



SHALIMAR
PAINTS

*HAR RANG
KHOOB SURAT*



ANNUAL REPORT 2021-22

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DR. RAJEEV UBEROI

CHAIRMAN



Dear Shareholders,

We are indeed passing through turbulent times. Covid has been enveloping the landscape for last 2 years. Apart from disruptions in normal operations of production and distribution, it has affected the painting activity, which has its direct impact on the demand for paint and coatings. There is also significant impact on overall economic activity which indirectly affects demand for all consumer products including paints.

The rising oil prices have further added to the challenges faced by the industry. There has been significant increase in the price of crude oil which has an indirect effect on many of the raw materials used in the production of paints and coatings. So, on demand as well as on cost front, there were significant headwinds throughout the year. Your Company took series of steps to overcome these challenges and manage operations.

At the outset, I am delighted to share with you that during FY 2021-22, your Company has successfully raised an amount of Rs. 270 Crore by way of issuance of Equity Shares amounting to Rs. 215 Crore and Optionally Convertible Debentures amounting to Rs. 55 Crore to Hella Infra Market Private Limited (the parent company of Infra.Market). We are really delighted to partner with Hella Infra at this critical juncture in Shalimar Paint's journey towards growth.

Further, reposing faith in us and to fuel our next phase of growth, during FY 2022-23, our Promoter group and our strategic Investor i.e. Hella Infra, have further committed an investment of Rs. 75 Crores each aggregating to Rs. 150 Crore through the issue of Warrants. Your Company has received subscription amount equivalent to 25% of the consideration i.e. Rs. 37.50 Crore towards Warrants allotted on a preferential basis. The balance 75% of the consideration shall be payable at the time of allotment of Equity Shares pursuant to exercise of right attached to the Warrants to subscribe to the Equity Shares.

We believe that this fund infusion will substantially add value to the robust ecosystem that Shalimar has already built. The Company will be able to utilize its manufacturing capacities to the optimum, consolidate its market share & achieve new heights within our existing and even newer product categories and together we will be instrumental in enhancing Company's position in the paint industry.

Your Company has recorded an improvement in revenues even though the bottom line was further impacted due to rising cost of inputs. The challenge before the management is to mitigate these obstacles and become profitable.

While improvement in operations and working efficiencies coupled with increased sales can help an industry to sustain itself, the real growth can come only by offering improved solutions to the consumer. In any competitive environment, it's the consumer who decides the fate of a corporation and wants his needs to be satisfied at optimum sacrifice.

It's for the industry to keep our ears close to the consumer and understand his needs. We have to realize his pain points and areas where he is not satisfied. We have to scan the environment and go beyond his pain points. We should visualize what other offerings can excite him. We have to find out what is best suited for him. It may require more than marketing research. It may need an insight into his persona. Once we have decoded his excitement, there is hope for a significant turn in the fortunes of the Company.

And then the role of operations comes, to service those offerings in the best possible manner. Further, role of communication in these settings cannot be overemphasized.

Your Company has started to work in the direction of understanding user/consumer needs and then developing appropriate offering to meet those needs. In the long run, better understanding of our customer needs and modifying our offerings to meet those needs, will only enable us to grow and grow fast enough in the industry. Otherwise, the market share of less than 1% may not be sufficient to meet the growing competition, particularly in view of the large number of new players entering the arena.

I am happy that a good team is taking shape at Shalimar paints. With sufficiency of working capital, it should be possible to streamline the operations and turnaround the Company. I compliment the entire team of Shalimar on a good job done in the previous year. I am sure the raising of fresh capital will give the confidence to employees to move ahead with more energy and achieve the desired results.

Shalimar Paints was recognized as one of the top brands in the paint industry in its formative years. We are at the inflection point of exponential growth at Shalimar and partnering with Infra.Market will enable us to pursue both organic and inorganic growth opportunities within our existing and even newer product categories.

With these words, I express my sincere thanks to all our shareholders, investors, employees, bankers, customers, vendors and other business associates for their faith in the Company and hope that our bond will become stronger in days to come.

I convey my best wishes for the upcoming festive season.

