



**SHALIMAR  
PAINTS**

September 06, 2021

BSE Limited  
Corporate Relationship Department,  
1<sup>st</sup> Floor, New Trading Ring,  
Rotunda Building, P.J. Towers,  
Dalal Street, Fort,  
Mumbai - 400 001  
Email: corp.relations@bseindia.com

National Stock Exchange of India Ltd  
Exchange Plaza, 5<sup>th</sup> Floor,  
Plot No. C/1, G- Block  
Bandra Kurla Complex,  
Bandra (E),  
Mumbai – 400051  
Email: cmlist@nse.co.in

**(Scrip Code: BSE – 509874, NSE – SHALPAINTS)**

**Subject: Annual Report for the FY 2020-21 including Notice of 119<sup>th</sup> Annual General Meeting (AGM)**  
**Pursuant to Regulation 34 of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015**

Dear Sir/Ma'am,

The 119<sup>th</sup> Annual General Meeting ("AGM") of Shalimar Paints Limited ("the Company") will be held on Wednesday, September 29<sup>th</sup>, 2020 at 12:30 P.M (IST) through Video Conference ("VC") / Other Audio Visual Means ("OVAM") facility.

Pursuant to Regulation 34(1) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, we are submitting herewith the Annual Report for the financial year 2020-21 including Notice of 119<sup>th</sup> AGM of the Company, which is being sent to the Members through electronic mode.

This is for your information and record.

Thanking You

For Shalimar Paints Limited

Gautam  
(Company Secretary)





**SHALIMAR  
PAINTS**

**ANNUAL REPORT** | 2020-21



# — CONTENTS

<b>Chairman's Message</b>	<b>02</b>
<b>Decorative Paints</b>	<b>03</b>
<b>Industrial Paints</b>	<b>04</b>
<b>Board of Directors</b>	<b>05</b>
<b>Corporate Information</b>	<b>06</b>
<b>Notice</b>	<b>07</b>
<b>Director's Report</b>	<b>18</b>
<b>Report on Corporate Governance</b>	<b>38</b>
<b>Standalone Financial Statements</b>	<b>62</b>
<b>Consolidated Financial Statements</b>	<b>104</b>
<b>E-Communications Registration Form</b>	<b>144</b>

# MR. GAUTAM KANJI LAL CHAIRMAN



*Dear Shareholders,*

It has been a turbulent & challenging year. The country, the economy, & many businesses have suffered unprecedented blows. While the businesses were tackling disruption in demand & operations towards the later part of the year they were hit hard by the increasing input charges. Throughout 2020, our Company responded to economic impacts & operational setbacks from COVID-19 with strong governance & oversight. Each & every employee while reeling under immense personal tragedy or disruption to normal life, adapted to the challenges posed by a raging global pandemic & ensured that we managed to service our customers.

I compliment each & every employee for delivering in such difficult times & because of which we managed to end the year with a mere 3.52% dip in annual revenue over past year & ended the year with two consecutive quarters at a cash profit.

Faced with an uncertain year, the business immediately started working towards prudent strategies to control costs. In parallel, despite the hurdles, teams consistently were on the ground & were working on distribution, new products & servicing the existing base of dealers & clients.

2020 also bought a lot of economic hardships to many of our stakeholders. The business took up the challenge & provided relief be it economic or operational to our painter community, employees or channel partners.

Going forward, as we step into a changed & still volatile business situation & environment, we will be looking towards innovative & nimble ways of working.

The past year has been one that further reinforced my belief in the values of an organisation. We chose Courage, Trust and Commitment as the guiding values that would determine our actions and, today, I credit the resilience that we have demonstrated to the stoutness of these values. It strengthens my confidence in our organisation's fortitude, and this has been demonstrated in the results of our Company.

There is no denying the fact that while COVID-19 has challenged every nation, India's size and population density have made it a harsher challenge. Indeed, the pandemic froze economic priorities and forced the world to divert time and resources to manage the crisis, as did India. The pandemic has been a great teacher. Rest assured, we will stick to our fundamental core belief structure of integrity, transparency & accountability to drive long term success for our company. With unwavering focus towards operational efficiency, cost control, cash conservation, & ensuring sustainability of our current business.



# — 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 & heat. It reflects sun rays to help reduce heat build-up, blocks out damaging ultraviolet rays & prevent algal & fungal formation on walls.



## SUPERLAC STAY CLEAN

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 advance 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 provides 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 effective services life of plant & machinery and national infrastructure with its TUFFKOTE range of high performance coatings & services, meeting the highest international standards, through a process of innovation & continued improvements, while meeting or 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 to metal closures, to PP caps and paint cans etc. Today Shalimar Paints Cankote products touch every Indian Household using 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**

MANAGING DIRECTOR

**Mr. Alok Perti**

DIRECTOR

**Mr. Ashok Kumar Agarwal**

DIRECTOR

**Ms. Shruti Srivastava**

DIRECTOR

**Dr. Rajeev Uberoi**

DIRECTOR

**Mr. Vijay Kumar Sharma**

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  
Union Bank of India  
HDFC Bank Ltd



## **STATUTORY AUDITORS**

A.K Dubey & Co.



## **COMPANY SECRETARY & COMPLIANCE OFFICER**

Mr. Gautam



## **WEBSITE**

[www.shalimarpaints.com](http://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](mailto:askus@shalimarpaints.com)

Website: [www.shalimarpaints.com](http://www.shalimarpaints.com)

## Notice of the 119<sup>th</sup> Annual General Meeting

**NOTICE** is hereby given that the 119<sup>th</sup> Annual General Meeting of the Members of **SHALIMAR PAINTS LIMITED** will be held on Wednesday, the 29<sup>th</sup> day of September, 2021 at 12:30 P.M., through Video Conferencing ("VC") / Other Audio Visual Means ("OAVM") to transact the following business:

### ORDINARY BUSINESS:

#### 1. To receive, consider and adopt

- a) The audited standalone financial statements of the Company for the financial year ended on 31<sup>st</sup> March, 2021, 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<sup>st</sup> March, 2021, the Reports of Auditors thereon.

2. To appoint a Director in place of Mr. Ashok Kumar Gupta (DIN: 01722395), who retires by rotation and being eligible, offers himself for re-appointment.

### SPECIAL BUSINESS:

#### 3. AS AN ORDINARY RESOLUTION

##### **APPOINTMENT OF MR. VIJAY KUMAR SHARMA (DIN: 01468701) AS NON-EXECUTIVE INDEPENDENT DIRECTOR OF THE COMPANY**

**"RESOLVED THAT** pursuant to the provisions of Sections 149, 150, and 152 read with Schedule IV and all other applicable provisions, if any, of the Companies Act, 2013 and the Rules framed thereunder and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, including any statutory modifications or re-enactment(s) thereof and any rules made thereunder, Mr. Vijay Kumar Sharma (DIN: 01468701) the Independent Non-Executive Director, who was appointed as an Additional Director (Independent) w.e.f. 05<sup>th</sup> October, 2020 by the Board of Directors through Resolution by Circulation upon recommendation by the Nomination and Remuneration Committee of the Company after satisfying the criteria laid by the Committee, and whose term expires at this Annual General Meeting, and in respect of whom the Company has received a notice in writing from a Member proposing his candidature for the office of an Independent Director be and is hereby appointed as an Independent Non-Executive Director of the Company, not liable to retire by rotation, to hold office for a period of three (3) consecutive years with effect from 05<sup>th</sup> October, 2020."

**"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."

#### 4. AS AN ORDINARY RESOLUTION

##### **APPOINTMENT OF DR. RAJEEV UBEROI (DIN: 01731829) AS NON-EXECUTIVE INDEPENDENT DIRECTOR OF THE COMPANY**

**"RESOLVED THAT** pursuant to the provisions of Sections 149, 150, and 152 read with Schedule IV and all other applicable provisions, if any, of the Companies Act, 2013 and the Rules framed thereunder and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, including any statutory modifications or re-enactment(s) thereof and any rules made thereunder, Dr. Rajeev Uberoi (DIN: 01731829) the Independent Non-Executive Director, who was appointed as an Additional Director (Independent) w.e.f. 11<sup>th</sup> May, 2021 by the Board of Directors upon recommendation by the Nomination and Remuneration Committee of the Company after satisfying the criteria laid by the Committee, and whose term expires at this Annual General Meeting, and in respect of whom the Company has received a notice in writing from a Member proposing his candidature for the office of an Independent Director be and is hereby appointed as an Independent Non-Executive Director of the

## Notice (Contd.)

Company, not liable to retire by rotation, to hold office for a period of three (3) consecutive years with effect from 11<sup>th</sup> May, 2021.”

“**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**

**Date: August 13, 2021**

**Place: Gurugram**

### Note

1. In view of the continuing Covid-19 pandemic, the Ministry of Corporate Affairs (“MCA”) has vide its circular dated 5<sup>th</sup> May, 2020 read with circulars dated 8<sup>th</sup> April, 2020 and 13<sup>th</sup> April, 2020 and 13<sup>th</sup> January, 2021 (collectively referred to as “MCA Circulars”) permitted the holding of the Annual General Meeting (“AGM”) through VC / OAVM Facility, without the physical presence of the Members at a common venue. In compliance with the provisions of the Companies Act, 2013 (“the Act”), SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI Listing Regulations”), MCA Circulars and circular dated 12<sup>th</sup> May, 2020 and 15<sup>th</sup> January, 2021 issued by the Securities and Exchange Board of India (“SEBI Circular”), the 119<sup>th</sup> AGM of the Company is being held through VC / OAVM Facility. The detailed procedure for participating in the meeting through VC/OAVM Facility is mentioned hereunder in this notice. The deemed venue for the 119<sup>th</sup> AGM shall be the Registered Office of the Company. In terms of the MCA Circulars and SEBI Circular, the Notice of the 119<sup>th</sup> AGM will be available on the website of the Company at [www.shalimarpaints.com](http://www.shalimarpaints.com), on the website of BSE Limited at [www.bseindia.com](http://www.bseindia.com) and National Stock Exchange of India Limited at [www.nseindia.com](http://www.nseindia.com) also on the website of BEETAL Financial & Computer Services Pvt Ltd., at <http://www.beetalfinancial.com/>
2. Pursuant to the provisions of the Act, a Member entitled to attend and vote at the AGM is entitled to appoint a proxy to attend and vote on his/her behalf and the proxy need not be a Member of the Company. Since this AGM is being held pursuant to the MCA Circulars and SEBI Circular through VC / OAVM Facility, physical attendance of Members has been dispensed with. Accordingly, the facility for appointment of proxies by the Members will not be available for the 119<sup>th</sup> AGM of the Company and therefore the Proxy Form and Attendance Slip are not annexed to this Notice.
3. Attendance of the Members of the Company, participating in the 119<sup>th</sup> AGM through VC / OAVM Facility will be counted for the purpose of reckoning the quorum under section 103 of the Act.
4. Pursuant to the provisions of Section 108 of the Act read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended), Secretarial Standard on General Meetings (SS-2) issued by the Institute of Company Secretaries of India (“ICSI”) and Regulation 44 of SEBI Listing Regulations read with MCA Circulars and SEBI Circular, the Company is providing remote e-Voting facility to its Members in respect of the business to be transacted at the 119<sup>th</sup> AGM and facility for those Members participating in the 119<sup>th</sup> AGM to cast vote through e-Voting system during the 119<sup>th</sup> AGM. Beetal Financial Computer Services Private Limited (“Registrar”) will be providing facility for voting through remote e-Voting, for participation in the 119<sup>th</sup> AGM through VC/OAVM Facility and e-Voting during the 119<sup>th</sup> AGM.
5. At the 115<sup>th</sup> AGM, A K Dubey & Co. (Firm Regn. No. 329518E) were appointed as Statutory Auditors of the Company for a term of five years until the conclusion of 120<sup>th</sup> AGM of the Company. The ratification of their appointment, pursuant to Section 139 of the Companies Act, 2013, is not required, in terms of Notification No. S.O. 1833(E) dated May 7, 2018, issued by the Ministry of Corporate Affairs and accordingly, the item has not been included in the Ordinary Business of this AGM Notice.
6. The relevant details as required under Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard on General Meetings (“SS-2”) of the persons seeking re-appointment / appointment as Directors under Item No. 2, 3 & 4 of the Notice, are also attached. The Company has received relevant disclosures / consents from the Directors seeking re-appointment / appointment.
7. An Explanatory Statement pursuant to Section 102 of the Act relating to special business to be transacted at the meeting is annexed hereto.
8. Pursuant to Section 91 of the Act and Regulation 42 of the SEBI Listing Regulations, the Register of Members and the



## Notice (Contd.)

Share Transfer books of the Company will remain closed from Thursday, September 23, 2021 to Wednesday, September 29, 2021 (both days inclusive) for the purpose of 119<sup>th</sup> AGM of the Company.

9. The Securities and Exchange Board of India ('SEBI') has mandated submission of Permanent Account Number ('PAN') by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form are requested to submit their PAN details to the Registrar.
10. SEBI has also mandated that requests for effecting transfer of securities (except transmission or transposition of securities) shall not be processed after March 31, 2019, unless the securities are held in dematerialized form. Hence, the Members holding shares in physical form are requested to convert their holdings to dematerialized form at the earliest.
11. Pursuant to the MCA Circulars and SEBI Circular, in view of the prevailing situation, owing to the difficulties involved in dispatching of physical copies of the Notice of the 119<sup>th</sup> AGM and the Annual Report for the year 2020-21 including therein the Audited Financial Statements for financial year ended 31<sup>st</sup> March, 2021, are being sent only by email to the Members. Members who have not registered their email addresses with the Company or with their respective Depository Participant/s, and who wish to receive the Notice of the 119<sup>th</sup> AGM and the Annual Report for the year 2020-21 and all other communication sent by the Company, from time to time, can now register the same by submitting a duly filled-in request form mentioning their folio number, complete address, email address to be registered along with scanned self-attested copy of the PAN Card and any document (such as Driving Licence, Passport, Bank Statement, Aadhar Card) supporting the registered address of the Member, by email to the Company / Registrar. Members holding shares in demat form are requested to register their email addresses with their Depository Participant(s) only.
12. The voting rights of Members shall be in proportion to their share of the paid-up equity share capital of the Company as on the cut-off date 22<sup>nd</sup> September, 2021 and as per the Register of Members of the Company. A person who is not a Member as on the cut-off date should treat this Notice for information purpose only.
13. Members who wish to inspect the Register of Directors and Key Managerial Personnel and their shareholding maintained under section 170 of Companies Act, 2013 and Register of Contracts or arrangements in which directors are interested maintained under section 189 of the Companies Act, 2013 and Relevant documents referred to in this Notice of AGM and explanatory statement on the date of AGM in electronic mode can send an email to [askus@shalimarpaints.com](mailto:askus@shalimarpaints.com)
14. As per provisions of the Companies Act, 2013 read with relevant Rules thereof, facility for making nominations is available to individuals holding shares in the Company. Members holding shares in physical form may obtain Nomination Form No. SH-13 from the Company's RTA. Members holding shares in electronic form are required to approach their DPs for the nomination.
15. In case of joint holders attending the Meeting, only the Member whose name appears first will be entitled to vote.
16. Since 119<sup>th</sup> AGM of the Company will be held through VC / OAVM Facility, therefore Route Map is not annexed to this Notice.

## EXPLANATORY STATEMENT

### (Pursuant to Section 102 of the Companies Act, 2013 and Secretarial Standards)

#### Item No. 3

As per SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Regulations"), the Board of Directors on the recommendation of the Nomination and Remuneration Committee, appointed Mr. Vijay Kumar Sharma as an Additional (Non-Executive Independent) Director of the Company not liable to retire by rotation, to hold office for a period of three consecutive years w.e.f October 05, 2020, subject to consent by the Members of the Company at the ensuing Annual General Meeting ("AGM"). In terms of provisions of Section 161(1) of the Companies Act, 2013 ("the Act"), he will hold office up to the date of this AGM.

Mr. Vijay Sharma is an Engineer from PEC, Chandigarh and MBA from FMS, Delhi. In addition, he has also done various specializations from Institutes like; IIFT, YMCA, AOTS, Aptech & IIM (A). He has worked with various reputed corporates such as Jindal Stainless Limited & Escorts Yamaha Limited in various capacities

With over 35 years of experience in International & Domestic markets, Mr. Sharma has steered roles in the areas of Corporate affairs, Sales, Distribution, Corporate Branding, Marketing & Business Development, Strategy Formulation, market research & product development, customer outreach & satisfaction. He has also handled P&L accountability of the Service center chains of the Jindal Stainless Group in India and in Spain.

His proven abilities in business analytics, team building, process optimization, scalable operations, business transformation and organization development have enabled him to lead some of the best performing and engaged teams.

A widely travelled professional, Mr. Sharma brings to the table his keen insights from exposure to more than 50 countries.

An able orator and an avid social media proponent, Mr. Sharma is a regular presenter in premium academic institutes, nation

al & international conferences. He has been awarded multiple accolades for his contribution in Stainless Steel & Automotive Industry.

In the opinion of the Board, Mr. Vijay Kumar Sharma is a persons 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.

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. Vijay Kumar Sharma 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 commends the Ordinary Resolution set out at Item No. 3 of the Notice for approval by the members.

#### **Item No. 4**

As per SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Regulations"), the Board of Directors on the recommendation of the Nomination and Remuneration Committee, appointed Dr. Rajeev Uberoi as an Additional (Non-Executive Independent) Director of the Company not liable to retire by rotation, to hold office for a period of three consecutive years w.e.f May 11, 2021 subject to consent by the Members of the Company at the ensuing Annual General Meeting ("AGM"). In terms of provisions of Section 161(1) of the Companies Act, 2013 ("the Act"), he will hold office up to the date of this AGM.

Dr. Rajeev Uberoi has been working as Senior Group President – Governance and Controls, of Yes Bank Limited since July, 2019. Prior to joining Yes Bank Limited, he has worked with IDFC Bank Limited as General Counsel and Group Head- Legal and Compliance since 2009. In his previous experiences, he has worked with several domestic and multinational banks such as Standard Chartered Bank, Union Bank of India, State Bank of India, Reserve Bank of India as Asst. General Manager, Dept. of Banking Supervision, Citibank as Vice President & Regulatory Head; ANZ Grindlays Bank as Head- Risk Management & Compliance – India. Dr. Uberoi is also a profound writer and has a lot of publications to his credit. He is also a member of various Committees and has been active on the Speaker circuit. He is a recipient of many accolades and awards and his contribution to the legal fraternity has been recognized in the Industry.

Dr. Uberoi is a lawyer and a Canadian Commonwealth Scholar with a Masters from McMaster University and a Ph.D. in Economics. He also possesses a Post Graduate Diploma in Business Administration from the Management Development Institute (MDI). He is also on the Board of MPCON Limited, IFCI Infrastructure Development Limited and NICDC Haryana Global City Project Limited. He had been on the Board of other reputed organizations like Jindal Stainless Limited and Management Development Institute (MDI), Gurugram as well.

In the opinion of the Board, Dr. Rajeev Uberoi 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 Non-Executive Independent Director on the Board of the Company.

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 Dr. Rajeev Uberoi 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 commends the Ordinary Resolution set out at Item No. 4 of the Notice for approval by the members.

## 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 Standard-2 on General Meetings, the particulars of Directors seeking appointment/re-appointment are provided below:

#### Brief Profile of directors appointed / re-appointed and the director, who retire by rotation and eligible for reappointment:

<b>Name of Director</b>	Mr. Ashok Kumar Gupta
<b>DIN</b>	01722395
<b>Brief Resume</b>	Mr. Ashok Kumar Gupta holds a Master's degree in Physics and PGDBA. He has experience in holding leadership positions at reputed organizations such as SAIL, Jindal Stainless, Surya Roshni, Arcelor Mittal, etc. As a director of Shalimar Paints, he oversees the overall operations of the company in addition to framing successful strategies for the growth of the company.
<b>Date of Birth (Age in years)</b>	07-07-1956 (65 years)
<b>Qualification</b>	Master's degree in Physics and PGDBA
<b>Experience and expertise in specific functional area</b>	Mr. Ashok Kumar Gupta holds Master's degree in Physics and PGDBA. Mr. Gupta has experience in functional areas holding leadership positions at reputed organizations such as SAIL, Jindal Stainless, Surya Roshni, Arcelor Mittal and APL Apollo Tubes Limited.
<b>Terms and conditions of appointment</b>	In terms of Section 152(6) of the Companies Act, 2013, Mr. Ashok Kumar Gupta who was appointed as a Managing Director on 27 <sup>th</sup> December, 2019 by Postal Ballot, is liable to retire by rotation at 119 <sup>th</sup> AGM of the Company.
<b>Details of remuneration and remuneration last drawn</b>	Mr. Ashok Kumar Gupta was appointed as a Managing Director of the Company w.e.f 27 <sup>th</sup> December, 2019 and thus was paid remuneration of Rs. 19,531,245 for the financial year 2020-21.
<b>Date on which first appointed on the Board</b>	10-08-2018
<b>Details of shareholding in the Company (As on 31st March, 2021)</b>	1827000 equity shares of Rs. 2/- each.
<b>Relationship with other Directors/Key Managerial Personnel ("KMP") (if any)</b>	Mr. Ashok Kumar Gupta is not related to any Director or Key Managerial Personnel of the Company.
<b>Number of Board Meetings attended during the year 2020-21</b>	Four
<b>Details of Directorships / Committee Chairmanship Directorship and Memberships in other public limited companies (As on 31st March, 2021)</b>	<b>Directorship</b> <ul style="list-style-type: none"> <li>APL Apollo Tubes Limited</li> </ul> <b>Committee Membership</b> <ul style="list-style-type: none"> <li>1</li> </ul>

<b>Name of the Director</b>	<b>Mr. Vijay Kumar Sharma</b>	<b>Dr. Rajeev Uberoi</b>
Director Identification Number (DIN)	01468701	01731829
Date of Birth (Age in years)	22/01/1963 (58 years)	30/01/1957 (64 years)
Date on which appointed on the Board	October 05, 2020	May 11, 2021

## Notice (Contd.)

Qualification	An Engineer from PEC, Chandigarh and MBA from FMS, Delhi. In addition, he has also done various specializations from Institutes like; IIFT, YMCA, AOTS, Aptech & IIM (A).	Lawyer and a Canadian Commonwealth Scholar with a Masters from McMaster University and a Ph.D. in Economics. He also possesses a Post Graduate Diploma in Business Administration from the Management Development Institute (MDI).
Experience and nature of expertise in specific functional area	<p>With over 35 years of experience in International &amp; Domestic markets, Mr. Sharma has steered roles in the areas of Corporate affairs, Sales, Distribution, Corporate Branding, Marketing &amp; Business Development, Strategy Formulation, market research &amp; product development, customer outreach &amp; satisfaction. He has also handled P&amp;L accountability of the Service center chains of the Jindal Stainless Group in India and in Spain.</p> <p>His proven abilities in business analytics, team building, process optimization, scalable operations, business transformation and organization development have enabled him to lead some of the best performing and engaged teams.</p> <p>A widely travelled professional, Mr. Sharma brings to the table his keen insights from exposure to more than 50 countries.</p> <p>An able orator and an avid social media proponent, Mr. Sharma is a regular presenter in premium academic institutes, national &amp; international conferences. He has been awarded multiple accolades for his contribution in Stainless Steel &amp; Automotive Industry.</p>	<p>Dr. Rajeev Uberoi has been working as Senior Group President – Governance and Controls, of Yes Bank Limited since July, 2019. Prior to joining Yes Bank Limited, he has worked with IDFC Bank Limited as General Counsel and Group Head-Legal and Compliance since 2009. In his previous experiences, he has worked with several domestic and multinational banks such as Standard Chartered Bank, Union Bank of India, State Bank of India, Reserve Bank of India as Asst. General Manager, Dept. of Banking Supervision, Citibank as Vice President &amp; Regulatory Head; ANZ Grindlays Bank as Head- Risk Management &amp; Compliance – India. Dr. Uberoi is also a profound writer and has a lot of publications to his credit. He is also a member of various Committees and has been active on the Speaker circuit. He is a recipient of many accolades and awards and his contribution to the legal fraternity has been recognized in the Industry.</p> <p>Dr. Uberoi is a lawyer and a Canadian Commonwealth Scholar with a Masters from McMaster University and a Ph.D. in Economics. He also possesses a Post Graduate Diploma in Business Administration from the Management Development Institute (MDI). He is also on the Board of MPCON Limited, IFCI Infrastructure Development Limited and NICDC Haryana Global City Project Limited. He had been on the Board of other reputed organizations like Jindal Stainless Limited and Management Development Institute (MDI), Gurugram as well.</p>
Shareholding in the Company as on 31 March 2021 1. Own 2. As beneficial owner	NIL NIL	NIL NIL
Details of remuneration and remuneration last drawn	Sitting Fees of Rs. 40,000 was paid for attending Board meetings held during FY 2020-21.	NIL
No. of Board Meeting Attended during the financial year 2020-21	2	NIL



## Notice (Contd.)

Terms and conditions of appointment	As detailed in Item No. 3 of the Notice read with the Explanatory Statement thereto	As detailed in Item No. 4 of the Notice read with the Explanatory Statement thereto
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	
Details of Directorships / Committee Chairmanship and Memberships in companies	<b>Directorship</b> <ul style="list-style-type: none"> <li>• Jindal Stainless Steelway Limited</li> <li>• Pacific Metallic Trading Company Private limited</li> <li>• Jindal Stainless Corporate Management Services Private Limited</li> <li>• JSL Lifestyle Limited</li> </ul> <b>Committee membership: NA</b>	<b>Directorship</b> <ul style="list-style-type: none"> <li>• Jindal Stainless (Hisar) Limited</li> <li>• IDFC Finance Limited</li> <li>• Rishi Construction And Maintenance Pvt Ltd</li> <li>• IFCI Infrastructure Development Limited</li> <li>• IDFC Project Equity Company Limited</li> <li>• IDFC Distribution Company Limited</li> <li>• IDFC Pension Fund Management Company Limited</li> <li>• IDFC Capital Limited</li> <li>• MPCON Limited</li> <li>• IDFC Investment Advisors Limited</li> </ul> <b>Committee membership: NA</b>

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

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

**Date: August 13, 2021  
Place: Gurugram**

**INSTRUCTIONS FOR E-VOTING:**

Pursuant to Section 108 of the Companies Act, 2013 read with the Companies (Management and Administration) Rules, 2014 and as amended, the Company is pleased to provide remote e-voting facility to enable the Member to cast their votes electronically on the resolutions mentioned in the Notice of the 119<sup>th</sup> AGM of the Company to be held on Wednesday, the 29<sup>th</sup> day of September, 2021. The Company has appointed Mr. Naveen Shree Pandey, Practicing Company Secretaries, as the Scrutinizer for conducting the remote e-voting process and e-voting during the AGM in a fair and transparent manner. The list of shareholders/ beneficial owners shall be reckoned on the equity shares as on 22<sup>nd</sup> September, 2021. The remote e-voting period will commence on 26<sup>th</sup> September, 2021 at 10.00 a.m. (IST) and ends on 28<sup>th</sup> September, 2021 at 5.00 p.m. (IST). During this period shareholder of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date 22<sup>nd</sup> September, 2021, may cast their vote electronically. The remote e-voting module shall be disabled by Central Depository Services (India) Limited ("CDSL") for voting thereafter. Once the vote on a resolution is cast by a Member, whether partially or otherwise, it shall not be allowed to change subsequently. Voting has to be done for each item of the Notice separately. In case you do not desire to cast your vote on any specific item, it will be treated as "ABSTAINED". Shareholders who have already voted prior to the meeting date would not be entitled to vote during the meeting.

**THE INTRUCTIONS FOR SHAREHOLDRES FOR REMOTE E-VOTING ARE AS UNDER:**

(i) The voting period begins on 26<sup>th</sup> September, 2021 at 10.00 a.m. (IST) and ends on 28<sup>th</sup> September, 2021 at 5.00 p.m. (IST). During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date 22<sup>nd</sup> September, 2021 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.

(ii) Shareholders who have already voted prior to the meeting date would not be entitled to vote at the meeting venue.

(iii) Pursuant to SEBI Circular No. SEBI/HO/CFD/CMD/CIR/P/2020/242 dated 09.12.2020 and under Regulation 44 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, listed entities are required to provide remote e-voting facility to its shareholders, in respect of all shareholders' resolutions. However, it has been observed that the participation by the public non-institutional shareholders/retail shareholders is at a negligible level.

Currently, there are multiple e-voting service providers (ESPs) providing e-voting facility to listed entities in India. This necessitates registration on various ESPs and maintenance of multiple user IDs and passwords by the shareholders.

In order to increase the efficiency of the voting process, pursuant to a public consultation, it has been decided to enable e-voting to all the demat account holders, by way of a single login credential, through their demat accounts/ websites of Depositories/ Depository Participants. Demat account holders would be able to cast their vote without having to register again with the ESPs, thereby, not only facilitating seamless authentication but also enhancing ease and convenience of participating in e-voting process.

(iv) In terms of SEBI circular no. SEBI/HO/CFD/CMD/CIR/P/2020/242 dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are advised to update their mobile number and email Id in their demat accounts in order to access e-Voting facility.

Pursuant to abovesaid SEBI Circular, Login method for e-Voting and joining virtual meetings for Individual shareholders holding securities in Demat mode CDSL/NSDL is given below:

Type of shareholders	Login Method
Individual Shareholders holding securities in Demat mode with <b>CDSL</b>	<ol style="list-style-type: none"> <li>1. Users who have opted for CDSL Easi / Easiest facility, can login through their existing user id and password. Option will be made available to reach e-Voting page without any further authentication. The URL for users to login to Easi / Easiest are <a href="https://web.cdslindia.com/myeasi/home/login">https://web.cdslindia.com/myeasi/home/login</a> or visit <a href="http://www.cdslindia.com">www.cdslindia.com</a> and click on Login icon and select New System Myeasi.</li> <li>2. After successful login the Easi / Easiest user will be able to see the e-Voting option for eligible companies where the e-voting is in progress as per the information provided by company. On clicking the e-voting option, the user will be able to see e-Voting page of the e-Voting service provider for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting. Additionally, there is also links provided to access the system of all e-Voting Service Providers i.e. CDSL/NSDL/BEETAL Financial &amp; Computer Services Pvt Ltd., so that the user can visit the e-Voting service providers' website directly.</li> <li>3. If the user is not registered for Easi/Easiest, option to register is available at <a href="https://web.cdslindia.com/myeasi/Registration/EasiRegistration">https://web.cdslindia.com/myeasi/Registration/EasiRegistration</a></li> <li>4. Alternatively, the user can directly access e-Voting page by providing Demat Account Number and PAN No. from a e-Voting link available on <a href="http://www.cdslindia.com">www.cdslindia.com</a> home page or click on <a href="https://evoting.cdslindia.com/Evoting/EvotingLogin">https://evoting.cdslindia.com/Evoting/EvotingLogin</a> The system will authenticate the user by sending OTP on registered Mobile &amp; Email as recorded in the Demat Account. After successful authentication, user will be able to see the e-Voting option where the evoting is in progress and also able to directly access the system of all e-Voting Service Providers.</li> </ol>
Individual Shareholders holding securities in demat mode with <b>NSDL</b>	<ol style="list-style-type: none"> <li>1. If you are already registered for NSDL IDeAS facility, please visit the e-Services website of NSDL. Open web browser by typing the following URL: <a href="https://eservices.nsdl.com">https://eservices.nsdl.com</a> either on a Personal Computer or on a mobile. Once the home page of e-Services is launched, click on the "Beneficial Owner" icon under "Login" which is available under 'IDeAS' section. A new screen will open. You will have to enter your User ID and Password. After successful authentication, you will be able to see e-Voting services. Click on "Access to e-Voting" under e-Voting services and you will be able to see e-Voting page. Click on company name or e-Voting service provider name and you will be re-directed to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting.</li> <li>2. If the user is not registered for IDeAS e-Services, option to register is available at <a href="https://eservices.nsdl.com">https://eservices.nsdl.com</a>. Select "Register Online for IDeAS "Portal or click at <a href="https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp">https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp</a></li> <li>3. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <a href="https://www.evoting.nsdl.com/">https://www.evoting.nsdl.com/</a> either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder/Member' section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number hold with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting</li> </ol>
Individual Shareholders (holding securities in demat mode) login through their <b>Depository Participants</b>	<p>You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. After Successful login, you will be able to see e-Voting option. Once you click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting.</p>

(v) Login method for Remote e-Voting for Physical shareholders and shareholders other than individual holding in Demat form.

