & explanation furnished to us by the management . We review material uncertain tax position & uncertain other liabilities from year to year basis for changes therein.</p>

Information Other than the Consolidated Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Business Responsibility Report, Corporate Governance and Shareholder's Information, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's Responsibility for the Consolidated Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these consolidated Ind AS financial statements that give a true and fair view of the financial position, consolidated financial performance, consolidated total comprehensive income, consolidated cash flows and consolidated changes in equity of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act, read with relevant rules issued thereunder.

The respective Board of Directors of the Companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the respective Board of Directors of the Companies included in the Group are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the Companies included in the Group are also responsible for overseeing the Group's financial reporting process.

Auditor's responsibility for the audit of the Consolidated Ind AS Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Independent Auditors' Report (Contd.)

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Standards on Auditing (SAs) will always detect material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the consolidated financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

- (i) We did not audit the financial statements of subsidiaries of the Company included in consolidated Ind AS financial statements, whose financial statements financial information reflect total assets ₹ 2736.83 lakh as at 31st March, 2019, total revenues of ₹ NIL and net cash outflows amounting to ₹ 0.01 lakh for the year ended on that date, as considered in the consolidated Ind AS financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management, and our opinion on the consolidated Ind AS financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries, is based solely on the reports of the other auditors.
- (ii) As per information and explanation furnished to us, the insurance claims of loss for damage of immovable & movable assets due to fire in Company's plants/units located at Howrah & Nasik, are yet to be assessed by the Insurer & claim have been accounted for on estimated basis. (Note 51 of Consolidated financial statements).
- (iii) Some of the financial assets & liabilities including trade receivables, trade payables & advances are pending confirmation /reconciliation, and their impact on financial statements, if any, is unascertained. (Note 55 of Consolidated financial statements)
- (iv) As regard disclosure in Note 42 of standalone financial statements regarding Micro, Small & Medium Enterprises, we have relied upon the information & explanation, to the extent made available to us by the management.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements / financial information certified by the Management.

Independent Auditors' Report (Contd.)

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit, we report, to the extent applicable that:
 - a) We have sought and 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 it appears from our examination of those books.
 - c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including Other Comprehensive Income, the Consolidated Cash Flow Statement and Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account.
 - d) In our opinion, the aforesaid consolidated Ind AS financial statements comply with the Indian Accounting Standards prescribed under Section 133 of the Act & Rules made thereunder.
 - e) On the basis of the written representations received from the directors of the Company as on 31st March, 2019 taken on record by the Board of Directors of the Company and its subsidiaries incorporated in India and the reports of the statutory auditors of said subsidiary companies, none of the directors of the Group Companies is disqualified as on 31st March, 2019 from being appointed as a director in terms of Section 164(2) of the Act.
 - f) With respect to the adequacy of the internal financial controls over financial reporting of the Company, and the operating effectiveness of such controls, refer to our separate Report in "**Annexure A**" which is based on the auditor's reports of the Company and its subsidiary companies. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Group's internal financial controls over financial reporting.
 - g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197 (16) of the Act, as amended:

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company & its subsidiaries, as the case may be, to its/their directors during the year is in accordance with the provisions of section 197 of the Act.
 - h) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company & its subsidiaries has disclosed the impact of pending litigations on its financial position in its standalone Ind AS financial statements.(Note 41 to the Consolidated Ind AS financial statements)
 - ii. The Company & its subsidiaries did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company and its subsidiaries.

For A K Dubey & Co.
Chartered Accountants
Firm Registration No. 329518E

Arun Kumar Dubey
Partner
Membership No.- 057141

Place : Gurugram
Date : 28th May, 2019.

Annexure-A' to the Independent Auditors' Report

(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' Section of our report of even date to the Members of Shalimar Paints Limited)

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Shalimar Paints Limited ("the Company") and its subsidiaries as of and for the year ended 31st March, 2019 in conjunction with our audit of the consolidated Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's & Its subsidiary companies managements, represented by their Board of directors, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the respective companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Independent Auditors' Report (Contd.)

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting of the Company and its subsidiaries companies based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on internal financial controls system over financial reporting of the Company & its subsidiaries.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial controls over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements, due to error or fraud, may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial controls over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company and its subsidiary companies have in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 2019, based on the internal control over financial reporting criteria established by the respective companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Other Matters

The internal financial controls over financial reporting (IFCOFR) in so far as it relates to company's subsidiary companies, have been audited by other auditors whose reports have been furnished to us by the management; and our report on the adequacy and operating effectiveness of the IFCOFR for the Company, its subsidiary companies, under Section 143(3) (i) of the Act in so far as it relates to such subsidiary companies is based solely on the reports of the auditors of such companies. Our opinion is not modified in respect of this matter with respect to our reliance on the work done by and on the reports of the other auditors.

For A K Dubey & Co.
Chartered Accountants
Firm Registration No. 329518E

Place : Gurugram
Date : 28th May, 2019.

Arun Kumar Dubey
Partner
Membership No.- 057141

Consolidated Balance Sheet as at March 31, 2019

(All amounts in ₹ lakh, unless otherwise stated)

Particulars	Note No.	As at March 31, 2019	As at March 31, 2018
ASSETS			
Non-current assets			
Property, Plant and Equipment	5	24,296.96	24,785.75
Capital work-in-progress	6	2,358.34	66.70
Intangible assets	7	133.07	175.05
Financial Assets			
i) Investments	8	0.23	0.23
ii) Loans	9	189.79	204.14
iii) Other financial assets	10	31.14	41.77
Deferred tax assets (net)	11	2,800.61	35.69
Other non-current assets	12	437.63	21.10
Current assets			
Inventories	13	7,135.74	7,400.65
Financial Assets			
i) Trade receivables	14	9,901.46	10,583.86
ii) Cash and cash equivalents	15.1	8,576.30	1,557.68
iii) Bank balances other than (ii) above	15.2	524.57	358.00
iv) Other financial assets	16	1,058.76	2,410.64
Current Tax Assets (Net)	17	283.49	277.78
Other current assets	18	1,549.68	1,503.14
Total Assets		59,277.77	49,422.18
EQUITY AND LIABILITIES			
Equity			
Equity Share Capital	19	1,072.84	378.93
Other Equity	20	29,457.26	13,425.23
LIABILITIES			
Non-current liabilities			
Financial Liabilities			
i) Borrowings	21	1,809.10	2,494.44
ii) Other financial liabilities	22	110.21	22.73
Provisions	23	602.55	670.62
Current liabilities			
Financial Liabilities			
i) Borrowings	24	12,682.57	15,003.11
ii) Trade payables	25	9,763.72	13,951.75
iii) Other financial liabilities	26	2,961.69	1,722.79
Other current liabilities	27	364.59	1,560.91
Provisions	28	453.24	191.67
Total Equity and Liabilities		59,277.77	49,422.18
Overview and Significant Accounting Policies	1-4		

The accompanying notes form an integral part of the financial statements.

As per our report of even date

For A. K. Dubey & Co.,
Chartered Accountants
(ICAI Firm Registration No.: 329518E)

Arun Kumar Dubey
Partner
(Membership No.: 057141)

Place : Gurugram
Date : May 28, 2019

For and on Behalf of Board of Directors

Surender Kumar
Managing Director and CEO
DIN:- 00510137

Sandeep Gupta
Chief Financial Officer

Ashok Kumar Gupta
Director
DIN:- 01722395

Nitin Gupta
Company Secretary
Mem. No. F8485

Consolidated Statement of Profit & Loss for the year ended as at March 31, 2019
(All amounts in ₹ lakh, unless otherwise stated)

Particulars	Note No.	Year ended March 31, 2019	Year ended March 31, 2018
Revenue From Operations	29	28,761.59	27,773.79
Other Income	30	203.61	64.45
Total Revenue		28,965.20	27,838.24
EXPENSES			
Cost of materials consumed	31	19,393.23	14,143.54
Purchases of Stock-in-Trade	32	1,931.23	5,161.59
Changes in inventories of finished goods, Stock-in -Trade and work-in-progress	33	731.58	1,583.03
Excise duty		-	655.12
Employee Benefit Expenses	34	4,200.51	3,940.86
Finance costs	35	2,494.37	2,602.68
Depreciation and amortization expense	36	849.04	787.96
Other expenses	37	8,710.80	5,700.40
Total expenses		38,310.76	34,575.18
Profit/(loss) before exceptional items and tax		(9,345.56)	(6,736.94)
Exceptional items	38	(1,567.77)	-
Profit/(loss) before tax		(10,913.33)	(6,736.94)
Tax expense	39		
Current Tax		-	-
Deferred tax		(2,738.89)	(2,181.45)
Profit/(loss) for the period		(8,174.44)	(4,555.49)
Other Comprehensive Income			
(i) Items that will not be reclassified to profit or loss		(83.48)	(18.13)
(ii) Income tax effect on above		(26.05)	(5.60)
Total Other Comprehensive Income/(Loss) for the year		(57.43)	(12.53)
Total Comprehensive Income/(loss) for the year		(8,231.87)	(4,568.02)
Earnings per Shares of ₹ 2/- each	40		
1) Basic (in ₹)		(15.24)	(24.04)
2) Diluted (in ₹)		(15.24)	(24.04)
Overview and Significant Accounting Policies	1-4		
The accompanying notes form an integral part of the financial statements.			

As per our report of even date

For A. K. Dubey & Co.,
Chartered Accountants
(ICAI Firm Registration No.: 329518E)

Arun Kumar Dubey
Partner
(Membership No.: 057141)

Place : Gurugram
Date : May 28, 2019

For and on Behalf of Board of Directors

Surender Kumar
Managing Director and CEO
DIN:- 00510137

Sandeep Gupta
Chief Financial Officer

Ashok Kumar Gupta
Director
DIN:- 01722395

Nitin Gupta
Company Secretary
Mem. No. F8485

Consolidated Cash Flow Statement for period year ended March 31, 2019
 (All amounts in ₹ lakh, unless otherwise stated)

PARTICULARS	For the year ended March 31, 2019	For the year ended March 31, 2018
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit / (Loss) Before Tax	(10,909.76)	(6,736.94)
Adjustments for:	-	
Depreciation, amortization and impairment expenses	849.04	787.96
Net (Gain) / Loss on Sale of Property, Plant & Equipment	20.85	3.68
Net (Gain) / Loss on Sale/ Fair valuation of Investment	(4.89)	(3.44)
Bad debts/Provision for doubtful Debts Written Back	2,441.20	30.59
Change in inventory valuation	1,155.38	-
Provision for insurance claim receivables	412.39	-
Other receivable written off	15.50	-
Employee stock option expenses	(5.66)	(7.20)
Finance Costs	2,494.37	2,602.68
Interest Income	(153.90)	(46.08)
Operating Profit/(loss) before Working Capital changes	(3,685.48)	(3,368.76)
Adjustments for:		
Trade Receivables & Other receivables	(865.18)	3,356.62
Inventories	(890.47)	1,854.68
Trade & other Payables	(4,133.26)	1,705.87
Cash generated (used) in /from Operations before tax	(9,574.39)	3,548.41
Direct Taxes (paid)/refund (net)	(5.71)	34.65
Net cash flow (used) in/ from Operating Activities	(9,580.10)	3,583.06
B. CASH FLOW FROM INVESTING ACTIVITIES		
Acquisition of Property, Plant & Equipment/ Intangible Assets including Capital Advances	(3,153.58)	(1,444.74)
Proceeds from sale of Property, Plant & Equipment	-	74.03
Sale of Investment	(0.00)	295.33
Interest/other income Received	106.83	37.49
Movement in Margin money/Fixed deposits	(157.62)	(14.92)
Net cash flow (used) in/ from Investing Activities	(3,204.37)	(1,052.81)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Issue of Share capital	25,060.54	-
Proceeds from /(repayment) of Borrowings (net)- Long term	(345.93)	(457.14)
Right Issue Expense	(100.05)	-
Proceeds from /(repayment) of Borrowings (net)- Short term	(2,320.55)	1,290.34
Finance Costs	(2,490.91)	(2,619.82)
Net cash (used) in/ from Financing Activities	19,803.10	(1,786.62)
Net cash (used) in/ from Operating, Investing & Financing Activities	7,018.63	743.64
Opening balance of Cash and Cash equivalent	1,557.68	814.04
Closing balance of Cash & Cash equivalent	8,576.31	1,557.68
Note: Cash and cash equivalents included in the Cash Flow Statement comprise of the following (refer note 15.1):-		
i) Cash Balance on Hand	4.12	3.17
-In Current Accounts	5,516.96	1,528.05
-Cheques/draft in hand	-	19.80
-Bank deposits with maturity of less than 3 months	3,055.23	6.66
Total	8,576.31	1,557.68