Thank you,

Dr. Rajeev Uberoi

DECORATIVE PAINTS



SIGNATURE INTERIOR LUXURY EMULSION

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



WEATHER PRO+ EXTERIOR SUPER PREMIUM EMULSION

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



SUPERLAC STAY CLEAN INTERIOR PREMIUM ACRYLIC EMULSION

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



XTRA TOUGH EXTERIOR SUPER PREMIUM EMULSION

Formulated with special additives and fine pigments to provide 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 service 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 (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

Dr. Rajeev Uberoi
CHAIRMAN

Mr. Ashok Kumar Gupta
MANAGING DIRECTOR

Mr. Alok Perti
DIRECTOR

Mr. Abhyuday Jindal
DIRECTOR

Ms. Shruti Srivastava
DIRECTOR

Mr. Souvik Pulakesh Sengupta
DIRECTOR

Mr. Vijay Kumar Sharma
DIRECTOR

Mr. Sanjiv Garg
DIRECTOR

Mr. Ashok Kumar Agarwal
DIRECTOR

CORPORATE INFORMATION



Registered Office

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



Corporate Office

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



Consortium Member Banks

State Bank of India
Punjab National Bank
Union Bank of India
HDFC Bank Ltd



Statutory Auditors

A.K. Dubey & Co,



Company Secretary & Compliance officer

Ms. Shikha Rastogi



Registrar & Transfer Agents

BEETAL Financial & Computer Services Pvt Ltd.
BEETAL HOUSE, 3rd Floor,
99, Madangir, Behind LSC, New Delhi - 110062
Ph. 011-29961281-283 , 26051061, 26051064
Fax 011-29961284
Email : beetalrta@gmail.com



Corporate Identification Number

L24222HR1902PLC065611



Website

www.shalimarpaints.com

SHALIMAR PAINTS LIMITED

CIN: L24222HR1902PLC065611

Registered Office: Stainless Centre, 4th Floor, Plot No. 50, Sector - 32, Gurugram, Haryana - 122001**Corporate Office:** 1st Floor, Plot No. 28, Sector - 32, Gurugram, Haryana - 122001**Website:** www.shalimarpaints.com; **E-mail Id:** askus@shalimarpaints.com**Phone:** 0124-4616600; **Fax:** 0124-4616659**Notice of the 120th Annual General Meeting**

NOTICE is hereby given that the **120th Annual General Meeting** of the Members of **SHALIMAR PAINTS LIMITED** ("the Company") will be held on **Thursday, September 29, 2022 at 12:30 P.M.** through Video Conferencing ("VC") / Other Audio Visual Means ("OAVM"), to transact the following businesses:

ORDINARY BUSINESS:

1. To receive, consider and adopt:
 - a) the audited standalone financial statements of the Company for the financial year ended on March 31, 2022 together with the Reports of the Board of Directors and the Auditors thereon; and
 - b) the audited consolidated financial statements of the Company for the financial year ended on March 31, 2022 together with the Report of the Auditors thereon.
2. To appoint a Director in place of Mr. Ashok Kumar Gupta (DIN: 01722395), who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint M/s. Walker Chandio & Co. LLP, Chartered Accountants, as Statutory Auditors of the Company and to fix their remuneration

To consider and, if thought fit, to pass the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT pursuant to the provisions of Sections 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 ("the Act") read with the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), and pursuant to the recommendations of the Audit Committee and the Board of Directors, M/s. Walker Chandio & Co LLP, Chartered Accountants (ICAI Firm Registration No.001076N/N500013), be and is hereby appointed as Statutory Auditors of the Company, to hold office for a term of five (5) consecutive years from the conclusion of 120th Annual General Meeting till the conclusion of 125th Annual General Meeting of the Company, in place of M/s. A. K. Dubey & Co., Chartered Accountants (Firm Registration No. 329518E), whose tenure expires at the 120th Annual General Meeting, at such remuneration, as may be mutually agreed between the Board of Directors of the Company and the Statutory Auditors from time to time."

SPECIAL BUSINESS:**4. Re-appointment of Mr. Ashok Kumar Gupta (DIN: 01722395) as Managing Director of the Company**

To consider and, if thought fit, to pass the following resolution, as a **Special Resolution**:

"RESOLVED THAT pursuant to the provisions of Sections 196, 197, 203 and other applicable provisions, if any, of the Companies Act, 2013 ("the Act"), the Rules made thereunder read with Schedule V to the Act and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), the Articles of Association of the Company and pursuant to the recommendations of Nomination and Remuneration Committee and the Board of Directors of the Company and subject to all requisite consents / approvals as may be required, the consent of the Members of the Company be and is hereby accorded to the re-appointment of Mr. Ashok Kumar Gupta (DIN: 01722395) as Managing Director of the Company, for a period of three (3) years with effect from December 27, 2022 at remuneration and other terms and conditions as mentioned below:

1. Remuneration:
 - a. Annual Fixed Pay (inclusive of basic salary, perquisites and allowances): Upto Rs. 2,50,00,000/- only per annum, payable on monthly basis.
 - b. Retirement / Other benefits: Gratuity, provident fund, leave encashment and other benefits as per the applicable policies and rules of the Company.
 - c. Entitlement for Company's Car for official purposes and benefits under Company's Medclaim Policy.

