

**FOR THE ELIGIBLE SHAREHOLDERS OF SHALIMAR PAINTS LIMITED ONLY**

This is an Abridged Letter of Offer containing salient features of the Letter of Offer dated November 17, 2018 (“**Letter of Offer**”). You are encouraged to read greater details available in the Letter of Offer. Capitalised terms not specifically defined herein shall have the meaning ascribed to them in the Letter of Offer.

**THIS ABRIDGED LETTER OF OFFER CONTAINS 10 PAGES. PLEASE ENSURE THAT YOU HAVE RECEIVED ALL THE PAGES.**

Our Company has dispatched hard copy of the Abridged Letter of Offer along with the Composite Application Form (“**CAF**”) to the Eligible Shareholders at their Indian addresses registered with their depository or the Company. You may also download the Letter of Offer from the website of SEBI, the Stock Exchanges where the Equity Shares of the Company are listed i.e. the BSE Limited and the National Stock Exchange of India Limited and the Lead Manager to the Issue i.e. SPA Capital Advisors Limited at [www.sebi.gov.in](http://www.sebi.gov.in), [www.bseindia.com](http://www.bseindia.com), [www.nseindia.com](http://www.nseindia.com) and [www.spacapital.com](http://www.spacapital.com) respectively.

**SHALIMAR PAINTS LIMITED**

**Registered Office:** Stainless Centre, 4th Floor, Plot No. 50, Sector 32, Gurugram, Haryana -122 001

**Tel. No.:** +91 124 4494490; **Fax No.:** +91 124 4616659

**Corporate Office:** First Floor, Plot No. 28, Sector 32, Gurugram, Haryana-122 001, **Tel. No.:** +91 124 4616600

**Company Secretary and Compliance Officer:** Mr. Nitin Gupta,

**Tel:** +91 124 4616600; **Fax No.:** +91 124 4616659 **Email:** [nitin.gupta@shalimarpaints.com](mailto:nitin.gupta@shalimarpaints.com),

**Website:** [www.shalimarpaints.com](http://www.shalimarpaints.com) ; **Corporate Identification Number:** L24222HR1902PLC065611

**PROMOTERS OF THE COMPANY**

Mr. Ratan Jindal and M/s Hind Strategic Investments are the Promoters of our Company

**ISSUE DETAILS, LISTING AND PROCEDURE**

**ISSUE OF 3,37,47,518 EQUITY SHARES OF FACE VALUE OF ₹ 2 EACH (“EQUITY SHARES”) OF SHALIMAR PAINTS LIMITED (“SHALIMAR” OR THE “COMPANY” OR THE “ISSUER”) FOR CASH AT A PRICE OF ₹ 64.50 (INCLUDING SHARE PREMIUM OF ₹ 62.50) PER EQUITY SHARE (“ISSUE PRICE”) FOR AN AGGREGATE AMOUNT OF ₹ 21,767.15 LAKHS TO THE ELIGIBLE EQUITY SHAREHOLDERS ON RIGHTS BASIS IN THE RATIO OF 3 EQUITY SHARES FOR EVERY 2 EQUITY SHARES HELD BY THE ELIGIBLE EQUITY SHAREHOLDERS ON THE RECORD DATE, I.E. NOVEMBER 09, 2018 (“THE ISSUE”). THE ISSUE PRICE IS 32.25 TIMES THE FACE VALUE OF THE EQUITY SHARES.**

The existing Equity Shares of our Company are listed on the BSE Limited (“**BSE**”), the National Stock Exchange of India Limited (“**NSE**”, and together with BSE, the “**Stock Exchanges**”). Our Company has received “in-principle” approvals from BSE and NSE for listing the Rights Equity Shares through their letters dated August 01, 2018 and August 07, 2018, respectively. For the purposes of the Issue, the Designated Stock Exchange is the BSE. **Procedure:** If you wish to know about processes and procedures applicable to rights issues, you may refer to the section titled “**Offering Information**” of the Letter of Offer, which can be downloaded from the websites of SEBI, BSE, NSE and the Lead Manager to the Issue.

**ELIGIBILITY FOR THE ISSUE**

Our Company is eligible to undertake the Issue in terms of Chapter IV and to make disclosure as per clause (5) Part E of Schedule VIII of the SEBI ICDR Regulations.

**INDICATIVE TIMETABLE**

<b>Issue Opening Date</b>	December 03, 2018	<b>Date of Allotment (on or about)</b>	December 27, 2018
<b>Last date for receiving requests for Split Application Forms</b>	December 10, 2018	<b>Date of Credit of Shares in Demat Account (on or about)</b>	December 29, 2018
<b>Issue Closing Date</b>	December 17, 2018	<b>Date of listing (on or about)</b>	December 31, 2018

The above time table is indicative and does not constitute any obligation on our Company or the Lead Manager.

