



**SHALIMAR
PAINTS**

September 27, 2018

BSE Limited
Corporate Relationship Department,
Phiroze, Jeejeebhoy Towers,
25th Floor, Dalal Street,
Fort, Mumbai-400 001

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

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

Subject: Compliance of Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

Sir(s)

In compliance with Regulation 34 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find attached herewith Annual Report for the financial year 2017-18 duly approved and adopted by the shareholder at the 116th Annual General Meeting ("AGM") held on Wednesday, September 26, 2018 at Hilton Garden Inn, Baani Square, Sector 50, Gurgaon, Haryana-122002

The Annual Report for the financial year 2017-18 is uploaded on the website of the Company (www.shalimarpaints.com)

This is for your information and record.

Thanking you,

For Shalimar Paints Limited


Nitin Gupta

Company Secretary



Encl: a/a



THE ART & SCIENCE OF PAINTS

Shalimar Paints Ltd.

Regd. Office: Stainless Centre, 4th Floor, Plot No. 50, Sector- 32, Gurugram-122001, Haryana (India)

B: +91 124 461 6600 **F:** +91 124 461 6659

E: askus@shalimarpaints.com | www.shalimarpaints.com | **CIN:** L24222HR1902PLC065611



ANNUAL REPORT

2017-18

*Khwaab Aapke
Rang Hamare*



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CHAIRMAN'S MESSAGE



Mr. Gautam Kanjilal
Chairman

Dear Shareholders,

It is my honour and privilege to interact with you as the Chairman of the Board at Shalimar Paints Ltd. As mentioned to all stakeholders earlier, Shalimar Paints witnessed unfortunate incidents, including fire, that have impacted the Company's financials. But it makes me happy to say that the resilience and commitment displayed by your Company's employees have further strengthened the resolve and determination of the Board to successfully overcome all such drawbacks.

The Paint industry has huge potential in terms of volume growth and revenues. Historically, Shalimar Paints has had a good brand name and it is our firm belief that in coming times it would be possible for Shalimar Paints to gain a respectable portion of this business pie and become profitable again. With this in view, the Promoters have decided to make further investments in the Company and revive it.

Despite several constraints, your Company continues to do its best for the society. A few initiatives that your Company has undertaken are as under:

- Slum painting initiative under the Kachi Gali campaign that transformed 750+ homes and a primary school in Sanjay Camp, Delhi;
- Continue support to education of the under-privileged kids through Goabaria School, Howrah that incidentally also completed 100 years recently;
- To ensure your Company gives back to the environment, multiple tree plantation drives have been facilitated across your Company's manufacturing locations.

I assure you all that with the fresh round of investments, it would be our conscious and constant endeavour to see that your Company regains its lost ground as a leading Indian Paint manufacturer and stands true to its legacy since 1902.

We need your continued support, more now than ever. I would like to thank all stakeholders including employees as well as extended partners, dealers and suppliers for their hard work and commitment in this critical phase of Shalimar Paints.

Finally, I thank you for your continued trust, confidence and support.

Regards,
Gautam Kanjilal

MANAGING DIRECTOR'S MESSAGE



Mr. Surender Kumar
Managing Director & CEO

Dear Shareholders,

It gives me immense pleasure to update you on the overall performance of your company. The financial year 2017-18 was a challenging year for your company due to various internal and external factors. The implementation of GST as a unified indirect tax system across the Country was a welcome move for the economy but it pulls the performance of your company downwards for a certain period. Your company has been proud to implement the GST within time and with quality. The increase in raw material prices and weakening rupee were the other factors which resulted the margins being lower than the previous year.

Your company ramped up the Chennai plant and made it operational by the mid of last financial year. Our effort towards the insurance claim for Nashik plant was successful resulting in an adhoc amount of **₹ 11.04 crores**. With the intention of rebuilding, the work for designing of Nashik plant and necessary approvals for restart of Howrah plant is underway. Your company aims to have all the three plants running to ensure its solid distribution and revenue generation across pan-india via the six zones.

The state-of-the-art R&D team is also constantly undertaking product research and innovations to bring across best in class quality products for the consumers. Their persistent effort of developing products with cutting down the input cost but without compromising on the quality standards gives it an edge in the market. It aims to have a good share in both the decorative and the protective coating businesses.

It also gives me immense pleasure to share that your company has been bestowed with the title of "India's 70 Most Trusted Power Brands" in 2017. To ensure continuous visibility and brand recall, your company's ads were present all across TV channels such as India TV, NDTV Good Times, News 24 etc and major radio stations such as Red FM & Big FM. Digitally also, it has been able to grow its engagement numbers across various platforms like Facebook, LinkedIn, Instagram and Twitter.

Your company always believes in giving back to the society. It undertook CSR activity where-in it got associated with the art societies of University of Delhi and other colleges and gave Delhi NCR its First Artistic Slum. With this it gave a colourful makeover to one of the slums called Sanjay Camp in Chanakyapuri, New Delhi with the intention of improving their quality of living and filling their lives with countless smiles.

Your company also successfully closed the Rights Issue. I thank you all for subscribing to the Rights Issue and believing in the management of your company. It will also enable it to have increased spends towards brand building and consumer marketing to increase the demand in the market resulting in increased revenue and returns.

Before I conclude, I would like to assure you, that your company has put in place appropriate plans and strategies to bring about the intended quality business growth. I am thankful to the shareholders for their continued support and showing confidence in us. I also take this opportunity to thank the Government authorities, our esteemed Bankers, customers, suppliers, SEBI, Stock Exchanges, Auditor and our employees for their support and my colleagues on the Board for their co-operation and support during the year.

I seek your continued support and patronage to take your company to new heights.

Warm Regards,
Surender Kumar

DECORATIVE PAINTS



Signature

Interior Luxury Emulsion

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

Weather Pro +

Exterior Super Premium Emulsion

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



Superlac 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
Vice Chairman

Mr. Surender Kumar
Managing Director & CEO

Ms. Pushpa Chowdhary
Director

Mr. Alok Perti
Director



CORPORATE INFORMATION



Registered & Corporate Office

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



Registrar & Transfer Agents

BEETAL Financial & Computer Services Pvt. Ltd.
Beetal House, 3rd Floor,
99, Madangir, Behind LSC, New Delhi - 110062
Ph. 011-29961281-83 Fax 011-29961284
Email: beetalrta@gmail.com



Consortium Member Banks

State Bank of India
Punjab National Bank
Corporation Bank
HDFC Bank Ltd
IndusInd Bank



Statutory Auditors

A.K Dubey & Co.



Company Secretary & Compliance Officer

Nitin Gupta



Website

www.shalimarpaints.com



Corporate Identification Number

L24222HR1902PLC065611

SHALIMAR PAINTS LIMITED

CIN: L24222HR1902PLC065611

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

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

Website: www.shalimarpaints.com

Notice of the 116th Annual General Meeting

NOTICE is hereby given that the 116th Annual General Meeting of the Members of **SHALIMAR PAINTS LIMITED** will be held on Wednesday, the 26th day of September, 2018 at 11:00 A.M., at Hilton Garden Inn, Baani Square, Sector 50, Gurgaon-122002, to transact the following business(es):

ORDINARY BUSINESS:

Item No. 1 - Adoption of financial statements

To consider and adopt the Audited Financial Statements (Standalone and Consolidated financial statements) of the Company for the financial year ended March 31, 2018 and the reports of the Board of Directors ("the Board") and auditors thereon.

Item No. 2 - Re-appointment of Mr. Surender Kumar as a director liable to retire by rotation

To re-appoint Mr. Surender Kumar (DIN: 00510137), who retires by rotation and being eligible, seeks reappointment and to pass with or without modification(s) the following resolution, as an Ordinary Resolution:

"RESOLVED THAT pursuant to provisions of section 152 and other applicable provisions of the Companies Act 2013, the approval of the members of the Company be and is hereby accorded to the re-appointment of Mr. Surender Kumar (DIN: 00510137) as Director of the Company, who retires by rotation at an ensuing Annual General Meeting and being eligible, offered himself for re-appointment."

SPECIAL BUSINESS:

Item No. 3 - Re-appointment of Mr. Gautam Kanjilal (DIN: 03034033) as Chairman cum Independent Non-Executive Director of the Company

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

"RESOLVED THAT pursuant to the provisions of Sections 149 and 152 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 ("the Act") and the Companies (Appointment and Qualification of Directors) Rules, 2014 and the applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), Mr. Gautam Kanjilal (DIN: 03034033), who was appointed as an Independent Director and who holds office for a term of 3 (Three) consecutive years w.e.f November 7, 2015 and in respect of whom the Company has received a notice in writing under Section 160 of the Act from a member proposing his candidature for the office of Director, be and is hereby re-appointed as a Chairman cum Independent Non - Executive Director of the Company, not liable to retire by rotation and to hold office for a second term of 3 (Three) consecutive years from the date of this Annual General Meeting on the Board of the Company."

Item No. 4 -Appointment of Mr. Ashok Kumar Gupta (DIN: 01722395) as Vice - Chairman cum Non-Executive Non-Independent Director of the Company

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

"RESOLVED THAT pursuant to the provisions of Sections 152, 161 and other applicable provisions, if any, of the Companies Act, 2013 ("the Act") and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), Mr. Ashok Kumar Gupta (DIN: 01722395), who was appointed as an Additional Director of the Company with effect from August 10, 2018 by the Board of Directors and who holds office upto the date of ensuing Annual General Meeting of the Company under Section 161(1) of the Companies Act, 2013 (the Act), who is eligible for appointment and in respect of whom the Company has received a notice in writing under Section 160(1) of the Act from a Member proposing his candidature for the office of non-independent Director, be and is hereby appointed as Vice – Chairman cum Non-Executive Non-Independent Director of the Company, to hold office for a term of 3 (Three) consecutive years with effect from August 10, 2018."

Item No. 5 – To revise remuneration structure of Mr. Surender Kumar – Managing Director and CEO of the Company

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

"RESOLVED THAT pursuant to Section 197 and 198 read with Schedule V and other applicable provisions (including any statutory modification or re-enactment thereof) of the Companies Act, 2013 and rules made thereunder and subject to the approval of Central Government, if required, consent of the members of the Company be and is hereby accorded to revise the remuneration structure of Mr. Surender Kumar - Managing Director and CEO of the Company w.e.f April 1, 2017 for the remaining period of his tenure as set out in the Explanatory Statement annexed to the notice convening this meeting.

RESOLVED FURTHER THAT subject to the approval of Nomination and Remuneration Committee, the Board of Directors of the Company be and is hereby authorized to alter, vary, increase or decrease the remuneration of Mr. Surender Kumar, from time to time, provided the remuneration payable to Mr. Surender Kumar shall not exceed the maximum limits as applicable for the payment of such managerial remuneration specified in the Companies Act 2013 or within the overall

Notice (Contd.)

limits, as may be approved by the Central Government, during the tenure of Mr. Surender Kumar as Managing Director and CEO of the Company.”

Item No. 6- Conversion of Unsecured Loans into the Equity through the Rights Issue

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

“RESOLVED THAT pursuant to the provisions of Section 62(3), 179(3)(d), 180(1)(c) and other applicable provisions, if any, of the Companies Act 2013 and the rules made thereunder, and pursuant to the limit as approved by the Board, the consent of the Shareholders of the Company, be and is hereby accorded to borrow, from time to time Unsecured Loans, from the Promoters of the Company/ Non-Promoters with an option to convert such loan into equity shares in future, upto an amount not exceeding ₹ 50,00,00,000/- (Rupees Fifty Crores Only), in one or more tranches, which together with monies already borrowed by the Company shall not at any time exceed the limits of ₹ 400 crores as already approved by shareholders of the Company.”

RESOLVED FURTHER THAT subject to the consent of the competent authorities and in accordance with the other provisions of the Companies Act, 2013, the consent of the Shareholders of the Company be and is hereby accorded to convert such loans into equity shares of the Company on the request of the lender(s), at a later date either in the proposed Rights Issue or preferential issue or any other mode on terms and conditions as may be approved.

RESOLVED FURTHER THAT Mr. Surender Kumar-Managing Director and CEO, Mr. Alok Perti -Director, Mr. Sandeep Gupta-Chief Financial Officer and Mr. Nitin Gupta-Company Secretary of the Company, be and are hereby jointly and/or severally authorized to do all such acts, deeds and things and to sign all such documents and writings as may be necessary, expedient and incidental thereto to give effect to this resolution and for matter connected therewith or incidental thereto.”

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

**Nitin Gupta
Company Secretary
Membership No.F8485**

Dated : August 10, 2018

Place : Gurugram

Notes:

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

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

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

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

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

3. The Register of Members and Share Transfer books of the Company will remain closed from Thursday, September 20, 2018 to Wednesday, September 26, 2018 (both days inclusive), for the purpose of Annual General Meeting.
4. In accordance with the amendments to Regulation 40 of Listing Regulations, to be made effective later, the Securities and Exchange Board of India (SEBI) has revised the provisions relating to transfer of listed Securities and has decided that request for effecting transfer of listed securities shall not be processed unless the securities are held in dematerialized form with a Depository (National Securities Depository Limited and Central Depository Services (India) Limited). This measure is aimed at curbing fraud and manipulation risk in physical transfer of securities by unscrupulous entities. Transfer of securities only in demat form will improve ease, facilitate convenience and safety of transactions for investors. Members holding shares in physical form are requested to convert their holding(s) to dematerialized form to eliminate all risks associated with physical shares.
5. In accordance with Rule 20 of the Companies (Management and Administration) Amendment Rules, 2015, the Company has fixed September 20, 2018 as the “cut-off date” to determine the eligibility to vote by electronic means or in the general meeting. A person whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date, i.e. September 20, 2018, shall be entitled to avail the facility of remote e-voting or voting in the general meeting.

Notice (Contd.)

6. Pursuant to applicable provisions of the Companies Act, 2013 read with Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 (Rules), all unpaid or unclaimed dividends are required to be transferred by the Company to the IEPF established by the Central Government, after completion of 7 (seven) years. During the financial year 2017-18, the Company has transferred an amount of ₹ 2,86,665.00/- (Rupees Two Lac Eighty Six Thousand Six Hundred Sixty Five Only) to the IEPF.
7. Members are requested to hand over the Attendance Slip, duly signed in accordance with the specimen Signature (s) registered with the Company for admission to the meeting hall. Members who hold shares in dematerialized form are requested to bring their Client ID and DP ID numbers for identification.
8. Documents open for inspection:
 - A. During the period beginning 24 (twenty-four) hours before the time fixed for the AGM, a member would be entitled to inspect the proxies lodged at any time during the business hours of the Company provided that not less than 3 (three) days of advance notice in writing is given to the Company;
 - B. Relevant documents referred to in the accompanying Notice and the statement pursuant to Section 102(1) of the Companies Act, 2013 are available for inspection at the Registered Office of the Company during business hours on all days except Saturdays, Sundays and public holidays upto the date of the AGM;
 - C. The Register of Directors and Key Managerial Personnel and their shareholding, maintained under Section 170 of the Companies Act, 2013 and the Register of Contracts or Arrangements in which Directors are interested, maintained under Section 189 of the Companies Act, 2013, will be available for inspection by the members at the AGM.
9. Members holding shares in single name are advised to avail the facility of nomination in respect of shares held by them pursuant to the provisions of Section 72 of the Companies Act, 2013. Members holding shares in physical form desiring to avail this facility may send their nomination in prescribed Form No. SH-13. Members holding shares in electronic mode may contact their respective Depository Participants for availing this facility.
10. Shareholders may be aware that the Companies Act, 2013, permits service of the Notice of the Annual General Meeting through electronic mode. Electronic copy of the Annual Report including Notice of the 116th Annual General Meeting of the Company inter alia indicating the process and manner of e-voting along with Admission Slip and Proxy Form is being sent to all the members whose email IDs are registered with the Company/Depository Participant(s) for communication purposes. However, those members who desire to have a physical copy may request for the same to the Registrar & Transfer Agent (RTA), BEETAL Financial & Computer Services Private Limited. For members who have not registered their email IDs, physical copies of the Annual Report are being sent in the permitted mode. The notice of AGM is being sent to those members/beneficial owners whose name will appear in the Register of Members/ List of beneficiaries received from the depositories as on Friday, August 17, 2018.
11. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to the Depository Participants with whom they maintain their demat accounts. Members holding shares in physical form should submit their PAN to BEETAL Financial & Computer Services Private Limited.
12. The shareholders who are holding shares in demat form and have not yet registered their e-mail IDs with their Depository Participant are requested to register their e-mail address at the earliest, to enable the Company to use the same for serving documents to them electronically, hereinafter. Shareholders holding shares in physical form may kindly provide their e-mail address to the RTA by sending an e-mail at beetalrta@gmail.com. The Annual Report of the Company would also be made available on the Company's website www.shalimarpaints.com.
13. Voting through Electronic means:
 In compliance with Section 108 and other applicable provisions of the Companies Act, 2013, if any, read with Rule 20 of the Companies (Management and Administration) Amendment Rules, 2015, and Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company is pleased to provide its Shareholders with the facility of "remote e-voting" (e-voting from a place other than venue of the AGM), to enable them to cast their votes at the 116th Annual General Meeting (AGM) and the business(es) at the 116th AGM may be transacted through such voting. The Company has entered into an agreement with Central Depository Services (India) Limited (CDSL) for facilitating e-voting to enable all its Shareholders to cast their vote electronically.
 The facility for voting, either through electronic voting system or ballot/polling paper shall also be made available at the venue of the AGM, apart from the remote e-voting facility provided prior to the date of AGM. The members attending the meeting, who have not already cast their vote through remote e-voting shall be able to exercise their voting rights at the meeting. The members who have already cast their vote by remote e-voting prior to the meeting may also attend the meeting but shall not be entitled to cast their vote again at the AGM. The Company has appointed Ms. Manisha Rawat, Practising Company Secretary, as the Scrutiniser for conducting the remote e-voting and the voting process at the AGM in a fair and transparent manner. The Scrutiniser shall make a consolidated Scrutiniser's report of the total votes cast in favour or against, if any, during the remote e-voting and voting at the AGM, not later than three days of conclusion of the meeting, to the Chairman or a person, authorised by him in writing. The Chairman or a person, authorised by him in writing, shall declare the results of the AGM forthwith. The results declared along with the Scrutiniser's report shall be placed on the Company's website and on the website of CDSL and shall be communicated to the Stock Exchanges.
 Members holding shares in physical form or in demat form as on September 20, 2018, the cut-off date shall only be eligible for e-voting.

The instructions for voting electronically are as under:

- (i) The voting period begins on Saturday, September 22, 2018 at 9.00 a.m. and ends on Tuesday, September 25,

Notice (Contd.)

2018 at 5.00 p.m. During this period, the eligible shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date i.e. September 20, 2018, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.

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

For Members holding shares in Demat Form and Physical Form	
PAN	Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) - Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the last 8 digits of the sequence number in the PAN field. - In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.
Dividend Bank Details OR 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. If both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (iv).

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

Notice (Contd.)

- (xx) A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.

In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.com, under help section or write an email to helpdesk.evoting@cdslindia.com or call 1800225533.

All grievances connected with the facility for voting by electronic means may be addressed to

Mr. Rakesh Dalvi, Deputy Manager, Central Depository Services (India) Limited (CDSL), A Wing, 25th Floor, Marathon Futurex, Mafatlal Mill Compounds, N M Joshi Marg, Lower Parel (East), Mumbai - 400013 or send an email to helpdesk.evoting@cdslindia.com or call 1800225533.

Those persons, who have acquired shares and have become members of the Company after the dispatch of Notice of the AGM by the Company and whose names appear in the Register of Members or Register of beneficial holders as on the cut-off date i.e. September 20, 2018 shall view the Notice of the 116th AGM on the Company's website or on the website of CDSL. Such Members shall exercise their voting rights through remote e-voting by following the procedure as mentioned above or by voting at the AGM.

14. As a measure of austerity, copies of the Annual Report will not be distributed at the AGM. Members are, therefore, requested to bring their copies of the Annual Report to the AGM.
15. A route map showing directions to reach the venue of the 116th AGM is given along with this Annual Report as per the requirement of the Secretarial Standards - 2 on General Meetings.

EXPLANATORY STATEMENT (Pursuant to Section 102 of the Companies Act, 2013)

Item No. 3

Mr. Gautam Kanjilal is a Chairman cum Independent Director on the Board of the Company since November, 2015. Pursuant to provisions of Section 149, 150, 152, Schedule IV 'Code for Independent Directors' and other applicable provisions of the Companies Act, 2013 and relevant rules made thereunder, an Independent Director shall hold office for a maximum term of five consecutive years on the Board of a company.

Mr. Kanjilal holds post graduate degree in Economics. He started his career as a Probationary Officer in July 1972 at State Bank of India. In his more than 37 years of service in SBI, he handled many important administrative and business assignments covering a large matrix of banking operations, including credit management and forex. He was also posted at the corporate headquarters of SBI Capital Markets Ltd, the merchant banking arm of SBI, where his responsibilities covered project finance, debt syndication and handling capital issues. Among the important assignments he subsequently held in SBI were as AGM (Planning), Kolkata, Dy. General Manager (Accounts & Compliance) at SBI's Corporate Centre, Mumbai, Chief Executive Officer of SBI's New York operations, General Manager (Mid-Corporate), Kolkata and lastly as Chief General Manager, Delhi Circle, from which post he superannuated in September 2009.

Mr. Kanjilal being eligible and offering himself for reappointment, is proposed to be reappointed as an Independent Director for a term of three consecutive years from the date of this Annual General Meeting.

Nomination and Remuneration Committee of the Board of Directors, on the basis of the report of performance evaluation of Independent Directors, has recommended reappointment of Mr. Kanjilal for another term of consecutive three years.

A notice in writing has been received from a Member of the Company in terms of Section 160 of the Companies Act, 2013 signifying his intention to propose the appointment of Mr. Kanjilal as an Independent Director of the Company. The Company has also received declaration from Mr. Kanjilal that he meets the criteria of independence as prescribed both under sub-section (6) of Section 149 of the Act and under the Listing Regulations.

Mr. Gautam Kanjilal is also a Chairman of Audit Committee and member of Nomination and Remuneration Committee and Stakeholders' Relationship Committee of the Company.

Section 149(10) of the Act provides that an independent director shall hold office for a term of up to three consecutive years on the Board and shall be eligible for re-appointment on passing a special resolution by the Company and disclosure of such appointment in its Board's report. Section 149(11) provides that an independent director may hold office for two consecutive terms.

In the opinion of the Board, Mr. Kanjilal fulfills the conditions specified in the Companies Act, 2013 and the rules made thereunder for his appointment as an Independent Director on the Board of the Company and he is independent of the management.

Save and except the above, none of the Directors, Key Managerial Personnel and their relatives, is interested or concerned in the resolution except to the extent of their shareholdings in the Company.

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

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

Item No. 4

Mr. Ashok Kumar Gupta is a Vice – Chairman cum Non-Executive Non-Independent Director on the Board of the Company. Mr. Gupta being eligible and offering himself for appointment and is proposed to be appointed as Non-Executive Non Independent Director for a term of three consecutive years w.e.f August 10, 2018.

Mr. Gupta holds master's degree in Physics and completed his PGDBA. He is an industry veteran with over three decades of experience in working at leadership positions at reputed organisations including SAIL, Jindal Industries, Surya Roshni

Notice (Contd.)

etc. He is presently the Managing Director of APL Apollo Tubes Limited. He worked as Whole Time Director in Jindal Stainless (Hisar) Limited.

Nomination and Remuneration Committee of the Board of Directors has recommended appointment of Mr. Gupta for a term of consecutive three years.

A notice in writing has been received from a Member of the Company in terms of Section 160 of the Companies Act, 2013 signifying his intention to propose the appointment of Mr. Gupta as a Director of the Company.

In the opinion of the Board, Mr. Gupta fulfills the conditions specified in the Companies Act, 2013 and the rules made there under for his appointment as Vice Chairman cum Non Independent Non-Executive Director on the Board of the Company.

Save and except the above, none of the Directors, Key Managerial Personnel and their relatives, is interested or concerned in the resolution except to the extent of their shareholdings in the Company.

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

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

Item No. 5

Mr. Surender Kumar, aged 53 years, Managing Director and CEO, of our Company has 27 years of rich experience.

In compliance with the provisions of Section 178 of the Companies Act, 2013, the Companies (Appointment and Qualifications of Directors) Rules, 2014 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 read with Schedule V to the Companies Act, 2013 and based on the recommendation of the Nomination and Remuneration Committee of the Board, the terms of payment of remuneration, as detailed in the Resolution No. 5, to Mr. Surender Kumar were approved by the Board, subject to approval of the shareholders and the Central Government.

The information required to be given pursuant to proviso (iv) of Section II of Part II of Schedule V to the Companies Act, 2013, are given hereunder:

I. General Information:

Shalimar Paints Limited incorporated in the year 1902, is the first paint manufacturing company in India and thereafter it started its commercial production. It has distribution network with 5,300+ active dealers, 32 sales depots and 3 regional distribution centers ("RDC") across all four zones in India. The Company has manufacturing facilities at multiple locations. Its products also exported to U.A.E, Nepal and Bhutan.

The revenue from operations and other income of the Company for the financial year 17-18 stood at ₹ 27,863.96/- Lacs as against ₹ 39,631.13/- Lacs in the previous year. The Company does not have any foreign collaboration.

II. Information about the appointee:

Mr. Surender Kumar, aged 53 years, Managing Director and CEO, of our Company has 27 years of rich experience out of which he spent close to 15 years at Akzo Nobel, a global paints and specialty chemical major.

He is an qualified Chartered Accountant and a keen sports enthusiast. He is a leader focused on talent management and customer strategies, R&D and innovation, reducing non-value add activities, thereby increasing the productivity of the Organization. He has keen understanding of Supply Chain Management.

Mr. Kumar is an executive with domestic and international experience in operations, finance, P&L management, multichannel product distribution and marketing. A result oriented and decisive leader with proven success in new market identification and strategic positioning of B2C and B2B businesses. He has implemented a lot of efficiency improvement initiatives. Mr. Kumar heads the overall operations including sales & marketing of our Company and is responsible for steering the growth of the organization as it continues to be positioned as a strong player in the Indian paints industry.

Before revision, Mr. Kumar was withdrawing approximately ₹ 1,06,60,000.00/- per annum towards his remuneration from the Company as a Managing Director and CEO of the Company.

Mr. Kumar shall have, subject to the overall control and direction of the Board of Directors of the Company, general control, management and superintendence of the business of the Company in the ordinary course of business and shall be responsible for the working and performance of the Company. He shall report to the Board of Directors of the Company. His responsibilities would include formulating and executing long term vision of the organization, developing a scalable business model by building capability, setting up processes and systems within the organization and would also be responsible for strategic transformation and revival of the organization.

I. (Amount in ₹)

Sr. No.	Particulars	Remuneration structure from April 1, 2017	Remuneration structure from April 1, 2018
(a)	Basic Salary	2,88,285 per month	3,05,582 per month
(b)	HRA	1,44,143 per month	1,52,791 per month
(c)	Special/ other Allowances	3,74,674 per month	3,97,154 per month
II	Performance Linked Variable Pay	20,53,350 per annum	21,76,550 per annum

I) Superannuation Benefits :

- Contribution to Provident Fund as per the rules of the Company.
- Gratuity as per the rules of the Company.

Notice (Contd.)

- (II) Employees Stock Option as per the policy and ESOP scheme of the Company.
- (III) Mr. Surender Kumar shall not be paid any sitting fees for attending the meetings of the Board of Directors or committees thereof.
- (IV) The event of loss or inadequacy of profits in any financial year during the period of his appointment, Mr. Surender Kumar shall be paid the above mentioned remuneration by way of salary, allowances and performance linked variable pay, subject to the provisions of Schedule V to the Companies Act, 2013 and subject to requisite approval of the Central Government.

III. Other information:

The Company has manufacturing facilities at various locations such as Howrah, Nasik, Sikandrabad (U.P) and facility at Gummidipoondi Tamil Nadu has been re-commissioned and has started its commercial production w.e.f September 04, 2017. There was a fire incident at Howrah Plant in March 2014 and the operations are suspended since then. Further, there was also a fire incident at Nasik Plant in November 2016 and the paint plant is not operating since then. The fire incidents have impacted the performance of these two plants. We have restarted part of the Nasik plant which was not affected by fire i.e. Alkyd Resin, Aluminum Paint and Packaging Paint Unit in April 2017.

The Howrah plant was badly damaged in the fire. The insurance claim was filed and an amount of ₹ 1122.35 lakhs was received in June, 2018. However, as regard insurance claim of Nashik Plant, an interim payment of ₹ 1,099.73 Lakhs was received in March 2018.

We believe in continuous product innovations for sustainable future by introducing new generation products including eco-friendly products and practices.

IV. Disclosures:

The requisite disclosures, as required to be given pursuant to proviso (iv) of Section II of Part II of Schedule V to the Companies Act, 2013, are given in the Item No.5 of this Notice read with intimation given pursuant to SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 forming part of this Notice.

The Board considered the knowledge, experience and expertise of Mr. Surender Kumar in the field of Paints and Varnishes business and is of the opinion that revision of remuneration structure of Mr. Surender Kumar shall be of immense benefit to the Company. The Board recommends Resolution No. 5 for approval by the Members.

Mr. Surender Kumar does not hold Directorship or Membership of Committees of the Board in any Company other than Shalimar Paints Limited and its subsidiaries namely Shalimar Adhunik Nirman Limited and Eastern Speciality Paints & Coatings Private Limited.

Mr. Surender Kumar is not related to any of the directors or key managerial personnel (including relatives of directors or key managerial personnel) of the Company in terms of Section 2(77) of the Companies Act, 2013 and to the promoter group of the Company.

Mr. Surender Kumar does not hold any share in the Company. Mr. Kumar has attended all the Board Meetings and General Meetings held during the financial year ended March 31, 2018.

None of the Directors and key managerial personnel (including relatives of directors or key managerial personnel) of the Company other than Mr. Surender Kumar, is concerned or interested, financially or otherwise, in this resolution, except to the extent of their shareholdings in the Company.

Item No. 6

The Management of the Company is in pursuit to further improve business operations of the Company and with a view to take Company to the next level of growth, have decided to borrow money from existing promoters of the company and/or from the non-promoters in the form of unsecured loans with an option to convert such unsecured loans into Equity Shares through the Rights Issue or preferential issue.

The shareholders of the Company passed a special resolution in Annual General Meeting held in the year 2014 under section 180(1)(c) approving the overall borrowing limit upto ₹ 400 crores. The Members of the Company are hereby informed that convertible loan shall not exceed ₹ 50,00,00,000/- (Rupees Fifty Crores Only), at any point of time and shall be within the overall limits of Rupees Four Hundred Crores Only, as already approved by the members.

For raising the funds by way of unsecured loans with an option to convert into Equity shares at a later date, the consent of the shareholders is required as per the provisions of the Companies Act, 2013. The Board recommends the resolution for the approval of the members to be passed as Special resolution.

None of the Directors, Key Managerial Personnel and/or their relatives is interested and/or concerned in this resolution, except to the extent of their shareholdings in the Company.

The Board recommends the Special Resolution set out at Item No. 6 of the Notice for approval by the members.

By Order of the Board
For SHALIMAR PAINTS LIMITED

Nitin Gupta
Company Secretary
Membership No.F8485

Dated : August 10, 2018
Place : Gurugram

Notice (Contd.)

Details of Directors seeking appointment/ re-appointment at the Annual General Meeting as required under Regulation 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

Name of the Director	Mr. Gautam Kanjilal	Mr. Ashok Kumar Gupta
Director Identification Number (DIN)	03034033	01722395
Date of Birth (Age in years)	September 28, 1949 (68 years)	July 7, 1956 (62 years)
Original date of Appointment	November 7, 2015	August 10, 2018
Qualification	Post graduate degree in Economics	Master's degree in Physics and completed his PGDBA
Experience and nature of expertise in specific functional area	Mr. Kanjilal started his career as a Probationary Officer in July 1972 at State Bank of India. In his more than 37 years of service in SBI, he handled many important administrative and business assignments covering a large matrix of banking operations, including credit management and forex. He was also posted at the corporate headquarters of SBI Capital Markets Ltd, the merchant banking arm of SBI, where his responsibilities covered project finance, debt syndication and handling capital issues. Among the important assignments he subsequently held in SBI were as AGM (Planning), Kolkata, Dy. General Manager (Accounts & Compliance) at SBI's Corporate Centre, Mumbai, Chief Executive Officer of SBI's New York operations, General Manager (Mid-Corporate), Kolkata and lastly as Chief General Manager, Delhi Circle, from which post he superannuated in September 2009.	Mr. Gupta is an industry veteran with over three decades of experience in working at leadership positions at reputed organisations including SAIL, Jindal Industries, Surya Roshni etc. He is presently the Managing Director of APL Apollo Tubes Limited. He worked as Whole Time Director in Jindal Stainless (Hisar) Limited.
Number of shares held in the Company as on March 31, 2018	Nil	Nil
Remuneration last drawn	Not Applicable	Not Applicable
No. of Board Meeting Attended during the financial year 2017-18	Attended all the Board Meetings held during the period	Not Applicable
Terms and conditions of reappointment and remuneration	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 Directors and Key Managerial Personnel of the Company as defined under section 2(77) of the Companies Act, 2013 read with Rule 4 of Companies (Specification of definitions details) Rules, 2014	
Directorship held in other companies in India as on March 31, 2018	Jindal Stainless Limited Optimus Infracom Limited Jindal Coke Limited Optimus Electronics Limited	APL Apollo Tubes Limited Sanu Steels Private Limited Jindal Advance Materials Private Limited Global Spareparts Private Limited Jindal Stainless (Hisar) Limited
Membership / Chairmanship of Committees, of other Public Limited Companies as on March 31, 2018	Jindal Stainless Limited – Audit Committee (Member) Jindal Coke Limited – Audit Committee (Chairman), Nomination and Remuneration Committee (Member), Corporate Social Responsibility Committee (Chairman) Shalimar Paints Limited - Audit Committee (Chairman), Nomination and Remuneration Committee (Member), Stakeholders' Relationship Committee (Member) Optimus Infracom Limited – Audit Committee (Chairman), Corporate Social Responsibility Committee (Member)	Jindal Stainless (Hisar) Limited – Audit Committee (Member), Stakeholders' Relationship Committee (Member), Corporate Social Responsibility Committee (Member) APL Apollo Tubes Limited – Corporate Social Responsibility Committee (Member)

By Order of the Board
For SHALIMAR PAINTS LIMITED

Nitin Gupta
Company Secretary
Membership No.F8485

Dated : August 10, 2018
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, 2018. The consolidated performance of the Company and its subsidiaries has been referred to wherever required.

Financial performance

₹ (in lakhs)

Description	2017-18		2016-17	
	Standalone	Consolidated	Standalone	Consolidated
Revenue from Operations & Other Income	27,863.96	27,838.23	39,631.13	39,609.39
Expenses	34,571.01	34,575.18	41,128.39	41,130.35
PBIDT	(6,707.05)	(6,736.95)	(1,497.26)	(1,520.96)
Exceptional Items	-	-	-	-
Profit before tax	(6,707.05)	(6,736.95)	(1,497.26)	(1,520.96)
Provision for taxation				
Current Tax	-	-	-	-
Deferred Tax	(2,165.41)	(2,181.45)	(536.02)	(551.62)
Profit after tax	(4,541.64)	(4,555.50)	(961.24)	(969.34)
Balance carried to Balance Sheet	(4,541.64)	(4,555.50)	(961.24)	(969.34)

Results of our operations and state of affairs for financial year 2017-18

Your Company during the year under review suffered a loss ₹ 4,541.64/- Lacs as against loss of ₹ 961.24/- Lacs in the previous year. The revenue from operations and other income of the Company for the financial year 17-18 stood at ₹ 27,863.96/- Lacs as against ₹ 39,631.13/- Lacs in the previous year.

The Company have received an interim payment of ₹ 1,099.73 Lakhs in respect of Nasik plant in March, 2018.

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

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

Nature of Business

We are engaged in the business of manufacturing of paints.

Dividend

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

Standalone/ Consolidated Financial Statement

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

Operations and Business Performance

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

Share Capital

During the year under review, there was no change in the Company's paid-up equity share capital.

However, the Company has allotted 35,52,370 equity shares of ₹ 2/- each at a premium of ₹ 138/- per share on Rights basis to the eligible equity shareholders on April 27, 2018.

Director's Report (Contd.)

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

General Reserve

The Company has not transferred any amount to the General Reserve during the financial year ended March 31, 2018.