2. Mr. Ashok Kumar Gupta shall be entitled to reimbursement of all expenses incurred by him while performing his duties and such reimbursement will not form part of his remuneration.
3. The premium paid by the Company for Directors' & Officers' Liability Insurance will not be treated as part of the remuneration payable to Mr. Ashok Kumar Gupta, in terms of Section 197(13) of the Act.
4. Mr. Ashok Kumar Gupta shall not be paid any sitting fees for attending the meetings of the Board of Directors or Committees thereof.
5. Mr. Ashok Kumar Gupta shall be liable to retire by rotation. However, retirement by rotation and re-appointment shall not be deemed to be a break in service as Managing Director of the Company.

RESOLVED FURTHER THAT in the event of loss or inadequacy of profits under Section 197 of the Act in any financial year or years, the remuneration as approved herein be paid as minimum remuneration to Mr. Ashok Kumar Gupta, subject to receipt of requisite approvals under the Act.

RESOLVED FURTHER THAT the Board of Directors and/or Nomination and Remuneration Committee of Directors be and is hereby authorized to vary and/or revise the remuneration of Mr. Ashok Kumar Gupta, within the aforesaid limits and settle any question or difficulty in connection therewith and incidental thereto.

RESOLVED FURTHER THAT the Directors and the Company Secretary of the Company be and are hereby severally authorized to file the necessary returns with the Registrar of Companies and to do all such acts, matters, deeds and things and to sign all such documents, papers and writings as may be necessary or expedient to give effect to this resolution."

5. Appointment of Mr. Sanjiv Garg (DIN: 00428757) as Non-Executive Independent Director of the Company

To consider and, if thought fit, to pass the following resolution, as a **Special Resolution**:

"RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 ("the Act"), the Companies (Appointment and Qualification of Directors) Rules, 2014 and the applicable provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), Mr. Sanjiv Garg (DIN: 00428757), who was appointed by the Board of Directors upon recommendation by the Nomination and Remuneration Committee of the Company as an Additional Director (in the category of Non-Executive Independent Director) of the Company with effect from August 10, 2022 pursuant to the provisions of Section 161 of the Act and the Articles of Association of the Company, being eligible 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 of the Company, be and is hereby appointed as a Non-Executive Independent Director of the Company, to hold office for a term of three (3) consecutive years on the Board of the Company from August 10, 2022 to August 09, 2025 and he shall not be liable to retire by rotation.

RESOLVED FURTHER THAT the Directors and the Company Secretary of the Company be and are hereby severally authorised to file all such necessary e-forms with the Registrar of Companies and to intimate any other authority, if required and to do all such acts, matters, deeds and things and to sign all such documents, papers and writings as may be necessary or expedient to give effect to this resolution."

6. Approval of 'Shalimar Paints Limited Employees Stock Option Scheme - 2022'

To consider and, if thought fit, to pass the following resolution, as a **Special Resolution**:

"RESOLVED THAT pursuant to the provisions of Section 62(1)(b) and other applicable provisions, if any, of the Companies Act, 2013 read with the rules made thereunder, Regulation 6(1) and other applicable provisions, if any, of the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 ("SEBI (SBEB & SE) Regulations"), the applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"), (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), relevant provisions of Memorandum of Association and Articles of Association of the Company and any other applicable and prevailing statutory Guidelines / Circulars in that behalf and subject further to such other approval(s), consent(s), permission(s) and / or sanction(s) as may be necessary from the appropriate regulatory authority(ies) / institution(s) and such conditions and modifications as may be prescribed / imposed by the appropriate regulatory authority(ies) / institution(s) while granting such approval(s), consent(s), permission(s) and/or sanction(s), the consent of the Members of the Company be and is hereby accorded for approval of Shalimar Paints Limited Employees Stock Option Scheme - 2022 ("Scheme") and the Board of Directors (hereinafter referred to as the "Board of Directors" which term shall be deemed to include any Committee, including the Nomination and Remuneration Committee, which the Board of Directors has constituted to exercise its powers, including the powers, conferred by this resolution) be and is hereby authorised to create, grant, offer, issue and allot under the Scheme, in one or more tranches, not exceeding 3% of the paid up capital of the Company, as expanded from time to time, as on March 31, 2022 comprising into 22,33,510 (Twenty Two Lakhs Thirty Three Thousand Five Hundred Ten) Employee Stock Options ("Options") (or such other