**GENERAL RISKS**

Investments in equity and equity related securities involve a degree of risk and investors should not invest any funds in this Issue unless they can afford to take the risk of losing their investment. Investors are advised to read the risk factors carefully before taking an investment decision in relation to this Issue. For taking an investment decision, investors must rely on their own examination of our Company and the Issue including the risks involved. The securities being offered in the issue have not been recommended or approved by the Securities and Exchange Board of India, (“**SEBI**”), nor does SEBI guarantee the accuracy or adequacy of the Letter of Offer. **Investors are advised to refer to the section titled “Risk Factors” given in the Letter of Offer / this Abridged Letter of Offer before making an investment in this Issue.**

<b>Name of Lead Manager and contact details</b>	<b>SPA Capital Advisors Limited</b> SEBI Reg. No.: INM 000010825 25, C Block, Community Centre, Janak Puri, New Delhi - 110058 Tel: +91 11 4567 5500, 2551 7371 / Fax: +91 11 2553 2644 Email: <a href="mailto:spl.rights@spagroupindia.com">spl.rights@spagroupindia.com</a> , Investor Grievance Email: <a href="mailto:grievances.mb@spagroupindia.com">grievances.mb@spagroupindia.com</a> Website: <a href="http://www.spacapital.com">www.spacapital.com</a> Contact Person: Sri Krishna Tapariya/Manisha Sharma
<b>Name of Registrar to the Issue and contact details</b>	<b>Beetal Financial and Computer Services Private Limited</b> SEBI Regn. No.: INR000000262 Beetal House, 3 <sup>rd</sup> Floor, 99, Madangir, Behind LSC, New Delhi – 110 062 Tel.: +91 11 29961281-83 Fax: +91 11 2996 1284 E-mail: <a href="mailto:beetal@beetalfinancial.com">beetal@beetalfinancial.com</a> / <a href="mailto:beetalrta@gmail.com">beetalrta@gmail.com</a> Investor Grievance e-mail id: <a href="mailto:investor@beetalfinancial.com">investor@beetalfinancial.com</a> Website: <a href="http://www.beetalfinancial.com">http://www.beetalfinancial.com</a> Contact Person: Mr. S P Gupta
<b>Name of Statutory Auditor</b>	<b>AK Dubey &amp; Co, Chartered Accountants</b>
<b>Self Certified Syndicate Banks</b>	The list of banks is available on <a href="http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes">http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes</a>
<b>Banker to the Issue</b>	<b>State Bank of India, Capital Market Branch, Mumbai</b>

#### **PROMOTERS OF THE COMPANY**

**Ratan Jindal** aged 57 years resident of 6 Prithvi Raj Road, New Delhi -110001, is a promoter of our Company. Mr. Jindal is a Commerce graduate from Kurukshetra University and a Graduate of the Wharton Advance Management Programme from Wharton School of Management. He is currently the Chairman and Managing Director of Jindal Stainless Limited, which is India's one of the largest integrated manufacturer of quality stainless steel. He has more than 30 years of experience in the steel industry. He serves on the board of a number of companies including Jindal Stainless (Hisar) Limited, of which he is the Non – executive Chairman. He has also been associated with the paint industry since last 28 years and was our director from August 1990 to September 2016. He advises us on strategic management business operations and on new market developments. Mr. Ratan Jindal is holding 66,218 equity Shares of our Company in its individual capacity. He is associated with a 600 bedded multi-specialty charitable hospital and also devotes time to oversee the functioning of two large schools.

**Hind Strategic Investments** is a Private Company under Registrar of Companies, Mauritius, having its registered office at Les Cascades Building, Edith Cavell Street, Port Louis – Mauritius. Hind Strategic Investments is holding 58,41,570 equity shares of our Company. The principal activity of the Company is to hold investments. Promoters of Hind strategic Investments are two trusts, i.e Ranisati Trust and Sundar Vanch Trust. Both the trusts were formed on July 08, 2004 with an object to hold investment under trust.

#### **BUSINESS OVERVIEW AND STRATEGY**

We are engaged in the business of manufacturing and marketing of paints. The paint industry is classified in two broad categories - Decorative and Industrial. For our Company, the Decorative segment consists of 67% of total turnover while industrial segment contributes 33% for the financial year ending March 31, 2018 we believe in continuous product innovations for sustainable future by introducing new generation products including eco-friendly products and practices. We have the wide range of products in Decorative & Industrial sectors as mentioned below

- **Decorative Paints** – 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 and 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** – 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.

**Manufacturing facilities & Supply Chain:** We have at present running manufacturing facilities at Sikandrabad (UP) and Gummidipoondi which was re-commissioned in September, 2017. Our Company has two other manufacturing facilities at Nashik and Howrah. There was a fire incident in the Howrah Plant on 12th March, 2014 and the plant is under suspension since then. The Nashik Plant caught fire on 19th November, 2016 and the paint plant has not been in operation since then. Before the fire broke out, the average production at the Nashik Plant for one year was around 1400KL per month. The plant was heavily damaged in fire. We have however restarted a small unit at Nashik plant which was not affected by fire i.e. Alkyd Resin, Aluminum Paint and Packaging Paint Unit in April 2017. The two fire incidents have impacted our performance adversely.

We have insured our plants and other assets with sufficient insurance cover and an insurance claim amount of Rs. 1,122.35 lakhs in respect of Howrah plant has been recently received in June, 2018. However, as regard insurance claim of Nashik Plant, we have received on account payment of Rs. 1,099.73 Lakhs in March 2018. In the financial years ending March 31, 2018, the production was limited to two plants, i.e Sikandrabad and Gummidipoondi (from September, 2017 onwards) and for the FY ending March 31, 2017, the production was at Sikandrabad and Nashik Plants (upto November, 2016). At present, we have active distribution network with 5,300+ active dealers, 32 sales depots and 3 regional distribution centers (“RDC”) across all four zones in India. We also exports our products to U.A.E, Nepal and Bhutan.