- 1) The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).
- 2) Click on "Shareholders" module.

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

	<b>For Physical shareholders and other than individual shareholders holding shares in Demat.</b>
PAN	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) <ul style="list-style-type: none"> <li>Shareholders who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number sent by Company/RTA or contact Company/RTA.</li> </ul>
Dividend Bank Details <b>OR</b> Date of Birth (DOB)	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. <ul style="list-style-type: none"> <li>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.</li> </ul>

- (vi) After entering these details appropriately, click on "SUBMIT" tab.
- (vii) Shareholders holding shares in physical form will then directly reach the Company selection screen. However, shareholders 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.
- (viii) For shareholders holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (ix) Click on the EVSN for the relevant <Company Name> on which you choose to vote.
- (x) 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.
- (xi) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xii) 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.
- (xiii) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xiv) You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.
- (xv) If a demat account holder has forgotten the 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.
- (xvi) Additional Facility for Non – Individual Shareholders and Custodians –For Remote Voting only.
  - Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodians are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves in the "Corporates" module.
  - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com)
  - After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
  - The list of accounts linked in the login should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the



- accounts they would be able to cast their vote.
- 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.
  - Alternatively Non Individual shareholders are required to send the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory who are authorized to vote, to the Scrutinizer and to the Company at the email address viz; [askus@shalimarpaints.com](mailto:askus@shalimarpaints.com), if they have voted from individual tab & not uploaded same in the CDSL e-voting system for the scrutinizer to verify the same.

**PROCESS FOR THOSE SHAREHOLDERS WHOSE EMAIL/MOBILE NO. ARE NOT REGISTERED WITH THE COMPANY/ DEPOSITORIES.**

1. For Physical shareholders- please provide necessary details like Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self-attested scanned copy of PAN card), AADHAR (self-attested scanned copy of Aadhar Card) by email to Company/RTA email id.
2. For Demat shareholders -, please update your email id & mobile no. with your respective Depository Participant (DP)
3. For Individual Demat shareholders – Please update your email id & mobile no. with your respective Depository Participant (DP) which is mandatory while e-Voting & joining virtual meetings through Depository.

If you have any queries or issues regarding attending AGM & e-Voting from the CDSL e-Voting System, you can write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) or contact at 022- 23058738 and 022-23058542/43.

All grievances connected with the facility for voting by electronic means may be addressed to Mr. Rakesh Dalvi, Sr. Manager, (CDSL, ) Central Depository Services (India) Limited, 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](mailto:helpdesk.evoting@cdslindia.com) or call on 022-23058542/43.

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

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

**Date: August 13, 2021  
Place: Gurugram**

## 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, 2021. The consolidated performance of the Company and its subsidiaries has been referred to wherever required.

Your Company's performance for the financial year ended 31st March, 2021 is summarized below:

(Rs. in Crore)

Description	For the financial year ended (Standalone)		For the financial year ended (Consolidated)	
	31.03.2021	31.03.2020	31.03.2021	31.03.2020
Revenue from Operations	<b>325.56</b>	343.85	<b>325.56</b>	343.85
Other Income	<b>7.53</b>	1.42	<b>7.19</b>	1.13
Total Income	<b>333.09</b>	345.27	<b>332.75</b>	344.98
Total Expenses	<b>354.51</b>	408.06	<b>354.53</b>	408.08
Profit(Loss) before exceptional items and tax	<b>(21.42)</b>	(62.80)	<b>(21.78)</b>	63.10
Exceptional Items	<b>(2.00)</b>	6.95	<b>(2.00)</b>	6.95
Profit(Loss) before tax	<b>(23.42)</b>	(55.85)	<b>(23.78)</b>	(56.16)
Tax Expenses	<b>26.08</b>	(17.97)	<b>26.08</b>	(17.97)
Profit(Loss) for the period	<b>(49.50)</b>	(37.88)	<b>(49.86)</b>	(38.18)
Total other comprehensive income(Loss)	<b>0.14</b>	0.15	<b>0.14</b>	0.15
Total comprehensive income (Loss) for the year	<b>(49.35)</b>	(37.73)	<b>(49.72)</b>	(38.03)

### **Results of our operations and state of affairs for financial year 2020-21**

Your Company during the year under review has suffered a loss of Rs.49.72 crores as against loss of Rs. 38.03 crores in the previous year. The revenue from operations and other income of the Company for the financial year 2020-21 stood at Rs 325.56 crores as against Rs. 343.85 crores 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.

## Director's Report (Contd.)

### 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.

### Share Capital

At present the paid-up share capital of the Company is Rs. 10,86,00,518/- divided into 5,43,00,259 Equity Shares of Rs. 2/- each.

### General Reserves

The Company has not transferred any amount to the General Reserve during the financial year ended March 31, 2021.

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

No material changes and commitments affecting financial position of your Company have occurred between the end of the financial year of the Company to which Financial Statements relate and the date of this Report.

### 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 certified for Quality Management System-ISO 9001.

### Credit Ratings

The Company has been accorded credit rating of ACUTE BBB- for long term bank facilities and ACUTE A3 for short term bank facilities by ACUTE Ratings Limited on February 12, 2021.

### 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. Ashok Kumar Gupta was appointed as a Managing Director (Executive Non- Independent) of the Company in the Board Meeting held on December 27, 2019. Further, his appointment was approved by the members of the Company through Postal Ballot on April 14, 2020.

In accordance with the provisions of Section 152 and other applicable provisions, if any, of the Act and the Articles of Association of the Company, Mr. Ashok Kumar Gupta, Executive Director of the Company, is liable to retire by rotation at the ensuing AGM and being eligible have offered himself for re-appointment.

Mr. Vijay Kumar Sharma was appointed as Non-Executive Independent Director of the Company w.e.f. October 05, 2020 and

## Director's Report (Contd.)

shall hold office up to the ensuing Annual General Meeting.

Dr. Rajeev Uberoi was appointed as Non-Executive Independent Director of the Company w.e.f. May 11, 2021 and shall hold office up to the ensuing Annual General Meeting.

A brief profile of the Directors Mr. Ashok Kumar Gupta, proposed to be re-appointed and Mr. Vijay Kumar Sharma and Dr. Rajeev Uberoi proposed to be 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.

Mr. Ashish Kumar Bagri had ceased to be the Chief Financial Officer of the Company w.e.f. January 21, 2021. The Board of Directors had appointed Mr. Mohit Kumar Donter as the Chief Financial Officer of the Company w.e.f. June 26, 2021. The Board has also designated him as the Key Managerial Personnel (KMP) of the Company.

### 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](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 assessing 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 10, 2021 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, 2021, 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.



## Director's Report (Contd.)

### Auditor reports and auditors

#### Audit reports

M/s. A K Dubey & Co., Chartered Accountants, Statutory Auditors of the Company confirmed Auditors' Report for financial year 2020-21 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 2020-21 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 2020-21 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 115<sup>th</sup> 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 115<sup>th</sup> Annual General Meeting till the conclusion of 120<sup>th</sup> 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 7<sup>th</sup> 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 2020-21 is part of the Annual Report. There has been no qualification, reservation or adverse remark or disclaimer in their Report. During the financial year 2020-21, 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.

#### Secretarial Auditors and Secretarial Standards

The Secretarial Audit was carried out by M/s NSP & Associates, Company Secretaries (CP No. 10937) for the financial year 2020-21. 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 2020-21, 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 2020-21, 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 Company is not mandated under Section 135 of the Companies Act, 2013 to incur expenditure under CSR.

Ministry of Corporate Affairs vide its Notification(s) dated 22<sup>nd</sup> January, 2021, notified the Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021, which, inter alia, provides for the revised format of annual report for publishing the CSR activities undertaken during the financial year ended 31<sup>st</sup> March, 2021. The other changes pursuant to said Notification(s) under the CSR provisions, have been briefly highlighted in the annual report of the Company's CSR activities for the financial year ended 31<sup>st</sup> March, 2021.

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](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

## Director's Report (Contd.)

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

Composition of the Audit Committee of the Board, along with the details of meetings held during the financial year under review and attendance of Committee members at the said meetings, have been provided in the Corporate Governance Report. All the recommendations made by the Audit Committee during the financial year 2020-21 were accepted by the Board.

### Business Responsibility Report

Your Company is committed to grow the business responsibly with a long term perspective as well as to the nine principles enshrined in the National Voluntary Guidelines (NVGs) on social, environmental and economic responsibilities of business, as notified by the Ministry of Corporate Affairs, Government of India, in July, 2011.

The Business Responsibility Report ("BRR") of the Company as per the requirements of Regulation 34(2)(f) of the SEBI LODR describing the initiatives taken by the Company from an environmental, social and governance perspective, along with all the related policies can be viewed on the Company's website at- [https://www.shalimarpaints.com/uploads/Business\\_Responsibility\\_Report.pdf](https://www.shalimarpaints.com/uploads/Business_Responsibility_Report.pdf)

### 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.

### Annual Return

In terms of Sections 92(3) and 134(3)(a) of the Act, annual return for the year is available on the Company's website and can be viewed at: [www.shalimarpaints.com](http://www.shalimarpaints.com)

### Significant and Material Orders passed by the Regulators or Courts or Tribunals impacting the going concern status and Company's operations in future

During the financial year 2020-21 there was no such significant and material order passed by the regulators / courts /tribunals impacting the going concern status and Company's operations in future.

## Director's Report (Contd.)

### 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, 2021, 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 48 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-E' to this report.

The Related Party Transactions policy of the Company, is available on the Company's website link at: <https://www.shalimar-paints.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 complaint 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.

Further, in terms of the provisions of the SEBI LODR, the details in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, for the financial year ended on 31<sup>st</sup> March, 2021 are as under:

- a. Number of complaints pertaining to sexual harassment filed during the financial year: NIL
- b. Number of complaints pertaining to sexual harassment disposed off during the financial year: NIL
- c. Number of complaints pertaining to sexual harassment pending as at the end of the financial year: NIL

### Particulars of Employees

Disclosures pertaining to remuneration and other details as required under Section 197(12) of the Act read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are provided in the prescribed format and annexed herewith as **Annexure - F** to this Report.

The statement containing particulars of employees as required under Section 197(12) of the Act read with Rule 5(2) & (3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is provided in a separate annexure forming part of this Report. Having regard to the provisions of the second proviso to Section 136(1) of the Act, the Annual Report excluding the aforesaid information is being sent to the members of the Company. The said information is available for inspection at the Registered Office of the Company during working hours and any member interested in obtaining such information may write to the Secretarial Department of the Company and the same will be furnished on request.

## Director's Report (Contd.)

### 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-G**' 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 - H** 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 2020-21.

### 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 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 profits 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.

### Inter-se Promoter Transfer:

Hind Strategic Investments- Promoter of the Company undertook an inter-se transfer of 27,15,012 equity shares of Shalimar Paints Limited (the "Company") representing 5% of the equity share capital of the Company in the financial year 2020-2021 among the members of the promoter and promoter group of the Company on March 30, 2021. During such transaction there was the addition in the number of Promoter Group i.e. Mr Shivang Jhunjnuwala, Mrs Ritu Jhunjnuwala and Mr. Gaurang Jhunjnuwala. All the necessary disclosures in regard to such transfer under SEBI Takeover Regulations, SEBI (Prohibition of Insider Trading) Regulations, 2015 and other applicable provisions has been intimated to the Stock Exchanges on April 01, 2021. The details of the transfer are set out below:



## Director's Report (Contd.)

S.No	Name of Transferor/Transferee	Category	No. of Shares
1	Hind Strategic Investments - Transferor	Promoter	27,15,012
2	Mrs Sarika Jhunjhnuwala- Transferee	Promoter Group	7,75,159
3	Mr Shivang Jhunjhnuwala-Transferee	Promoter Group	7,75,159
4	Mrs Ritu Jhunjhnuwala - Transferee	Promoter Group	5,82,347
5	Mr Gaurang Jhunjhnuwala - Transferee	Promoter Group	5,82,347

Further, on June 29, 2021, Hind Strategic Investments ("HSI") - Promoter of the Company has again transferred 27,15,012 equity shares held by it in the Company (representing 5% of the equity share capital) among members of the promoter and promoter group. All the necessary disclosures in regard to such transfer under SEBI Takeover Regulations, SEBI (Prohibition of Insider Trading) Regulations, 2015 and other applicable provisions has been intimated to the Stock Exchanges on July 01, 2021. The details of the transfer are set out below:

S.no	Name of Transferor/Transferee	Category	No. of Shares
1	Hind Strategic Investments - Transferor	Promoter	27,15,012
2	Mrs Sarika Jhunjhnuwala- Transferee	Promoter Group	5,45,564
3	Mr Shivang Jhunjhnuwala-Transferee	Promoter Group	5,45,564
4	Mrs Ritu Jhunjhnuwala - Transferee	Promoter Group	8,11,942
5	Mr Gaurang Jhunjhnuwala - Transferee	Promoter Group	8,11,942

### Green initiatives

Electronic copies of the Annual Report 2020-21 and the notice of the 119<sup>th</sup> Annual General Meeting are sent to all members whose email addresses are registered with the Company/ depository participant(s). The Members holding shares in physical form who have not registered their email addresses with the Company and who wish to receive the Annual Report for the year 2020-21 can now register their e-mail addresses with the Company. For this purpose they can send scanned copy of signed request letter mentioning folio number, complete address and the email address to be registered along with self-attested copy of the PAN Card and any document supporting the registered address of the Member, by email to the Company at [askus@shalimarpaints.com](mailto:askus@shalimarpaints.com)

### Other disclosures

- 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);
- 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;
- Neither the Managing Director nor the CEO of the Company has received any remuneration or commission from any of Company's subsidiary;
- 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).
- 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.

## Director's Report (Contd.)

### COVID 19 IMPACTS

Due to the outbreak of Coronavirus Disease 2019 (COVID-19), declared a pandemic by the World Health Organization, the nationwide lockdown was imposed by the Central and State Government(s) to control the spread of the disease. Accordingly the manufacturing facilities of the Company were hampered but in the due course of time the operations were ramped up gradually and aligned with the market outlook. The aforesaid lockdown has disturbed the economic activity through interruption in manufacturing process, disruption in supply chain, etc. The Company believes that due to strong business fundamentals, this pandemic may not have a significantly adverse impact on the operations and performance of the Company in the long term. Furthermore, the Company has also constituted an internal cross-functional COVID task force that is monitoring the situation continuously.

### 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: June 26, 2021  
Place: Gurugram**

**Ashok Kumar Gupta  
Managing Director  
DIN: 01722395**

**Alok Perti  
Director  
DIN : 00475747**

## Director's Report (Contd.)

'Annexure-A' to Director's Report

### Disclosure in Director's Report

SHALIMAR STOCK OPTION 2013: STATUS AS ON 31.03.2021		
S.NO.	PARTICULARS	ESOP SCHEME 2013
1	Number of Stock options granted	940000
2	Pricing Formula (Rs)	111.22
3	Option Vested	28375
4	Number of Option exercised	17875
5	Number of Shares arising as a result of exercise of option	17875
6	Variation of terms of options	None
7	Number of option lapsed	911625
8	Money realized upon exercise of options (Rs.in Lakhs)	8.16
9	Total number of option in force	10500
10	(a) Options granted to senior managerial personnel	280000
	(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	317000
	(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	280000
11.	(i) Method of calculation of employee compensation cost	Fair Value Method
12.	a) Weighted average exercise prices of option granted	111.22
	b) Weighted average fair value of options granted on the date of grant (Rs)	121.64
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 (Rs)	166
	(ii) Exercise Price (Rs)	111.22
	(iii) Annual Volatility (Standard Deviation Annual)	69.57%
	(iv) Time To Maturity - in years	(1.18)
	(v) Dividend Yield	0.00%
	(vi) Risk free Rate Annual	8.15%

# Director's Report (Contd.)

'Annexure-B' to Director's Report

## 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

(Rs. in Lakhs)

Name of the Subsidiary	Shalimar Adhunik Nirman Limited	Eastern Speciality Paints & Coatings Private Limited
Reporting Period	1st April, 2020 to 31st March, 2021	1st April, 2020 to 31st March, 2021
Reporting Currency	INR	INR
Share Capital	9.50	5.00
Reserves & Surplus	1648.20	(2.94)
Total assets	2724.76	2.99
Total liabilities	2724.76	2.99
Investments	0.00	0.00
Turnover	0.00	0.00
Profit before taxation	(36.51)	(0.13)
Provision for taxation	0.00	0.00
Profit after taxation	(36.51)	(0.13)
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: June 26, 2021  
Place: Gurugram

Ashok Kumar Gupta  
Managing Director  
DIN: 01722395

Alok Perti  
Director  
DIN : 00475747

## Director's Report (Contd.)

'Annexure-C' to Director's Report

MR-3

### SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> MARCH, 2021

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

To,  
The Members,  
**Shalimar Paints Ltd.**  
(L24222HR1902PLC065611)  
Stainless Centre, 4th Floor,  
Plot No. 50, Sector 32,  
Gurugram - 122001, Haryana

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

Based on our verification of the Company, 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, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31<sup>st</sup> March, 2021, the Company has complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent based on the management representation letter/ confirmation, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31<sup>st</sup> March, 2021, according to the provisions of:

1. The Companies Act, 2013 ('the Act') and the rules made thereunder;
2. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
3. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
4. 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;
5. 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 (Listing Obligations and Disclosure Requirements) Regulations, 2015, [herein after referred to as SEBI (LODR), 2015].
  - b) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - c) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - d) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
- (6) We further report that with respect to the compliance of the below mentioned laws, we have relied on the compliance system prevailing in the Company and on the basis of representation received from the management:
  - i. Applicable Labour Laws
  - ii. Applicable direct and indirect tax laws
  - iii. Prevention of Money Laundering Act 2002;
  - iv. The Building and Other Construction Workers (Regulation of Employment and Conditions of Service) Act, 1996 and
  - v. Forest (Conservation) Act, 1980
  - vi. Regulations & Guidelines issued by Ministry of Environment, Forest and Climate Change, Government of India
  - vii. Regulations & Guidelines issued by Ministry of Water Resources, Government of India
  - viii. The Water (Prevention and Control of Pollution) Act, 1974 and rules made thereunder
  - ix. The Air (Prevention and Control of Pollution) Act 1981 and rules made thereunder
  - x. Environment (Protection) Act, 1986 and rules made thereunder
  - xi. Guidelines issue by National Green Tribunal.



## Director's Report (Contd.)

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

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India and
- (ii) The Listing Agreements entered into by the Company with the Stock Exchange(s).

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

### **We further report that:**

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 provisions of the Act.

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, 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.

Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

**We 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 there were no specific events/ actions having a major bearing on Company's affairs in pursuance of the above-referred laws, rules, regulations, guidelines, standards etc.

**For NSP & Associates  
Company Secretaries**

(Proprietor)  
**UDIN: F009028C000400518**  
**FCS No.: 9028**  
**C P No.: 10937**

Place: New Delhi  
Date: 26<sup>th</sup> June, 2021

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

## Director's Report (Contd.)

**"Annexure A**

To,  
The Members,  
**Shalimar Paints Ltd.**

Our Secretarial Audit Report of even date is to be read along with this letter.

1. Maintenance of secretarial records is the responsibility of the management of the Company. Our Responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes 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. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company for the Financial Year ended 31<sup>st</sup> March, 2021.
4. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulation and happening of events etc.
5. The Compliance of the provisions of corporate and other applicable laws, rules, regulations, standards are the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit Report is neither an assurance as to future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

**For NSP & Associates,  
Company Secretaries**

(Proprietor)  
**UDIN: F009028C000400518**  
**FCS No.: 9028**  
**C P No.: 10937**

Place: New Delhi  
Date: 26<sup>th</sup> June, 2021

## Director's Report (Contd.)

'Annexure - D' to Director's Report

### 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.

#### II. THE COMPOSITION OF THE CSR COMMITTEE:

The composition of the CSR Committee as on March 31, 2021 is as follows:

Name	Designation	Category
Mr. Ashok Kumar Agarwal	Chairman	Non-Executive, Independent Director
Mr. Alok Perti	Member	Non-Executive, Independent Director
Mr. Ashok Kumar Gupta	Member	Executive, Non-Independent Director

III. Provide the web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the company: [https://www.shalimarpaints.com/uploads/Corporate\\_Social\\_Responsibility\\_Policy.pdf](https://www.shalimarpaints.com/uploads/Corporate_Social_Responsibility_Policy.pdf)

IV. Provide the details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, if applicable (attach the report). Not Applicable

V. Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any- Not Applicable

VI. Average net profit of the company as per section 135(5)- (Rs. 5631.43) lakhs

VII. (a) Two percent of average net profit of the company as per section 135(5)- Not Applicable

(b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years- Not Applicable

(c) Amount required to be set off for the financial year, if any- Not Applicable

(d) Total CSR obligation for the financial year (7a+7b- 7c)- Not Applicable

VIII (a) CSR amount spent or unspent for the financial year:

Total Amount Spent for the Financial Year. (in lakhs.)	Amount Unspent (in Rs.)				
	Total Amount transferred to Unspent CSR Account as per section 135(6).		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5).		
	Amount.	Date of transfer.	Name of the Fund	Amount.	Date of transfer.
2.45 Lakhs	-	-	-	-	-

**(b) Details of CSR amount spent against ongoing projects for the financial year:**

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	(9)	(10)	(11)	
Sl. No.	Name of the Project	Item from the list of activities in Schedule VII to the Act.	Local area	Location of the project		Project duration	Amount allocated for the project (Rs. Lakhs)	Amount spent in the current financial year (Rs. Lakhs)	Amount transferred to unspent CSR Account for the project as per Section 135(6) (Rs.)	Mode of implementation	Mode of Implementation - Through Implementing Agency	
			(Yes/ No)	State	District					Direct (Yes/No)	Name	CSR Registration number
1	Promoting Education	Education	No	West Bengal	Howrah	-	2.45	2.45	NIL	Yes	NA	NIL
	<b>Total</b>					-	<b>2.45</b>	<b>2.45</b>				

**(C) Details of CSR amount spent against other than ongoing projects for the financial year:**

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	
Sl. No	Name of the Project	Item from the list of activities in Schedule VII to the Act	Local area	Location of the project		Amount spent for the project	Mode of implementation	Mode of implementation- Through implementing agency	
			(Yes/ No)	State	District	(Rs. Lakhs)	Direct (Yes/No)	Name	CSR Registration number
1	Zilaadhikaari Rahat Kosh	Relief Funds (Covid-19)	No	Uttar Pradesh	Sikandrabad	1.00	Directly	NA	NIL
	<b>TOTAL</b>					<b>1.00</b>			

(d) Amount spent in Administrative Overheads: Nil

(e ) Amount spent on Impact Assessment, if applicable: Nil

(f) Total amount spent for the Financial Year (8b+8c+8d+8e): Rs. 3.45 Lakhs

**IX** (a) Details of Unspent CSR amount for the preceding three financial years: Not Applicable

(b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s): Not Applicable

**X** In case of creation or acquisition of capital assets, furnish the details relating to the asset so created or acquired through CSR spent in the financial year (asset wise details): Not Applicable

**11.** Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per Section 135(5) of the Companies Act, 2013: Not Applicable

For and on behalf of the CSR Committee

Ashok Kumar Agarwal  
Chairman, CSR Committee  
DIN: 08154563

Ashok Kumar Gupta  
Managing Director  
DIN: 01722395

## Director's Report (Contd.)

'Annexure - E' to Director's Report

### 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	<b>N.A.</b>
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	<b>NIL</b>
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: June 26, 2021**  
**Place: Gurugram**

**Ashok Kumar Gupta**  
**Managing Director**  
**DIN: 01722395**

**Alok Perti**  
**Director**  
**DIN : 00475747**



## Director's Report (Contd.)

'Annexure-F' 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. Ashok Kumar Gupta (Managing Director) to the median remuneration of employees is 94:06.			
		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 2020-21	Remuneration 2019-20	Change
			(Rs.)	(Rs.)	in %
		Mr. Ashok Kumar Gupta (Managing Director)	1,95,31,245 (For 365 days)	65,06,849 (For 95 days)	-21.87
		Mr. Ashish Kumar Bagri (Chief Financial Officer- Resigned on January 21,2021)	42,59,993 (For 295 days)	19,36,438 (For 95 days)	-29.15
		Mr. Gautam (Company Secretary)	10,83,597 (For 365 days)	8,73,973 (For 232 days)	-21.19
		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.	-21%			
		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.	611 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 -23% which is in line with the average increase of 15% in the managerial remuneration. Due to Corona Pandemic, Company has cut salary for all employees.			
		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.			

## Director's Report (Contd.)

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.
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'Annexure - G' to Director's Report

### 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 3 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, in-house 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 Chennai factory, we have instituted Energy conservation in the design stage of the plant. The following features are built in the new plant:

- 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
- 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.

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 %, for Chennai and Nashik 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

## Director's Report (Contd.)

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.

### (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.
- Anti-carbonation coating: This coating will prevent the diffusion of Carbon dioxide and thereby protect concrete structures from the detrimental effects of carbonation.

#### 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:

(Rs.in Lacs)

Particulars	FY 2020-21	FY 2019-20
Capital	4.18	44.50
Recurring	244.50	323.42
<b>Total</b>	<b>248.68</b>	<b>367.92</b>

### (C) FOREIGN EXCHANGE EARNINGS AND OUTGO

(Rs. in Lacs)

(Equivalent INR value of various currencies)

Particulars	FY 2020-21	FY 2019-20
Inflow	982.38	321.32
Outflow	1302.31	1,396.00

## Director's Report (Contd.)

'Annexure-H' to Director's Report

### 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 endeavour 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 comprises six members, one of whom is Executive Director and Five are Non-Executive Independent Directors ("NEDs"). 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 31<sup>st</sup> March, 2021 are given below as:

Name of the Director	DIN	Category of Director	No. of Board Meetings attended	Attendance at the last AGM on 29 <sup>th</sup> September, 2020	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	5	Yes	3	2	--	Optimus Infracore Limited – Independent Non- Executive Director
Mr. Ashok Kumar Gupta*	01722395	Managing Director – Non Independent Executive	4	Yes	2	-	1827000	APL Apollo Tubes Limited –Director
Mr. Alok Perti**	00475747	Independent Non Executive	5	Yes	5	-	--	Deepak Fertiliser and Petrochemicals corporation Ltd – Independent Director
Mr. Sanjay Kumar Gupta(***)	07579756	Independent Non Executive	3	Yes	--	--	3700	--
Mr. Ashok Kumar Agarwal	08154563	Independent Non Executive	5	Yes	1	--	--	--

## Director's Report (Contd.)

Ms. Shruti Srivastava (****)	08697973	Independent Non Executive	5	Yes	2	--	--	Nalwa Sons Investments Limited Tfr. From Haryana To Delhi --
Mr. Vijay Kumar Sharma (****)	01468701	Independent Non Executive	2	No	3	-	--	--

(\*) Mr. Ashok Kumar Gupta was appointed as a Managing Director of the Company w.e.f. December 27, 2019 and his appointment was confirmed by the members through Postal Ballot.

(\*\*) Mr. Alok Perti was re-appointed as an Additional Director of the Company w.e.f. June 30, 2020 and his appointment was confirmed by the members at the 118<sup>th</sup> Annual General Meeting held on 29<sup>th</sup> September 2020 for the further term of three years through Special resolution.

(\*\*\*) Mr. Sanjay Kumar Gupta resigned from the position of Independent Director w.e.f. October 05, 2020

(\*\*\*\*) Ms. Shruti Srivastava was appointed as an Additional Director of the Company w.e.f. February 20, 2020 through resolution by circulation and her appointment was confirmed by the members at the 118<sup>th</sup> Annual General Meeting held on 29<sup>th</sup> September 2020 for the term of three years through Ordinary resolution

(\*\*\*\*\*) Mr. Vijay Kumar Sharma was appointed as an Additional Director of the Company w.e.f. October 05, 2020 through resolution by circulation.

Dr. Rajeev Uberoi was appointed as an Additional Director of the Company w.e.f. May 11, 2021.

Detailed profile of each of the Directors is available on the Company's website at [www.shalimarpaints.com](http://www.shalimarpaints.com)

(1) Excluding Private Companies, Section 8 Companies and Foreign Companies as per Companies Act, 2013.

(2) Committees for this purpose mean Audit Committee and Stakeholders' Relationship Committee of Indian public companies.

(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. Ashok Kumar Gupta and Mr. Sanjay Kumar Gupta as on March 31, 2021.

### Appointment/ Re-appointment of Directors

Mr. Ashok Kumar Gupta was appointed as a Managing Director of the Company w.e.f. December 27, 2019 and his appointment was confirmed by the members through Postal Ballot on April 14 2020.

Mr. Alok Perti was re-appointed as an Additional Director of the Company w.e.f. June 30, 2020 and his appointment was confirmed by the members at the 118<sup>th</sup> Annual General Meeting held on 29<sup>th</sup> September 2020 for the further term of three years through Special resolution.

Ms. Shruti Srivastava was appointed as an Additional Director of the Company w.e.f. February 20, 2020 through resolution by circulation and her appointment was confirmed by the members at the 118<sup>th</sup> Annual General Meeting held on 29<sup>th</sup> September 2020 for the term of three years through Ordinary resolution

Mr. Sanjay Kumar Gupta resigned from the position of Independent Director w.e.f. October 05, 2020.

Mr. Vijay Kumar Sharma was appointed as an Additional Director of the Company w.e.f. October 05, 2020 through resolution by circulation.

Dr. Rajeev Uberoi was appointed as an Additional Director of the Company w.e.f. May 11, 2021.

The Board recommends the appointment, Mr. Vijay Kumar Sharma and Dr. Rajeev Uberoi, Independent Directors of the Company 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 appointees will be provided in the Notice of the ensuing Annual General Meeting.*

### Board Meetings and Annual General Meeting

During the year, the Board met five times on May 23, 2020, June 30, 2020, September 01, 2020, November 10, 2020, and February 10, 2021. 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 the meeting, including minimum information required to be made available to the Board as prescribed under Part A of Schedule II of sub-regulation 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 10, 2021 without the attendance of



## Director's Report (Contd.)

non-independent directors and members of the management.

Details of attendance of Directors at the Board Meetings held during the financial year 2020-2021 and at the last AGM are as follows:

Name of the Director	Number of Board Meeting Attended	Attendance at the last AGM
Mr. Gautam Kanjilal	5	Yes
Mr. Ashok Kumar Gupta*	4	Yes
Mr. AlokPerti**	5	Yes
Mr. Ashok Kumar Agarwal	5	Yes
Mr. Sanjay Kumar Gupta ***	3	Yes
Ms. Shruti Srivastava****	5	Yes
Mr. Vijay Kumar Sharma***	2	NA

\*Mr. Ashok Kumar Gupta was appointed as a Managing Director of the Company w.e.f. December 27, 2019 and his appointment was confirmed by the members through Postal Ballot.