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

- The Company has allotted 35,52,370 equity shares of ₹ 2/- each at a premium of ₹ 138/- per share on Rights basis to the eligible equity shareholders on April 27, 2018.
- The Company has changed its Registrar and Transfer Agents (RTA) from MCS Share Transfer Agent Limited to BEETAL Financial & Computer Services Private Limited w.e.f May 23, 2018.
- The Company has received an Insurance claim amount of ₹ 1122.35 lakhs in respect of Howrah plant in June 2018.
- The shareholders have passed the following resolutions through Postal Ballot. The result of which was declared on July 7, 2018:
 - Ordinary resolution for raising the Authorised Share Capital of the Company from ₹ 8,00,00,000/- to ₹ 20,00,00,000/.
 - Special resolution for alteration of capital clause of Articles of Association of the Company.
 - Special resolution for approval of Rights Issue for an amount not exceeding ₹ 3,00,00,00,000/- (Rupees Three Hundred Crores only)
 - Special resolution for increase in the limit of total shareholding of all registered Foreign Portfolio Investors (FPIs)/ Registered Foreign Institutional Investors (FIIs) put together from 24% to 49% of the paid up equity share capital of the Company
- The Board of Directors have passed a resolution for the approval of the Rights Issue of Equity Shares for an amount not exceeding ₹ 2,40,00,00,000/- (Rupees Two Hundred Forty Crores Only). The draft offer document has been filed with BSE, NSE and SEBI for their observations. The Company has received In-Principal approval from BSE and NSE.
- Appointment of Mr. Ashok Kumar Gupta (DIN: 01722395) as Vice Chairman cum Additional Director of the Company w.e.f August 10, 2018.

Transfer of amount to Investor Education and Protection Fund

Pursuant to the applicable provisions of the Companies Act, 2013, read with the IEPF Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ('the Rules'), all unpaid or unclaimed dividends are required to be transferred by the Company to the IEPF established by Government of India, after the completion of seven years. Further, according to the Rules, the shares on which dividend has not been paid or claimed by the shareholders for seven consecutive years or more shall be transferred to the IEPF Authority. Accordingly, the Company has transferred the unclaimed and unpaid dividends of ₹ 2,86,665.00/- (Rupees Two Lac Eighty Six Thousand Six Hundred Sixty Five Only).

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 assigned credit rating of CARE D for long term bank facilities and short term bank facilities by CARE Ratings Limited on March 7, 2018.

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 readwith 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. Alok Perti was appointed as non-executive independent director of the Company with effect from May 24, 2017 and his appointment was confirmed by the shareholders in 115th Annual General Meeting of the Company held on September 28, 2017.

Mr. Gautam Kanjilal - Chairman cum non-executive independent director of the Company was appointed for a term of three years with effect from November 7, 2015. Your board recommends his appointment as Chairman cum Independent Director of the Company for further period of 3 years in the ensuing Annual General Meeting.

Director's Report (Contd.)

Mr. Ashok Kumar Gupta was appointed as Vice-Chairman cum Additional Director (Non-Executive Non Independent) of the Company in the Board Meeting held on August 10, 2018 and shall hold office upto the ensuing Annual General Meeting. Your Board recommends his appointment as the Director in the ensuing AGM.

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

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

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

The current policy is to have appropriate mix of executive, non – executive and independent directors 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/upload/investor_reports/Nomination_and_Remuneration_Policy.pdf

Performance Evaluation

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

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

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

The Independent Directors had met separately on August 10, 2017 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, 2018, the Company has two subsidiaries, namely Shalimar Adhunik Nirman Limited (SANL) and Eastern Speciality Paints & Coatings Private Limited (ESPCPL). None of the Companies has become or ceased to be the Company's subsidiaries, during the year under review.

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

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

Auditor reports and auditors

Audit reports

- The Auditors' Report for financial year 2017-18 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 2017-18 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.

Director's Report (Contd.)

- 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 2017-18 does not contain any qualifications, reservations or adverse remarks.

Auditors

Statutory Auditors

During the year under review, M/s Chaturvedi and Partners, retired at the conclusion of 115th Annual General Meeting and did not offer themselves for re-appointment. M/s A K Dubey & Co., Chartered Accountants (Firm Registration No. 329518E), were appointed as Statutory Auditors of the Company at the 115th Annual General Meeting till the conclusion of the 120th Annual General Meeting.

M/s A K Dubey & Co., Chartered Accountants have confirmed their eligibility and qualification required under Sections 139, 141 and other applicable provisions of the Companies Act, 2013 and Rules issued thereunder (including any statutory modification(s) or re-enactment(s) thereof for the time being in force).

Secretarial Auditors

The Company had received consent from M/s Arun Goel & Associates, to act as the auditor for conducting audit of the secretarial records for the financial year ending March 31, 2018. As required under Section 204 of the Companies Act, 2013 and Rules thereunder, the Board appointed M/s Arun Goel & Associates, Practicing Company Secretaries as Secretarial Auditor for financial year 2017-18.

Corporate Social Responsibility

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

The CSR Policy of the Company is available on the Company's website link at: https://www.shalimarpaints.com/upload/investor_reports/Corporate%20Social%20Responsibility%20Policy.pdf

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

Listing on stock exchanges

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

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

Risk Management

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

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

The Risk Management Policy of the Company, is available on the Company's website link at: https://www.shalimarpaints.com/upload/investor_reports/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

As on March 31, 2018, the Audit Committee of the Board of Directors of the Company comprised of Mr. Gautam Kanjilal, Mr. Alok Perti and Ms. Pushpa Chowdhary, under the Chairmanship of Mr. Gautam Kanjilal. During the financial year under review, all the recommendations made by the Audit Committee were accepted by the Board and no recommendation is left which has not been accepted by the Board.

Vigil Mechanism

The Whistle-blower Policy has been approved and adopted by Board of Directors of the Company in compliance with the

Director's Report (Contd.)

provisions of Section 177 (10) of the Companies Act, 2013 and Regulation 22 of the Listing Regulations.

The Policy also provides protection to the 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/upload/investor_reports/Whistleblower-Policy.pdf

Annual Return

In accordance with Section 134(3)(a) of the Companies Act, 2013, an extract of the annual return in the prescribed format is appended as '**Annexure-E**' to the Director's Report. The same is available at company's website i.e. www.shalimarpaints.com.

Significant and Material Orders

- The Securities and Exchange Board of India vide its order dated March 19, 2018 approved the Rights Issue of the Company for an amount not exceeding ₹ 50 Crore (Rupees Fifty Crores only).
- The Company have received interim payment of ₹ 1,099.73 Lakhs in respect of Nasik plant in March, 2018.
- The Company has received an Insurance claim amount of ₹ 1122.35 lakhs in respect of Howrah plant in June, 2018.

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, 2018, are set out in Note 8, 9 and 14 to the Standalone Financial Statements of the Company.

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 47 to the Standalone Financial Statements of the Company.

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

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

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.

Particulars of Employees

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

- Statement containing names of top 10 employees in terms of remuneration drawn
- Details of employees posted in India throughout the fiscal and in receipt of a remuneration of ₹ 1.02 Crore or more per annum
- Details of employees posted in India for part of the year and in receipt of ₹ 8.5 Lakh or more a month
- Details of employees posted outside India and in receipt of a remuneration of ₹60 lakhs or more per annum or ₹ 5 lakhs or more a month

Energy Conservation, Technology Absorption and Foreign Exchange Earnings and Outgo

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

Corporate Governance

In compliance with Regulation 34 of the Listing Regulations, a separate report on Corporate Governance along with a certificate from the Auditors on its compliance forms an integral part of this Annual Report annexed as '**Annexure-I**'.

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,

Director's Report (Contd.)

developments in business operations/ performance of the Company's various businesses viz., decorative business, industrial and home improvement business, internal controls and their adequacy, risk management systems and other material developments during the financial year 2017-18.

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 are 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:

- In the preparation of the annual accounts for the financial year ended March 31, 2018 and applicable accounting standards have been followed and there are no material departures;
- They have 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 profit and loss of the Company for that period;
- They have taken proper and sufficient care towards the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- They have prepared the annual accounts on a going concern basis;
- They have laid down internal financial controls, which are adequate and are operating effectively;
- They have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

Green initiatives

Electronic copies of the Annual Report 2017-18 and the notice of the 116th Annual General Meeting are sent to all members whose email addresses are registered with the Company/ depository participant(s). For members who have not registered their email addresses, physical copies are sent in the permitted mode.

Other disclosures

- 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;
- The Managing Director and CEO of the Company has not received any remuneration or commission from any of Companies subsidiary;
- None of the Auditors of the Company have reported any fraud as specified under the second proviso of Section 143 (12) of the 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.

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.

**For and on behalf of the Board
For Shalimar Paints Limited**

**Dated : August 10, 2018
Place : Gurugram**

**Surender Kumar
Managing Director and CEO
DIN: 00510137**

**Alok Perti
Director
DIN: 00475747**

Director's Report (Contd.)

Disclosure in Director's Report

'Annexure-A' to Director's Report

SHALIMAR STOCK OPTION 2013: STATUS AS ON 31.03.2018		
S. No	Particulars	ESOP SCHEME 2013
1	Number of Stock options granted	940,000
2	Pricing Formula	97.19
3	Option Vested	62,325
4	Number of Option exercised	17,875
5	Number of Shares arising as a result of exercise of option	17,875
6	Variation of terms of options	None
7	Number of option lapsed	891,250
8	Money realized upon exercise of options (₹ In Lacs)	8.16
9	Total number of option in force	30,875
10	(a) Options granted to senior managerial personnel Mr. Sameer Nagpal	280,000
	(b) Any other employee who receives a grant in any one year of option amounting to 5% or more of options granted during the year	
	Mr. Praveen Kumar Asthana	34,000
	Mr. Pravir Kumar	34,000
	Mr. Sanjay Chowdhury	25,000
	Mr. Sandeep Kokane	25,000
	Mr. Ketan Dinesh Girap	34,000
	Mr. Chandan Arora	100,000
	Mr. Shankar Subramanian	50,000
	Mr. Abhay Dadhich	15,000
	(c) Identified employees who were granted options during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants & conversions) of the Company at the time of grant	
	Mr. Sameer Nagpal	280,000
11	(i) Method of calculation of employee compensation cost	Fair Value Method
12	a) Weighted average exercise prices of option granted	97.19
	b) Weighted average fair value of options granted on the date of grant ₹	102.29
13	Method and significant assumptions used to estimate the fair values of options	Black Scholes Valuation Model
	(i) Weighted average share price / Fair value of share ₹	144.99
	(ii) Exercise Price ₹	97.19
	(iii) Annual Volatility (Standard Deviation – Annual)	69.57%
	(iv) Time To Maturity - in years	1.15
	(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

(₹ in Lakhs)

Name of the Subsidiary	Shalimar Adhunik Nirman Limited	Eastern Speciality Paints & Coatings Private Limited
Reporting Period	April 1, 2017 to March 31, 2018	April 1, 2017 to March 31, 2018
Reporting Currency	INR	INR
Share Capital	9.50	5.00
Reserves & Surplus	1712.69	(2.37)
Total assets	2733.37	2.99
Total liabilities	2733.37	2.99
Investments	0.00	0.00
Turnover	0.00	0.00
Profit before taxation	(27.54)	(2.37)
Provision for taxation	14.81	0.00
Profit after taxation	(12.73)	(2.37)
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 : August 10, 2018
Place : Gurugram

Surender Kumar
Managing Director and CEO
DIN: 00510137

Alok Perti
Director
DIN: 00475747

'Annexure-C' to Director's Report

MR-3
SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED ON 31ST MARCH, 2018
[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 Limited
Stainless Centre, 4th Floor, Plot No. 50, Sector 32,
Gurugram-122001, Haryana

We have conducted the Secretarial Audit of the compliances of applicable statutory provisions and the adherence to good corporate practices by **M/s. Shalimar Paints Limited (CIN: L24222HR1902PLC065611) (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's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the company has, during the audit period covering the financial year ended on 31st March, 2018 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance- mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

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 31st March, 2018 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment and Overseas Direct Investment.
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') viz. :-
 - a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
 - c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
 - d. The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
 - e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 – Not applicable as the Company has not issued any debt securities which were listed during the year under review;
 - f. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client – Not Applicable as the Company is not registered as Registrar to Issue and Share Transfer Agent during the year under review;
 - g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 – Not applicable as the Company has not delisted/proposed to delist its equity shares from any Stock Exchange during the year under review;
 - h. The Securities and Exchange Board of India (Buy Back of Securities) Regulations, 1998 – Not applicable as the Company has not bought back or proposed to buy back any of its securities during the year under review.
- (vi) Other laws which are specifically applicable to the Company namely:
 - 1) Factories Act, 1948;
 - 2) Payment of Wages Act, 1936, and rules made thereunder;
 - 3) The Minimum Wages Act, 1948, and rules made thereunder;
 - 4) The Employees Provident Fund and Miscellaneous Provisions Act, 1952, and rules made thereunder,
 - 5) The Payment of Bonus Act, 1965, and rules made thereunder,
 - 6) Payment of Gratuity Act, 1972, and rules made thereunder,
 - 7) The Water (Prevention & Control of Pollution) Act, 1974, read with Water (Prevention & Control of Pollution) Rules, 1975

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

- (i) Secretarial Standards with respect to Meetings of Board of Directors (SS-1) and General meetings (SS-2) issued by The Institute of Company Secretaries of India and made effective 1st July, 2015)
- (ii) The Listing Agreements entered into by the Company with BSE Limited and National Stock Exchange of India and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (effective 1st December, 2015).

Director's Report (Contd.)

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above subject to the following observations:-

Few observations, corrections and compliances were advised to the Company during the audit, which were diligently carried out by the Company under the review period itself.

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.

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 the company has come across the following major events:

- I. The Board of Director of the Company had appointed Mr. Alok Perti, as Additional Director w.e.f. 24th May, 2017 and further Shareholders also approved his appointment as Independent Director at 115th Annual General Meeting held on 28th September, 2017.
- II. The Company has approved the Right Issue in the Board Meeting dated 07th April, 2017, for the purpose of raising funds and the same was approved by SEBI on 19th March, 2018. Further, the Right Issue opened on 31st March 2018 initially till 16th April, 2018 in between on 13th April, 2018, it was further extended for 3 days i.e. till 19th April, 2018.

For Arun Goel & Associates
Company Secretaries

(Arun Goel)
Company Secretary
CP No. 12508
M.No. A32816

Dated : April 20, 2018
Place : Faridabad

Note: 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.

'Annexure A' of Secretarial Audit Report MR-3

To,
The Members,
Shalimar Paints Limited
CIN: L24222HR1902PLC065611
Stainless Centre, 4th Floor, Plot No. 50,
Sector 32, Gurugram-122001, Haryana

Sir,

Our Secretarial Audit Report for the financial year 2017-18 of even date is to be read along with this letter.

1. Maintenance of secretarial record 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. I 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. I believe that the processes and practices, I followed provide a reasonable basis for our opinion.
3. I have not verified the correctness and appropriateness of financial records, labour laws records, personal records of employee(s) and Books of Accounts of the company as these do not fall under specific applicable laws.
4. Wherever required, I have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other specific applicable laws, rules, regulations, standards is 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 the future viability of the company nor of the efficacy effectiveness with which the management has conducted the affairs of the company.

For Arun Goel & Associates
Company Secretaries

(Arun Goel)
Company Secretary
CP No. 12508
M.No. A32816

Dated : April 20, 2018
Place : Faridabad

'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. We also endeavor to enhance long-term shareholder value and respect minority rights in all our business decisions.

The Company is committed towards improving the quality of lives of people in the communities in which it operates because the Company strongly believes that the society is an essential stakeholder and the purpose of its existence. The Company believes that giving back to the society through CSR activities is its duty. The detailed CSR Policy of the Company is available on the Company's website link at:

http://www.shalimarpaints.com/upload/investor_reports/Corporate%20Social%20Responsibility%20Policy.pdf

II. THE COMPOSITION OF THE CSR COMMITTEE:

The composition of the CSR Committee as on March 31, 2018 is as follows:

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

III. AVERAGE NET PROFIT OF THE COMPANY FOR THE LAST 3 FINANCIAL YEARS: (₹ 836.31 Lacs)

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

V. DETAILS OF CSR SPEND FOR THE FINANCIAL YEAR:

(a) Total amount spent for the financial year: ₹ 3.53 Lacs

(b) Amount unspent, if any: NIL

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

Sr. No	CSR projects/ activities identified	Sector in which the project is covered	Projects or Programs (1) Local area or other (2) Specify the State and district where projects or programs was undertaken	Amount outlay (budget) Project/ Programs was undertaken	Amount Spent on the Projects or Programs		Cumulative Expenditure up to the reporting period	Amount spent : Direct or through implementing agency
					Direct Expenditure on the Projects or Programs	Over-heads		
1	Promoting Education	Education	West Bengal (Howrah District)	3.53	3.53	---	3.53	Directly

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

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

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

Director's Report (Contd.)



'Annexure - E' to Director's Report

Form No. MGT-9
EXTRACT OF ANNUAL RETURN
As on the financial year ended on March 31, 2018
[Pursuant to Section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies
(Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS

- i) CIN L24222HR1902PLC065611
- ii) Registration Date December 16, 1902
- iii) Name of the Company Shalimar Paints Limited
- iv) Category of the Company Company Limited by Shares
Sub-Category of the Company Indian Non-Government Company
- v) Address of the Registered office and contact details Stainless Centre, 4th Floor, Plot No. 50, Sector-32, Gurugram, Haryana-122001
Tel.: 0124 4616600
Email: askus@shalimarpaints.com
- vi) Whether listed Company Yes
- vii) Name, Address, Contact details of Registrar and Transfer Agents (RTA) MCS Share Transfer Agent Limited,
F – 65, First Floor, Okhla Industrial Area Phase – I, New Delhi – 110020
Tel : 011-41406149
Email: helpdeskdelhi@mcsregistrars.com
 - i) With effect from May 23, 2018
BEETAL Financial & Computer Services Pvt Ltd.
BEETAL HOUSE, 3rd Floor, 99, Madangir, behind LSC,
New Delhi - 110062
Tel.: 011-29961281-283 Fax 011-29961284
Email: beetalrta@gmail.com

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

Sl. No.	Name and Description of main products / services	NIC Code of the Product/ Service	% to total turnover of the company
1	Paints, Varnishes, Enamels or Lacquers	20221	100.00%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:

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

Director's Report (Contd.)

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

(i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical Shares	Total	% of Total shares	Demat	Physical Shares	Total	% of Total shares	
A. Promoters									
(1) Indian									
a) Individual/HUF	265000	0	265000	1.40	193000	0	193000	1.02	-0.38
b) Central Government	0	0	0	0.00	0	0	0	0.00	0
c) State Government	0	0	0	0.00	0	0	0	0.00	0
d) Bodies Corporate	5666080	0	5666080	29.91	5669680	0	5669680	29.93	0.02
e) Banks / FI	0	0	0	0.00	0	0	0	0.00	0
f) Any Other	0	0	0	0.00	0	0	0	0.00	0
Sub-total (A) (1):-	5931080	0	5931080	31.31	5862680	0	5862680	30.95	-0.36
(2) Foreign									
a) NRIs – Individuals	30500	0	30500	0.16	102500	0	102500	0.54	0.38
b) Other Individuals	0	0	0	0.00	0	0	0	0.00	0.00
c) Bodies Corporate	5841570	0	5841570	30.83	5841570	0	5841570	30.83	0.00
d) Banks / Financial Institutions	0	0	0	0.00	0	0	0	0.00	0.00
e) Any Other	0	0	0	0.00	0	0	0	0.00	0.00
Sub-total (A) (2):-	5872070	0	5872070	30.99	5944070	0	5944070	31.37	0.38
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	11803150	0	11803150	62.30	11806750	0	11806750	62.32	0.02
1. Institutions									
a) Mutual Funds	15361	0	15361	0.08	305134	0	305134	1.61	1.53
b) Banks / FI	11077	250	11327	0.06	5610	250	5860	0.30	0.24
c) Central Govt	0	0	0	0.00	0	0	0	0.00	0.00
d) State Govt(s)	0	0	0	0.00	0	0	0	0.00	0.00
e) Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
f) Insurance Companies	332750	0	332750	1.76	332750	0	332750	1.76	0.00
g) FIs	500	0	500	0.00	31076	0	31076	0.16	0.16
h) Foreign Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
i) Others (specify)	0	0	0	0.00	0	0	0	0.00	0.00
Sub-total (B)(1):-	359688	250	359938	1.90	674570	250	674820	3.56	1.66
2. Non-Institutions									
a) Bodies Corp.									
i) Indian	1846908	13430	1860338	9.82	1624314	13410	1637724	8.64	-1.18
ii) Overseas	0	0	0	0.00	0	0	0	0.00	0.00
b) Individuals									
i) Individual shareholders holding nominal share capital up to ₹ 1 lakh	3422896	432555	3855451	20.35	3749471	414175	4163646	21.98	1.63
ii) Individual shareholders holding nominal share capital in excess of ₹1 lakh	726177	0	726177	3.83	170000	0	170000	0.90	-2.93
c) Others (specify)	0	0	0	0.00	0	0	0	0.00	0.00
i. Trust	149061	0	149061	0.79	56608	0	56608	0.30	-0.49
ii. Non Resident Individual	191450	410	191860	1.01	436017	410	436427	2.30	1.29
Sub-total (B)(2):-	6336492	446395	6782887	35.80	6036410	427995	6464405	34.12	-1.68
Total Public Shareholding (B)=(B)(1)+(B)(2)	6696180	446645	7142825	37.70	6710980	428245	7139225	37.68	-0.02
C. Shares held by Custodian for GDRs & ADRs	0	0	0	0.00	0	0	0	0.00	0.00
Grand Total (A+B+C)	18499330	446645	18945975	100.00	18517730	428245	18945975	100.00	0.00

Director's Report (Contd.)

(ii) Shareholding of Promoters

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share holding during the year
		No of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	No of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	
1	Hind Strategic Investments	5841570	30.83	-	5841570	30.83	-	0.00
2	Hexa Securities and Finance Co. Ltd.	1500000	7.92	-	1500000	7.92	-	0.00
3	Nalwa Sons Investments Ltd.	1372590	7.24	-	1372590	7.24	-	0.00
4	Colarado Trading Co Ltd.	1224635	6.46	-	1224635	6.46	-	0.00
5	Nalwa Investments Limited	1193855	6.30	-	1193855	6.30	-	0.00
6	Jindal Equipment Leasing and Consultancy Services Ltd	102500	0.54	-	102500	0.54	-	0.00
7	Stainless Investments Ltd	82500	0.44	-	82500	0.44	-	0.00
8	Sun Investments Private Limited	82500	0.44	-	82500	0.44	-	0.00
9	Prithvi Raj Jindal	72000	0.38	-	72000	0.38	-	0.00
10	Abhinandan Investments Ltd	55000	0.29	-	55000	0.29	-	0.00
11	Mansarover Investments Ltd.	52500	0.28	-	52500	0.28	-	0.00
12	Sajjan Jindal	31000	0.16	-	0	0	-	-0.16
13	Ratan Jindal	30500	0.16	-	30500	0.16	-	0.00
14	Deepika Jindal	30000	0.16	-	30000	0.16	-	0.00
15	Sarita Devi Jain	20000	0.11	-	20000	0.11	-	0.00
16	Hina Devi Goyal	20000	0.11	-	20000	0.11	-	0.00
17	Kusum Mittal	20000	0.11	-	20000	0.11	-	0.00
18	S K Jindal and Sons (HUF)	12300	0.06	-	12300	0.06	-	0.00
19	Savitri Devi Jindal	12300	0.06	-	12300	0.06	-	0.00
20	P R Jindal (HUF)	12300	0.06	-	12300	0.06	-	0.00
21	Naveen Jindal	12300	0.06	-	12300	0.06	-	0.00
22	Sminu Jindal	10500	0.06	-	10500	0.06	-	0.00
23	R. K. Jindal & Sons (HUF)	12300	0.06	-	12300	0.06	-	0.00
24	Sangita Jindal	0	0.00	-	31000	0.16	-	0.16
25	Opelina Finance and Investment Limited	0	0.00	-	500	0.00	-	0.00
26	OPJ Trading Private Limited	0	0.00	-	500	0.00	-	0.00
27	Gagan Infraenergy Limited	0	0.00	-	500	0.00	-	0.00
28	Virtuous Tradecorp Private Limited	0	0.00	-	1000	0.01	-	0.01
29	Systran Multiventures Private Limited	0	0.00	-	100	0.00	-	0.00
30	JSL Limited	0	0.00	-	1000	0.01	-	0.01

Director's Report (Contd.)

(iii) Change in Promoters' Shareholding:

S. No.	Shareholder's Name	Shareholding		Cumulative Shareholding during the year	
		No of shares	% of total shares of the Company	No of shares	% of total shares of the Company
1.	JSL Limited				
	At the beginning of the year	0	0.00	0	0.00
	Increase (14-06-2017) (Purchase from Open Market)	1000	0.01	1000	0.01
	Decrease	-	-	1000	0.01
	At the end of the year	1000	0.01	1000	0.01
2.	Sajjan Jindal				
	At the beginning of the year	31000	0.16	31000	0.16
	Increase	-	-	31000	0.16
	Decrease (02-12-2017) (Internal promoter group transfer)	31000	0.16	0	0.00
	At the end of the year	0	0.00	0	0.00
3.	Sangita Jindal				
	At the beginning of the year	0	0.00	0	0.00
	Increase (02-12-2017) (Internal promoter group transfer)	31000	0.16	31000	0.16
	Decrease	-	-	31000	0.16
	At the end of the year	31000	0.16	31000	0.16
4.	Opelina Finance and Investment Limited				
	At the beginning of the year	0	0.00	0	0.00
	Increase (19-12-2017) (Purchase from Open Market)	500	0.00	500	0.00
	Decrease	-	-	500	0.00
	At the end of the year	500	0.00	500	0.00
5.	OPJ Trading Private Limited				
	At the beginning of the year	0	0.00	0	0.00
	Increase (19-12-2017) (Purchase from Open Market)	500	0.00	500	0.00
	Decrease	-	-	500	0.00
	At the end of the year	500	0.00	500	0.00
6.	Gagan Infraenergy Limited				
	At the beginning of the year	0	0.00	0	0.00
	Increase (19-12-2017) (Purchase from Open Market)	500	0.00	500	0.00
	Decrease	-	-	500	0.00
	At the end of the year	500	0.00	500	0.00
7.	Virtuous Tradecorp Private Limited				
	At the beginning of the year	0	0.00	0	0.00
	Increase (19-12-2017) (Purchase from Open Market)	1000	0.01	1000	0.01
	Decrease	-	-	1000	0.01
	At the end of the year	1000	0.01	1000	0.01
8.	Systran Multiventures Private Limited				
	At the beginning of the year	0	0.00	0	0.00
	Increase (21-12-2017) (Purchase from Open Market)	100	0.00	100	0.00
	Decrease	-	-	100	0.00
	At the end of the year	100	0.00	100	0.00

Director's Report (Contd.)

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters, and Holders of GDRs and ADRs):

S. No	Name of the Shareholder	Shareholding		Date	Increase / Decrease in Shareholding	Reason	Cumulative Shareholding during the year (April 1, 2017 to March 31, 2018)	
		No of Shares at the beginning of the year	% of total shares of the Company				No. of Shares	% of total shares of the Company
1	Assured Fin - Cap Pvt Ltd	420820	2.22	-	-	-	420820	2.22
2	National Insurance Company Ltd	332750	1.76	-	-	-	332750	1.76
3	EQ India Fund	-	-	11.08.2017 18.08.2017 22.12.2017	135000 10000 55000	Purchase Purchase Purchase	13500 14500 200000	0.71 0.77 1.06
4	Shree Nirman Limited	-	-	19.01.2018 26.01.2018 02.02.2018 09.02.2018	26851 113686 18318 18940	Purchase Purchase Purchase Purchase	26851 140537 158855 177795	0.14 0.74 0.84 0.94
5	Ganesh Srinivasan	-	-	12.05.2017 19.05.2017 22.12.2017	96000 61000 13000	Purchase Purchase Purchase	96000 157000 170000	0.51 0.83 0.90
6	Elsamma Joseph	-	-	26.05.2017 16.06.2017 30.06.2017 25.08.2017 29.12.2017	70000 10000 20000 63000 1000	Purchase Purchase Purchase Purchase Purchase	70000 80000 100000 163000 164000	0.37 0.42 0.53 0.86 0.87
7	Ever Plus Securities and Finance Limited	150850	0.80	-	-	-	150850	0.80
8	Renuka Financial Services Ltd	113680	0.60	-	-	-	113680	0.60
9	Equity Intelligence India Private Limited	-	-	21.04.2017	100000	Purchase	100000	0.53
10	VEC Strategic Long Term Investment Fund	-	-	02.06.2017 16.06.2017 22.12.2017	93300 12600 12500	Purchase Purchase Sale	93300 105900 93400	0.49 0.56 0.49
11	Aggarwal Finlease Pvt Ltd	80100	0.42	-	-	-	80100	0.42
12	VEC Strategic Growth Fund	149061	0.79	02.06.2017 16.06.2017 22.12.2017	93300 12600 12500	Sale Sale Purchase	55761 43161 55661	0.29 0.23 0.29
13	Asha Mukul Agrawal	340000	1.79	25.08.2017 01.09.2017 08.12.2017 22.12.2017	16110 25000 90019 208871	Sale Sale Sale Sale	323890 298890 208871 0	1.71 1.58 1.10 0.00
14	Vishal Narendra Mehta	150000	0.79	14.04.2017 21.04.2017 28.04.2017 12.05.2017 19.05.2017 25.05.2017	54331 45669 16000 36000 20000 10000	Sale Sale Purchase Sale Sale Sale	95669 50000 66000 30000 10000 0	0.50 0.26 0.35 0.16 0.05 0.00
15	Kishan Gopal Mohta	100085	0.53	28.07.2017 04.08.2017	96795 3290	Sale Sale	3290 0	0.02 0.00
16	Anahita Kayan	82637	0.44	14.04.2017 21.04.2017	82437 200	Sale Sale	200 0	0.00 0.00

Director's Report (Contd.)

(v) Shareholding of Directors and Key Managerial Personnel

Shareholding of Directors and Key Managerial Personnel								
SL. No.	Name of the Directors and Key Managerial Personnel	Shareholding		Date	Increase/ Decrease in Shareholding	Reason	Cumulative Shareholding during the year (April 1, 2017 to March 31, 2018)	
		No. of shares at the beginning of the year	% of total shares of the Company				No. of Shares	% of total shares of the Company
NIL								

(vi) INDEBTEDNESS

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

(₹ in Lacs)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	17,075.73	-	-	17,075.73
ii) Interest due but not paid	10.41	-	-	10.41
iii) Interest accrued but not due	31.73	-	-	31.73
Total (i+ii+iii)	17,117.87	-	-	17,117.87
Change in Indebtedness during the financial year				
Addition	954.61	1,020.35	-	1,974.96
Reduction	1,141.76	-	-	1,141.76
Net Change	-187.15	1,020.35	-	833.20
Indebtedness at the end of the financial year				
i) Principal Amount	16,888.58	1,020.35	-	17,908.93
ii) Interest due but not paid	3.06	33.13	-	36.18
iii) Interest accrued but not due	4.57	-	-	4.57
Total (i+ii+iii)	16,896.20	1,053.48	-	17,949.69

(vii) Remuneration of Directors and Key Managerial Personnel

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

(Amount in ₹)

SL. No.	Particulars of Remuneration	Mr. Surender Kumar, Managing Director and CEO	Total Amount
1	Gross salary		
(a)	Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961	1,19,04,920	1,19,04,920
(b)	Value of perquisites u/s 17(2) Income Tax Act, 1961	-	-
(c)	Profits in lieu of salary under section 17(3) Income Tax Act, 1961	-	-
2	Stock Option	-	-
3	Sweat Equity	-	-
4	Commission	-	-
	- as % of profit	-	-
	- Others, specify	-	-
5	Others, specify	-	-
	Provident Fund	4,15,130	4,15,130
	Non-taxable Reimbursements	-	-
Total		1,23,20,050	1,23,20,050

Notes:

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

Director's Report (Contd.)

B. Remuneration to other directors

(Amount in ₹)

B1: Independent Directors				
Name of Independent Directors	Fee for attending Board / committee meetings	Commission	Others, Specify	Total
Mr. Gautam Kanjilal	6,20,000	-	-	6,20,000
Mr. Alok Perti *	1,50,000	-	-	1,50,000
Ms. Pushpa Chowdhary	2,00,000	-	-	2,00,000
Mr. Rajiv Rajvanshi **	40,000	-	-	40,000
Total	10,10,000	-	-	10,10,000

* Mr. Alok Perti was appointment as an additional director w.e.f May 24, 2017

** Mr. Rajiv Rajvanshi resigned from the directorship of the Company w.e.f May 24, 2017

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

Sl. No.	Particulars of Remuneration	Ms. Sandeep Gupta - Chief Financial Officer	Mr. Nitin Gupta - Company Secretary	Total Amount
1	Gross salary	83,80,800	8,77,236	92,58,036
(a)	Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961	-	-	-
(b)	Value of perquisites u/s 17(2) Income Tax Act, 1961	-	-	-
(c)	Profits in lieu of salary under section 17(3) Income Tax Act, 1961	-	-	-
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission	-	-	-
	- as % of profit	-	-	-
	- Others, specify	-	-	-
5	Others, specify	-	-	-
	Provident Fund	2,59,200	32,760	2,91,960
	Non-taxable Reimbursements			
	TOTAL	86,40,000	9,09,996	95,49,996

(viii) Penalties / Punishment / Compounding of Offences

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

Director's Report (Contd.)



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

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

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

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

For and on behalf of the Board
For Shalimar Paints Limited

Dated : August 10, 2018
Place : Gurugram

Surender Kumar
Managing Director and CEO
DIN: 00510137

Alok Perti
Director
DIN: 00475747

Director's Report (Contd.)

'Annexure - G' to Director's Report

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

Particulars of Employees

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

Relevant Clause u/r 5(1)	Prescribed Requirement	Details			
(i)	Ratio of the remuneration of each director to the Median Remuneration to the employees of the company for the financial year	Ratio of the remuneration of Mr. Surender Kumar (Managing Director and CEO) to the median remuneration of employees 32.62 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 2017-18 (₹)	Remuneration 2016-17 (₹)	Change in %
		Mr. Surender Kumar	12320050	11044826	12%
		Mr. Sandeep Gupta	8640000	8536104	1%
		Mr. Janak Raj Goyal	NIL	6268488	N.A.
		Mr. Nitin Gupta	909996	738116	23%
		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.	13.08% 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.	672 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 10% which is in line with the average increase of 10% in the managerial remuneration. Note: while calculating remuneration total cost to the Company is considered, which includes basic salary, allowances, contribution towards provident fund, statutory bonus, performance linked variable pay, gratuity and excludes leave encashment.			
(vi)	Affirmation that the remuneration is as per the remuneration policy of the company	It is affirmed that the remuneration paid to the Directors, Key Managerial Personnel and senior management is as per the Nomination and Remuneration Policy of your Company.			

Director's Report (Contd.)