<b>BOARD OF DIRECTORS</b>			
<b>S. No</b>	<b>Name</b>	<b>Designation</b>	<b>Experience</b>
1.	<b>Mr. Gautam Kanjilal</b>	Non-Executive Independent Director & Chairman	Mr. Gautam Kanjilal, aged 69 years is a Non-Executive Independent Director and Chairman holding post graduate degree in Economics. 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.
2.	<b>Mr. Surender Kumar</b>	Managing Director	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 a 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.
3.	<b>Mr. Alok Perti</b>	Independent Director	Mr. Alok Perti, aged 66 years is a Non-Executive Independent Director holding a master’s degree in physics from the University of Allahabad. Mr. Perti has also completed a master’s course in Social Planning & Policy in Developing Countries from the London School of Economics and Political Science. He joined Indian Administrative Service in 1977 and has worked in various capacities with the Central Government and the Assam Government.
4.	<b>Mrs. Pushpa Chowdhary</b>	Non-executive Director	Mrs. Pushpa Chowdhary, aged 46 years is Non- executive Director has over 19 years of experience in creating sales leadership and turnaround for new and underperforming product categories. She is a gold medalist in executive HRM from XLRI and MBA in sales from IGNOU. She is also an ICC-UK-certified international coach, NLP-certified practitioner, FIRO-B -certified practitioner and California Institute certified counselor.
5.	<b>Mr. Ashok Kumar Gupta</b>	Non - Executive Director & Vice Chairman	Mr. Ashok Kumar Gupta, aged 62 years is Non – executive Director and Vice Chairman holding a Master’s Degree in Physics and PGDBA. He has over three decades of experience in working at senior leadership positions and at reputed organisations including SAIL, Jindal Stainless (Hisar) Limited, Surya Roshni Ltd. etc. He is presently the Managing Director of APL Apollo Tubes Limited. He worked as Whole Time Director in Jindal Stainless (Hisar) Limited till April 2018.

Our Company has complied with the requirements of Corporate Governance contained in Equity Listing Agreement particularly those relating to composition of Board of Directors, constitution of committees etc. For further details of Directors and Corporate Governance please refer chapter titled “*Our Management*” of Letter of Offer.

**OBJECTS OF THE ISSUE**

(₹ In Lakhs)

Sr. No.	Requirement of Funds	Total estimated cost
1.	Project of Reinstatement of paint manufacturing plant at Nashik	5,152.13
2.	Setting up of Regional Distribution Centre (RDC) at Nashik	340.00
3.	Long Term Working Capital Requirements	13,500.00
4.	General Corporate purposes	3,782.75
5.	Expenses for the issue	92.00
	<b>Total</b>	<b>22,866.88</b>

**Means of Finance**

Sr. No.	Particulars	Amount (in ₹ Lakhs)
1	Proceeds from the Rights Issue	21,767.15
2	On account claim from Insurance	1,099.73
	<b>Total</b>	<b>22,866.88</b>

Our Company has till November 12, 2018, deployed ₹ 305.70 Lakhs towards Objects of the Issue. We propose to deploy the total net proceeds in the aforesaid objects in the financial year 2018-19 itself.

**Details and reasons for non-deployment or delay in deployment of proceeds or changes in utilization of issue proceeds of past public issues/rights issues, if any, of the Company in the preceding 10 years:** Not Applicable.

**Name of monitoring agency: State Bank of India**

Industrial Finance Branch, Andheri 102, Natraj, 194, Sir M.V.Road, W. E. Highway- Metro Junction, Andheri (E), Mumbai-400 069, Tel: 022 26819792/738, Fax: 022 26833001/26831648, Contact Person: .Ms. Varsha Vinayak Bhat, E-mail: [sbi.04732@sbi.co.in](mailto:sbi.04732@sbi.co.in), [rmamt4.04732@sbi.co.in](mailto:rmamt4.04732@sbi.co.in), [solamt4.04732@sbi.co.in](mailto:solamt4.04732@sbi.co.in), Website: [www.sbi.co.in](http://www.sbi.co.in).

**SHAREHOLDING PATTERN AS ON SEPTEMBER 30, 2018**

Sr. No.	Particulars	Pre Issue number of shares	% Holding of Pre issue
1.	Promoter & Promoter Group	1,41,93,462	63.09%
2.	Public	83,04,883	36.91%
	<b>Total</b>	<b>2,24,98,345</b>	<b>100.00%</b>