adjusted figure for any bonus, stock splits or consolidations or other reorganization of the capital structure of the Company as may be applicable from time to time) to or for the benefit of Employees and Directors of the Company, and to such other persons as may, from time to time, be allowed to be eligible for the benefits of the Scheme (as permitted under the applicable laws from time to time), exercisable into not more than 22,33,510 (Twenty Two Lakhs Thirty Three Thousand Five Hundred Ten) Equity Shares ("Shares") of face value of Rs. 2/- each (or such other adjusted figure for any bonus, stock splits or consolidations or other reorganization of the capital structure of the Company as may be applicable from time to time) on such terms and in such manner as the Board of Directors may decide in accordance with the provisions of the applicable laws and the provisions of the Scheme.

RESOLVED FURTHER THAT the Scheme shall be administered by the Nomination and Remuneration Committee ("Committee") of the Company who shall have all necessary powers as defined in the Scheme and is hereby designated as Compensation Committee in pursuance of the SEBI (SBEB & SE) Regulations for the purpose of administration and superintendence of the Scheme.

RESOLVED FURTHER THAT the Scheme shall be implemented through direct route, for extending the benefits to the eligible Employees by the way of fresh allotment and will follow cash mechanism.

RESOLVED FURTHER THAT the new Equity Shares, to be issued and allotted by the Company under the Scheme shall rank pari passu in all respects with the then existing Equity Shares of the Company.

RESOLVED FURTHER THAT the Board of Directors be and are hereby authorized to take requisite steps for listing of the equity shares allotted under the Scheme on the stock exchanges where the equity shares of the Company are listed in due compliance with SEBI (SBEB & SE) Regulations and other applicable laws.

RESOLVED FURTHER THAT the Company shall conform to the applicable Accounting Policies, Guidelines or Accounting Standards as may be applicable from time to time, including the disclosure requirements prescribed therein.

RESOLVED FURTHER THAT the Board of Directors, subject to compliance with the SEBI (SBEB & SE) Regulations and other applicable laws, rules and regulations, be and are hereby authorized at any time to modify, change, vary, alter, amend, suspend or terminate the Scheme and to do all such acts, deeds, matters and things as it may in its absolute discretion deems fit for such purpose and also to settle any issues, questions, difficulties or doubts that may arise in this regard and further to execute all such documents, writings and to give such directions and/or instructions as may be necessary or expedient to give effect to such modification, change, variation, alteration, amendment, suspension or termination of the Scheme and do all other things incidental and ancillary thereof.

RESOLVED FURTHER THAT the Board of Directors be and are hereby authorised to do all such acts, deeds, and things, as it may, in its absolute discretion deem necessary including but not limited to appoint Advisors, Merchant Bankers, Consultants or Representatives, being incidental for the effective implementation and administration of the Scheme and to make applications to the appropriate Authorities, for their requisite approvals and to take all necessary actions and to settle all such questions, difficulties or doubts whatsoever that may arise while implementing this resolution.

RESOLVED FURTHER THAT the Board of Directors be and are hereby also authorised to nominate and appoint one or more persons for carrying out any or all of the activities that the Board of Directors are authorized to do for the purpose of giving effect to this resolution."

7. Authority to enter into material related party contracts / arrangements / transactions for financial year 2022-23

To consider and, if thought fit, to pass the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT pursuant to the applicable provisions of the Companies Act, 2013 and Rules framed therein, Regulation 23 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, including any statutory modification(s), clarification(s), substitution(s) or re-enactment(s) thereof for the time being in force and the Company's policy on dealing with Related Party Transactions, the approval of the Members of the Company be and is hereby accorded to the Board of Directors (which term shall be deemed to include any Committee constituted / empowered / to be constituted by the Board from time to time to exercise its powers conferred by this resolution) (hereinafter referred to as "Board"), to enter into contract(s) / arrangement(s) / transaction(s) during the Financial Year 2022-23 with the following related parties in the ordinary course of business and at arm's length basis on such terms and conditions as may be mutually agreed upon between the Company and such related parties for the amount stated hereunder:

| S. No. | Name of the related party | Amount upto (In Rs. Crores) |
|--------|---|-----------------------------|
| 1 | Hella Infra Market Private Limited | 50 |
| 2 | Hella Infra Market Retail Private Limited | 100 |
| 3 | RDC Concrete (India) Private Limited | 50 |
| 4 | Hella Chemical Market Private Limited | 50 |

RESOLVED FURTHER THAT the Board, be and is hereby authorised, to do and perform all such acts, deeds, matters and things, as may be deemed necessary and expedient, including finalizing the terms and conditions and executing necessary documents, including contract(s), scheme(s), agreement(s) and to take necessary steps as the Board may, in its absolute discretion deem necessary, desirable or expedient, to give effect to this resolution including delegation of all or any of the powers herein conferred to any one or more Directors or Officers of the Company and to do all such acts, matters, deeds and things as may be necessary to give effect to the above resolution."