As per our report of even date

For A. K. Dubey & Co.,

Chartered Accountants

(ICAI Firm Registration No.: 329518E)

For and on Behalf of Board of Directors

Arun Kumar Dubey

Partner

(Membership No.: 057141)

Surender Kumar

Managing Director and CEO

DIN:- 00510137

Ashok Kumar Gupta

Director

DIN:- 01722395

Place : Gurugram

Date : May 28, 2019

Sandeep Gupta

Chief Financial Officer

Nitin Gupta

Company Secretary

Mem. No. F8485

Statement of Change in equity for the year ended March 31, 2019
(All amounts in ₹ lakh, unless otherwise stated)

A. Equity Share Capital	Amount
Equity Share Capital as on 31 st March 2017	378.93
Movement during the year 2017-18	-
Equity Share Capital as on 31st March 2018	378.93
Movement during the year 2018-19	693.91
Equity Share Capital as on 31st March 2019	<u>1,072.84</u>

B. Other equity

Particulars	Reserves & Surplus				Other Compre- hensive Income	Total
	Securities Premium Reserve	Share Options Out- standing	General Reserve	Retained earnings	Remeasurement of Defined Benefit Obligation/ Plan	
Balance as at March 31, 2017	961.10	39.66	4,061.71	12,910.73	31.01	18,004.21
-Profit or Loss for the year				(4,555.49)		(4,555.49)
-Other comprehensive income for the year					(12.53)	(12.53)
-Addition during the year						-
-Movement during the year		(10.93)				(10.93)
Balance as at March 31, 2018	961.10	28.73	4,061.71	8,355.24	18.48	13,425.23
-Profit or Loss for the year				(8,170.89)		(8,170.89)
-Other comprehensive income for the year					(57.43)	(57.43)
-Movement during the year	24,366.67	(6.26)				24,360.41
-Right issue expenses*	(100.05)					(100.05)
Balance as at March 31, 2019	25,227.71	22.47	4,061.71	184.35	(38.96)	29,457.26

*Issue expenses comprise ₹ 34.32 lakh incurred out of right issue proceeds and the balance ₹ 65.73 lakh out of insurance claim receipt.

As per our report of even date

For A. K. Dubey & Co.,
Chartered Accountants
(ICAI Firm Registration No.: 329518E)

Arun Kumar Dubey
Partner
(Membership No.: 057141)

Place : Gurugram
Date : May 28, 2019

For and on Behalf of Board of Directors

Surender Kumar
Managing Director and CEO
DIN:- 00510137

Sandeep Gupta
Chief Financial Officer

Ashok Kumar Gupta
Director
DIN:- 01722395

Nitin Gupta
Company Secretary
Mem. No. F8485

1. Overview

Shalimar Paints Limited (“the Company” or “the Parent Company”) is a public limited company domiciled in India. The registered office of the Company is located at Stainless Centre, 4th floor, Plot no 50, Sector 32, Gurugram, 122001, Haryana. The shares of the Company are listed on National Stock Exchange and Bombay Stock Exchange.

The Company is engaged in the business of manufacturing, selling and distribution of paints, coatings and providing related services. The Company has a pan-India presence through its marketing offices in all major states in India.

2. Basis of preparation of financial statements

The consolidated financial statements comprises the financials statements of Shalimar Paints Limited (the Company or Parent Company) and its subsidiaries Shalimar Adhunik Nirman Limited and Eastern Speciality Paints & Coating Private Limited (hereinafter collectively referred to as “Shalimar Group”).

These consolidated financial statements have been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard (‘Ind AS’) as per the Companies (Indian Accounting Standards) Rules, 2015 notified under Section 133 of the Companies Act, 2013 (‘the Act’) and other relevant provisions of the Act to the extent applicable. The accounting policies have been applied consistently over all the periods presented in these financial statements.

The consolidated financial statements provide comparative information in respect of previous year. In addition, the company presents balance sheet as at the beginning of previous year which is the transition date to Ind AS.

Basis of preparation of consolidated financial statements

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company i.e. its subsidiaries. Control is achieved when the Company is exposed to, or has rights to the variable returns of the entity and the ability to affect those returns through its power over the entity. Significant influence, is achieved when the Company has power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies. The Accounting Policies of the parent company and its subsidiaries are largely similar. The Financial Statements of parent Company and its subsidiaries have been consolidated on line-by-line basis by adding together book value of like items of assets, liabilities, income and expenses after eliminating Intra-group transactions, balances, income and expenses in accordance with Ind AS 110 “Consolidated Financial Statement”. Figures pertaining to the subsidiary companies have been reclassified wherever necessary to bring them in line with Parent company’s financial statements.

3. Key Accounting Judgements, Estimates & Assumptions:

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of incomes, expenses, assets and liabilities, and the accompanying disclosures at the date of the financial statements. The judgments, estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision effects only that period or in the period of the revision and future periods if the revision affects both current and future years.

Income Tax

Management judgement is required for the calculation of provision for income taxes and deferred tax assets and liabilities. The company reviews at each balance sheet date the carrying amount of deferred tax assets/ liabilities. The factors used in the estimates may differ from actual outcome which could lead to significant adjustment to the amounts reported in the consolidated financial statements.

Defined Benefit Obligation

The cost of the defined benefit plan and other post-employment benefits and the present value of such obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in future. These include the determination of the discount rate, future salary increases, mortality rates and attrition rate. Due to the complexities involved in the valuation and its long term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

Fair value measurement of Financial Instruments

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the Discounted Cash Flow (DCF) model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. Judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

Contingencies

Management judgment is required for estimating the possible outflow of resources, if any, in respect of contingencies/ claim/litigations against the Company as it is not possible to predict the outcome of pending matters with accuracy.

Notes to Consolidated Financial Statements (Contd.)

Property, plant and equipment

Property, Plant and Equipment represent a significant proportion of the asset base of the Company. The charge in respect of periodic depreciation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. The residual values of Company's assets are determined by the management at the time the asset is acquired and reviewed periodically.

4. Significant Accounting Policies

4.1 Basis of measurement

The financial statements have been prepared under the historical cost convention on the accrual basis, except for the following assets and liabilities which have been measured at fair value:

- Property, Plant & Equipment ;
- Financial assets and liabilities except certain investments, Loans and borrowings carried at amortised cost;
- Defined benefit plans - plan assets measured at fair value;
- Share based payments

The financial statements are presented in Indian Rupees which is the Company's functional and presentation currency and all amounts are rounded to the nearest lakhs and two decimals thereof, except otherwise stated.

4.2 Property, plant and equipment

i) Recognition and measurement

An asset is recognised as property, plant and equipment when it qualifies the recognition criteria as specified in Ind AS 16. Following initial recognition, items of property, plant and equipment are carried at its cost, net of available duty/tax credits, less accumulated depreciation and accumulated impairment losses if any. Costs include costs of acquisitions or constructions including incidental expenses thereto, borrowing costs, and other attributable costs of bringing the asset to its working condition for its intended use.

Subsequent expenditure relating to property, plant and equipment is capitalized only when it is probable that future economic benefits associated with these will flow to the Company and the cost of the item can be measured reliably. Costs in nature of minor repairs and maintenance are recognized in the Statement of Profit and Loss as and when incurred.

The carrying amount of an item of property, plant and equipment is derecognized on disposal or when no future economic benefits are expected from its use or disposal. Gains or losses arising from discard/sale of Property, Plant and Equipment are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is discarded / sold.

Capital work-in-progress includes cost of property, plant and equipment under installation/under development, other expenditure (including trial run / test run expenditures) during construction / erection period (net of income) pending allocation/capitalization as at the balance sheet date.

ii) Depreciation

Depreciation on property, plant and equipment is provided at the rates and in the manner specified in Schedule II of the Companies Act, 2013 and in respect of assets added/disposed off during the year on pro-rata basis with reference to the date of its use / disposal/residual value:

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

Depreciation is charged on fair valued amount less estimated salvage value. Leasehold land is amortized on a straight line basis over the remaining period of lease.

The useful lives, residual values of each part of an item of property, plant and equipment and the depreciation methods are reviewed at the end of each financial year. If any of these expectations differ from previous estimates, such change is accounted for as a change in an accounting estimate.

4.3 Intangible assets

i) Recognition & measurement :

Intangible assets are recognised when it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and cost of assets can be measured reliably. Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment loss, if any.

Amortization:

Intangible Assets with finite lives are amortized over the estimated useful economic life as per following manner:

- a) In respect of assets located at Nashik, Sikandrabad & Chennai - on straight line method.
- b) In respect of other assets - on written down value method.

The amortization expense on intangible assets with finite lives is recognized in the Statement of Profit and Loss. The estimated useful life of intangible assets as per management is mentioned below:

Notes to Consolidated Financial Statements (Contd.)



Computer Software	6 years
Trade mark	10 Years
Technical know how	10 years

The amortization period and the amortization method for an intangible asset with finite useful life is reviewed at the end of each financial year. If any of these expectations differ from previous estimates, such change is accounted for as a change in an accounting estimate.

ii) Derecognition:

The carrying amount of an intangible asset is derecognized on disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising from the Derecognition of an intangible asset is measured as the difference between the net disposal proceeds and the carrying amount of the intangible asset and is recognized in the Statement of Profit and Loss when the asset is derecognized.

4.4. Impairment

The carrying amount of Property, Plant & Equipment, Intangible assets and cash generating assets are reviewed at each Balance Sheet date to assess impairment, if any based on internal / external factors. An asset is treated as impaired when the carrying cost of asset or exceeds its recoverable value being higher of value in use and fair value less cost of disposal. An impairment loss is recognized as an expense in the Statement of Profit & Loss in the year in which an asset is identified as impaired. The impairment loss recognized in prior accounting period is reversed, if there has been an improvement in recoverable amount.

4.5 Lease Accounting

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date, whether fulfillment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset, even if that is not explicitly specified in an arrangement.

4.6. Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

i) Initial recognition

The Company recognises financial assets and financial liabilities when it becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are recognised at fair value on initial recognition. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities, that are not at fair value through profit or loss, are added/deducted respectively to the fair value on initial recognition. Trade receivables and trade payables that do not contain a significant financing component are initially measured at their transaction price.

ii) Subsequent measurement

(i) Financial assets carried at amortised cost

A financial asset is subsequently measured at amortised cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. When the financial asset is derecognised or impaired, the gain or loss is recognised in the statement of profit and loss.