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

1. Details of employees, employed throughout the financial year 2017-18, was in receipt of remuneration for that year which in aggregate, was not less than One Crore and Two Lacs Rupees

Name	Designation	Remuneration received	Qualification (years)	Experience	Joining Date	Age (years)	Last employment
Mr. Surender Kumar	Managing Director & CEO	1,23,20,050	CA (ICAI)	More than 2 Decades	30-May-15	53	Tega Industries Limited
Mr. Jasbir Singh Bindra	Director Sales	1,10,00,400	M Com	More than 2 Decades	15-Sep-17	55	BRG GROUP

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

Name	Designation	Remuneration received	Qualification (years)	Experience	Joining Date	Age (years)	Last employment
Mr. Surender Kumar	Managing Director & CEO	1,23,20,050	CA (ICAI)	More than 2 Decades	30-May-15	53	Tega Industries Limited
Mr. Jasbir Singh Bindra	Director Sales	1,10,00,400	M Com	34 Years	15-Sep-17	55	BRG Group
Mr. Sandeep Gupta	Chief Financial Officer	86,40,000	Chartered Accountant	25 Years	03-Jan-17	49	Khanna Paper Mills Limited
Mr. Sai Krishnan TCN	Vice President-Manufacturing	66,66,000	MBA	28 Years	26-Apr-17	48	Asian Paints Limited
Mr. Suresh Nair	Vice President-Sales	64,80,000	PGDM	18 Years	14-Dec-17	45	Asian Paints PPG Pvt Ltd
Mr. Anil Kumar Pandey	Assistant Vice President-Procurement	57,65,126	B Com, CA Inter	23 Years	02-Feb-15	48	Jindal Stainless Ltd
Mr. Chinmaya Nayak	Head R & D - Industrial	45,00,000	M. Tech	18 Years	14-Dec-17	44	Berger Paints India Ltd
Mr. Ashok Jade	Sr. GM-IT & Analytics	41,63,148	PGIT	21 Years	02-Dec-13	43	Videocon
Ms. Anita Verma	Chief Human Resource Officer	40,76,630	PGDM	14 Years	01-Apr-17	36	KHD HUM-BOLDT WEDAG India Pvt. Ltd.
Mr. Manish Bhardwaj	Assistant Vice President-Sale	36,72,916	B Tech	19 Years	18-Dec-13	40	Wrigley India

3. Details of employees, employed for a part of the financial year 2017-18, was in receipt of remuneration for any part of that year, at a rate which, in the aggregate, was not less than Eight Lacs and Fifty Thousand Rupees per month: **NIL**
4. Details of employees, employed throughout the financial year or part thereof, was in receipt of remuneration in that year which, in the aggregate, or as the case may be, at a rate which, in the aggregate, is in excess of that drawn by the managing director or whole-time director or manager and holds by himself or along with his spouse and dependent children, not less than two percent of the equity shares of the company: **NIL**
5. Details of employees posted outside India and in receipt of a remuneration of ₹60 lakhs or more per annum or ₹ 5 lakhs or more a month: **NIL**

Notes:

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

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

(A) Conservation of Energy

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

(I) Steps taken towards conservation of energy:

Shalimar Paints have four existing manufacturing facilities. Out of which 2 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 the recently commissioned new plant at Chennai, we have instituted Energy conservation in the design stage of the plant. The following features are built in the new plant:

- Paint manufacturing block roof structure is designed to have natural air circulation with turbo ventilators to reduce the cost of ventilation.
- Partial translucent roof sheets installed, aiding good lighting inside the process and storage areas, reducing cost of lighting.
- Installed, IE3 model (energy efficient motors) in all plant operations for energy saving.

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

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

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

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

The Company has spent ₹ 1,00,000/- (Rupees One Lac Only) on capital investment to save energy consumption at Chennai facility during the financial year 2017-18.

(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 fulfill 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.

Director's Report (Contd.)

- 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 2017 –18:

- Waterborne glossy enamel.

Future plan of action:

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

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

Initiatives towards Green products development:

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

(IV) The expenditure incurred on Research and Development:

(₹ in Lacs)

Particulars	FY 2017-18	FY 2016-17
Capital	4.28	1.10
Recurring	169.76	184.89
Total	174.04	185.99

(C) FOREIGN EXCHANGE EARNINGS AND OUTGO

(₹ in Lacs)

(Equivalent INR value of various currencies)

Particulars	FY 2017-18	FY 2016-17
Inflow	196.48	91.74
Outflow	1478.92	1804.38

REPORT ON CORPORATE GOVERNANCE

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

1. Philosophy on code of Corporate Governance

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

2. Board of Directors

During the year under review, the Company's Board of Directors comprises four members, one of whom is Executive Director and three are Non-Executive Directors ("NEDs"). All NEDs are Independent Directors one of which is 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 of the Board and the requisite information, according to Listing Regulations are provided below:

Name of Director	DIN	Category	No. of Directorships (1)	As on March 31, 2018	
				Membership and Chairmanship of Committees (2)	
				Member	Chairman
Mr. Gautam Kanjilal	03034033	Chairman - Independent – Non Executive Director	3	2	2
Mr. Surender Kumar	00510137	Managing Director and CEO - Executive Director	1	-	-
Mr Alok Perti (*)	00475747	Independent - Non Executive Director	1	1	1
Ms. Pushpa Chowdhary	06877982	Independent - Non Executive Director	1	2	-

* Mr. Alok Perti was appointed as an additional director of the Company w.e.f May 24, 2017 and his appointment as Director was confirmed by members in 115th Annual General Meeting of the Company held in the year 2017.

** Mr. Ashok Kumar Gupta (DIN: 01722395) was appointed as an Additional Director (Non-Executive Non Independent) of the Company w.e.f August 10, 2018 and further re-designated as Vice Chairman of the Company. His appointment as Director is proposed in the ensuing Annual General Meeting of the Company.

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

- (1) Excluding Private Companies, Section 8 Companies and Foreign Companies as per Companies Act, 2013 but including Directorship in Shalimar Paints Limited.
- (2) Committees for this purpose mean Audit Committee and Stakeholders' Relationship Committee of Indian public companies, including Committees of Shalimar Paints Limited.
- (3) None of the Directors are relatives of any other Director as per the provisions of Section 2 (77) of the Companies Act, 2013 read with Rule 4 of Companies (Specification of Definitions Details) Rules, 2014.
- (4) None of the Directors hold equity shares in the Company as on March 31, 2018.

Appointment/ Re-appointment of Directors

Mr. Gautam Kanjilal – Chairman cum Non-Executive Independent Director of the Company was appointed on November 7, 2015 for a period of 3 (Three) consecutive years and accordingly he holds office till November 6, 2018. Therefore, it is proposed to re-appoint Mr. Gautam Kanjilal for a further period of 3 years in the Category of Chairman cum Non-Executive Independent Director of the Company. A notice in writing has been received from the Member of the Company in terms of Section 160 of the Companies Act, 2013 signifying the intention to propose the appointment

Director's Report (Contd.)

of Mr. Gautam Kanjilal as a Director of the Company. Further, his designation will be Chairman cum Director of the Company.

Mr. Ashok Kumar Gupta was appointed as an Additional Director by the Board of Directors of the Company at their meeting held on August 10, 2018 and holds office till the conclusion of ensuing Annual General Meeting. A notice in writing has been received from the Member of the Company in terms of Section 160 of the Companies Act, 2013 signifying the intention to propose the appointment of Mr. Ashok Kumar Gupta as a Director of the Company. Further, his designation will be Vice-Chairman cum Director of the Company.

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

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

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

Board Meetings and Annual General Meeting

During the year under review, the Board of Directors of the Company met eight times and the period between any two meetings did not exceed 120 days. The Board Meeting dates were: April 7, 2017, May 24, 2017, June 29, 2017, August 10, 2017, November 13, 2017, December 15, 2017, February 13, 2018 and March 22, 2018. The necessary quorum was present for all the meetings. As required under the Listing Regulations all the necessary information was placed before the Board from time to time.

Details of attendance of Directors at the Board Meetings held during the financial year 2017-2018 and at the last AGM are as follows:

Name of Director	Number of Board Meetings Attended (Total meetings held during tenure)	Attendance at the last AGM
Mr. Surender Kumar	8(8)	Yes
Mr. Gautam Kanjilal	8(8)	Yes
Mr. Alok Perti*	5(6)	Yes
Ms. Pushpa Chowdhary	6(8)	No
Mr. Rajiv Rajvanshi**	1(2)	No

* Mr. Alok Perti was appointed as an additional director of the Company w.e.f May 24, 2017.

** Mr. Rajiv Rajvanshi had resigned from the Directorship of the Company w.e.f May 24, 2017.

Board Procedures

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

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

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

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

The NEDs of the Company are paid sitting fees for attending meetings of the Board and Committees thereof. The

Director's Report (Contd.)

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, 2018 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 weblink https://www.shalimarpaints.com/upload/investor_reports/Code_Of_Conduct.pdf. The Annual Report of the Company contains a Certificate duly signed by the Managing Director and CEO in this regard.

Code for Prevention of Insider Trading Practices

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

Disclosures of Accounting Treatment

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

Training of Directors

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

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

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

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

Familiarisation Program for independent directors

The Company has an appropriate induction programme for new Directors and an ongoing familiarisation programme, with respect to their roles, rights, responsibilities in the Company, nature of the industry in which the Company operates, business model of the Company, etc. The details of the familiarisation programme are disclosed on the Company's website under the weblink: https://www.shalimarpaints.com/upload/investor_reports/Policy%20on%20Familiarisation%20Program%20for%20Independent%20Directors.pdf

3. Audit Committee

As on March 31, 2018, the Company's Audit Committee comprises entirely of three Independent Directors. The Composition of the Audit Committee is in compliance with the provisions of Section 177 of the Companies Act, 2013 and Listing Regulations. Each Member of the Committee has the relevant experience in the field of finance, banking and accounting. The Committee has, inter alia, the following terms of reference:

- i. Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible
- ii. The recommendation for appointment, remuneration and terms of appointment of auditors of the Company
- iii. Approval of fees to statutory auditors for any other services rendered by the statutory auditors
- iv. Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to:
 - Matters required to be included in the Director's Responsibility Statement to be included in the Director's report in terms of clause (c) of sub-section 3 of section 134 of the Act
 - Changes, if any, in accounting policies and practices and reasons for the same
 - Major accounting entries involving estimates based on the exercise of judgment by management
 - Significant adjustments made in the financial statements arising out of audit findings
 - Compliance with listing and other legal requirements relating to financial statements
 - Disclosure of any related party transactions
 - Qualifications in the draft audit report
- v. Reviewing, with the management, the quarterly/ half yearly/ annually financial statements before submission to

Director's Report (Contd.)

- the board for approval;
- vi. Review and monitor the auditor's independence and performance, and effectiveness of audit process;
 - vii. Approval or any subsequent modification of transactions of the company with related parties;
 - viii. Scrutiny of inter-corporate loans and investments;
 - ix. Valuation of undertakings or assets of the Company, wherever it is necessary;
 - x. Evaluation of internal financial controls and risk management systems;
 - xi. Examination of the financial statement and the auditors' report thereon;
 - xii. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
 - xiii. Discussion with internal auditors of any significant findings and follow up there on;
 - xiv. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;
 - xv. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
 - xvi. To review the functioning of the Whistle Blower mechanism;

The Committee met six times during the period under review on April 7, 2017, May 24, 2017, June 29, 2017, August 10, 2017, November 13, 2017 and February 13, 2018. The necessary quorum was present for all the meetings.

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

Name of the Member	Category	No. of Meetings attended (Total meetings held during the tenure)
Mr. Gautam Kanjilal	Chairman – Non Executive Independent Director	6(6)
Mr. Alok Perti *	Member - Non Executive Independent Director	3(4)
Ms. Pushpa Chowdhary	Member - Non Executive Independent Director	5(6)
Mr. Rajiv Rajvanshi **	Member - Non Executive Independent Director	1(2)

* Mr. Alok Perti was appointed as an additional director of the Company w.e.f May 24, 2017.

** Mr. Rajiv Rajvanshi had resigned from the Directorship of the Company w.e.f May 24, 2017.

4. Nomination and Remuneration Committee

As on March 31, 2018, the Company's Nomination and Remuneration Committee comprises entirely of three Non - Executive Directors. The Composition of the Nomination and Remuneration Committee is in compliance with the provisions of Section 178 of the Companies Act, 2013 and Listing Regulations. The Committee has, inter alia, the following terms of reference:

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

The Committee met four times during the period under review on April 7, 2017, August 10, 2017, November 13, 2017 and February 13, 2018. The necessary quorum was present for all the meetings.

Director's Report (Contd.)

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

Name of the Member	Category	No. of Meetings attended (Total meetings held during the tenure)
Mr. Alok Perti *	Chairman – Non Executive Independent Director	2(3)
Mr. Gautam Kanjilal	Member – Non Executive Independent Director	4(4)
Ms. Pushpa Chowdhary	Member – Non Executive Independent Director	3(4)
Mr. Rajiv Rajvanshi **	Member – Non Executive Independent Director	1(1)

* Mr. Alok Perti was appointed as an additional director of the Company w.e.f May 24, 2017.

** Mr. Rajiv Rajvanshi had resigned from the Directorship of the Company w.e.f May 24, 2017.

Nomination and Remuneration Policy

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

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

All the non-executive Directors are being paid sitting fees for attending meetings of the Board and Committees thereof. The details of sitting fees paid to the non-executive directors during the financial year 2017-18 are given below:-

Name of Director	Sitting Fees
Mr. Gautam Kanjilal	₹ 6,20,000.00/-
Mr. Alok Perti *	₹ 1,50,000.00/-
Ms. Pushpa Chowdhary	₹ 2,00,000.00/-
Mr. Rajiv Rajvanshi **	₹ 40,000.00/-

* Mr. Alok Perti was appointed as an additional director w.e.f May 24, 2017

** Mr. Rajiv Rajvanshi resigned from the directorship of the Company w.e.f May 24, 2017.

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

Name	Salary (₹)	Other Allowances (₹)	Contribution to PF and Other funds (₹)	Total (₹)	Period of Agreement	Notice Period
Mr. Surender Kumar	98,51,570/-	20,53,350.00/-	4,15,130.00/-	1,23,20,050	Attain the age of superannuation/retirement which is 60 years	Three months notice by either party

5. Stakeholders' Relationship Committee

As on March 31, 2018, the Company's Stakeholders' Relationship Committee ("SRC") comprises entirely of three Non - Executive Directors. The Composition of the Stakeholders' Relationship Committee is in compliance with the provisions of Section 178 of the Companies Act, 2013 and Listing Regulations.

The Company has constituted Share Transfer Committee which merely deals with processing Share transfers requests with consultation with Registrar and Transfer Agents of the Company. All valid share transfers lodged upto March 31, 2018, have been processed by the Committee.

Investor grievances are placed before the Committee. There were no pending investor complaints which remained unresolved. The Company has also cleared all complaints received through SEBI Complaints Redress System ("SCORES") - a centralized web based complaints redress system which serves as a Centralised database of all complaints received, enables uploading of Action Taken Reports ("ATRs") by the concerned companies and online viewing by the investors of actions taken on the complaint and its current status. The status of the complaints received from shareholders from April 1, 2017 to March 31, 2018 is as under:-

No. of complaints pending as on April 1, 2017	Nil
No. of complaints received during the year	2
No. of complaints redressed during the year	2
No. of complaints pending as on March 31, 2018	Nil

The SRC met four times during the period under review on June 29, 2017, August 10, 2017, November 13, 2017 and

Director's Report (Contd.)

February 13, 2018. The necessary quorum was present for all the meetings.

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

Name of the Member	Category	No. of Meetings attended (Total meetings held during the tenure)
Mr. Alok Perti *	Chairman – Non Executive Independent Director	3(4)
Mr. Gautam Kanjilal	Member – Non Executive Independent Director	4(4)
Ms. Pushpa Chowdhary	Member – Non Executive Independent Director	3(4)
Mr. Rajiv Rajvanshi **	Member – Non Executive Independent Director	--

* Mr. Alok Perti was appointed as an additional director of the Company w.e.f May 24, 2017.

** Mr. Rajiv Rajvanshi had resigned from the Directorship of the Company w.e.f May 24, 2017.

6. Corporate Social Responsibility Committee

As on March 31, 2018, the Company's Corporate Social Responsibility (CSR) Committee comprises entirely of three Directors. The Composition of the CSR Committee is in compliance with the provisions of Section 135 of the Companies Act, 2013 and Listing Regulations. The Committee has, inter alia, the following terms of reference:

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

The CSR Committee met once during the period under review on February 13, 2018. The necessary quorum was present for the meeting.

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

Name of the Member	Category	No. of Meetings attended (Total meetings held during the tenure)
Mr. Surender Kumar	Chairman – Executive Director	1(1)
Mr. Alok Perti *	Member – Non Executive Independent Director	1(1)
Ms. Pushpa Chowdhary	Member – Non Executive Independent Director	1(1)
Mr. Rajiv Rajvanshi **	Member – Non Executive Independent Director	--

* Mr. Alok Perti was appointed as an additional director of the Company w.e.f May 24, 2017.

** Mr. Rajiv Rajvanshi had resigned from the Directorship of the Company w.e.f May 24, 2017.

Corporate Social Responsibility Policy

The Corporate Social Responsibility Policy of the Company is posted on the Company's website link at: https://www.shalimarpaints.com/upload/investor_reports/Corporate%20Social%20Responsibility%20Policy.pdf

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

7. Subsidiary Companies

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

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

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

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

8. CEO/CFO Certification

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

Director's Report (Contd.)

Company's website:

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

9. General Body Meetings

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

Financial year ended	Date & Time	Venue	Items approved by Special Resolution
March 31, 2017	September 28, 2017 at 11:00 A.M.	Galaxy Hotel Shopping & Spa, NH-8, Sector 15, Part-II, Gurgaon-122001	No matter was approved through special resolution
March 31, 2016	September 28, 2016 at 11:00 A.M.	Galaxy Hotel Shopping & Spa, NH-8, Sector 15, Part-II, Gurgaon-122001	- Revision in the terms of the Payment of the Remuneration to the Managing Director of the Company w.e.f 1st October, 2015 - Revision in the terms of the Payment of the Remuneration to the Managing Director of the Company w.e.f 1st April, 2016 - Appointment of Managing Director and CEO of the Company - Waiver of excess remuneration payable to Ex-Managing Director & CEO of the Company - Adoption of new set of Articles of Association of the Company - Adoption of new set of Memorandum of Association of the Company
March 31, 2015	September 28, 2015 at 12:00 Noon	The Lake Land Country Club, Kona Expressway, P.O. Munshidanga, P.S. Domjur, Howrah-711403	Appointment of Mr. Surender Kumar as a Whole-time Director and COO & CFO of the Company.

During the financial year 2017-18, the Company has obtained members approval through Postal Ballot for the following resolution as stated in the table below. A snap shot of the voting results are as follows:

Name of the Resolution	Type of Resolution	Number of valid Postal Ballot forms Received (In Shares)	Votes cast in favour of the Resolution		Votes against the Resolution	
			No. of votes cast	%	No. of votes cast	%
Conversion of Unsecured Loan into Equity through Rights Issue	Special	11968305	11967175	99.99	1130	0.01

Mr. Mohit Dahiya of M/s Mohit & Associates, Practicing Company Secretaries, were appointed as the Scrutinizer for carrying out the Postal Ballot in a fair and transparent manner. The result of Postal Ballot was announced on May 23, 2017

10. Disclosure

- 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/upload/investor_reports/Policy%20on-materiality-of-related-party-transactions-and-on-dealing-with-related-party-transactions.pdf

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

11.

MANAGEMENT DISCUSSION AND ANALYSIS

INTRODUCTION

Established in 1902, it can be said that the history of Shalimar Paints is the history of the paints industry in India and also in South East Asia. The company is engaged in manufacturing and marketing of decorative paints and industrial coatings. The Decorative business covers both Interior and Exterior paints where it has a number of flagship brands. The Company also has tinting systems under the brand "Color Space" where it offers more than 10,000 shades across all product lines to its customers. Some of India's iconic buildings and structures such as the Howrah Bridge, Rashtrapati Bhawan, Salt Lake Stadium, All India Institute of Medical Sciences, and many others, continue to be painted with Shalimar Paints. The company currently has four manufacturing units and a strong footprint across the country with over 35+ branches and depots. The wide and expansive network of RDC and depots spread across the country ensures that the products are available at every doorstep. Apart from India, Shalimar also caters to consumers from Nepal, UAE and Bhutan.



INDUSTRY DEVELOPMENT

2017-2018 was an eventful and challenging year especially for the domestic market. The introduction of GST played the major role in a new era in Indian business. The paint industry successfully adopted the new tax system put in place.

The industry did feel the impact of demonetisation as well as GST and demand as a whole for the industry was restrained in both segments. The organised players are expected to perform better than the small and medium scale players. The industry however views GST as positive and beneficial in the long run.

The industry also felt inflationary pressure throughout the year. Higher prices of crude, exchange rate volatility and the larger geo-political climate added to the uncertainty. In addition, tough environmental guidelines in China impacted global supply chains of many key ingredients adding availability as well as

inflationary pressures.

The industry has been partially able to pass on the cost in the market.

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.

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.

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

MARKETING

Marketing plays a vital role in generation consumer and customer awareness and interest for a consumer facing company like Shalimar Paints. Last year we rolled out our new campaign 'Rang Desh Ka'. We broke out with season's first campaign ad in one of the leading interior design magazines; India Today Home and Ideal Home and Garden.



We launched our Rang Desh ka campaign during the festive season and to break the clutter and stand out among the competition we didn't take the celebrity route instead we chose a trending topic of 'Education' to capitalise and relate our brand's line of thought through the film. This film creates an emotional motivation among the viewers and hook them to the brand, not only appealing to the audience but also

Director's Report (Contd.)

creating a Top of the mind recall.



INDIA TV
INDIA VOICE
NDTV
GOODTIMES



We aimed at capturing a larger mindshare of the consumer by increasing our brand presence at the ground level. Your company participated in festivities to make sure that its presence in continued among the relevant target audience at grassroots level.



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



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



We as Color Partner created Delhi's first artistic slum 'Kachi Gali' in collaboration with Button Mushroom aiming at beautifying the area and improving the quality of living in Sanjay Camp, a slum in Chanakypuri. In a brief period of 48 hours we achieved to paint 750+ households, 1 primary school, 1000+ walls, 200+ graffiti's were incorporated on walls with support of 350+ volunteers to spread countless smiles among the people living there.

Pre-buzz of the activity was done online in social media platforms like; Facebook, Instagram, Delhipedia, DU Beats, So Delhi, Eventz etc.

We also received phenomenon response post the activity where in the event was covered in NDTV, Business Standard, ANI News, Business World, Everything Experiential, New Indian Express, Republic





We also associated with Missing Foundation, an NGO which is working against Girl Child Abduction. We as Color Partner associated with them is creating 8 murals in 8 days talking about the alarming issue of Girl trafficking. It was strategically done in Kolkata during the Durga Puja time which helped in drawing huge attention and awareness regarding the subject.



On the digital marketing front, we strategically kept our communication mix of products, Décor tips, trending topics, engaging posts like contests, true or false, gif games; colour trivia and generic motivational posts. This strategy helped us to engage with multi-faceted audience and chance to interact with consumers across age and demographic boundaries.

We capitalised on the trending topics like CWG, Blue Moon Day, and Festival of Colour - Holi etc. Mausam Khatri, one of the India wrestler and CWG players retweeted our post. #RagonWaliSelfie was the contest that we rolled out during Holi and received impressive response. We organically launched a selfie contest in our social media handles and urged the audience to share their colourful pictures. We got a remarkable visibility with total reach of more than 53000+ and engagement rate shot upto 12%.



SEGMENT-WISE OR PRODUCT WISE PERFORMANCE

Industrial has always been our strength. We have a very strong hold in protective and marine coatings. Your Company had launched Solventless Food Grade Epoxy, Quick Drying Alkyd Primer, Phenolic Modified Coating, Heat Resistance Coating and Zinc Phosphate Primer. We are also planning to launch 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. Your Company had launched new products namely, Zinc Chromate Yellow Green Primer, Super Shaktiman Projects Acrylic Exterior Emulsion, Xtra Tough Premier Acrylic Exterior Emulsion, Superlac Advance Premium Acrylic Interior Emulsion, Red Oxide Metal Primer and Universal White Primer in decorative segment. Today, Shalimar Paints has array of products catering to different industries and suitable to style and class across. Our range comprises of Emulsions (Exterior and Interior), Enamels, Distempers, Wood finishes, Metal surfaces Cement Paints and Floor Paints.

We are soon planning to roll out our Special Effects range for textured and metallic finish walls. Our state-of-the-art R&D team is also constantly undertaking product research and innovations to bring across best in class quality products for the consumers. There persistent effort of developing products with cutting down the input cost but without comprising on the quality standards will definitely give us an edge over the other players in the market.

RISK AND CONCERNS

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

The paint sector is raw material intensive, with over 300 raw-materials (40-50% petro-based derivatives) involved in the manufacturing process. Since most of the raw materials are petroleum based, the industry is sensitive to crude oil prices. Another concern is that the demand for paint, being a discretionary expenditure, is typically hurt during periods of inflation.

Further, as the growth of Paint Industry is aligned with the growth of economy, any sluggish economic growth may adversely impact the business of the Company. Similarly, depreciating rupee may also impact the profitability of your company.

INTERNAL CONTROL SYSTEMS

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

built authorizations for enhanced control. The organisation is appropriately staffed with qualified and experienced personnel for implementing and monitoring the internal control environment.

INFORMATION TECHNOLOGY

During this year, embedded digital customer engagement, business continuity, GST readiness, E-reporting and E-forms, robust infrastructure and data security were the key initiatives. Investment of time and effort were made in the in-memory computation capabilities. Your company has taken steps towards Analytics and Data driven culture. We launched e-Rapid, it is Shalimar Analytics Platform with HR dashboard with single analytics platform for all functions. This brings transparency across functions with single version of truth with no manual tampering. We rolled out integrated Mobile App, Empower 2.0 for internal employees to enhance the efficiency and track the updates of all the employees while on the go.



To provide real time information and engagement with dealers and distributors we came with an exclusive mobile app called SAMVAAD. This app basically connect the company and trade on one to one basis. Our dealers and distributors can access updated ledger, outstanding, payment details etc. They will also be able to see their order status and give feedback to the company. This application will be available in offline as well online mode so that dependency on internet is zero.



As a part of Business continuity, we continuously strive for process optimization. We have more than 25 automated process to reduce revenue & productivity leakages.

SUPPLY CHAIN

This year, we focussed on superior supply chain management and smarter procurement, driven via advanced digital solutions. We introduced Datacomm mode to supply material. We also automated the primary freight for a smoother operation. We consolidated the warehouses which were dormant to save on cost.

Our newly commissioned Chennai plant is now running in full capacity. The geographical set up of the new plant will further help your company to improve its flexibility in offering better services to its both industrial and decorative customers. Work is also progressing at the brisk pace at our Howrah plant which is expected to re-start by next year.

- Received Award from Dataquest (Formerly known as Cybermedia) "Digital Leader - 2018" for our various digital initiatives.
- Won HR Value and Creator Awards, under the category 'HR Technology to the Last Mile'



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. The company lays a lot of emphasis on capability building through right mix of on-the-job training and class room training. A three day induction program is conducted for the new employees.

The workforce is highly aligned to the company's goals through various regular communications through internal magazine, zonal and regional meetings, Townhalls. Our team consistently initiates knowledge sharing sessions by appointing internal trainers to keep the employees abreast with the day to day updates and happenings in the industry. Similarly, for capability building, training sessions are imparted to the employees through external trainings.

Another area the company is laying a lot of emphasis on Health and Safety of employees. Along with EHS policy and its extensive communication, session are organized on Fire Fighting, First Aid and General safety at workplace. We have a dedicated cell for sexual harassment and we make sure that we give an unbiased platform to the employees for any complaints or grievances.

We take utmost priority in environmental safety. We strongly believe that it is our moral duty to give back to the nature. We do annual plantation drive in all the manufacturing units and try to create the nature's balance as much as we can from our little initiative.



AWARDS & RECOGNITIONS

- Shalimar Paints won India's 70 Most Trusted Power Brands 2017-18 organised by Planman India
- Received Prestigious Award from "Economics Times" for contribution on various digital initiative in organisation as well out of organisation. This is purely research base award done by ET.

FINANCIAL PERFORMANCE

The financial year 2017-2018 had been a restrained year for us. The Company revenue from operations and other income of the Company for the financial year 17-18 stood at **₹ 27,863.96 lacs** as against **₹ 39,631.13 lacs** in the previous year. GST was introduced in July 2017, hence sales figures of the previous year are not comparable with the sales figure of this year.

Director's Report (Contd.)

12. Means of Communication:

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

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

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

Extensive Business Reporting Language ("XBRL")

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

Ministry of Corporate Affairs ("MCA")

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

SEBI Complaints Redress System ("SCORES")

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

Annual Report

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

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

13. General Shareholder Information:

- As indicated in the Notice dated August 10, 2018, the 116th Annual General Meeting of the Company will be held on September 26, 2018 at 11:00 A.M. at Hilton Garden Inn, Baani Square, Sector 50, Gurgaon-122002.
- The Register of Members and Share Transfer Books of the Company will remain closed from Thursday September 20, 2018 to Wednesday September 26, 2018 both days inclusive.
- Financial Calendar for Financial Year 2018-19 (Tentative): The Company follows April 01 to March 31 as its Financial Year. The Financial Calendar for year 2018-19 is as follows:

First Quarter Results: August 14, 2018

Second Quarter/ Half yearly Results: November 14, 2018

Third Quarter Results: February 14, 2019

Fourth Quarter / Audited Annual Results: May 30, 2019

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

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

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

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

Month	BSE		NSE	
	High	Low	High	Low
April, 2017	232.40	167.05	232.40	165.30
May, 2017	320.30	207.60	320.60	207.40
June, 2017	271.90	238.55	274.00	238.00
July, 2017	264.85	218.50	264.85	217.00
August, 2017	227.05	185.30	226.10	184.60
September, 2017	239.45	198.00	239.30	194.05
October, 2017	222.00	195.55	220.00	196.15

Director's Report (Contd.)

November, 2017	218.95	185.00	217.00	185.00
December, 2017	223.15	185.10	223.70	186.50
January, 2018	217.50	183.30	216.80	186.90
February, 2018	193.20	164.40	191.70	163.00
March, 2018	169.00	135.00	170.00	136.90

- 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, 2017	232.40	167.05	30,184.22	29,241.48
May, 2017	320.30	207.60	31,255.28	29,804.12
June, 2017	271.90	238.55	31,522.87	30,680.66
July, 2017	264.85	218.50	32,672.66	31,017.11
August, 2017	227.05	185.30	32,686.48	31,128.02
September, 2017	239.45	198.00	32,524.11	31,081.83
October, 2017	222.00	195.55	33,340.17	31,440.48
November, 2017	218.95	185.00	33,865.95	32,683.59
December, 2017	223.15	185.10	34,137.97	32,565.16
January, 2018	217.50	183.30	36,443.98	33,703.37
February, 2018	193.20	164.40	36,256.83	33,482.81
March, 2018	169.00	135.00	34,278.63	32,483.84

- (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, 2017	232.40	165.30	9367.15	9075.15
May, 2017	320.60	207.40	9649.60	9269.90
June, 2017	274.00	238.00	9709.30	9448.75
July, 2017	264.85	217.00	10114.85	9543.55
August, 2017	226.10	184.60	10137.85	9685.55
September, 2017	239.30	194.05	10178.95	9687.55
October, 2017	220.00	196.15	10384.50	9831.05
November, 2017	217.00	185.00	10490.45	10094.00
December, 2017	223.70	186.50	10552.40	10033.35
January, 2018	216.80	186.90	11171.55	10404.65
February, 2018	191.70	163.00	11117.35	10276.30
March, 2018	170.00	136.90	10525.50	9951.90

- g) The Company has changed its Registrar and Transfer Agents from MCS Share Transfer Agent Limited to BEETAL Financial & Computer Services Private Limited, BEETAL HOUSE, 3rd Floor, 99, Madangir, behind LSC, New Delhi – 110062, Ph. 011-29961281-83, Fax 011-29961284 w.e.f May 23, 2018.
BEETAL Financial & Computer Services Private Limited are the Registrar and Transfer Agents of the Company for both physical as well as demat segment.
- h) The share transfer work is being carried out by the Company's Registrar and Transfer Agent (RTA), who are also having connectivity with the depositories, viz., NSDL and CDSL. The power of approving the transfer of shares has been delegated to the RTA so that they can attend to the share transfer formalities on fortnightly basis.

Director's Report (Contd.)

- i) The distribution of shareholdings as on March 31, 2018 is given below:-

	No. of Shareholders	Percentage	No. of Shares held	Percentage
Up to 500	12437	87.39	1499644	7.92
501 to 1000	987	6.94	777948	4.11
1001 to 2000	432	3.04	660742	3.49
2001 to 3000	144	1.01	368976	1.95
3001 to 4000	52	0.37	184848	0.98
4001 to 5000	42	0.30	200616	1.06
5001 to 10000	64	0.45	461333	2.43
10001 to 50000	49	0.34	1006858	5.31
50001 to 100000	11	0.08	819965	4.33
& above	14	0.10	12965045	68.43
Total	14232	100.00	18945975	100.00

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

The reconciliation of total admitted capital as on March 31, 2018 is given below:-

Shares held through	Percentage of holding
NSDL	89.27
CDSL	8.47
Physical	2.26
Total	100.00

- k) Category of shareholders as on March 31, 2018 are given below:

Particulars	No. of shares	Percentage
Promoters	11806750	62.32
Financial Institutions	643744	3.40
NRI/ NRC/ FIIs	467503	2.47
General	6027978	31.82
Total	18945975	100.00

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

- P.O. Danesh Shaikh Lane, Goabaria, Howrah, West Bengal (Operations suspended due to fire accident in the month of March, 2014)
- Village: Gonde Dumala, Tehsil: Igatpuri, Nasik (Operations suspended due to fire accident in the month of November, 2016)
- 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, Stainless Centre, 4th Floor, Plot No 50, 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

**For and on behalf of the Board
For Shalimar Paints Limited**

**Dated : August 10, 2018
Place : Gurugram**

**Surender Kumar
Managing Director and CEO
DIN: 00510137**

**Alok Perti
Director
DIN: 00475747**

DECLARATION

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

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

Dated : May 23, 2018
Place : Gurugram

Surender Kumar
Managing Director and CEO
DIN: 00510137

Report on Corporate Governance

as per SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

To,
The Members of Shalimar Paints Limited

We have examined the compliance of conditions of Corporate Governance by Shalimar Paints Limited, for the year ended March 31, 2018, as stipulated in Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the Listing Regulations).

Management's Responsibility

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

Auditor's Responsibility

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

We have examined the relevant records and documents maintained by the Company for the purposes of providing reasonable assurance on the compliance with Corporate Governance requirements by the Company.

Opinion

Based on our examination of the relevant records and according to the information and explanations provided to us and the representations provided by the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the Listing Regulations).

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

We state that all investor grievances were redressed within 30 days of lodgment of grievance and as on 31.03.2018, no investor complaint is pending against the Company as per the records maintained by the Stakeholders' Relationship Committee.

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

For Arun Goel & Associates
(Company Secretaries)

Dated : April 20, 2018
Place : Faridabad

CS Arun Goel
(M. No. A32816)
(COP No. 12508)

Independent Auditors' Report



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

We have audited the accompanying standalone Ind AS financial statements of Shalimar Paints Limited ("the Company"), which comprise the Balance Sheet as at 31st March, 2018, 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 then ended, and a summary of the significant accounting policies and other explanatory information.

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.

Auditors' Responsibility

Our responsibility is to express an opinion on these standalone Ind AS financial statements based on our audit.

In conducting our audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit of the standalone Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial controls relevant to the Company's preparation of the standalone Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone Ind AS financial statements.

We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the standalone Ind AS financial statements.

Opinion

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 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 Ind AS, of the state of affairs of the Company as at 31st March, 2018, and its loss, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Other Matters

- (i) The comparative financial information of the Company for the year ended 31st March, 2017 and the transition date opening Balance Sheet as at 1st April, 2016 included in these standalone Ind AS financial statements, are based on the statutory financial statements prepared in accordance with the Companies (Accounting Standards) Rules, 2006 audited by previous auditors whose reports for the year ended 31st March, 2017 and 31st March, 2016 dated 24th May, 2017 & 28th May, 2016, respectively, expressed an unmodified opinion on those standalone financial statements. The said financial statements as adjusted for the differences in the accounting principles adopted by the Company on transition to the Ind AS have been audited by us.
- (ii) As per information and explanation furnished to us, the insurance claims of loss for damage of immovable & movable assets due to fire in Company's plants/units located at Howrah & Nasik, are yet to be assessed by the Insurer & claim have been accounted for on estimated basis (Note 52 of standalone financial statements).
- (iii) Some of the financial assets & liabilities including trade receivables, trade payables & advances are pending confirmation /reconciliation, and their impact on financial statements, if any, is unascertained. (Note 58 of standalone financial statements)

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.

Independent Auditors' Report (Contd.)

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit, we report, to the extent applicable that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - c) The 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.
 - e) On the basis of the written representations received from the directors as on 31st March, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2018 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 Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its standalone Ind AS financial statements. (Note 40 to the standalone Ind AS financial statements)
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There has been no delay in transferring amounts required to be transferred to the Investor Education and Protection Fund.
2. As required by the Companies (Auditors' Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "**Annexure B**" a statement on the matters specified in paragraphs 3 and 4 of the Order.

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

Place : Gurugram
 Date : 23rd May, 2018.

Arun Kumar Dubey
 Partner
 Membership No.- 057141

Annexure "A" to the independent Auditors' Report

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

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

We have audited the internal financial controls over financial reporting of Shalimar Paints Limited ("the Company") as of 31st March, 2018 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 is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and

Independent Auditors' Report (Contd.)

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

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

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

Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

Place : Gurugram
Date : 23rd May, 2018.

Arun Kumar Dubey
Partner
Membership No.- 057141

Annexure "B" to the independent Auditors' Report

Independent Auditors' Report (Contd.)