\*\* Mr. Alok Perti was re-appointed as an Additional Director of the Company w.e.f. June 30, 2020 and his appointment was confirmed by the members at the 118<sup>th</sup> Annual General Meeting held on 29<sup>th</sup> September 2020 for the further term of three years through Special resolution.

\*\*\*Mr. Sanjay Kumar Gupta resigned from the position of Independent Director w.e.f. October 05, 2020.

\*\*\*\*Ms. Shruti Srivastava was appointed as an Additional Director of the Company w.e.f. February 20, 2020 through resolution by circulation and her appointment was confirmed by the members at the 118<sup>th</sup> Annual General Meeting held on 29<sup>th</sup> September 2020 for the term of three years through Ordinary resolution

\*\*\*\*\*Mr. Vijay Kumar Sharma was appointed as an Additional Director of the Company w.e.f. October 05, 2020 through resolution by circulation.

### Board Procedures

The Board meets at least once in a quarter to review the financial results, performance of the Company and other items on the agenda. 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 on the Board is a Director in more than 20 companies (including not more than 10 public limited companies) as specified in Section 165 of the Act. In terms of the regulations of SEBI LODR, none of the Directors of the Company:

- holds Directorship in more than seven listed entities, and;
- are member in more than 10 committees or acting as a Chairperson of more than 5 committees across all listed entities.

Further, for the purpose of determining the limit of the Board Committee, chairpersonship and membership of the Audit Committee and the Stakeholders' Relationship Committee alone has been considered as per Regulation 26 (1)(b) of SEBI LODR.

Also, none of the Independent Directors of the Company:

- serves as an Independent Director in more than seven listed companies, and;

## Director's Report (Contd.)

ii. acts as a whole-time Director in any listed entity

The NEDs 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, 2021 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](https://www.shalimarpaints.com/uploads/Code_Of_Conduct.pdf). The Annual Report of the Company contains a Certificate duly signed by the Managing Director of the Company 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.

### 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](http://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 familiarization 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 familiarization programme are disclosed on the Company's website under the weblink: [https://www.shalimarpaints.com/uploads/Policy\\_on\\_Familiarisation\\_Program\\_for\\_Independent\\_Directors.pdf](https://www.shalimarpaints.com/uploads/Policy_on_Familiarisation_Program_for_Independent_Directors.pdf)

## Director's Report (Contd.)

### Key Board qualifications, expertise and attributes

S.no	Skill/Expertise/Competency	Mr. Gautam Kanjilal	Mr. Ashok Kumar Gupta	Mr. Alok Perti	Mr. Ashok Kumar Agarwal	Mr. Vijay Kumar Sharma	Ms. Shruti Sri-vas-tava	Mr. Sanjay Kumar Gupta
1	Sales & Marketing: Experience in sales and marketing management based on understanding of the consumer & consumer goods industry	No	Yes	No	No	Yes	No	Yes
2	International Business experience: Experience in leading businesses in different geographies/markets around the world	Yes	Yes	Yes	No	Yes	No	No
3	General management/ Governance: Strategic thinking, decision making and project interest of all stakeholders	Yes	Yes	Yes	Yes	Yes	No	Yes
4	Financial skills: Understanding the financial statements, financial controls, risk management, mergers and acquisitions, etc.	Yes	Yes	Yes	Yes	Yes	Yes	Yes
5	Technical, professional skills and knowledge including legal and regulatory aspects	Yes	Yes	Yes	Yes	Yes	Yes	No

### 3. Audit Committee

The composition and terms of Reference of the Audit Committee are in conformity with the provisions of Section 177 of the Act, read with the Companies (Meetings of Board and its Powers) Rules, 2014 and Regulation 18 of the SEBI LODR.

As on March 31, 2021, the composition of Audit Committee includes three directors out of which two is Independent Director and one is Non- Independent Director. The Committee has, inter alia, the following terms of reference:

- Overseeing the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct;
- Reviewing with the management quarterly, half-yearly, nine-months and annual financial statements, standalone as well as consolidated, before submission to the Board for approval;
- Reviewing the Management Discussion and Analysis of the financial condition and results of operations;
- Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the Board for approval;
- Recommending the appointment, remuneration, terms of appointment and scope of Statutory Auditors of the Company and approval for payment towards any other service;
- Reviewing and monitoring the auditor's independence and performance and effectiveness of audit process;
- Reviewing the adequacy of internal audit function and discussing with the internal auditors on the significant findings and further course adopted
- Reviewing, approving or subsequently modifying transactions of the Company with related parties; and
- Review compliance with provisions of Securities Exchange Board of India (Prevention of Insider Trading) Regulation, 2015 (including any amendment(s) or modification(s) from time to time) at least once in a financial year and verify that the systems for internal controls for ensuring compliance to these Regulations, are adequate and are operating effectively.

The Committee met four times during the period under review on June 30, 2020, September 01, 2020, November 10, 2020 and February 10, 2021. 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:

## Director's Report (Contd.)

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	4
Mr. Ashok Kumar Gupta	Member - Executive Non-Independent Director	3

### 4. Nomination and Remuneration Committee

The composition and terms of reference of the Nomination and Remuneration Committee (NRC) are in conformity with Section 178 of the Act and Regulation 19 of the SEBI LODR.

As on March 31, 2021, the composition of Nomination and Remuneration Committee includes three independent non-executive directors. The Committee has, inter alia, the following terms of reference:

- 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.
- Recommend to the Board the appointment or reappointment of Directors.
- 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).
- 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”.
- Recommend to the Board the remuneration policy for Directors, executive team or KMP as well as the rest of the employees.
- 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.
- Oversee familiarisation programmes for Directors.
- Provide guidelines for remuneration of directors on material subsidiaries.
- Recommend to the Board on voting pattern for appointment and remuneration of Directors on the boards of its material subsidiary companies.
- Performing such other duties and responsibilities as may be consistent with the provisions of the Committee charter.

The Committee met once during the period under review on June 30, 2020. The necessary quorum was present for all the meetings.

The Company Secretary acts as the Secretary to the Nomination and Remuneration Committee. The Chairman of the Nomination and Remuneration Committee. 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 Independent Director	1
Mr. Gautam Kanjilal	Member – Non Executive Independent Director	1
Mr. Ashok Kumar Agarwal	Member – Non Executive Independent Director	1

### Nomination and Remuneration Policy

The Nomination and Remuneration Policy of the Company is posted on the Company's website link at: [https://www.shalimar-paints.com/uploads/Nomination\\_and\\_Remuneration\\_Policy.pdf](https://www.shalimar-paints.com/uploads/Nomination_and_Remuneration_Policy.pdf)

### Details of the Remuneration to Directors during the Financial Year 2020-21

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 2020-21 are given below:-

## Director's Report (Contd.)

Name of Director	Sitting Fees
Mr. Gautam Kanjilal	380000
Mr. AlokPerti	230000
Mr. Ashok Kumar Agrawal	110000
Mr. Sanjay Kumar Gupta*	60000
Ms. Shruti Srivastava	100000
Mr. Vijay Kumar Sharma**	40000

\*Mr. Sanjay Kumar Gupta resigned from the position of Independent Director w.e.f. October 05, 2020

\*\* Mr. Vijay Kumar Sharma was appointed as an Additional Director of the Company w.e.f. October 05, 2020 through resolution by circulation.

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

Name	Salary (INR)	Other Allow- ances	Contribution to PF and Other funds	Total (INR)	Period of Agreement	Notice Period
Mr. Ashok Kumar Gupta	19,531,245	-	-	19,531,245	Attain the age of superannuation / retirement which is 60 years	2 months

Mr. Ashok Kumar Gupta was appointed as a Managing Director of the Company w.e.f. December 27, 2019 and his appointment was confirmed by the members through Postal Ballot.

Mr. Ashok Kumar Gupta holds 18,27,000 equity shares of Rs. 2/- each of the Company as on March 31, 2021.

### 5. Stakeholders' Relationship Committee

The composition and terms of reference of the Stakeholders Relationship Committee are in conformity with Section 178 of the Act and Regulation 20 of the SEBI LODR.

The Stakeholders Relationship Committee oversees, inter-alia, redressal of shareholders, debenture holders and investor's grievances, transfer/transmission of shares, non-receipt of annual report or declared dividend, issue of duplicate shares, recording dematerialization / rematerialization of shares and related matters. Mr. Gautam, Company Secretary is the Compliance Officer for the requirements of SEBI LODR. The Company Secretary acts a Secretary of the Committee.

As on March 31, 2021, the Company's Stakeholders' Relationship Committee ("SRC") comprises of three Directors. The SRC met four times during the period under review on June 30 2020, September 01 2020, November 10 2020 and February 10 2021. The necessary quorum was present for all the meetings. 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 Independent Director	4
Mr. Gautam Kanjilal	Member – Non Executive Independent Director	4
Mr. Ashok Kumar Gupta	Member –Executive Non Independent Director	3

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, 2020 to March 31, 2021 is as under:



## Director's Report (Contd.)

No. of complaints pending as on April 1, 2020	Nil
No. of complaints received during the year	Nil
No. of complaints redressed during the year	Nil
No. of complaints pending as on March 31, 2021	Nil

The Company has appointed Registrar & Share Transfer Agent (R&T Agent) for servicing the shareholders holding shares in physical or dematerialized form. All requests for dematerialization of shares are likewise processed and confirmations thereof are communicated to the investors within the prescribed time.

### 6. Risk Management Committee

Pursuant to the provisions of SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018, top 1000 listed entities, determined on the basis of market capitalization as at the end of immediate previous financial year are required to constitute a Risk Management Committee.

The Company ranked 907<sup>th</sup> position among the top 1000 listed entities, based on the market capitalization as on 31<sup>st</sup> March, 2021. The Board has constituted a Risk Management Committee, to ensure the Companies strategies and risk appetite for the governance prospective. The Company Secretary acts as a Secretary to the Committee. The Risk Management Committee was constituted on June 26, 2021.

The composition and "Terms of Reference" of the Risk Management Committee are in conformity with the provisions of Regulation 21 of the SEBI LODR, as amended which inter-alia includes cyber security.

The composition of the Risk Management Committee is as under:

S. No.	Name of Member	Category
1.	Mr. Alok Perti	Chairman - Non Executive Independent Director
2.	Mr. Ashok Agarwal	Member- Non Executive Independent Director
3.	Mr. Ashok Kumar Gupta	Member- Managing Director
4.	Mr. Mohit Kumar Donter	Member – Chief Financial Officer
5.	Ms. Minal Srivastava	Member – Vice President (Marketing)

The Risk Management Committee is responsible for oversight on overall risk management processes of the Company and to ensure that key strategic and business risks are identified and addressed by the management. The terms of reference of the Risk Management Committee, as approved by the Board and amended from time to time, includes the following:

1. Framing a risk management policy;
2. Identify Company's risk appetite set for various elements of risk;
3. Review the risk management practices and structures and recommend changes to ensure their adequacy including but not limited to cyber security and related risks;
4. Approve and review the risk treatment plans put in place by management; and

Ensure adequacy of risk management practices in the Company. The Risk Management Policy formulated by the Risk Management Committee, articulates the Company's approach to address uncertainties in its endeavors to achieve its stated and implicit objectives. It prescribes the roles and responsibilities of various stakeholders within the Company, the structure for managing risks and framework with respect to Risk Management and the Internal Financial Controls comprehensively address the key strategic/business risks, information technology, financial, cyber security risks and operational risks respectively.

### 7. Corporate Social Responsibility Committee

The composition and terms of reference of the Corporate Social Responsibility Committee ("CSR Committee") are in conformity with Section 135 of the Act, read with the Companies (Corporate Social Responsibility Policy) Rules, 2014.

As on March 31, 2021, the Company's Corporate Social Responsibility (CSR) Committee comprises 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:

- i. Formulating and recommending to the Board, the CSR Policy which shall indicate the activities to be undertaken by the Company
- ii. Recommending the amount of expenditure to be incurred on the aforesaid activities and

## Director's Report (Contd.)

iii. 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 10, 2021. 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. Ashok Kumar Agarwal 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. Ashok Kumar Agarwal	Chairman – Non Executive Independent Director	1
Mr. Alok Perti	Member – Non Executive Independent Director	1
Mr. Ashok Kumar Gupta	Member – Executive Non Independent Director	1

### Corporate Social Responsibility Policy

The Corporate Social Responsibility Policy of the Company is posted on the Company's website link at: [https://www.shalimar-paints.com/uploads/Corporate\\_Social\\_Responsibility\\_Policy.pdf](https://www.shalimar-paints.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.

### 8. Sub-Committee of Board of Directors

The Board has constituted a Sub-Committee of Board of Directors which has been delegated with certain powers of the Board of Directors in accordance with the provisions of the Act and the rules framed thereunder. The Committee meets from time to time on need base to transact the matters of urgency.

The composition of the Committee as on March 31, 2021 is given below:

Name of the Member	Category
Mr. Ashok Kumar Gupta	Chairman – Executive Non Independent Director
Mr. Vijay Kumar Sharma	Member – Non Executive Independent Director
Ms. Shruti Srivastava	Member – Non Executive Independent Director

During the financial year 2020-21, the Sub-Committee of Board of Directors met two times on November 11, 2020 and December 29, 2020. The decisions taken at the Sub Committee meetings are reviewed by the Board at its subsequent meetings. The Company Secretary acts as a Secretary to the Committee.

### 9. 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\\_Subsiaries.pdf](https://www.shalimarpaints.com/uploads/SPL_Material_Subsiaries.pdf)

## Director's Report (Contd.)

### 10. 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 <sup>st</sup> March 2020	September 29, 2020 at 12:30 P.M.	First Floor Plot No. 28, Sector –32, Gurugram, Haryana – 122001 through video conferencing	<ul style="list-style-type: none"> <li>Re-appointment of Mr. Alok perti (DIN: 00475747) as Non-Executive Independent Director for a second term of three consecutive years</li> </ul>
<ul style="list-style-type: none"> <li>Appointment and payment of remuneration to Mr. Ashok Kumar Gupta (DIN: 01722395) as Managing Director of the Company approved by the members of the Company through Postal Ballot on April 14, 2020.</li> </ul>			
31 <sup>st</sup> March 2019	September 26, 2019 at 4:00 P.M.	Nirvana Patio Club, Nirwana Community Ground, Opposite Court Yard Market, Nirvana Country, Southcity-2, Sec-50, Gurugram, Haryana 122001	<ul style="list-style-type: none"> <li>Appointment of Mr. Ashok Kumar Agarwal (DIN: 08154563) as Non-Executive Independent Director of the Company.</li> </ul>
31 <sup>st</sup> March 2018	September 26, 2018 at 11:00 A.M.,	Hilton Garden Inn, Baani Square, Sector 50, Gurgaon-122002	<ul style="list-style-type: none"> <li>Re-appointment of Mr. Gautam Kanjilal (DIN: 03034033) as Chairman cum Independent Non-Executive Director of the Company</li> <li>Revision of remuneration structure of Mr. Surender Kumar – Managing Director and CEO of the Company</li> <li>Conversion of Unsecured Loans into the Equity through the Rights Issue</li> </ul>

### 11. 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](http://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.

## Director's Report (Contd.)

The Annual Reports are also available in the section "INVESTORS" on the Company's website [www.shalimarpaints.com](http://www.shalimarpaints.com).

### 12. General Shareholder Information:

- a) The Company is conducting the 119<sup>th</sup> Annual General Meeting (AGM) through VC/OAVM facility pursuant to the circular dated 5th May, 2020 issued by the Ministry of Corporate Affairs and as such there is no requirement to have a venue of AGM. However the deemed venue for the 119<sup>th</sup> AGM shall be the Registered Office of the Company.
- b) The Register of Members and Share Transfer Books of the Company will remain closed from Thursday, September 23, 2021 to Wednesday, September 29, 2021 (both days inclusive).

- c) Financial Calendar for Financial Year 2021-22 (Tentative): The Company follows April 01 to March 31 as its Financial Year.

The Financial Calendar for year 2021-22 is as follows:

First Quarter Results: August 14, 2021

Second Quarter/ Half yearly Results: November 14, 2021

Third Quarter Results: February 14, 2022

Fourth Quarter / Audited Annual Results: May 30, 2022

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

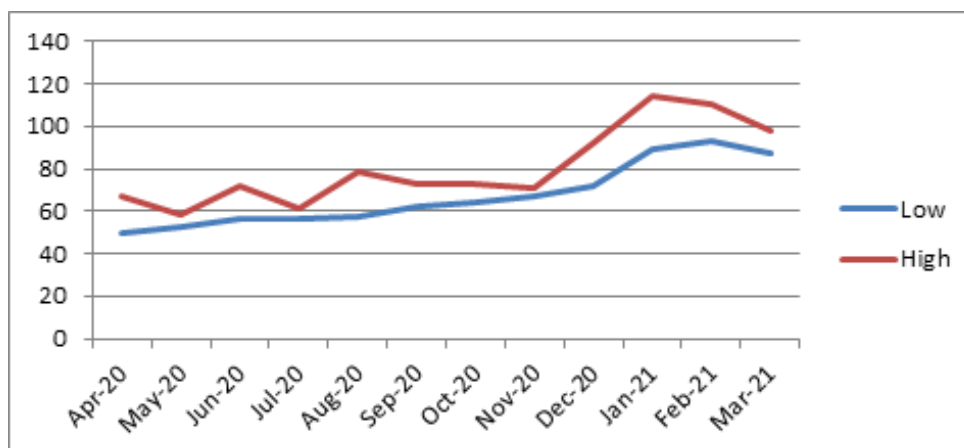
1	BSE Limited Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001	509874
2	National Stock Exchange of India Limited Exchange Plaza, Bandra Kurla Complex, Bandra (E), Mumbai -400 051	SHALPAINTS

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

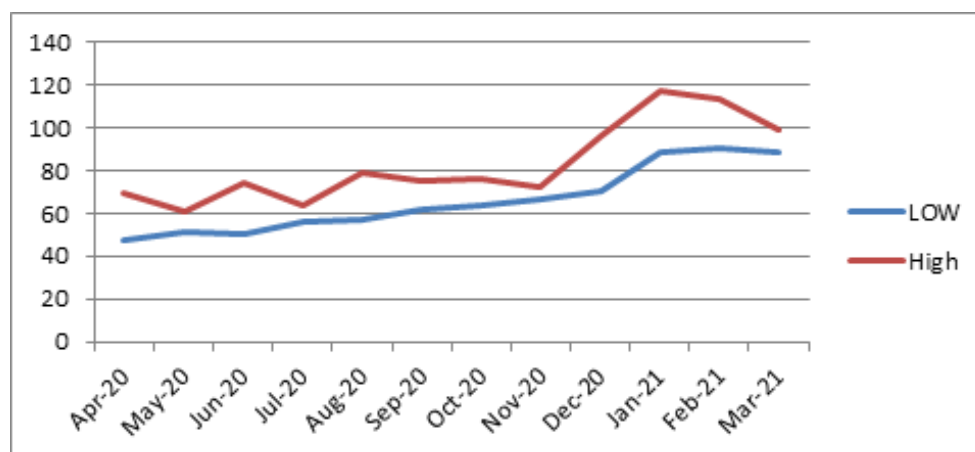
- e) The monthly high and low quotations during the last financial year on BSE Limited (BSE) and National Stock Exchange of India Ltd. (NSE) are given below:-

Month	BSE		NSE	
	High	Low	High	Low
April, 2020	67.10	49.85	69.5	47.90
May, 2020	58.85	52.20	60.85	51.25
June, 2020	71.70	56.20	74.30	50.30
July, 2020	61.75	56.85	63.50	56.50
August, 2020	78.15	57.80	79.00	57.15
September, 2020	73.10	61.90	75.05	61.50
October, 2020	73.25	64.60	76.30	64.15
November, 2020	70.85	67.15	72.70	66.80
December, 2020	91.75	71.60	96.00	70.75
January, 2021	114.35	89.10	117.00	88.85
February, 2021	110.15	92.65	113.50	90.20
March, 2021	97.60	87.75	99.10	88.20

## Director's Report (Contd.)



**BSE Comparison Chart**



**NSE Comparison Chart**

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, 2020	67.10	49.85	33887.25	27500.79
May, 2020	58.85	52.20	32845.48	29968.45
June, 2020	71.70	56.20	35706.55	32348.10
July, 2020	61.75	56.85	38617.03	34927.20
August, 2020	78.15	57.80	40010.17	36911.23
September, 2020	73.10	61.90	39359.51	36495.98
October, 2020	73.25	64.60	41048.05	38410.20
November, 2020	70.85	67.15	44825.37	39334.92
December, 2020	91.75	71.60	47896.97	44118.10
January, 2021	114.35	89.10	50184.01	46160.46
February, 2021	110.15	92.65	52516.76	46433.65
March, 2021	97.60	87.75	51821.84	48236.35

## Director's Report (Contd.)

(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, 2020	69.50	47.90	9889.05	8055.80
May, 2020	60.85	51.25	9598.85	8806.75
June, 2020	74.30	50.30	10553.15	9544.35
July, 2020	63.50	56.50	11341.40	10299.60
August, 2020	79.00	57.15	11794.25	10882.25
September, 2020	75.05	61.50	11618.10	10790.20
October, 2020	76.30	64.15	12025.45	11347.05
November, 2020	72.70	66.80	13145.85	11557.40
December, 2020	96.00	70.75	14024.85	12962.80
January, 2021	117.00	88.85	14753.55	13596.75
February, 2021	113.50	90.20	15431.75	13661.75
March, 2021	99.10	88.20	15336.30	14264.40

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 is 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.

i) The distribution of shareholdings as on March 31, 2021 is given below:-

	No. of Shareholders	Percentage	No. of Shares held	Percentage
Up to 5000	22861	95.14	5343614	9.8409
5001 to 10000	654	2.72	2464395	4.5385
10001 to 20000	299	1.24	2065881	3.8046
20001 to 30000	78	0.32	986559	1.8169
30001 to 40000	31	0.12	551125	1.0150
40001 to 50000	20	0.08	459993	0.8471
50001 to 100000	37	0.15	1354871	2.4951
100001 and Above	48	0.19	41073821	75.6420
<b>Total</b>	<b>24028</b>	<b>100.00</b>	<b>54300259</b>	<b>100.00</b>

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, 2021 is given below:-

Shares held through	Percentage of Holding
NSDL	91.221



## Director's Report (Contd.)

CDSL	8.375
Physical	0.404
<b>Total</b>	<b>100.00</b>

k) Category of shareholders as on March 31, 2021 is given below:

Particulars	No. of shares	Percentage
Promoters	28830828	53.10
FIs/Banks/Insurance Companies/ Alternate Investment Fund	2102482	3.87
Corporate Bodies	1999781	3.68
FIIIs/ Foreign Portfolio Investor (Corporate)	226500	0.42
NRIIs/OCBs	1390894	2.56
Public/Others	19510504	36.37
<b>Total</b>	<b>54300259</b>	<b>100.00</b>

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

- P.O. DaneshShaikh Lane, Goabaria, Howrah, West Bengal (Operations suspended due to fire accident in the month of March, 2014)
- Village: GondeDumala, 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 201
- No. A-1 and A-2 Sikandrabad Industrial Area, Sikandrabad, Dist. Bulandsahar, Uttar Pradesh and
- Chinnapuliyur Village, Gummidipoondi Taluk, Thiruvallur, Chennai.

m) Address for Correspondence: Secretarial Department, Shalimar Paints Limited, 01<sup>st</sup> 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](mailto:askus@shalimarpaints.com)

### 13. DISCLOSURES:

(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/Related-Party-Transaction-Policy.pdf>

(ii) **Details of non-compliance by the Company, penalties, strictures imposed on the Company by Stock Exchange or SEBI or any statutory authority, on any matter related to capital markets, during the last three years.**

The Company has complied with the requirements of the stock exchanges, SEBI and other statutory authorities on all matters related to capital markets. No penalties or strictures have been imposed on the Company by the stock exchanges or SEBI or any other statutory authorities relating to the above during the last three years.

(iii) **Details of establishment of vigil mechanism, whistle blower policy, and affirmation that no personnel has been denied access to the Audit Committee.**

The Company has formulated a Whistle Blower Policy ("WBP") in accordance with the requirements of Section 177(9) of the Companies Act, 2013 read with the Companies (Meetings of Board and its Powers) Rules, 2014 and Regulation 22 of the SEBI LODR. The WBP provides for establishment of vigil mechanism for directors and employees to report genuine concerns or grievances. It encourages all employees, directors and business partners to report any suspected violations promptly and intends to investigate any bona-fide reports of violations. It also specifies the procedures and reporting authority for reporting unethical behavior, actual or suspected fraud or violation of the Company's Code of Conduct or ethics policy or any other unethical or improper activity including financial irregularities, including fraud, or suspected fraud, waste / misappropriation of Company's funds/assets etc. The WBP also provides for adequate safeguards against victimization of employees and directors who avail of the vigil mechanism and also provide for direct access to the Chairperson of the Audit Committee, in exceptional cases. The WBP has also been uploaded on Company's website at the following link: <https://www.shalimarpaints.com/uploads/Whistleblower-Policy1.pdf>

## Director's Report (Contd.)

The Company has also formulated the Policy on Disclosure of Material Events or Information and Policy on Preservation and Archival of Documents. The said Policies have also been uploaded on Company's website at the following links:  
[https://www.shalimarpaints.com/uploads/Policy\\_on-materiality-of-related-party-transactions-and-on-dealing-with-related-party-transactions.pdf](https://www.shalimarpaints.com/uploads/Policy_on-materiality-of-related-party-transactions-and-on-dealing-with-related-party-transactions.pdf)

<https://www.shalimarpaints.com/uploads/Policy-for-reservation-of-documents.pdf>

### iv) **Disclosure in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013**

The disclosure in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 are mentioned in the Director's report.

### v) **Fees paid to the Statutory Auditors**

The shareholders at its 115<sup>th</sup> Annual General Meeting (AGM) had appointed A K Dubey & Co. (Firm Regn. No. 329518E) as Statutory Auditors of the Company for a term of five years until the conclusion of 120<sup>th</sup> AGM of the Company. The Company has made payment of Rs. 12.71 Lacs to the Statutory Auditors for all the services availed by the Company during F.Y. 2020-21.

During the period under review no services were availed by the subsidiaries of the Company from the statutory auditors of the Company. Further no services were availed by the company/subsidiaries from the network firm/entity of the statutory auditors during the period under review.

### (vii) **Details of compliance with mandatory requirements and adoption of the non-mandatory requirements of this clause.**

#### **Compliance with mandatory and non-mandatory requirements (as on 31<sup>st</sup> March, 2021)**

The Company has complied with all mandatory requirements of Regulation 34 of the Listing Regulations. The Company has adopted following non-mandatory requirements of Regulation 27 and Regulation 34 of the SEBI LODR:

#### **(1) Modified Opinion(s) in Audit Report**

During the period under review, there were no audit qualifications in the Company's financial statements.

#### **(2) Reporting of Internal Auditor**

SSA & Associates are the internal auditors of the Company and support the management in performing select internal audits as per scope defined by the CFO and Audit Committee and as per the engagement letter signed with SSA & Associates. Internal audit findings are reported directly to the Audit Committee.

# 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 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, Bhutan and 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%. The Indian paint sector has grown extensively over the years at an impressive CAGR of 15%. 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 2022. 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. Growing middle-class with higher disposable incomes, rising urbanization and nuclear family structure, premiumization and shorter repainting cycle, low penetration and per capita spending on painting and triggers like government focus on housing & infrastructure development, GST and e-way bill implementation, increasing consumer involvement in the painting process, growing adoption of new styles/ designs/ textures, increasing urbanization and rising disposable income are some of the major factors contributing to the growth of Paints sector



## SEGMENT-WISE OR PRODUCT WISE PERFORMANCE

In recent times, growth in India's paint sector has been an outlier in the overall domestic consumer space. The industry has been witnessing a gradual shift in terms of consumer preferences from the traditional whitewash to better quality paints. Additionally, rise in disposable income of the average middle class, urbanization, growing rural market, shortening of repainting cycle, upgradation, increase in sale of premium-end products and launch of many innovative products are the major drivers that are pushing the growth of the organized paint industry.

Industrial has always been our strength. We have a very strong hold in protective and marine coatings. Our 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 Putty.



## 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. 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. 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.





## RISK AND CONCERNS

The evolving nature of the Covid-19 pandemic makes near term predictability a challenge. However, reaction of consumers to the pandemic getting prolonged and consequent restrictions/lockdowns is yet to be gauged. Further, timing of the return of migrant workforce to support demand-generating sectors such as real estate and infrastructure development is dependent on the longevity of the pandemic.

Paint consumption is positively co-related to GDP growth and therefore a slowdown in GDP would affect the industry directly. Also, paint being a discretionary spend item, there is a likelihood of customers putting their paint requirements on hold for some time, thereby impacting renovation demand.

One of the key challenges for the paint sector is price fluctuation. Since most raw materials used in the production of paint products are petroleum-based, the fluctuation in crude oil prices creates a direct impact on the final paint product that goes to the end consumer.

The vagaries of the monsoon - extended monsoon in some regions and deficit rainfall in others – affect demand from the rural sector, as an extended monsoon can reduce the number of dry days before the festive season and deficit rainfall affects income.

The cyclical nature of the decorative paints segment is the biggest loss factor that affects its sales. The demand for this segment is high only during festive seasons when people invest in white-washing and painting their homes and then go down as they redo it after a long gap of at least 3-5 years.

Import policies also play a key role in deciding the price points as most raw materials are imported from foreign countries. Any change in the tax regime can significantly escalate the painting price. Slowdown in infrastructure and construction activities would affect overall demand for paint companies.

Delay in the revival of the auto industry would continue to pose a threat to the growth of industrial paints demand. In the post-COVID era, however, the challenges will change drastically.



## 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. Shalimar Paints on Business Analytics to empower Shalimar Leadership team for speedy and accurate decisions. Implementation of advance version of Business Analytics System has helped us to get cleaner and authenticated data. Understanding the importance of Business Process along with Technology, Shalimar Paints executed the program "CBPI – Continuous Business Process Improvement" which helped the company to simplify and automate various business processes covering different functions like Sales, Supply Chain, Procurement, Finance and Manufacturing. IT Infrastructure is the state of the art in any organisation. We ensured Shalimar Paints has robust IT Infrastructure, delivering 99.9% Enterprise IT Infra uptime. Successfully migrated local email solution to hybrid email solution i.e google workspace through this we have achieved the business collaborations, Data security, One solution, One IT.

### GST Automation system

Shalimar Paints Limited ('the Company') has recently adopted integrated solution for the purpose of automation of GST related compliances. The solution automates the process of collation of data for the purpose of filing of GSTR-1 (i.e., Outward supply return), for Input tax credit (ITC) reconciliation, for raising E-invoices and E-way bill as and when applicable.

The integrated solution by automating the data related processes has reduced the human intervention and hence, brings more accuracy in data processing. Automated report generation and multiple checks within the system such as checks pertaining to GSTIN, applicability of E-invoicing etc., would help the company in avoiding errors while reporting details for GST compliance purposes. Furthermore, integration of the data with the Company's system assist the Company in timely complying with the regular GST compliances such as issuance of E-invoicing and E-way bill in a timely manner.

With automation of the system, activity of maintaining the purchase register pertaining to each month becomes easier as the system fetches the details in the requisite format. This further helps SPL in avoiding any kind of possible GST credit loss due to non-availability of data.

With each day in the dynamic world, finance needs to do more in order to respond to an ever-widening stakeholder base from regulatory perspective. Automation of the GST system is a step towards in the direction of meeting the stakeholders' demands on timely basis with timely compliance with the law and easy availability of consolidated data as and when required for further analysis.