(ii) Financial assets at fair value through other comprehensive income

A financial asset is subsequently measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Movements in the carrying amount are recognised in OCI except the recognition of impairment gains or losses, interest revenue calculated using the Effective Interest Rate (EIR) method and foreign exchange gains and losses which are recognised in profit and loss. On derecognition of the asset, cumulative gain or loss previously recognised in Other Comprehensive Income is reclassified from the equity to Statement of Profit and Loss.

(iii) Financial assets at fair value through profit or loss

A financial asset which is not classified in any of the above categories are subsequently fair valued through profit or loss. Therefore, they are subsequently measured at each reporting date at fair value, with all fair value movements recognised in the Statement of Profit and Loss.

(iv) Financial liabilities

Financial liabilities are subsequently carried at amortized cost using the effective interest method. Financial liabilities at fair value through profit and loss (FVTPL) includes financial liability held for trading and financial liability designated upon initial recognition as at fair value through profit and loss.

(v) Investment in subsidiaries

Investment in subsidiaries is carried at cost less impairment, if any, in the separate financial statements.

iii) Impairment of financial assets

Financial assets, other than debt instruments measured at FVTPL and Equity instruments are assessed for indicators of impairment at the end of each reporting period. The Company recognises a loss allowance for expected credit losses on all financial asset. In case of trade receivables, the Company follows the simplified approach permitted by Ind AS 109 – Financial Instruments for recognition of impairment loss allowance. The application of simplified approach does not require the Company to track changes in credit risk. The Company calculates the expected credit losses on trade receivables using a provision matrix on the basis of its historical credit loss experience.

iv) Derecognition

Financial Assets

Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

Financial liabilities

The company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expires.

v) Reclassification of Financial Assets and Financial Liabilities

The company determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. If the company reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The company does not restate any previously recognised gains, losses (including impairment gains or losses) or interest.

vi) Derivative financial instruments

Derivative instruments such as forward currency contracts are used to hedge foreign currency risks, and are initially recognized at their fair values on the date on which a derivative contract is entered into and are subsequently re-measured at fair value on each reporting date. A hedge of foreign currency risk of a firm commitment is accounted for as a fair value hedge. Any gains or losses arising from changes in the fair value of derivatives are taken directly to Statement of Profit and Loss.

vii) Offsetting

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

4.7 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non- financial asset takes in to account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy in which they fall.

4.8 Inventory

Inventory are valued at lower of cost, computed on weighted average basis, or net realizable value. Cost of inventories includes in case of raw material, cost of purchase including taxes and duties net of tax credits/GST and incidental expenses; in case of work-in-progress, estimated direct cost including taxes and duties net of tax credits/GST and appropriate proportion of administrative and other overheads; in case of finished goods, estimated direct cost including taxes and duties net of tax credits/GST and appropriate administrative and other overheads including other cost incurred in bringing the inventories to the present location and conditions; and in case of traded goods, cost of purchase and other costs incurred in bringing the inventories to the present location and conditions.

The obsolete/damaged items of inventories are valued at estimated realisable value.

Notes to Consolidated Financial Statements (Contd.)

4.9 Provisions, Contingent Liabilities and Contingent Assets

A provision is recognised if, as a result of a past event, the Company has a present obligation (legal or constructive) that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects, when appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Contingent Liability is disclosed after careful evaluation of facts, uncertainties and possibility of reimbursement, unless the possibility of an outflow of resources embodying economic benefits is remote or the amount cannot be estimated reliably. Contingent liabilities are not recognised but are disclosed in notes. Contingent assets are not recognized but disclosed in the financial statements when an inflow of economic benefits is probable.

4.10 Revenue Recognition

Revenue is recognized when it is probable that economic benefits associated with a transaction flows to the Company in the ordinary course of its activities and the amount of revenue can be measured reliably. Revenue is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and rebates granted by the Company.

Revenue includes only the gross inflows of economic benefits, including excise duty, received and receivable by the Company, on its own account. Amounts collected on behalf of third parties such as sales tax, value added tax and goods & service tax are excluded from revenue.

4.11 Other income

Interest Income

Interest income is recognized on a time proportion basis taking into account the amount outstanding and the applicable effective interest rate. Interest income is included in other income in the statement of profit and loss.

Dividends

Dividend income is recognised when the Company's right to receive dividend is established, and is included in other income in the statement of profit and loss.

4.12 Employee Benefits

- i) Short term employee benefits are recognized as an expense in the Statement of Profit and Loss of the year in which the related services are rendered. The Company recognizes the undiscounted amount of short term employee benefits expected to be paid in exchange for services rendered as a liability (accrued expense) after deducting any amount already paid.
- ii) The Company makes regular contribution to provident funds which are administered by Government and are independent of Company's finance. The Company recognizes contribution payable to a defined contribution plan as an expense in the Statement of Profit and Loss when the employees render services to the Company during the reporting period.
- iii) The Company is maintaining Defined Benefit Plan for its Gratuity Scheme. The Company contributes to gratuity fund, and such contribution is determined by the actuary at the end of the year. The gratuity fund is administered by the Trustees.

For Schemes where recognized funds have been set up, annual contributions are made as determined using the Projected Unit Credit method with actuarial valuations being carried out at each reporting date. Remeasurements comprising actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged / credited to Other Comprehensive Income in period in which they arise.. The Company recognizes in the Statement of Profit & Loss gains or losses on curtailment or settlement of a defined benefit plan as and when the curtailment or settlement occurs.

- iv) Provision is made for leave encashment benefit payable to employees on the basis of independent actuarial valuation, at the end of each year and charge is recognized in the Statement of Profit and Loss.

4.13 Foreign Exchange Transactions

Initial Recognition:

On initial recognition, transactions in foreign currencies entered into by the Company are initially recorded in the functional currency (i.e. Indian Rupees) at rates prevailing at the date of the transaction. Exchange differences arising on foreign exchange transactions settled during the year are recognized in the Statement of Profit and Loss.

Measurement of foreign currency items at reporting date:

Foreign currency monetary items of the Company are translated at the closing exchange rates and the resulting exchange difference recognised in statement of profit & loss. Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value

Notes to Consolidated Financial Statements (Contd.)



is measured. Exchange component of the gain or loss arising on fair valuation of non-monetary items is recognised in line with the gain or loss of the item that gave rise to such exchange difference.

4.14 Borrowing costs

Borrowing costs are interest and other costs (including exchange differences relating to foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs) incurred in connection with the borrowing of funds.

Borrowing costs attributable to acquisition or construction of qualifying asset that necessarily take a substantial period of time to get ready for their intended use is worked out on the basis of attributable of funds out of project specific loans and/or other borrowings to the extent identifiable with the qualifying asset and is capitalized with the cost of qualifying asset, using the effective interest method. Other borrowing costs are recognised as an expense in the period in which they are incurred.

4.15 Taxes on Income

Tax expense comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to items recognised directly in equity or in Other Comprehensive Income.

Tax on income for the current period is determined on the basis of taxable income and tax credits computed in accordance with the provisions of the Income Tax Act, 1961. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Deferred tax is provided on temporary difference arising between the tax bases of assets & liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax is measured using the tax rate that are expected to apply in the year when the asset is realized or the liability is settled based on the tax rates and the tax laws enacted or substantively enacted at the reporting date.

Deferred tax asset is recognized to the extent that it is probable that sufficient future taxable profit will be available against which the deductible temporary differences and the carry forward unused tax credits and unused tax losses can be utilized. The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized.

Minimum Alternate tax (MAT) credit is recognized as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period.

4.16 Segment Reporting

As the company's business falls within a primary business segment viz, "Paints".

4.17 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, bank balance, short-term deposits with original maturities of three months or less and other short term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

4.18 Share-based payment transactions

Equity-settled share-based payments to employees are measured at the fair value of the equity instruments at the grant date. The fair value determined at the grant date of the equity settled share-based payments is expensed on a straight line basis over the vesting period, based on the Company's estimate of equity instruments that will eventually vest, with a corresponding increase in equity.

4.19 Earning per share

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to Equity Shareholders by the weighted average number of equity shares outstanding during the period.

For the purpose of calculating diluted Earning per Share, the net profit or loss for the period attributable to Equity Shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

Notes to Consolidated Financial Statements (Contd.)

(All amounts in ₹ lakh, unless otherwise stated)

5. PROPERTY, PLANT & EQUIPMENT

Particulars	Land- Free hold	Land- Lease hold	Build- ings	Plant & Machin- ery*	Furni- ture & Fixtures	Motor Ve- hicles	Office Equip- ment	Total
Gross carrying value								
As at 01st April 2017	12,369.01	1,690.95	6,567.55	1,809.75	107.33	12.78	108.77	22,666.14
Additions	-	-	1,829.54	1,676.54	7.52	16.73	70.07	3,600.40
Disposals	-	-	(75.18)	-	-	-	-	(75.18)
As at March 31, 2018	12,369.01	1,690.95	8,321.91	3,486.29	114.85	29.51	178.84	26,191.36
Additions	-	-	60.39	233.11	7.89	37.60	36.86	375.85
Disposals	-	-	(56.00)	-	-	(24.77)	(0.24)	(81.01)
As at March 31, 2019	12,369.01	1,690.95	8,326.30	3,719.40	122.74	42.34	215.46	26,486.20
Depreciation								
As at 01st April 2017	-	25.62	285.09	290.43	35.16	4.82	38.30	679.42
Depreciation for the year 17-18	-	25.62	354.49	298.90	18.34	3.31	31.83	732.49
Disposals	-	-	(6.30)	-	-	-	-	(6.30)
As at March 31, 2018	-	51.24	633.28	589.33	53.50	8.13	70.13	1,405.61
Depreciation for the year 18-19	-	25.62	377.48	335.08	16.33	3.72	42.77	801.00
Disposals	-	-	(7.38)	-	-	(9.99)	-	(17.37)
As at March 31, 2019	-	76.86	1,003.38	924.41	69.83	1.86	112.90	2,189.24
Net carrying value								
Balance as at March 31, 2017	12,369.01	1,665.33	6,282.46	1,519.32	72.17	7.96	70.47	21,986.72
Balance as at March 31, 2018	12,369.01	1,639.71	7,688.63	2,896.96	61.35	21.38	108.71	24,785.75
Balance as at March 31, 2019	12,369.01	1,614.09	7,322.92	2,794.99	52.91	40.48	102.56	24,296.96

6. CAPITAL WORK IN PROGRESS

Balance as at March 31, 2017	1,373.99
Balance as at March 31, 2018	66.70
Balance as at March 31, 2019	2,358.34

*including expenditure on research & development activities, incurred during the year is ₹ 7.23 lakh (previous year ₹ 4.28 lakh).

Notes to Consolidated Financial Statements (Contd.)