**FINANCIAL INFORMATION**

**STANDALONE**

Particulars	Six Months ended September 30, 2018 (limited reviewed)	FY 2018 (audited)	FY 2017 (audited)
<b>Total Income from operations (net) (₹ in Lakhs)</b>	12,319	27,773.78	39,411.28
<b>Net Profit / (Loss) before tax and extraordinary items (₹ in Lakhs)</b>	(3,506)	(6,707.05)	(1,497.26)
<b>Net Profit / (Loss) after tax and extraordinary items (₹ in Lakhs)</b>	(2,478)	(4,541.64)	(961.24)
<b>Equity Share Capital (₹ in Lakhs)</b>	450	378.93	378.93
<b>Other Equity (₹ in Lakhs)</b>	14,138	11,727.64	16,292.74
<b>Net worth (₹ in Lakhs)</b>	14,588	12,106.57	16,671.67
<b>Basic earnings per share (₹)</b>	(11.27)	(23.97)	(5.07)
<b>Diluted earnings per share (₹)</b>	(11.27)	(23.97)	(5.07)
<b>Return on net worth (%)</b>	(16.99)	(37.51)	(5.77)
<b>Net asset value per share (₹)</b>	64.84	63.90	88.00

**CONSOLIDATED**

Particulars	Six months ended September 30, 2018 (limited reviewed)	FY 2018 (audited)	FY 2017 (audited)
<b>Total Income from operations (net) (₹ in Lakhs)</b>	12,319	27,773.78	39,411.28
<b>Net Profit / (Loss) before tax and extraordinary items (₹ in Lakhs)</b>	(3,519)	(6,736.95)	(1,520.96)
<b>Net Profit / (Loss) after tax and extraordinary items (₹ in Lakhs)</b>	(2,487)	(4,555.50)	(969.34)
<b>Equity Share Capital (₹ in Lakhs)</b>	450	378.93	378.93
<b>Other Equity (₹ in Lakhs)</b>	15,827	13,425.23	18,004.19
<b>Net worth (₹ in Lakhs)</b>	16,277	13,804.16	18,383.12
<b>Basic earnings per share (₹)</b>	(11.31)	(24.04)	(5.12)
<b>Diluted earnings per share (₹)</b>	(11.31)	(24.04)	(5.12)
<b>Return on net worth (%)</b>	(15.28)	(33.00)	(5.27)
<b>Net asset value per share (₹)</b>	72.35	72.86	97.03

**INTERNAL RISK FACTORS – Top 10 risk factors as per the Letter of Offer**

1. *We are party to certain legal proceedings and cannot assure investors that we will prevail in these actions. Any adverse outcome in these or other proceedings may adversely affect our business.*
2. *We have incurred losses in the past and as a result we had negative earnings per share. If we continue to incur losses, the results of our operations and financial condition may be materially and adversely affected.*
3. *There has been a decline in the RONW of Our Company over the last Financial Years and it is negative in the financial year 2017-2018. Any further decline in the RONW of Our Company may have an adverse impact on our financials and the price at which our Equity Shares are traded on the Stock Exchanges.*
4. *There have been delays in payment of certain statutory dues as on September 30, 2018.*
5. *The credit rating of our Company's borrowing has been downgraded to CARE D for Long term Bank Facilities in March 2018 and CARE D for short term bank facilities in July 2017. The downgrade of our Company's credit ratings may increase borrowing costs and constrain its access to capital and, as a result, would negatively affect its business operations and profitability.*
6. *Our business is dependent on proper maintenance of manufacturing facilities which are located at various places across the country. The loss of or shutdown of operations at any of our manufacturing facilities may have an adverse effect on our business and results of operations.*
7. *Our Company had negative cash flows during the preceding financial years from investing activities and financing activities. Inability to earn positive cash flows may have an adverse effect on the business operations of our Company.*
8. *We have not provided for certain contingent liabilities for financial year ending 2018, 2017 and 2016, which if materialize could adversely affect our financial position.*
9. *The net worth of our Company and book value per share has increased in FY ended March 2018 on account of fair valuation of Properties, plants and equipments as per IND AS adopted by us.*
10. *Some of our promoters, directors and individuals forming part of promoter group are associated with the companies which are appearing in the list of Non Suit filed accounts – Defaulters Rs. 1 Crore and above for quarter ended June 30, 2018*

Names of one of our promoters, Mr. Ratan Jindal, our directors, Mr. Gautam Kanjilal and Mr. Ashok Kumar Gupta alongwith two individuals forming part of promoter group, Mr. Naveen Jindal and Ms. Deepika Jindal, are appearing as Directors of the companies which are appearing in the list of Non Suit filed accounts – Defaulters Rs. 1 Crore and above for quarter ended June 30, 2018 viz. Jindal Stainless Limited (Mr. Gautam Kanjilal, Mr. Ratan Jindal and Mr. Naveen Jindal), Jindal Stainless (Hisar) Limited (Mr. Ratan Jindal, Ms. Deepika Jindal and Mr. Ashok Kumar Gupta), Jindal Steel and Power Limited (Mr. Naveen Jindal and Mr. Ratan Jindal) and Jindal Coke Limited (Mr. Ratan Jindal and Mr. Gautam Kanjilal). All of these companies and their respective bankers have certified that their accounts with Banks are presently regular and there are no irregularities.