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

- i. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of the fixed assets.
- (b) Due to fire in Company's Howrah Plant/unit during financial year 2013-14 & Nasik Plant/unit during financial year 2016-17, there has been significant damage its fixed assets comprising Building, Plant & Machineries, etc situated therein. The Company has a regular programme/policy of physical verification of its fixed assets included in Property, Plant & Equipments (PPE) by which all fixed assets are verified in a phased manner. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. As per the policy, certain fixed assets, excluding damaged, as stated above, were physically verified by the Management during the year. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
- (c) According to the information and explanations given to us and the records examined by us on test basis, we report that, the title deeds in respect of freehold immovable properties of land and buildings, are held in the name of the Company as at the Balance Sheet date. In respect of leasehold immovable properties, the lease agreements are in the name of the Company.
- ii. The inventory, (except goods-in-transit, stocks lying with third parties & stock, burnt/damaged due to fire in Howrah & Nasik Plants), have been physically verified by the management during the year. In our opinion, the frequency of such verification is reasonable. For stocks lying with third parties at the year end, written confirmations, obtained by the management have been verified by us, on test basis. The discrepancies noticed on verification between the physical stocks and the book records were not material and have been dealt with in books of account.
- iii. The Company is to receive ₹ 699.90 lakh (previous year ₹ 672.74 lakh) is from its subsidiary, Shalimar Adhunik Nirman Limited (SANL) which is shown under the head 'Loans (Non-current) under sub head Loan to Related parties' in Note 9 of the Financial Statement. The said Loan includes ₹ 492.00 lakh (Note 50), being consideration money for transfer of Land by the Company to SANL, and the same is interest free. The terms and conditions of said advances are not prejudicial to the Company's interest.
 As per information & explanation given to us the repayment schedule is being adhered to so far as it relates to payment of principal & interest whenever, they fall due. There is no overdue amount of loan & interest.
 Except loan and advances to the aforesaid subsidiary, the Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnership or other parties covered in the register maintained under section 189 of the Companies Act, 2013.
- iv. In our opinion and according to information and explanations given to us, in respect of loans, investments, guarantees, and security, the Company has complied with the provisions of section 185 & 186 of the Companies Act, 2013, to the extent applicable.
- v. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposit from the public in accordance with the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the rules framed thereunder. Accordingly, Clause 3(v) of the Order is not applicable to the Company.
- vi. The Central Government has prescribed maintenance of Cost Records under Section 148(1) of the Companies Act, 2013 in respect of certain manufacturing activities of the Company. We have broadly reviewed the accounts and records of the Company in this connection, and are of the opinion, that prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the same.
- vii. According to the information and explanations given to us, in respect of statutory dues:
 - (a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, cess and other material statutory dues applicable to it to the appropriate authorities.
 - (b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, cess and other material statutory dues in arrears as at 31st March, 2018 for a period of more than six months from the date they became payable, except as tabled below:-

Sl. No	Nature of dues	Amount due (₹, lakh)
1	Value Added Tax (VAT)	185.28
2	Central Sales Tax(CST)	6.08
3	Entry Tax	7.20
		198.56

- (c) Details of dues of Income Tax, Sales Tax, Service Tax, Excise Duty, and Value Added Tax which have not been

Independent Auditors' Report (Contd.)

deposited as on 31st March, 2018 on account of disputes are given below:

Name of Statute	Nature of dues	Forum where dispute is pending	Amount Involved (₹ Lakh)
Excise Act	Excise Duty	Various Assessing, Appellate & Tribunal Authorities	855.95
Income Tax Act	Income Tax	Various Assessing, Appellate, Tribunal Authorities	62.73
Sales Tax Act	Central Sales Tax & VAT	Various Assessing, Appellate, Tribunal & Revision Board Authorities	1636.51

- viii. In our opinion and according to the information and explanations given to us, the Company has not defaulted during the year in repayment of dues to its financial institutions, bankers and government, except as stated in Note 25 of the standalone Ind AS financial statements. The Company did not have any outstanding debentures during the year.
- ix. The Company has not raised money by way of initial public offer or further public offer (including debt instruments) According to information & explanation given to us, the term loans are applied for the purposes for which those are raised.
- x. Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that no fraud by the Company or on the Company by the officers and employees of the Company has been noticed or reported during the year.
- xi. According to the information and explanations given by the management, the managerial remuneration has been paid / provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act 2013.
- xii. According to the information and explanations given to us, the Company is not a Nidhi Company & accordingly, reporting under Clause (xii) of the Order is not applicable to the Company.
- xiii. According to the information and explanations given to us, all transactions with the related parties are in compliance with Section 177 and 188 of Act, where applicable; and the details have been disclosed in the Financial Statements as required by the applicable Indian Accounting Standards.
- xiv. During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures; hence, reporting under Clause (xiv) of the Order is not applicable to the Company.
- xv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him; hence, provisions of Section 192 of the Companies Act, 2013 & Clause (xv) of the Order are not applicable.
- xvi. According to information and explanations given to us, the Company is not required to be registered under Section 45 IA of the Reserve Bank of India Act, 1934. Hence, Clause (xvi) of the Order are not applicable.

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

Place : Gurugram
 Date : 23rd May, 2018.

Arun Kumar Dubey
 Partner
 Membership No.- 057141

Standalone Balance Sheet as at March 31, 2018



(₹ lakhs)

Particulars	Note No.	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
I ASSETS				
1 Non-current assets				
a Property, Plant and Equipment	5	22,061.10	19,260.48	20,217.40
b Capital work-in-progress	6	66.70	1,373.99	553.15
c Intangible assets	7	175.05	185.37	257.18
d Financial Assets				
i) Investments	8	73.10	68.69	83.77
ii) Loans	9	904.34	878.93	864.96
iii) Other financial assets	10	41.77	22.14	-
e Deferred tax assets (net)	11	290.99	-	-
f Other non-current assets	12	21.10	760.75	408.01
2 Current assets				
a Inventories	13	7,400.65	9,255.34	11,092.13
b Financial Assets				
i) Investments	14	-	291.89	-
ii) Trade receivables	15	10,583.86	12,469.95	14,324.19
iii) Cash and cash equivalents	16.1	1,551.91	808.22	859.98
iv) Bank balances other than (iii) above	16.2	357.00	364.63	36.17
v) Other financial assets	17	2,409.64	3,614.91	1,607.38
c Current Tax Assets (Net)	18	277.78	312.43	306.94
d Other current assets	19	1,499.22	1,792.11	1,862.13
Total Assets		47,714.21	51,459.83	52,473.39
II EQUITY AND LIABILITIES				
Equity				
a Equity Share Capital	20	378.93	378.93	378.93
b Other Equity	21	11,727.64	16,292.74	17,210.58
LIABILITIES				
1 Non-current liabilities				
a Financial Liabilities				
i) Borrowings	22	2,494.44	2,367.07	3,356.71
ii) Trade payables		-	-	-
iii) Other financial liabilities	23	22.73	27.60	30.38
b Provisions	24	670.62	674.83	639.39
c Deferred tax liabilities (Net)	11	-	1,880.02	2,402.18
d Other non-current liabilities		-	-	-
2 Current liabilities				
a Financial Liabilities				
i) Borrowings	25	15,003.11	13,712.77	12,424.18
ii) Trade payables	26	13,951.75	12,904.98	12,519.33
iii) Other financial liabilities	27	1,714.55	2,040.27	2,450.33
b Other current liabilities	28	1,558.77	1,051.68	924.24
c Provisions	29	191.67	128.94	137.14
Total Equity and Liabilities		47,714.21	51,459.83	52,473.39
Overview and Significant Accounting Policies	1-4			
Accompanying notes form an integral part of the financial statements.				

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

Arun Kumar Dubey
Partner
(M. No. 057141)

Place : Gurugram
Date : May 23, 2018

For and on Behalf of Board of Directors

Surender Kumar
Managing Director and CEO
DIN:- 00510137

Sandeep Gupta
Chief Financial Officer

Pushpa Chowdhary
Director
DIN: 06877982

Nitin Gupta
Company Secretary
Mem. No. F8485

Standalone Statement of Profit & Loss for the year ended March 31, 2018



(₹ lakhs)

Particulars	Note No.	Year ended March 31, 2018	Year ended March 31, 2017
I Revenue From Operations	30	27,773.78	39,411.28
II Other Income	31	90.18	219.85
III Total Revenue (I+II)		27,863.96	39,631.13
IV EXPENSES			
Cost of materials consumed	32	13,874.41	19,056.67
Purchases of Stock-in-Trade	33	5,161.59	4,204.23
Changes in inventories of finished goods, Stock-in -Trade and work-in-progress	34	1,583.03	1,098.58
Excise duty		655.12	4,433.06
Employee Benefit Expenses	35	3,940.86	3,532.28
Finance costs	36	2,591.77	2,257.13
Depreciation and amortization expense	37	786.37	812.77
Other expenses	38	5,977.86	5,733.67
Total expenses		34,571.01	41,128.39
V Profit/(loss) before exceptional items and tax (III-IV)		(6,707.05)	(1,497.26)
VI Exceptional items		-	-
VII Profit/(loss) before tax (V-VI)		(6,707.05)	(1,497.26)
VIII Tax expense	39		
Current Tax		-	-
Deferred tax		(2,165.41)	(536.02)
IX Profit/(loss) for the period (VII-VIII)		(4,541.64)	(961.24)
X Other Comprehensive Income			
(i) Items that will not be reclassified to profit or loss		(18.13)	44.87
(ii) Income tax effect on above		(5.60)	13.86
Total Other Comprehensive Income/(Loss) for the year (i)-(ii)		(12.53)	31.01
XI Total Comprehensive Income/(loss) for the year (IX+X)		(4,554.17)	(930.23)
XII Earnings per Shares of ₹ 2/- each	41		
1) Basic (in ₹)		(23.97)	(5.07)
2) Diluted (in ₹)		(23.97)	(5.07)
Overview and Significant Accounting Policies	1-4		
Accompanying notes form an integral part of the financial statements			

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

Arun Kumar Dubey
Partner
(M. No. 057141)

Place : Gurugram
Date : May 23, 2018

For and on Behalf of Board of Directors

Surender Kumar
Managing Director and CEO
DIN:- 00510137

Sandeep Gupta
Chief Financial Officer

Pushpa Chowdhary
Director
DIN: 06877982

Nitin Gupta
Company Secretary
Mem. No. F8485

Standalone Cash Flow Statement for the year ended March 31, 2018



(₹ lakhs)

PARTICULARS	For the year ended March 31, 2018	For the year ended March 31, 2017
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit / (Loss) Before Tax	(6,707.05)	(1,497.26)
Adjustments for:		
Depreciation, amortization and impairment expenses	786.37	812.77
Net (Gain) / Loss on Sale of Property, Plant & Equipment	3.68	76.66
Net (Gain) / Loss on Sale/ Fair valuation of Investment	(7.84)	(30.01)
Bad debts/Provision for doubtful Debts Written Back	30.59	(40.00)
Employee stock option expenses	(7.20)	13.08
Finance Costs	2,591.77	2,257.13
Interest Income	(67.42)	(28.22)
Operating Profit/(loss) before Working Capital changes	(3,377.10)	1,564.15
Adjustments for:		
Trade Receivables & Other receivable	3,333.13	(58.38)
Inventories	1,854.68	1,836.79
Trade & other Payables	1,707.54	78.61
Cash generated (used) in /from Operations before tax	3,518.25	3,421.17
Direct Taxes (paid)/refund (net)	34.65	(5.49)
Net cash flow (used) in/ from Operating Activities	3,552.90	3,415.68
B. CASH FLOW FROM INVESTING ACTIVITIES		
Acquisition of Property, Plant & Equipment/ Intangible Assets including Capital Advances	(1,446.76)	(1,354.20)
Proceeds from sale of Property, Plant & Equipment	74.03	345.93
Acquisition of Investments		(1,200.00)
Sale of Investment	295.32	953.20
Interest/other income Received	58.83	28.67
Movement in Margin money/Fixed deposits	(14.92)	(352.34)
Net cash flow (used) in/ from Investing Activities	(1,033.50)	(1,578.74)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from /(repayment) of Borrowings (net)	833.20	348.09
Finance Costs	(2,608.91)	(2,236.79)
Net cash (used) in/ from Financing Activities	(1,775.71)	(1,888.70)
Net cash (used) in/ from Operating, Investing & Financing Activities	743.69	(51.76)
Opening balance of Cash and Cash equivalent	808.22	859.98
Closing balance of Cash & Cash equivalent	1,551.91	808.22
Note: Cash and cash equivalents included in the Cash Flow Statement comprise of the following (refer note 16.1):-		
i) Cash Balance on Hand	3.17	4.90
ii) Balance with Banks :		
-In Current Accounts	1,522.28	186.29
-Cheques/draft in hand	19.80	615.30
-Bank deposits with maturity of less than 3 months	6.66	1.73
Total	1,551.91	808.22

As per our report of even date

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

Arun Kumar Dubey
Partner
(M. No. 057141)

Place : Gurugram
Date : May 23, 2018

For and on Behalf of Board of Directors

Sunder Kumar
Managing Director and CEO
DIN:- 00510137

Sandeep Gupta
Chief Financial Officer

Pushpa Chowdhary
Director
DIN: 06877982

Nitin Gupta
Company Secretary
Mem. No. F8485

Statement of change in equity for the year ended March 31, 2018

	(₹ Lakhs)
A. Equity Share Capital	Amount
Equity Share Capital as on 1st April 2016	378.93
Movement during the year 2016-17	-
Equity Share Capital as on 31st March 2017	378.93
Movement during the year 2017-18	-
Equity Share Capital as on 31st March 2018	378.93

						(₹ Lakhs)
Particulars	Reserves & Surplus				Other Compre- hensive Income	Total
	Securities Premium Reserve	Share Options Out- standing	General Reserve	Retained earnings	Remeasurement of Defined Benefit Obligation/ Plan	
Balance as at April 1, 2016 (Ind AS)	961.10	27.27	3,758.51	12,463.70	-	17,210.58
-Profit or Loss for the year				(961.24)		(961.24)
-Other comprehensive income for the year					31.01	31.01
-Movement during the year		12.39				12.39
Balance as at March 31, 2017	961.10	39.66	3,758.51	11,502.46	31.01	16,292.74
-Profit or Loss for the year				(4,541.64)		(4,541.64)
-Other comprehensive income for the year					(12.53)	(12.53)
-Movement during the year		(10.93)				(10.93)
Balance as at March 31, 2018	961.10	28.73	3,758.51	6,960.82	18.48	11,727.64

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

Arun Kumar Dubey
Partner
(M. No. 057141)

Place : Gurugram
Date : May 23, 2018

For and on Behalf of Board of Directors

Surender Kumar
Managing Director and CEO
DIN:- 00510137

Sandeep Gupta
Chief Financial Officer

Pushpa Chowdhary
Director
DIN: 06877982

Nitin Gupta
Company Secretary
Mem. No. F8485

Notes to the Standalone Financial Statements for the year ended March 31, 2018

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. For all periods up to and including the year ended 31st March 2017, the Company had prepared its financial statements in accordance with accounting standards as prescribed under Section 133 of the Companies Act, 2013 (the 'Act') read with Rule 7 of the Companies (Accounts) Rules, 2014 (referred to as 'Indian GAAP').

The Company has consistently applied the accounting policies used in the preparation of its opening Ind AS Balance Sheet at April 1, 2016 throughout all periods presented, as if these policies had always been in effect and are covered by Ind AS 101 "First-time adoption of Indian Accounting Standards". The transition was carried out from accounting principles generally accepted in India ("Indian GAAP") which is considered as the previous GAAP, as defined in Ind AS 101. The reconciliation of effects of the transition from Indian GAAP on the equity as at April 1, 2016 and March 31, 2017 and on the net profit and material adjustments to cash flows for the year ended March 31, 2017 is disclosed in Note 61 to these financial statements.

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

3. Key Accounting Judgements, Estimates & Assumptions:

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

Income Tax

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

Defined Benefit Obligation

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

Fair value measurement of Financial Instruments

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

Contingencies

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

Property, plant and equipment

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

4. Significant Accounting Policies

4.1. Basis of measurement

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

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

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

4.2. Property, plant and equipment

i) Recognition and measurement

On transition to Ind AS, the Company has adopted optional exception under Ind AS 101 to measure Property, Plant and Equipment at fair value. Consequently the fair value has been assumed to be deemed cost of Property, Plant and Equipment (PPE) on the date of transition.

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

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

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

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

ii) Depreciation

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

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

Subsequent to fair value as deemed cost of property, plant and equipment as at 1st April 2016 under Ind AS 101, depreciation is charged on fair valued amount less estimated salvage value.

Leasehold land is amortized on a straight line basis over the remaining period of lease.

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

4.3. Intangible assets

i) Recognition & measurement :

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

Amortization:

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

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

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

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

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

ii) **Derecognition:**

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

4.4 **Impairment**

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

4.5. **Lease Accounting**

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

4.6. **Financial instruments**

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

i) **Initial recognition**

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

ii) **Subsequent measurement**

(i) **Financial assets carried at amortised cost**

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

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

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

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

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

(iv) Financial liabilities

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

(v) Investment in subsidiaries

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

iii) Impairment of financial assets

Financial assets, other than debt instruments measured at FVTPL and Equity instruments are assessed for indicators of impairment at the end of each reporting period. The Company recognises a loss allowance for expected credit losses on all financial asset. In case of trade receivables, the Company follows the simplified approach permitted by Ind AS 109 – Financial Instruments for recognition of impairment loss allowance. The application of simplified approach does not require the Company to track changes in credit risk. The Company calculates the expected credit losses on trade receivables using a provision matrix on the basis of its historical credit loss experience.

iv) Derecognition

Financial Assets

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

Financial liabilities

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

v) Reclassification of Financial Assets and Financial Liabilities

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

vi) Derivative financial instruments

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

vii) Offsetting

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

4.7. Fair value measurement

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

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

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

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

4.8. Inventory

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

4.9. Provisions, Contingent Liabilities and Contingent Assets

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

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

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

4.10. Revenue Recognition

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

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

4.11 Other income

Interest Income

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

Dividends

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

4.12. Employee Benefits

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

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

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

4.13. Foreign Exchange Transactions

Initial Recognition:

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

Measurement of foreign currency items at reporting date:

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

4.14 Borrowing costs

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

4.15 Taxes on Income

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

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

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

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

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

4.16. Segment Reporting

As the company's business falls within a primary business segment viz, "Paints".

4.17. Cash and cash equivalents

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

4.18. Share-based payment transactions

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

4.19. Earning per share

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

Notes to the Standalone Financial Statements (Contd.)

5. PROPERTY, PLANT & EQUIPMENT

(₹ lakhs)

Particulars	Land-Free hold	Land-Lease hold	Build-ings	Plant & Machin-ery*	Furni-ture & Fixtures	Motor Ve-hicles	Office Equip-ment	Total
Gross carrying value (Cost/Deemed cost)								
As at April 01, 2016	9,736.52	1,690.95	6,658.49	1,831.94	209.42	12.78	77.30	20,217.40
Additions	-	-	7.65	134.04	2.30	-	32.72	176.71
Disposals	-	-	(193.93)	(156.23)	(104.39)	-	(1.25)	(455.80)
Balance as at March 31, 2017	9,736.52	1,690.95	6,472.21	1,809.75	107.33	12.78	108.77	19,938.31
Additions	-	-	1,829.54	1,676.54	7.52	16.73	70.07	3,600.40
Disposals	-	-	(75.18)	-	-	-	-	(75.18)
As at March 31, 2018	9,736.52	1,690.95	8,226.57	3,486.29	114.85	29.51	178.84	23,463.53
Depreciation								
Depreciation for the year 16-17	-	25.62	295.51	312.93	60.87	4.82	38.59	738.34
Disposals	-	-	(12.01)	(22.50)	(25.71)	-	(0.29)	(60.51)
Balance as at March 31, 2017	-	25.62	283.50	290.43	35.16	4.82	38.30	677.83
Depreciation for the year 17-18	-	25.62	352.90	298.90	18.34	3.31	31.83	730.90
Disposals	-	-	(6.30)	-	-	-	-	(6.30)
As at March 31, 2018	-	51.24	630.10	589.33	53.50	8.13	70.13	1,402.43
Net carrying value								
Balance at April 1, 2016	9,736.52	1,690.95	6,658.49	1,831.94	209.42	12.78	77.30	20,217.40
Balance at March 31, 2017	9,736.52	1,665.33	6,188.71	1,519.32	72.17	7.96	70.47	19,260.48
Balance at March 31, 2018	9,736.52	1,639.71	7,596.47	2,896.96	61.35	21.38	108.71	22,061.10

6. CAPITAL WORK IN PROGRESS

Balance at April 1, 2016	553.15
Balance at March 31, 2017	1,373.99
Balance at March 31, 2018	66.70

*including expenditure on research & development activities, incurred during the year is ₹ 4.28 Lakhs (previous year ₹ 0.32 Lakhs).

6.1 Statement showing the details of expenditure during trial run forming part of capital work in progress:

(₹ Lakhs)

Particulars	Year ended March 31, 2018
Raw Material Consumed	261.00
Consumption of Power & Fuel	23.36
Consumption of Stores & Spare	4.25
Salary & Wages	78.83
Contribution to PF & Other Funds	2.15
Staff Welfare Expenses	5.54
Rent	4.75
Repair & Maintenance	2.04
Travelling expenses	7.79
Bank Charges	0.07
Consultancy Charges	14.07
Miscellaneous Expenses	7.68
	411.53
Less:	
Sale of Products - Finished goods	299.76
	111.77
Less: Capitalised/transfer	111.77
Net Balance	-

Notes to the Standalone Financial Statements (Contd.)

7. INTANGIBLE ASSETS

(₹ lakhs)

Particulars	Computer & Software	Technical Know How	Trade Mark	Total
Gross carrying value (Cost/Deemed cost)				
As at April 01, 2016	138.93	68.47	49.78	257.18
Additions	2.62			2.62
Disposals				-
Balance as at March 31, 2017	141.55	68.47	49.78	259.80
Additions	45.15	-	-	45.15
Disposals				-
Balance as at March 31, 2018	186.70	68.47	49.78	304.95
Amortization				
Charge for the year	52.70	8.29	13.44	74.43
Disposals				-
Balance as at March 31, 2017	52.70	8.29	13.44	74.43
Additions	41.00	4.66	9.81	55.47
Disposals				-
Balance as at March 31, 2018	93.70	12.95	23.25	129.90
Net Carrying Value				
Balance at April 1, 2016	138.93	68.47	49.78	257.18
Balance at March 31, 2017	88.85	60.18	36.34	185.37
Balance at March 31, 2018	93.00	55.52	26.53	175.05

8. INVESTMENTS (NON-CURRENT)

(₹ lakhs)

Particulars	As at March 31, 2018		As at March 31, 2017		As at April 1, 2016	
	No. of Shares/ units	Amount	No. of Shares/ units	Amount	No. of Shares/ units	Amount
8.1 Investment in Equity Instruments						
Unquoted shares						
Investment in wholly-owned subsidiary companies at Cost						
(i) Shalimar Adhunik Nirman Ltd.						
Fully paid up shares of ₹10 each	49990	5.00	49990	5.00	49990	5.00
Partly paid up shares @ ₹1 each (Share of ₹10 each)	450000	4.50	450000	4.50	450000	4.50
Equity Component of 6% Non cumulative, non convertible Redeemable Preference Shares of ₹ 100 each		13.95		13.95		13.95
(ii) Eastern Speciality Paints & Coatings Pvt Ltd.						
Fully paid up shares of ₹10 each	50000	5.00	50000	5.00	50000	5.00
		28.45		28.45		28.45

Notes to the Standalone Financial Statements (Contd.)

(₹ lakhs)

Particulars	As at March 31, 2018		As at March 31, 2017		As at April 1, 2016	
	No. of Shares/ units	Amount	No. of Shares/ units	Amount	No. of Shares/ units	Amount
8.2 Investment in Mutual Fund at Fair Value through Profit & Loss						
Quoted						
(i) UTI Infrastructure Fund -Growth	-	-	-	-	50925	19.04
		-		-		19.04
8.3 Investment in Debentures carried at Amortised Cost						
Unquoted						
(i) 1/2% Woodland Medical Centre Ltd.		0.06		0.06		0.06
(ii) 5% Woodland Medical Centre Ltd.		0.17		0.17		0.17
		0.23		0.23		0.23
8.4 Investment in Preference Shares in wholly-owned subsidiary companies- Fair Value through Profit & Loss						
Unquoted						
(i) Shalimar Adhunik Nirman Ltd.						
6% Non cumulative, non convertible Redeemable Preference Shares of ₹ 100 each (Fully paid up)	50000	44.42	50000	40.01	50,000	36.05
		44.42		40.01		36.05
		73.10		68.69		83.77
Aggregate amount of quoted investments		-		-		19.04
Market value of quoted investments		-		-		19.04
Aggregate amount of unquoted investments		73.10		68.69		64.73
Aggregate amount of impairment in value of investments		-		-		-
9. LOANS- NON CURRENT						
Particulars	As at March 31, 2018		As at March 31, 2017		As at April 1, 2016	
(Unsecured, considered good)						
Security Deposits	204.14		206.10		243.75	
Loan to related parties(refer note 47& 50)	700.20		672.83		621.21	
TOTAL	904.34		878.93		864.96	
10. OTHER FINANCIAL ASSETS- NON CURRENT						
Particulars	As at March 31, 2018		As at March 31, 2017		As at April 1, 2016	
(Unsecured, considered good)						
Bank Balance more than 12 Month Maturity	41.77		22.14		-	
TOTAL	41.77		22.14		-	

Notes to the Standalone Financial Statements (Contd.)

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

(₹ lakhs)

Particulars	As at April 1, 2017	Recognized in P&L	Recognized in OCI	As at March 31, 2018
Deferred tax assets/ liabilities are attributable to the following items;				
Deferred Tax Assets				
-Carry Forward Losses/Unabsorbed depreciation	955.14	2,261.58		3,216.72
-Disallowance under section 43B	28.18	17.51		45.69
-Other Ind AS adjustment	5.76	(5.76)		-
-Remeasurements of the defined benefit plans	-		5.60	5.60
Sub-Total (a)	989.08	2,273.33	5.60	3,268.01
Deferred Tax Liabilities				
-Fixed assets	(2,865.89)	(108.54)		(2,974.43)
-Fair valuation of investment	(3.21)	0.62		(2.59)
Sub-Total (b)	(2,869.10)	(107.92)	-	(2,977.02)
Less: MAT Credit Available	-	-	-	-
Net Deferred Tax Assets/ (Liability) (a)+(b)	(1,880.02)	2,165.41	5.60	290.99

Particulars	As at April 1, 2016	Recognized in P&L	Recognized in OCI	As at March 31, 2017
Deferred tax assets/ liabilities are attributable to the following items;				
Deferred Tax Assets				
-Carry Forward Losses/Unabsorbed depreciation	641.90	313.24		955.14
-Disallowance under section 43B	29.02	(0.84)		28.18
-Provision for doubtful debt and advances	12.36	(12.36)		-
-Fair valuation of investment	0.30	(0.30)		-
-Other Ind AS adjustment	3.02	2.74		5.76
-Remeasurements of the defined benefit plans	-	13.86	(13.86)	-
Sub-Total (a)	686.60	316.34	(13.86)	989.08
Deferred Tax Liabilities				
-Fixed assets	(3,088.78)	222.89		(2,865.89)
-Fair valuation of investment	-	(3.21)		(3.21)
Sub-Total (b)	(3,088.78)	219.68	-	(2,869.10)
Less: MAT Credit Available	-	-	-	-
Net Deferred Tax Assets/ (Liability) (a)+(b)	(2,402.18)	536.02	(13.86)	(1,880.02)

12. OTHER NON CURRENT ASSETS

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Capital Advances	21.10	760.75	408.01
TOTAL	21.10	760.75	408.01

Notes to the Standalone Financial Statements (Contd.)

13. INVENTORIES

(₹ lakhs)

(at cost or net realisable value, whichever is lower)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Raw Material			
Inventories	1,338.57	1,525.07	2,231.06
Goods in Transit	4.07	52.94	129.17
Work-in-Progress	213.45	156.52	326.38
Finished Goods			
Inventories [including trading goods ₹ 543.51 Lakhs (P.Y ₹ 736.59 Lakhs)]	5,477.60	7,085.21	7,959.46
Goods in Transit	243.03	275.37	329.85
Stores & spares	123.93	160.23	116.21
TOTAL	7,400.65	9,255.34	11,092.13

14. INVESTMENTS (CURRENT)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
	No. of Shares/units	Amount	No. of Shares/units
Investment in Mutual Fund - Fair Value through Profit & Loss			
Quoted			
(i) UTI Infrastructure Fund -Growth	-	16,000.36	291.89
	-	-	291.89
Aggregate amount of quoted investments	-	291.89	-
Market value of quoted investments	-	291.89	-

15. TRADE RECEIVABLES

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Unsecured			
-Considered Good	10,583.86	12,469.95	14,324.19
-Considered Doubtful	-	-	40.00
	10,583.86	12,469.95	14,364.19
Less: Provision for bad and doubtful receivable	-	-	-40.00
TOTAL	10,583.86	12,469.95	14,324.19

16.1 CASH AND CASH EQUIVALENT

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Balance with banks			
On Current Accounts	1,522.28	186.29	99.15
Cash on hand	3.17	4.90	11.51
Cheque, drafts on hand	19.80	615.30	749.32
Bank deposits with maturity of less than 3 months	6.66	1.73	-
TOTAL	1,551.91	808.22	859.98

Notes to the Standalone Financial Statements (Contd.)

(₹ lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
16.2 Bank Balance other than Cash and Cash Equivalents			
Unpaid dividend	7.09	10.01	11.75
Margin Money	19.46	9.85	6.96
Fixed Deposit Account	330.45	344.77	17.46
TOTAL	357.00	364.63	36.17

17. OTHER FINANCIAL ASSETS- CURRENT

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Other Receivables(refer note 52)	2,399.37	3,613.23	1,605.25
Interest accrued	10.27	1.68	2.13
Security Deposit	-	-	-
TOTAL	2,409.64	3,614.91	1,607.38

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

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Advance Income Tax	2,809.28	2,843.93	2,838.44
Less: Provision for Income Tax	2,531.50	2,531.50	2,531.50
TOTAL	277.78	312.43	306.94

19. OTHER CURRENT ASSETS

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Advances other than capital advances			
Advances to suppliers	269.81	306.37	209.32
Others			
Advance to employee	5.37	32.11	37.41
Prepaid expenses	182.68	131.90	227.44
Balance With Govt. Authorities & Others	872.78	1,147.56	1,209.37
Other receivable	168.58	174.17	178.59
TOTAL	1,499.22	1,792.11	1,862.13

20. EQUITY SHARE CAPITAL

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Authorised			
4,00,00,000 (31st March,2017: 4,00,00,000 and 1st April, 2016: 4,00,00,000) equity shares of ₹ 2/- each	800.00	800.00	800.00
Issued, subscribed and fully paid up			
1,89,45,975 (31st March,2017: 1,89,45,975 and 1st April, 2016: 1,89,45,975) equity shares of ₹ 2/- each	378.92	378.92	378.92
Share Forfeiture Account	0.01	0.01	0.01
	378.93	378.93	378.93

Notes to the Standalone Financial Statements (Contd.)

Notes:

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

Particular	As at March 31, 2018		As at March 31, 2017		As at April 1, 2016	
	No. of shares	Amount	No. of shares	Amount	No. of shares	Amount
Number of shares at the beginning	18,945,975	378.92	18,945,975	378.92	18,928,100	378.56
Add: Shares issued	-	-	-	-	17,875	0.36
Number of shares at the end	18,945,975	378.92	18,945,975	378.92	18,945,975	378.92

(ii) Rights, preferences and restrictions attached to shares

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

(iii) During the five years immediately preceding 31st March, 2018, the Company has not allotted any equity shares as bonus shares and also not issued any share for consideration other than cash.

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

Name of Shareholder	As at March 31, 2018		As at March 31, 2017		As at April 1, 2016	
	Number of shares	% of shares held	Number of shares	% of shares held	Number of shares	% of shares held
Hind Strategic Investments Ltd.	5,841,570	30.83%	5,841,570	30.83%	5,841,570	30.83%
Hexa Securities and Finance Co. Ltd.	1,500,000	7.92%	1,500,000	7.92%	1,500,000	7.92%
Nalwa Sons Investments Ltd (Formerly Jindal Strips Ltd.)	1,372,590	7.24%	1,372,590	7.24%	1,372,590	7.24%
Colorado Trading Company Ltd.	1,224,635	6.46%	1,224,635	6.46%	1,224,635	6.46%
Nalwa Investments Ltd.	1,193,855	6.30%	1,193,855	6.30%	1,193,855	6.30%

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

(v) 35,52,370 equity shares of face value ₹ 2/- each have been allotted on 27th April 2018 at the price of ₹ 140/- per share (including premium ₹ 138/- per shares) aggregating to ₹ 4,973.32 lakhs, approved by the Board of Directors in their meeting held on March 22, 2018, to the eligible equity shareholders on right basis in the ratio of 6 equity shares for every 32 equity shares.

21. Other equity						(₹ lakhs)
Particulars	Reserves & Surplus				Other Comprehensive Income	Total
	Securities Premium Reserve	Share Options Outstanding	General Reserve	Retained earnings	Remeasurement of Defined Benefit Obligation/ Plan	
Balance as at April 1, 2016 (Ind AS)	961.10	27.27	3,758.51	12,463.70	-	17,210.58
-Profit or Loss for the year				(961.24)		(961.24)
-Other comprehensive income for the year					31.01	31.01
-Movement during the year		12.39				12.39
Balance as at March 31, 2017	961.10	39.66	3,758.51	11,502.46	31.01	16,292.74
-Profit or Loss for the year				(4,541.64)		(4,541.64)
-Other comprehensive income for the year					(12.53)	(12.53)
-Movement during the year		(10.93)				(10.93)
Balance as at March 31, 2018	961.10	28.73	3,758.51	6,960.82	18.48	11,727.64

Notes to the Standalone Financial Statements (Contd.)

22. NON-CURRENT BORROWINGS

(₹ lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Secured			
Term Loans :			
- from Banks	219.30	1,048.51	1,878.46
- from Financial Institutions (refer note 54)	2,147.77	2,314.45	2,425.00
- from others (vehicle loan)	18.40	-	-
	2,385.47	3,362.96	4,303.46
Less: Current Maturity of Long term Debt (refer note 27)	411.38	995.89	946.75
	1,974.09	2,367.07	3,356.71
Unsecured			
- from related party in foreign currency (refer note 47)	520.35	-	-
	520.35	-	-
TOTAL	2,494.44	2,367.07	3,356.71

SECURITY

Term Loans from banks

Loans of ₹ 75.30 lakhs (March 31, 2017 ₹ 376.51 lakhs), ROI 10.95%, taken from HDFC Bank Ltd, originally repayable in 45 monthly installments, rescheduled to 11 Quarterly installments, starting from 29.11.2015 and ending on 29.05.2018 and Loans of ₹ 144.00 lakhs (March 31, 2017 ₹ 672.00 lakhs), ROI 11.25 %, taken from State Bank of India, repayable in 28 monthly installments starting from 30.04.2016 and ending on 31.07.2018. Above loans are secured by (i) first charge, ranking pari passu, by way of an equitable mortgage on the land and building, and hypothecation of other fixed assets thereon, at the Company's factory at Nasik, Maharashtra (ii) first charge, ranking pari passu, by way of hypothecation of plant and machinery at the Company's factory situated at Howrah, West Bengal (iii) second charge, raking pari passu, on the fixed assets of the Company at its factory situated at Sikandarabad, Uttar Pradesh (iv) first pari passu charge by way of equitable mortgage of land and building of the Company situated at village-Chinnapuliur, Taluka-Gummidipoondi, District - Thiruvallur, Tamil Nadu; and hypothecation charge over plant and machinery to be purchased out of the term loan (v) Second pari passu charge on the entire current assets of the Company.

Term Loans from financial institutions

Loans of ₹ 405.90 lakhs (March 31, 2017 ₹ 458.01 lakhs), ROI 13.5%, taken from India Bulls Housing Finance Ltd, repayable in 84 monthly installments starting from 05.05.2016 and ending on 05.04.2023 are secured by first charge on company's immovable property situated at 5th Floor, C wing, Oberoi Garden Estate, Chandivalli Farm Road, Chandivali, Andheri (East), Mumbai-400072.

Loans of ₹ 1741.87 lakhs (March 31, 2017 ₹ 1856.44 lakhs), ROI 13.0%, taken from Religare Finvest Ltd, repayable in 117 monthly installments starting from 01.08.2016 and ending on 01.04.2026 are secured by First charge on company's the immovable & movable properties of Sikandrabad plant situated at Plot No A1 & A2 UPSIDC Industrial Area, Sikandrabad Distt- Bulandshahar (U.P).