(All amounts in ₹ lakh, unless otherwise stated)

7. INTANGIBLE ASSETS

Particulars	Computer & Software	Technical Know How	Trade Mark	Total
Gross carrying value				
As at 01st April 2017	141.55	68.47	49.78	259.80
Additions	45.15	-	-	45.15
Disposals	-	-	-	-
As at March 31, 2018	186.70	68.47	49.78	304.95
Additions	6.05	-	-	6.05
Disposals	-	-	-	-
As at March 31, 2019	192.75	68.47	49.78	311.00
Amortization				
As at 01st April 2017	52.70	8.29	13.44	74.43
Additions	41.00	4.66	9.81	55.47
Disposals	-	-	-	-
As at March 31, 2018	93.70	12.95	23.25	129.90
Additions	36.29	4.58	7.16	48.03
Disposals	-	-	-	-
As at March 31, 2019	129.99	17.53	30.41	177.93
Net Carrying Value				
Balance at March 31, 2017	88.85	60.18	36.34	185.37
Balance at March 31, 2018	93.00	55.52	26.53	175.05
Balance at March 31, 2019	62.76	50.94	19.37	133.07

8. INVESTMENTS (NON-CURRENT)

Particulars	As at March 31, 2019		As at March 31, 2018	
	No. of Shares/ units	Amount	No. of Shares/ units	Amount
8.1 Investment in Equity Instruments				
Unquoted shares				
(i) 1/2% Woodland Medical Centre Ltd.		0.06		0.06
(ii) 5% Woodland Medical Centre Ltd.		0.17		0.17
Total		0.23		0.23
GRAND TOTAL		0.23		0.23
Aggregate amount of quoted investments		-		-
Market value of quoted investments		-		-
Aggregate amount of unquoted investments		0.23		0.23
Aggregate amount of impairment in value of investments		-		-

Notes to Consolidated Financial Statements (Contd.)

(All amounts in ₹ lakh, unless otherwise stated)

9. LOANS- NON CURRENT

Particulars	As at March 31, 2019	As at March 31, 2018
(Unsecured, considered good)		
Security Deposits	189.79	204.14
TOTAL	189.79	204.14

10. OTHER FINANCIAL ASSETS- NON CURRENT

Particulars	As at March 31, 2019	As at March 31, 2018
(Unsecured, considered good)		
Bank Balance (Maturity period more than 12 months)	31.14	41.77
TOTAL	31.14	41.77

11. DEFERRED TAX ASSETS/ (LIABILITIES) (NET)

Particulars	As at March 31, 2019	As at March 31, 2018
Deferred tax assets/ liabilities are attributable to the following items;		
Deferred Tax Assets		
-Carry Forward Losses/Unabsorbed depreciation	4,717.09	3,217.94
-Loss & Expenses allowable u/s 35D	25.15	25.85
-Disallowance under section 43B	234.59	45.69
-Provision for doubtful debt and advances	761.65	-
-Remeasurements of the defined benefit plans	26.05	5.60
Sub- Total (a)	5,764.53	3,295.08
Deferred Tax Liabilities		
-Fixed assets	(2,959.79)	(3,256.80)
-Fair valuation of investment	(4.13)	(2.59)
Sub- Total (b)	(2,963.92)	(3,259.39)
Less: MAT Credit Available		
Net Deferred Tax Assets/ (Liability) (a)+(b)	2,800.61	35.69

12. OTHER NON CURRENT ASSETS

Particulars	As at March 31, 2019	As at March 31, 2018
Capital Advances	437.63	21.10
TOTAL	437.63	21.10

13. INVENTORIES

Particulars	As at March 31, 2019	As at March 31, 2018
Raw Material		
Inventories	1,808.28	1,338.57
Goods in Transit	25.45	4.07
Work- in -Progress	287.15	213.45
Finished Goods		
Inventories [including trading goods ₹ 406.77 lakh (P.Y ₹ 543.51 lakh)]	4,692.33	5,477.60
Goods in Transit	223.03	243.03
Stores & spares	99.50	123.93
TOTAL	7,135.74	7,400.65

Notes to Consolidated Financial Statements (Contd.)

(All amounts in ₹ lakh, unless otherwise stated)

14. TRADE RECEIVABLES

Particulars	As at March 31, 2019	As at March 31, 2018
Unsecured		
-Considered Good	9,901.46	10,583.86
-Considered Doubtful	2,441.20	-
	<u>12,342.66</u>	<u>10,583.86</u>
Less: Provision for bad and doubtful receivable [refer note 45(ii)]	(2,441.20)	-
TOTAL	<u><u>9,901.46</u></u>	<u><u>10,583.86</u></u>

15.1 CASH AND CASH EQUIVALENT

Particulars	As at March 31, 2019	As at March 31, 2018
-Balance with banks		
On Current Accounts	5,516.95	1,528.05
-Cash on hand	4.12	3.17
-Cheque, drafts on hand	-	19.80
Fixed Deposit for right issue*	2,892.84	
Bank deposits with maturity of less than 3 months	162.39	6.66
TOTAL	<u><u>8,576.30</u></u>	<u><u>1,557.68</u></u>

15.2 Bank Balance other than Cash and Cash Equivalents

Unpaid dividend	5.40	7.09
Margin Money	1.08	19.46
Fixed Deposit Account	518.09	331.45
TOTAL	<u><u>524.57</u></u>	<u><u>358.00</u></u>

* Fixed deposit has been made for the unutilised amount of right issue related to Capital Expenditure.

16. OTHER FINANCIAL ASSETS- CURRENT

Particulars	As at March 31, 2019	As at March 31, 2018
Other Receivables(refer note 51)	891.59	2,399.37
Security Deposits	109.84	1.00
Interest accrued	57.33	10.27
TOTAL	<u><u>1,058.76</u></u>	<u><u>2,410.64</u></u>

17. CURRENT TAX ASSETS/(LIABILITIES) (NET)

Particulars	As at March 31, 2019	As at March 31, 2018
Advance Income Tax	2,814.99	2,809.28
Less: Provision for Income Tax	2,531.50	2,531.50
TOTAL	<u><u>283.49</u></u>	<u><u>277.78</u></u>

Notes to Consolidated Financial Statements (Contd.)

(All amounts in ₹ lakh, unless otherwise stated)

18. OTHER CURRENT ASSETS

Particulars	As at March 31, 2019	As at March 31, 2018
Advances other than capital advances		
Advances to suppliers	315.86	269.81
Advances to Others	3.96	3.92
Others		
Advance to employee	17.90	5.37
Prepaid expenses	195.23	182.68
Balance With Govt. Authorities & Others	1,016.73	872.78
Other receivable	0.00	168.58
TOTAL	1,549.68	1,503.14

19. EQUITY SHARE CAPITAL

Particulars	As at March 31, 2019	As at March 31, 2018
Authorised		
10,00,00,000 (31 st March,2018: 4,00,00,000) equity shares of ₹ 2/- each	2,000.00	800.00
Issued, subscribed and fully paid up		
5,36,41,387 (31 st March,2018: 1,89,45,975) equity shares of ₹ 2/- each	1,072.83	378.92
Share Forfeiture Account	0.01	0.01
	1,072.84	378.93

Notes:

(i) **Reconciliation of number of shares and share capital outstanding at the beginning and end of the year -**

Particular	As at March 31, 2019		As at March 31, 2018	
	No. of shares	Amount	No. of shares	Amount
Number of shares at the beginning	1,89,45,975	378.92	1,89,45,975	378.92
Add: Right issue	3,46,95,412	693.91	-	-
Number of shares at the end	5,36,41,387	1,072.83	1,89,45,975	378.92

(ii) **Rights, preferences and restrictions attached to shares**

The Company has one class of equity shares having a par value of ₹ 2 each . Each shareholder is eligible for one vote per share held. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all Preferential amounts, in proportion to their shareholding.

(iii) During the year, Under Right Issue the Company issued 35,52,370 Equity Shares @ 140 per share (including premium of INR 138 per share) in the ratio of 6 equity shares for every 32 shares and 3,11,43,042 Equity Share @ INR 64.50 per share (including premium of INR 62.50 per share) in the ratio of 3 equity shares for every 2 equity shares.

Notes to Consolidated Financial Statements (Contd.)

(All amounts in ₹ lakh, unless otherwise stated)

(iv) Proceeds from the first right issue have been utilised in the following manner -

Particulars	Proposed to be utilised during 2018-19	Utilised during the financial year 2018-19	To be utilised during the financial year 2019-20
For Working capital purpose	3,800.00	3,836.00	-
General Corporate Purpose	1,107.82	1,093.32	-
Expense for right issue	65.50	44.00	-
Total	4,973.32	4,973.32	-

Proceeds from the second right issue have been utilised in the following manner -

Particulars	Proposed to be utilised during 2018-19	Utilised during the financial year 2018-19	To be utilised during the financial year 2019-20
Project of Reinstatement of paint manufacturing plant at Nashik	4,568.43	2,035.22	2,533.21
Setting up of Regional Distribution Centre (RDC) at Nashik	340.00	-	340.00
Long Term Working Capital Requirements	11,737.50	8,709.15	3,028.35
General Corporate purposes	3,415.07	1,136.57	2,278.50
Expenses for right issue	26.27	26.27	0.00
Total	20,087.27	11,907.21	8,180.06

(v) The unutilised amount totalling ₹ 8180.06 lakh (related to second Right Issue) is shown under the head 'Cash and cash equivalents' (Refer Note no. 15.1) as current account bank balance amounting to ₹ 5287.22 lakh and as Fixed Deposits amounting to ₹ 2892.84 lakh.

(vi) Details of shareholders holding more than 5% shares in the Company

Particular	As at March 31, 2019		As at March 31, 2018	
	No. of shares	Amount	No. of shares	Amount
Virtuous Tradecorp Pvt. Ltd.	1,33,54,462	24.90%	1,000	0.01%
Hind Strategic Investments	58,41,570	10.89%	58,41,570	30.83%
Veera Gupta	46,82,952	8.73%	-	0.00%
Hexa Securities and Finance Co. Ltd.	15,00,000	2.80%	15,00,000	7.92%
Nalwa Sons Investments Ltd (Formerly Jindal Strips Ltd.)	13,72,590	2.56%	13,72,590	7.24%
Colorado Trading Company Ltd.	12,24,635	2.28%	12,24,635	6.46%
Nalwa Investments Ltd.	2,70,569	0.50%	11,93,855	6.30%

The Company does not have any holding / ultimate holding Company.

Notes to Consolidated Financial Statements (Contd.)

(All amounts in ₹ lakh, unless otherwise stated)

20. Other equity

Particulars	Reserves & Surplus				Other Compre- hensive Income	Total
	Securities Premium Reserve	Share Op- tions Out- standing	General Reserve	Retained earnings	Remeasurement of Defined Benefit Obligation/ Plan	
Balance as at March 31, 2017	961.10	39.66	4,061.71	12,910.73	31.01	18,004.21
-Profit or Loss for the year				(4,555.49)		(4,555.49)
-Other comprehensive income for the year					(12.53)	(12.53)
-Addition during the year						-
-Movement during the year		(10.93)				(10.93)
Balance as at March 31, 2018	961.10	28.73	4,061.71	8,355.24	18.48	13,425.23
-Profit or Loss for the year				(8,170.89)		(8,170.89)
-Other comprehensive income for the year					(57.43)	(57.43)
-Movement during the year	24,366.67	(6.26)				24,360.41
-Right issue expenses*	(100.05)					(100.05)
Balance as at March 31, 2019	25,227.71	22.47	4,061.71	184.35	(38.96)	29,457.26

*Issue expenses comprise ₹ 34.32 lakh incurred out of right issue proceeds and the balance ₹ 65.73 lakh out of insurance claim receipt.