As an organization, we've been focused on how we can make this new hybrid work model support collaboration and innovation, and enhance inclusion and wellbeing for SPL employees. We're especially interested in what we call collaboration equity, or the ability to contribute equally, regardless of location, role, experience level, language, and device preference. We've been experimenting with ways to bridge the gap between the in-person and the "somewhere else" by pushing our technology and the physical spaces of our campuses to be more inclusive. We're looking for ways to maximize participation everywhere we can—from personal desk space to conference rooms to group collaboration areas.

Google Workspace is at the nexus of Google's own transformation. After all, Google Workspace was built in the cloud to power flexible, real-time, anywhere creation and equitable collaboration. Whether it's with our Google Meet Series One hardware kits that enable safe, touch-free meetings and use Google AI to create immersive and inclusive experiences for all. Or the ways we help people focus their time and attention with intelligent, proactive suggestions that thoughtfully connect distributed content, people, and conversations. Or the features that promote inclusion, like live captions in multiple languages, so that everyone can participate effectively in video meetings.

It's all part of Google Workspace's mission to enable a hybrid work experience that enhances collaboration, strengthens human connection,

and increases wellbeing for employees—wherever they are and however they work.

#### IMPROVED EMPLOYEE PRODUCTIVITY

Employee productivity is a worry for any business owner, especially if your team is working from home. But with Google Workspace, the way your employees work will be transformed.

Having everything they need at their fingertips ensures employees can spend time working on what matters. Missing emails, infrequent communication, lack of collaboration and missed deadlines will be a thing of the past once you migrate to Google Workspace.

#### ABUNDANCE OF STORAGE SPACE

Because Google Workspace is a cloud-based platform, you have an abundance of storage space for your files, documents, calendars and emails.

Plus, it is possible to migrate your data from your current storage solution over to Google Workspace, meaning you will have everything you need in one secure place.

#### COST EFFECTIVE PACKAGES

As mentioned previously, there are various Google Workspace packages available depending on your needs. Your Google Workspace package can be tailored to your business size and number of employees.

You can choose which features and apps you are most likely to use. This means you are never paying for features you don't need. Plus, this flexibility with pricing means your Google Workspace is scalable and can be adjusted as your business expands.

Successful pilot of RPA – Robotics Process Automation for finance and billing processes was the key highlight. The company also did the successful trial of the POC (Proof of Concept) for Chatbots to implement in Sales and HR Functions and IoT in Manufacturing Plants.

Organization can seldom rely on their manpower & manual methods for payments and treasury processes. Treasury and cash managers are interested in harmonizing and standardizing their payment infrastructure and Process to increase compliance, improve efficiency and reduce risk of frauds. Your Company implemented SAP Multi Bank Connectivity which is integrated our SAP with HDFC bank and ready to integrate with any bank. This facilitates Electronic Integration between Bank and SAP with complex environment of communication interfaces, including point-to-point connections and secure FTP protocol connection along with fully automated stringent process to handle end to end payments in SAP to banking system.



With this, we have established system with banks to automatically send payment instructions, receive status notifications, receive bank statements, and receive log messages. Leveraging the monitoring capabilities, we can now supervise the status of all payment and see bank statements & automatic reconciliation of the Bank Statement.

SAP Batch Management roll out & integration with Barcode is in-progressing:

Supply chains across the world thrive on their efficiency of tracking and tracing products right from when they are being made to the last mile when they are sold. And the way to track every product and its genealogy lies in giving a unique identity to it.

The ubiquitous barcode is a simple, yet conversely, an advanced and secure way of offering that unique identity to every item in the supply chain. barcoding technology has been the most commonly used way of collecting and storing data about every item across the value chain A barcode is versatile, to say the least, in this data driven world.

Batch And product traceability

It enables complete traceability of items by collecting and storing the genealogy data of each batch and item using serialized unique identity codes.

Speed and accuracy

It is fast and reliable, and eliminates the possibility of human errors made in manually capturing data.

Inventory control

It facilitates tight and complete control of your inventory.

Shalimar Paints have hundreds of assets spread across the factories and depots. This includes, machinery in factories, furniture's and equipment's, IT Assets, Buildings, Tinting machines, Electrical equipment, various tools and electronics equipment in R&D so on. These assets were being managed in excel until now. However, it was imperative to implement EAM – Enterprise Asset Management Solution in Shalimar Paints considering large value of assets and number of assets. EAM is important because it helps to track, assess, and manage assets – Complete life cycle of Assets. Asset Management system implementation will help us to prepare detailed database of all Assets spread across offices, keep track of assets, maintain details like Purchase details, age, depreciation, locations, values, useful life, asset register as per income tax act, asset register as per company act. EAM is also integrated with Procurement Module to updates the books automatically on purchase of new asset.

Your company has migrated current analytics to new elevated platform “Qlik Sense” which is Cloud based Self Serviced BI Tool. It basically includes quantitative and statistical analysis, predictive modelling, data mining. This platform provides flexibility to users to draw their own reports and dashboard,

do analysis on their own. Helps in understanding primary, secondary and further drilled data trails more comprehensively, which, in turn, affects the operational efficiency of several departments in the organization. Platform has various analysis and dashboard for Sales, Inventory, Supply Chain, Commercial, Finance, Costing, Manufacturing, Vector flow etc. 50+ Various MIS and analysis are available, and user can draw further on his own with drag and drop feature. New Solution is helping us for curtailing risks, accurate decision making, achieving efficiency, gaining valuable insights. Our time of MIS preparation has drastically gone down after implementation of new Analytics Platform.

Usage of Videoconferencing solution has seen to have increased a lot in past 2 years in your organization. Most of the weekly and monthly reviews and unplanned discussion happens through Videoconferencing. Considering this fact, we have upgraded our VC solution to newer platform. New solutions come with better performance, works on any platform and on any device... This solution is being used in boardroom as well on end points. This solution can be integrated to any third-party solution so that vendors, partners, bankers etc can come on this platform. This solution does not just limit to call but includes the features like chat, discussion groups, screen shares, file shares, to do task.



## SUPPLY CHAIN

This year SCM drive on excellence on processes and optimization of cost in various areas. 3PL model at East and West Zones yielded results in improving service levels and thereby increasing customer satisfaction indices. With a view to improve Service and Inventory Control warehouses were consolidated, RDC's were moved upstream and merged with Production Units. Continuous efforts such as deploying own/fixed vehicles, bought in product routing were put in order to be an effective and agile Supply Chain with control over point of operations.

Change in production & sales model along with cost optimization strategies helped to reduce supply chain management cost by 20% - 22%.



## 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 most competent way. The employee on joining undergoes a functional and cultural familiarization

process through our induction process.

For employee benefits we have improvised our employee portal "Iconnect". We have started with automating Time & GPS tracking, through this system employees can mark their attendance and leave through mobile phones also. First time in Shalimar Paints we initiated paperless PMS cycle which includes Employee Goal setting and self-evaluation & Manager's evaluation. Through this online portal there was a coverage of 409 employees for self and manager review through this PMS. We have completed the annual increment for staff and retainers for FY 2020-21. We conducted online self-assessment followed by managers' assessments. We follow the Bell curve Normalization process to finalize the ratings post that we published online appraisal document through the Iconnect portal. Under this system we are also working on online expense module – SFA linked to expense management system. It helps in maximize the travel productivity along with Cost Savings. We have made this portal employee friendly.

In the area of manpower, we have hired 66 employees in 2020- 21. On Feb 20, we conducted a campus placement and the students got on boarded on 1st March 21. 8 GET's were hired from HBTU (Kanpur) and Polymer Institute (Kolkata). The purpose of launching is to build a technical bench strength in the organization. This will create a Talent pipeline for key positions in the Plant, R&D and Sales. We have also had campus placement for Management Trainees in the month of March 21 and total 9 students were given offer.

We took initiative & guided all of our employees on how to stay safe and support organization goals by working from home for all locations including Plants.

We have conducted CSR Activities in the nearby areas of Sikandarabad Plant. Temples and Primary School were painted. Plants sampling were done in the premises, promoting "Green Area Development" in Sikandarabad Plant and "GO Green" in Chennai Plant. Safety Training programs such as First Aid, Fire Fighting, and Mock Drill are being done in Plants.

Long pending issue of casual laborers (6 Nos.) who were working in Decorative & Industrial Godown Howrah for about more than 12 years has been solved to avoid breach of PF & ESI Rules and satisfaction of the laborers. Long pending issue of audit for Shalimar Paints Executive & Supervisory Staff Gratuity Fund for the FYs 2013-14 & 2014-15 has been successfully completed during the year 2020-21.



## 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, there is a loyalty program called Shalimar Paints EXPERT program where in the painters get a chance to earn loyalty points on each purchase of our products. We have revised the point per litre on our selected products and run schemes to benefits the painter and contractors. In last two years we have 27 thousand painters registered with us. Painters are getting benefits out of these program as they have redeemed Mobiles, Electronics items, Gold and Silver Vouchers, E-Commerce shopping vouchers, Air conditioners and even automobiles from the accumulated points. With COVID the business made all efforts to reach out to this base regularly and gave them support, as and when needed. Regular training and upskilling events are held across the cities to educate the painters on the new schemes and products. A trained and responsive customer service team reaches out to them regularly and helps solve all their issues around product, service and the ongoing loyalty program.



## 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 organization is appropriately staffed with qualified and experienced personnel for implementing and monitoring the internal control environment.



## FINANCIAL PERFORMANCE

The Company revenue from operations and other income of the Company for the financial year 20-21 stood at Rs. 33,309.15 lacs as against Rs. 34,526.66 lacs in the previous year.

## 15. OTHER INFORMATION

### (a) CEO/CFO Certification

The Managing Director and the Chief Financial Officer of the Company has given annual certification on financial reporting and internal controls to the Board as specified in Part B of Schedule II to the SEBI LODR. They had also given quarterly certification on financial results while placing the financial results before the Board in terms of Regulation 33 of the SEBI LODR.

### (b) Website Disclosure

All the necessary disclosures as prescribed under clauses (b) to (i) of sub- regulation 2 of Regulation 46 as prescribed under SEBI LODR has been disseminated on the Company's website at [www.shalimarpaints.com](http://www.shalimarpaints.com)

### (c) Code of Conduct

The Company has laid down a code of conduct for all Board members and senior management personnel of the Company. The code of conduct is available on the website of the Company. The declaration of the Managing Director is given below:

### DECLARATION

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

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

**Ashok Kumar Gupta**  
Managing Director  
DIN: 01722395

**Dated: 26<sup>th</sup> June 2021**

**Place: Gurugram**

## CERTIFICATE ON CORPORATE GOVERNANCE

For the Financial Year ended 31<sup>st</sup> March, 2021

To  
The Members of Shalimar Paints Ltd

We have examined the compliance of conditions of Corporate Governance by Shalimar Paints Ltd ("the Company"), for the year ended 31<sup>st</sup> March, 2021, as stipulated in chapter IV of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 pursuant to the Listing Agreement of the said Company with stock exchange(s).

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

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the provisions as specified in chapter IV Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 pursuant to Listing Agreement of the said Company with stock exchange(s).

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

For Ashu Batra & Associates  
Company Secretaries

**Ashu Batra**  
(Proprietor)  
ACS No. 39899  
C.P. No. 17893  
UDIN: A039899C000494683  
Place: Gurgaon  
Date: 26<sup>th</sup> June, 2021

## **CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS**

*(Pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)*

To,

The Members of

Shalimar Paints Limited

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

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.

**Place: New Delhi**

**Date: June 26, 2021**

**For and On Behalf of**

**Shashank Pashine & Associates**

**CS Shashank Pashine**  
**Proprietor**

**Membership No.: A40278**

**CP No.:21229**

**UDIN: A040278C000501851**

## INDEPENDENT AUDITORS' REPORT

To The Members of Shalimar Paints Limited

### **REPORT ON THE AUDIT OF STANDALONE IND AS 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 31-March-2021 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 Notes to the Standalone Ind AS Financial Statements, including 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 31-March-2021, 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.

#### **Emphasis of Matter**

We draw your attention to Note No. 58 of Standalone Financial Statements, which explains the management's assessment/evaluation of the financial impact due to lockdown arising with the advent of COVID 19.



# INDEPENDENT AUDITORS' REPORT

## Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone Ind AS financial statements of the current period. These matters were addressed in the context of our audit of the standalone Ind AS 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><b><u>Evaluation of Trade Receivables:</u></b></p> <p>The Company's Trade receivables included material disputed receivables &amp; receivables against which legal proceedings have been initiated or to be initiated by the Company.</p> <p><i>[Refer Note No. 47(ii) of the Standalone Financial Statement]</i></p>	<p><b><u>Principal Audit Procedures</u></b></p> <p>While reviewing the quality of trade receivables from realization perspective based on information &amp; 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').</p> <p>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.</p> <p>Our audit approach was a combination of test of internal controls with respect to Trade receivable management and substantive procedures.</p> <p>The Audit Committee of the Company has also reviewed and approved Trade receivables for fair value thereof.</p>
2.	<p><b><u>Evaluation of Exceptional Expenses:</u></b></p> <p>The Company during the year has written off unrealizable inventory amounting to ₹200.00 lakh.</p> <p><i>[Refer Note No. (39.1) of the Standalone Financial Statement]</i></p>	<p><b><u>Principal Audit Procedures</u></b></p> <p><b>Inventory Written Off – ₹200.00 lakh</b></p> <p>We have relied upon the management representation and certification while carrying out our audit. We have broadly reviewed 'Exceptional Expenses' on selective basis, as per information and explanation furnished to us.</p> <p>The Audit Committee of the Company has also reviewed and approved the said write off for fair valuation of current assets.</p>

## INDEPENDENT AUDITORS' REPORT

Sr No.	Key Audit Matter	Auditor's Response
3.	<b><u>Evaluation of Un-ascertained Tax &amp; Other Liabilities</u></b>  The Company has material unascertained disputed taxes and other liabilities shown as contingent liabilities, the determination of which involves significant management judgment.  <i>[Refer Note No. 43 of the Standalone Financial Statements]</i>	<b><u>Principal Audit Procedures</u></b>  We have obtained the details of completed tax assessments and demands for the year ended and up to 31-March-2021 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 demands 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 and explanation furnished to us by the management.  We review material uncertain tax position & uncertain other liabilities from year-to-year basis for changes therein.

### **Information other than the Standalone Ind AS 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 Annual Report comprising Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Business Responsibility Report, Corporate Governance and Shareholder's Information, among others; but does not include the Standalone Ind AS 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 Ind AS 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 Ind AS 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

### Auditor's Responsibility for the Audit of the Ind AS Financial Statements

Our objectives are to obtain reasonable assurance about whether the Standalone Ind AS 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 Ind AS 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 Ind AS 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 Ind AS Financial Statements, including the disclosures, and whether the Ind AS 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 Ind AS 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

As per information and explanation furnished to us, the insurance claims of loss for damage of immovable and movable assets and for Loss of profit due to fire in Company's plant located at Nasik, are yet to be assessed by the Insurer & claim have been accounted for on estimated/realization basis. The Company is in arbitration for additional claim on account of fire claim at Howrah Plant [Note Nos. 53 and 54 of Standalone Financial Statements].

Some of the financial assets and liabilities including trade receivables, trade payables and advances are pending confirmation / reconciliation, and their impact on financial statements, if any, is unascertained [Note No. 59 of standalone financial statements]

## INDEPENDENT AUDITORS' REPORT

As regard disclosure in Note No. 44 of Standalone Financial Statements regarding Micro, Small & Medium Enterprise, 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.
- 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 and Rules made thereunder.
- e) On the basis of the written representations received from the directors as on 31-March-2021 taken on record by the Board of Directors, none of the Directors is disqualified as on 31-March-2021 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. *[Refer Note. No. 43(i) 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**

**CA Arun Kumar Dubey**  
**Partner**  
**Membership No. 057141**  
**UDIN : 21057141AAAABS1467**

**Dated : 26-June-2021**  
**Place : Kolkata**

# INDEPENDENT AUDITORS' REPORT

## **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 31-March-2021 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 the 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 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,

## INDEPENDENT AUDITORS' REPORT

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 31-March-2021, 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**

**CA Arun Kumar Dubey**  
**Partner**  
**Membership No. 057141**  
**UDIN : 21057141AAAABS1467**

**Place : Kolkata**  
**Dated : 26-June-2021**



## INDEPENDENT AUDITORS' REPORT

### 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 date to the Members of Shalimar Paints Limited]*

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment.

(b) The Company has a regular programme /policy of physical verification of its fixed assets included in Property, Plant & Equipment (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 property, plant and equipment, 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), have been physically verified by the management during the year. In our opinion, the frequency of such verification is reasonable. 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 `782.37 lakh [previous year `750.92 lakh] from its subsidiary, Shalimar Adhunik Nirman Limited (SANL) which is shown/included under the head 'Loans (Non-current) under sub head 'Loan to Related Parties' in Note No. 9 of the Financial Statement. The said loan includes `499.00 lakh [Note No. 52], 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 and interest whenever, they fall due. As certified by management, 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 Sections 185 and 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 said cost records are 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, Goods and Service 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 though there have been slight delays in few cases.

(b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income Tax, Goods and Service Tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, cess and other material statutory dues in arrears as at 31-March-2021 for a period of more than six months from the date they became payable, except excise & Custom duty of `439.47 lakh. (Included in Note No. 28 of Other Current Liabilities - "Statutory Dues"] of Financial Statements.

## INDEPENDENT AUDITORS' REPORT

(c) Details of disputed dues of Income Tax, Sales Tax, Service Tax, Excise Duty, and Value Added Tax which have not been deposited as on 31-March-2021 on account of disputes are given below:

Nature of Statute	Nature of Orders	From where dispute is pending	Amount Involved [Rs. In Lakhs]
Central Excise Act, 1944	Excise Duty	Various Assessing, Appellate and Tribunal Authorities	461.07
Sales Tax Act	Central Sales Tax and VAT	Various Assessing, Appellate, Tribunal and Revision Board Authorities	304.64
Income Tax Act, 1961	Income Tax	Various Assessing and Appellate Authorities	0.98

(viii) As per the information and explanations given to us, the Company has not defaulted in repayment of loans or borrowings to a financial institution, bank, government or dues to debenture holders.

(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 and 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) The Company has not made any preferential allotment/private placement of shares or fully partly convertible debentures during the year under review. Hence Para 3(xiv) of the Order is not applicable.

(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 and Clause (xv) of the Order is 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 is not applicable.

**For A. K. DUBEY & CO.**  
**Chartered Accountants**  
**Firm Registration No. 329518E**

**CA Arun Kumar Dubey**  
**Partner**  
**Membership No. 057141**  
**UDIN : 21057141AAAABS1467**

**Dated : 26-June-2021**  
**Place : Kolkata**

**Shalimar Paints Limited**
**Standalone Balance Sheet as at March 31,2021**

(All amounts are in Rupees lakh, unless otherwise stated)

	<b>Note No.</b>	<b>As at 31-03-2021</b>	<b>As at 31-03-2020</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, Plant and Equipment	5.1	<b>25,121.81</b>	26,111.27
Right-of-use-assets	5.2	<b>28.04</b>	84.10
Capital work-in-progress	6	<b>35.03</b>	10.05
Intangible assets	7	<b>459.44</b>	548.08
Financial Assets			
i) Investments	8	<b>85.66</b>	81.74
ii) Loans	9	<b>932.16</b>	916.23
iii) Other financial assets	10	<b>6.77</b>	-
Deferred tax assets	11	<b>2,224.67</b>	4,839.36
Other non-current assets	12	<b>22.90</b>	16.62
<b>Current assets</b>			
Inventories	13	<b>8,880.73</b>	8,661.52
Financial Assets			
i) Trade receivables	14	<b>7,772.04</b>	7,150.08
ii) Cash and cash equivalents	15.1	<b>259.44</b>	275.14
iii) Bank balances other than (ii) above	15.2	<b>503.36</b>	176.15
iv) Other financial assets	16	<b>445.52</b>	846.27
Current Tax Assets	17	<b>306.33</b>	291.60
Other current assets	18	<b>1,598.90</b>	1,951.22
<b>Total Assets</b>		<b>48,682.80</b>	<b>51,959.43</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity Share Capital	19	<b>1,086.02</b>	1,086.02
Other Equity	20	<b>19,612.72</b>	24,556.08
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Financial Liabilities			
i) Borrowings	21	<b>2,404.57</b>	1,820.29
ii) Lease Liabilities	22	<b>-</b>	92.25
iii) Other financial liabilities	23	<b>39.81</b>	143.81
Provisions	24	<b>609.14</b>	612.99
<b>Current liabilities</b>			
Financial Liabilities			
i) Borrowings	25	<b>9,964.08</b>	10,069.59
ii) Trade payables	26		
Outstanding dues to Micro and Small Enterprises		<b>236.02</b>	642.64
Outstanding dues to trade payables other than Micro and Small Enterprises		<b>10,858.70</b>	8,967.74
iii) Other financial liabilities	27	<b>2,873.22</b>	3,014.36
Other current liabilities	28	<b>533.26</b>	505.37
Provisions	29	<b>465.26</b>	448.29
<b>Total Equity and Liabilities</b>		<b>48,682.80</b>	<b>51,959.43</b>

Significant Accounting Policies and accompanying notes form an integral part of the financial statements.

1-60

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

 Chartered Accountants  
(ICAI Firm Registration No.: 329518E)

**Arun Kumar Dubey**

 Partner  
(Membership No.: 057141)  
UDIN:  
Place : Gurugram  
Date : 26th June, 2021

**For and on Behalf of  
Board of Directors**
**Ashok Kumar Gupta**

 Managing Director  
DIN:- 01722395

**Mohit Donter**

Chief Financial Officer

**Alok Perti**

 Director  
DIN:- 00475747

**Gautam**

 Company Secretary  
Mem. No:- ACS 30581

Shalimar Paints Limited

**Standalone Statement Of Profit & Loss for the year ended  
March 31, 2021**

(All amounts are in Rupees lakh, unless otherwise stated)

	Note No.	Year ended March 31, 2021	Year ended March 31, 2020
Revenue From Operations	30	32,556.12	34,385.02
Other Income	31	753.03	141.64
<b>Total Revenue</b>		<b>33,309.15</b>	<b>34,526.66</b>
<b>EXPENSES</b>			
Cost of materials consumed	32	19,842.53	21,857.82
Purchases of Stock-in-Trade	33	2,188.98	2,489.89
Changes in inventories of finished goods, Stock-in -Trade and work-in-progress	34	237.84	(1,119.80)
Employee Benefit Expenses	35	3,670.91	4,867.66
Finance costs	36	1,928.57	1,985.25
Depreciation and amortization expense	37	1,330.13	1,083.81
Other expenses	38	6,251.71	9,641.75
<b>Total expenses</b>		<b>35,450.67</b>	<b>40,806.38</b>
<b>Profit/(loss) before exceptional items and tax</b>		<b>(2,141.52)</b>	<b>(6,279.72)</b>
<b>Exceptional items</b>			
Expenses	39.1	(200.00)	(704.95)
Incomes	39.2	-	1,399.85
<b>Profit/(loss) before tax</b>		<b>(2,341.52)</b>	<b>(5,584.82)</b>
Tax expense	40	-	-
Current Tax		-	-
Deferred tax		2,608.14	(1,797.22)
<b>Profit/(loss) for the period</b>		<b>(4,949.66)</b>	<b>(3,787.60)</b>
Other Comprehensive Income	41		
(i) Items that will not be reclassified to profit or loss		20.99	21.16
(ii) Income tax effect on above		6.55	6.60
<b>Total Other Comprehensive Income/(Loss) for the year</b>		<b>14.44</b>	<b>14.56</b>
<b>Total Comprehensive Income/(loss) for the year</b>		<b>(4,935.22)</b>	<b>(3,773.04)</b>
<b>Earnings per Shares of Rs. 2/- each</b>	42		
1) Basic (in Rs)		(9.12)	(6.98)
2) Diluted (in Rs)		(9.12)	(6.98)

Significant Accounting Policies and accompanying notes form an integral part of the financial statements.

1-60

**As per our report of even date attached**

**For A. K. Dubey & Co.,**

Chartered Accountants

(ICAI Firm Registration No.: 329518E)

Arun Kumar Dubey

Partner

(Membership No.: 057141)

UDIN:

Place : Gurugram

Date : 26th June, 2021

**For and on Behalf of Board of Directors**

**Ashok Kumar Gupta**

Managing Director

DIN:- 01722395

**Mohit Donter**

Chief Financial Officer

**Alok Perti**

Director

DIN:- 00475747

**Gautam**

Company Secretary

Mem. No:- ACS 30581

Shalimar Paints Limited

# Standalone Cash Flow Statement as at March 31, 2021

(All amounts are in Rupees lakh, unless otherwise stated)

	Year ended March 31, 2021	Year ended March 31, 2020
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit / (Loss) Before Tax	(2,341.52)	(5,584.83)
<b>Adjustments for:</b>		
Depreciation, amortization and impairment expenses	1,330.13	1,083.81
Net (Gain) / Loss on Sale of Property, Plant & Equipment	(2.01)	0.29
Net (Gain) / Loss on Sale/ Fair valuation of Investment	(3.93)	(3.75)
Bad debts/Provision for doubtful Debts Written Back	-	2,654.25
Employee stock option expenses	(8.14)	(1.56)
Finance Costs	1,928.57	1,985.25
Interest Income	(57.79)	(92.91)
<b>Operating Profit/(loss) before Working Capital changes</b>	<b>845.31</b>	<b>40.56</b>
<b>Adjustments for:</b>		
Trade Receivables	(621.37)	119.83
Other receivable	735.38	(263.84)
Inventories	(219.21)	(1,525.78)
Trade Payable (incl LC)	1,221.76	(358.39)
Trade & other Payables	(402.18)	1,040.94
Cash generated (used) in /from Operations before tax	1,559.69	(946.69)
Direct Taxes (paid)/refund (net)	(14.73)	(8.11)
<b>Net cash flow (used) in/ from Operating Activities</b>	<b>1,544.96</b>	<b>(954.80)</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Acquisition of Property, Plant & Equipment/ Intangible Assets including Capital Advances	(334.97)	(3,279.14)
Interest/other income Received	58.97	136.08
Movement in Margin money/Fixed deposits	(333.98)	378.56
<b>Net cash flow (used) in/ from Investing Activities</b>	<b>(609.98)</b>	<b>(2,764.50)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Issue of Share capital	-	570.35
Proceeds from /(repayment) of Borrowings (net)- Long term	1,083.40	(548.25)
Proceeds from /(repayment) of Borrowings (net)- Short term	(105.51)	(2,612.97)
Finance Costs	(1,928.57)	(1,985.25)
<b>Net cash (used) in/ from Financing Activities</b>	<b>(950.68)</b>	<b>(4,576.12)</b>
<b>Net cash (used) in/ from Operating, Investing &amp; Financing Activities</b>	<b>(15.70)</b>	<b>(8,295.42)</b>
Opening balance of Cash and Cash equivalent	275.14	8,570.56
<b>Closing balance of Cash &amp; Cash equivalent</b>	<b>259.44</b>	<b>275.14</b>
Note: Cash and cash equivalents included in the Cash Flow Statement comprise of the following (refer note 15.1):-		
<b>i) Cash Balance on Hand</b>	<b>0.12</b>	<b>0.18</b>
<b>ii) Balance with Banks :</b>		
-In Current Accounts	106.47	31.56
-In Fixed Deposits	-	-
-Cheques/draft in hand	-	-
-Bank deposits with maturity of less than 3 months	152.85	243.40
<b>Total</b>	<b>259.44</b>	<b>275.14</b>

As per our report of even date attached

For A. K. Dubey & Co.,

Chartered Accountants  
(ICAI Firm Registration No.: 329518E)

**Arun Kumar Dubey**  
Partner  
(Membership No.: 057141)  
UDIN:

Place : Gurugram  
Date : 26th June, 2021

For and on Behalf of Board of Directors

**Ashok Kumar Gupta**  
Managing Director  
DIN:- 01722395

**Mohit Donter**  
Chief Financial Officer

**Alok Perti**  
Director  
DIN:- 00475747

**Gautam**  
Company Secretary  
Mem. No:- ACS 30581

Shalimar Paints Limited

**Statement Of Change In Equity for the year ended March 31, 2021**

(All amounts are in Rupees lakh, unless otherwise stated)

<b>A</b>	<b>Equity Share Capital</b>	<b>Amount</b>
	<b>Equity Share Capital as on 31st March 2019</b>	1,072.83
	Movement during the year 2019-20	13.18
	<b>Equity Share Capital as on 31st March 2020</b>	<b>1,086.01</b>
	Movement during the year 2020-21	-
	<b>Equity Share Capital as on 31st March 2021</b>	<b>1,086.01</b>

**B Other equity**

Particulars						Other Compre- hensive Income	Total
	Securities Premium Reserve	Share Options Outstanding	General Reserve	Retained earnings		Remeasurement of Defined Benefit Obligation/ Plan	
<b>Balance as at March 31, 2019</b>	<b>25,227.72</b>	<b>22.47</b>	<b>4,061.71</b>	<b>(1,499.41)</b>		<b>(38.95)</b>	<b>27,773.54</b>
-Profit or Loss for the year				(3,787.60)			(3,787.60)
-Other comprehensive income for the year						14.56	14.56
-Addition during the year	557.14	(1.56)					555.58
-Movement during the year							-
<b>Balance as at March 31, 2020</b>	<b>25,784.86</b>	<b>20.91</b>	<b>4,061.71</b>	<b>(5,287.01)</b>		<b>(24.39)</b>	<b>24,556.08</b>
-Profit or Loss for the year				(4,949.66)			(4,949.66)
-Other comprehensive income for the year						14.44	14.44
-Addition during the year							-
-Movement during the year		(8.14)					(8.14)
<b>Balance as at March 31, 2021</b>	<b>25,784.86</b>	<b>12.77</b>	<b>4,061.71</b>	<b>(10,236.67)</b>		<b>(9.95)</b>	<b>19,612.72</b>

For and on Behalf of Board of Directors

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

**Arun Kumar Dubey**  
Partner  
(Membership No.: 057141)  
UDIN:

**Ashok Kumar Gupta**  
Managing Director  
DIN:- 01722395

**Alok Perti**  
Director  
DIN:- 00475747

**Mohit Donter**  
Chief Financial Officer

**Gautam**  
Company Secretary  
Mem. No:- ACS 30581

Place : Gurugram  
Date : 26th June, 2021



**SHALIMAR PAINTS LIMITED**
**Notes to the Standalone Financial Statements for the year ended March 31, 2021**
**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.

## Notes to the Standalone Financial Statements

### 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 on straight line method 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.

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 on straight line 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.

## Notes to the Standalone Financial Statements

### 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

Impairment of financial assets

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.

## Notes to the Standalone Financial Statements

### v) Reclassification of Financial Assets and Financial Liabilities

The Company determines classification of financial assets and liabilities on initial recognition. After initial recognition, no re-classification 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, received and receivable by the Company, on its own account. Amounts collected on behalf of third parties (for example, indirect taxes) 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.

## Notes to the Standalone Financial Statements

### 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.

## Notes to the Standalone Financial Statements

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) Lease

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

#### Company as a lessee

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

#### (i) Right-of-use Assets (ROU Assets)

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment.