**SUMMARY OF OUTSTANDING LITIGATIONS, CLAIMS AND REGULATORY ACTION**

**A. Total number of outstanding litigations against our Company and amount involved**

There are several outstanding litigations against our Company including Civil, Tax related and Labour proceedings and certain cases filed by us under Negotiable Instruments Act. These legal proceedings are pending at different levels of adjudication before various courts and tribunals in different jurisdictions. A degree of judgement is required to assess our exposures in these proceedings and determine the appropriate value of provisions if any. There are 3 Civil (Eviction/Reinstatement) cases against our Company involving amount aggregating to Rs. 1,116.22 Lakhs and there are six Income Tax cases/appeals involving us with amount Rs. 330.93 Lakhs. We are also party to 21 pending Excise cases with amount aggregating to Rs. 841.78 lakhs and 52 pending VAT cases involving amount of Rs. 3414.32 Lakhs. There are 13 cases involving our Company with amount aggregating Rs. 98.03 Lakhs in various Labour Courts. We had filed a Criminal Complaint against one of our ex-employee for forging and fabricating of documents and consequently an FIR has been registered by Police on instruction of the court against the said ex employee and others.

Further, there are 351 Criminal Complaints filed by us under Section 138, Negotiable Instruments Act, 1881 involving amount of Rs. 772.23 Lakhs and claims under Insolvency and Bankruptcy Code, 2016 amounting to Rs. 423.70 Lakhs have been filed by us as operational creditor against nine (9) of our customers. A petition in Delhi High Court has been filed by us for appointment of presiding arbitrator in respect of fire insurance claim of Howrah Factory.

**B. Brief details of top 5 material outstanding litigations against our Company and amount involved**

Sr. No.	Particulars	Litigation filed by	Current status	Amount involved (In ₹)
1.	Vide lease deed dated 04.03.1963 our Company had taken on lease the premises situated at Camac Street from Tara Properties Private Limited ("TPPL") for 21 years. The said lease expired on 29.02.1984. TPPL issued a vacation notice and filed eviction suit in Kolkata High Court, wherein the Hon'ble High Court was pleased to pass an order of vacation against our Company and also directed our Company to pay Rs. 17 crores towards arrears of rent. Our Company challenged that order before Division Bench of the Kolkata High Court. The Division Bench vide its order dated 07.05.2009 directed our Company to deposit an amount of Rs. 1.50 Crore with the Court and further directed to furnish our Company's land situated at Howrah as security for another sum of Rs. 4.5 Crore. The Hon'ble Court further appointed Special Referee to adjudicate the arrears of rent afresh. Our Company had complied with the said order The Special Referee vide its order dated 18.11.2010 passed an order that an amount of Rs.12,00,69,696 is payable by our Company as arrears of rent. Further, Special Referee adjusted the amount of Rs. 3,71,86,200 paid by our Company to TPPL during pendency of the proceedings and held that an amount of Rs. 8,28,83,496 is still payable by the Company. The order passed by the Special Referee has been challenged by our Company and the same is pending for adjudication before the Kolkata High Court.	Shalimar Paints Limited v/s Tara Properties Private Limited	The matter will be listed in the Kolkata High Court in due Course.	8,28,83,496 without interest
2.	<b>VAT case</b> 2007-08/JC/LTU/MUMBAI/B-655/Joint Commissioner/CST - Non Production of C & F Forms Order has been passed on 31.10.2017 where the demand has been reduced from Rs.10,34,54,599 to Rs. 5,75,80,709. Aggrieved by the said order an appeal was filed on 22.11.2017 .	Maharashtra State (Commercial Tax Department) V/s Shalimar Paints Limited	The matter will be listed for hearing in due Course	5,75,80,709
3.	<b>VAT Case</b> 2013-14/CAU/20/CA/114/High Court/CST - Non Production of Forms C & Custom Certificate.	West Bengal State (Commercial Tax	The matter will be listed for hearing in	3,78,69,143

	An Appeal dated 25.10.2016 was filed with Additional Commissioner of Commercial Tax. Direction issued on 22.11.2016 for deposit of 15% of disputed amount. Further Appeal filed to High Court for stay on such direction.	Department) V/s Shalimar Paints Limited	due Course in Kolkata High Court.	
4.	<b>VAT Case</b> 2013-14/CAU/20VA/113/High Court/VAT - Disallowance of ITC, Purchase Tax, enhanced turnover, sales return disallowed, Non- Production of F Forms and mismatch in Sales Tax return An Appeal dated 25.10.2016 was filed with Additional Commissioner of Commercial Tax. Direction was issued on 22.11.2016 for deposit of 15% of disputed amount. Another appeal was filed to High Court for stay on such direction. Thereafter, appeal for deposit was rejected and the matter has been restored.	West Bengal State (Commercial Tax Department) V/s Shalimar Paints Limited	The matter will be listed for hearing in due Course	2,72,51,289
5.	<b>VAT related Notice</b> 2011-12/:2518/15-16/VAT and 2011-12/:2519/15-16/CST - Non-Production of Forms C & F Forms  Revision order passed by department.	West Bengal State (Commercial Tax Department) V/s Shalimar Paints Limited	Our Company is considering to file the appeal.	2,30,60,536

#### ANY OTHER IMPORTANT INFORMATION

##### **Rights Entitlement Ratio**

The Rights Equity Shares are being offered on a rights basis to Eligible Shareholders in the ratio of 3 Rights Equity Shares for every 2 fully paid-up Equity Shares held on the Record Date i.e November 09, 2018.

##### **Terms of Payment**

Full amount of ₹ 64.50 per Rights Equity Share is payable on application.