Vehicle Loan

Loans of ₹ 18.40 lakhs (March 31, 2017: Nil), ROI 8.75%, taken from Toyota Financial Service India Ltd, repayable in 84 monthly installments starting from 22.01.2018 and ending on 20.12.2024.

23. OTHER FINANCIAL LIABILITIES- NON CURRENT

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Security Deposit			
-From others	22.73	27.60	30.38
Others	-	-	-
TOTAL	22.73	27.60	30.38

Notes to the Standalone Financial Statements (Contd.)

24. PROVISIONS- NON CURRENT (₹ lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Provision for employee benefits			
-Gratuity (refer note 42)	325.03	315.22	287.11
-Provision for Leave Benefit (refer note 42)	45.59	59.61	52.28
Others	300.00	300.00	300.00
TOTAL	670.62	674.83	639.39

25. CURRENT BORROWINGS

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Secured			
Loans Repayable on Demand			
From Banks (Cash Credit and WCDL)	11,704.72	10,768.51	9,402.18
Unsecured			
Loans Repayable on Demand			
From other parties	500.00	-	-
Bill Discounting	2,798.39	2,944.26	3,022.00
TOTAL	15,003.11	13,712.77	12,424.18

Cash Credit and WCDL from Banks

Secured by (i) first charge, ranking pari passu (a) by way of hypothecation on the entire stocks and current assets of the Company (b) by way of equitable mortgage of land and building, and hypothecation of other fixed assets thereon, of the Company's factory, at Nasik, Maharashtra (c) by way of hypothecation of plant and machinery at the Company's factory situated at Howrah, West Bengal (ii) second charge, ranking pari passu, (a) on the fixed assets of the Company at its factory situated at Sikandarabad, Uttar Pradesh (b) by way of equitable mortgage of land and building situated at village -Chinnapuliur, Taluka-Gummidipoondi, District- Tiruvallur, Tamil Nadu; and hypothecation of plant and machinery to be purchased out of term loan.

Rate of borrowing: 11.15% p.a. - 14.85% p.a.

The details of delay in repayment of borrowing as at March 31, 2018 is as follows:

Particulars	Amount	Period of delay
Principal		
State bank of India	926.32	Less than 60 Days
Punjab National Bank	12.23	Less than 30 Days
Corporation Bank Ltd	116.63	Less than 60 Days
Axis Bank Ltd	1,465.81	Less than 60 Days

26. TRADE PAYABLES

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Micro & small enterprises*	3.48	-	-
Acceptances	2,374.78	2,597.60	1,885.86
Other trade payable	11,573.49	10,307.38	10,633.47
TOTAL	13,951.75	12,904.98	12,519.33

*The company has received intimation from some of the Micro & Small enterprises and their dues have been settled in full, except as stated above.

With the above exception, the Company has not received any intimation from suppliers regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosure if any relating to amount unpaid as at the year end together with interest paid / payable as required under the said Act have not been given.

Notes to the Standalone Financial Statements (Contd.)

27. OTHER FINANCIAL LIABILITIES- CURRENT

(₹ lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Current maturities of long-term debt (refer note 22)	411.38	995.89	946.75
Interest accrued	40.75	57.89	37.55
Unpaid Dividend*	7.09	10.01	11.75
Creditors for Capital expenditure	333.55	172.85	146.85
Others			
Employee's Payables	338.53	262.51	174.56
Others (Operating expenses)	583.25	541.12	1,132.87
TOTAL	1,714.55	2,040.27	2,450.33

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

28. OTHER CURRENT LIABILITIES

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Advances from customers	350.00	178.94	380.26
Other Payables		-	-
Statutory dues	1,208.77	872.74	543.98
TOTAL	1,558.77	1,051.68	924.24

29. PROVISIONS-CURRENT

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Provision for employee benefits			
-Gratuity (refer note 42)	189.49	123.09	132.25
-Provision for Leave Benefit (refer note 42)	2.18	5.85	4.89
TOTAL	191.67	128.94	137.14

30. REVENUE FROM OPERATIONS

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
a) Sale of products		
Finished Goods	27,382.08	39,239.12
Sale of Services	172.18	49.11
	27,554.26	39,288.23
b) Other operating Revenues;		
Scrap Sales	213.02	110.00
Others	6.50	13.05
	219.52	123.05
TOTAL	27,773.78	39,411.28

Note: Post applicability of Goods and Services Tax (GST) w.e.f July 01, 2017, revenue from operations are disclosed net of GST. However, the corresponding figures for previous year were inclusive of excise duty. Accordingly, revenue from operations for the year ended 31st March 2018 are not comparable with the figures of previous year.

31. OTHER INCOME

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Interest Income		
-Bank Deposits	43.95	8.85
-Others	23.47	19.37
Profit on sale/Fair value of investments	7.84	30.01
Other Non-Operating Income		
-Rent	-	0.25
-Miscellaneous Receipts- refer note 59	14.92	161.37
TOTAL	90.18	219.85

Notes to the Standalone Financial Statements (Contd.)

32. COST OF MATERIALS CONSUMED

(₹ lakhs)

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Organic acid/chemicals	2,892.10	4,538.58
Pigments	1,672.47	2,701.40
Solvent & Oils	5,337.89	5,961.02
Packages and Packing Materials	1,836.37	2,411.93
Others*	2,135.58	3,443.74
TOTAL	13,874.41	19,056.67

*include individual items of less than 10% of the total and therefore, not considered for the above classification

33. PURCHASE OF STOCK-IN-TRADE

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Purchase of stock in trade	5,161.59	4,204.23
TOTAL	5,161.59	4,204.23

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

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Closing Stock		
Work in progress	213.45	156.53
Finished Goods	5,720.63	7,360.58
	5,934.08	7,517.11
Opening Stock		
Work in progress	156.53	326.38
Finished Goods	7,360.58	8,289.31
	7,517.11	8,615.69
(Increase)/ Decrease in Inventory	1,583.03	1,098.58

35. EMPLOYEE BENEFIT EXPENSES

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Salaries and wages*	3,426.34	3,127.64
Contribution to provident & other funds	230.48	191.92
Expense/(reversal) on Employee Stock Option Scheme	(7.20)	13.08
Staff Welfare Expenses	291.24	199.64
TOTAL	3,940.86	3,532.28

*Current year expenditure includes ₹ 135.20 Lakhs (P.Y. ₹ 150.48 Lakhs) incurred on research & development activities.

36. FINANCE COST

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Interest Expenses		
On Working Capital & Term loan	2,292.46	1,940.05
Foreign exchange (gain) / loss	1.44	14.41
Other Borrowing Costs	297.87	302.67
TOTAL	2,591.77	2,257.13

Notes to the Standalone Financial Statements (Contd.)

37. DEPRECIATION AND AMORTIZATION EXPENSES

(₹ lakhs)

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Depreciation on Property, Plant & Equipment	730.90	738.34
Amortisation on Intangible Assets	55.47	74.43
TOTAL	786.37	812.77

38. OTHER EXPENSES

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Consumption of stores and spare parts*	53.22	41.88
Power and fuel	270.87	234.71
Rent	521.65	516.30
Repairs to building	15.72	7.70
Repairs to plant and machinery*	69.95	65.37
Repairs - others	204.56	183.40
Insurance	69.84	63.66
Rates and taxes	39.72	17.51
Printing and stationery	33.96	33.78
Communication expenses	104.51	115.72
Directors' fees	10.10	4.60
Payment to Auditors	19.36	13.89
C&F Charges	127.67	129.43
Travelling expenses	622.76	566.14
Application Charges	170.30	49.11
Freight	2,494.69	2,794.91
Loss on sale/transfer of PPE	3.68	76.66
Bad Debts	30.59	-
Miscellaneous Expenses*	1,114.71	818.90
	5,977.86	5,733.67

*including expenditure on research & development activities, incurred during the year is ₹ 34.56 Lakhs (previous year ₹ 34.41 Lakhs).

Payment to Auditors

Audit Fees	7.25	6.60
Certification fees and other Services	7.15	2.75
Reimbursement of expenses	3.46	3.29
TOTAL	17.86	12.64

Payment to Tax Auditors

Tax Audit Fees	1.50	1.25
TOTAL	1.50	1.25

Notes to the Standalone Financial Statements (Contd.)

39. Tax Expenses		(₹ lakhs)	
Particulars	Year ended March 31, 2018	Year ended March 31, 2017	
a) Income tax recognized in profit or loss			
Current tax expense			
Current year	-	-	
Deferred tax expense/(income)			
Origination and reversal of temporary differences	(2,165.41)	(536.02)	
	<u>(2,165.41)</u>	<u>(536.02)</u>	
b) Effective tax Reconciliation			
Net Profit/(Loss) before tax	(6,707.05)	(1,497.26)	
Enacted tax rates for company i.e. Shalimar Paints Ltd.	30.90%	30.90%	
Computed tax (Income)/expense	(2,072.48)	(462.65)	
Adjustment for:			
Additional allowance for tax purpose 35(2AB)	(28.64)	(57.81)	
Disallowance u/s 43B	17.51	0.46	
Deferred Tax related to Property, Plant & Equipments	(84.66)	(30.55)	
Others	2.86	14.53	
Income tax expense reported	<u>(2,165.41)</u>	<u>(536.02)</u>	
Effective Income tax rate	<u>32.29%</u>	<u>35.80%</u>	

40. A. Contingent Liabilities and claims against the Company

PARTICULARS	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Contingent liabilities, to the extent not provided for in respect of:			
a. Guarantees, Undertakings & Letter of Credit			
Guarantees issued by the Company's Bankers on behalf of the Company	195.91	882.06	774.40
b. Demands			
Excise Duty	855.95	391.86	302.59
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)	1636.51	772.97	676.73
Income Tax	62.73	62.73	53.68
Others	1,634.75	183.32	73.86

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.

B. Commitments

PARTICULARS	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
(i) Estimated amount of contracts remaining to be executed on Capital Accounts and not provided for, net of advances of ₹ 21.09 Lakhs (March 31, 2017 ₹ 760.75 lakhs; March 31, 2016 ₹ 411.60 lakhs)	166.53	542.67	1.42
(ii) Uncalled liability on partly paid up shares	40.50	40.50	40.50

Notes to the Standalone Financial Statements (Contd.)

41. EARNING PER SHARE

(₹ Lakhs)

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
(a) Net profit/ (loss) as attributable for equity shareholders	(4,541.64)	(961.24)
(b) Weighted average number of equity shares (Nos.)	18,945,975	18,945,975
(c) Effect of potential Dilutive Equity shares on Employee stock option outstanding (Nos.)	30,875	98,400
(d) Weighted average number of Equity shares in computing diluted earning per share	18,976,850	19,044,375
Basic Earnings per Share	(23.97)	(5.07)
Diluted Earnings per Share*	(23.97)	(5.07)

*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.

42. '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 ₹ 123.45 lakhs (Previous Year ₹ 117.42 lakhs) towards the defined contribution plan.

b) Defined benefits obligation - as per actuarial valuation

(₹ Lakhs)

Particulars	Year ended March 31, 2018		Year ended March 31, 2017	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
	Funded	Non-Funded	Funded	Non-Funded
I Change in present value of obligation during the year				
Present value of obligation at the beginning of the year	439.04	65.46	436.95	57.17
- Current Service Cost	42.08	13.56	31.89	11.02
- Past Service Cost	0.01		-	-
- Interest Cost	32.05	4.78	34.30	4.49
- Acquisition cost			-	-
Actuarial loss/(gains) on Obligation	18.08	(35.62)	(46.25)	4.08
Benefits Paid	(14.39)	(0.42)	(17.85)	(11.30)
Present Value of obligation as at year-end	516.87	47.77	439.04	65.46
II Change in Fair Value of Plan Assets during the year				
Plan assets at the beginning of the year	0.73	-	17.58	-
Investment Income	0.05		1.38	-
Employer's contribution	16.01	0.42	1.00	11.30
Benefits paid	(14.39)	(0.42)	(17.85)	(11.30)
Actuarial Gain / (Loss) on Assets	(0.05)		(1.38)	-
Plan assets at the end of the year	2.35	-	0.73	-
III Reconciliation of Present value of Defined Benefit Obligation and Fair Value of Plan Assets				
1 Present Value of obligation as at year-end	516.87	47.77	439.04	65.46
2 Fair value of plan assets at year -end	2.35	-	0.73	-
3 Funded status {Surplus/(Deficit)}	(514.53)	(47.77)	(438.31)	(65.46)

Notes to the Standalone Financial Statements (Contd.)

(₹ Lakhs)

		Year ended March 31, 2018		Year ended March 31, 2017	
		Gratuity	Leave Encashment	Gratuity	Leave Encashment
IV	Expenses recognised in the Statement of Profit and Loss				
1	Current Service Cost	42.08	13.56	31.89	11.02
2	Interest Cost	32.00	4.78	32.92	4.49
3	Past service Cost	0.01		-	-
4	Expected return on plan assets	-		-	-
5	Actuarial (Gain) / Loss	-	(35.62)	-	4.08
	Total Expenses	74.09	(17.28)	64.81	19.59
V	Expenses recognised in the Statement of Other Comprehensive Income				
1	Net Actuarial (Gain)/Loss	18.13	-	(44.87)	-
VI	Division of DBO at the end of the year				
1	Current Liability	189.49	2.18	123.09	5.85
2	Non-Current Liability	327.37	45.59	315.95	59.61
VII	Actuarial Assumptions				
1	Discount Rate	7.70%	7.70%	7.30%	7.30%
2	Mortality Table	As per IALM 2006-08 Ultimate	As per IALM 2006-08 Ultimate	As per IALM 2006-08 Ultimate	As per IALM 2006-08 Ultimate
3	Salary Escalation	2.00%	2.00%	2.00%	2.00%
The Estimates of future salary increase considered in actuarial valuation, take account of inflation, seniority promotion and other relevant factors, such as supply and demand in the employment market. The above information is certified by the actuary.					
VIII	Actual Return on Plan Assets	Estimates of Contribution for next year			
Particulars	Year ended March 31, 2018 Funded	Year ended March 31, 2017 Funded	Year ended March 31, 2018 Funded	Year ended March 31, 2017 Funded	
Gratuity	-	-	569.02	489.43	
IX	History of Experience Adjustment:	Year ended March 31, 2018	Year ended March 31, 2017	Year ended March 31, 2016	Year ended March 31, 2015
Gratuity					
Present Value of obligation	516.87	439.04	436.95	420.06	464.32
Fair value of Plan assets	2.35	0.73	17.58	35.40	78.45
Net Asset/(Liability)	(514.52)	(438.31)	(419.37)	(384.66)	(385.87)
Actuarial (Gain)/Loss on plan obligation	18.08	(46.25)	(1.64)	(69.04)	38.62
Actuarial Gain/(Loss) on plan assets	(0.05)	(1.38)	(0.77)	3.04	(4.71)
Leave Encashment					
Present Value of obligation	47.77	65.46	57.17	68.71	102.85
Fair value of Plan assets	-	-	-	-	-
Net Asset/(Liability)	(47.77)	(65.46)	(57.17)	(68.71)	(102.85)
Actuarial (Gain)/Loss on plan obligation	(35.62)	4.08	1.98	6.37	36.33
Actuarial Gain/(Loss) on plan assets	-	-	-	-	-

Notes to the Standalone Financial Statements (Contd.)

(₹ Lakhs)

		Year ended March 31, 2018		Year ended March 31, 2017		
Assumption	Changes in assumption	Impact on liabilities		Impact on liabilities		
		Increase	Decrease	Increase	Decrease	
X	Sensitivity Analysis					
	Gratuity					
	Discount rate	-/+1% movement	25.98	23.02	24.18	21.36
	Future salary growth	+/-1 % movement	28.15	25.23	24.51	21.98
	Leave Encashment					
	Discount rate	-/+1% movement	4.31	3.74	5.86	5.09
	Future salary growth	+/-1 % movement	4.90	4.30	5.98	5.27

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 categories of plan assets for gratuity as a percentage of the fair value of total plan assets are as follows:

Particulars	March 31, 2018	March 31, 2017
Fund managed by Insurer	100.00%	100%

43. CATEGORY - WISE CLASSIFICATION OF FINANCIAL INSTRUMENTS

Financial Assets

(₹ Lakhs)

Particulars	Note	Fair Value Hierarchy	As at March 31, 2018		As at March 31, 2017		As at April 1, 2016	
			Carrying Amount	Fair Value	Carrying Amount	Fair Value	Carrying Amount	Fair Value
1. Financial assets designated at fair value through profit and loss								
a) Derivatives - not designated as hedging instruments	A	Level-2	-	-	-	-	-	-
b) Investment	B							
i) In mutual funds		Level-1	-	-	291.89	291.89	19.04	19.04
ii) In Preference Shares*		Level-3	44.42	44.42	40.01	40.01	36.05	36.05
2. Financial assets designated at amortised cost								
a) Other bank balances			357.00	357.00	364.63	364.63	36.17	36.17
b) Cash & Cash Equivalents			1,551.91	1,551.91	808.22	808.22	859.98	859.98
c) Trade & Other receivables		Level-3	10,583.86	10,583.86	12,469.95	12,469.95	14,324.19	14,324.19
d) Investment		Level-3	0.23	0.23	0.23	0.23	0.23	0.23
e) Loans		Level-3	904.34	904.34	878.93	878.93	864.96	864.96
f) Other Financial Assets		Level-3	2,451.41	2,451.41	3,637.05	3,637.05	1,607.38	1,607.38
3. Investment in subsidiary companies	D		28.45	28.45	28.45	28.45	28.45	28.45

*including Equity Component

Notes to the Standalone Financial Statements (Contd.)

Financial Assets			(₹ Lakhs)					
Particulars	Note	Fair Value Hierarchy	As at March 31, 2018		As at March 31, 2017		As at April 1, 2016	
			Carrying Amount	Fair Value	Carrying Amount	Fair Value	Carrying Amount	Fair Value
1. Financial liability designated at fair value through profit and loss								
a) Derivatives - not designated as hedging instruments	A	Level-2	-	-	-	-	-	-
2. Financial liability designated at amortised cost								
a) Borrowings	E	Level-3	17,908.93	17,908.93	17,075.73	17,075.73	16,727.64	16,727.64
b) Trade & Other Payables	C	Level-3	13,951.75	13,951.75	12,904.98	12,904.98	12,519.33	12,519.33
c) Other Financial Liability		Level-3	1,325.91	1,325.91	1,071.98	1,071.98	1,533.96	1,533.96

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.

During the year ended March 31, 2018 and March 31, 2017, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfer into and out of Level 3 fair value measurements.

The following methods and assumptions were used to estimate the fair values.

- The fair values of derivatives are on MTM as per Bank
- Company has opted to fair value its mutual fund & Preference shares investment through profit & loss
- Fair value of cash and deposits, trade receivables, trade payables, and other current financial assets and liabilities measured at amortized cost is approximate to their carrying amounts largely due to the short-term maturities of these instruments. The fair value of other non-current financial assets and liabilities (security deposit taken/given, loans to subsidiary and advance to employees) carried at amortized cost is approximately equal to fair value. Hence carrying value and fair value is taken same.
- Ind AS 101 allow company to measure its investment in subsidiaries, JVs and Associates at cost or at fair value on transition to Ind AS, Company has opted to value its investments in subsidiaries, JVs and Associates at cost.
- Long-term borrowings measured at amortized cost are evaluated by the Company based on parameters such as interest rates, specific country risk factors, credit risk and other risk characteristics. Fair value of borrowings approximates their carrying values. Risk of other factors for the company is considered to be insignificant in valuation.

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).

44. 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.

44.1 Financial risk factors

The Company's operational activities expose to various financial risks i.e. 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 Company uses derivative financial instruments to reduce foreign exchange risk exposures.

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. 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. Interest rate

Notes to the Standalone Financial Statements (Contd.)

risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Regular interaction with bankers, intermediaries and the market participants help us to mitigate such risk.

a) Foreign Currency Risk and sensitivity

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 2018, net of related foreign exchange contracts.

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

(₹ Lakhs)		
Particulars	As at 31st March, 2018	As at 31st March, 2017
Financial liabilities		
Borrowings (USD)	(520.35)	-
Net assets / (liabilities)	(520.35)	-

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

(₹ Lakhs)				
Particulars	2017-18		2016-17	
	5% Increase	5% decrease	5% Increase	5% decrease
USD Sensitivity	(26.02)	26.02	-	-
Increases/ (decrease) in profit or loss	(26.02)	26.02	-	-

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

(₹ Lakhs)				
Particulars	As at 31st March, 2018		As at 31st March, 2017	
	INR	USD	INR	USD
Fixed Rate Borrowings	-	-	-	-
Variable Rate Borrowings	17,388.58	520.35	17,075.73	-
Total Borrowings	17,388.58	520.35	17,075.73	-

Sensitivity on variable rate borrowings

Particulars	Impact on Profit & (Loss) before tax	
	31-Mar-18	31-Mar-17
INR Borrowings		
Interest Rate Increase by 0.50%	(86.94)	(85.38)
Interest Rate decrease by 0.50%	86.94	85.38
USD Borrowings		
Interest Rate Increase by 0.25%	(1.30)	-
Interest Rate decrease by 0.25%	1.30	-

c. Commodity price risk and sensitivity

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

Notes to the Standalone Financial Statements (Contd.)

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 company's established policy, procedures and control relating to customer credit risk management. The concentration of credit risk is limited due to the fact that the customer base is large.

The deposits with banks constitute mostly the liquid investment of the company and are generally not exposed to credit risk

Ageing Analysis of Trade Receivables

(₹ Lakhs)

Particulars	As 31st March, 2018			
	Not Due	Less Than Six Months	More than Six Months	Total
Unsecured receivable	3,718.30	3,898.76	2,966.80	10,583.86
Provision for Doubtful Receivables	-	-	-	-
Net Balance	3,718.30	3,898.76	2,966.80	10,583.86
Particulars	As 31st March, 2017			
	Not Due	Less Than Six Months	More than Six Months	Total
Unsecured receivable	5,007.99	4,528.72	2,933.24	12,469.95
Provision for Doubtful Receivables	-	-	-	-
Net Balance	5,007.99	4,528.72	2,933.24	12,469.95

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 overseen 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, 2018:

(₹ Lakhs)

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

The table below provides details regarding the contractual maturities of significant financial liabilities as of March 31, 2017:

(₹ Lakhs)

Particulars	Carrying Amount	On Demand	Less than 1 year	More Than 1 Year	Total
Borrowings	17,075.73	10,768.51	3,940.15	2,367.07	17,075.73
Trade & Other payables	12,904.98	4,658.56	8,246.42	-	12,904.98
Other financial liabilities	1,071.98	121.47	922.91	27.60	1,071.98

44.2 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.

(₹ Lakhs)

	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Borrowings	17,908.93	17,075.73	16,727.64
Less: cash and cash equivalents	1,551.91	808.22	859.98
Net debt	16,357.02	16,267.51	15,867.66
Total Equity*	12,106.57	16,671.67	17,589.51
Capital and Net debt	28,463.59	32,939.18	33,457.17
Gearing Ratio	57%	49%	47%

*including fair valuation of Property, Plant & Equipment.

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

Notes to the Standalone Financial Statements (Contd.)

45. Additional Notes

(₹ Lakhs)

Particulars	Year ended March 31, 2018	Year ended March 31, 2017		
a CIF Value of Imports				
Raw Materials	1366.87	1724.99		
b Expenditure in foreign currency				
Purchase of Raw Material	1349.97	1646.74		
Travelling Expenses	Nil	0.38		
Testing Charges	2.14	1.16		
Interest expenses	19.40	-		
c Earnings in foreign currency				
FOB Value of Export	809.83	379.52		
d Amount remitted in foreign currency on account of dividend				
a) Number of Non-resident shareholders	Nil	Nil		
b) Number of shares held by them	Nil	Nil		
c) Amount of dividend remitted	Nil	Nil		
d) Year to which dividend relates	Nil	Nil		
e Consumption of imported and indigenous raw materials & stores				
	2017-18	2016-17		
Particulars	%	Amount	%	Amount
Imported	7.03	933.87	10.71	2,045.87
Indigenous	92.97	12,353.96	89.29	17,052.68
	100.00	13,287.83	100.00	19,098.55

46. 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 2018

Particulars	March 31, 2018		March 31, 2017	
	No. of options	Wt. avg exercise Price (in ₹)	No. of options	Wt. avg exercise Price (in ₹)
No. of Options Outstanding at the beginning of the year	98,400	72.12	170,125	71.08
Options Granted during the year			-	-
Options Forfeited / Surrendered/Lapsed during the year	67,525	72.12	71,725	71.08
Options exercised during the year	-	-	-	-
Number of options Outstanding at the end of the year	30,875	97.19	98,400	72.12

II. Weighted Average remaining contractual life

Range of Exercise Price	March 31, 2018		March 31, 2017	
	No. of options outstanding	Weighted average contractual life (years)	No. of options outstanding	Weighted average contractual life (years)
43.80- 111.22	30,875	4.73	98,400	4.64

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

Particulars	March 31, 2018	March 31, 2017
Exercise price is less than market price	102.29	75.70

IV. The weighted average market price of options exercised during the year ended March 31, 2018 is 144.99
The weighted average market price of options exercised during the year ended March 31, 2017 is 107.63

V. Method and Assumptions used to estimate the fair value of options granted during the year ended:
The fair value has been calculated using the Black Scholes Option Pricing model.

Notes to the Standalone Financial Statements (Contd.)

The Assumptions used in the model are as follows:

Variables	March 31, 2018	March 31, 2017
	Weighted Average	Weighted Average
1. Risk-free rate of return	8.15%	8.15%
2. Time to Maturity	1.15	1.64
3. Expected Volatility	69.57%	69.57%
4. Expected divided yield	-	-
5. Exercise Price (in ₹)	97.19	72.12
6. Price of the underlying share in market at the time of the option grant.(in ₹)	144.99	107.63

(₹ lakhs)

VI. Particulars	March 31, 2018	March 31, 2017
Employee Option plan expense	28.13	35.33
Total liability at the end of the period	28.73	39.66

47. 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 2018	31st March 2017	1st April 2016
(a) Subsidiary Companies					
1	Shalimar Adhunik Nirman Ltd.	India	99.99%	99.99%	99.99%
2	Eastern Speciality Paints & Coating Pvt. Ltd.	India	100%	100%	100%
(b) Key Managerial person					
1	Mr. Surender Kumar	Managing Director & CEO			
2	Mr. Sandeep Gupta	Chief Financial Officer w.e.f. 11/02/2017			
3	Mr. Janak Raj Goyal	Chief Financial Officer till 31/01/2017			
4	Mr. Nitin Gupta	Company Secretay w.e.f. 01/02/2016			

(c) Relative of KMP

- Mrs. Anita Gupta (Wife of Mr. Sandeep Gupta)

(d) Other related parties

- Hind Strategic investments Ltd.

B. Related Party Transaction

(₹ Lakhs)

Particulars	Transaction during the year	
	FY 2017-18	FY 2016-17
Investment		
Shalimar Adhunik Nirman Ltd.	-	-
Eastern Speciality Paints & Coatings Pvt. Ltd.	-	-
Loans & Advances (Given)		
Shalimar Adhunik Nirman Ltd.	27.16	51.54
Reimbursement of expenses incurred by Company		
Eastern Speciality Paints & Coatings Pvt. Ltd.	0.22	0.08
Loans & Advances (Taken)		
Hind Strategic Investment	520.35	-
Interest Payment on Loan		
Hind Strategic Investment	19.40	-
Vehicle Hire charges		
Relative of KMP	2.30	-
Remuneration and other perquisites :-		
(a) short-term employee benefits;	201.07	180.60
(b) post-employment benefits;	-	-
(c) other long-term benefits;	-	-
(d) termination benefits; and	-	-
(e) share-based payment.	-	-

Notes to the Standalone Financial Statements (Contd.)

(₹ Lakhs)

Particulars	Outstanding Balances at the year ended		
	31st March,2018	31st March,2017	1st April,2016
Loan & Advances (Given)			
Shalimar Adhunik Nirman Ltd.	699.90	672.74	621.21
Eastern Speciality Paints & Coatings Pvt. Ltd.	0.30	0.08	-
Investment			
Shalimar Adhunik Nirman Ltd.	59.50	59.50	59.50
Eastern Speciality Paints & Coatings Pvt. Ltd.	5.00	5.00	5.00
Salary Payable			
Surender Kumar	6.14	5.59	-
Sandeep Gupta	4.22	5.11	-
Nitin Gupta	0.60	0.59	-
Interest Payable			
Hind Strategic Investment	1.90	-	-
Loans & Advances(Taken)			
Hind Strategic Investment	520.35	-	-
Compensation to Key Management Personnels			
Particulars	Short-term employee benefits		
	FY 2017-18	FY 2016-17	
Surender Kumar	121.54	91.78	
Sandeep Gupta	70.89	17.16	
Janak Raj Goyal	-	64.28	
Nitin Gupta	8.64	7.38	

48. Impairment Review

Assets are tested for impairment whenever there are any internal or external indicators of impairment. Impairment test is performed at the level of each Cash Generating Unit ('CGU') or groups of CGUs within the Company at which the goodwill or other assets are monitored for internal management purposes, within an operating segment. The impairment assessment is based on higher of value in use and value from sale calculations. During the year, the testing did not result in any impairment in the carrying amount of goodwill & other assets. The measurement of the cash generating units' value in use is determined based on financial plans that have been used by management for internal purposes. The planning horizon reflects the assumptions for short to- mid-term market conditions.

Key assumptions used in value-in-use calculations are:-

- (i) Operating margins (Earnings before interest and taxes),
- (ii) Discount Rate,
- (iii) Growth Rates and
- (iv) Capital Expenditure

49. Segment information

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

- 50. Loan to related party (refer note 9) includes the balance consideration of ₹ 492 lakhs (interest free) receivable by the Company in cash as per the order of Hon'ble High Courts of Calcutta and Delhi, for transfer of its Real Estate Division to the subsidiary company, Shalimar Adhunik Nirman Limited.
- 51. The Company has re-commissioned its Chennai Plant and started its commercial production w.e.f 4th September 2017.
- 52. Other receivable includes insurance claim receivable ₹ 904.45 lakhs (net of ₹ 1099.73 lakhs received during the year) related to Nasik plant and ₹ 1474.81 lakhs related to Howrah Plant. The above claim of receivables are accounted for on estimated basis pending final assessment by the insurer. The policy is on Reinstatement basis, and Loss of profit for 6 months is yet to be assessed by the Insurer.
- 53. 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.
- 54. Term Loan from financials institutions represent loan availed by company for working capital for business needs.

55. The Division Bench of Hon'ble High Court of Calcutta passed an order on 07/05/2009 requiring the Company to give immovable property to the extent of ₹ 4.5 Crores as a security in favour of Tara Properties (the landlord of property at 13, Camac Street, Kolkata). The Company has given portion of the land at Goabaria as a security.
56. Pursuant to the Scheme of Merger of Woodlands Medical Centre Limited with Woodlands Multispecialty Hospital Ltd., as approved by the Calcutta High Court on 29.11.2010, the Company applied for 2350 shares of ₹ 10 each fully paid up in Woodlands Multispecialty Hospital Ltd against debenture of ₹ 23,500 held in Woodlands Medical Centre Limited. Pending allotment, the same has been retained as debentures.
57. The company has considered fair value as deemed cost on date of transition to Ind AS i.e. 1st April 2016 of certain items of its Property plant and equipment i.e. Land, Building, Plant & Machinery and other assets. In accordance with option given under Ind AS 101 resulted impact of fair value has been recognised in Other Equity. Accordingly PPE value is increased by ₹ 13,730.27 lakhs and depreciation reflected in statement of profit & loss of current year is higher by ₹ 277.11 Lakhs for the year ended 31st March 2018 and to that extent loss is higher.
58. 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.
59. Miscellaneous Receipts include debtors/creditors written back ₹ 0.21 lakhs (Previous Year ₹ 146.41 lakhs).
60. Finance charges include foreign exchange loss of ₹ 1.44 lakhs (previous year ₹ 14.41 lakhs).
61. **FIRST TIME ADOPTION OF IND AS**

These financial statements, for the year ended 31 March 2018, have been prepared in accordance with Ind AS, for the purposes of transition to Ind AS, the company has followed the guidance prescribed in Ind AS 101- First time adoption of Indian Accounting Standards, with 1st April, 2016 as the transition date and IGAAP as the previous GAAP.

This note explains the principal adjustments made by the Company in restating its financial statements prepared under Previous GAAP, including the balance sheet as at 1st April, 2016 and the financial statements as at and for the year ended 31st March, 2017.

A. Exemptions

Ind AS 101 First time adoption of Indian Accounting Standards allows first-time adopters certain exemptions from the retrospective application of certain requirements under Ind AS. The Company has applied the exemptions which have been explained below:

(i) Property, Plant and Equipment

The Company has elected to measure certain items of its of Property, Plant & Equipment (PPE) at the date of transition to Ind AS at their fair value. The Company has used the fair value of PPE, which is considered as deemed cost on transition. Fair valuations are assessed as on 1st April, 2016.

(ii) Investment in subsidiaries, joint ventures and associate

The carrying amounts of the Company's investments in its subsidiary companies as per the financial statements of the Company prepared under Previous GAAP, are considered as deemed cost for measuring such investments in the opening Ind AS Balance Sheet.

(iii) Share based payment transactions

Ind AS 102 deals with the accounting and disclosure requirements related to share-based payment transactions. The standard addresses three types of share-based payment transactions: equity-settled, cash-settled, and with cash alternatives. A first-time adopter is encouraged, but is not required, to apply Ind AS 102 to: (i) equity instruments that vested before the date of transition to Ind AS, (ii) liabilities arising from share-based payment transactions that were settled before the date of transition to Ind AS. The Company has opted not to apply Ind AS 102 to the equity instruments vested before the date of transition.

B. Ind AS Mandatory Exceptions

(i) Estimates

Ind AS estimates as at 1 April 2016 are consistent with the estimates as at the same date made in conformity with previous GAAP. The Company made estimates for Impairment of financial assets based on expected credit loss model, fair valuation of financial instruments carried at FVTPL in accordance with Ind AS at the date of transition as these were not required under Indian GAAP.

(ii) Classification and Measurement of Financial Assets

The Company has classified the financial assets in accordance with Ind AS 109 on the basis of facts and circumstances that exists at the date of transition to Ind AS.

Notes to the Standalone Financial Statements (Contd.)

(iii) Derecognition of Financial Assets and Liabilities

The Company has elected to apply the derecognition requirements for financial assets & financial liabilities in accordance with Ind AS 109 prospectively for transactions occurring on or after the date of transition to Ind AS.

Impact of transition to Ind AS

The following is a summary of the effects of the differences between Ind AS and Indian GAAP on the Company's total equity shareholders' funds and profit and loss for the financial period for the periods previously reported under Indian GAAP following the date of transition to Ind AS.

61.(i) Reconciliation of Equity as reported under Previous GAAP to Ind AS

(₹ Lakhs)

Particulars	As at April 1, 2016		
	IGAAP	Adjustments	IND AS
ASSETS			
1. Non Current Asset			
a Property, Plant & Equipment	6,487.13	13,730.27	20,217.40
b Capital work-in-progress	553.15	-	553.15
c Other Intangible assets	257.18	-	257.18
d Financial Assets			-
i) Investments	84.73	(0.96)	83.77
ii) Loans	1,233.47	(368.51)	864.96
iii) Other financial assets	-	-	-
e Deferred tax assets (net)	344.91	(344.91)	-
f Other non-current assets		408.01	408.01
2. Current Asset			
a Inventories	11,092.13	-	11,092.13
b Financial Assets			-
i) Investments			-
ii) Trade receivables	14,324.19	-	14,324.19
iii) Cash and cash equivalents	896.15	(36.17)	859.98
iv) Bank balances other than (iii) above	-	36.17	36.17
v) Loans	553.67	(553.67)	-
vi) Other financial assets	-	1,607.38	1,607.38
c Current Tax Assets (Net)	-	306.94	306.94
d Other current assets	3,262.28	(1,400.15)	1,862.13
TOTAL	39,088.99	13,384.40	52,473.39
EQUITY & LIABILITIES			
EQUITY			
a Equity Share Capital	378.93	(0.00)	378.93
b Other Equity	6,228.36	10,982.22	17,210.58
	6,607.29	10,982.22	17,589.51
LIABILITIES			
1. Non Current Liabilities			
a Financial Liabilities			
i) Borrowings	3,356.71	-	3,356.71
ii) Other financial liabilities	30.38	-	30.38
b Provisions	771.64	(132.25)	639.39
c Deferred tax liabilities (Net)		2,402.18	2,402.18
2. Current Liabilities			
a Financial Liabilities			
i) Borrowings	9,402.18	3,022.00	12,424.18
ii) Trade payables	15,688.18	(3,168.85)	12,519.33
iii) Other financial liabilities	-	2,450.33	2,450.33
b Other current liabilities	3,227.72	(2,303.48)	924.24
c Provisions	4.89	132.25	137.14
TOTAL	39,088.99	13,384.40	52,473.39

Notes to the Standalone Financial Statements (Contd.)