21. NON-CURRENT BORROWINGS

Particulars	As at	As at
	March 31, 2019	March 31, 2018
Secured		
Term Loans :		
- from Banks	0.00	219.30
- from Financial Institutions	1,969.85	2,147.77
- from others (vehicle loan)	31.79	18.40
	2,001.64	2,385.47
Less: Current Maturity of Long term Debt (refer note 26)	192.54	411.38
Sub total (A)	1,809.10	1,974.09
Unsecured		
- from related party in foreign currency *	553.37	520.35
	553.37	520.35
Less: Current Maturity of Long term Debt (refer note no. 26)	553.37	-
Sub total (B)	-	520.35
TOTAL	1,809.10	2,494.44

*The shareholders of the Company after requisite approval from Reserve Bank of India and other competent authorities, have approved conversion of unsecured ECB loan of USD 8,00,000 from Hind Strategic Investments (Promoter Company) into equity shares by way of preferential allotment; and the Allotment Committee of the Company have allotted on 08th April, 2019 - 6,58,872 Equity shares of ₹ 2 each at a premium of ₹ 84.56 as fully paid in discharge of ECB loan.

SECURITY (In relation to existing borrowings)

(i) Term Loan from financial institutions

Loan of ₹ 352.81 lakh (March 31, 2018 ₹ 405.90 lakh) taken from India Bulls Housing Finance Limited @ 17% p.a., repayable in 91 monthly installments starting from 05.05.2016 and ending on 05.11.2023, are secured by first charge on Company's immovable property situated at 5th Floor, C wing, Oberoi Garden Estate, Chandivalli Farm Road, Chandivali, Andheri (East), Mumbai-400072.

Loan of ₹ 1617.04 lakh (March 31, 2018 ₹ 1741.87 lakh) taken from Religare Finvest Limited @ 14% p.a., repayable in 129 monthly installments starting from 01.08.2016 and ending on 01.10.2026, are secured by First charge on Company's immovable & movable properties of Sikandrabad plant situated at Plot No A1 & A2 UPSIDC Industrial Area, Sikandrabad Dist- Bulandshahar (U.P).

(ii) Vehicle Loan (Secured by Vehicle financed)

Loans of ₹ 31.79 lakh, taken from Toyota Financial Service India Ltd. @ 9.50% p.a. are repayable in 60 monthly installments starting from 20.02.2019 and ending on 20.01.2024.

Notes to Consolidated Financial Statements (Contd.)

(All amounts in ₹ lakh, unless otherwise stated)

22. OTHER FINANCIAL LIABILITIES- NON CURRENT

Particulars	As at March 31, 2019	As at March 31, 2018
Security Deposit		
-From others	110.21	22.73
TOTAL	110.21	22.73

23. PROVISIONS- NON CURRENT

Particulars	As at March 31, 2019	As at March 31, 2018
Provision for employee benefits		
-Gratuity (refer note 43)	257.98	325.03
-Provision for Leave Benefit (refer note 43)	44.57	45.59
Others	300.00	300.00
TOTAL	602.55	670.62

24. CURRENT BORROWINGS

Particulars	As at March 31, 2019	As at March 31, 2018
Secured		
Loans Repayable on Demand		
From Banks (Cash Credit and WCDL)	10,391.11	11,704.72
Unsecured		
Loans Repayable on Demand		
From other parties	0.00	500.00
Bill Discounting	2,291.46	2,798.39
TOTAL	12,682.57	15,003.11

Cash Credit and WCDL from Banks

Primary Security

First charge, ranking pari passu by way of hypothecation on the entire stocks and current assets of the Company.

Collateral Security

- (i) first charge, by way of equitable mortgage of land and building, and hypothecation of other fixed assets thereon, of the Company's factory, at Nasik, Maharashtra;
- (ii) first charge, by way of hypothecation of plant and machinery at the Company's factory situated at Howrah, West Bengal;
- (iii) second charge, ranking pari passu, on the fixed assets of the Company at its factory situated at Sikandarabad, Uttar Pradesh;
- (iv) second charge, ranking pari passu, on the fixed assets of the Company situated at village -Chinnapuliyur, Taluka-Gummidipoondi, District- Tiruvallur, Tamil Nadu.

Rate of interest for current borrowings ranges from 10.75% p.a. to 15.40% p.a.

25. TRADE PAYABLES (INCLUDING ACCEPTANCES*)

Particulars	As at March 31, 2019	As at March 31, 2018
Due to Micro & small enterprises (refer note 42)	1,065.88	3.48
Due to others	8,697.84	13,948.27
TOTAL	9,763.72	13,951.75

*Acceptances include arrangements where operational suppliers of goods and services are initially paid by banks while the Company continues to recognise the liability till settlement with the banks which are normally effected within a period of 120 days amounting to ₹ 1,773.98 (Previous year: ₹ 2,374.78).

Notes to Consolidated Financial Statements (Contd.)

(All amounts in ₹ lakh, unless otherwise stated)

26. OTHER FINANCIAL LIABILITIES- CURRENT

Particulars	As at	As at
	March 31, 2019	March 31, 2018
Current maturities of long-term debt (refer note 21)	745.91	411.38
Interest accrued	44.20	40.75
Unpaid Dividend*	5.40	7.09
Creditors for Capital expenditure	227.18	333.51
Others		
Employee's Payables	363.46	338.53
Others (Operating expenses)	1,575.54	591.52
TOTAL	2,961.69	1,722.79

* There are no outstanding dues to be paid to Investor Education & Protection Fund.

27. OTHER CURRENT LIABILITIES

Particulars	As at	As at
	March 31, 2019	March 31, 2018
Advances from customers	-	350.00
Statutory dues	364.59	1,210.91
TOTAL	364.59	1,560.91

28. PROVISIONS-CURRENT

Particulars	As at	As at
	March 31, 2019	March 31, 2018
Provision for employee benefits		
-Gratuity (refer note 43)	407.11	189.49
-Provision for Leave Benefit (refer note 43)	46.13	2.18
TOTAL	453.24	191.67

29. REVENUE FROM OPERATIONS

Particulars	Year ended	Year ended
	March 31, 2019	March 31, 2018
a) Sale of products		
Finished Goods	31,640.18	30,916.27
Sale of Services	401.31	172.18
	32,041.49	31,088.45
Less: Rebates & Trade Discounts	(3,357.82)	(3,534.18)
	28,683.67	27,554.27
b) Other operating Revenues		
Scrap Sales	78.32	213.02
Others	(0.40)	6.50
	77.92	219.52
TOTAL	28,761.59	27,773.79

30. OTHER INCOME

Particulars	Year ended	Year ended
	March 31, 2019	March 31, 2018
Interest Income		
-Bank Deposits	157.10	43.95
-Others	1.68	2.13
Profit on sale/Fair value of investments	(0.00)	3.44
Other Non-Operating Income		
-Foreign exchange gain	12.95	-
-Miscellaneous Receipts	31.88	14.93
TOTAL	203.61	64.45

Notes to Consolidated Financial Statements (Contd.)

(All amounts in ₹ lakh, unless otherwise stated)

31. COST OF MATERIALS CONSUMED

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Cost of Material Consumed	19,393.23	14,143.54
TOTAL	19,393.23	14,143.54

32. PURCHASE OF STOCK-IN-TRADE

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Purchase of stock in trade	1,931.23	5,161.59
TOTAL	1,931.23	5,161.59

33. CHANGES IN INVENTORIES OF FINISHED GOODS, STOCK-IN-TRADE AND WORK-IN-PROGRESS

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Closing Stock		
Work in progress	287.15	213.45
Finished Goods	4,915.36	5,720.63
	5,202.51	5,934.08
Opening Stock		
Work in progress	213.45	156.53
Finished Goods	5,720.64	7,360.58
	5,934.09	7,517.11
(Increase)/ Decrease in Inventory	731.58	1,583.03

34. EMPLOYEE BENEFIT EXPENSES

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Salaries and wages*	3,766.95	3,426.34
Contribution to provident & other funds	208.10	230.48
Expense/(reversal) on Employee Stock Option Scheme	(5.66)	(7.20)
Staff Welfare Expenses	231.12	291.24
TOTAL	4,200.51	3,940.86

*Current year expenditure includes ₹ 182.38 lakh (P.Y. ₹ 135.20 lakh) incurred on research & development activities.

35. FINANCE COST

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Interest Expenses		
On Working Capital & Term loan	2,184.77	2,313.81
Foreign exchange (gain) / loss	33.02	12.34
Other Borrowing Costs	276.58	276.53
TOTAL	2,494.37	2,602.68

36. DEPRECIATION AND AMORTIZATION EXPENSES

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Depreciation on Property, Plant & Equipment	801.00	732.49
Amortisation on Intangible Assets	48.04	55.47
TOTAL	849.04	787.96

Notes to Consolidated Financial Statements (Contd.)

(All amounts in ₹ lakh, unless otherwise stated)

37. OTHER EXPENSES

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Consumption of stores and spare parts	80.58	53.22
Power and fuel	376.73	270.87
Rent	467.58	521.65
Repairs to building	2.30	15.72
Repairs to plant and machinery	82.03	69.95
Repairs - others	199.09	204.56
Insurance	144.14	69.84
Rates and taxes	40.29	39.72
Printing and stationery	29.54	33.96
Communication expenses	69.96	104.51
Directors' fees	8.10	10.10
Payment to Auditors	17.26	19.48
C&F Charges	61.90	127.67
Travelling expenses	573.48	622.76
Application Charges	265.10	170.30
Freight	2,313.85	2,225.55
Loss on sale/transfer of PPE	20.99	3.68
Bad Debts	-	30.59
Provision for Bad & Doubtful Debt	2,441.20	-
Miscellaneous Expenses*	1,516.68	1,106.27
	8,710.80	5,700.40

*including expenditure on research & development activities, incurred during the year is ₹ 23.40 lakh (previous year ₹ 34.56 lakh).

Payment to Auditors

Audit Fees	7.39	7.36
Certification fees and other Services	3.60	7.15
Reimbursement of expenses	4.77	3.47
TOTAL	15.76	17.98

Payment to Tax Auditors

Tax Audit Fees	1.50	1.50
TOTAL	1.50	1.50

Notes to Consolidated Financial Statements (Contd.)

(All amounts in ₹ lakh, unless otherwise stated)

38. Exceptional Items

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Provision for insurance claim recoverable [see note (a) below]	412.39	-
Disposable Inventories, as scrap [see note (b) below]	1,155.38	-
TOTAL	1,567.77	-

- a) During the year 2017-18, the Company had recorded a insurance claim receivable of ₹ 1,474.81 lakh related to Howrah Plant on estimate basis pending final assessment by the insurer. In current year, based on the recoverability of insurance claim an amount of ₹ 412.39 lakh has been reversed.
- b) Reduction in value of old unusable inventories (resolved by the management to be disposed off as scrap) is, the carrying amount of said inventories and the same is confirmed by the IBBI registered valuer recognised under Companies Act, 2013.

39. Tax Expenses

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
a) Income tax recognized in profit or loss		
Current tax expense		
Current year	-	-
Tax of earlier year provided / written back		
Deferred tax expense/(income)		
Origination and reversal of temporary differences	(2,738.89)	(2,181.45)
	(2,738.89)	(2,181.45)

OTHER COMPREHENSIVE INCOME

(i) Items that will not be reclassified to profit or loss (refer note 43)

Remeasurements of the defined benefit plans	(83.48)	(18.13)
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(ii) Income tax relating to items that will not be reclassified to profit or loss

Related to Remeasurements of defined benefit plans	(26.05)	(5.60)
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40. EARNING PER SHARE

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
(a) Net profit/ (loss) as attributable for equity shareholders	(8,174.44)	(4,555.49)
(b) Weighted average number of equity shares (Nos.)	5,36,41,387	1,89,45,975
(c) Effect of potential Dilutive Equity shares on Employee stock option outstanding (Nos.)	22,875	30,875
(d) Weighted average number of Equity shares in computing diluted earning per share	5,36,64,262	1,89,76,850
Basic Earnings per Share	(15.24)	(24.04)
Diluted Earnings per Share*	(15.24)	(24.04)

*Effect being antidilutive, hence ignored.