#### (ii) Lease Liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Lease liability and ROU assets have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

#### (iii) Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

### 4.19) 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.

### 4.20) 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.



**Shalimar Paints Limited**
**Notes to the Standalone Financial Statements for the year ended March 31, 2021**

(All amounts are in Rupees lakh, unless otherwise stated)

**5.1 Property, Plant & Equipment**

	Land- Free hold	Land- Lease hold	Buildings	Plant & Machinery	Furniture & Fixtures	Motor Vehicles	Office Equipment	Total
<b>Gross carrying value</b>								
<b>As at March 31, 2019</b>	<b>9,736.52</b>	<b>1,690.95</b>	<b>8,230.96</b>	<b>3,719.40</b>	<b>122.74</b>	<b>42.34</b>	<b>215.46</b>	<b>23,758.37</b>
Additions			2,491.34	2,916.27	27.90	19.22	74.65	5,529.36
Disposals/Adjustment	(0.00)		(0.02)		(0.04)	(0.01)	(0.59)	(0.66)
<b>As at March 31, 2020</b>	<b>9,736.52</b>	<b>1,690.95</b>	<b>10,722.28</b>	<b>6,635.67</b>	<b>150.60</b>	<b>61.55</b>	<b>289.52</b>	<b>29,287.09</b>
Additions			49.00	68.59	6.47	55.37	17.20	196.62
Disposals/Adjustment						(1.41)		(1.41)
<b>As at March 31, 2021</b>	<b>9,736.52</b>	<b>1,690.95</b>	<b>10,771.28</b>	<b>6,704.26</b>	<b>157.07</b>	<b>115.51</b>	<b>306.72</b>	<b>29,482.30</b>
<b>Depreciation</b>								
<b>As at March 31, 2019</b>	<b>-</b>	<b>76.86</b>	<b>998.62</b>	<b>924.41</b>	<b>69.83</b>	<b>1.86</b>	<b>112.90</b>	<b>2,184.48</b>
Depreciation for the year 19-20		32.62	383.71	509.26	12.54	8.08	45.78	991.99
Disposals/Adjustment		-	-0.02	-	-0.04	-0.01	-0.59	(0.66)
<b>As at March 31, 2020</b>	<b>-</b>	<b>109.48</b>	<b>1,382.31</b>	<b>1,433.67</b>	<b>82.33</b>	<b>9.93</b>	<b>158.09</b>	<b>3,175.81</b>
Depreciation for the year 20-21		32.62	425.13	664.71	11.89	9.60	41.47	1,185.42
Disposals/Adjustment						-0.75		-0.75
<b>As at March 31, 2021</b>	<b>-</b>	<b>142.10</b>	<b>1,807.44</b>	<b>2,098.38</b>	<b>94.22</b>	<b>18.78</b>	<b>199.56</b>	<b>4,360.48</b>
<b>Net carrying value</b>								
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
Balance as at March 31, 2020	9,736.52	1,581.47	9,339.97	5,202.00	68.27	51.62	131.43	26,111.27
Balance as at March 31, 2021	9,736.52	1,548.85	8,963.84	4,605.88	62.85	96.73	107.16	25,121.81

**5.2 Right-of-use-assets**

<b>Gross carrying value</b>	
<b>As at March 31, 2019</b>	
Additions	168.21
Disposals/Adjustment	-
<b>As at March 31, 2020</b>	<b>168.21</b>
Additions	-
Disposals/Adjustment	-
<b>As at March 31, 2021</b>	<b>168.21</b>
<b>Depreciation</b>	
<b>As at March 31, 2019</b>	<b>-</b>
Depreciation for the year 19-20	28.46
Disposals/Adjustment	55.64
<b>As at March 31, 2020</b>	<b>84.10</b>
Additions	-
Depreciation for the year 20-21	56.07
Disposals/Adjustment	-
<b>As at March 31, 2021</b>	<b>140.17</b>
<b>Net carrying value</b>	
Balance as at March 31, 2020	84.10
Balance as at March 31, 2021	28.04

**6 Capital Work in Progress**

Balance as at March 31, 2019	
Balance as at March 31, 2020	2,356.34
Balance as at March 31, 2021	10.05
	35.03

Shalimar Paints Limited

**Notes to the Standalone Financial Statements for the year ended March 31, 2021**

(All amounts are in Rupees lakh, unless otherwise stated)

**7 INTANGIBLE ASSETS**

Particulars	Computer & Software	Technical Know How	Trade Mark	Total
<b>Gross carrying value</b>				
<b>Balance as at March 31, 2019</b>	<b>192.75</b>	<b>68.47</b>	<b>49.78</b>	<b>311.00</b>
Additions	451.96			451.96
<b>Balance as at March 31, 2020</b>	<b>644.71</b>	<b>68.47</b>	<b>49.78</b>	<b>762.96</b>
Additions	-	-	-	-
Disposals/Adjustment				-
<b>Balance as at March 31, 2021</b>	<b>644.71</b>	<b>68.47</b>	<b>49.78</b>	<b>762.96</b>
<b>Amortization</b>				
<b>Balance as at March 31, 2019</b>	<b>129.99</b>	<b>17.53</b>	<b>30.41</b>	<b>177.93</b>
Additions	28.37	2.53	6.04	36.95
Disposals/Adjustment				-
<b>Balance as at March 31, 2020</b>	<b>158.36</b>	<b>20.06</b>	<b>36.45</b>	<b>214.88</b>
Additions	80.07	2.53	6.04	88.64
Disposals/Adjustment				-
<b>Balance as at March 31, 2021</b>	<b>238.43</b>	<b>22.59</b>	<b>42.49</b>	<b>303.52</b>
<b>Net Carrying Value</b>				
Balance at March 31, 2019	62.76	50.94	19.37	133.07
Balance at March 31, 2020	486.36	48.41	13.33	548.08
Balance at March 31, 2021	406.28	45.88	7.29	459.44

**8 INVESTMENTS (NON-CURRENT)**

Particulars	As at Mar 31, 2021		As at Mar 31, 2020	
	No. of Shares/units	Amount	No. of Shares/units	Amount
<b>8.1 Investment in Equity Instruments</b>				
<b>Unquoted shares</b>				
<b>Investment in wholly-owned subsidiary Companies at Cost</b>				
(i) <b>Shalimar Adhunik Nirman Ltd.</b>				
Fully paid up shares of Rs.10 each	49,990	4.99900	49,990	5.00
Partly paid up shares @ Rs.1 each (Share of Rs.10 each)	4,50,000	4.50000	4,50,000	4.50
Equity Component of 6% Non cumulative, non convertible Redeemable Preference Shares of Rs. 100 each		36.85		36.85
(ii) <b>Eastern Speciality Paints &amp; Coatings Pvt Ltd.</b>				
Fully paid up shares of Rs.10 each	50,000	5.00	50,000	5.00
<b>Total</b>		<b>51.35</b>		<b>51.35</b>
<b>8.2 Investment in Debentures carried at Amortised Cost</b>				
<b>Unquoted</b>				
(i) 1/2% Woodland Medical Centre Ltd.		0.06		0.06
(ii) 5% Woodland Medical Centre Ltd.		0.17		0.17
<b>Total</b>		<b>0.23</b>		<b>0.23</b>
<b>8.3 Investment in Preference Shares in wholly-owned subsidiary Companies at Fair value through Profit &amp; Loss account</b>				
<b>Unquoted</b>				
(i) <b>Shalimar Adhunik Nirman Ltd.</b>				
6% Non cumulative, non convertible Redeemable Preference Shares of Rs. 100 each ( Fully paid up)*	50,000	34.08	50,000	30.16
<b>Total</b>		<b>34.08</b>		<b>30.16</b>
<b>GRAND TOTAL</b>		<b>85.66</b>		<b>81.74</b>

\*The redemption date of Preference shares is 20th May 2024.

Aggregate amount of quoted investments	-	-
Market value of quoted investments	-	-
Aggregate amount of unquoted investments	85.66	81.74
Aggregate amount of impairment in value of investments	-	-

**Shalimar Paints Limited**
**Notes to the Standalone Financial Statements for the year ended March 31, 2021**

(All amounts are in Rupees lakh, unless otherwise stated)

**9 LOANS- NON CURRENT**

Particulars	As at 31-03-2021	As at 31-03-2020
<b>(Unsecured, considered good)</b>		
Security Deposits	148.99	164.69
Loan to related parties(refer note 48 & 52)	783.17	751.54
<b>TOTAL</b>	<b>932.16</b>	<b>916.23</b>

**10 OTHER FINANCIAL ASSETS- NON CURRENT**

Particulars	As at 31-03-2021	As at 31-03-2020
<b>(Unsecured, considered good)</b>		
Bank Balance (Maturity period more than 12 months)	6.77	-
<b>TOTAL</b>	<b>6.77</b>	<b>-</b>

**11 DEFERRED TAX ASSETS/ (LIABILITIES) (NET)**

Particulars	As at 31-03-2021	As at 31-03-2020
Deferred tax assets/ liabilities are attributable to the following items;		
<b>Deferred Tax Assets</b>		
-Carry Forward Losses/Unabsorbed depreciation	5,560.03	6,928.84
-Disallowance under section 43B	248.60	246.03
-Provision for doubtful debt and advances	495.30	1,046.53
<b>Sub- Total (a)</b>	<b>6,303.93</b>	<b>8,221.40</b>
<b>Deferred Tax Liabilities</b>		
-Fixed assets	4,066.18	3,370.14
-Others		
-Fair valuation of investment	6.53	5.30
- Remeasurements of the defined benefit plans	6.55	6.60
<b>Sub- Total (b)</b>	<b>4,079.26</b>	<b>3,382.04</b>
<b>Net Deferred Tax Assets/ (Liability) (a)+(b)</b>	<b>2,224.67</b>	<b>4,839.36</b>

**12 OTHER NON CURRENT ASSETS**

Particulars	As at 31-03-2021	As at 31-03-2020
Capital Advances	22.90	16.62
<b>TOTAL</b>	<b>22.90</b>	<b>16.62</b>

**13 INVENTORIES**

Particulars	As at 31-03-2021	As at 31-03-2020
<b>Raw Material</b>		
Inventories-RM	2,446.89	2,108.81
<b>Work- in -Progress</b>	<b>640.87</b>	<b>322.76</b>
<b>Finished Goods</b>		
Inventories-FG*	5,310.87	5,835.29
Goods in Transit-FG	132.72	164.25
<b>Stores &amp; spares</b>	<b>349.38</b>	<b>230.41</b>
<b>TOTAL</b>	<b>8,880.73</b>	<b>8,661.52</b>

\*including trading goods Rs. 503.67 lakh (P.Y Rs. 328.94 lakh)

Inventory valuation has been confirmed by IBBI registered valuer recognised under Companies Act 2013.

**Shalimar Paints Limited**
**Notes to the Standalone Financial Statements for the year ended March 31, 2021**

(All amounts are in Rupees lakh, unless otherwise stated)

**14 TRADE RECEIVABLES**

Particulars	As at 31-03-2021	As at 31-03-2020
<b>Unsecured</b>		
-Considered Good	7,772.04	7,150.08
-Considered Doubtful	1,587.50	3,354.28
	9,359.54	10,504.36
Less: Provision for bad and doubtful receivable [refer note 47(ii)]	(1,587.50)	(3,354.28)
<b>TOTAL</b>	<b>7,772.04</b>	<b>7,150.08</b>

(i) Trade Receivables has been confirmed by IBBI registered valuer recognised under Companies Act 2013.

(ii) Receivables (Doubtful) of Rs. 1766.78 Lakh, being the difference between previous year and current year doubtful receivables, have been written off during the year, and the provision for bad and doubtful receivables is reduced by the same amount.

**15.1 CASH AND CASH EQUIVALENTS**

Particulars	As at 31-03-2021	As at 31-03-2020
<b>-Balance with banks</b>		
On Current Accounts	106.47	31.56
<b>-Cash on hand</b>	0.12	0.18
Bank deposits with maturity of less than 3 months	152.85	243.40
<b>TOTAL</b>	<b>259.44</b>	<b>275.14</b>

**15.2 Bank balances other than cash and cash equivalents**

Margin Money	2.18	0.82
Fixed Deposit Account	501.18	175.33
<b>TOTAL</b>	<b>503.36</b>	<b>176.15</b>

**16 OTHER FINANCIAL ASSETS- CURRENT**

Particulars	As at 31-03-2021	As at 31-03-2020
Other Receivables (Refer note no 53)	432.53	832.11
Interest accrued	12.99	14.16
<b>TOTAL</b>	<b>445.52</b>	<b>846.27</b>

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

Particulars	As at 31-03-2021	As at 31-03-2020
Advance Income Tax	2,837.83	2,823.10
Less: Provision for Income Tax	2,531.50	2,531.50
<b>TOTAL</b>	<b>306.33</b>	<b>291.60</b>

**18 OTHER CURRENT ASSETS**

Particulars	As at 31-03-2021	As at 31-03-2020
<b>Advances other than capital advances</b>		
Advances to suppliers	382.32	650.68
<b>Others</b>		
Advance to employee	73.05	66.02
Prepaid expenses	297.77	233.75
Balance With Govt. Authorities & Others	845.76	1,000.77
<b>TOTAL</b>	<b>1,598.90</b>	<b>1,951.22</b>

**Shalimar Paints Limited**
**Notes to the Standalone Financial Statements for the year ended March 31, 2021**

(All amounts are in Rupees lakh, unless otherwise stated)

**19 EQUITY SHARE CAPITAL**

Particulars	As at March 31, 2021	As at March 31, 2020
<b>Authorised</b>		
10,00,00,000 (31st March,2020: 10,00,00,000) equity shares of Rs. 2/- each	2,000.00	2,000.00
<b>Issued,subscribed and fully paid up</b>		
5,43,00,259 (31st March,2020: 5,43,00,259) equity shares of Rs. 2/- each	1,086.01	1,086.01
<b>Share Forfeiture Account</b>	0.01	0.01
	<b>1,086.02</b>	<b>1,086.02</b>

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

Particular	As at March 31, 2021		As at March 31, 2020	
	No. of shares	Amount	No. of shares	Amount
Number of shares at the beginning	5,43,00,259	1,086.01	5,36,41,387	1,072.83
Add: Right issue	-	-	-	-
Add: Preferential Allotment	-	-	6,58,872	13.18
Number of shares at the end	5,43,00,259	1,086.01	5,43,00,259	1,086.01

**(ii) Terms and rights attached to equity shares**

The Company has one class of equity shares having a par value of Rs 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) On 8th April 2019, Company has made preferential allotment of 6,58,872 equity shares of face value Rs. 2/- each at the price of Rs. 86.56/- per share (including premium of Rs. 84.56/- per shares) aggregating to Rs. 570 lakh to the Hind Strategic Investments by converting its ECB loan of US\$ 8 Lakh pursuant to members approval through Postal ballot dated 16.03.2019.**
**(iv) Proceeds from the second right issue have been utilised in the following manner -**

Particulars	Proposed to be utilised	Proposed to be utilised (Revised)*	Utilised During FY 2018-19	Utilised During FY 2019-20	Utilised During FY 2020-21	To be utilised
Project of Reinstatement of paint manufacturing plant at Nashik	4,568.43	4,492.08	2,035.22	2,210.46	50.24	196.16
Setting up of Regional Distribution Centre (RDC) at Nashik	340.00	40.00	-	40.00	-	-
Long Term Working Capital Requirements	11,737.50	12,113.85	8,709.15	3,404.70	-	-
General Corporate purposes	3,415.07	3,415.07	1,136.57	2,278.50	-	-
Expenses for right issue	26.27	26.27	26.27	-	-	-
<b>Total</b>	<b>20,087.27</b>	<b>20,087.27</b>	<b>11,907.21</b>	<b>7,933.66</b>	<b>50.24</b>	<b>196.16</b>

\*There is increase in the allocation of funds towards Long Term Working Capital Requirement, and the same has been allocated through reduction in Nashik project (including RDC) cost.

**(v) Details of shareholders holding more than 5% shares in the Company**

Name of Shareholder	As at March 31, 2021		As at March 31, 2020	
	Number of shares	% of shares held	Number of shares	% of shares held
Virtuous Tradecorp Pvt. Ltd.	1,33,54,462	24.59%	1,33,54,462	24.59%
Hind Strategic Investments	37,85,430	6.97%	65,00,442	11.97%
Veera Gupta	46,82,952	8.62%	46,82,952	8.62%

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

Shalimar Paints Limited

**Statement Of Change In Equity for the year ended March 31, 2021**

(All amounts are in Rupees lakh, unless otherwise stated)

**20 Other equity**

Particulars	Reserves & Surplus				Other Comprehensive Income	Total
	Securities Premium Reserve	Share Options Outstanding	General Reserve	Retained earnings	Remeasurement of Defined Benefit Obligation/ Plan	
<b>Balance as at March 31, 2019</b>	<b>25,227.72</b>	<b>22.47</b>	<b>4,061.71</b>	<b>(1,499.41)</b>	<b>(38.95)</b>	<b>27,773.54</b>
-Profit or Loss for the year				(3,787.60)		(3,787.60)
-Other comprehensive income for the year					14.56	14.56
-Addition during the year	557.14	(1.56)				555.58
-Movement during the year						-
-Right issue expenses						0.00
<b>Balance as at March 31, 2020</b>	<b>25,784.86</b>	<b>20.91</b>	<b>4,061.71</b>	<b>(5,287.01)</b>	<b>(24.39)</b>	<b>24,556.08</b>
-Profit or Loss for the year				(4,949.66)		(4,949.66)
-Other comprehensive income for the year					14.44	14.44
-Addition during the year						-
-Movement during the year		(8.14)		-		(8.14)
<b>Balance as at Mar 31, 2021</b>	<b>25,784.86</b>	<b>12.77</b>	<b>4,061.71</b>	<b>(10,236.67)</b>	<b>(9.95)</b>	<b>19,612.72</b>



**Shalimar Paints Limited**
**Notes to the Standalone Financial Statements for the year ended March 31, 2021**

(All amounts are in Rupees lakh, unless otherwise stated)

**21 NON-CURRENT BORROWINGS**

Particulars	As at 31-03-2021	As at 31-03-2020
<b>Secured</b>		
<b>Term Loans :</b>		
- from Banks	962.54	-
- from Financial Institutions	2,042.46	1,971.12
- from others (vehicle loan)	85.16	35.64
	<b>3,090.16</b>	<b>2,006.76</b>
Less: Current Maturity of Long term Debt (refer note 27)	685.59	186.47
<b>TOTAL</b>	<b>2,404.57</b>	<b>1,820.29</b>

**SECURITY (In relation to existing borrowings)**
**(i) Term Loan from Banks**

Common Covid 19 Emergency Credit Line (CCECL) Loan of Rs. 466.54 lakh (March 31, 2020 Rs. Nil) taken from State Bank of India at one year MCLR (presently @ 7.75% p.a.), repayable in 18 monthly installments starting from 31.12.2020 and ending on 31.05.2022, are secured by extension of hypothecation charge on entire current assets of the company existing and future on pari-passu basis with other banks under consortium banking arrangement.

PNB Covid 19 Emergency Credit Facility (CECF) Loan of Rs. 120.00 lakh (March 31, 2020 Rs. Nil) taken from Punjab National Bank @ MCLR +0.50%, repayable in 18 monthly installments starting from 30.04.2021 and ending on 30.09.2022, are secured by extension of existing primary and / or collateral security.

Term Loan of Rs. 149.00 lakh (March 31, 2020 Rs. Nil) taken from Union Bank of India @ MCLR +0.60%, repayable in 48 monthly installments starting from 19.02.2022 and ending on 18.03.2026, are secured by extension of existing primary and / or collateral security.

Working Capital Term Loan limit under Guaranteed Emergency Credit Line (GECL- 2) scheme of Rs. 227.00 lakh (March 31, 2020 Rs. Nil) taken from Punjab National Bank @ MCLR +1%, repayable in 48 monthly installments starting from 30.04.2022 and ending on 30.03.2026, are secured by extension of existing primary and / or collateral security.

**(ii) Term Loan from financial institutions**

Loan of Rs. 481.63 lakh (March 31, 2020 Rs. 485.14 lakh) taken from Aditya Birla finance Limited @ 12.95% p.a., repayable in 130 monthly installments starting from 15.09.2019 and ending on 15.06.2030, 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

Guaranteed Emergency Credit Line (GECL) Loan of Rs. 97.00 lakh (March 31, 2020 Rs. NIL) taken from Aditya Birla finance Limited @ 14.00% p.a., repayable in 48 monthly instalments starting from 28.02.2022 and ending on 28.01.2026, are secured by second 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 Rs. 1463.83 lakh (March 31, 2020 Rs. 1485.98 lakh) taken from Religare Finvest Limited @ 14% p.a., repayable in 139 monthly installments starting from 01.02.2016 and ending on 01.08.2027, are secured by First charge on Company's immovable & movable properties of Sikandrabad plant situated at Plot No A1 & A2 UPSIDC Industrial Area, Sikandrabad Distt- Bulandshahar (U.P).

**(iii) Vehicle Loan (Secured by Vehicle financed)**

Loans of Rs. 20.34 lakh (March 31, 2020 Rs. 26.34 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.

Loans of Rs. 7.70 lakh (March 31, 2020 Rs. 9.30 lakh), taken from Toyota Financial Service India Ltd. @ 8.90% p.a. are repayable in 60 monthly installments starting from 10.02.2020 and ending on 10.01.2025.

Loans of Rs. 57.12 lakh (March 31, 2020 Rs. Nil), taken from Tata Motors Finance Ltd. @ 10.90% p.a. are repayable in 59 monthly installments starting from 11.11.2020 and ending on 11.09.2025.

**22 NON-CURRENT LEASE LIABILITY**

Particulars	As at 31-03-2021	As at 31-03-2020
Lease Liabilities	-	92.25
<b>TOTAL</b>	<b>-</b>	<b>92.25</b>

**Shalimar Paints Limited**
**Notes to the Standalone Financial Statements for the year ended March 31, 2021**

(All amounts are in Rupees lakh, unless otherwise stated)

**23 OTHER FINANCIAL LIABILITIES- NON CURRENT**

Particulars	As at 31-03-2021	As at 31-03-2020
Security Deposit		
-From others	39.81	143.81
<b>TOTAL</b>	<b>39.81</b>	<b>143.81</b>

**24 PROVISIONS- NON CURRENT**

Particulars	As at 31-03-2021	As at 31-03-2020
<b>Provision for employee benefits</b>		
-Gratuity (refer note 45)	270.21	272.03
-Provision for Leave Benefit (refer note 45)	38.93	40.96
Provision Others	300.00	300.00
<b>TOTAL</b>	<b>609.14</b>	<b>612.99</b>

**25 CURRENT BORROWINGS**

Particulars	As at 31-03-2021	As at 31-03-2020
<b>Secured</b>		
<b>Loans Repayable on Demand</b>		
From Banks (Cash Credit and WCDL)	8,667.86	8,411.75
<b>Unsecured</b>		
<b>Loans Repayable on Demand</b>		
Bill Discounting	1,296.22	1,657.84
<b>TOTAL</b>	<b>9,964.08</b>	<b>10,069.59</b>

**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 9% p.a. to 15% p.a.

**26 TRADE PAYABLES**

Particulars	As at 31-03-2021	As at 31-03-2020
Due to Micro, small and medium enterprises (refer note 44)	236.02	642.64
Due to others*	10,858.70	8,967.74
<b>TOTAL</b>	<b>11,094.72</b>	<b>9,610.38</b>

\*Includes interest payable to MSME amounting to Rs. 227.31 (Previous year Rs. 210.52 Lakh).

**27 OTHER FINANCIAL LIABILITIES- CURRENT**

Particulars	As at 31-03-2021	As at 31-03-2020
Current maturities of long-term debt (refer note 21)	685.59	186.47
Lease Liabilities	32.76	-
Interest Accrued and Due	26.57	84.03
Creditors for Capital expenditure	49.26	159.00
<b>Others</b>		
Employee's Payables	395.37	392.48
Others (Operating expenses)	1,683.67	2,192.38
<b>TOTAL</b>	<b>2,873.22</b>	<b>3,014.36</b>

Shalimar Paints Limited

**Notes to the Standalone Financial Statements for the year ended March 31, 2021**

(All amounts are in Rupees lakh, unless otherwise stated)

**28 OTHER CURRENT LIABILITIES**
**Particulars**

Statutory dues

**TOTAL**

As at 31-03-2021	As at 31-03-2020
533.26	505.37
<b>533.26</b>	<b>505.37</b>

**29 PROVISIONS- CURRENT**
**Particulars**
**Provision for employee benefits**

-Gratuity (refer note 45)

-Provision for Leave Benefit (refer note 45)

**TOTAL**

As at 31-03-2021	As at 31-03-2020
417.13	395.09
48.13	53.20
<b>465.26</b>	<b>448.29</b>

**Shalimar Paints Limited**
**Notes to the Standalone Financial Statements for the year ended March 31, 2021**

(All amounts are in Rupees lakh, unless otherwise stated)

**30 REVENUE FROM OPERATIONS**

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
<b>a) Sale of products</b>		
Finished Goods	35,421.69	37,236.97
Sale of Services	495.16	805.83
	<b>35,916.85</b>	<b>38,042.80</b>
<b>Less: Rebates &amp; Trade Discounts</b>	<b>(3,511.34)</b>	<b>(3,797.80)</b>
	<b>32,405.51</b>	<b>34,245.00</b>
<b>b) Other operating Revenues;</b>		
Scrap Sales	150.61	140.02
	<b>150.61</b>	<b>140.02</b>
<b>TOTAL</b>	<b>32,556.12</b>	<b>34,385.02</b>

**31 OTHER INCOME**

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Interest Income		
-Bank Deposits	23.76	52.40
-Others	34.03	40.51
Profit on sale/Fair value of investments	3.93	3.75
<b>Other Non-Operating Income</b>		
-Foreign exchange gain	25.37	(31.49)
-Miscellaneous Receipts [Refer Note 54(ii)]	665.94	76.47
<b>TOTAL</b>	<b>753.03</b>	<b>141.64</b>

**32 COST OF MATERIALS CONSUMED**

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Cost of Material Consumed	19,842.53	21,857.82
<b>TOTAL</b>	<b>19,842.53</b>	<b>21,857.82</b>

**33 PURCHASE OF STOCK-IN-TRADE**

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Purchase of stock in trade	2,188.98	2,489.89
<b>TOTAL</b>	<b>2,188.98</b>	<b>2,489.89</b>

**34 CHANGES IN INVENTORIES OF FINISHED GOODS, STOCK-IN-TRADE AND WORK-IN PROGRESS**

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
<b>Closing Stock</b>		
Work- in -Progress	640.87	322.76
Finished Goods	5,443.60	5,999.55
	<b>6,084.47</b>	<b>6,322.31</b>
<b>Opening Stock</b>		
Work in progress	322.76	287.15
Finished Goods	5,999.55	4,915.36
	<b>6,322.31</b>	<b>5,202.51</b>
<b>(Increase)/ Decrease in Inventory</b>	<b>237.84</b>	<b>(1,119.80)</b>

**35 EMPLOYEE BENEFIT EXPENSES**

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Salaries and wages*	3,322.96	4,415.66
Contribution to provident & other funds	232.23	234.14
Expense/(reversal) on Employee Stock Option Scheme	(8.14)	(1.56)
Staff Welfare Expenses	123.86	219.42
<b>TOTAL</b>	<b>3,670.91</b>	<b>4,867.66</b>

\*Current year expenditure includes Rs. 194.75 lakh (P.Y. Rs. 269.25 lakh )incurred on research &amp; development activities.

**Shalimar Paints Limited**
**Notes to the Standalone Financial Statements for the year ended March 31, 2021**

(All amounts are in Rupees lakh, unless otherwise stated)

**36 FINANCE COST**

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Interest Expenses		
On Working Capital & Term loan	1,691.88	1,732.75
Other Borrowing Costs	228.14	236.88
Interest on Lease Assets	8.55	15.62
<b>TOTAL</b>	<b>1,928.57</b>	<b>1,985.25</b>

**37 DEPRECIATION AND AMORTIZATION EXPENSES**

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Depreciation on Property, Plant & Equipment	1,241.50	1,047.13
Amortisation on Intangible Assets	88.63	36.68
<b>TOTAL</b>	<b>1,330.13</b>	<b>1,083.81</b>

**38 OTHER EXPENSES**

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Consumption of stores and spare parts	120.32	126.32
Power and fuel	411.26	425.57
Rent	258.12	302.48
Repairs to building	34.15	5.46
Repairs to plant and machinery	81.06	93.89
Repairs - others	146.43	193.78
Insurance	158.39	182.41
Rates and taxes	403.34	107.22
Printing and stationery	22.65	31.51
Communication expenses	61.84	79.42
Directors' fees	9.11	8.50
Payment to Auditors	14.21	16.43
C&F Charges	35.54	48.64
Travelling expenses	393.18	640.11
Application Charges	293.26	502.32
Freight	2,578.46	2,541.45
Loss/(Gain) on sale/transfer of PPE	-2.01	0.04
Provision for Bad & Doubtful Debt	-	2,654.25
Marketing Expenses	297.63	1,020.00
Miscellaneous Expenses*	934.77	661.95
	<b>6,251.71</b>	<b>9,641.75</b>

\*including expenditure on research &amp; development activities, incurred during the year is Rs. 40.44 lakh (previous year Rs. 54.32 lakh).

**Payment to Auditors**

Audit Fee	7.97	7.25
Certification fee and other Services	3.69	4.85
Reimbursement of expenses	1.05	2.84
<b>TOTAL</b>	<b>12.71</b>	<b>14.94</b>

**Payment to Tax Auditors**

Tax Audit Fee	1.50	1.50
<b>TOTAL</b>	<b>1.50</b>	<b>1.50</b>

**Shalimar Paints Limited**
**Notes to the Standalone Financial Statements for the year ended March 31, 2021**

(All amounts are in Rupees lakh, unless otherwise stated)

**39 Exceptional Items**
**39.1 Expenses**

	Year ended March 31, 2021	Year ended March 31, 2020
Provision for Custom duty (advance license)	-	106.51
Excise Duty paid/written off	-	88.57
Other balances written-off*	-	509.87
Stock written off **	200.00	-
<b>TOTAL</b>	<b>200.00</b>	<b>704.95</b>

\*Other balances written off\* comprises- (i) Sales/CST/VAT deposits written off- Rs 384.10 lakh (on assessments completed-as certified by management) , under relevant Acts (ii) Irrecoverable Other deposits written off -Rs 84.22 lakh(iii) Unrealisable Receivables written off - Rs 41.55 lakh , net of credit balance of Rs 171.77 Lakh.

\*\* Relating to unrealisable stock at Howrah Factory physically verified by the management and reportedly confirmed by the registered valuer.

**39.2 Incomes**

Insurance Claim Recovered [Refer Note No. 54(i)]

	-	1,399.85
<b>TOTAL</b>	<b>-</b>	<b>1,399.85</b>

**40 Tax Expenses**

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
<b>a) Income tax recognized in profit or loss</b>		
<b>Current tax expense</b>		
Current year	-	-
<b>Deferred tax expense/(income)</b>		
Origination and reversal of temporary differences	2,608.14	(1,797.22)
	<b>2,608.14</b>	<b>(1,797.22)</b>

**41 OTHER COMPREHENSIVE INCOME**
**(i) Items that will not be reclassified to profit or loss (refer note 45)**

Remeasurements of the defined benefit plans	20.99	21.16
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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	6.55	6.60
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**Shalimar Paints Limited**
**Notes to the Standalone Financial Statements for the year ended March 31, 2021**

(All amounts are in Rupees lakh, unless otherwise stated)

**42 EARNING PER SHARE**

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
(a) Net profit/ (loss) as attributable for equity shareholders	(4,949.66)	(3,787.60)
(b) Weighted average number of equity shares (Nos.)	5,43,00,259	5,43,00,259
(c) Effect of potential Dilutive Equity shares on Employee stock option outstanding (Nos.)	10,500	21,375
(d) Weighted average number of Equity shares in computing diluted earning per share	5,43,10,759	5,43,21,634
Basic Earnings per Share	(9.12)	(6.98)
Diluted Earnings per Share*	(9.12)	(6.98)

\*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.