##### **Fractional Entitlements**

For Equity Shares being offered on a rights basis under this Issue, if the shareholding of any of the Eligible Equity Shareholders is less than 2 Equity Shares or not in the multiple of 2, the fractional entitlement of such Eligible Equity Shareholders shall be ignored. Eligible Equity Shareholders whose fractional Rights Entitlements are being ignored would be given preferential consideration for the Allotment of one additional Equity Share each if they apply for additional Equity Shares over and above their rights entitlement, if any. Additional Equity Shares allotted over and above the Rights Entitlement would be adjusted from the unsubscribed portion of the Issue, if any.

Those Equity Shareholders holding less than 2 Equity Shares will therefore be entitled to zero Equity Shares under this Issue and shall be dispatched a CAF with zero entitlement. Such Equity Shareholders are entitled to apply for additional Equity Shares. However, they cannot renounce the same in favour of third parties. CAFs with zero entitlement will be non-negotiable/non-renounceable.

##### **Listing and trading of Equity Shares proposed to be issued**

Our existing Equity Shares are currently listed and traded on BSE (Scrip Code: 509874) and the NSE (Scrip Code: SHALPAINTS) under the ISIN – INE849C01026. The fully paid-up Rights Equity Shares proposed to be issued pursuant to the Issue shall, in terms of SEBI Circular No. CIR/MRD/DP/21/2012 dated August 2, 2012, be Allotted under a temporary ISIN shall be frozen till the time final listing and trading approval is granted by the Stock Exchange. Upon receipt of such listing and trading approval, the Rights Equity Shares proposed to be issued pursuant to the Issue shall be debited from such temporary ISIN and credited in the existing ISIN and thereafter be available for trading. We have made an application for “in-principle” approval for listing of the Equity Shares to the BSE and the NSE and have received such approval from the BSE and the NSE pursuant to the letter numbers DCS/RIGHT/SR/FIP/3064/2018-19 and NSE/LIST/56600, dated August 01, 2018 and August 07, 2018, respectively.

##### **Subscription to the Issue by the Promoter and the Promoter Group**

One of our Promoters, M/s. Hind Strategic Investments (“HSI”) which is an Overseas Corporate Body (OCB) will not be eligible to participate in the present rights issue (i.e neither it can subscribe nor renounce its Rights entitlement) in view of Para 5(2)(C) of the notification No. FEMA 101/2003-RB dated October 3, 2003 issued by RBI under Section 6 of the FEMA 1999 and further clarification by RBI vide its email dated January 24, 2018. HSI presently holds 25.96% of our paid up share capital. However, our other promoter Mr. Ratan Jindal, on his behalf and on behalf of the Promoter Group (other than HSI), has given undertaking vide his letter dated August 24, 2018 to subscribe to the entitlement of the entire Promoter and Promoter Group (including entitlement on the shareholding of HSI) in full either through

themselves or through other members of the Promoter and Promoter Group or through investors, either through subscription in part or full and/or application for additional shares; and/or by renouncing their Rights Entitlement in part or full.

In such an event, the shareholding of Promoter and Promoter Group in our company may accordingly stand modified. Further, Our Promoters and Promoter Group reserve the right either through themselves or through investors to additionally subscribe for any unsubscribed portion in the Issue. Such subscription to additional Equity Shares and the unsubscribed portion of the Issue, if any, to be made by the Promoter and the Promoter Group, shall be in accordance with regulation 10(4) of the SEBI Takeover Regulations. Their entitlement to subscribe to the Issue would be restricted to ensure that the public shareholding in our Company after the Issue does not fall below the permissible minimum level as specified in the applicable laws.

#### **Procedure for Application**

The CAF for the Rights Equity Shares offered as part of the Issue would be printed for all Eligible Shareholders. In case the original CAF is not received by the Eligible Shareholder or is misplaced by the Eligible Shareholder, the Eligible Shareholder may request the Registrar to the Issue, for issue of a duplicate CAF, by furnishing the registered folio number, DP ID, Client ID and their full name and address. In case the signature of the Eligible Shareholders does not match with the specimen registered with our Company, the application is liable to be rejected.

Please note that neither our Company nor the Lead Manager nor the Registrar to the Issue shall be responsible for delay in the receipt of the CAF/duplicate CAF attributable to postal delays or if the CAF/duplicate CAF are misplaced in the transit. Eligible Shareholders should note that those who are making the application in such duplicate CAF should not utilise the original CAF for any purpose, including renunciation, even if the original CAF is received or found subsequently. If any Eligible Shareholders violates any of these requirements, they shall face the risk of rejection of both applications.

**Please note that QIB Applicants, Non-Institutional Investors and other Applicants whose application amount exceeds ₹ 2,00,000 can participate in the Issue only through the ASBA process. The Investors who are (i) not QIBs, (ii) not Non-Institutional Investors, or (iii) Investors whose application amount is less than ₹ 2,00,000, can participate in the Issue either through the ASBA process or the non ASBA process.**

#### **No Offer in the United States**

The Rights Entitlements and the Rights Equity Shares have not been and will not be registered under the Securities Act or the securities laws of any state of the United States and may not be offered or sold in the United States of America or the territories or possessions thereof (“**United States**”), except in a transaction not subject to, or exempt from, the registration requirements of the Securities Act and applicable state securities laws. The offering to which the Letter of Offer relates is not, and under no circumstances is to be construed as, an offering of any Rights Equity Shares or Rights Entitlement for sale in the United States or as a solicitation therein of an offer to buy any of the Rights Equity Shares or Rights Entitlement. Accordingly, the Letter of Offer / Abridged Letter of Offer and the enclosed CAF should not be forwarded to or transmitted in or into the United States at any time. In addition, until the expiry of 40 days after the commencement of the Issue, an offer or sale of Rights Entitlements or Rights Equity Shares within the United States by a dealer (whether or not it is participating in the Issue) may violate the registration requirements of the Securities Act.