The diluted EPS is calculated on the same basis as basic EPS, after adjusting for the effects of potential dilutive equity.

Notes to Consolidated Financial Statements (Contd.)



41. A. Contingent Liabilities and claims against the Company

Particulars	As at March 31, 2019	As at March 31, 2018
Contingent liabilities, to the extent not provided for in respect of:		
a. Guarantees, Undertakings & Letter of Credit		
Guarantees issued by the Company's Bankers on behalf of the Company	267.42	195.91
Letter of Credit	2496.22	3072.01
b. Demands		
Excise Duty	837.61	855.95
Custom Duty*	54.00	0.00
Sales Tax (excluding liability on account of C/F/Other forms) The management is of the opinion that these forms will be collected in due course, and no significant liability is expected in this respect)	1677.78	1636.51
Income Tax	221.44	62.73
Others	1436.11	1,634.75

(i) It is not possible to predict the outcome of the pending litigations with accuracy, the Company has reviewed all its pending litigations and proceedings and has adequately provided for where provisions are required and disclosed as contingent liabilities where applicable, in its financial statements. The management believe the ending actions will not require outflow of resources embodying economic benefits and will not have a material adverse effect upon the results of the operations, cash flows or financial condition of the Company.

(ii) Under the Goods & Services Tax Act, 2017 (the Act), the Company's liability in respect of input credit of taxes availed by it but not paid by suppliers of goods & services as at the year end, is unascertained. The management is taking appropriate follow up measures with such suppliers to get the due taxes (claimed as input credit by the Company) paid by them before filing of annual return under the Act.

(iii)*As per legal advise obtained, the Company shall file application to the Directorate General of Foreign Trade (DGFT) for necessary compliances on its part & waiver of penalty.

B. Commitments

Particulars	As at March 31, 2019	As at March 31, 2018
(i) Estimated amount of contracts remaining to be executed on Capital Accounts and not provided for, net of advances of ₹ 437.69 lakh (March 31, 2018 ₹ 21.09 lakh)	1469.49	166.53
(ii) Uncalled liability on partly paid up shares	40.50	40.50

42 THE MICRO, SMALL AND MEDIUM ENTERPRISES DEVELOPMENT (MSMED) ACT, 2006

The information regarding Micro, Small and Medium enterprises has been determined to the extent such parties have been identified on the basis of information available with the Company:

	Year ended March 31, 2019	Year ended March 31, 2018
a) Principal amount and Interest due thereon remaining unpaid to any supplier as on 31 st March	872.23	3.48
b) Interest due on above remaining unpaid to any supplier as on 31 st March	193.65	-
c) Interest paid by the Company in terms of Section 16 of the MSMED Act along with the amounts of the payment made to the supplier beyond the appointed day during the accounting year	-	-
d) the amount of interest due and payable for the year of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under this Act	-	-
e) the amount of interest accrued and remaining unpaid	99.56	-

Notes to Consolidated Financial Statements (Contd.)



- f) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of this Act.

Note:

- (i) The above disclosure is given as per available information, to the extent ascertained, on principal outstanding dues as at the year end excluding the overdue amount settled/paid off during the year.
- (ii) No provision of interest & payment thereof have been made on overdue principal amount settled/paid during the year.
- (iii) Auditor has relied upon the information furnished in respect of above disclosures.

43. 'Employee Benefits', in accordance with Accounting Standard (Ind AS-19) :

The Company participates in defined contribution and benefit schemes, the assets of which are held (where funded) in separately administered funds. For defined contribution schemes the amount charged to the statements of profit or loss is the total of contributions payable in the year.

a) Defined Contribution Plans:-

The Company has recognised an expense of ₹ 150.53 lakh (Previous Year ₹ 123.45 lakh) towards the defined contribution plan.

b) Defined benefits obligation - as per actuarial valuation

Particulars	Year ended March 31, 2019		Year ended March 31, 2018	
	Gratuity	Leave	Gratuity	Leave
	Funded	Encashment Non-Funded	Funded	Encashment Non-Funded
I Change in present value of obligation during the year				
Present value of obligation at the beginning of the year	516.87	47.76	439.04	65.46
- Current Service Cost	27.44	9.46	42.08	13.56
- Past Service Cost	-	-	0.01	-
- Interest Cost	39.80	3.68	32.05	4.78
- Acquisition cost	-	-	-	-
Actuarial loss/(gains) on Obligation	83.68	42.67	18.08	(35.62)
Benefits Paid	(2.69)	(12.87)	(14.39)	(0.42)
Present Value of obligation as at year-end	665.10	90.70	516.87	47.76
II Change in Fair Value of Plan Assets during the year				
Plan assets at the beginning of the year	2.35	-	0.73	-
Investment Income	0.18	-	0.05	-
Employer's contribution	6.25	12.87	16.01	0.42
Benefits paid	(2.69)	(12.87)	(14.39)	(0.42)
Actuarial loss/(gains)	0.19	-	(0.05)	-
Plan assets at the end of the year	6.28	-	2.35	-
III Reconciliation of Present value of Defined Benefit Obligation and Fair Value of Plan Assets				
1 Present Value of obligation as at year-end	665.10	90.70	516.87	47.76
2 Fair value of plan assets at year -end	6.28	-	2.35	-
3 Funded status {Surplus/(Deficit)}	(658.82)	(90.70)	(514.52)	(47.76)
IV Expenses recognised in the Statement of Profit and Loss				
1 Current Service Cost	27.44	9.46	42.08	13.56
2 Interest Cost	39.62	3.67	32.00	4.78
3 Past service Cost	-	-	0.01	-
4 Expected return on plan assets	-	-	-	-
5 Actuarial (Gain) / Loss	-	42.67	-	(35.62)
Total Expenses	67.06	55.80	74.09	(17.28)

Notes to Consolidated Financial Statements (Contd.)

(All amounts in ₹ lakh, unless otherwise stated)

V Expenses recognised in the Statement of Other Comprehensive Income

1	Net Actuarial (Gain)/Loss	83.49	-	18.13	-
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VI Division of DBO at the end of the year

1	Current Liability	407.11	46.13	189.49	2.18
2	Non-Current Liability	257.98	44.57	327.37	45.59

VII Actuarial Assumptions

1	Discount Rate	7.60%	7.60%	7.70%	7.70%
2	Mortality Table	As per IALM 2006-08 Ultimate	As per IALM 2006-08 Ultimate	As per IALM 2006-08 Ultimate	As per IALM 2006-08 Ultimate
3	Salary Escalation	2.00%	2.00%	2.00%	2.00%

The Estimates of future salary increase considered in actuarial valuation, take account of inflation, seniority promotion and other relevant factors, such as supply and demand in the employment market. The above information is certified by the actuary.

VIII Actual Return on Plan Assets Estimates of Contribution for next year

Particulars	Year ended	Year ended	Year ended	Year ended
	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
	Funded	Funded	Funded	Funded
1) Gratuity	0.19	(0.05)	-	-

IX History of Experience Adjustment:

	Year ended	Year ended	Year ended	Year ended	Year ended
	March 31, 2019	March 31, 2018	March 31, 2017	March 31, 2016	March 31, 2015
Gratuity					
Present Value of obligation	665.10	516.87	439.04	436.95	420.06
Fair value of Plan assets	6.28	2.35	0.73	17.58	35.40
Net Asset/(Liability)	(658.82)	(514.52)	(438.31)	(419.37)	(384.66)
Actuarial (Gain)/Loss on plan obligation	83.68	18.08	(46.25)	(1.64)	(69.04)
Actuarial Gain/(Loss) on plan assets	0.19	(0.05)	(1.38)	(0.77)	3.04
Leave Encashment					
Present Value of obligation	90.70	47.76	65.46	57.17	68.71
Fair value of Plan assets	-	-	-	-	-
Net Asset/(Liability)	(90.70)	(47.76)	(65.46)	(57.17)	(68.71)
Actuarial (Gain)/Loss on plan obligation	42.67	(35.62)	4.08	1.98	6.37
Actuarial Gain/(Loss) on plan assets	-	-	-	-	-

X Sensitivity Analysis

Assumption	Changes in assumption	Year ended March 31, 2019		Year ended March 31, 2018	
		Impact on liabilities		Impact on liabilities	
		Increase	Decrease	Increase	Decrease
Gratuity					
Discount rate	-/+1% movement	17.22	20.55	25.98	23.02
Future salary growth	+/-1 % movement	22.32	18.85	28.15	25.23
Leave Encashment					
Discount rate	-/+1% movement	3.26	4.02	4.31	3.74
Future salary growth	+/-1 % movement	4.62	3.73	4.90	4.30

Notes to Consolidated Financial Statements (Contd.)

(All amounts in ₹ lakh, unless otherwise stated)

XI Description of Risk Exposures:

Valuations are performed on certain basic set of pre-determined assumptions and other regulatory framework which may vary over time. Thus, the company is exposed to various risks as follow -

- A) Salary Escalation Risk : The present value of the defined benefit plans calculated with the assumptions of salary increase rate of plan participants in future. Deviation in the rate of increase of salary in future for plan participants from the rate of increase in salary used to determined the present value of obligation will have a bearing on the plan's liability.
- B) Interest Rate Risk : The Plan expose the company to the risk of fall in interest rates. A fall in interest rate will result in an increase in the ultimate cost of providing the above benefit and will thus result in an increase in the value of the liability.
- C) Liquidity Risk : This is the risk that the company is not able to meet the short term benefit payout. This may arise due to non availability of enough cash/ cash equivalent to meet the liabilities or holding of illiquid assets not being sold in time.
- D) Demographic Risk : The company has used certain mortality and attrition assumptions in valuation of the liability. The company is exposed to the risk of actual experience turning out to be worse compared to the assumptions.

XII The major categories of plan assets for gratuity as a percentage of the fair value of total plan assets are as follows:

Particulars	March 31, 2019	March 31, 2018
Fund managed by Insurer	100.00%	100%

44. CATEGORY-WISE CLASSIFICATION OF FINANCIAL INSTRUMENTS

Financial Assets

Particulars	Fair Value Hierarchy	As at March 31, 2019		As at March 31, 2018	
		Carrying Amount	Fair Value	Carrying Amount	Fair Value
1. Financial assets designated at fair value through profit and loss					
a) Other bank balances		524.57	524.57	358.00	358.00
b) Cash & Cash Equivalents		8,576.30	8,576.30	1,557.68	1,557.68
c) Trade & Other receivables	Level-3	9,901.46	9,901.46	10,583.86	10,583.86
d) Loans	Level-3	189.79	189.79	204.14	204.14
e) Investment in Debentures	Level-3	0.23	0.23	0.23	0.23
f) Other Financial Assets	Level-3	1,089.90	1,089.90	2,452.41	2,452.41

Financial Liabilities

Particulars	Fair Value Hierarchy	As at March 31, 2019		As at March 31, 2018	
		Carrying Amount	Fair Value	Carrying Amount	Fair Value
1. Financial liabilities designated at amortised cost					
a) Borrowings	Level-3	15,237.58	15,237.58	17,908.93	17,908.93
b) Trade & Other Payables	Level-3	9,763.72	9,763.72	13,951.75	13,951.75
c) Other Financial Liability	Level-3	2,325.99	2,325.99	1,334.15	1,334.15

1. The fair value of financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

2. The carrying amount of financial assets and financial liabilities measured at amortised cost in the financial statements are a reasonable approximation of their fair values, since the Company does not anticipate that the carrying amounts would be significantly different from the values that would eventually be received or settled.