61(ii). Reconciliation of Equity as reported under Previous GAAP to Ind AS

(₹ Lakhs)

Particulars	As at March 31, 2017		
	IGAAP	Adjustments	IND AS
ASSETS			
1 Non Current Asset			
a Property, Plant & Equipment	5,958.12	13,302.36	19,260.48
b Capital work-in-progress	1,373.99	-	1,373.99
c Other Intangible assets	185.38	(0.01)	185.37
d Financial Assets	-		
i) Investments	64.73	3.96	68.69
ii) Loans	1,612.49	(733.56)	878.93
iii) Other financial assets	-	22.14	22.14
e Deferred tax assets (net)	712.15	(712.15)	
f Other non-current assets		760.75	760.75
2. Current Asset			
a Inventories	9,255.34	-	9,255.34
b Financial Assets			-
i) Investments	285.47	6.42	291.89
ii) Trade receivables	12,469.95	-	12,469.95
iii) Cash and cash equivalents	1,194.99	(386.77)	808.22
iv) Bank balances other than (iii) above		364.63	364.63
v) Loans	650.91	(650.91)	-
vi) Other financial assets	-	3,614.91	3,614.91
c Current Tax Assets (Net)	-	312.43	312.43
d Other current assets	5,093.30	(3,301.19)	1,792.11
TOTAL	38,856.82	12,603.01	51,459.83
EQUITY & LIABILITIES			
EQUITY			
a Equity Share Capital	378.93	-	378.93
b Other Equity	5,569.74	10,723.00	16,292.74
	5,948.67	10,723.00	16,671.67
LIABILITIES			
1. Non Current Liabilities			
a Financial Liabilities			
i) Borrowings	2,367.07	-	2,367.07
ii) Other financial liabilities	27.60	-	27.60
b Provisions	797.92	(123.09)	674.83
c Deferred tax liabilities (Net)	-	1,880.02	1,880.02
2. Current Liabilities			
a Financial Liabilities			
i) Borrowings	10,768.51	2,944.26	13,712.77
ii) Trade payables	16,022.09	(3,117.11)	12,904.98
iii) Other financial liabilities	-	2,040.27	2,040.27
b Other current liabilities	2,919.11	(1,867.43)	1,051.68
c Provisions	5.85	123.09	128.94
TOTAL	38,856.82	12,603.01	51,459.83

Notes to the Standalone Financial Statements (Contd.)

61(iii). Reconciliation of Total Comprehensive Income as previously reported under IGAAP to Ind AS for the year ended March 31, 2017

		(₹ Lakhs)		
Particulars	IGAAP	Adjustments	IND AS	
I Revenue From Operations	36,927.02	2,484.26	39,411.28	
II Other Income	208.50	11.35	219.85	
III Total Revenue (I+II)	37,135.52	2,495.61	39,631.13	
IV EXPENSES				
Cost of materials consumed	19,056.67	0.00	19,056.67	
Purchases of Stock-in-Trade	4,204.23	-	4,204.23	
Changes in inventories of finished goods, Stock-in -Trade and work-in-progress	1,098.58	(0.00)	1,098.58	
Excise duty on sale	-	4,433.06	4,433.06	
Employee benefits expense	3,478.52	53.76	3,532.28	
Finance costs	2,257.13	-	2,257.13	
Depreciation and amortization expense	421.97	390.80	812.77	
Other expenses	7,645.37	(1,911.70)	5,733.67	
Total expenses	38,162.47	2,965.92	41,128.39	
V Profit/(loss) before exceptional items and tax (III-IV)	(1,026.95)	(470.31)	(1,497.26)	
VI Exceptional items	-	-	-	
VII Profit/(loss) before tax (V-VI)	(1,026.95)	(470.31)	(1,497.26)	
VIII Tax expense				
Current Tax				
Deferred tax	(367.24)	(168.78)	(536.02)	
IX Profit/(loss) for the period	(659.71)	(301.53)	(961.24)	
X Other Comprehensive Income				
(i) Items that will not be reclassified to profit or loss	-	44.87	44.87	
(ii) Income tax relating to items that will not be reclassified to profit or loss	-	13.86	13.86	
XI Total Comprehensive Income (IX+X)	(659.71)	(270.52)	(930.23)	

Reconciliation of movement in profit & loss for the year ended March 31, 2017

Particulars	31.03.2017
Reported net profit for the period as per Indian GAAP	(659.71)
Changes consequent to Ind AS adoption:-	
a) Fair Valuation of Employee Stock Option Plan	(8.88)
b) Impact due to Fair Valuation of current/ non current Investment other than Subsidiary	7.39
c) Impact of fair valuation of Pref Share	3.97
d) Remeasurement of defined benefit obligation	(44.87)
e) Depreciation due to Fair valuation of PPE	(390.80)
f) Loss on sale/transfer of PPE due to Fair valuation	(37.11)
g) Tax Adjustment	168.77
Net profit before OCI as per Ind AS	(961.24)
Other Comprehensive Income	
Actuarial Gain/(loss)- net of tax	31.01
Total Comprehensive Income	(930.23)

Notes to the Standalone Financial Statements (Contd.)

61(vi). Other Equity Reconciliation

Other equity as at 1st April 2016

(₹ lakhs)

Particulars	Reserves & Surplus						Other comprehensive income	Total
	Capital Reserve	Securities Premium Reserve	Revaluation surplus	Share Options Outstanding	General Reserve	Retained earnings	Remeasurement of Defined Benefit Obligation/ Plan	
Balance as at April 1, 2016 as per IGAAP	32.24	961.10	280.72	17.51	3,758.51	1,178.28	-	6,228.36
Remesurement								-
-Valuation of investment at fair value						(0.96)		(0.96)
-Fair value of PPE						13,730.27		13,730.27
-Defined Benefit Obligation/ Plan								
-Other Ind AS adjustment	(32.24)		(280.72)	9.76		303.20		-
-Deferred tax on above adjustment						(2,747.09)		(2,747.09)
Restated Balance as at April 1, 2016	-	961.10	-	27.27	3,758.51	12,463.70	-	17,210.58

Other equity as at 31st March 2017

(₹ lakhs)

Particulars	Reserves & Surplus						Other comprehensive income	Total
	Capital Reserve	Securities Premium Reserve	Revaluation surplus	Share Options Outstanding	General Reserve	Retained earnings	Remeasurement of Defined Benefit Obligation/ Plan	
Balance as at March 31, 2017 as per IGAAP	32.24	961.10	280.72	18.60	3,758.51	518.57	-	5,569.74
Remesurement								-
-Valuation of investment at fair value						6.42		6.42
-Income on Preference shares						3.97		3.97
-Fair value of PPE						13,302.36		13,302.36
-Fair value of ESOP				11.30		(8.88)		2.42
-Defined Benefit Obligation/ Plan						(44.87)	44.87	-
-Other Ind AS adjustment	(32.24)		(280.72)	9.76		303.20		-
-Deferred tax on above adjustment						(2,578.31)	(13.86)	(2,592.17)
Restated Balance as at March 31, 2017	-	961.10	-	39.66	3,758.51	11,502.46	31.01	16,292.74

Notes to the Standalone Financial Statements (Contd.)

61(v) Notes to first-time adoption:

i **Property, Plant and Equipment carried at deemed cost**

The Company has opted the option of fair value as deemed cost for the Property Plant and Equipment as on the date of transition to Ind AS i.e. 1st April 2016 and impact of ₹ 13,730.27 Lakhs in accordance with said stipulations with resulted impact being accounted for in other equity. Company has reversed depreciation charged on revaluation of PPE as per previous GAAP and depreciation on Property, Plant and Equipment as per Ind AS has been accounted on fair value.

ii **Investments**

- i) Investment in subsidiaries, associates and joint ventures (i) in equity shares has been considered at carrying value as deemed cost; (ii) other than equity shares has been considered at Fair value through P&L as on the date of transition to Ind AS i.e. 1st April 2016.
- ii) Investment in Mutual Fund, these investments have been classified as fair value through Profit and Loss Account (FVTPL) on the date of transition.

iii **Deferred Tax**

The Company has accounted for deferred tax on various adjustment between indian GAAP and Ind AS as well as on temporary differences between the carrying amount of assets and liabilities in the balance sheet and corresponding tax bases at the tax rate at which they are expected to be reversed. Corresponding net impact has been recognised in retained earning/profit & loss/Other Comprehensive Income as applicable.

iv **Excise duty, Discount, Rebate & Claims**

Under Ind AS, revenue from sale of goods includes excise duty. Excise duty expense is presented separately on the face of the statement of profit and loss as part of expenses.

Under Indian GAAP, Discount, rebate and claim were recognised as expenses which has been adjusted against the revenue from sale of goods under Ind AS during the year ended 31st March 2017.

The said changes do not affect equity as at date of transition to Ind AS, profit after tax.

v **Remeasurements of Defined Benefit Obligations**

Under Ind AS, remeasurement benefits relating to defined benefit obligation is recognised in OCI as per the requirements of Ind AS 19- Employee benefits. Consequently, the related tax effect of the same has also been recognised in OCI. Under Previous GAAP, remeasurement benefit of defined benefit obligation, arising primarily due to change in actuarial assumptions was recognised as employee benefits expense in the Statement of Profit and Loss. The said changes do not affect Equity as at date of transition to Ind AS and as at 31st March, 2017.

vi **Other Comprehensive Income**

Under Ind AS, all items of income and expense recognised in a period should be included in profit or loss for the period, unless a standard requires or permits otherwise. Items of income and expense that are not recognised in profit or loss but are shown in the statement of profit and loss includes remeasurements of defined benefit plans. The concept of other comprehensive income did not exist under previous GAAP.

vii **Share based payments**

Under Indian GAAP, the Company recognised only the intrinsic value of the stock options given under Employee Stock Option Plan (ESOP) as an expense. Ind AS requires the fair value of share options to be determined using an appropriate pricing model for the purpose of recognizing expense over the vesting period. Accordingly, change in liability based on fair value of such options outstanding as unvested as at April 1, 2016 has been recognised as a separate component of equity against retained earnings. In statement of profit and loss for the year ended March 31, 2017 employee compensation expense due to fair valuation of options increased.

viii **Financial assets and Financial Liabilities**

Financial assets and financial liabilities have been classified as per Ind AS 109 read with Ind AS 32.

ix **Statement of Cash Flows**

The transition from Indian GAAP to Ind AS has not had a material impact on the statement of cash flows.

Amendment to Ind AS 7

Effective April 1, 2017, the Company adopted the amendment to Ind AS 7, which require the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the Balance Sheet for liabilities arising from financing activities, to meet the disclosure requirement. The adoption of amendment did not have any material impact on the financial statements.

62. Recent Accounting Pronouncement

On March 28, 2018, Ministry of Corporate Affairs ("MCA") has notified the Companies (Indian Accounting Standards) Amendment Rules, 2018. These amendments will come into force for financial periods beginning on or after April 1, 2018.

Ind AS 21, Foreign currency transactions and advance consideration

It clarified that the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income, shall be date when an entity has received or paid advance consideration in a foreign currency.

The Company has evaluated the effect of this on the financial statements and the impact is not material.

Ind AS 115- Revenue from Contract with Customers

As per revised standard an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

Additional disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers, are required to be made.

Transitional provisions provides two options:

- i) Under the Retrospective approach the standard will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8- Accounting Policies, Changes in Accounting Estimates and Errors.
- ii) Under the Cumulative catch - up approach, the cumulative effect of initially applying the standard shall be recognized retrospectively at the date of initial application i.e. 1st April 2018.

The Company will adopt the standard on April 1, 2018 by using the cumulative catch-up transition approach and accordingly comparatives for the year ending or ended March 31, 2018 will not be retrospectively adjusted. The effect on adoption of Ind AS 115 is expected to be insignificant.

63. Previous year figures have been regrouped/ rearranged/ recast, wherever considered necessary to conform to current year's classification.

64. Notes 1 to 64 are annexed to and form an integral part of the financial statements.

As per our report of even date

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

Arun Kumar Dubey
Partner
(M. No. 057141)

Place : Gurugram
Date : May 23, 2018

For and on Behalf of Board of Directors

Surender Kumar
Managing Director and CEO
DIN:- 00510137

Sandeep Gupta
Chief Financial Officer

Pushpa Chowdhary
Director
DIN:- 06877982

Nitin Gupta
Company Secretary
Mem. No. F8485

Independent Auditors' Report

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

We have audited the accompanying consolidated Ind AS financial statements of Shalimar Paints Limited ((hereinafter referred to as "the Holding Company") and its subsidiaries- Shalimar Adhunik Nirman Limited & Eastern Speciality Paints & Coating Private Limited (collectively referred to as "**the Group**") comprising the Consolidated Balance Sheet as at 31st March, 2018, and Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information (herein after referred to as "consolidated IND AS Financial Statements).

Management's Responsibility for the Consolidated Ind AS Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these Consolidated Ind AS financial Statements in terms of the requirements of the Companies Act, 2013 ("the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and statement of 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.

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 financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated Ind AS financial statements by the Directors of the Holding Company, as aforesaid.

Auditors' Responsibility

Our responsibility is to express an opinion on these Consolidated Ind AS financial statements based on our audit.

In conducting our audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated Ind AS financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated Ind AS financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated Ind AS financial statements, whether due to fraud or error.

In making those risk assessments, the auditor considers internal financial controls relevant to the Holding Company's preparation of the consolidated Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated Ind AS financial statements. We believe that the audit evidence obtained by us and other auditors in terms of their reports referred to in sub-paragraphs (a) of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Consolidated Ind AS Financial Statements

Opinion

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 of the subsidiaries and associates referred to below in the Other Matters paragraph, the aforesaid consolidated Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at 31st March, 2018, and their consolidated profit, consolidated total comprehensive income, their consolidated cash flows and consolidated statement of changes in equity for the year ended on that date.

Other Matters

- (i) We did not audit the financial statements of subsidiaries included in consolidated Ind AS financial statements, whose financial statements financial information reflect total assets ₹ 2736.36 lakh as at 31st March, 2018, total revenues of ₹ 0.01 lakh and net cash outflows amounting to ₹ 0.04 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 auditor whose report has 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 this subsidiary, and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiary, is based solely on the reports of the other auditor.
- (ii) The comparative financial information of the Group for the year ended 31st March, 2017 and the transition date opening Balance Sheet as at 1st April, 2016 included in these consolidated Ind AS financial statements, are based on the previously issued consolidated financial statements prepared in accordance with the Companies (Accounting Standards) Rules, 2006 audited by other auditors whose reports for the year ended 31st March, 2017 and 31st March, 2016 (a) dated 24th May, 2017 & 28th May, 2016, respectively in case of Shalimar Adhunik Nirman Limited (b) dated 20th May 2017 & 28th May 2016, respectively in case of Eastern Speciality Paints & Coating Private Limited, expressed an unmodified opinion on those consolidated financial statements. The said financial statements audited by other

Independent Auditors' Report (Contd.)

auditors have been restated to comply with Ind AS. Adjustments made in the said consolidated financial information prepared in accordance with the Companies (Accounting Standards) Rules, 2006 to comply with Ind AS have been audited by us.

- (iii) As per information and explanation furnished to us, the insurance claims of loss for damage of immovable & movable assets due to fire in Company's plants/units located at Howrah & Nasik, are yet to be assessed by the Insurer & claim have been accounted for on estimated basis. (Note 52 of consolidated financial statements).
- (iv) Some of the financial assets & liabilities including trade receivables, trade payables & advances are pending confirmation /reconciliation, and their impact on financial statements, if any, is unascertained.(Note 58 of consolidated financial statements)

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

Report on Other Legal and Regulatory Requirements

As required by Section 143(3) of the Act, based on our audit and on the consideration of the report of other auditor on separate financial statements of subsidiary incorporated in India, referred in the Other Matters paragraph above 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 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 consolidated Ind AS financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditor.
- (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.
- (e) On the basis of the written representations received from the directors of the Holding Company as on 31st March, 2018 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditor of its subsidiary companies incorporated in India, none of the directors of the Group companies is disqualified as on 31st March, 2018 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 and the operating effectiveness of such controls, refer to our separate Report in "**Annexure A**", which is based on the auditors' reports of the Holding company and subsidiary companies incorporated in India. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of, the Holding Company's and subsidiary company's (incorporated in India) internal financial controls over financial reporting.
- (g) 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 consolidated Ind AS financial statements disclose the impact of pending litigations on the consolidated financial position of the Group –Refer Note 40 to the Consolidated financial statements.
 - (ii) The Group 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 Group.

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

Arun Kumar Dubey
 Partner
 Membership No.- 057141

Place : Gurugram
Date : 23rd May, 2018.

Annexure-A' to the Independent Auditors' Report

(Referred to in paragraph (f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

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")

In conjunction with our audit of the consolidated Ind AS financial statements of the Company for the year ended 31st March, 2018, we have audited the internal financial controls over financial reporting of Shalimar Paints Limited ("the Company" or "the Holding Company") and its subsidiary companies which are incorporated in India, as of that date.

Independent Auditors' Report (Contd.)

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Holding company and its subsidiary companies which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting (criteria established by the Company) considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to 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 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 and the audit evidence obtained by the other auditor of the subsidiary companies which are companies incorporated in India, in terms of their reports referred to in the Other Matters paragraph below, 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 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 control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control 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 Holding 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 31st March, 2018, based on the internal control over financial reporting criteria established by the Group 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

Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting in so far as it relates to 2 subsidiary companies incorporated in India, is based on the corresponding reports of the auditors of such companies.

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

Place : Gurugram
Date : 23rd May, 2018.

Arun Kumar Dubey
Partner
Membership No.- 057141

Consolidated Balance Sheet as at March 31, 2018

(₹ lakhs)

Particulars	Note No.	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
I ASSETS				
1 Non-current assets				
a Property, Plant and Equipment	5	24,785.75	21,986.72	22,943.84
b Capital work-in-progress	6	66.70	1,373.99	553.14
c Intangible assets	7	175.05	185.37	257.18
d Financial Assets				
i) Investments	8	0.23	0.23	19.27
ii) Loans	9	204.14	206.11	243.75
iii) Other financial assets	10	41.77	22.14	-
e Deferred tax assets (net)	11	35.69	-	-
f Other non-current assets	12	21.10	762.84	409.05
2 Current assets				
a Inventories	13	7,400.65	9,255.34	11,092.13
b Financial Assets				
i) Investments	14	-	291.89	-
ii) Trade receivables	15	10,583.86	12,469.95	14,324.19
iii) Cash and cash equivalents	16.1	1,557.68	814.04	866.53
iv) Bank balances other than (iii) above	16.2	358.00	365.63	36.17
v) Other financial assets	17	2,410.64	3,615.91	1,608.38
c Current Tax Assets (Net)	18	277.78	312.43	306.94
d Other current assets	19	1,503.14	1,792.14	1,862.07
Total Assets		49,422.18	53,454.73	54,522.64
II EQUITY AND LIABILITIES				
Equity				
a Equity Share Capital	20	378.93	378.93	378.93
b Other Equity	21	13,425.23	18,004.19	18,930.13
LIABILITIES				
1 Non-current liabilities				
a Financial Liabilities				
i) Borrowings	22	2,494.44	2,367.07	3,356.71
ii) Trade payables				
iii) Other financial liabilities	23	22.73	27.60	30.38
b Provisions	24	670.62	674.83	639.39
c Deferred tax liabilities (Net)	11	-	2,151.35	2,689.11
d Other non-current liabilities		-	-	-
2 Current liabilities				
a Financial Liabilities				
i) Borrowings	25	15,003.11	13,712.77	12,424.18
ii) Trade payables	26	13,951.75	12,907.19	12,546.09
iii) Other financial liabilities	27	1,722.79	2,048.50	2,458.50
b Other current liabilities	28	1,560.91	1,053.36	932.08
c Provisions	29	191.67	128.94	137.14
Total Equity and Liabilities		49,422.18	53,454.73	54,522.64
Overview and Significant Accounting Policies	1-4			
Accompanying notes form an integral part of the financial statements				

As per our report of even date

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

Arun Kumar Dubey
Partner
(M. No. 057141)

Place : Gurugram
Date : May 23, 2018

For and on Behalf of Board of Directors

Surender Kumar
Managing Director and CEO
DIN:- 00510137

Sandeep Gupta
Chief Financial Officer

Pushpa Chowdhary
Director
DIN:- 06877982

Nitin Gupta
Company Secretary
Mem. No. F8485

Consolidated Statement of Profit & Loss for the year ended as at March 31, 2018



(₹ lakhs)

Particulars	Note No.	Year ended March 31, 2018	Year ended March 31, 2017
I Revenue From Operations	30	27,773.78	39,411.28
II Other Income	31	64.45	198.11
III Total Revenue (I+II)		27,838.23	39,609.39
IV EXPENSES			
Cost of materials consumed	32	13,874.41	19,056.67
Purchases of Stock-in-Trade	33	5,161.59	4,204.23
Changes in inventories of finished goods, Stock-in -Trade and work-in-progress	34	1,583.03	1,098.58
Excise duty		655.12	4,433.06
Employee Benefit Expenses	35	3,940.86	3,532.28
Finance costs	36	2,591.78	2,257.22
Depreciation and amortization expense	37	787.96	814.36
Other expenses	38	5,980.43	5,733.95
Total expenses		34,575.18	41,130.35
V Profit/(loss) before exceptional items and tax (III-IV)		(6,736.95)	(1,520.96)
VI Exceptional items		-	-
VII Profit/(loss) before tax (V-VI)		(6,736.95)	(1,520.96)
VIII Tax expense	39		
Current Tax		-	-
Deferred tax		(2,181.45)	(551.62)
IX Profit/(loss) for the period (VII-VIII)		(4,555.50)	(969.34)
X Other Comprehensive Income			
(i) Items that will not be reclassified to profit or loss		(18.13)	44.87
(ii) Income tax effect on above		(5.60)	13.86
Total Other Comprehensive Income/(Loss) for the year (i)-(ii)		(12.53)	31.01
XI Total Comprehensive Income/(loss) for the year (IX+X)		(4,568.03)	(938.33)
XII Earnings per Shares of ₹ 2/- each	41		
1) Basic (in ₹)		(24.04)	(5.12)
2) Diluted (in ₹)		(24.04)	(5.12)
Overview and Significant Accounting Policies	1-4		
Accompanying notes form an integral part of the financial statements			

As per our report of even date

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

Arun Kumar Dubey
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Director
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Nitin Gupta
Company Secretary
Mem. No. F8485

Consolidated Cash Flow Statement for period year ended March 31, 2018

(₹ lakhs)

PARTICULARS	For the year ended March 31, 2018	For the year ended March 31, 2017
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit / (Loss) Before Tax	(6,736.95)	(1,520.96)
Adjustments for:		
Depreciation, amortization and impairment expenses	787.96	814.36
Net (Gain) / Loss on Sale of Property, Plant & Equipment	3.68	76.66
Net (Gain) / Loss on Sale/ Fair valuation of Investment	(3.44)	(26.04)
Bad debts/Provision for doubtful Debts Written Back	30.59	(40.00)
Employee stock option expenses	(7.20)	13.08
Finance Costs	2,591.78	2,257.22
Interest Income	(46.08)	(10.45)
Operating Profit/(loss) before Working Capital changes	(3,379.66)	1,563.87
Adjustments for:		
Trade Receivables & Other receivable	3,356.62	(6.88)
Inventories	1,854.68	1,836.79
Trade & other Payables	1,705.87	47.91
Cash generated (used) in /from Operations before tax	3,537.51	3,441.69
Direct Taxes (paid)/refund (net)	34.65	(5.49)
Net cash flow (used) in/ from Operating Activities	3,572.16	3,436.20
B. CASH FLOW FROM INVESTING ACTIVITIES		
Acquisition of Property, Plant & Equipment/ Intangible Assets including Capital Advances	(1,444.74)	(1,356.59)
Proceeds from sale of Property, Plant & Equipment	74.03	345.93
Acquisition of Investments		(1,200.00)
Sale of Investment	295.33	953.20
Interest/other income Received	37.49	10.90
Movement in Margin money/Fixed deposits	(14.92)	(353.34)
Net cash flow (used) in/ from Investing Activities	(1,052.81)	(1,599.90)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from /(repayment) of Borrowings (net)	833.20	348.09
Finance Costs	(2,608.91)	(2,236.88)
Net cash (used) in/ from Financing Activities	(1,775.71)	(1,888.79)
Net cash (used) in/ from Operating, Investing & Financing Activities	743.64	(52.49)
Opening balance of Cash and Cash equivalent	814.04	866.53
Closing balance of Cash & Cash equivalent	1,557.68	814.04
Note: Cash and cash equivalents included in the Cash Flow Statement comprise of the following (refer note 16.1):		
i) Cash Balance on Hand	3.17	4.90
ii) Balance with Banks :		
-In Current Accounts	1,528.05	192.11
-Cheques/draft in hand	19.80	615.30
-Bank deposits with maturity of less than 3 months	6.66	1.73
Total	1,557.68	814.04

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

Arun Kumar Dubey
Partner
(M. No. 057141)

Place : Gurugram
Date : May 23, 2018

For and on Behalf of Board of Directors

Surender Kumar
Managing Director and CEO
DIN:- 00510137

Sandeep Gupta
Chief Financial Officer

Pushpa Chowdhary
Director
DIN:- 06877982

Nitin Gupta
Company Secretary
Mem. No. F8485

Statement of Change in equity for the year ended March 31, 2018



A	Equity Share Capital	Amount
	Equity Share Capital as on 1st April 2016	378.93
	Movement during the year 2016-17	-
	Equity Share Capital as on 31st March 2017	378.93
	Movement during the year 2017-18	-
	Equity Share Capital as on 31st March 2018	378.93

B	Other equity						(₹ lakhs)
Particulars	Reserves & Surplus				Other Comprehensive Income	Total	
	Securities Premium Reserve	Share Options Outstanding	General Reserve	Retained earnings	Remeasurement of Defined Benefit Obligation/ Plan		
Balance as at April 1, 2016 (Ind AS)	961.10	27.27	3,758.51	14,183.25	-	18,930.13	
-Profit or Loss for the year				(969.34)		(969.34)	
-Other comprehensive income for the year					31.01	31.01	
-Movement during the year		12.39				12.39	
Balance as at March 31, 2017	961.10	39.66	3,758.51	13,213.91	31.01	18,004.19	
-Profit or Loss for the year				(4,555.50)		(4,555.50)	
-Other comprehensive income for the year					(12.53)	(12.53)	
-Movement during the year		(10.93)				(10.93)	
Balance as at March 31, 2018	961.10	28.73	3,758.51	8,658.41	18.48	13,425.23	

As per our report of even date

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

Arun Kumar Dubey
Partner
(M. No. 057141)

Place : Gurugram
Date : May 23, 2018

For and on Behalf of Board of Directors

Surender Kumar
Managing Director and CEO
DIN:- 00510137

Sandeep Gupta
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Director
DIN:- 06877982

Nitin Gupta
Company Secretary
Mem. No. F8485

Notes to the Consolidated Financial Statements for the year ended March 31, 2018

1. Overview

Shalimar Paints Limited ("the Company" or "the Parent Company") is a public limited company domiciled in India. The registered office of the Company is located at Stainless Centre, 4th floor, Plot no 50, Sector 32, Gurugram, 122001, Haryana. The shares of the Company are listed on National Stock Exchange and Bombay Stock Exchange. The Company is engaged in the business of manufacturing, selling and distribution of paints, coatings and providing related services. The Company has a pan-India presence through its marketing offices in all major states in India.

2. Basis of preparation of financial statements

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

These consolidated financial statements have been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard ('Ind AS') as per the Companies (Indian Accounting Standards) Rules, 2015 notified under Section 133 of the Companies Act, 2013 ('the Act') and other relevant provisions of the Act to the extent applicable.

For all periods up to and including the year ended 31st March 2017, the Company had prepared its consolidated financial statements in accordance with accounting standards as prescribed under Section 133 of the Companies Act, 2013 (the 'Act') read with Rule 7 of the Companies (Accounts) Rules, 2014 (referred to as 'Indian GAAP').

The group has consistently applied the accounting policies used in the preparation of its opening Ind AS Balance Sheet at April 1, 2016 through out all periods presented, as if these policies had always been in effect and are covered by Ind AS 101 "First-time adoption of Indian Accounting Standards". The transition was carried out from accounting principles generally accepted in India ("Indian GAAP") which is considered as the previous GAAP, as defined in Ind AS 101. The reconciliation of effects of the transition from Indian GAAP on the equity as at April 1, 2016 and March 31, 2017 and on the net profit and material adjustments to cash flows for the year ended March 31, 2017 is disclosed in Note no 61 to these consolidated financial statements.

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

Basis of preparation of consolidated financial statements

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

3. Key Accounting Judgements, Estimates & Assumptions:

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

Income Tax

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

Defined Benefit Obligation

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

Fair value measurement of Financial Instruments

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based

Notes to Consolidated Financial Statements (Contd.)

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 at fair value:

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

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

4.2 Property, plant and equipment

i) Recognition and measurement

On transition to Ind AS, the Company has adopted optional exception under Ind AS 101 to measure Property, Plant and Equipment at fair value. Consequently the fair value has been assumed to be deemed cost of Property, Plant and Equipment (PPE) on the date of transition.

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

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

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

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

ii) Depreciation

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

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

Subsequent to fair value as deemed cost of property, plant and equipment as at 1st April 2016 under Ind AS 101, 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.

Notes to Consolidated Financial Statements (Contd.)

4.3 Intangible assets

i) Recognition & measurement :

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

Amortization:

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

a) In respect of assets located at Nashik, Sikandrabad & Chennai - on straight line method.

b) In respect of other assets - on written down value method.

The amortization expense on intangible assets with finite lives is recognized in the Statement of Profit and Loss.

The estimated useful life of intangible assets as per management is mentioned below:

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

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

ii) Derecognition:

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

4.4. Impairment

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

4.5 Lease Accounting

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

4.6. Financial instruments

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

i) Initial recognition

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

ii) Subsequent measurement

(i) Financial assets carried at amortised cost

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

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

A financial asset is subsequently measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Movements in the carrying amount are recognised in OCI except the recognition of impairment gains or losses, interest revenue

calculated using the Effective Interest Rate (EIR) method and foreign exchange gains and losses which are recognised in profit and loss. On derecognition of the asset, cumulative gain or loss previously recognised in Other Comprehensive Income is reclassified from the equity to Statement of Profit and Loss.

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

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

(iv) Financial liabilities

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

(v) Investment in subsidiaries

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

iii) Impairment of financial assets

Financial assets, other than debt instruments measured at FVTPL and Equity instruments are assessed for indicators of impairment at the end of each reporting period. The Company recognises a loss allowance for expected credit losses on all financial asset. In case of trade receivables, the Company follows the simplified approach permitted by Ind AS 109 – Financial Instruments for recognition of impairment loss allowance. The application of simplified approach does not require the Company to track changes in credit risk. The Company calculates the expected credit losses on trade receivables using a provision matrix on the basis of its historical credit loss experience.

iv) Derecognition

Financial Assets

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

Financial liabilities

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

v) Reclassification of Financial Assets and Financial Liabilities

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

vi) Derivative financial instruments

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

vii) Offsetting

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

4.7 Fair value measurement

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

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

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

Notes to Consolidated Financial Statements (Contd.)

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 cenvat credits and appropriate proportion of administrative and other overheads; in case of finished goods, estimated direct cost including taxes and duties net of tax credits/GST and appropriate administrative and other overheads including other cost incurred in bringing the inventories to the present location and conditions; and in case of traded goods, cost of purchase and other costs incurred in bringing the inventories to the present location and conditions. The obsolete/damaged items of inventories are valued at estimated realisable value.

4.9 Provisions, Contingent Liabilities and Contingent Assets

A provision is recognised if, as a result of a past event, the Company has a present obligation (legal or constructive) that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects, when appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

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

4.10 Revenue Recognition

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

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

4.11 Other income

Interest Income

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

Dividends

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

4.12 Employee Benefits

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

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

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

Notes to Consolidated Financial Statements (Contd.)

4.13 Foreign Exchange Transactions

Initial Recognition:

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

Measurement of foreign currency items at reporting date:

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

4.14 Borrowing costs

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

4.15 Taxes on Income

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

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

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

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

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

4.16 Segment Reporting

As the company's business falls within a primary business segment viz, "Paints".

4.17 Cash and cash equivalents

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

4.18 Share-based payment transactions

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

4.19 Earning per share

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

Notes to Consolidated Financial Statements (Contd.)

5. PROPERTY, PLANT & EQUIPMENT

(₹ lakhs)

Particulars	Land- Free hold	Land- Lease hold	Buildings	Plant & Machinery*	Furniture & Fixtures	Motor Vehicles	Office Equipment	Total
Gross carrying value (Cost/Deemed cost)								
As at April 01, 2016	12,369.01	1,690.95	6,752.44	1,831.94	209.42	12.78	77.30	22,943.84
Additions			9.04	134.04	2.30		32.72	178.10
Disposals	-	-	(193.93)	(156.23)	(104.39)	-	(1.25)	(455.80)
Balance as at March 31, 2017	12,369.01	1,690.95	6,567.55	1,809.75	107.33	12.78	108.77	22,666.14
Additions			1,829.54	1,676.54	7.52	16.73	70.07	3,600.40
Disposals			(75.18)		-			(75.18)
As at March 31, 2018	12,369.01	1,690.95	8,321.91	3,486.29	114.85	29.51	178.84	26,191.36
Depreciation								
Depreciation for the year 16-17	-	25.62	297.10	312.93	60.87	4.82	38.59	739.93
Disposals			(12.01)	(22.50)	(25.71)	-	(0.29)	(60.51)
Balance as at March 31, 2017	-	25.62	285.09	290.43	35.16	4.82	38.30	679.42
Depreciation for the year 17-18	-	25.62	354.49	298.90	18.34	3.31	31.83	732.49
Disposals			(6.30)		-			(6.30)
As at March 31, 2018	-	51.24	633.28	589.33	53.50	8.13	70.13	1,405.61
Net carrying value								
Balance at April 1, 2016	12,369.01	1,690.95	6,752.44	1,831.94	209.42	12.78	77.30	22,943.84
Balance at March 31, 2017	12,369.01	1,665.33	6,282.46	1,519.32	72.17	7.96	70.47	21,986.72
Balance at March 31, 2018	12,369.01	1,639.71	7,688.63	2,896.96	61.35	21.38	108.71	24,785.75

6 Capital Work in Progress

Balance at April 1, 2016	553.14
Balance at March 31, 2017	1,373.99
Balance at March 31, 2018	66.70

*including expenditure on research & development activities, incurred during the year is ₹ 4.28 Lakhs (previous year ₹ 0.32 Lakhs).

6.1 Statement showing the details of expenditure during trial run forming part of capital work in progress:

(₹ Lakhs)

Particulars	Year ended March 31, 2018
Raw Material Consumed	261.00
Consumption of Power & Fuel	23.36
Consumption of Stores & Spare	4.25
Salary & Wages	78.83
Contribution to PF & Other Funds	2.15
Staff Welfare Expenses	5.54
Rent	4.75
Repair & Maintenance	2.04
Travelling expenses	7.79
Bank Charges	0.07
Consultancy Charges	14.07
Miscellaneous Expenses	7.68
	411.53
Less:	
Sale of Products - Finished goods	299.76
	111.77
Less: Capitalised/transfer	111.77
Net Balance	-

Notes to Consolidated Financial Statements (Contd.)