#### **Application on Plain Paper (Non - ASBA)**

An Eligible Equity Shareholder who has neither received the original CAF nor is in a position to obtain the duplicate CAF may make an application to subscribe to the Issue on plain paper, along with account payee cheque drawn on a bank payable at par, pay order/demand draft (after deducting banking and postal charges) payable at New Delhi/Mumbai which should be drawn in favour of “**Shalimar Paints Limited – Rights Issue - R**” in case of resident shareholders and non-resident shareholders applying on non-repatriable basis and in favour of “**Shalimar Paints Limited – Rights Issue – NR**” in case of non-resident shareholders applying on repatriable basis and send the same by registered post directly to the Registrar to the Issue so as to reach Registrar to the Issue on or before the Issue Closing Date. The envelope should be super scribed “**Shalimar Paints Limited – Rights Issue - R**” in case of resident shareholders and Non-resident shareholders applying on non-repatriable basis, and “**Shalimar Paints Limited – Rights Issue – NR**” in case of non-resident shareholders applying on repatriable basis.

- The application on plain paper, duly signed by the applicant(s) including joint holders, in the same order as per specimen recorded with us or the Depositories, must reach the office of the Registrar to the Issue before the Issue Closing Date and should contain the following particulars:
- Name of Issuer, being Shalimar Paints Limited;
- Name and address of the Equity Shareholder including joint holders;
- Registered Folio Number/ DP and Client ID no.;
- Number of Rights Equity Shares held as on Record Date;
- Number of Rights Equity Shares entitled to;
- Number of Rights Equity Shares applied for;
- Number of additional Rights Equity Shares applied for, if any;

- Total number of Rights Equity Shares applied for;
- Total amount paid at the rate of ₹64.50 per Rights Equity Share;
- Particulars of cheque/ demand draft;
- Savings/ current account number and name and address of the bank where the Eligible Equity Shareholder will be depositing the refund order. In case of Rights Equity Shares allotted in demat form, the bank account details will be obtained from the information available with the Depositories;
- Except for applications on behalf of the Central or State Government and the officials appointed by the courts, PAN of the Eligible Equity Shareholder and for each Eligible Equity Shareholder in case of joint names, irrespective of the total value of the Rights Equity Shares applied for pursuant to the Issue; Documentary evidence for exemption to be provided by the applicants;
- Share certificate numbers and distinctive numbers of Rights Equity Shares, if held in physical form;
- Allotment option preferred - physical or demat form, if held in physical form;
- If the payment is made by a draft purchased from NRE/ FCNR/ NRO account, as the case may be, an account debit certificate from the bank issuing the draft confirming that the draft has been issued by debiting the NRE/ FCNR/ NRO account;
- Signature of the Applicant to appear in the same sequence and order as they appear in our records / Depositories;

#### **Application on Plain Paper under the ASBA process**

An Eligible Equity Shareholder who has neither received the original CAF nor is in a position to obtain the duplicate CAF and who is applying under the ASBA Process may make an application to subscribe to the Issue on plain paper giving details of ASBA Account such as the account number, name, address and branch of the relevant SCSB, in addition to the applicable details given under head “**Application on plain paper (Non-ASBA)**”. The Equity Shareholder shall submit the plain paper application to the Designated Branch of SCSB for authorising such SCSB to block an amount equivalent to the amount payable on the application in the said bank account maintained with the same SCSB. Applications on plain paper from any address outside India will not be accepted.

Additionally, all such applicants applying on plain paper have accepted the following:

*“I am/we are entitled to subscribe for and acquire the Rights Equity Shares under the laws of all relevant jurisdictions that apply to me/us and I/we have fully observed such laws and complied with all necessary formalities to enable me/us to subscribe for the Rights Equity Shares. I was/we were outside the United States (within the meaning of Regulation S) under the Securities Act, at the time the offer of the Rights Equity Shares was made to me/us and I was/we were outside the United States when my/our buy order for the Rights Equity Shares was originated. I/we did not purchase the Rights Equity Shares as a result of any “directed selling efforts” (as defined in Regulation S). The Rights Equity Shares have not been and will not be registered under the Securities Act or the securities law of any state of the United States and I/we will not offer or sell the Rights Equity Shares except in an offshore transaction complying with Rule 903 or Rule 904 of Regulation S or pursuant to any other available exemption from registration under the Securities Act and in accordance with all applicable securities laws of the states of the United States and any other jurisdiction, including India. If I/we acquired any of the Rights Equity Shares as fiduciary or agent for one or more investor accounts, I/we have sole investment discretion with respect to each such account and I/we have full power to make the foregoing representations, warranties, acknowledgements and agreements on behalf of each such account. I/we shall indemnify and hold Shalimar Paints Limited harmless from any and all costs, claims, liabilities and expenses (including legal fees and expenses) arising out of or in connection with any breach of these representations, warranties or agreements. I/we agree that the indemnity set forth in this paragraph shall survive the resale of the Rights Equity Shares. I/we acknowledge that Shalimar Paints Limited and others will rely upon the truth and accuracy of the foregoing representations, warranties and acknowledgements.”*