3. Financial assets & liabilities under fair value hierarchy (Level 1 & 2) - Nil.

Fair value hierarchy

Level 1 - Quoted prices/NAV (unadjusted) in active markets for identical assets or liabilities.

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 - Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

Notes to Consolidated Financial Statements (Contd.)

(All amounts in ₹ lakh, unless otherwise stated)

45. FINANCIAL RISK MANAGEMENT - OBJECTIVES AND POLICIES

The Company's financial liabilities comprise mainly of borrowings, trade payables and other payables. The Company's financial assets comprise mainly of investments, cash and cash equivalents, other balances with banks, loans, trade receivables and other receivables. The Company is exposed to Market risk, Credit risk and Liquidity risk. The Company realizes that risks are inherent and integral aspect of any business. The primary focus is to foresee the unpredictability of financial markets and seek to minimize potential adverse effects on its financial performance. The primary market risk to the Company is foreign exchange risk & interest rate risk. The Company calculates and compares the alternative sources of funding by including cost of currency cover also.

The following disclosures summarize the Company's exposure to financial risks. Quantitative sensitivity analyses have also been provided to reflect the impact of reasonably possible changes in market rates on the financial results, cash flows and financial position of the Company.

i. Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of fluctuation in market prices. These comprise three types of risk i.e. currency rate risk, interest rate risk and other price related risks. Financial instruments affected by market risk include loans and borrowings, deposits, investments, and derivative financial instruments.

a) Foreign Currency Risk and sensitivity

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Foreign exchange risk sensitivity analysis has been performed on the foreign currency exposures in the Company's financials assets and financials liabilities at the reporting date i.e. 31st March 2019, net of related foreign exchange contracts.

The carrying amounts of the Company's foreign currency denominated monetary items (Unhedge) are as follows:

Particulars	As at 31 st March, 2019	As at 31 st March, 2018
Financial Assets		
Trade receivables	99.71	121.15
Financial liabilities		
Trade payables	71.25	-
Loan from related parties	553.37	520.35
Net assets / (liabilities)	724.33	641.50

Foreign Currency Sensitivity

Sensitivity analysis is computed based on the changes in the income and expenses in foreign currency upon conversion into functional currency, due to exchange rate fluctuations between the previous reporting period and the current reporting period.

5% increase and decrease in foreign exchanges rates will have the following impact on profit/(loss) before tax

Particulars	2018-19		2017-18	
	5% Increase	5% decrease	5% Increase	5% decrease
USD Sensitivity	36.22	(36.22)	32.08	(32.08)
Increases/ (decrease) in profit or loss	36.22	(36.22)	32.08	(32.08)

b. Interest Rate Risk and Sensitivity

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Any changes in the interest rates environment may impact future rates of borrowing. The Company mitigates this risk by regularly assessing the market scenario, finding appropriate financial instruments, interest rate negotiations with the lenders for ensuring the cost effective method of financing.

Interest Rate Risk Exposure

Particulars	As at 31 st March, 2019			As at 31 st March, 2018		
	INR	USD	Total	INR	USD	Total
Fixed Rate Borrowings	-	-	-	-	-	-
Variable Rate Borrowings	14,684.21	553.37	15,237.58	17,388.58	520.35	17,908.93
Total Borrowings	14,684.21	553.37	15,237.58	17,388.58	520.35	17,908.93

Notes to Consolidated Financial Statements (Contd.)

(All amounts in ₹ lakh, unless otherwise stated)



Sensitivity on variable rate borrowings

Particulars	Impact on Profit & (Loss) before tax	
	31-Mar-19	31-Mar-18
INR Borrowings		
Interest Rate Increase by 0.50%	(73.42)	(86.94)
Interest Rate decrease by 0.50%	73.42	86.94
USD Borrowings		
Interest Rate Increase by 0.25%	(1.38)	(1.30)
Interest Rate decrease by 0.25%	1.38	1.30

c. Commodity price risk and sensitivity

Commodity Price Risk is the risk that future cash flow of the Company will fluctuate on account of changes in market price of key raw materials. The Company is exposed to the movement in price of key raw materials in domestic and international markets.

ii. Credit Risk

Credit risk refers to the risk of default on its obligation by the counterparty resulting in a financial loss. Trade receivables are typically unsecured and are derived from revenue earned from customers primarily located in India. Credit risk arising from trade receivable is managed in accordance with the Established Policy etc, procedures and control relating to customer credit risk management. The deposits with banks constitute mostly the liquid investment of the Company and are generally not exposed to credit risk.

For trade receivables, as a practical expedient by computing the expected credit loss allowance for trade receivables based on a provision matrix. The provision matrix takes into account historical credit loss experience and adjusted for forward looking information. The expected credit loss allowance is based on the ageing of the days the receivables are due and the rates as given in the provision matrix. The provision matrix as at the end of the reporting period and expected credit loss for the year end against Trade receivables (Financial assets) as ascertained by the management and confirmed by the IBBI registered valuer are as follows:

Ageing	Expected credit loss (%)
Within the credit period	3.45%
0-1 year	4.78%
1-2 years	38.11%
More than 2 years	100.00%

Movement in expected credit loss allowance (net)

Particulars	Life time expected credit losses		12-months expected credit losses	
	31-Mar-19	31-Mar-18	31-Mar-19	31-Mar-18
Balance at the beginning	-	-	-	-
Additional provision created during the year	1,843.56	-	597.64	-
Balance at the end	1,843.56	-	597.64	-

The Company considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis. In general it is presumed that credit risk has significantly increased since initial recognition if legal action needs to be initiated against such trade receivables.

iii. Liquidity risk

Liquidity risk refers to risk of financial distress or high financing cost arising due to shortage of liquid funds in a situation where business conditions unexpectedly deteriorate and require financing. The Company's objective is to maintain at all times optimum levels of liquidity to meet its cash and collateral requirements. Processes and policies related to such risk are reviewed by senior management and management monitors the Company's net liquidity position through rolling forecast on the basis of expected cash flows.

The table below provides details regarding the contractual maturities of significant financial liabilities as of March 31, 2019:

Expected maturity for financial liabilities

Particulars	Carrying Amount		On Demand		Less than 1 year	More Than 1 Year	Total
Borrowings	15,237.58	10,391.11	3,037.37	1,809.10			15,237.58
Trade & Other payables	9,763.72	1,550.64	7,394.57	818.52			9,763.72
Other financial liabilities	2,325.99		2,215.80	110.21			2,326.01

The table below provides details regarding the contractual maturities of significant financial liabilities as of March 31, 2018:

Notes to Consolidated Financial Statements (Contd.)

(All amounts in ₹ lakh, unless otherwise stated)

Particulars	Carrying Amount	On Demand	Less than 1 year	More Than 1 Year	Total
Borrowings	17,908.93	12,204.72	3,209.77	2,494.44	17,908.93
Trade & Other payables	13,951.75	7,174.58	6,777.17	-	13,951.75
Other financial liabilities	1,334.15	129.71	1,181.71	22.73	1,334.15

45.1 Capital Risk Management

The Company's policy is to maintain an adequate capital base so as to maintain creditor and market confidence and to sustain future development. Capital includes issued capital, share premium and all other equity reserves attributable to equity holders. In order to strengthen the capital base, the Company may use appropriate means to enhance or reduce capital, as the case may be.

	As at March 31, 2019	As at March 31, 2018
Borrowings	15,237.58	17,908.93
Less: cash and cash equivalents	8,576.31	1,557.68
Net debt	6,661.27	16,351.25
Total Equity	30,530.10	13,804.16
Capital and Net debt	37,191.37	30,155.42
Gearing Ratio	18%	54%

Note: Sensitivity analysis for risk management is based on management estimates.

46. Related Party Disclosure as per Ind AS 24

A. List of Related Party & Relationship

(a) Key Managerial person

1	Mr. Surender Kumar	Managing Director & CEO
2	Mr. Ashok Kumar Gupta	Non-Executive Director
3	Mr. Sandeep Gupta	Chief Financial Officer
4	Mr. Nitin Gupta	Company Secretary

(b) Relative of KMP

1	Mrs. Anita Gupta (Wife of Mr. Sandeep Gupta)
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(c) Other related parties

1	Virtuous Tradecorp Pvt. Ltd.	
2	Hind Strategic Investment	
3	Mr. Alok Perti	Non-Executive Director
4	Mr. Gautam Kanjilal	Non-Executive Director
5	Ms. Pushpa Chowdhary	Non-Executive Director

B. Related Party Transaction

Particulars	Transaction during the year	
	FY 2018-19	FY 2017-18
Loans & Advances(Taken)		
Hind Strategic Investment	-	520.35
Interest on Loan		
Hind Strategic Investment	29.30	19.40
Directors Sitting Fees:		
Mr. Alok Perti	1.70	1.50
Mr. Gautam Kanjilal	4.70	6.20
Ms. Pushpa Chowdhary	1.70	2.00
Vehicle hire charges		
Mrs. Anita Gupta (Wife of Mr. Sandeep Gupta)	2.16	2.30
Remuneration and other perquisites :-		
(a) short-term employee benefits;	209.00	200.78
(b) post-employment benefits;	2.66	0.83
(c) other long-term benefits;	0.29	1.21

Notes to Consolidated Financial Statements (Contd.)

(All amounts in ₹ lakh, unless otherwise stated)



Particulars	Outstanding Balances at the year ended	
	31 st March, 2019	31 st March, 2018
Salary Payable		
Mr. Surender Kumar	6.53	6.14
Mr. Sandeep Gupta	4.15	4.22
Mr. Nitin Gupta	0.78	0.60
Interest Payable		
Hind Strategic Investment	2.66	1.90
Loans & Advances(Taken)		
Hind Strategic Investment	553.37	520.35
Compensation to Key Management Personnels		
Particulars	Short-term employee benefits	
	FY 2018-19	FY 2017-18
Mr. Surender Kumar	117.33	121.54
Mr. Sandeep Gupta	81.05	70.60
Mr. Nitin Gupta	10.61	8.64

47. SHARE BASED PAYMENTS

The Company provides share-based payment schemes to its employees. The relevant details of the scheme are as follows:

I. Option Movement during the year ended Mar 2019

Particulars	March 31, 2019		March 31, 2018	
	No. of options	Wt. avg exercise Price (in ₹)	No. of options	Wt. avg exercise Price (in ₹)
No. of Options Outstanding at the beginning of the year	30,875	97.19	98,400	72.12
Options Granted during the year				
Options Forfeited / Surrendered / Lapsed during the year	8,000	97.19	67,525	72.12
Options exercised during the year	-	-	-	-
Number of options Outstanding at the end of the year	22,875	92.08	30,875	97.19

II. Weighted Average remaining contractual life

Range of Exercise Price	March 31, 2019		March 31, 2018	
	No. of options outstanding	Weighted average contractual life (years)	No. of options outstanding	Weighted average contractual life (years)
43.80- 111.22	22,875	4.98	30,875	4.73

III. Weighted average Fair Value of Options granted during the year

Particulars	March 31, 2019	March 31, 2018
Exercise price is less than market price	98.23	102.29

IV. The weighted average market price of options exercised during the year ended March 31, 2019 is 137.34
The weighted average market price of options exercised during the year ended March 31, 2018 is 144.99

V. Method and Assumptions used to estimate the fair value of options granted during the year ended:
The fair value has been calculated using the Black Scholes Option Pricing model.