7. INTANGIBLE ASSETS

(₹ lakhs)

Particulars	Computer & Software	Technical Know How	Trade Mark	Total
Gross carrying value (Cost/Deemed cost)				
As at April 01, 2016	138.93	68.47	49.78	257.18
Additions	2.62			2.62
Disposals				-
Balance as at March 31, 2017	141.55	68.47	49.78	259.80
Additions	45.15			45.15
Disposals				-
Balance as at March 31, 2018	186.70	68.47	49.78	304.95
Amortization				
Charge for the year	52.70	8.29	13.44	74.43
Disposals				-
Balance as at March 31, 2017	52.70	8.29	13.44	74.43
Additions	41.00	4.66	9.81	55.47
Disposals				-
Balance as at March 31, 2018	93.70	12.95	23.25	129.90
Net Carrying Value				
Balance at April 1, 2016	138.93	68.47	49.78	257.18
Balance at March 31, 2017	88.85	60.18	36.34	185.37
Balance at March 31, 2018	93.00	55.52	26.53	175.05

8. INVESTMENTS (NON-CURRENT)

Particulars	As at March 31, 2018		As at March 31, 2017		As at April 1, 2016	
	No. of Shares/units	Amount	No. of Shares/units	Amount	No. of Shares/units	Amount
8.1 Investment in Mutual Fund at Fair Value through Profit & Loss						
Quoted						
(i) UTI Infrastructure Fund -Growth	-	-	-	-	50925	19.04
Total	-	-	-	-		19.04
8.2 Investment in Debentures carried at Amortised Cost						
Unquoted						
(i) 1/2% Woodland Medical Centre Ltd.		0.06		0.06		0.06
(ii) 5% Woodland Medical Centre Ltd.		0.17		0.17		0.17
Total		0.23		0.23		0.23
GRAND TOTAL		0.23		0.23		19.27
Aggregate amount of quoted investments		-		-		19.04
Market value of quoted investments		-		-		19.04
Aggregate amount of unquoted investments		0.23		0.23		0.23
Aggregate amount of impairment in value of investments		-		-		-

Notes to Consolidated Financial Statements (Contd.)

9. LOANS- NON CURRENT

(₹ lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
(Unsecured, considered good)			
Security Deposits	204.14	206.11	243.75
TOTAL	204.14	206.11	243.75

10. OTHER FINANCIAL ASSETS- NON CURRENT

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
(Unsecured, considered good)			
Bank Balance more than 12 Month Maturity	41.77	22.14	-
TOTAL	41.77	22.14	-

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

Particulars	As at April 1, 2017	Recognized in P&L	Recognized in OCI	As at March 31, 2018
Deferred tax assets/ liabilities are attributable to the following items;				
Deferred Tax Assets				
-Carry Forward Losses/Unab- sorbed depreciation	968.46	2,272.74		3,241.20
-Disallowance under section 43B	28.18	17.51		45.69
-Other Ind AS adjustment	5.76	(5.76)		(0.00)
-Remeasurements of the defined benefit plans	-		5.60	5.60
Sub-Total (a)	1,002.40	2,284.49	5.60	3,292.49
Deferred Tax Liabilities				
-Fixed assets	(3,151.77)	(105.03)		(3,256.80)
-Fair valuation of investment	(1.98)	1.98		-
Sub- Total (b)	(3,153.75)	(103.05)	-	(3,256.80)
Less: MAT Credit Available				
Net Deferred Tax Assets/ (Liability) (a)+(b)	(2,151.35)	2,181.45	5.60	35.69

Particulars	As at April 1, 2016	Recognized in P&L	Recognized in OCI	As at March 31, 2017
Deferred tax assets/ liabilities are attributable to the following items;				
Deferred Tax Assets				
-Carry Forward Losses/Unab- sorbed depreciation	645.32	323.14		968.46
-Disallowance under section 43B	29.02	(0.84)		28.18
-Provision for doubtful debt and advances	12.36	(12.36)		-
-Fair valuation of investment	0.30	(0.30)		-
-Other Ind AS adjustment	3.02	2.74		5.76
-Remeasurements of the defined benefit plans	-	13.86	(13.86)	-
Sub-Total (a)	690.02	326.24	(13.86)	1,002.40
Deferred Tax Liabilities				
-Fixed assets	(3,379.13)	227.36		(3,151.77)
-Others		-		-
-Fair valuation of investment	-	(1.98)		(1.98)
Sub-Total (b)	(3,379.13)	225.38	-	(3,153.75)
Less: MAT Credit Available				
Net Deferred Tax Assets/ (Liability) (a)+(b)	(2,689.11)	551.62	(13.86)	(2,151.35)

Notes to Consolidated Financial Statements (Contd.)

(₹ lakhs)

12. OTHER NON CURRENT ASSETS

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Capital Advances	21.10	760.75	408.01
Others			
Preoperative & others	-	2.09	1.04
TOTAL	21.10	762.84	409.05

13. INVENTORIES

(at cost or net realisable value, whichever is lower)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Raw Material			
Inventories	1,338.57	1,525.07	2,231.06
Goods in Transit	4.07	52.94	129.17
Work- in -Progress	213.45	156.52	326.38
Finished Goods			
Inventories [including trading goods ₹ 543.51 Lakhs (P.Y ₹ 736.59 Lakhs)]	5,477.60	7,085.21	7,959.46
Goods in Transit	243.03	275.37	329.85
Stores & spares	123.93	160.23	116.21
TOTAL	7,400.65	9,255.34	11,092.13

14. INVESTMENTS (CURRENT)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
	No. of Shares/units	No. of Shares/units	No. of Shares/units
Investment in Mutual Fund - Fair Value through Profit & Loss			
Quoted			
(i) UTI Infrastructure Fund -Growth	-	16,000.36	291.89
	-	-	291.89
Aggregate amount of quoted investments	-	-	291.89
Market value of quoted investments	-	-	291.89

15. TRADE RECEIVABLES

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Unsecured			
-Considered Good	10,583.86	12,469.95	14,324.19
-Considered Doubtful	-	-	40.00
	10,583.86	12,469.95	14,364.19
Less: Provision for bad and doubtful receivable	-	-	(40.00)
TOTAL	10,583.86	12,469.95	14,324.19

Notes to Consolidated Financial Statements (Contd.)

16.1 CASH AND CASH EQUIVALENTS

(₹ lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Balance with banks			
On Current Accounts	1,528.05	192.11	104.80
Cash on hand	3.17	4.90	12.41
Cheque, drafts on hand	19.80	615.30	749.32
Bank deposits with maturity of less than 3 months	6.66	1.73	
TOTAL	1,557.68	814.04	866.53

16.2 Bank Balance other than Cash and Cash Equivalents

Unpaid dividend	7.09	10.01	11.75
Margin Money	19.46	9.85	6.96
Fixed Deposit Account	331.45	345.77	17.46
TOTAL	358.00	365.63	36.17

17. OTHER FINANCIAL ASSETS- CURRENT

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Other Receivables (refer note 52)	2,399.37	3,613.23	1,605.25
Interest accrued	10.27	1.68	2.13
Security Deposit	1.00	1.00	1.00
TOTAL	2,410.64	3,615.91	1,608.38

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

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Advance Income Tax	2,809.28	2,843.93	2,838.44
Less: Provision for Income Tax	2,531.50	2,531.50	2,531.50
TOTAL	277.78	312.43	306.94

19. OTHER CURRENT ASSETS

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Advances other than capital advances			
Advances to suppliers	273.73	306.37	209.24
Others			
Advance to employee	5.37	32.11	37.41
Prepaid expenses	182.68	131.90	227.44
Balance With Govt. Authorities & Others	872.78	1,147.59	1,209.39
Other receivable	168.58	174.17	178.59
TOTAL	1,503.14	1,792.14	1,862.07

Notes to Consolidated Financial Statements (Contd.)

20. EQUITY SHARE CAPITAL

(₹ lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Authorised			
4,00,00,000 (31st March, 2017: 4,00,00,000 and 1st April, 2016: 4,00,00,000) equity shares of ₹ 2/- each	800.00	800.00	800.00
Issued, subscribed and fully paid up			
1,89,45,975 (31st March, 2017: 1,89,45,975 and 1st April, 2016: 1,89,45,975) equity shares of ₹ 2/- each	378.92	378.92	378.92
Share Forfeiture Account	0.01	0.01	0.01
	378.93	378.93	378.93

Notes:

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

Particular	As at March 31, 2018		As at March 31, 2017		As at April 1, 2016	
	No. of shares	Amount	No. of shares	Amount	No. of shares	Amount
Number of shares at the beginning	18,945,975	378.92	18,945,975	378.92	18,928,100	378.56
Add: Shares issued	-	-	-	-	17,875	0.36
Number of shares at the end	18,945,975	378.92	18,945,975	378.92	18,945,975	378.92

(ii) Rights, preferences and restrictions attached to shares

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

(iii) During the five years immediately preceding 31st March, 2018, the Company has not allotted any equity shares as bonus shares and also not issued any share for consideration other than cash.

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

Name of Shareholder	As at March 31, 2018		As at March 31, 2017		As at April 1, 2016	
	Number of shares	% of shares held	Number of shares	% of shares held	Number of shares	% of shares held
Hind Strategic Investments Ltd.	5,841,570	30.83%	5,841,570	30.83%	5,841,570	30.83%
Hexa Securities and Finance Co. Ltd.	1,500,000	7.92%	1,500,000	7.92%	1,500,000	7.92%
Nalwa Sons Investments Ltd (Formerly Jindal Strips Ltd.)	1,372,590	7.24%	1,372,590	7.24%	1,372,590	7.24%
Colorado Trading Company Ltd.	1,224,635	6.46%	1,224,635	6.46%	1,224,635	6.46%
Nalwa Investments Ltd.	1,193,855	6.30%	1,193,855	6.30%	1,193,855	6.30%

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

(v) 35,52,370 equity shares of face value ₹ 2/- each have been allotted on 27th April 2018 at the price of ₹ 140/- per share (including premium ₹ 138/- per shares) aggregating to ₹ 4,973.32 lakhs, approved by the Board of Directors in their meeting held on March 22, 2018, to the eligible equity shareholders on right basis in the ratio of 6 equity shares for every 32 equity shares.

Notes to Consolidated Financial Statements (Contd.)

21. Other equity

(₹ lakhs)

Particulars	Reserves & Surplus				Other Comprehensive Income	Total
	Securities Premium Reserve	Share Options Outstanding	General Reserve	Retained earnings	Remeasurement of Defined Benefit Obligation/ Plan	
Balance as at April 1, 2016 (Ind AS)	961.10	27.27	3,758.51	14,183.25	-	18,930.13
-Profit or Loss for the year				(969.34)		(969.34)
-Other comprehensive income for the year					31.01	31.01
-Movement during the year		12.39				12.39
Balance as at March 31, 2017	961.10	39.66	3,758.51	13,213.91	31.01	18,004.19
-Profit or Loss for the year				(4,555.50)		(4,555.50)
-Other comprehensive income for the year					(12.53)	(12.53)
-Movement during the year		(10.93)				(10.93)
Balance as at March 31, 2018	961.10	28.73	3,758.51	8,658.41	18.48	13,425.23

22. Non-Current Borrowings

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Secured			
Term Loans :			
- from Banks	219.30	1,048.51	1,878.46
- from Financial Institutions	2,147.77	2,314.45	2,425.00
- from others (vehicle loan)	18.40	-	-
	2,385.47	3,362.96	4,303.46
Less: Current Maturity of Long term Debt (refer note 27)	411.38	995.89	946.75
	1,974.09	2,367.07	3,356.71
Unsecured			
- from related party in foreign currency (refer note 47)	520.35	-	-
	520.35	-	-
TOTAL	2,494.44	2,367.07	3,356.71

SECURITY

Term Loans from banks

Loans of ₹ 75.30 lakhs (March 31, 2017 ₹ 376.51 lakhs), ROI 10.95%, taken from HDFC Bank Ltd, originally repayable in 45 monthly installments, rescheduled to 11 Quarterly installments, starting from 29.11.2015 and ending on 29.05.2018 and Loans of ₹ 144.00 lakhs (March 31, 2017 ₹ 672.00 lakhs), ROI 11.25 %, taken from State Bank of India, repayable in 28 monthly installments starting from 30.04.2016 and ending on 31.07.2018. Above loans are secured by (i) first charge, ranking pari passu, by way of an equitable mortgage on the land and building, and hypothecation of other fixed assets thereon, at the Company's factory at Nasik, Maharashtra (ii) first charge, ranking pari passu, 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) first pari passu charge by way of equitable mortgage of land and building of the Company situated at village-Chinnapuliur, Taluka-Gummidipoondi, District - Thiruvallur, Tamil Nadu; and hypothecation charge over plant and machinery to be purchased out of the term loan (v) Second pari passu charge on the entire current assets of the Company.

Notes to Consolidated Financial Statements (Contd.)

Term Loans from financial institutions

Loans of ₹ 405.90 lakhs (March 31, 2017 ₹ 458.01 lakhs), ROI 13.5%, taken from India Bulls Housing Finance Ltd, repayable in 84 monthly installments starting from 05.05.2016 and ending on 05.04.2023 are secured by first charge on company's immovable property situated at 5th Floor, C wing, Oberoi Garden Estate, Chandivalli Farm Road, Chandivalli, Andheri (East), Mumbai-400072.

Loans of ₹ 1741.87 lakhs (March 31, 2017 ₹ 1856.44 lakhs), ROI 13.0%, taken from Religare Finvest Ltd, repayable in 117 monthly installments starting from 01.08.2016 and ending on 01.04.2026 are secured by First charge on company's the immovable & movable properties of Sikandrabad plant situated at Plot No A1 & A2 UPSIDC Industrial Area, Sikandrabad Distt- Bulandshahar (U.P).

Vehicle Loan

Loans of ₹ 18.40 lakhs (March 31, 2017: Nil), ROI 8.75%, taken from Toyota Financial Service India Ltd, repayable in 84 monthly installments starting from 22.01.2018 and ending on 20.12.2024

23. OTHER FINANCIAL LIABILITIES- NON CURRENT (₹ lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Security Deposit			
-From others	22.73	27.60	30.38
Others	-	-	-
TOTAL	22.73	27.60	30.38

24. PROVISIONS- NON CURRENT

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Provision for employee benefits			
-Gratuity (refer note 42)	325.03	315.22	287.11
-Provision for Leave Benefit (refer note 42)	45.59	59.61	52.28
Others	300.00	300.00	300.00
TOTAL	670.62	674.83	639.39

25. CURRENT BORROWINGS

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Secured			
Loans Repayable on Demand			
From Banks (Cash Credit and WCDL)	11,704.72	10,768.51	9,402.18
Unsecured			
Loans Repayable on Demand			
From other parties	500.00	-	-
Bill Discounting	2,798.39	2,944.26	3,022.00
TOTAL	15,003.11	13,712.77	12,424.18

Cash Credit and WCDL from Banks

Secured by (i) first charge, ranking pari passu (a) by way of hypothecation on the entire stocks and current assets of the Company (b) by way of equitable mortgage of land and building, and hypothecation of other fixed assets thereon, of the Company's factory, at Nasik, Maharashtra (c) by way of hypothecation of plant and machinery at the Company's factory situated at Howrah, West Bengal (ii) second charge, ranking pari passu, (a) on the fixed assets of the Company at its factory situated at Sikandarabad, Uttar Pradesh (b) by way of equitable mortgage of land and building situated at village-Chinnapuliur, Taluka-Gummidipoondi, District-Tiruvallur, Tamil Nadu; and hypothecation of plant and machinery to be purchased out of term loan.

Rate of borrowing: 11.15% p.a. - 14.85% p.a.

The details of delay in repayment of borrowing as at March 31, 2018 is as follows:

Particulars	Amount	Period of delay
Principal		
State bank of India	926.32	Less than 60 Days
Punjab National Bank	12.23	Less than 30 Days
Corporation Bank Ltd	116.63	Less than 60 Days
Axis Bank Ltd	1,465.81	Less than 60 Days

Notes to Consolidated Financial Statements (Contd.)

26. TRADE PAYABLES (₹ lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Micro & small enterprises*	3.48	-	-
Acceptances	2,374.78	2,597.60	1,885.86
Other trade payable	11,573.49	10,309.59	10,660.23
TOTAL	13,951.75	12,907.19	12,546.09

*The company has received intimation from some of the Micro & Small enterprises and their dues have been settled in full, except as stated above.

With the above exception, the Company has not received any intimation from suppliers regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosure if any relating to amount unpaid as at the year end together with interest paid / payable as required under the said Act have not been given.

27. OTHER FINANCIAL LIABILITIES- CURRENT

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Current maturities of long-term debt (refer note 22)	411.38	995.89	946.75
Interest accrued	40.75	57.89	37.55
Unpaid Dividend*	7.09	10.01	11.75
Creditors for Capital expenditure	333.51	172.88	146.83
Others			
Employee's Payables	338.53	262.51	174.56
Others (Operating expenses)	591.53	549.32	1,141.06
TOTAL	1,722.79	2,048.50	2,458.50

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

28. OTHER CURRENT LIABILITIES

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Advances from customers	350.00	178.94	380.26
Other Payables		-	-
Statutory dues	1,210.91	874.42	551.82
TOTAL	1,560.91	1,053.36	932.08

29. PROVISIONS- CURRENT

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Provision for employee benefits			
-Gratuity (refer note 42)	189.49	123.09	132.25
-Provision for Leave Benefit (refer note 42)	2.18	5.85	4.89
TOTAL	191.67	128.94	137.14

30. REVENUE FROM OPERATIONS

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
a) Sale of products		
Finished Goods	27,382.08	39,239.12
Sale of Services	172.18	49.11
	27,554.26	39,288.23
b) Other operating Revenues;		
Scrap Sales	213.02	110.00
Others	6.50	13.05
	219.52	123.05
TOTAL	27,773.78	39,411.28

Note: Post applicability of Goods and Services Tax (GST) w.e.f July 01, 2017, revenue from operations are disclosed net of GST. However, the corresponding figures for previous year were inclusive of excise duty. Accordingly, revenue from operations for the year ended 31st March 2018 are not comparable with the figures of previous year.

Notes to Consolidated Financial Statements (Contd.)

31. OTHER INCOME	(₹ lakhs)	
Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Interest Income		
-Bank Deposits	43.95	8.85
-Others	2.13	1.60
Profit on sale/Fair value of investments	3.44	26.04
Other Non-Operating Income		
-Rent	-	0.25
-Miscellaneous Receipts- refer note 59	14.93	161.37
TOTAL	64.45	198.11
32. COST OF MATERIALS CONSUMED		
Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Organic acid/chemicals	2,892.10	4,538.58
Pigments	1,672.47	2,701.40
Solvent & Oils	5,337.89	5,961.02
Packages and Packing Materials	1,836.37	2,411.93
Others*	2,135.58	3,443.74
TOTAL	13,874.41	19,056.67
*include individual items of less than 10% of the total and therefore, not considered for the above classification		
33. PURCHASE OF STOCK-IN-TRADE		
Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Purchase of stock in trade	5,161.59	4,204.23
TOTAL	5,161.59	4,204.23
34. CHANGES IN INVENTORIES OF FINISHED GOODS, STOCK-IN-TRADE AND WORK-IN-PROGRESS		
Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Closing Stock		
Work in progress	213.45	156.53
Finished Goods	5,720.63	7,360.58
	5,934.08	7,517.11
Opening Stock		
Work in progress	156.53	326.38
Finished Goods	7,360.58	8,289.31
	7,517.11	8,615.69
(Increase)/ Decrease in Inventory	TOTAL	1,583.03
		1,098.58

Notes to Consolidated Financial Statements (Contd.)

35. EMPLOYEE BENEFIT EXPENSES (₹ lakhs)		
Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Salaries and wages*	3,426.34	3,127.64
Contribution to provident & other funds	230.48	191.92
Expense/(reversal) on Employee Stock Option Scheme	(7.20)	13.08
Staff Welfare Expenses	291.24	199.64
TOTAL	3,940.86	3,532.28

*Current year expenditure includes ₹ 135.20 Lakhs (P.Y. ₹ 150.48 Lakhs) incurred on research & development activities

36. FINANCE COST		
Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Interest Expenses		
On Working Capital & Term loan	2,292.47	1,940.13
Foreign exchange (gain) / loss	1.44	14.41
Other Borrowing Costs	297.87	302.68
TOTAL	2,591.78	2,257.22

37. DEPRECIATION AND AMORTIZATION EXPENSES		
Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Depreciation on Property, Plant & Equipment	732.49	739.93
Amortisation of Intangible Assets	55.47	74.43
TOTAL	787.96	814.36

38. OTHER EXPENSES		
Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Consumption of stores and spare parts*	53.22	41.88
Power and fuel	270.87	234.71
Rent	521.65	516.30
Repairs to building	15.72	7.70
Repairs to plant and machinery*	69.95	65.37
Repairs - others	204.56	183.40
Insurance	69.84	63.66
Rates and taxes	39.72	17.51
Printing and stationery	33.96	33.78
Communication expenses	104.51	115.72
Directors' fees	10.10	4.60
Payment to Auditors	19.36	13.89
C&F Charges	127.67	129.43
Travelling expenses	622.76	566.14
Application Charges	170.30	49.11
Freight	2,494.69	2,794.91
Loss on sale of fixed assets	3.68	76.66
Bad Debts	30.59	-
Miscellaneous Expenses*	1,117.28	819.18
	5,980.43	5,733.95

*including expenditure on research & development activities, incurred during the year is ₹ 34.56 Lakhs (previous year ₹ 34.41 Lakhs).

Notes to Consolidated Financial Statements (Contd.)

(₹ lakhs)

	Year ended March 31, 2018	Year ended March 31, 2017
Payment to Auditors		
As Auditor :		
Audit Fees	7.25	6.60
Certification fees and other Services	7.15	2.75
Reimbursement of expenses	3.46	3.29
TOTAL	17.86	12.64
Payment to Tax Auditors		
Tax Audit Fees	1.50	1.25
TOTAL	1.50	1.25

39. Tax Expenses

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
a) Income tax recognized in profit or loss		
Current tax expense		
Current year	-	-
Deferred tax expense/(income)		
Origination and reversal of temporary differences	(2,181.45)	(551.62)
	(2,181.45)	(551.62)
b) Effective tax Reconciliation		
Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Net Profit/(Loss) before tax	(6,736.95)	(1,520.96)
Enacted tax rates for company i.e. Shalimar Paints Ltd.	30.90%	30.90%
Computed tax (Income)/expense	(2,081.72)	(469.98)
Adjustment for:		
Additional allowance for tax purpose 35(2AB)	(28.64)	(57.81)
Disallowance u/s 43B	17.51	0.46
Deferred Tax related to Property, Plant & Equipments	(91.46)	(38.83)
Others	2.86	14.53
Income tax expense reported	(2,181.44)	(551.62)
Effective Income tax rate	32.38%	36.27%

40. A. Contingent Liabilities and claims against the Company

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Contingent liabilities, to the extent not provided for in respect of:			
a. Guarantees, Undertakings & Letter of Credit			
Guarantees issued by the Company's Bankers on behalf of the Company	195.91	882.06	774.40
b. Demands			
Excise Duty	855.95	391.86	302.59
Sales Tax (excluding liability on account of C/F/Other forms)	1636.51	772.97	676.73
The management is of the opinion that these forms will be collected in due course, and no significant liability is expected in this respect)			
Income Tax	62.73	62.73	53.68
Others	1,634.75	183.32	73.86

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

Notes to Consolidated Financial Statements (Contd.)

B. Commitments (₹ lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
(i) Estimated amount of contracts remaining to be executed on Capital Accounts and not provided for, net of advances of ₹ 21.09 Lakhs (March 31, 2017 ₹ 760.75 lakhs; March 31, 2016 ₹ 411.60 lakhs)	166.53	542.67	1.42
(ii) Uncalled liability on partly paid up shares	40.50	40.50	40.50

41. EARNING PER SHARE (₹ Lakhs)

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
(a) Net profit/ (loss) as attributable for equity shareholders	(4,555.50)	(969.34)
(b) Weighted average number of equity shares (Nos.)	18,945,975	18,945,975
(c) Effect of potential Dilutive Equity shares on Employee stock option outstanding (Nos.)	30,875	98,400
(d) Weighted average number of Equity shares in computing diluted earning per share	18,976,850	19,044,375
Basic Earnings per Share	(24.04)	(5.12)
Diluted Earnings per Share*	(24.04)	(5.12)

*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.

42. '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 ₹ 123.45 lakhs (Previous Year ₹ 117.42 lakhs) towards the defined contribution plan.

b) Defined benefits obligation - as per actuarial valuation (₹ lakhs)

Particulars	Year ended March 31, 2018		Year ended March 31, 2017	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
	Funded	Non-Funded	Funded	Non-Funded
I Change in present value of obligation during the year				
Present value of obligation at the beginning of the year	439.04	65.46	436.95	57.17
- Current Service Cost	42.08	13.56	31.89	11.02
- Past Service Cost	0.01		-	-
- Interest Cost	32.05	4.78	34.30	4.49
- Acquisition cost			-	-
Actuarial loss/(gains) on Obligation	18.08	(35.62)	(46.25)	4.08
Benefits Paid	(14.39)	(0.42)	(17.85)	(11.30)
Present Value of obligation as at year-end	516.87	47.77	439.04	65.46

Notes to Consolidated Financial Statements (Contd.)

Particulars	Year ended March 31, 2018		Year ended March 31, 2017	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
	Funded	Non-Funded	Funded	Non-Funded
II Change in Fair Value of Plan Assets during the year				
Plan assets at the beginning of the year	0.73	-	17.58	-
Investment Income	0.05		1.38	-
Employer's contribution	16.01	0.42	1.00	11.30
Benefits paid	(14.39)	(0.42)	(17.85)	(11.30)
Actuarial Gain / (Loss) on Assets	(0.05)		(1.38)	-
Plan assets at the end of the year	2.34	-	0.73	-
III Reconciliation of Present value of Defined Benefit Obligation and Fair Value of Plan Assets				
1 Present Value of obligation as at year-end	516.87	47.77	439.04	65.46
2 Fair value of plan assets at year -end	2.34	-	0.73	-
3 Funded status {Surplus/(Deficit)}	(514.53)	(47.77)	(438.31)	(65.46)
IV Expenses recognised in the Statement of Profit and Loss				
1 Current Service Cost	42.08	13.56	31.89	11.02
2 Interest Cost	32.00	4.78	32.92	4.49
3 Past service Cost	0.01		-	-
4 Expected return on plan assets	-		-	-
5 Actuarial (Gain) / Loss	-	(35.62)	-	4.08
Total Expenses	74.09	(17.28)	64.81	19.59
V Expenses recognised in the Statement of Other Comprehensive Income				
1 Net Actuarial (Gain)/Loss	18.13	-	(44.87)	-
VI Division of DBO at the end of the year				
1 Current Liability	189.49	2.18	123.09	5.85
2 Non-Current Liability	327.37	45.59	315.95	59.61
VII Actuarial Assumptions				
1 Discount Rate	7.70%	7.70%	7.30%	7.30%
2 Mortality Table	As per IALM 2006-08 Ultimate	As per IALM 2006-08 Ultimate	As per IALM 2006-08 Ultimate	As per IALM 2006-08 Ultimate
3 Salary Escalation	2.00%	2.00%	2.00%	2.00%
The Estimates of future salary increase considered in actuarial valuation, take account of inflation, seniority promotion and other relevant factors, such as supply and demand in the employment market. The above information is certified by the actuary.				
VIII	Actual Return on Plan Assets		Estimates of Contribution for next year	
Particulars	Year ended March 31, 2018	Year ended March 31, 2017	Year ended March 31, 2018	Year ended March 31, 2017
	Funded	Funded	Funded	Funded
Gratuity	-	-	569.02	489.43

Notes to Consolidated Financial Statements (Contd.)

IX	History of Experience Adjustment:	Year ended March 31, 2018	Year ended March 31, 2017	Year ended March 31, 2016	Year ended March 31, 2015	Year ended March 31, 2014
	Gratuity					
	Present Value of obligation	516.87	439.04	436.95	420.06	464.32
	Fair value of Plan assets	2.43	0.73	17.58	35.40	78.45
	Net Asset/(Liability)	(514.52)	(438.31)	(419.37)	(384.66)	(385.87)
	Actuarial (Gain)/Loss on plan obligation	18.08	(46.25)	(1.64)	(69.04)	38.62
	Actuarial Gain/(Loss) on plan assets	(0.05)	(1.38)	(0.77)	3.04	(4.71)
	Leave Encashment					
	Present Value of obligation	47.77	65.46	57.17	68.71	102.85
	Fair value of Plan assets	-	-	-	-	-
	Net Asset/(Liability)	(47.77)	(65.46)	(57.17)	(68.71)	(102.85)
	Actuarial (Gain)/Loss on plan obligation	(35.62)	4.08	1.98	6.37	36.33
	Actuarial Gain/(Loss) on plan assets	-	-	-	-	-

X Sensitivity Analysis

Assumption	Change in Assumption	Year ended March 31, 2018 Impact on liabilities		Year ended March 31, 2017 Impact on liabilities	
		Increase	Decrease	Increase	Decrease
	Gratuity				
Discount rate	- / + 1% movement	25.98	23.02	24.18	21.36
Future salary growth	+ / - 1% movement	28.15	25.23	24.51	21.98
	Leave Encashment				
Discount rate	- / + 1% movement	4.31	3.74	5.86	5.09
Future salary growth	+ / - 1% movement	4.90	4.30	5.98	5.27

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 categories of plan assets for gratuity as a percentage of the fair value of total plan assets are as follows:

Particulars	March 31, 2018	March 31, 2017
Fund managed by Insurer	100%	100%

Notes to Consolidated Financial Statements (Contd.)

43. CATEGORY - WISE CLASSIFICATION OF FINANCIAL INSTRUMENTS

Financial Assets			(₹ Lakhs)					
Particulars	Note	Fair Value Hierarchy	As at March 31,2018		As at March 31,2017		As at April 1,2016	
			Carrying Amount	Fair Value	Carrying Amount	Fair Value	Carrying Amount	Fair Value
1. Financial assets designated at fair value through profit and loss								
a) Derivatives - not designated as hedging instruments"	A	Level-2	-	-	-	-	-	-
b) Investment	B							
In mutual funds		Level-1	-	-	291.89	291.89	19.04	19.04
2. Financial assets designated at amortised cost								
a) Other bank balances			358.00	358.00	365.63	365.63	36.17	36.17
b) Cash & Cash Equivalents			1,557.68	1,557.68	814.04	814.04	866.53	866.53
c) Trade & Other receivables		Level-3	10,583.86	10,583.86	12,469.95	12,469.95	14,324.19	14,324.19
d) Investment		Level-3	0.23	0.23	0.23	0.23	0.23	0.23
e) Loans		Level-3	204.14	204.14	206.11	206.11	243.75	243.75
f) Other Financial Assets		Level-3	2,452.41	2,452.41	3,638.05	3,638.05	1,608.38	1,608.38
Financial Liabilities			(₹ Lakhs)					
Particulars	Note	Fair Value Hierarchy	As at March 31, 2018		As at March 31, 2017		As at April 1, 2016	
			Carrying Amount	Fair Value	Carrying Amount	Fair Value	Carrying Amount	Fair Value
1. Financial liability designated at fair value through profit and loss								
a) Derivatives - not designated as hedging instruments	A	Level-2	-	-	-	-	-	-
2. Financial liability designated at amortised cost								
a) Borrowings	E	Level-3	17,908.93	17,908.93	17,075.73	17,075.73	16,727.64	16,727.64
b) Trade & Other Payables	C	Level-3	13,951.75	13,951.75	12,907.19	12,907.19	12,546.09	12,546.09
c) Other Financial Liability		Level-3	1,334.15	1,334.15	1,080.21	1,080.21	1,542.13	1,542.13

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.

During the year ended March 31, 2018 and March 31, 2017, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfer into and out of Level 3 fair value measurements.

The following methods and assumptions were used to estimate the fair values.

- The fair values of derivatives are on MTM as per Bank
- Company has opted to fair value its mutual fund & Preference shares investment through profit & loss
- Fair value of cash and deposits, trade receivables, trade payables, and other current financial assets and liabilities measured at amortized cost is approximate to their carrying amounts largely due to the short-term maturities of these instruments. The fair value of other non-current financial assets and liabilities (security deposit taken/given, loans to subsidiary and advance to employees) carried at amortized cost is approximately equal to fair value. Hence carrying value and fair value is taken same.
- Ind AS 101 allow company to measure its investment in subsidiaries, JVs and Associates at cost or at fair value on transition to Ind AS, Company has opted to value its investments in subsidiaries, JVs and Associates at cost.

Notes to Consolidated Financial Statements (Contd.)

- E. Long-term borrowings measured at amortized cost are evaluated by the Company based on parameters such as interest rates, specific country risk factors, credit risk and other risk characteristics. Fair value of borrowings approximates their carrying values. Risk of other factors for the company is considered to be insignificant in valuation.

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).

44 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.

44.1 Financial risk factors

The Company's operational activities expose to various financial risks i.e. 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 Company uses derivative financial instruments to reduce foreign exchange risk exposures.

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. 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. Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Regular interaction with bankers, intermediaries and the market participants help us to mitigate such risk.

a) Foreign Currency Risk and sensitivity

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 2018, net of related foreign exchange contracts.

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

(₹ Lakhs)		
Particulars	As at 31st March, 2018	As at 31st March, 2017
Financial liabilities		
Borrowings (USD)	(520.35)	
Net assets / (liabilities)	(520.35)	-

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

(₹ Lakhs)				
Particulars	2017-18		2016-17	
	5% Increase	5% decrease	5% Increase	5% decrease
USD Sensitivity	(26.02)	26.02	-	-
Increases/ (decrease) in profit or loss	(26.02)	26.02	-	-

Notes to Consolidated Financial Statements (Contd.)

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 (₹ Lakhs)

Particulars	As at 31st March, 2018		As at 31st March, 2017	
	INR	USD	INR	USD
Fixed Rate Borrowings	-	-	-	-
Variable Rate Borrowings	17,388.58	520.35	17,075.73	-
Total Borrowings	17,388.58	520.35	17,075.73	-

Sensitivity on variable rate borrowings

Particulars	Impact on Profit & (Loss) before tax	
	31-Mar-18	31-Mar-17
INR Borrowings		
Interest Rate Increase by 0.50%	(86.94)	(85.38)
Interest Rate decrease by 0.50%	86.94	85.38
USD Borrowings		
Interest Rate Increase by 0.25%	(1.30)	-
Interest Rate decrease by 0.25%	1.30	-

c) Commodity price risk and sensitivity

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

ii. Credit Risk

Credit risk refers to the risk of default on its obligation by the counterparty resulting in a financial loss. Trade receivables are typically unsecured and are derived from revenue earned from customers primarily located in India. Credit risk arising from trade receivable is managed in accordance with the company's established policy, procedures and control relating to customer credit risk management. The concentration of credit risk is limited due to the fact that the customer base is large.

The deposits with banks constitute mostly the liquid investment of the company and are generally not exposed to credit risk

Ageing Analysis of Trade Receivables

(₹ Lakhs)

Particulars	As 31st March, 2018			
	Not Due	Less Than Six Months	More than Six Months	Total
Unsecured receivable	3,718.30	3,898.76	2,966.80	10,583.86
Provision for Doubtful Receivables	-	-	-	-
Net Balance	3,718.30	3,898.76	2,966.80	10,583.86
Particulars	As 31st March, 2017			
	Not Due	Less Than Six Months	More than Six Months	Total
Unsecured receivable	5,007.99	4,528.72	2,933.24	12,469.95
Provision for Doubtful Receivables	-	-	-	-
Net Balance	5,007.99	4,528.72	2,933.24	12,469.95

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 overseen by senior management and management monitors the Company's net liquidity position through rolling forecast on the basis of expected cash flows.

Notes to Consolidated Financial Statements (Contd.)

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

(₹ Lakhs)

Particulars	Carrying Amount	On Demand	Less than 1 year	More Than 1 Year	Total
Borrowings	17,908.93	12,204.72	3,209.77	2,494.44	17,908.93
Trade & Other payables	13,951.75	7,174.58	6,777.17	-	13,951.75
Other financial liabilities	1,334.15	129.71	1,181.71	22.73	1,334.15

The table below provides details regarding the contractual maturities of significant financial liabilities as of March 31, 2017:

(₹ Lakhs)

Particulars	Carrying Amount	On Demand	Less than 1 year	More Than 1 Year	Total
Borrowings	17,075.73	10,768.51	3,940.15	2,367.07	17,075.73
Trade & Other payables	12,907.19	4,658.56	8,248.63	-	12,907.19
Other financial liabilities	1,080.21	121.47	931.14	27.60	1,080.21

44.2 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.

(₹ Lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Borrowings	17,908.93	17,075.73	16,727.64
Less: cash and cash equivalents	1,557.68	814.04	866.53
Net debt	16,351.25	16,261.69	15,861.11
Total Equity*	13,804.16	18,383.12	19,309.06
Capital and Net debt	30,155.41	34,644.81	35,170.16
Gearing Ratio	54%	47%	45%

*including fair valuation of Property, Plant & Equipment.