Please note that those who are making the application otherwise than on original CAF shall not be entitled to renounce their rights and should not utilize the original CAF for any purpose including renunciation even if it is received subsequently. If the Eligible Equity Shareholder violates such requirements, he/ she shall face the risk of rejection of both the applications. We shall refund such application amount to the Eligible Equity Shareholder without any interest thereon and no liability shall arise on part of our Company, Lead Manager and our Directors. In cases where multiple CAFs are submitted, including cases where an investor submits CAFs along with a plain paper application, such applications shall be liable to be rejected.

Investors are requested to strictly adhere to these instructions. Failure to do so could result in an application being rejected, with our Company, the Lead Manager and the Registrar not having any liability to the Investor. The plain paper application format will be available on the website of the Registrar to the Issue.

#### **Additional Rights Equity Shares**

You are eligible to apply for additional Rights Equity Shares over and above your Rights Entitlement, provided that you are eligible to apply under applicable law and have applied for all the Rights Equity Shares offered to you without renouncing them in whole or in part in favour of any other person(s). Applications for additional Rights Equity Shares shall be considered and Allotment shall be made at the sole discretion of the Board, subject to sectoral caps and in

consultation if necessary with the Designated Stock Exchange and in the manner prescribed under “Offering Information” of the Letter of Offer.

#### **Renunciation**

The Issue includes a right exercisable by you to renounce the Rights Equity Shares offered to you either in full or in part in favour of any other person or persons. Your attention is drawn to the fact that our Company shall not Allot and/or register the Rights Equity Shares in favour of the following Renounees: (i) more than three persons (including joint holders); (ii) partnership firm(s) or their nominee(s); (iii) minors (except applications by minors having valid demat accounts as per the demographic details provided by the Depositories); (iv) HUF; or (v) any trust or society (unless the same is registered under the Societies Registration Act, 1860, as amended or the Indian Trust Act, 1882, as amended or any other applicable law relating to societies or trusts and is authorised under its constitution or bye-laws to hold equity shares, as the case may be). Additionally, existing Eligible Equity Shareholders may not renounce in favour of persons or entities in the U.S., or to, or for the account or benefit of a “U.S. Person” (as defined in Regulation S), or who would otherwise be prohibited from being offered or subscribing for Rights Equity Shares or Rights Entitlement under applicable securities laws.

#### **Procedure for renunciation**

##### **To renounce all the Rights Equity Shares offered to an Equity Shareholder in favour of one Renounee**

If you wish to renounce the Rights Entitlement indicated in Part ‘A’, in whole, please complete Part ‘B’ of the CAF. In case of joint holding, all joint holders must sign Part ‘B’ of the CAF. The person in whose favour renunciation has been made should complete and sign Part ‘C’ of the CAF. In case of joint Renounees, all joint Renounees must sign Part ‘C’ of the CAF.

##### **To renounce in part/ or renounce the whole to more than one person(s)**

If you wish to either accept this offer in part and renounce the balance or renounce the entire Rights Entitlement under this Issue in favour of two or more Renounees, the CAF must be first split into requisite number of SAFs. Please indicate your requirement of SAFs in the space provided for this purpose in Part ‘D’ of the CAF and return the entire CAF to the Registrar to the Issue so as to reach them latest by the close of business hours on the last date of receiving requests for SAFs as mentioned herein. On receipt of the required number of SAFs from the Registrar, the procedure as mentioned in paragraph above shall have to be followed.

In case the signature of the Eligible Equity Shareholder(s), who has renounced the Rights Equity Shares, does not match with the specimen registered with us/ Depositories, the application is liable to be rejected.

#### **Renounee(s)**

The person(s) in whose favour the Equity Shares are renounced should fill in and sign Part ‘C’ of the CAF and submit the entire CAF to the Banker to the Issue or to any of the collection branches of the Bankers to the Issue as mentioned in the reverse of the CAF on or before the Issue Closing Date along with the application money in full. The Renounee cannot further renounce.

#### **Change and/or introduction of additional holders**

If you wish to apply for Rights Equity Shares jointly with any other person(s), not more than three including you, who is/are not already a joint holder with you, it shall amount to renunciation. Even a change in the sequence of the name of joint holders shall amount to renunciation.

#### **Ex-rights Price**

The ex-rights price of the Rights Equity Shares as per Regulation 10(4)(b) of the Takeover Regulations is ₹ 82.78.

### **DECLARATION BY THE COMPANY**

No statement made in the Letter of Offer contravenes any of the provisions of the Companies Act, 2013 and the rules made thereunder. All the legal requirements connected with the said Issue as also the regulations, instructions, etc. issued by SEBI, Government of India, Reserve Bank of India and any other competent authority in this behalf, have been duly complied with. We further certify that all statements made in the Letter of Offer are true and correct.

**Place:** Gurugram

**Date:** November 17, 2018

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