Notes to Consolidated Financial Statements (Contd.)

(All amounts in ₹ lakh, unless otherwise stated)

The Assumptions used in the model are as follows:

Variables	March 31, 2019	March 31, 2018
	Weighted Average	Weighted Average
1. Risk-free rate of return	8.15%	8.15%
2. Time to Maturity	0.32	1.15
3. Expected Volatility	69.57%	69.57%
4. Expected divided yield	-	-
5. Exercise Price (in ₹)	92.08	97.19
6. Price of the underlying share in market at the time of the option grant.(in ₹)	137.34	144.99
VI. Particulars	March 31, 2019	March 31, 2018
Employee Option plan expense	(5.66)	(7.20)
Total liability at the end of the period	22.47	28.73

48. Impairment Review

Assets are tested for impairment whenever there are any internal or external indicators of impairment. Impairment test for assets are monitored for internal management purposes, within the only operating segment i.e. Manufacture of paints. During the year the impairment testing did not result in any impairment in the carrying amount of assets, except damaged inventories and doubtful trade receivables as referred to in Note no. 38 & 45 respectively.

49. Segment information

The Company operates mainly in one business segment (Business Segment) i.e. Paints; accordingly sales & stock in trade represent paints & allied products.

50. Loan to related party (refer note 9) includes the balance consideration of ₹ 492 lakh (interest free) receivable by the Company in cash as per the order of Hon'ble High Courts of Calcutta and Delhi, for transfer of its Real Estate Division to the subsidiary Company, Shalimar Adhunik Nirman Limited.

51. Other receivable includes,

(i) insurance claim receivable ₹ 387.10 lakh (net of ₹ 1099.73 lakh received in earlier years) related to Nasik plant (The policy is on Reinstatement basis). The above claim of receivables are accounted for on estimated basis pending final assessment by the insurer.

(ii) ₹ 352.46 (net of ₹ 1122.35 lakh received during the year) in respect to Howrah Plant insurance claim. The total claim receivable against the inventory and fixed assets was ₹ 1474.81 lakh but in final settlement Insurance Company paid an amount of ₹ 1122.35 lakh. Company is not in agreement with the settlement amount and has filed an arbitration petition in November, 2018 against the insurance Company in Delhi High Court.

52. Fixed assets and inventories, except the said damaged assets, have been verified & valued as per applicable accounting standards as well as existing accounting policies of the Company, with no material discrepancy.

53. Term Loan from financial institutions represent loan availed by Company for working capital for business needs.

54. The Division Bench of Hon'ble High Court of Calcutta passed an order on 07/05/2009 requiring the Company to give immovable property to the extent of ₹ 4.5 Crores as a security in favour of Tara Properties (the landlord of property at 13, Camac Street, Kolkata). The Company has given portion of the land at Goaberia as a security.

55. Some of the Financials assets & liabilities including trade receivables, trade payables and advances, are pending for confirmation/ reconciliation, and impact of the same on financial statements, if any, is unascertained.

56. Previous year figures have been regrouped/rearranged/recast, whatever considered necessary to confirm to current year's classification.

Signature to Note 1 to 56

For A. K. Dubey & Co.,
 Chartered Accountants
 (ICAI Firm Registration No.: 329518E)

For and on Behalf of Board of Directors

Arun Kumar Dubey
 Partner
 (Membership No.: 057141)

Surender Kumar
 Managing Director and CEO
 DIN:- 00510137

Ashok Kumar Gupta
 Director
 DIN:- 01722395

Place : Gurugram
 Date : May 28, 2019

Sandeep Gupta
 Chief Financial Officer

Nitin Gupta
 Company Secretary
 Mem. No. F8485

ATTENDANCE SLIP
SHALIMAR PAINTS LIMITED

CIN: L24222HR1902PLC065611

Registered Office: Stainless Centre, 4th Floor, Plot No. 50, Sector –32, Gurugram, Haryana - 122001

Phone: 0124-4616600; Fax: 0124-4616659; E-mail Id: askus@shalimarpaints.com

Website: www.shalimarpaints.com

117th Annual General Meeting – September 26, 2019

Registered Folio no. / DP ID no. / Client ID no.: _____

Number of Shares held: _____

I certify that I am a member/ proxy/ authorized representative for the member of the Company.

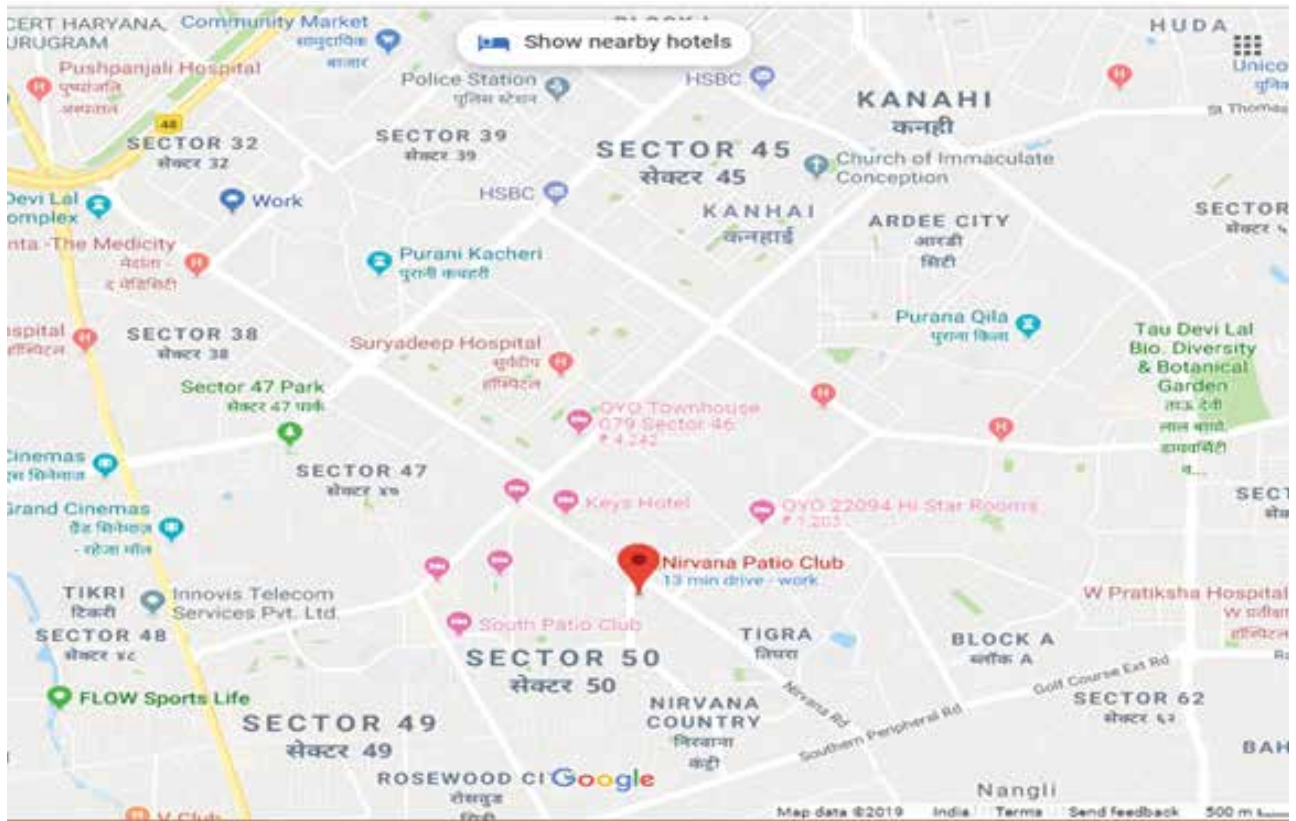
I hereby record my presence at the 117th Annual General Meeting of the Company at the Nirvana Patio Club, Nirvana Community Ground, Opposite Court Yard Market, Nirwana Country, Southcity-2, Sec-50, Gurugram, Haryana 122001, on Thursday, September 26, 2019, at 4:00 PM IST.

Name of the member/proxy
(in BLOCK letters)

Signature of the member/proxy

Note: Please fill up this attendance slip and hand it over at the entrance of the meeting hall at the registration desk. Members are requested to bring their copies of the Annual Report to the AGM.

Route map to the venue of the 117th AGM of Shalimar Paints Limited



Address:-

Nirvana Patio Club,

Nirwana Community Ground, Opposite Court Yard Market,

Nirwana Country, Southcity-2, Sec-50, Gurugram, Haryana 122001

Mobile No.: 09717779251

SHALIMAR PAINTS LIMITED

CIN: L24222HR1902PLC065611

Registered Office: Stainless Centre, 4th Floor, Plot No. 50, Sector –32, Gurugram, Haryana - 122001

Phone: 0124-4616600; Fax: 0124-4616659; E-mail Id: askus@shalimarpaints.com

Website: www.shalimarpaints.com

Form No. MGT-11

PROXY FORM

Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rule, 2014

117th Annual General Meeting – September 26, 2019

Name of the Member(s)	
Registered Address	
Email ID	
DP ID*	
Client ID*	
Folio No	

*Applicable for investors holding shares in Electronic form.

I/We being the member(s) of _____ shares of the above named Company hereby appoint

Name: _____ Email Id: _____

Address: _____

Signature: _____ or failing him/her

Name: _____ Email Id: _____

Address: _____

Signature: _____ or failing him/her

Name: _____ Email Id: _____

Address: _____

Signature: _____

as my/ our proxy to attend and vote (on a poll) for me/us and on my/ our behalf at the 117th Annual General Meeting of the Company to be held on Thursday, September 26, 2019 at 4:00 P.M. at the Nirvana Patio Club, Nirwana Community Ground, Opposite Court Yard Market, Nirwana Country, Southcity-2, Sec-50, Gurugram, Haryana 122001, or/ and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution Number	Resolution	Vote	
		For	Against
Ordinary business			
1	To receive, consider and adopt a. the audited standalone financial statements of the Company for the financial year ended on 31 st March, 2019, the Reports of Board of Directors and Auditors thereon, and b. the audited consolidated financial statements of the Company for the financial year ended on 31 st March, 2019 and the Report of the Auditors thereon.		
2	Re-appointment of Mr. Ashok Kumar Gupta (DIN:01722395), as a director liable to retire by rotation		
Special business			
3	Appointment of Ms. Urvi Jindal (DIN: 08461065) as Non- Executive, Non- Independent Director of the Company		
4	Appointment of Mr. Ashok Kumar Agarwal (DIN: 08154563) as Non- Executive Independent Director of the Company		

Signed this _____ day of _____ 2019.

Signature of the member Signature of proxy holder(s)

<p>Affix revenue stamp of not less than ₹ 1</p>

Notes:

1. This form of proxy in order to be effective should be duly stamped, completed, signed and deposited at the registered office of the Company, not less than 48 hours before the Annual General Meeting (on or before 11:00 a.m. IST on September 24, 2019)
2. It is optional to indicate your preference. If you leave the 'for' or 'against' column blank against any or all of the resolutions, your proxy will be entitled to vote in the manner as he/she may deem appropriate.



HAR RANG KHOOBSURAT



Registered & Corporate office

Stainless Centre, 4th Floor, Plot No. 50, Sector - 32, Gurugram, 122001, Haryana

Tel.: 0124-4616600, **Fax.:** 0124-4616659 | **Email Id:** askus@shalimarpaints.com

feedback@shalimarpaints.com | **CIN:** L24222HR1902PLC065611

www.shalimarpaints.com