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

45. Additional Notes

₹ Lakhs

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
a CIF Value of Imports		
Raw Materials	1366.87	1724.99
b Expenditure in foreign currency		
Purchase of Raw Material	1349.97	1646.74
Travelling Expenses	Nil	0.38
Testing Charges	2.14	1.16
Interest expenses	19.4	-
c Earnings in foreign currency		
FOB Value of Export	809.83	379.52
d Amount remitted in foreign currency on account of dividend	Nil	Nil
e Consumption of imported and indigenous raw materials & stores		
Particulars	2017-18	2016-18
	% Amount	% Amount
Imported	6.71 933.87	10.71 2,045.87
Indigenous	93.29 12,993.76	89.29 17,052.68
	100.00 13,927.63	100.00 19,098.55

Notes to Consolidated Financial Statements (Contd.)

46. 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 2018

Particulars	March 31, 2018		March 31, 2017	
	No. of options	Wt. avg exercise Price (in ₹)	No. of options	Wt. avg exercise Price (in ₹)
No. of Options Outstanding at the beginning of the year	98,400	72.12	170,125	71.08
Options Granted during the year	-	-	-	-
Options Forfeited / Surrendered / Lapsed during the year	67,525	72.12	71,725	71.08
Options exercised during the year	-	-	-	-
Number of options Outstanding at the end of the year	30,875	97.19	98,400	72.12

II. Weighted Average remaining contractual life

Range of Exercise Price	March 31, 2018		March 31, 2017	
	No. of options outstanding	Weighted average contractual life (years)	No. of options outstanding	Weighted average contractual life (years)
43.80- 111.22	30,875	4.73	98,400	4.64

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

Particulars	March 31, 2018	March 31, 2017
Exercise price is less than market price	102.29	75.70

- IV. The weighted average market price of options exercised during the year ended March 31, 2018 is 144.99
The weighted average market price of options exercised during the year ended March 31, 2017 is 107.63

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, 2018	March 31, 2017
	Weighted Average	Weighted Average
1. Risk-free rate of return	8.15%	8.15%
2. Time to Maturity	1.15	1.64
3. Expected Volatility	69.57%	69.57%
4. Expected divided yield	-	-
5. Exercise Price (in ₹)	97.19	72.12
6. Price of the underlying share in market at the time of the option grant.(in ₹)	144.99	107.63

(₹ lakh)

VI. Particulars	March 31, 2018	March 31, 2017
Employee Option plan expense	28.13	35.33
Total liability at the end of the period	28.73	39.66

Notes to Consolidated Financial Statements (Contd.)

47. Related Party Disclosure as per Ind AS 24

A. List of Related Party & Relationship

(a) Key Managerial person

1	Mr. Surender Kumar	Managing Director & CEO
2	Mr. Sandeep Gupta	Chief Financial Officer w.e.f. 11/02/2017
3	Mr. Janak Raj Goyal	Chief Financial Officer till 31/01/2017
4	Mr. Nitin Gupta	Company Secretary w.e.f. 01/02/2016

(b) Relative of KMP

1	Mrs. Anita Gupta (Wife of Mr. Sandeep Gupta)
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(c) Other related parties

1	Hind Strategic investments Ltd.
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B. Related Party Transaction

(₹ Lakhs)

Particulars	Transaction during the year	
	FY 2017-18	FY 2016-17
Loans & Advances(Taken)		
Hind Strategic Investment	520.35	-
Interest Payment on Loan		
Hind Strategic Investment	19.40	-
Vehicle Hire charges		
Relative of KMP	2.30	-
Remuneration and other perquisites :-		
(a) short-term employee benefits;	201.07	180.60
(b) post-employment benefits;	0.00	0.00
(c) other long-term benefits;	-	-
(d) termination benefits; and	-	-
(e) share-based payment.	-	-

(₹ Lakhs)

Particulars	Outstanding Balances at the year ended		
	31st March, 2018	31st March, 2017	1st April, 2016
Salary Payable			
Surender Kumar	6.14	5.59	-
Sandeep Gupta	4.22	5.11	-
Janak Raj Goyal	-	-	-
Nitin Gupta	0.60	0.59	-
Interest Payable			
Hind Strategic Investment	1.90	-	-
Loans & Advances(Taken)			
Hind Strategic Investment	520.35	-	-

Compensation to Key Management Personnels

(₹ Lakhs)

Particulars	Short-term employee benefits	
	FY 2017-18	FY 2016-17
Surender Kumar	121.54	91.78
Sandeep Gupta	70.89	17.16
Janak Raj Goyal	-	64.28
Nitin Gupta	8.64	7.38

Notes to Consolidated Financial Statements (Contd.)

48. Impairment Review

Assets are tested for impairment whenever there are any internal or external indicators of impairment. Impairment test is performed at the level of each Cash Generating Unit ('CGU') or groups of CGUs within the Company at which the goodwill or other assets are monitored for internal management purposes, within an operating segment. The impairment assessment is based on higher of value in use and value from sale calculations.

During the year, the testing did not result in any impairment in the carrying amount of goodwill & other assets. The measurement of the cash generating units' value in use is determined based on financial plans that have been used by management for internal purposes. The planning horizon reflects the assumptions for short to- mid-term market conditions.

Key assumptions used in value-in-use calculations are:-

- (i) Operating margins (Earnings before interest and taxes),
- (ii) Discount Rate,
- (iii) Growth Rates and
- (iv) Capital Expenditure

49. Segment information

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

50. The Company has two subsidiaries, namely "Shalimar Adhunik Nirman Limited" (SANL) & "Eastern Speciality Paints & Coatings Private Limited" (ESPCPL). The information in respect of the said subsidiaries, as required to be given vide general circular no. 2/2011 dated 8th February, 2011 issued by the Ministry of Corporate Affairs, are given below:

	(₹ Lakhs)	
Particulars	SANL	ESPCPL
Equity Share Capital	9.50	5.00
Other Equity	1,712.68	(2.37)
Total Assets	2,733.38	2.99
Total Liabilities	2,733.38	1.99
Detail of investment	Nil	Nil
Revenue from operation	Nil	Nil
Profit before tax	(27.54)	(2.37)
Tax expenses	(14.81)	-
Profit after tax	(12.73)	(2.37)
Proposed Dividend	Nil	Nil

Since there is no business activities by the ESPCPL, no turnover, tax and profit have been reported during the year as well as in the previous year.

51. The Company has re-commissioned its Chennai Plant and started its commercial production w.e.f 4th September 2017.
52. Other receivable includes insurance claim receivable ₹ 904.45 lakhs (net of ₹ 1,099.73 lakhs received during the year) related to Nasik plant and ₹ 1,474.81 lakhs related to Howrah Plant. The above claim of receivables are accounted for on estimated basis pending final assessment by the insurer. The policy is on Reinstatement basis, and Loss of profit for 6 months is yet to be assessed by the Insurer.
53. 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.
54. Term Loan from financial institutions represent loan availed by company for working capital for business needs.
55. The Division Bench of Hon'ble High Court of Calcutta passed an order on 07/05/2009 requiring the Company to give immovable property to the extent of ₹ 4.5 Crores as a security in favour of Tara Properties (the landlord of property at 13, Camac Street, Kolkata). The Company has given portion of the land at Goabaria as a security.
56. Pursuant to the Scheme of Merger of Woodlands Medical Centre Limited with Woodlands Multispecialty Hospital Ltd., as approved by the Calcutta High Court on 29.11.2010, the Company, on application made, is entitled to get 2350 shares of ₹ 10 each fully paid up in Woodlands Multispecialty Hospital Ltd against debenture of ₹ 23,500 held in Woodlands Medical Centre Limited.

Notes to Consolidated Financial Statements (Contd.)

57. The group has considered fair value as deemed cost on date of transition to Ind AS i.e. 1st April 2016 of certain items of its Property plant and equipment i.e. Land, Building, Plant & Machinery and other assets. In accordance with option given under Ind AS 101 resulted impact of fair value has been recognised in Other Equity. Accordingly, PPE value is increased by ₹ 15,739.96 lakhs and depreciation reflected in statement of profit & loss of current year is higher by ₹ 276.08 Lakhs for the year ended 31st March 2018 and to that extent loss is higher.
58. 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.
59. Miscellaneous Receipts include debtors/creditors written back ₹ 0.21 lakhs (Previous Year- ₹ 146.41 lakhs).
60. Finance charges include foreign exchange loss of ₹ 1.44 lakhs (previous year ₹ 14.41 lakhs).

61. FIRST TIME ADOPTION OF IND AS

These financial statements, for the year ended 31 March 2018, have been prepared in accordance with Ind AS, for the purposes of transition to Ind AS, the company has followed the guidance prescribed in Ind AS 101- First time adoption of Indian Accounting Standards, with 1st April, 2016 as the transition date and IGAAP as the previous GAAP.

This note explains the principal adjustments made by the Company in restating its financial statements prepared under Previous GAAP, including the balance sheet as at 1st April, 2016 and the financial statements as at and for the year ended 31st March, 2017.

A Exemptions Applied:

Ind AS 101 First time adoption of Indian Accounting Standards allows first-time adopters certain exemptions from the retrospective application of certain requirements under Ind AS. The Company has applied the exemptions which have been explained below:

(i) Property, Plant and Equipment

The Company has elected to measure certain items of its of Property, Plant & Equipment (PPE) at the date of transition to Ind AS at their fair value. The Company has used the fair value of PPE, which is considered as deemed cost on transition. Fair valuations are assessed as on 1st April, 2016.

(ii) Share based payment transactions

Ind AS 102 deals with the accounting and disclosure requirements related to share-based payment transactions. The standard addresses three types of share-based payment transactions: equity-settled, cash-settled, and with cash alternatives. A first-time adopter is encouraged, but is not required, to apply Ind AS 102 to: (i) equity instruments that vested before the date of transition to Ind AS, (ii) liabilities arising from share-based payment transactions that were settled before the date of transition to Ind AS. The Company has opted not to apply Ind AS 102 to the equity instruments vested before the date of transition.

B. Ind AS Mandatory Exceptions

(i) Estimates

Ind AS estimates as at 1 April 2016 are consistent with the estimates as at the same date made in conformity with previous GAAP. The Company made estimates for Impairment of financial assets based on expected credit loss model, fair valuation of financial instruments carried at FVTPL in accordance with Ind AS at the date of transition as these were not required under Indian GAAP.

(ii) Classification and Measurement of Financial Assets

The Company has classified the financial assets in accordance with Ind AS 109 on the basis of facts and circumstances that exists at the date of transition to Ind AS.

(iii) Derecognition of Financial Assets and Liabilities

The Company has elected to apply the derecognition requirements for financial assets & financial liabilities in accordance with Ind AS 109 prospectively for transactions occurring on or after the date of transition to Ind AS.

Impact of transition to Ind AS

The following is a summary of the effects of the differences between Ind AS and Indian GAAP on the Company's total equity shareholders' funds and profit and loss for the financial period for the periods previously reported under Indian GAAP following the date of transition to Ind AS.

Notes to Consolidated Financial Statements (Contd.)

61. (i) Reconciliation of Balance Sheet as reported under Previous GAAP to Ind AS

(₹
Lakhs)

Particulars	As at April 1,2016		
	IGAAP	Adjsutments	IND AS
ASSETS			
1 Non Current Asset			
a Property, Plant & Equipment	7,203.90	15,739.94	22,943.84
b Capital work-in-progress	553.14	-	553.14
c Other Intangible assets	257.18	-	257.18
d Financial Assets			
i) Investments	20.23	(0.96)	19.27
ii) Loans	612.26	(368.51)	243.75
iii) Other financial assets	-	-	-
e Deferred tax assets (net)	345.89	(345.89)	
f Other non-current assets	1.04	408.01	409.05
2 Current Asset			
a Inventories	11,092.13	0.00	11,092.13
b Financial Assets			
i) Investments			-
ii) Trade receivables	14,324.19	-	14,324.19
iii) Cash and cash equivalents	902.70	(36.17)	866.53
iv) Bank balances other than (iii) above	-	36.17	36.17
v) Loans	553.67	(553.67)	-
vi) Other financial assets	-	1,608.38	1,608.38
c Current Tax Assets (Net)	-	306.94	306.94
d Other current assets	3,263.31	(1,401.24)	1,862.07
TOTAL	39,129.64	15,393.00	54,522.64
EQUITY & LIABILITIES			
EQUITY			
a Equity Share Capital	378.93	-	378.93
b Other Equity	6,226.15	12,703.98	18,930.13
	6,605.08	12,703.98	19,309.06
LIABILITIES			
1 Non Current Liabilities			
a Financial Liabilities			
i) Borrowings	3,356.71	-	3,356.71
ii) Other financial liabilities	30.38	-	30.38
b Provisions	771.64	(132.25)	639.39
c Deferred tax liabilities (Net)		2,689.11	2,689.11
2. Current Liabilities			
a Financial Liabilities			
i) Borrowings	9,402.18	3,022.00	12,424.18
ii) Trade payables	15,688.18	(3,142.09)	12,546.09
iii) Other financial liabilities	-	2,458.50	2,458.50
b Other current liabilities	3,270.58	(2,338.50)	932.08
c Provisions	4.89	132.25	137.14
TOTAL	39,129.64	15,393.00	54,522.64

Notes to Consolidated Financial Statements (Contd.)

61(ii) Reconciliation of Balance Sheet as reported under Previous GAAP to Ind AS (₹ Lakhs)

Particulars	As at March 31, 2017		
	IGAAP	Adjustments	IND AS
ASSETS			
1. Non Current Asset			
a Property, Plant & Equipment	6,673.66	15,313.06	21,986.72
b Capital work-in-progress	1,373.99	-	1,373.99
c Other Intangible assets	185.38	(0.01)	185.37
d Financial Assets			
i) Investments	0.23	-	0.23
ii) Loans	939.66	(733.55)	206.11
iii) Other financial assets	-	22.14	22.14
e Deferred tax assets (net)	718.98	(718.98)	-
f Other non-current assets	2.09	760.75	762.84
2. Current Asset			
a Inventories	9,255.34	-	9,255.34
b Financial Assets			-
i) Investments	285.47	6.42	291.89
ii) Trade receivables	12,469.95	-	12,469.95
iii) Cash and cash equivalents	1,201.80	(387.76)	814.04
iv) Bank balances other than (iii) above		365.63	365.63
v) Loans	650.91	(650.91)	-
vi) Other financial assets	-	3,615.91	3,615.91
c Current Tax Assets (Net)	-	312.43	312.43
d Other current assets	5,094.33	(3,302.19)	1,792.14
TOTAL	38,851.79	14,602.94	53,454.73
EQUITY & LIABILITIES			
EQUITY			
a Equity Share Capital	378.93	-	378.93
b Other Equity	5,552.62	12,451.57	18,004.19
	5,931.55	12,451.57	18,383.12
LIABILITIES			
1 Non Current Liabilities			
a Financial Liabilities			
i) Borrowings	2,367.07	-	2,367.07
ii) Other financial liabilities	27.60	-	27.60
b Provisions	797.92	(123.09)	674.83
c Deferred tax liabilities (Net)	-	2,151.35	2,151.35
2 Current Liabilities			
a Financial Liabilities			
i) Borrowings	10,768.51	2,944.26	13,712.77
ii) Trade payables	16,024.30	(3,117.11)	12,907.19
iii) Other financial liabilities	-	2,048.50	2,048.50
b Other current liabilities	2,928.99	(1,875.63)	1,053.36
c Provisions	5.85	123.09	128.94
TOTAL	38,851.79	14,602.94	53,454.73

Notes to Consolidated Financial Statements (Contd.)

61. (iii) Reconciliation of Total Comprehensive Income as previously reported under IGAAP to Ind AS for the year ended March 31, 2017

Particulars	IGAAP	Adjustments	IND AS
I Revenue From Operations	36,927.01	2,484.27	39,411.28
II Other Income	190.73	7.38	198.11
III Total Revenue (I+II)	37,117.74	2,491.65	39,609.39
IV EXPENSES			
Cost of materials consumed	19,056.67	0.00	19,056.67
Purchases of Stock-in-Trade	4,204.23	-	4,204.23
Changes in inventories of finished goods, Stock-in -Trade and work-in-progress	1,098.58	(0.00)	1,098.58
Excise duty on sale		4,433.06	4,433.06
Employee benefits expense	3,478.52	53.76	3,532.28
Finance costs	2,257.14	0.08	2,257.22
Depreciation and amortization expense	424.58	389.78	814.36
Other expenses	7,645.73	(1,911.78)	5,733.95
Total expenses	38,165.45	2,964.90	41,130.35
V Profit/(loss) before exceptional items and tax (III-IV)	(1,047.71)	(473.25)	(1,520.96)
VI Exceptional items	-	-	-
VII Profit/(loss) before tax (V-VI)	(1,047.71)	(473.25)	(1,520.96)
VIII Tax expense			
Current Tax	-	-	-
Deferred tax	(373.09)	(178.53)	(551.62)
IX Profit/(loss) for the period	(674.62)	(294.72)	(969.34)
X Other Comprehensive Income			
(i) Items that will not be reclassified to profit or loss	-	44.87	44.87
(ii) Income tax relating to items that will not be reclassified to profit or loss	-	13.86	13.86
XI Total Comprehensive Income (IX+X)	(674.62)	(263.71)	(938.33)

Reconciliation of movement in profit & loss for the year ended March 31, 2017

Particulars	31.03.2017
Reported net profit for the period as per Indian GAAP	(674.62)
Changes consequent to Ind AS adoption:-	
a) Fair Valuation of Employee Stock Option Plan	(8.88)
b) Impact due to Fair Valuation of current/ non current Investment other than Subsidiary	7.39
c) Impact of fair valuation of Preference Share	-
d) Remeasurement of defined benefit obligation	(44.87)
e) Depreciation due to Fair valuation of PPE	(389.77)
f) Loss on sale/transfer of PPE due to Fair valuation	(37.11)
g) Tax Adjustment	178.52
Net profit before OCI as per Ind AS	(969.34)
Other Comprehensive Income	
Actuarial Gain/(loss)- net of tax	31.01
Total Comprehensive Income	(938.33)

Notes to Consolidated Financial Statements (Contd.)

61(iv) Other Equity Reconciliation

Other equity as at 1st April 2016

(₹ lakhs)

Particulars	Reserves & Surplus						Other comprehensive income	Total
	Capital Reserve	Securities Premium Reserve	Revaluation surplus	Share Options Outstanding	General Reserve	Retained earnings		
Balance as at April 1, 2016 as per IGAAP	32.24	961.10	280.72	17.51	3,758.51	1,176.07	-	6,226.15
Remesurement								-
-Valuation of investment at fair value						(0.96)		(0.96)
-Fair value of PPE						15,739.96		15,739.96
-Defined Benefit Obligation/ Plan								
-Other Ind AS adjustment	(32.24)		(280.72)	9.76		303.20		-
-Deferred tax on above adjustment						(3,035.02)		(3,035.02)
Restated Balance as at April 1, 2016	-	961.10	-	27.27	3,758.51	14,183.25	-	18,930.13

Other equity as at 31st March 2017

(₹ lakhs)

Particulars	Reserves & Surplus						Other comprehensive income	Total
	Capital Reserve	Securities Premium Reserve	Revaluation surplus	Share Options Outstanding	General Reserve	Retained earnings		
Balance as at March 31, 2017 as per IGAAP	32.24	961.10	280.72	18.60	3,758.51	501.45	-	5,552.62
Remesurement								-
-Valuation of investment at fair value						6.42		6.42
-Income on Preference shares						-		-
-Fair value of PPE						15,313.08		15,313.08
-Fair value of ESOP				11.30		(8.88)		2.42
-Defined Benefit Obligation/ Plan						(44.87)	44.87	-
-Other Ind AS adjustment	(32.24)		(280.72)	9.76		303.20		-
-Deferred tax on above adjustment						(2,856.49)	(13.86)	(2,870.35)
Restated Balance as at March 31, 2017	-	961.10	-	39.66	3,758.51	13,213.91	31.01	18,004.19

61(v) Notes to first-time adoption:

i Property, Plant and Equipment carried at deemed cost

The Company has opted the option of fair value as deemed cost for the Property Plant and Equipment as on the date of transition to Ind AS i.e. 1st April 2016 and impact of ₹ 15739.96 Lakhs in accordance with said stipulations with resulted impact being accounted for in other equity.

Company has reversed depreciation charged on revaluation of PPE as per previous GAAP and depreciation on Property, Plant and Equipment as per Ind AS has been accounted on fair value.

ii Investments

Investment in Mutual Fund, these investments have been classified as fair value through Profit and Loss Account (FVTPL) on the date of transition.

Notes to Consolidated Financial Statements (Contd.)

iii Deferred Tax

The Company has accounted for deferred tax on various adjustment between indian GAAP and Ind AS as well as on temporary differences between the carrying amount of assets and liabilities in the balance sheet and corresponding tax bases at the tax rate at which they are expected to be reversed. Corresponding net impact has been recognised in retained earning/profit & loss/Other Comprehensive Income as applicable.

iv Excise duty, Discount, Rebate & Claims

Under Ind AS, revenue from sale of goods includes excise duty. Excise duty expense is presented separately on the face of the statement of profit and loss as part of expenses.

Under Indian GAAP, Discount, rebate and claim were recognised as expenses which has been adjusted against the revenue from sale of goods under Ind AS during the year ended 31st March 2017.

The said changes do not affect equity as at date of transition to Ind AS, profit after tax.

v Remeasurements of Defined Benefit Obligations

Under Ind AS, remeasurement benefits relating to defined benefit obligation is recognised in OCI as per the requirements of Ind AS 19- Employee benefits. Consequently, the related tax effect of the same has also been recognised in OCI. Under Previous GAAP, remeasurement benefit of defined benefit obligation, arising primarily due to change in actuarial assumptions was recognised as employee benefits expense in the Statement of Profit and Loss. The said changes do not affect Equity as at date of transition to Ind AS and as at 31st March, 2017.

vi Other Comprehensive Income

Under Ind AS, all items of income and expense recognised in a period should be included in profit or loss for the period, unless a standard requires or permits otherwise. Items of income and expense that are not recognised in profit or loss but are shown in the statement of profit and loss includes remeasurements of defined benefit plans. The concept of other comprehensive income did not exist under previous GAAP.

vii Share based payments

Under Indian GAAP, the Company recognised only the intrinsic value of the stock options given under Employee Stock Option Plan (ESOP) as an expense. Ind AS requires the fair value of share options to be determined using an appropriate pricing model for the purpose of recognizing expense over the vesting period. Accordingly, change in liability based on fair value of such options outstanding as unvested as at April 1, 2016 has been recognised as a separate component of equity against retained earnings. In statement of profit and loss for the year ended March 31, 2017 employee compensation expense due to fair valuation of options increased.

viii Financial assets and Financial Liabilities

Financial assets and financial liabilities have been classified as per Ind AS 109 read with Ind AS 32.

ix Statement of Cash Flows

The transition from Indian GAAP to Ind AS has not had a material impact on the statement of cash flows.

Amendment to Ind AS 7

Effective April 1, 2017, the Company adopted the amendment to Ind AS 7, which require the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the Balance Sheet for liabilities arising from financing activities, to meet the disclosure requirement. The adoption of amendment did not have any material impact on the financial statements.

62. Financial information pursuant to Schedule III of Companies Act, 2013

Name of Entity	Net Assets i.e Total Assets - Total Liabilities		Share in Total Comprehensive Income	
	As % of Consolidated Net Assets	Amount	As % of total comprehensive income	Amount
Holding Company:				
Shalimar Paints Limited	87.70%	12,106.57	99.14%	(930.23)
Subsidiary Company:				
Shalimar Adhunik Nirman Limited	12.48%	1,722.18	1.36%	(12.73)
Eastern Speciality Paints & Coatings Private Limited	0.02%	2.63	0.25%	(2.37)
Elimination	(0.20%)	(27.22)	(0.75%)	7.00
Total	100.00%	13,804.16	100.00%	(938.33)

Notes to Consolidated Financial Statements (Contd.)

63. Recent Accounting Pronouncement

On March 28, 2018, Ministry of Corporate Affairs ("MCA") has notified the Companies (Indian Accounting Standards) Amendment Rules, 2018. These amendments will come into force for financial periods beginning on or after April 1, 2018.

Ind AS 21, Foreign currency transactions and advance consideration

It clarified that the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income, shall be date when an entity has received or paid advance consideration in a foreign currency.

The Company has evaluated the effect of this on the financial statements and the impact is not material.

Ind AS 115- Revenue from Contract with Customers

As per revised standard an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Additional disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers, are required to be made.

Transitional provisions provide two options:

i) Under the Retrospective approach the standard will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8- Accounting Policies, Changes in Accounting Estimates and Errors.

ii) Under the Cumulative catch - up approach, the cumulative effect of initially applying the standard shall be recognized retrospectively at the date of initial application i.e. 1st April 2018.

The Company will adopt the standard on April 1, 2018 by using the cumulative catch-up transition approach and accordingly comparatives for the year ending or ended March 31, 2018 will not be retrospectively adjusted. The effect on adoption of Ind AS 115 is expected to be insignificant.

64. Previous year figures have been regrouped/ rearranged /recast, wherever considered necessary to conform to current year's classification.

65. Notes 1 to 65 are annexed to and form an integral part of the financial statements.

As per our report of even date

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

Arun Kumar Dubey
 Partner
 (M. No. 057141)

Place : Gurugram
 Date : May 23, 2018

For and on Behalf of Board of Directors

Surender Kumar
 Managing Director and CEO
 DIN: 00510137

Sandeep Gupta
 Chief Financial Officer

Pushpa Chowdhary
 Director
 DIN: 06877982

Nitin Gupta
 Company Secretary
 Mem. No. F8485

ATTENDANCE SLIP
SHALIMAR PAINTS LIMITED

CIN: L24222HR1902PLC065611

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

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

Website: www.shalimarpaints.com

116th Annual General Meeting – September 26, 2018

Registered Folio no. / DP ID no. / Client ID no.: _____

Number of Shares held: _____

I certify that I am a member/ proxy/ authorized representative for the member of the Company.

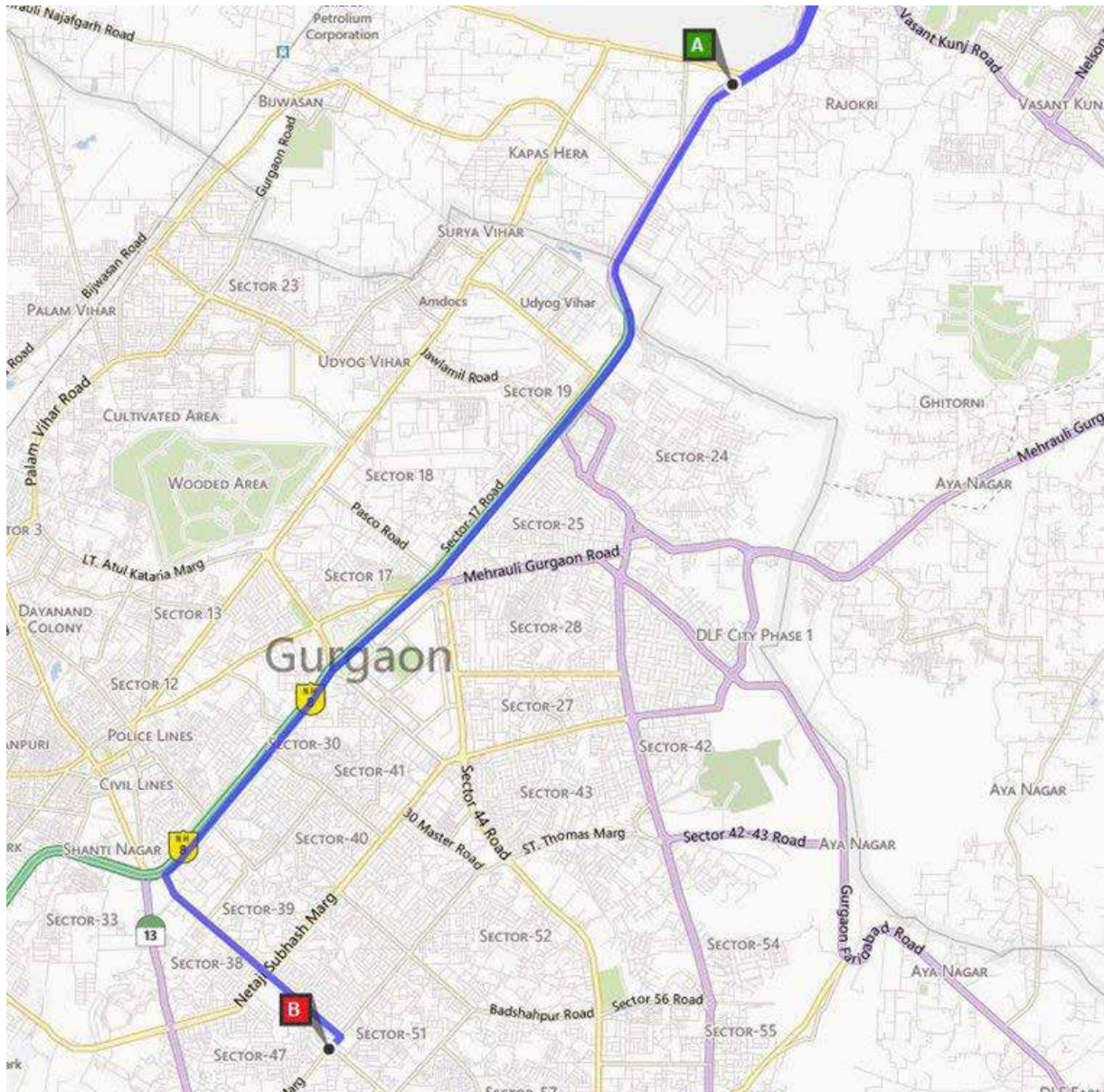
I hereby record my presence at the 116th Annual General Meeting of the Company at the Hilton Garden Inn Baani Square, Sector 50, Gurgaon-122002, on Wednesday, September 26, 2018, at 11:00 A.M. IST.

Name of the member/proxy
(in BLOCK letters)

Signature of the member/proxy

Note: Please fill up this attendance slip and hand it over at the entrance of the meeting hall at the registration desk. Members are requested to bring their copies of the Annual Report to the AGM.

Route map to the venue of the 116th AGM of Shalimar Paints Limited



Address:-

Hilton Garden Inn

Baani Square,

Sector 50, Gurgaon-122002

Tel.: +91-124-4420000

E-Mail ID: jay.dubey@hilton.com

SHALIMAR PAINTS LIMITED

CIN: L24222HR1902PLC065611

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Website: www.shalimarpaints.com

Form No. MGT-11

PROXY FORM

Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies
(Management and Administration) Rule, 2014

116th Annual General Meeting – September 26, 2018

Name of the Member(s)	
Registered Address	
Email ID	
DP ID*	
Client ID*	
Folio No	

*Applicable for investors holding shares in Electronic form.

I/We being the member(s) of _____ shares of the above named Company hereby appoint

Name: _____ Email Id: _____

Address: _____

Signature: _____ or failing him/her

Name: _____ Email Id: _____

Address: _____

Signature: _____ or failing him/her

Name: _____ Email Id: _____

Address: _____

Signature: _____

as my/ our proxy to attend and vote (on a poll) for me/us and on my/ our behalf at the 116th Annual General Meeting of the Company to be held on Wednesday, September 26, 2018 at 11:00 a.m. IST at the Hilton Garden Inn, Baani Square, Sector 50, Gurgaon, Haryana-122002, and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution Number	Resolution	Vote (Optional, see Note 2) (Please mention no. of shares)	
		For	Against
Ordinary business			
1	Adoption of financial statements		
2	Re-appointment of Mr. Surender Kumar as a director liable to retire by rotation		
Special business			
3	Re-appointment of Mr. Gautam Kanjilal (DIN: 03034033) as Chairman cum Independent Non-Executive Director of the Company		
4	Appointment of Mr. Ashok Kumar Gupta (DIN: 01722395) as Vice - Chairman cum Non-Executive Non-Independent Director of the Company		
5	To revise remuneration structure of Mr. Surender Kumar – Managing Director and CEO of the Company		
6	Conversion of Unsecured Loans into the Equity through the Rights Issue		

Signed this _____ day of _____ 2018.

Signature of the member

Signature of proxy holder(s)

Affix
revenue
stamp of not
less than ₹ 1

Notes:

1. This form of proxy in order to be effective should be duly stamped, completed, signed and deposited at the registered office of the Company, not less than 48 hours before the Annual General Meeting (on or before 11:00 a.m. IST on September 24, 2018)
2. It is optional to indicate your preference. If you leave the 'for' or 'against' column blank against any or all of the resolutions, your proxy will be entitled to vote in the manner as he/she may deem appropriate.



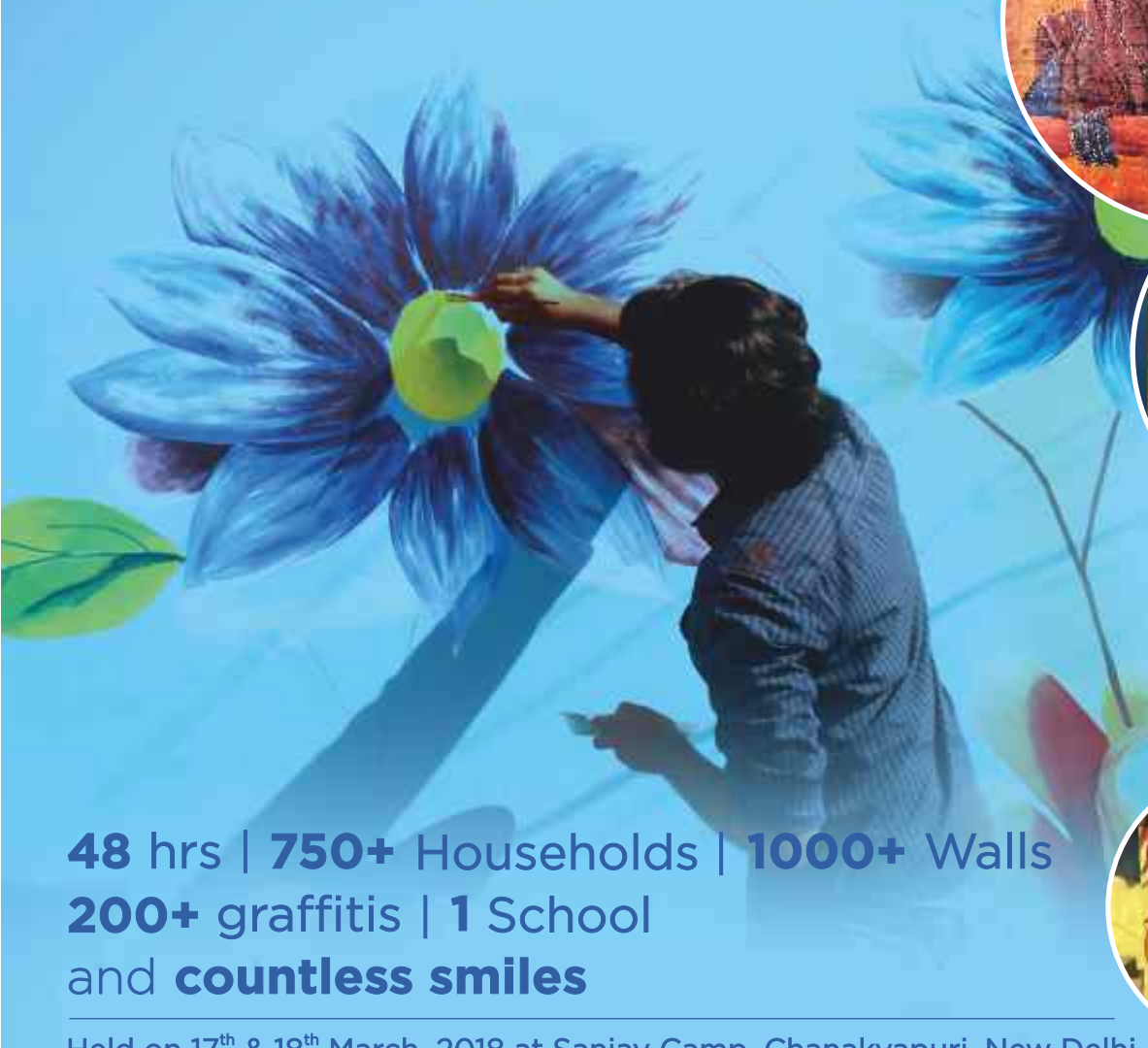
COLOR
PARTNER



SHALIMAR
PAINTS

Kachi Gali

Rang Desh Ke



48 hrs | 750+ Households | 1000+ Walls
200+ graffitis | 1 School
and **countless smiles**

Held on 17th & 18th March, 2018 at Sanjay Camp, Chanakyapuri, New Delhi



SHALIMAR
PAINTS

Registered & Corporate Office

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