**43 A. Contingent Liabilities and claims against the Company**

PARTICULARS	Year ended March 31, 2021	Year ended March 31, 2020
<b>Contingent liabilities, to the extent not provided for in respect of:</b>		
<b>a. Guarantees, Undertakings &amp; Letter of Credit</b>		
Guarantees issued by the Company's Bankers on behalf of the Company	436.94	343.78
Letter of Credit	3881.17	2783.35
<b>b. Demands</b>		
Excise Duty	461.07	461.07
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)	304.64	1851.94
Income Tax	0.98	67.50
Others	2330.16	2241.16

(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.

**B. Commitments**

PARTICULARS	Year ended March 31, 2021	Year ended March 31, 2020
(i) Estimated amount of contracts remaining to be executed on Capital Accounts and not provided for, net of advances of Rs. 22.90 lakh (March 31, 2020 Rs 16.62 lakh)	66.47	58.35
(ii) Uncalled liability on partly paid up shares	40.50	40.50

**Shalimar Paints Limited**
**Notes to the Standalone Financial Statements for the year ended March 31, 2021**

(All amounts are in Rupees lakh, unless otherwise stated)

**44 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, 2021	Year ended March 31, 2020
a) Principal amount remaining unpaid to any supplier as on 31st March	236.02	642.64
b) Interest due on above remaining unpaid to any supplier as on 31st March	227.31	210.52
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 (for the year)	16.79	16.87
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. The amount of said interest is unascertained.
- (iii) Auditor has relied upon the information furnished in respect of above disclosures.

Shalimar Paints Limited

## Notes to the Standalone Financial Statements for the year ended March 31, 2021

(All amounts are in Rupees lakh, unless otherwise stated)

### 45 '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 Rs. 84.80 lakh (Previous Year Rs. 114.99 lakh) towards the defined contribution plan.

#### b) Defined benefits obligation - as per actuarial valuation

Particulars	Year ended March 31, 2021		Year ended March 31, 2020	
	Gratuity Funded	Leave Encashment Non-Funded	Gratuity Funded	Leave Encashment Non-Funded
<b>I Change in present value of obligation during the year</b>				
Present value of obligation at the beginning of the year	672.31	94.17	665.10	90.70
- Current Service Cost	32.18	4.09	31.16	6.06
- Past Service Cost	-	-	-	-
- Interest Cost	45.72	6.40	50.55	6.89
- Acquisition cost	-	-	-	-
Actuarial loss/(gains) on Obligation	(20.96)	(3.23)	(21.57)	20.81
Benefits Paid	(39.82)	(14.36)	(52.92)	(30.29)
<b>Present Value of obligation as at year-end</b>	<b>689.42</b>	<b>87.06</b>	<b>672.31</b>	<b>94.17</b>

<b>II Change in Fair Value of Plan Assets during the year</b>				
Plan assets at the beginning of the year	5.19	-	6.28	-
Investment Income	0.36	-	0.48	-
Employer's contribution	2.01	-	37.91	-
Benefits paid	(5.50)	-	(39.07)	-
Actuarial loss/(gains)	0.02	-	(0.41)	-
<b>Plan assets at the end of the year</b>	<b>2.08</b>	<b>-</b>	<b>5.19</b>	<b>-</b>

III Reconciliation of Present value of Defined Benefit Obligation and Fair Value of Plan Assets	Year ended March 31, 2021		Year ended March 31, 2020	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
1 Present Value of obligation as at year-end	689.42	87.06	672.31	94.17
2 Fair value of plan assets at year -end	2.08	-	5.19	-
3 Funded status (Surplus/(Deficit))	<b>(687.34)</b>	<b>(87.06)</b>	<b>(667.12)</b>	<b>(94.17)</b>

IV Expenses recognised in the Statement of Profit and Loss	Year ended March 31, 2021		Year ended March 31, 2020	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
1 Current Service Cost	32.18	4.09	31.16	6.06
2 Interest Cost	45.36	6.40	50.07	6.89
3 Past service Cost	-	-	-	-
4 Expected return on plan assets	-	-	-	-
5 Actuarial (Gain) / Loss	-	(3.23)	-	20.81
<b>Total Expenses</b>	<b>77.54</b>	<b>7.26</b>	<b>81.23</b>	<b>33.76</b>

V Expenses recognised in the Statement of Other Comprehensive Income	Year ended March 31, 2021		Year ended March 31, 2020	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
1 Net Actuarial (Gain)/Loss	(20.99)	-	(21.16)	-

<b>VI Division of DBO at the end of the year</b>				
1 Current Liability	417.13	48.13	395.09	53.20
2 Non-Current Liability	272.29	38.93	277.22	40.96

**Shalimar Paints Limited**
**Notes to the Standalone Financial Statements for the year ended March 31, 2021**

(All amounts are in Rupees lakh, unless otherwise stated)

		Year ended March 31, 2021		Year ended March 31, 2020	
VII	Actuarial Assumptions	Gratuity	Leave Encashment	Gratuity	Leave Encashment
1	Discount Rate	6.80%	6.80%	7.60%	7.60%
2	Mortality Table	100 % IALM (2012-14)	100 % IALM (2012-14)	As per IALM (2006-08)	As per IALM (2006-08)
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 March 31, 2021	Year ended March 31, 2020	Year ended March 31, 2021	Year ended March 31, 2020
		Funded	Funded	Funded	Funded
	1) Gratuity	0.02	(0.41)	-	-

IX	History of Experience Adjustment:	Year ended March 31, 2021	Year ended March 31, 2020	Year ended March 31, 2019	Year ended March 31, 2018	Year ended March 31, 2017
	<b>Gratuity</b>					
	Present Value of obligation	689.42	672.31	665.10	516.87	439.04
	Fair value of Plan assets	2.08	5.19	6.28	2.35	0.73
	Net Asset/(Liability)	(687.34)	(667.13)	(658.82)	(514.52)	(438.31)
	Actuarial (Gain)/Loss on plan obligation	20.96	(21.57)	83.68	18.08	(46.25)
	Actuarial Gain/(Loss) on plan assets	0.02	(0.41)	0.19	(0.05)	(1.38)
	<b>Leave Encashment</b>					
	Present Value of obligation	87.06	94.17	90.70	47.76	65.46
	Fair value of Plan assets	-	-	-	-	-
	Net Asset/(Liability)	(87.06)	(94.17)	(90.70)	(47.76)	(65.46)
	Actuarial (Gain)/Loss on plan obligation	(3.23)	20.81	42.67	(35.62)	4.08
	Actuarial Gain/(Loss) on plan assets	-	-	-	-	-

**X Sensitivity Analysis**

		Year ended March 31, 2021		Year ended March 31, 2020	
		Impact on liabilities		Impact on liabilities	
Assumption	Changes in assumption	Increase	Decrease	Increase	Decrease
<b>Gratuity</b>					
Discount rate	-/+0.5% movement	(24.09)	27.45	23.49	26.77
Future salary growth	-/+0.5% movement	28.65	(25.47)	27.94	24.84
<b>Leave Encashment</b>					
Discount rate	-/+0.5% movement	(22.74)	25.91	7.75	9.00
Future salary growth	-/+0.5% movement	27.05	(24.05)	9.40	8.19

**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 -

- 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.
- 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.
- 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.
- 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 catagories of plan assets for gratuity as a percentage of the fair value of total plan assets are as follows:**

Particulars	March 31, 2021	March 31, 2020
Fund managed by Insurer	100%	100%

Shalimar Paints Limited

## Notes to the Standalone Financial Statements for the year ended March 31, 2021

(All amounts are in Rupees lakh, unless otherwise stated)

### 46 CATEGORY-WISE CLASSIFICATION OF FINANCIAL INSTRUMENTS

#### Financial Assets

Particulars	Fair Value Hierarchy	As at March 31, 2021		As at March 31, 2020	
		Carrying Amount	Fair Value	Carrying Amount	Fair Value
<b>1. Financial assets designated at fair value through profit and loss</b>					
a) Investment					
i) In Preference shares	Level-3	34.08	34.08	30.16	30.16
<b>2. Financial assets designated at amortised cost</b>					
a) Other bank balances		503.36	503.36	176.15	176.15
b) Cash & Cash Equivalents		259.44	259.44	275.14	275.14
c) Trade & Other receivables	Level-3	7,772.04	7,772.04	7,150.08	7,150.08
d) Loans	Level-3	932.16	932.16	916.23	916.23
e) Investment in Debentures	Level-3	0.23	0.23	0.23	0.23
f) Other Financial Assets	Level-3	452.29	452.29	846.27	846.27
<b>3. Investment in subsidiary Companies</b>		51.35	51.35	51.35	51.35

#### Financial Liabilities

Particulars	Fair Value Hierarchy	As at March 31, 2021		As at March 31, 2020	
		Carrying Amount	Fair Value	Carrying Amount	Fair Value
<b>1. Financial liabilities designated at amortised cost</b>					
a) Borrowings	Level-3	13,054.24	13,054.24	12,076.35	12,076.35
b) Trade & Other Payables	Level-3	11,094.72	11,094.72	9,610.38	9,610.38
c) Other Financial Liability	Level-3	2,227.44	2,227.44	2,971.70	2,971.70

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)

Shalimar Paints Limited

## Notes to the Standalone Financial Statements for the year ended March 31, 2021

(All amounts are in Rupees lakh, unless otherwise stated)

### 47 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 2021, 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 31st March, 2021	As at 31st March, 2020
<b>Financial Assets</b>		
Trade receivables	370.90	167.33
<b>Financial liabilities</b>		
Trade payables	(167.53)	(289.89)
Loan from related parties	-	-
<b>Net assets / (liabilities)</b>	<b>203.38</b>	<b>(122.56)</b>

#### 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	2020-21 5% Increase	5% decrease	2019-20 5% Increase	5% decrease
USD Sensitivity	10.17	(10.17)	(6.13)	6.13
<b>Increases/ ( decrease ) in profit or loss</b>	<b>10.17</b>	<b>(10.17)</b>	<b>(6.13)</b>	<b>6.13</b>

#### 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 31st March, 2021		As at 31st March, 2020	
	INR	Total	INR	Total
Variable Rate Borrowings	13,054.24	13,054.24	12,076.35	12,076.35
<b>Total Borrowings</b>	<b>13,054.24</b>	<b>13,054.24</b>	<b>12,076.35</b>	<b>12,076.35</b>

#### Sensitivity on variable rate borrowings

Particulars	Impact on Profit & (Loss) before tax	
	31-Mar-21	31-Mar-20
<b>INR Borrowings</b>		
Interest Rate Increase by 0.50%	(65.27)	(60.38)
Interest Rate decrease by 0.50%	65.27	60.38

#### 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.



**Shalimar Paints Limited**
**Notes to the Standalone Financial Statements for the year ended March 31, 2021**

(All amounts are in Rupees 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 (%)	
	2020-21	2019-20
Within the credit period	2.30	3.31
0-1 year	4.33	4.83
1-2 years	45.57	43.13
More than 2 years	100.00	100.00

**Movement in expected credit loss allowance (net)**

Particulars	Life time expected credit losses		12-months expected credit losses	
	31-Mar-21	31-Mar-20	31-Mar-21	31-Mar-20
Balance at the beginning	2,703.63	1,843.56	650.64	597.64
Provision Reduced during the year	1,766.77	1,741.18	-	-
Additional provision created during the year	-	2,601.25	-	53.00
<b>Balance at the end</b>	<b>936.86</b>	<b>2,703.63</b>	<b>650.64</b>	<b>650.64</b>

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, 2021:

**Expected maturity for financial liabilities**

Particulars	Carrying Amount	On Demand	Less than 1 year	More Than 1 Year	Total
Borrowings	13,054.24	8,667.86	1,981.81	2,404.57	13,054.24
Trade & Other payables	11,094.72	2,372.42	7,541.38	1,180.93	11,094.72
Other financial liabilities	2,227.44	-	2,187.63	39.81	2,227.44

The table below provides details regarding the contractual maturities of significant financial liabilities as of March 31, 2020:

Particulars	Carrying Amount	On Demand	Less than 1 year	More Than 1 Year	Total
Borrowings	12,076.35	8,411.75	1,844.31	1,820.28	12,076.35
Trade & Other payables	9,610.38	2,811.09	5,807.74	991.55	9,610.38
Other financial liabilities	2,971.70	-	2,827.90	143.81	2,971.70

**47.1 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.

Particulars	As at March 31, 2021	As at As at 31st March, 2020
Borrowings	13,054.24	12,076.35
Less: cash and cash equivalents	259.44	275.14
<b>Net debt</b>	<b>12,794.80</b>	<b>11,801.21</b>
Total Equity	20,698.74	25,642.10
<b>Capital and Net debt</b>	<b>33,493.54</b>	<b>37,443.30</b>
Gearing Ratio	38%	32%

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

Shalimar Paints Limited

Notes to the Standalone Financial Statements for the year ended March 31, 2021

(All amounts are in Rupees lakh, unless otherwise stated)

**48 Related Party Disclosure as per Ind AS 24**

**A. List of Related Party & Relationship**

Name of Related Party	Country of Incorporation	Ownership Interest	
		31st March 2021	31st March 2020
(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. Ashok Kumar Gupta	Managing Director (Appointed as MD w.e.f. 27.12.2019)
2 Mr. Gautam	Company Secretary (Appointed as Company Secretary w.e.f. 12.08.2019)
3 Mr. Ashish Kumar Bagri	Chief Financial Officer (Ceased to be CFO w.e.f. 21.01.2021)

**(c) Relative of KMP**

**(d) Other related parties**

1 Virtuous Tradecorp Pvt. Ltd.	Substantial beneficial owner (SBO) in the company
2 Hind Strategic Investment	Substantial beneficial owner (SBO) in the company
3 Mr. Alok Perti	Non-Executive Director
4 Mr. Gautam Kanjilal	Non-Executive Director
5 Mr. Ashok Kumar Agarwal	Non-Executive Director (Appointed as Director w.e.f. 12.08.2019)
6 Mr. Sanjay Kumar Gupta	Non-Executive Director (Ceased as Director w.e.f. 05.10.2020)
7 Ms. Shruti Srivastava	Non-Executive Director (Appointed as Director w.e.f. 20.02.2020)
8 Mr. Vijay Kumar Sharma	Non-Executive Director (Appointed as Director w.e.f. 05.10.2020)

**B. Related Party Transaction**

Particulars	Transaction during the year	
	FY 2020-21	FY 2019-20
<b>Loans &amp; Advances(Given)</b>		
Shalimar Adhunik Nirman Ltd.	31.45	28.83
<b>Reimbursement of expenses incurred by Company</b>		
Eastern Speciality Paints & Coatings Pvt. Ltd.	0.18	0.18
Mr. Surender Kumar	-	0.01
Mr. Nitin Gupta	-	0.48
Mr. Sandeep Gupta	-	0.12
Mr. Ashok Kumar Gupta	1.30	0.96
Mr. Ashish Kumar Bagri	0.25	0.06
Mr. Gautam	0.17	0.15
<b>Interest on Loan</b>		
Hind Strategic Investment	-	0.64
<b>Conversion of ECB Loan</b>		
Hind Strategic Investment	-	553.37
<b>Directors Sitting Fees:</b>		
Mr. Alok Perti	2.30	2.50
Mr. Gautam Kanjilal	3.80	4.40
Ms. Pushpa Chowdhary	-	0.40
Mr. Ashok Kumar Agarwal	1.10	0.80
Mr. Sanjay Kumar Gupta	0.60	0.40
Ms. Shruti Srivastava	1.00	-
Mr. Vijay Kumar Sharma	0.40	-

**Shalimar Paints Limited**
**Notes to the Standalone Financial Statements for the year ended March 31, 2021**
*(All amounts are in Rupees lakh, unless otherwise stated)*
**Remuneration and other perquisites :-**

(a) short-term employee benefits;	246.61	193.73
(b) post-employment benefits;	4.68	(5.56)
(c) other long-term benefits;	-	2.30

Particulars	Outstanding Balances at the year ended	
	31st March, 2021	31st March, 2020
<b>Loan &amp; Advances (Given)</b>		
Shalimar Adhunik Nirman Ltd.	782.37	750.92
Eastern Speciality Paints & Coatings Pvt. Ltd.	0.80	0.62

**Investment**

Shalimar Adhunik Nirman Ltd.	59.50	59.50
Eastern Speciality Paints & Coatings Pvt. Ltd.	5.00	5.00

**Salary Payable**

Mr. Ashok Kumar Gupta	13.56	14.62
Mr. Ashish Kumar Bagri	-	2.57
Mr. Gautam	0.76	0.88

**Compensation to Key Management Personnels**

Particulars	Short-term employee benefits	
	FY 2020-21	FY 2019-20
Mr. Surender Kumar	-	38.85
Mr. Sandeep Gupta	-	62.95
Mr. Nitin Gupta	-	1.97
Mr. Ashok Kumar Gupta	195.31	65.86
Mr. Ashish Kumar Bagri	40.89	16.10
Mr. Gautam	10.40	8.00

Shalimar Paints Limited

## Notes to the Standalone Financial Statements for the year ended March 31, 2021

(All amounts are in Rupees lakh, unless otherwise stated)

### 49 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 2021

Particulars	March 31, 2021		March 31, 2020	
	No. of options	Wt. avg exercise Price (in Rs.)	No. of options	Wt. avg exercise Price (in Rs.)
No. of Options Outstanding at the beginning of the year	21,375	90.73	22,875	92.08
Options Granted during the year				
Options Forfeited / Surrendered / Lapsed during the year	10,875	90.73	1,500	92.08
Options exercised during the year	-	-	-	-
Number of options Outstanding at the end of the year	10,500	111.22	21,375	90.73

#### II. Weighted Average remaining contractual life

Range of Exercise Price	March 31, 2021		March 31, 2020	
	No. of options outstanding	Weighted average contractual life (years)	No. of options outstanding	Weighted average contractual life (years)
43.80- 111.22	10,500	4.98	21,375	4.98

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

Particulars	March 31, 2021	March 31, 2020
Exercise price is less than market price	121.64	97.84

- IV. The weighted average market price of options exercised during the year ended March 31, 2021 is 166.00  
The weighted average market price of options exercised during the year ended March 31, 2020 is 135.33

#### 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, 2021	March 31, 2020
			Weighted Average	Weighted Average
1. Risk-free rate of return			8.15%	8.15%
2. Time to Maturity			-	-
3. Expected Volatility			69.57%	69.57%
4. Expected divided yield			-	-
5. Exercise Price (in Rs.)			111.22	90.73
6. Price of the underlying share in market at the time of the option grant (in Rs.)			166.00	135.33

(Rs. lakhs)

Particulars	March 31, 2021	March 31, 2020
Employee Option plan expense	(8.14)	(1.56)
Total liability at the end of the period	12.77	20.91

### 50 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, doubtful trade receivables as referred to in Note 47.

### 51 Segment information

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

Shalimar Paints Limited

## Notes to the Standalone Financial Statements for the year ended March 31, 2021

(All amounts are in Rupees lakh, unless otherwise stated)

- 52 Loan to related party (refer note 9) includes the balance consideration of Rs. 499 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.
- 53 Other receivable includes Rs. 3.53 crore (net of Rs. 11.22 crore as final settlement received during earlier years ) in respect of Howrah Plant insurance claim. The total claim receivable against the inventory and fixed assets was Rs. 14.75 crore. The Company is not in agreement with the settlement amount and has filed an arbitration petition which is under progress.
- 54 (i) The Company has claimed Rs 32.90 crore in respect of Nasik Plant Fire under Loss of Profit Policy , and the surveyor appointed by the insurer has assessed the claim vide their interim report at Rs 22.14 crore (loss of production method) & at Rs 22.63 crore (Turnover method) . Against the claim , the Company has received Rs 14 crore(as interim payment) during earlier financial years , and the same was shown under the head Extraordinary items/ gain. The said claim was accounted for , as a matter of prudence ,on receipt basis.
- (ii) The Company has claimed Rs 59.35 crores in respect of Nasik Plant Fire under Reinstatement Policy, and the Surveyor appointed by the insurer has assessed the claim vide their report at Rs. 19.54 crores. Against the claim, the Company has received Rs. 20.91 crores (Rs. 9.91 crore in current Financial Year ).The difference of Rs. 6.04 crore,being the claim receivable Rs. 3.87 crore in beginning of the year and actual receipt of Rs.9.91 crore, is shown under "other Income"in note no 31. The company is pursuing for the balance claim.
- 55 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.
- 56 Term Loan from financials institutions represent loan availed by Company for working capital for business needs.
- 57 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 Rs. 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 Goabaria as a security.
- 58 Due to outbreak of pandemic COVID 19 globally and in India, the operations of the Company, were impacted, due to shutdown of all its plants and offices/depots following nationwide lockdown by the Government of India. The Company has resumed operations in a phased manner as per directives from the Government of India. The Company has evaluated impact of this pandemic on its business operations and financial position and based on its review of current indicators of future economic conditions, there is no significant impact on its financial statements as at 31st March 2021. The management does not see any medium and long term risks in the Company's ability to continue as going concern and meeting its liabilities as an when they fall due. However, the impact assessment of COVID-19 is a continuing process given the uncertainties associated with its nature and duration, and accordingly the impact may be different from that estimated as at the date of approval of these financial statements.
- 59 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.
- 60 Previous year figures have been regrouped/rearranged/recast, whatever considered necessary to confirm to current year's classification.

### As per our report of even date attached

**For A. K. Dubey & Co.,**

Chartered Accountants

(ICAI Firm Registration No.: 329518E)

**Arun Kumar Dubey**

Partner

(Membership No.: 057141)

UDIN:

Place : Gurugram

Date : 26th June, 2021

**For and on Behalf of Board of Directors**

**Ashok Kumar Gupta**

Managing Director

DIN:- 01722395

**Alok Perti**

Director

DIN:- 00475747

**Mohit Donter**

Chief Financial Officer

**Gautam**

Company Secretary

Mem. No:- ACS 30581

## **INDEPENDENT AUDITORS' REPORT**

**To The Members of Shalimar Paints Limited**

### **REPORT ON THE AUDIT OF CONSOLIDATED IND AS 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 and Eastern Speciality Paints & Coating Private Limited** [collectively referred to as *"the Group"*], which comprise the Consolidated Balance Sheet as at 31-March-2021, 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 Notes to the Consolidated Ind AS Financial Statements including a summary of the Significant Accounting Policies and other explanatory information [herein after referred to as *"the Consolidated Ind AS Financial Statements"*].

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of other auditors on separate financial statements and on the other financial information of the subsidiaries, the aforesaid Consolidated Ind AS Financial Statements, 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 31-March-2021, 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 Ind AS Financial Statements in accordance with the Standards on Auditing as 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, ethical 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 Ind AS Financial Statements.

#### **Emphasis of Matter**

We draw your attention to Note No. 57 of Consolidated Financial Statements which explains the management's assessment/evaluation of the financial impact due to lockdown arising with the advent of COVID 19.

#### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Consolidated Ind AS Financial Statements of the current period. These matters were addressed in the context of our audit of the Consolidated Ind AS 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.

## Independent Auditors' Report

Sr. No.	Key Audit Matter	Auditor's Response
1.	<p><b><u>Evaluation of Trade receivables:</u></b></p> <p>The Company's Trade receivables included material disputed receivables and receivables against which legal proceedings have been initiated or to be initiated by the Company.</p> <p><i>[Refer Note No. 47(ii) of the Consolidated Financial Statement]</i></p>	<p><b><u>Principal Audit Procedures</u></b></p> <p>While reviewing the quality of trade receivables from realization perspective based on information and 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').</p> <p>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.</p> <p>Our audit approach was a combination of test of internal controls with respect to Trade receivable management and substantive procedures.</p> <p>The Audit Committee of the Company has also reviewed and approved Trade receivables for fair value thereof.</p>
2.	<p><b><u>Evaluation of Exceptional Expenses</u></b></p> <p>The Company during the year has written off unrealizable inventory amounting to ₹200.00 lakh.</p> <p><i>[Refer Note No. (39.1) of the Consolidated Financial Statement]</i></p>	<p><b><u>Principal Audit Procedures</u></b></p> <p><b>Inventory Written Off – ₹200.00 lakh</b></p> <p>We have relied upon the management representation and certification while carrying out our audit. We have broadly reviewed 'Exceptional Expenses' on selective basis, as per information and explanation furnished to us.</p> <p>The Audit Committee of the Company has also reviewed and approved the said write off for fair valuation of current assets.</p>



## Independent Auditors' Report

3.	<b><u>Evaluation of Un-ascertained Tax &amp; Other Liabilities</u></b>	<b><u>Principal Audit Procedures</u></b>
	<p>The Company has material unascertained disputed taxes and other liabilities shown as contingent liabilities, the determination of which involves significant management judgment.</p> <p><i>[Refer Note No. 43 of the Consolidated Financial Statements]</i></p>	<p>We have obtained the details of completed tax assessments and demands for the year ended and up to 31-March-2021 from the 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 demands of earlier years having regard to legal precedence and other rulings in evaluating management's position on these uncertain tax positions.</p> <p>The material uncertain tax position &amp; uncertain other liabilities, giving rise to disputed liabilities shown as contingent liabilities, have been examined by us having regard to material information &amp; explanation furnished to us by the management .</p> <p>We review material uncertain tax position &amp; 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 Annual Report comprising Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Business Responsibility Report, Corporate Governance and Shareholder's Information, among others, but does not include the Consolidated Ind AS Financial Statements and our Auditor's Report thereon.

Our opinion on the Consolidated Ind AS 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 Ind AS 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.

## Independent Auditors' Report

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. 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 Ind AS 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 Ind AS 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 Ind AS 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 Ind AS 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.

# Independent Auditors' Report

## 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 of `2,727.75 lakh as at 31-March-2021, and Total Revenues of `0.00 lakh, Total Net Loss After Tax of `36.64 lakh, Total Comprehensive Loss of `36.64 lakh, and Cash Outflows (net) of `0.00 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 and movable assets and for Loss of Profit due to fire in Company's plant located at Nasik, are yet to be assessed by the Insurer and claim have been accounted for on estimated/realization basis. The Company is in arbitration for additional claim on account of fire claim at Howrah Plant [Note Nos. 52 and 53 of Consolidated Financial Statements]
- (iii) Some of the financial assets and liabilities including trade receivables, trade payables and advances are pending confirmation/reconciliation, and their impact on financial statements, if any, is unascertained. [Note No. 58 of Consolidated Financial Statements]
- (iv) As regard disclosure in Note No. 44 of Consolidated 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 Ind AS 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.

## 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/ the other auditors (whose report we have relied upon) 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 of the aforesaid Consolidated Ind AS Financial Statements.
  - (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidation of the financial statements have been kept by the Company so far as it appears from our examination of those books and reports of the other auditors.
  - (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 maintained for the purpose of preparation of the Consolidated Ind AS Financial Statements.
  - (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 31-March-2021 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 31-March-2021 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 & report of auditors of subsidiary companies, 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

## Independent Auditors' Report

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 and based on the consideration of the report of the other auditors of subsidiary companies, 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 and/or its subsidiaries have disclosed the impact of pending litigations on its financial position in its Consolidated Ind AS Financial Statements. (Note No. 43 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

**CA Arun Kumar Dubey**  
Partner  
Membership No. 057141  
UDIN : 21057141AAAABT7940

**Dated :** 26-June-2021

**Place :** Kolkata

## Independent Auditors' Report

### **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 31-March-2021 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 and 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.

#### **Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's Internal Financial Controls Over Financial Reporting of the Company with reference to these Consolidated Ind AS Financial Statements 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 with reference to these Consolidated Ind AS Financial Statements.

#### **Meaning of Internal Financial Controls Over Financial Reporting**

A Company's Internal Financial Control 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 with reference to these Consolidated Ind AS Financial Statements 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.

## Independent Auditors' Report

### 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, incorporated in India, 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 31-March-2021, 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

**CA Arun Kumar Dubey**  
Partner  
Membership No. 057141  
UDIN : 21057141AAAABT7940

**Dated :** 26-June-2021

**Place :** Kolkata

**Shalimar Paints Limited**
**Consolidated Balance Sheet as at March 31, 2021**

(All amounts are in Rupees lakh, unless otherwise stated)

	<b>Note No.</b>	<b>As at 31-03-2021</b>	<b>As at 31-03-2020</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, Plant and Equipment	5.1	27,841.71	28,832.78
Right-of-use-assets	5.2	28.04	84.10
Capital work-in-progress	6	35.03	10.05
Intangible assets	7	459.45	548.08
Financial Assets			
i) Investments	8	0.23	0.23
ii) Loans	9	150.09	165.69
iii) Other financial assets	10	6.77	-
Deferred tax assets (net)	11	1,976.71	4,591.40
Other non-current assets	12	22.90	16.62
<b>Current assets</b>			
Inventories	13	8,880.73	8,661.52
Financial Assets			
i) Trade receivables	14	7,772.04	7,150.08
ii) Cash and cash equivalents	15.1	265.19	280.89
iii) Bank balances other than (ii) above	15.2	504.36	177.15
iv) Other financial assets	16	445.52	846.27
Current Tax Assets (Net)	17	306.33	291.60
Other current assets	18	1,598.90	1,951.22
<b>Total Assets</b>		<b>50,294.00</b>	<b>53,607.68</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity Share Capital	19	1,086.02	1,086.02
Other Equity	20	21,221.13	26,201.14
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Financial Liabilities			
i) Borrowings	21	2,404.57	1,820.29
ii) Lease Liabilities	22	-	32.76
iii) Other financial liabilities	23	39.81	143.81
Provisions	24	609.14	612.99
<b>Current liabilities</b>			
Financial Liabilities			
i) Borrowings	25	9,964.08	10,069.59
ii) Trade payables	26		
Outstanding dues to Micro and Small Enterprises		236.02	642.64
Outstanding dues to trade payables other than Micro and Small Enterprises		10,858.70	8,967.74
iii) Other financial liabilities	27	2,873.73	3,074.34
Other current liabilities	28	535.54	508.07
Provisions	29	465.26	448.29
<b>Total Equity and Liabilities</b>		<b>50,294.00</b>	<b>53,607.68</b>

Significant Accounting Policies and accompanying notes form an integral part of the financial statements.

1-59

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

Chartered Accountants

(ICAI Firm Registration No.: 329518E)

**Arun Kumar Dubey**

Partner

(Membership No.: 057141)

UDIN:

Place : Gurugram

Date : 26th June, 2021

**For and on Behalf of Board of Directors**
**Ashok Kumar Gupta**

Managing Director

DIN:- 01722395

**Alok Perti**

Director

DIN:- 00475747

**Mohit Donter**

Chief Financial Officer

**Gautam**

Company Secretary

Mem. No:- ACS 30581



Shalimar Paints Limited

## Consolidated Statement Of Profit & Loss for the year ended March 31, 2021

(All amounts are in Rupees lakh, unless otherwise stated)

	Note No.	Year ended March 31, 2021	Year ended March 31, 2020
Revenue From Operations	30	32,556.12	34,385.02
Other Income	31	718.68	112.80
<b>Total Revenue</b>		<b>33,274.80</b>	<b>34,497.82</b>
<b>EXPENSES</b>			
Cost of materials consumed	32	19,842.53	21,857.82
Purchases of Stock-in-Trade	33	2,188.98	2,489.89
Changes in inventories of finished goods, Stock-in -Trade and work-in-progress	34	237.84	(1,119.80)
Employee Benefit Expenses	35	3,670.92	4,867.67
Finance costs	36	1,928.57	1,985.25
Depreciation and amortization expense	37	1,331.71	1,085.39
Other expenses	38	6,252.42	9,642.16
<b>Total expenses</b>		<b>35,452.97</b>	<b>40,808.38</b>
<b>Profit/(loss) before exceptional items and tax</b>		<b>(2,178.17)</b>	<b>(6,310.56)</b>
<b>Exceptional items</b>			
Expenses	39.1	(200.00)	(704.95)
Incomes	39.2	-	1,399.85
<b>Profit/(loss) before tax</b>		<b>(2,378.17)</b>	<b>(5,615.66)</b>
<b>Tax expense</b>	40		
Current Tax		-	-
Deferred tax		2,608.14	(1,797.22)
<b>Profit/(loss) for the period</b>		<b>(4,986.31)</b>	<b>(3,818.44)</b>
Other Comprehensive Income	41		
(i) Items that will not be reclassified to profit or loss		20.99	21.16
(ii) Income tax effect on above		6.55	6.60
<b>Total Other Comprehensive Income/(Loss) for the year</b>		<b>14.44</b>	<b>14.56</b>
<b>Total Comprehensive Income/(loss) for the year</b>		<b>(4,971.87)</b>	<b>(3,803.88)</b>
<b>Earnings per Shares of Rs. 2/- each</b>	42		
1) Basic (in Rs)		(9.18)	(7.03)
2) Diluted (in Rs)		(9.18)	(7.03)

Significant Accounting Policies and accompanying notes form an integral part of the financial statements.

1-59

As per our report of even date attached

For A. K. Dubey & Co.,

Chartered Accountants

(ICAI Firm Registration No.: 329518E)

**Arun Kumar Dubey**

Partner

(Membership No.: 057141)

UDIN:

Place : Gurugram

Date : 26th June, 2021

For and on Behalf of Board of Directors

**Ashok Kumar Gupta**

Managing Director

DIN:- 01722395

**Alok Perti**

Director

DIN:- 00475747

**Mohit Donter**

Chief Financial Officer

**Gautam**

Company Secretary

Mem. No:- ACS 30581

Shalimar Paints Limited

# Consolidated Cash Flow Statement as at March 31, 2021

(All amounts are in Rupees lakh, unless otherwise stated)

	Year ended March 31, 2021	Year ended March 31, 2020
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit / (Loss) Before Tax	(2,378.17)	(5,615.66)
<b>Adjustments for:</b>		
Depreciation, amortization and impairment expenses	1,331.71	1,085.40
Net (Gain) / Loss on Sale of Property, Plant & Equipment	(2.01)	0.29
(Gain)/ Loss on fair value of current investment	(3.93)	
Bad debts/Provision for doubtful Debts Written Back	-	2,654.25
Employee stock option expenses	(8.14)	(1.56)
Finance Costs	1,963.20	1,985.25
Interest Income	(57.79)	(65.74)
<b>Operating Profit/(loss) before Working Capital changes</b>	<b>844.87</b>	<b>42.23</b>
<b>Adjustments for:</b>		
Trade Receivables	(621.37)	119.83
Other receivable	735.00	(234.38)
Inventories	(219.21)	(1,525.78)
Trade Payable (incl LC)	1,221.76	(358.39)
Trade & other Payables	(370.59)	1,034.99
<b>Cash generated (used) in /from Operations before tax</b>	<b>1,590.46</b>	<b>(921.50)</b>
Direct Taxes (paid)/refund (net)	(14.73)	(8.11)
<b>Net cash flow (used) in/ from Operating Activities</b>	<b>1,575.73</b>	<b>(929.61)</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Acquisition of Property, Plant & Equipment/ Intangible Assets including Capital Advances	(334.95)	(3,277.17)
Interest/other income Received	28.97	108.92
Movement in Margin money/Fixed deposits	(333.98)	378.56
<b>Net cash flow (used) in/ from Investing Activities</b>	<b>(639.96)</b>	<b>(2,789.69)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Issue of Share capital	-	570.35
Proceeds from /(repayment) of Borrowings (net)- Long term	1,083.40	(548.25)
Proceeds from /(repayment) of Borrowings (net)- Short term	(105.51)	(2,612.98)
Finance Costs	(1,929.36)	(1,985.25)
<b>Net cash (used) in/ from Financing Activities</b>	<b>(951.47)</b>	<b>(4,576.13)</b>
<b>Net cash (used) in/ from Operating, Investing &amp; Financing Activities</b>	<b>(15.70)</b>	<b>(8,295.42)</b>
Opening balance of Cash and Cash equivalent	280.89	8,576.31
<b>Closing balance of Cash &amp; Cash equivalent</b>	<b>265.19</b>	<b>280.89</b>

Note: Cash and cash equivalents included in the Cash Flow Statement comprise of the following (refer note 15.1):-

<b>i) Cash Balance on Hand</b>	<b>0.12</b>	<b>0.18</b>
<b>ii) Balance with Banks :</b>		
-In Current Accounts	112.22	37.31
-In Fixed Deposits	-	-
-Cheques/draft in hand	-	-
-Bank deposits with maturity of less than 3 months	152.85	243.40
<b>Total</b>	<b>265.19</b>	<b>280.89</b>

As per our report of even date attached

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

**Arun Kumar Dubey**  
Partner  
(Membership No.: 057141)  
UDIN:

Place : Gurugram  
Date : 26th June, 2021

**For and on Behalf of Board of Directors**

**Ashok Kumar Gupta**  
Managing Director  
DIN:- 01722395

**Mohit Donter**  
Chief Financial Officer

**Alok Perti**  
Director  
DIN:- 00475747

**Gautam**  
Company Secretary  
Mem. No:- ACS 30581

Shalimar Paints Limited

**Statement Of Change In Equity for the year ended March 31, 2021**

(All amounts are in Rupees lakh, unless otherwise stated)

<b>A</b>	<b>Equity Share Capital</b>	<b>Amount</b>
	<b>Equity Share Capital as on 31st March 2019</b>	<b>1,072.84</b>
	Movement during the year 2019-20	13.18
	<b>Equity Share Capital as on 31st March 2020</b>	<b>1,086.02</b>
	Movement during the year 2020-21	-
	<b>Equity Share Capital as on 31st March 2021</b>	<b>1,086.02</b>

**B Other equity**

Particulars						Other Compre- hensive Income	Total
	Securities Premium Reserve	Share Options Out- standing	General Reserve	Retained earnings		Remeasurement of Defined Benefit Obligation/ Plan	
<b>Balance as at March 31, 2019</b>	<b>25,227.72</b>	<b>22.48</b>	<b>4,061.71</b>	<b>180.05</b>		<b>(38.96)</b>	<b>29,453.00</b>
-Profit or Loss for the year				(3,818.44)			(3,818.44)
-Other comprehensive income for the year						14.56	14.56
-Addition during the year	557.14	(1.56)					555.58
-Movement during the year				(3.57)			(3.57)
<b>Balance as at March 31, 2020</b>	<b>25,784.86</b>	<b>20.92</b>	<b>4,061.71</b>	<b>(3,641.96)</b>		<b>(24.40)</b>	<b>26,201.14</b>
-Profit or Loss for the year				(4,986.31)			(4,986.31)
-Other comprehensive income for the year						14.44	14.44
-Addition during the year							-
-Movement during the year		(8.14)					(8.14)
<b>Balance as at March 31, 2021</b>	<b>25,784.86</b>	<b>12.78</b>	<b>4,061.71</b>	<b>(8,628.27)</b>		<b>(9.96)</b>	<b>21,221.13</b>

**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)  
UDIN:

**Ashok Kumar Gupta**  
Managing Director  
DIN:- 01722395

**Alok Perti**  
Director  
DIN:- 00475747

**Mohit Donter**  
Chief Financial  
Officer

**Gautam**  
Company Secretary  
Mem. No:- ACS 30581

Place : Gurugram  
Date : 26th June, 2021

**SHALIMAR PAINTS LIMITED**
**Notes to the Consolidated Financial Statements for the year ended March 31, 2021**
**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 pan-India presence through its marketing offices in all major states in India.

**2 Basis of preparation of consolidated 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 Standards ('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.

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 in 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 income, 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 on straight line method 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:

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 :

## Notes to Consolidated Financial Statements (Contd.)

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 on straight line 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.

### **b) Transition to Ind AS**

On transition to Ind AS, company has elected to continue with the carrying value of all of its intangible assets recognised as at 1 April 2016, measured as per the previous GAAP, and use that carrying value as the deemed cost of such intangible assets.

## **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. If recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. 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.

## Notes to Consolidated Financial Statements (Contd.)

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

A financial asset is subsequently measured at fair value through other comprehensive income (OCI) 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 rate 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

The 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.



## Notes to Consolidated Financial Statements (Contd.)

### Fair value measurement

- 4.7)** 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 best economic interest.
- A fair value measurement of a non-financial asset takes into 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, received and receivable by the Company, on its own account. Amounts collected on behalf of third parties (for example, indirect taxes) 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.

## Notes to Consolidated Financial Statements (Contd.)

- iii) The Company is maintaining Defined Benefit Plan for its Gratuity Scheme. 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 takes 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

The company operates mainly in one business segment i.e. Paints; accordingly sales & stock in trade represent paints & allied products.

## Notes to Consolidated Financial Statements (Contd.)

### 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) Lease

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

#### Company as a lessee

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

#### (i) Right-of-use Assets (ROU Assets)

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment.

#### (ii) Lease Liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Lease liability and ROU assets have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

#### (iii) Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

### 4.19) 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.

### 4.20) Earnings 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 earnings 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.

**Shalimar Paints Limited**
**Notes to the Consolidated Financial Statements for the year ended March 31, 2021**

(All amounts are in Rupees lakh, unless otherwise stated)

**5.1 Property, Plant & Equipment**

	Land- Free hold	Land- Lease hold	Buildings	Plant & Machinery	Furniture & Fixtures	Motor Vehicles	Office Equipment	Total
<b>Gross carrying value</b>								
<b>As at March 31, 2019</b>	<b>12,369.01</b>	<b>1,690.95</b>	<b>8,326.31</b>	<b>3,719.40</b>	<b>122.74</b>	<b>42.34</b>	<b>215.46</b>	<b>26,486.21</b>
Additions			2,491.34	2,916.27	27.90	19.22	74.65	5,529.38
Disposals/Adjustment	(0.00)		(0.02)		(0.04)	(0.01)	(0.59)	(0.66)
<b>As at March 31, 2020</b>	<b>12,369.01</b>	<b>1,690.95</b>	<b>10,817.63</b>	<b>6,635.66</b>	<b>150.59</b>	<b>61.56</b>	<b>289.52</b>	<b>32,014.93</b>
Additions			49.00	68.59	6.47	55.37	17.20	196.62
Disposals/Adjustment						(1.41)		(1.41)
<b>As at March 31, 2021</b>	<b>12,369.01</b>	<b>1,690.95</b>	<b>10,866.63</b>	<b>6,704.25</b>	<b>157.06</b>	<b>115.52</b>	<b>306.72</b>	<b>32,210.14</b>

**Depreciation**

<b>As at March 31, 2019</b>	-	<b>76.86</b>	<b>1,003.38</b>	<b>924.41</b>	<b>69.83</b>	<b>1.86</b>	<b>112.90</b>	<b>2,189.24</b>
Depreciation for the year 19-20		32.62	385.30	509.26	12.54	8.08	45.78	993.57
Disposals/Adjustment		-	(0.02)	-	(0.04)	(0.01)	(0.59)	(0.65)
<b>As at March 31, 2020</b>	-	<b>109.48</b>	<b>1,388.66</b>	<b>1,433.67</b>	<b>82.33</b>	<b>9.94</b>	<b>158.09</b>	<b>3,182.16</b>
Depreciation for the year 20-21		32.62	426.72	664.71	11.89	9.60	41.47	1,187.02
Disposals/Adjustment						(0.75)		(0.75)
<b>As at March 31, 2021</b>	-	<b>142.10</b>	<b>1,815.38</b>	<b>2,098.38</b>	<b>94.22</b>	<b>18.79</b>	<b>199.56</b>	<b>4,368.43</b>

**Net carrying value**

Balance as at March 31, 2019	12,369.01	1,614.09	7,322.93	2,794.99	52.91	40.48	102.56	24,296.97
Balance as at March 31, 2020	12,369.01	1,581.48	9,428.97	5,202.00	68.27	51.62	131.43	28,832.78
Balance as at March 31, 2021	12,369.01	1,548.86	9,051.26	4,605.87	62.84	96.73	107.16	27,841.71

**5.2 Right-of-use-assets**
**Gross carrying value**

<b>As at March 31, 2019</b>	168.21
Additions	-
Disposals/Adjustment	-
<b>As at March 31, 2020</b>	<b>168.21</b>
Additions	-
Disposals/Adjustment	-
<b>As at March 31, 2021</b>	<b>168.21</b>

**Depreciation**

<b>As at March 31, 2019</b>	28.46
Depreciation for the year 19-20	55.64
Disposals/Adjustment	-
<b>As at March 31, 2020</b>	<b>84.10</b>
Depreciation for the year 20-21	56.07
Disposals/Adjustment	-
<b>As at March 31, 2021</b>	<b>140.17</b>

**Net carrying value**

Balance as at March 31, 2021	28.04
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**6 Capital Work in Progress**

Balance as at March 31, 2019	2,358.34
Balance as at March 31, 2020	10.05
Balance as at March 31, 2021	35.03

**Shalimar Paints Limited**
**Notes to the Consolidated Financial Statements for the year ended March 31, 2021**

(All amounts are in Rupees lakh, unless otherwise stated)

**7 INTANGIBLE ASSETS**

Particulars	Computer & Software	Technical Know How	Trade Mark	Total
<b>Gross carrying value</b>				
<b>Balance as at March 31, 2019</b>	192.75	68.47	49.78	311.00
Additions	451.96			451.96
Disposals/Adjustment	-0.00	-0.00	0.00	-0.00
<b>Balance as at March 31, 2020</b>	<b>644.71</b>	<b>68.47</b>	<b>49.78</b>	<b>762.96</b>
Additions	-	-	-	-
Disposals/Adjustment				-
<b>Balance as at March 31, 2021</b>	<b>644.71</b>	<b>68.47</b>	<b>49.78</b>	<b>762.96</b>
<b>Amortization</b>				
<b>Balance as at March 31, 2019</b>	<b>129.99</b>	<b>17.53</b>	<b>30.41</b>	<b>177.93</b>
Additions	28.37	2.53	6.04	36.95
Disposals/Adjustment				-
<b>Balance as at March 31, 2020</b>	<b>158.37</b>	<b>20.06</b>	<b>36.45</b>	<b>214.88</b>
Additions	80.07	2.53	6.04	88.63
Disposals/Adjustment				-
<b>Balance as at March 31, 2021</b>	<b>238.43</b>	<b>22.59</b>	<b>42.49</b>	<b>303.51</b>
<b>Net Carrying Value</b>				
Balance at March 31, 2019	62.76	50.94	19.37	133.07
Balance at March 31, 2020	486.35	48.41	13.33	548.08
Balance at March 31, 2021	406.28	45.88	7.29	459.45

**8 INVESTMENTS (NON-CURRENT)**

Particulars	As at Mar 31, 2021		As at Mar 31, 2020	
	No. of Shares/units	Amount	No. of Shares/ units	Amount
<b>Investment in Debentures carried at Amortised Cost</b>				
<b>Unquoted</b>				
(i) 1/2% Woodland Medical Centre Ltd.		0.06		0.06
(ii) 5% Woodland Medical Centre Ltd.		0.17		0.17
<b>Total</b>		<b>0.23</b>		<b>0.23</b>
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		-		-

**9 LOANS- NON CURRENT**

Particulars	As at 31-03-2021	As at 31-03-2020
<b>(Unsecured, considered good)</b>		
Security Deposits	150.09	165.69
<b>TOTAL</b>	<b>150.09</b>	<b>165.69</b>

**10 OTHER FINANCIAL ASSETS- NON CURRENT**

Particulars	As at 31-03-2021	As at 31-03-2020
<b>(Unsecured, considered good)</b>		
Bank Balance (Maturity period more than 12 months)	6.77	-
<b>TOTAL</b>	<b>6.77</b>	<b>-</b>

**Shalimar Paints Limited**
**Notes to the Consolidated Financial Statements for the year ended March 31, 2021**

(All amounts are in Rupees lakh, unless otherwise stated)

**11 DEFERRED TAX ASSETS/ (LIABILITIES) (NET)**

Particulars	As at 31-03-2021	As at 31-03-2020
Deferred tax assets/ liabilities are attributable to the following items;		
<b>Deferred Tax Assets</b>		
-Carry Forward Losses/Unabsorbed depreciation	5,312.07	6,680.88
-Disallowance under section 43B	248.60	246.03
-Provision for doubtful debt and advances	495.30	1,046.53
-Remeasurements of the defined benefit plans	-	-
<b>Sub- Total (a)</b>	<b>6,055.97</b>	<b>7,973.44</b>
<b>Deferred Tax Liabilities</b>		
-Fixed assets	4,066.18	3,370.14
-Others		
-Fair valuation of investment	6.53	5.30
- Remeasurements of the defined benefit plans	6.55	6.60
<b>Sub- Total (b)</b>	<b>4,079.26</b>	<b>3,382.04</b>
Less: MAT Credit Available		
<b>Net Deferred Tax Assets/ (Liability) (a)+(b)</b>	<b>1,976.71</b>	<b>4,591.40</b>

**12 OTHER NON CURRENT ASSETS**

Particulars	As at 31-03-2021	As at 31-03-2020
Capital Advances	22.90	16.62
<b>TOTAL</b>	<b>22.90</b>	<b>16.62</b>

**13 INVENTORIES**

Particulars	As at 31-03-2021	As at 31-03-2020
<b>Raw Material</b>		
Inventories-RM	2,446.89	2,108.81
<b>Work- in -Progress</b>	640.87	322.76
<b>Finished Goods</b>		
Inventories-FG*	5,310.87	5,835.29
Goods in Transit-FG	132.72	164.25
<b>Stores &amp; spares</b>	349.38	230.41
<b>TOTAL</b>	<b>8,880.73</b>	<b>8,661.52</b>

\*including trading goods Rs. 503.67 lakh (P.Y Rs. 328.94 lakh)

Inventory valuation has been confirmed by IBBI registered valuer recognised under Companies Act 2013.

**14 TRADE RECEIVABLES**

Particulars	As at 31-03-2021	As at 31-03-2020
<b>Unsecured</b>		
-Considered Good	7,772.04	7,150.08
-Considered Doubtful	1,587.50	3,354.28
	9,359.54	10,504.36
Less: Provision for bad and doubtful receivable [refer note 47(ii)]	(1,587.50)	(3,354.28)
<b>TOTAL</b>	<b>7,772.04</b>	<b>7,150.08</b>

Trade Receivables has been confirmed by IBBI registered valuer recognised under Companies Act 2013.

**Shalimar Paints Limited**
**Notes to the Consolidated Financial Statements for the year ended March 31, 2021**

(All amounts are in Rupees lakh, unless otherwise stated)

**15.1 CASH AND CASH EQUIVALENTS**

Particulars	As at 31-03-2021	As at 31-03-2020
<b>-Balance with banks</b>		
On Current Accounts	112.22	37.31
<b>-Cash on hand</b>	0.12	0.18
<b>-Cheque, drafts on hand</b>	-	-
Bank deposits with maturity of less than 3 months	152.85	243.40
<b>TOTAL</b>	<b>265.19</b>	<b>280.89</b>

**15.2 Bank balances other than cash and cash equivalents**

Margin Money	2.18	0.82
Fixed Deposit Account	502.18	176.33
<b>TOTAL</b>	<b>504.36</b>	<b>177.15</b>

**16 OTHER FINANCIAL ASSETS- CURRENT**

Particulars	As at 31-03-2021	As at 31-03-2020
Other Receivables (Refer note no 53)	432.53	832.11
Interest accrued	12.99	14.16
<b>TOTAL</b>	<b>445.52</b>	<b>846.27</b>

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

Particulars	As at 31-03-2021	As at 31-03-2020
Advance Income Tax	2,837.83	2,823.10
Less: Provision for Income Tax	2,531.50	2,531.50
<b>TOTAL</b>	<b>306.33</b>	<b>291.60</b>

**18 OTHER CURRENT ASSETS**

Particulars	As at 31-03-2021	As at 31-03-2020
<b>Advances other than capital advances</b>		
Advances to suppliers	382.32	650.68
Others		
Advance to employee	73.05	66.02
Prepaid expenses	297.77	233.75
Balance With Govt. Authorities & Others	845.76	1,000.77
<b>TOTAL</b>	<b>1,598.90</b>	<b>1,951.22</b>

**19 EQUITY SHARE CAPITAL**

Particulars	As at March 31, 2021	As at March 31, 2020
<b>Authorised</b>		
10,00,00,000 (31st March,2020: 10,00,00,000) equity shares of Rs. 2/- each	2,000.00	2,000.00
<b>Issued,subscribed and fully paid up</b>		
5,43,00,259 (31st March,2020: 5,43,00,259) equity shares of Rs. 2/- each	1,086.01	1,086.01
<b>Share Forfeiture Account</b>	0.01	0.01
	<b>1,086.02</b>	<b>1,086.02</b>



**Shalimar Paints Limited**
**Notes to the Consolidated Financial Statements for the year ended March 31, 2021**

(All amounts are in Rupees lakh, unless otherwise stated)

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

Particular	As at March 31, 2021		As at March 31, 2020	
	No. of shares	Amount	No. of shares	Amount
Number of shares at the beginning	5,43,00,259	1,086.01	5,36,41,387	1,072.83
Add: Right issue	-	-	-	-
Add: Preferential Allotment	-	-	6,58,872	13.18
Number of shares at the end	5,43,00,259	1,086.01	5,43,00,259	1,086.01

**(ii) Terms and rights attached to equity shares**

The Company has one class of equity shares having a par value of Rs 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.

On 8th April 2019, Company has made preferential allotment of 6,58,872 equity shares of face value Rs. 2/- each at the price of Rs. 86.56/- per share

**(iii) (including premium of Rs. 84.56/- per shares) aggregating to Rs. 570 lakh to the Hind Strategic Investments by converting its ECB loan of US\$ 8 Lakh pursuant to members approval through Postal ballot dated 16.03.2019.**
**(iv) Proceeds from the second right issue have been utilised in the following manner -**

Particulars	Proposed to be utilised	Proposed to be utilised (Revised)*	Utilised During FY 2018-19	Utilised During FY 2019-20	Utilised During FY 2020-21	To be utilised
Project of Reinstatement of paint manufacturing plant at Nashik	4,568.43	4,492.08	2,035.22	2,210.46	50.24	196.16
Setting up of Regional Distribution Centre (RDC) at Nashik	340.00	40.00	-	40.00	-	-
Long Term Working Capital Requirements	11,737.50	12,113.85	8,709.15	3,404.70	-	-
General Corporate purposes	3,415.07	3,415.07	1,136.57	2,278.50	-	-
Expenses for right issue	26.27	26.27	26.27	-	-	-
<b>Total</b>	<b>20,087.27</b>	<b>20,087.27</b>	<b>11,907.21</b>	<b>7,933.66</b>	<b>50.24</b>	<b>196.16</b>

\*There is increase in the allocation of funds towards Long Term Working Capital Requirement, and the same has been allocated through reduction in Nashik project (including RDC) cost.

**(v) Details of shareholders holding more than 5% shares in the Company**

Name of Shareholder	As at March 31, 2021		As at March 31, 2020	
	Number of shares	% of shares held	Number of shares	% of shares held
Virtuous Tradecorp Pvt. Ltd.	1,33,54,462	24.59%	1,33,54,462	24.59%
Hind Strategic Investments	37,85,430	6.97%	65,00,442	11.97%
Veera Gupta	46,82,952	8.62%	46,82,952	8.62%
The Company does not have any holding / ultimate holding Company.				

**20 Other Equity**

Particulars					Other Compre- hensive Income	Total
	Securities Premium Reserve	Share Op-tions Outstanding	General Reserve	Retained earnings	Remeasurement of Defined Benefit Obligation/ Plan	
Balance as at March 31, 2019	25,227.72	22.48	4,061.71	180.05	(38.96)	29,453.00
-Profit or Loss for the year				(3,818.44)		(3,818.44)
-Other comprehensive income for the year					14.56	14.56
-Addition during the year	557.14	(1.56)				555.58
-Movement during the year				(3.57)		(3.57)
Balance as at Mar 31, 2020	25,784.86	20.92	4,061.71	(3,641.96)	(24.40)	26,201.14
-Profit or Loss for the year				(4,986.31)		(4,986.31)
-Other comprehensive income for the year					14.44	14.44
-Addition during the year						-
-Movement during the year		(8.14)		-		(8.14)
Balance as at Mar 31, 2021	25,784.86	12.78	4,061.71	(8,628.27)	(9.96)	21,221.13

**21 NON-CURRENT BORROWINGS**

Particulars	As at 31-03-2021	As at 31-03-2020
<b>Secured</b>		
<b>Term Loans :</b>		
- from Banks	962.54	-
- from Financial Institutions	2,042.46	1,971.12
- from others (vehicle loan)	85.16	35.64
	<b>3,090.16</b>	<b>2,006.76</b>
Less: Current Maturity of Long term Debt (refer note 27)	685.59	186.47
	-	-
<b>TOTAL</b>	<b>2,404.57</b>	<b>1,820.29</b>

**SECURITY (In relation to existing borrowings)**
**(i) Term Loan from Banks**

Common Covid 19 Emergency Credit Line (CCECL) Loan of Rs. 466.54 lakh (March 31, 2020 Rs. Nil) taken from State Bank of India at one year MCLR (presently @ 7.75% p.a.), repayable in 18 monthly installments starting from 31.12.2020 and ending on 31.05.2022, are secured by extension of hypothecation charge on entire current assets of the company existing and future on pari-passu basis with other banks under consortium banking arrangement.

PNB Covid 19 Emergency Credit Facility (CECF) Loan of Rs. 120.00 lakh (March 31, 2020 Rs. Nil) taken from Punjab National Bank @ MCLR +0.50%, repayable in 18 monthly installments starting from 30.04.2021 and ending on 30.09.2022, are secured by extension of existing primary and / or collateral security.

Term Loan of Rs. 149.00 lakh (March 31, 2020 Rs. Nil) taken from Union Bank of India @ MCLR +0.60%, repayable in 48 monthly installments starting from 19.02.2022 and ending on 18.03.2026, are secured by extension of existing primary and / or collateral security.

Working Capital Term Loan limit under Guaranteed Emergency Credit Line (GECL- 2) scheme of Rs. 227.00 lakh (March 31, 2020 Rs. Nil) taken from Punjab National Bank @ MCLR +1%, repayable in 48 monthly installments starting from 30.04.2022 and ending on 30.03.2026, are secured by extension of existing primary and / or collateral security.

**(ii) Term Loan from financial institutions**

Loan of Rs. 481.63 lakh (March 31, 2020 Rs. 485.14 lakh) taken from Aditya Birla finance Limited @ 12.95% p.a., repayable in 130 monthly instalments starting from 15.09.2019 and ending on 15.06.2030, 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

Guaranteed Emergency Credit Line (GECL) Loan of Rs. 97.00 lakh (March 31, 2020 Rs. NIL) taken from Aditya Birla finance Limited @ 14.00% p.a., repayable in 48 monthly instalments starting from 28.02.2022 and ending on 28.01.2026, are secured by second 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 Rs. 1463.83 lakh (March 31, 2020 Rs. 1485.98 lakh) taken from Religare Finvest Limited @ 14% p.a., repayable in 139 monthly installments starting from 01.02.2016 and ending on 01.08.2027, are secured by First charge on Company's immovable & movable properties of Sikandrabad plant situated at Plot No A1 & A2 UPSIDC Industrial Area, Sikandrabad Distt- Bulandshahar (U.P).

**(iii) Vehicle Loan (Secured by Vehicle financed)**

Loans of Rs. 20.34 lakh (March 31, 2020 Rs. 26.34 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.

Loans of Rs. 7.70 lakh (March 31, 2020 Rs. 9.30 lakh), taken from Toyota Financial Service India Ltd. @ 8.90% p.a. are repayable in 60 monthly installments starting from 10.02.2020 and ending on 10.01.2025.

Loans of Rs. 57.12 lakh (March 31, 2020 Rs. Nil), taken from Tata Motors Finance Ltd. @ 10.90% p.a. are repayable in 59 monthly installments starting from 11.11.2020 and ending on 11.09.2025.

**Shalimar Paints Limited**
**Notes to the Consolidated Financial Statements for the year ended March 31, 2021**

(All amounts are in Rupees lakh, unless otherwise stated)

**22 NON- CURRENT LEASE LIABILITY**

Particulars	As at 31-03-2021	As at 31-03-2020
Lease Liabilities	-	32.76
<b>TOTAL</b>	<b>-</b>	<b>32.76</b>

**23 OTHER FINANCIAL LIABILITIES- NON CURRENT**

Particulars	As at 31-03-2021	As at 31-03-2020
Security Deposit		
-From others	39.81	143.81
<b>TOTAL</b>	<b>39.81</b>	<b>143.81</b>

**24 PROVISIONS- NON CURRENT**

Particulars	As at 31-03-2021	As at 31-03-2020
<b>Provision for employee benefits</b>		
-Gratuity (refer note 45)	270.21	272.03
-Provision for Leave Benefit (refer note 45)	38.93	40.96
<b>Provision Others</b>	300.00	300.00
<b>TOTAL</b>	<b>609.14</b>	<b>612.99</b>

**25 CURRENT BORROWINGS**

Particulars	As at 31-03-2021	As at 31-03-2020
<b>Secured</b>		
<b>Loans Repayable on Demand</b>		
From Banks (Cash Credit and WCDL)	8,667.86	8,411.75
<b>Unsecured</b>		
<b>Loans Repayable on Demand</b>		
Bill Discounting	1,296.22	1,657.84
<b>TOTAL</b>	<b>9,964.08</b>	<b>10,069.59</b>

**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 9% p.a. to 15% p.a.

**26 TRADE PAYABLES**

Particulars	As at 31-03-2021	As at 31-03-2020
Due to Micro, small and medium enterprises (refer note 44)	236.02	642.64
Due to others*	10,858.70	8,967.74
<b>TOTAL</b>	<b>11,094.72</b>	<b>9,610.38</b>

\*Includes interest payable to MSME amounting to Rs. 227.31 (Previous year Rs. 210.52 Lakh).

**27 OTHER FINANCIAL LIABILITIES- CURRENT**

Particulars	As at 31-03-2021	As at 31-03-2020
Current maturities of long-term debt (refer note 21)	685.59	186.47
Lease Liabilities	32.76	59.49
Interest Accrued and Due	26.57	84.03

**Shalimar Paints Limited**
**Notes to the Consolidated Financial Statements for the year ended March 31, 2021**

(All amounts are in Rupees lakh, unless otherwise stated)

Creditors for Capital expenditure	49.26	159.00
<b>Others</b>		
Employee's Payables	395.37	392.48
Others (Operating expenses)	1,684.18	2,192.87
<b>TOTAL</b>	<b>2,873.73</b>	<b>3,074.34</b>
<b>28 OTHER CURRENT LIABILITIES</b>		
<b>Particulars</b>	<b>As at 31-03-2021</b>	<b>As at 31-03-2020</b>
Statutory dues*	535.54	508.07
<b>TOTAL</b>	<b>535.54</b>	<b>508.07</b>
<b>29 PROVISIONS- CURRENT</b>		
<b>Particulars</b>	<b>As at 31-03-2021</b>	<b>As at 31-03-2020</b>
<b>Provision for employee benefits</b>		
-Gratuity (refer note 45)	417.13	395.09
-Provision for Leave Benefit (refer note 45)	48.13	53.20
<b>TOTAL</b>	<b>465.26</b>	<b>448.29</b>
<b>30 REVENUE FROM OPERATIONS</b>		
<b>Particulars</b>	<b>Year ended March 31, 2021</b>	<b>Year ended March 31, 2020</b>
<b>a) Sale of products</b>		
Finished Goods	35,421.69	37,236.97
Sale of Services	495.16	805.83
	<b>35,916.85</b>	<b>38,042.80</b>
<b>Less: Rebates &amp; Trade Discounts</b>	<b>(3,511.34)</b>	<b>(3,797.80)</b>
	<b>32,405.51</b>	<b>34,245.00</b>
<b>b) Other operating Revenues;</b>		
Scrap Sales	150.61	140.02
Others	-	-
	<b>150.61</b>	<b>140.02</b>
<b>TOTAL</b>	<b>32,556.12</b>	<b>34,385.02</b>
<b>31 OTHER INCOME</b>		
<b>Particulars</b>	<b>Year ended March 31, 2021</b>	<b>Year ended March 31, 2020</b>
Interest Income		
-Bank Deposits	23.76	52.40
-Others	3.61	13.35
Profit on sale/Fair value of investments	-	-0.00
<b>Other Non-Operating Income</b>		
-Foreign exchange gain	25.37	(31.49)
-Miscellaneous Receipts [Refer Note 53(ii)]	665.94	78.54
<b>TOTAL</b>	<b>718.68</b>	<b>112.80</b>
<b>32 COST OF MATERIALS CONSUMED</b>		
<b>Particulars</b>	<b>Year ended March 31, 2021</b>	<b>Year ended March 31, 2020</b>
Cost of Material Consumed	19,842.53	21,857.82
<b>TOTAL</b>	<b>19,842.53</b>	<b>21,857.82</b>
<b>33 PURCHASE OF STOCK-IN-TRADE</b>		
<b>Particulars</b>	<b>Year ended March 31, 2021</b>	<b>Year ended March 31, 2020</b>
Purchase of stock in trade	2,188.98	2,489.89
<b>TOTAL</b>	<b>2,188.98</b>	<b>2,489.89</b>

**Shalimar Paints Limited**
**Notes to the Consolidated Financial Statements for the year ended March 31, 2021**

(All amounts are in Rupees lakh, unless otherwise stated)

**34 CHANGES IN INVENTORIES OF FINISHED GOODS, STOCK-IN-TRADE AND WORK-IN-PROGRESS**

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
<b>Closing Stock</b>		
Work-in-Progress	640.87	322.76
Finished Goods	5,443.60	5,999.55
	<b>6,084.47</b>	<b>6,322.31</b>
<b>Opening Stock</b>		
Work in progress	322.76	287.15
Finished Goods	5,999.55	4,915.36
	<b>6,322.31</b>	<b>5,202.51</b>
<b>(Increase)/ Decrease in Inventory</b>	<b>TOTAL</b>	<b>237.84 (1,119.80)</b>

**35 EMPLOYEE BENEFIT EXPENSES**

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Salaries and wages*	3,322.96	4,465.62
Contribution to provident & other funds	232.23	234.14
Expense/(reversal) on Employee Stock Option Scheme	(8.14)	(1.56)
Staff Welfare Expenses	123.87	169.47
	<b>TOTAL</b>	<b>3,670.92 4,867.67</b>

\*Current year expenditure includes Rs. 194.75 lakh (P.Y. Rs. 269.25 lakh) incurred on research & development activities.

**36 FINANCE COST**

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Interest Expenses		
On Working Capital & Term loan	1,691.88	1,732.75
Other Borrowing Costs	228.14	236.88
Interest on Lease Assets	8.55	15.62
	<b>TOTAL</b>	<b>1,928.57 1,985.25</b>

**37 DEPRECIATION AND AMORTIZATION EXPENSES**

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Depreciation on Property, Plant & Equipment	1,243.08	1,048.71
Amortisation on Intangible Assets	88.63	36.68
	<b>TOTAL</b>	<b>1,331.71 1,085.39</b>

**38 OTHER EXPENSES**

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Consumption of stores and spare parts	120.32	126.32
Power and fuel	411.26	425.57
Rent	258.12	302.48
Repairs to building	34.15	5.46
Repairs to plant and machinery	81.06	93.89
Repairs - others	146.43	193.78
Insurance	158.39	182.41
Rates and taxes	403.34	107.22
Printing and stationery	22.65	31.51
Communication expenses	61.85	79.42
Directors' fees	9.11	8.50
Payment to Auditors	14.35	16.57
C&F Charges	35.54	48.64
Travelling expenses	393.18	640.11
Application Charges	293.26	502.32
Freight	2,578.46	2,541.45
Loss/(Gain) on sale/transfer of PPE	-2.01	0.04
Provision for Bad & Doubtful Debt	-	2,654.25
Marketing Expenses	297.63	1,020.00
Miscellaneous Expenses*	935.33	662.22
	<b>6,252.42</b>	<b>9,642.16</b>

\*including expenditure on research & development activities, incurred during the year is Rs. 40.44 lakh (previous year Rs. 54.32 lakh).

**Shalimar Paints Limited**
**Notes to the Consolidated Financial Statements for the year ended March 31, 2021**

(All amounts are in Rupees lakh, unless otherwise stated)

**Payment to Auditors**

Audit Fee	8.11	7.39
Certification fee and other Services	3.69	4.85
Reimbursement of expenses	1.05	2.83
<b>TOTAL</b>	<b>12.85</b>	<b>15.07</b>

**Payment to Tax Auditors**

Tax Audit Fee	1.50	1.50
<b>TOTAL</b>	<b>1.50</b>	<b>1.50</b>

**39 Exceptional Items**
**39.1 Expenses**

	Year ended March 31, 2021	Year ended March 31, 2020
Provision for Custom duty (advance license)	-	106.51
Excise Duty paid/written off	-	88.57
Other balances written-off*	-	509.87
Stock written off**	200.00	-
<b>TOTAL</b>	<b>200.00</b>	<b>704.95</b>

\*'Other balances written off' comprises- (i) Sales/CST/VAT deposits written off- Rs 384 .10 lakh (on assessments completed-as certified by management) , under relevant Acts (ii) Irrecoverable Other deposits written off -Rs 84.22 lakh(iii) Unrealisable Receivables written off - Rs 41.55 lakh , net of credit balance of Rs 171.77 Lakh.

\*\* Relating to unrealisable stock at Howrah Factory physically verified by the management and reportedly confirmed by the registered valuer.

**39.2 Incomes**

Insurance Claim Recovered [Refer Note No. 54(i)]	-	1,399.85
<b>TOTAL</b>	<b>-</b>	<b>1,399.85</b>

**40 Tax Expenses**

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
<b>a) Income tax recognized in profit or loss</b>		
<b>Current tax expense</b>		
Current year	-	-
<b>Deferred tax expense/(income)</b>		
Origination and reversal of temporary differences	2,608.14	(1,797.22)
	<b>2,608.14</b>	<b>(1,797.22)</b>

**41 OTHER COMPREHENSIVE INCOME**
**(i) Items that will not be reclassified to profit or loss (refer note 43)**

Remeasurements of the defined benefit plans	20.99	21.16
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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	6.55	6.60
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**Shalimar Paints Limited**
**Notes to the Consolidated Financial Statements for the year ended March 31, 2021**

(All amounts are in Rupees lakh, unless otherwise stated)

**42 EARNING PER SHARE**

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
(a) Net profit/ (loss) as attributable for equity shareholders	(4,986.31)	(3,818.44)
(b) Weighted average number of equity shares (Nos.)	5,43,00,259	5,43,00,259
(c) Effect of potential Dilutive Equity shares on Employee stock option outstanding (Nos.)	10,500	21,375
(d) Weighted average number of Equity shares in computing diluted earning per share	5,43,10,759	5,43,21,634
Basic Earnings per Share	(9.18)	(7.03)
Diluted Earnings per Share*	(9.18)	(7.03)

\*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.

**43 A. Contingent Liabilities and claims against the Company**

PARTICULARS	Year ended March 31, 2021	Year ended March 31, 2020
<b>Contingent liabilities, to the extent not provided for in respect of:</b>		
<b>a. Guarantees, Undertakings &amp; Letter of Credit</b>		
Guarantees issued by the Company's Bankers on behalf of the Company	436.94	343.78
Letter of Credit	3881.17	2783.35
<b>b. Demands</b>		
Excise Duty	461.07	461.07
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)	304.64	1851.94
Income Tax	0.98	67.50
Others	2330.16	2241.16

(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.

**B. Commitments**

PARTICULARS	Year ended March 31, 2021	Year ended March 31, 2020
(i) Estimated amount of contracts remaining to be executed on Capital Accounts and not provided for, net of advances of Rs. 22.90 lakh (March 31, 2020 Rs 16.62 lakh)	66.47	58.35
(ii) Uncalled liability on partly paid up shares	40.50	40.50



**Shalimar Paints Limited**
**Notes to the Consolidated Financial Statements for the year ended March 31, 2021**

(All amounts are in Rupees lakh, unless otherwise stated)

**44 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, 2021	Year ended March 31, 2020
a) Principal amount remaining unpaid to any supplier as on 31st March	236.02	642.64
b) Interest due on above remaining unpaid to any supplier as on 31st March	227.31	210.52
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 (for the year)	16.79	16.87
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. The amount of said interest is unascertained.

(iii) Auditor has relied upon the information furnished in respect of above disclosures.

**45 '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 Rs. 84.80 lakh (Previous Year Rs. 114.99 lakh) towards the defined contribution plan.

**b) Defined benefits obligation - as per actuarial valuation**

Particulars	Year ended March 31, 2021		Year ended March 31, 2020	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
	Funded	Non-Funded	Funded	Non-Funded
<b>I Change in present value of obligation during the year</b>				
Present value of obligation at the beginning of the year	672.31	94.17	665.10	90.70
- Current Service Cost	32.18	4.09	31.16	6.06
- Past Service Cost	-	-	-	-
- Interest Cost	45.72	6.40	50.55	6.89
- Acquisition cost	-	-	-	-
Actuarial loss/(gains) on Obligation	(20.96)	(3.23)	(21.57)	20.81
Benefits Paid	(39.82)	(14.36)	(52.92)	(30.29)
<b>Present Value of obligation as at year-end</b>	<b>689.42</b>	<b>87.06</b>	<b>672.31</b>	<b>94.17</b>
<b>II Change in Fair Value of Plan Assets during the year</b>				
Plan assets at the beginning of the year	5.19	-	6.28	-
Investment Income	0.36	-	0.48	-
Employer's contribution	2.01	-	37.91	-
Benefits paid	(5.50)	-	(39.07)	-
Actuarial loss/(gains)	0.02	-	(0.41)	-
<b>Plan assets at the end of the year</b>	<b>2.08</b>	<b>-</b>	<b>5.19</b>	<b>-</b>

**Shalimar Paints Limited**
**Notes to the Consolidated Financial Statements for the year ended March 31, 2021**

(All amounts are in Rupees lakh, unless otherwise stated)

		Year ended March 31, 2021		Year ended March 31, 2020	
III	<b>Reconciliation of Present value of Defined Benefit Obligation and Fair Value of Plan Assets</b>	<b>Gratuity</b>	<b>Leave Encashment</b>	<b>Gratuity</b>	<b>Leave Encashment</b>
1	Present Value of obligation as at year-end	689.42	87.06	672.31	94.17
2	Fair value of plan assets at year -end	2.08	-	5.19	-
3	Funded status (Surplus/(Deficit))	(687.34)	(87.06)	(667.12)	(94.17)

		Year ended March 31, 2021		Year ended March 31, 2020	
IV	<b>Expenses recognised in the Statement of Profit and Loss</b>	<b>Gratuity</b>	<b>Leave Encashment</b>	<b>Gratuity</b>	<b>Leave Encashment</b>
1	Current Service Cost	32.18	4.09	31.16	6.06
2	Interest Cost	45.36	6.40	50.07	6.89
3	Past service Cost	-	-	-	-
4	Expected return on plan assets	-	-	-	-
5	Actuarial (Gain) / Loss	-	(3.23)	-	20.81
	Total Expenses	77.54	7.26	81.23	33.76

		Year ended March 31, 2021		Year ended March 31, 2020	
V	<b>Expenses recognised in the Statement of Other Comprehensive Income</b>	<b>Gratuity</b>	<b>Leave Encashment</b>	<b>Gratuity</b>	<b>Leave Encashment</b>
1	Net Actuarial (Gain)/Loss	(20.99)	-	(21.16)	-

VI	<b>Division of DBO at the end of the year</b>				
1	Current Liability	417.13	48.13	395.09	53.20
2	Non-Current Liability	272.29	38.93	277.22	40.96

		Year ended March 31, 2021		Year ended March 31, 2020	
VII	<b>Actuarial Assumptions</b>	<b>Gratuity</b>	<b>Leave Encashment</b>	<b>Gratuity</b>	<b>Leave Encashment</b>
1	Discount Rate	6.80%	6.80%	7.60%	7.60%
2	Mortality Table	100 % IALM (2012 -14)	100 % IALM (2012 -14)	As per IALM (2006-08)	As per IALM (2006-08)
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		<b>Actual Return on Plan Assets</b>		<b>Estimates of Contribution for next year</b>	
	<b>Particulars</b>	<b>Year ended March 31, 2021</b>	<b>Year ended March 31, 2020</b>	<b>Year ended March 31, 2021</b>	<b>Year ended March 31, 2020</b>
		Funded	Funded	Funded	Funded
	1) Gratuity	0.02	(0.41)	-	-

IX	<b>History of Experience Adjustment:</b>	<b>Year ended March 31, 2021</b>	<b>Year ended March 31, 2020</b>	<b>Year ended March 31, 2019</b>	<b>Year ended March 31, 2018</b>	<b>7Year ended March 31, 2017</b>
	<b>Gratuity</b>					
	Present Value of obligation	689.42	672.31	665.10	516.87	439.04
	Fair value of Plan assets	2.08	5.19	6.28	2.35	0.73
	Net Asset/(Liability)	(687.34)	(667.13)	(658.82)	(514.52)	(438.31)
	Actuarial (Gain)/Loss on plan obligation	(20.96)	(21.57)	83.68	18.08	(46.25)
	Actuarial Gain/(Loss) on plan assets	0.02	(0.41)	0.19	(0.05)	(1.38)
	<b>Leave Encashment</b>					
	Present Value of obligation	87.06	94.17	90.70	47.76	65.46
	Fair value of Plan assets	-	-	-	-	-
	Net Asset/(Liability)	(87.06)	(94.17)	(90.70)	(47.76)	(65.46)
	Actuarial (Gain)/Loss on plan obligation	(3.23)	20.81	42.67	(35.62)	4.08
	Actuarial Gain/(Loss) on plan assets	-	-	-	-	-

**Shalimar Paints Limited**
**Notes to the Consolidated Financial Statements for the year ended March 31, 2021**

(All amounts are in Rupees lakh, unless otherwise stated)

**X Sensitivity Analysis**

		Year ended March 31, 2021		Year ended March 31, 2020	
		Impact on liabilities		Impact on liabilities	
Assumption	Changes in assumption	Increase	Decrease	Increase	Decrease
<b>Gratuity</b>					
Discount rate	-/+0.5% movement	(24.09)	27.45	23.49	26.77
Future salary growth	-/+0.5% movement	28.65	(25.47)	27.94	24.84
<b>Leave Encashment</b>					
Discount rate	-/+0.5% movement	(22.74)	25.91	7.75	9.00
Future salary growth	-/+0.5% movement	27.05	(24.05)	9.40	8.19

**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, 2021	March 31, 2020
Fund managed by Insurer	100%	100%

**Shalimar Paints Limited**
**Notes to the Consolidated Financial Statements for the year ended March 31, 2021**

(All amounts are in Rupees lakh, unless otherwise stated)

**46 CATEGORY-WISE CLASSIFICATION OF FINANCIAL INSTRUMENTS**
**Financial Assets**

Particulars	Fair Value Hierarchy	As at March 31, 2021		As at March 31, 2020	
		Carrying Amount	Fair Value	Carrying Amount	Fair Value
<b>1. Financial assets designated at fair value through profit and loss</b>					
a) Investment					
i) In Preference shares	Level-3	-	-	-	-
<b>2. Financial assets designated at amortised cost</b>					
a) Other bank balances		504.36	504.36	177.15	177.15
b) Cash & Cash Equivalents		265.19	265.19	280.89	280.89
c) Trade & Other receivables	Level-3	7,772.04	7,772.04	7,150.08	7,150.08
d) Loans	Level-3	150.09	150.09	165.69	165.69
e) Investment in Debentures	Level-3	0.23	0.23	0.23	0.23
f) Other Financial Assets	Level-3	452.29	452.29	846.27	846.27
<b>3. Investment in subsidiary Companies</b>		-	-	-	-

**Financial Liabilities**

Particulars	Fair Value Hierarchy	As at March 31, 2021		As at March 31, 2020	
		Carrying Amount	Fair Value	Carrying Amount	Fair Value
<b>1. Financial liabilities designated at amortised cost</b>					
a) Borrowings	Level-3	13,054.24	13,054.24	12,076.35	12,076.35
b) Trade & Other Payables	Level-3	11,094.72	11,094.72	9,610.38	9,610.38
c) Other Financial Liability	Level-3	2,227.95	2,227.95	3,031.68	3,031.68

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).

**Shalimar Paints Limited**
**Notes to the Consolidated Financial Statements for the year ended March 31, 2021**

(All amounts are in Rupees lakh, unless otherwise stated)

**47 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 financial assets and financial liabilities at the reporting date i.e. 31st March 2021, 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 31st March, 2021	As at 31st March, 2020
<b>Financial Assets</b>		
Trade receivables	370.90	167.33
<b>Financial liabilities</b>		
Trade payables	(167.53)	(289.89)
<b>Net assets / (liabilities)</b>	<b>203.38</b>	<b>(122.56)</b>

**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	2020-21		2019-20	
	5% Increase	5% decrease	5% Increase	5% decrease
USD Sensitivity	10.17	(10.17)	(6.13)	6.13
<b>Increases/ ( decrease ) in profit or loss</b>	<b>10.17</b>	<b>(10.17)</b>	<b>(6.13)</b>	<b>6.13</b>

**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 31st March, 2021		As at 31st March, 2020	
	INR	Total	INR	Total
Variable Rate Borrowings	13,054.24	13,054.24	12,076.35	12,076.35
<b>Total Borrowings</b>	<b>13,054.24</b>	<b>13,054.24</b>	<b>12,076.35</b>	<b>12,076.35</b>

**Sensitivity on variable rate borrowings**

Particulars	Impact on Profit & (Loss) before tax	
	31-Mar-21	31-Mar-20
<b>INR Borrowings</b>		
Interest Rate Increase by 0.50%	(65.27)	(60.38)
Interest Rate decrease by 0.50%	65.27	60.38

**Shalimar Paints Limited**
**Notes to the Consolidated Financial Statements for the year ended March 31, 2021**

(All amounts are in Rupees lakh, unless otherwise stated)

**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 (%)	
	2020-21	2019-20
Within the credit period	2.30	3.31
0-1 year	4.33	4.83
1-2 years	45.57	43.13
More than 2 years	100.00	100.00

**Movement in expected credit loss allowance (net)**

Particulars	Life time expected credit losses		12-months expected credit losses	
	31-Mar-21	31-Mar-20	31-Mar-21	31-Mar-20
Balance at the beginning	2,703.63	1,843.56	650.64	597.64
Provision Reduced during the year	1,766.77	1,741.18	-	-
Additional provision created during the year	-	2,601.25	-	53.00
<b>Balance at the end</b>	<b>936.86</b>	<b>2,703.63</b>	<b>650.64</b>	<b>650.64</b>

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, 2021:

**Expected maturity for financial liabilities**

Particulars	Carrying Amount	On Demand	Less than 1 year	More Than 1 Year	Total
Borrowings	13,054.24	8,667.86	1,981.81	2,404.57	<b>13,054.24</b>
Trade & Other payables	11,094.72	2,372.42	7,541.38	1,180.93	<b>11,094.72</b>
Other financial liabilities	2,227.95		2,188.14	39.81	<b>2,227.95</b>

The table below provides details regarding the contractual maturities of significant financial liabilities as of March 31, 2020:

Particulars	Carrying Amount	On Demand	Less than 1 year	More Than 1 Year	Total
Borrowings	12,076.35	8,411.75	1,844.31	1,820.28	<b>12,076.35</b>
Trade & Other payables	9,610.38	2,811.09	5,807.74	991.55	<b>9,610.38</b>
Other financial liabilities	3,031.68		2,887.88	143.81	<b>3,031.69</b>

**Shalimar Paints Limited**
**Notes to the Consolidated Financial Statements for the year ended March 31, 2021**

(All amounts are in Rupees lakh, unless otherwise stated)

**47.1 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.

Particulars	As at March 31, 2021	As at As at 31st March, 2020
Borrowings	13,054.24	12,076.35
Less: cash and cash equivalents	265.19	280.89
<b>Net debt</b>	<b>12,789.05</b>	<b>11,795.46</b>
Total Equity	22,307.15	27,287.16
<b>Capital and Net debt</b>	<b>35,096.20</b>	<b>39,082.61</b>
Gearing Ratio	36%	30%

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

**48 Related Party Disclosure as per Ind AS 24**
**A. List of Related Party & Relationship**
**(a) Key Managerial person**

1 Mr. Ashok Kumar Gupta	Managing Director (Appointed as MD w.e.f 27.12.2019)
2 Mr. Gautam	Company Secretary (Appointed as Company Secretary w.e.f. 12.08.2019)
3 Mr. Ashish Kumar Bagri	Chief Financial Officer (Ceased to be CFO w.e.f 21.01.2021)

**(b) Other related parties**

1 Virtuous Tradecorp Pvt. Ltd.	Substantial beneficial owner (SBO) in the company
2 Hind Strategic Investment	Substantial beneficial owner (SBO) in the company
3 Mr. Alok Perti	Non-Executive Director
4 Mr. Gautam Kanjilal	Non-Executive Director
5 Mr. Ashok Kumar Agarwal	Non-Executive Director (Appointed as Director w.e.f. 12.08.2019)
6 Mr. Sanjay Kumar Gupta	Non-Executive Director (Ceased as Director w.e.f. 05.10.2020)
7 Ms. Shruti Srivastava	Non-Executive Director (Appointed as Director w.e.f. 20.02.2020)
8 Mr. Vijay Kumar Sharma	Non-Executive Director (Appointed as Director w.e.f. 05.10.2020)

**B. Related Party Transaction**

Particulars	Transaction during the year	
	FY 2020-21	FY 2019-20
<b>Reimbursement of expenses incurred by Company</b>		
Mr. Surender Kumar	-	0.01
Mr. Nitin Gupta	-	0.48
Mr. Sandeep Gupta	-	0.12
Mr. Ashok Kumar Gupta	1.30	0.96
Mr. Ashish Kumar Bagri	0.25	0.06
Mr. Gautam	0.17	0.15
<b>Interest on Loan</b>		
Hind Strategic Investment	-	0.64
<b>Conversion of ECB Loan</b>		
Hind Strategic Investment	-	553.37
<b>Directors Sitting Fees:</b>		
Mr. Alok Perti	2.30	2.50
Mr. Gautam Kanjilal	3.80	4.40
Ms. Pushpa Chowdhary	-	0.40
Mr. Ashok Kumar Agarwal	1.10	0.80
Mr. Sanjay Kumar Gupta	0.60	0.40
Ms. Shruti Srivastava	1.00	-
Mr. Vijay Kumar Sharma	0.40	-



**Shalimar Paints Limited**
**Notes to the Consolidated Financial Statements for the year ended March 31, 2021**

(All amounts are in Rupees lakh, unless otherwise stated)

<b>Remuneration and other perquisites :-</b>			
(a) short-term employee benefits;		246.61	193.73
(b) post-employment benefits;		4.68	(5.56)
(c) other long-term benefits;		-	2.30
<b>Particulars</b>		<b>Outstanding Balances at the year ended</b>	
		<b>31st March,2021</b>	<b>31st March,2020</b>
<b>Salary Payable</b>			
Mr. Ashok Kumar Gupta		13.56	14.62
Mr. Ashish Kumar Bagri		-	2.57
Mr. Gautam		0.76	0.88
<b>Compensation to Key Management Personnels</b>			
<b>Particulars</b>		<b>Short-term employee benefits</b>	
		<b>FY 2020-21</b>	<b>FY 2019-20</b>
Mr. Surender Kumar		-	38.85
Mr. Sandeep Gupta		-	62.95
Mr. Nitin Gupta		-	1.97
Mr. Ashok Kumar Gupta		195.31	65.86
Mr. Ashish Kumar Bagri		40.89	16.10
Mr. Gautam		10.40	8.00

**Shalimar Paints Limited**
**Notes to the Consolidated Financial Statements for the year ended March 31, 2021**

(All amounts are in Rupees lakh, unless otherwise stated)

**49 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 2021**

Particulars	March 31, 2021		March 31, 2020	
	No. of options	Wt. avg exercise Price (in Rs.)	No. of options	Wt. avg exercise Price (in Rs.)
No. of Options Outstanding at the beginning of the year	21,375	90.73	22,875	92.08
Options Granted during the year				
Options Forfeited / Surrendered / Lapsed during the year	10,875	90.73	1,500	92.08
Options exercised during the year	-	-	-	-
Number of options Outstanding at the end of the year	10,500	111.22	21,375	90.73

**II. Weighted Average remaining contractual life**

Range of Exercise Price	March 31, 2021		March 31, 2020	
	No. of options outstanding	Weighted average contractual life (years)	No. of options outstanding	Weighted average contractual life (years)
43.80- 111.22	10,500	4.98	21,375	4.98

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

Particulars	March 31, 2021	March 31, 2020
Exercise price is less than market price	121.64	97.84

- IV. The weighted average market price of options exercised during the year ended March 31, 2021 is 166.00  
The weighted average market price of options exercised during the year ended March 31, 2020 is 135.33

**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, 2021	March 31, 2020
	Weighted Average	Weighted Average
1. Risk-free rate of return	8.15%	8.15%
2. Time to Maturity	-	-
3. Expected Volatility	69.57%	69.57%
4. Expected divided yield	-	-
5. Exercise Price (in Rs.)	111.22	90.73
6. Price of the underlying share in market at the time of the option grant. (in Rs.)	166.00	135.33

(Rs. lakhs)

Particulars	March 31, 2021	March 31, 2020
Employee Option plan expense	(8.14)	(1.56)
Total liability at the end of the period	12.77	20.91

**50 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, doubtful trade receivables as referred to in Note 47.

**51 Segment information**

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

**Shalimar Paints Limited**
**Notes to the Consolidated Financial Statements for the year ended March 31, 2021**

(All amounts are in Rupees lakh, unless otherwise stated)

- 52 Other receivable includes Rs. 3.53 crore (net of Rs. 11.22 crore as final settlement received during earlier years ) in respect of Howrah Plant insurance claim. The total claim receivable against the inventory and fixed assets was Rs. 14.75 crore. The Company is not in agreement with the settlement amount and has filed an arbitration petition which is under progress.
- 53 (i) The Company has claimed Rs 32.90 crore in respect of Nasik Plant Fire under Loss of Profit Policy , and the surveyor appointed by the insurer has assessed the claim vide their interim report at Rs 22.14 crore (loss of production method) & at Rs 22.63 crore (Turnover method) . Against the claim , the Company has received Rs 14 crore(as interim payment) during earlier financial years , and the same was shown under the head Extraordinary items/ gain. The said claim was accounted for , as a matter of prudence ,on receipt basis.
- (ii) The Company has claimed Rs 59.35 Crores in respect of Nasik Plant Fire under Reinstatement Policy, and the Surveyor appointed by the insurer has assessed the claim vide their report at Rs. 19.54 Crores. Against the claim, the Company has received Rs. 20.91 Crores (Rs. 9.91 Crore in current Financial Year ).The difference of Rs. 6.04 Crore,being the claim receivable Rs. 3.87 crore in beginning of the year and actual receipt of Rs.9.91 crore, is shown under "other Income" in note no 31. The company is pursuing for the balance claim.
- 54 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.
- 55 Term Loan from financial institutions represent loan availed by Company for working capital for business needs.
- 56 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 Rs. 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 Goabaria as a security.
- 57 Due to outbreak of pandemic COVID 19 globally and in India, the operations of the Company, were impacted, due to shutdown of all its plants and offices/depots following nationwide lockdown by the Government of India. The Company has resumed operations in a phased manner as per directives from the Government of India. The Company has evaluated impact of this pandemic on its business operations and financial position and based on its review of current indicators of future economic conditions, there is no significant impact on its financial statements as at 31st March 2021. The management does not see any medium and long term risks in the Company's ability to continue as going concern and meeting its liabilities as and when they fall due. However, the impact assessment of COVID-19 is a continuing process given the uncertainties associated with its nature and duration, and accordingly the impact may be different from that estimated as at the date of approval of these financial statements.
- 58 Some of the Financial 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.
- 59 Previous year figures have been regrouped/rearranged/recast, whatever considered necessary to confirm to current year's classification.

**As per our report of even date attached**

**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)

UDIN:

**Ashok Kumar Gupta**

Managing Director

DIN:- 01722395

**Alok Perti**

Director

DIN:- 00475747

Place : Gurugram

Date : 26th June, 2021

**Mohit Donter**

Chief Financial Officer

**Gautam**

Company Secretary

Mem. No:- ACS 30581

**Shalimar Paints Limited**  
**CIN: L24222HR1902PLC065611**

Regd Office: Stainless centre, 04<sup>th</sup> Floor, Plot No.50, Sector-32, Gurugram, Haryana-122001  
 Website: [www.shalimarpaints.com](http://www.shalimarpaints.com)  
 e-mail: [askus@shalimarpaints.com](mailto:askus@shalimarpaints.com)

**E-COMMUNICATION REGISTRATION FORM**

To,  
 BEETAL Financial & Computer Services Pvt Ltd.  
 [Unit: Shalimar Paints Limited]  
 BEETAL HOUSE, 3rd Floor,  
 99, Madangir, Behind LSC, New Delhi – 110062  
 Ph. 011-29961281-283, 26051061, 26051064  
 Fax 011-29961284  
 Email: [beetalrta@gmail.com](mailto:beetalrta@gmail.com)

**Green initiative on Corporate Governance**

I/we hereby exercise my/our option to receive all communications from the Company such as Notice of General Meeting, Explanatory Statement, Audited Financial Statements, Balance Sheet, Profit & Loss Account, Directors' Report, Auditor's Report etc. in electronic mode pursuant to the "Green Initiative in Corporate Governance" taken by the Ministry of Corporate Affairs vide circular no. 17/2011 dated 21st April, 2011. Please register my e-mail ID as given below, in your records, for sending the communications:

Folio No. / DP ID & Client No.: .....

Name of 1st Registered Holder: .....

Name of Joint Holder(s), if any: .....

Registered Address of the Sole/1st Registered Holder: .....

No. of Shares held: .....

E-mail ID (to be registered): .....

Date: .....

Signature: .....

**Notes:**

- 1) On registration, all communications will be sent to the e-mail ID registered.
- 2) Shareholders are requested to keep the Company's Registrar - BEETAL Financial & Computer Services Pvt Ltd. informed as and when there is any change in the e-mail address.

# SHALIMAR PAINTS

## NOTES

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## NOTES

[illegible]

## NOTES

[illegible]



## SHALIMAR PAINTS

## NOTES

This image shows a blank sheet of white paper with horizontal ruling lines. The lines are evenly spaced and run across the width of the page. There are no margins, text, or other markings on the paper.

## NOTES

Tel: 0124-4616600 | Fax: 0124-4616659

[www.shalimarpaints.com](http://www.shalimarpaints.com)

[feedback@shalimarpaints.com](mailto:feedback@shalimarpaints.com) (for feedback) | [askus@shalimarpaints.com](mailto:askus@shalimarpaints.com)

CIN: L24222HR1902PLC065611

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