By Order of the Board
For SHALIMAR PAINTS LIMITED

Date: August 22, 2022
Place: Gurugram

Shikha Rastogi
Company Secretary

Notes:

1. In view of the continuing Covid-19 pandemic requiring social distancing norm to be followed, and pursuant to General Circulars issued by the Ministry of Corporate Affairs ("MCA") vide Nos. 14/2020, 17/2020, 22/2020, 33/2020, 39/2020, 10/2021, 19/2021 and 2/2022 dated April 08, 2020, April 13, 2020, June 15, 2020, September 28, 2020, December 31, 2020, June 23, 2021, December 08, 2021 and May 05, 2022, respectively (collectively referred to as "MCA Circulars") and circulars issued by the Securities and Exchange Board of India ("SEBI Circulars") and in compliance with the provisions of the Companies Act, 2013 ("the Act") and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"), the 120th Annual General Meeting ("AGM" / "Meeting") of the Company is being conducted through Video Conferencing ("VC") or Other Audio Visual Means ("OAVM"), without the physical presence of the members at a common venue. The detailed procedure for participating in the Meeting through VC/OAVM Facility is mentioned hereunder in this notice. The deemed venue for the AGM shall be the Registered Office of the Company viz. Stainless Centre, 4th Floor, Plot No. 50, Sector-32, Gurugram, Haryana-122001.
2. Generally, a member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote on a poll instead of himself and the proxy need not be a member of the Company. Since this AGM is being held through VC / OAVM pursuant to the MCA Circulars, physical attendance of members has been dispensed with. Accordingly, the facility for appointment of proxies by the members under Section 105 of the Act will not be available for the AGM. However, in pursuance of Section 112 and 113 of the Act, the Body Corporates are entitled to appoint authorised representatives to attend the AGM through VC / OAVM on their behalf and participate thereat and cast their votes through remote e-voting.
3. Since the AGM will be held through VC / OAVM facility, the Proxy Form, Attendance Slip and Route Map are not annexed hereto.
4. The Explanatory Statement pursuant to Section 102 of the Act setting out material facts concerning Special Businesses to be transacted at the AGM is annexed hereto and forms part of this Notice.

Additional information, pursuant to the SEBI Listing Regulations, with respect to appointment of the Statutory Auditors of the Company, as proposed under Item No. 3 of this Notice under Ordinary Business, is also provided in the Explanatory Statement.

5. The details of directors retiring by rotation / seeking appointment / re-appointment in the ensuing AGM as required pursuant to the provisions of SEBI Listing Regulations and Secretarial Standard on General Meetings ("Secretarial Standard - 2"), as applicable, are provided in the Annexure - II to the Explanatory Statement to the Notice.

6. Dispatch of Notice of AGM and Annual Report through Electronic Mode:

- i) Pursuant to the aforesaid MCA Circulars and SEBI Circulars in view of the prevailing situation, the Notice of AGM and the Annual Report for the financial year 2021-22 are being sent only through electronic mode to those Members whose email addresses are registered with the Company / Depositories. Therefore, Members, whose email address is not registered with the Company or with their respective Depository Participant(s), and who wish to receive the soft copy of Notice of the AGM and the Annual Report for the financial year 2021-22 and all other communications sent by the Company, from time to time, can get their email address registered by following the steps as given below:-
 - a) For Members holding shares in physical form, please send scan copy of a signed request letter mentioning your folio number, complete address, email address to be registered along with scanned self attested copy of the PAN and any document (such as Driving Licence, Passport, Bank Statement, AADHAR) supporting the registered address of the Member, by email to Beetal Financial & Computer Services Private Limited, Company's RTA at beetal@beetalfinancial.com or at Company's email address: askus@shalimarpaints.com.
 - b) For the Members holding shares in demat form, please update your email address with your respective Depository Participant(s) ("DPs").

- ii) Members may also note that the Notice of the 120th AGM and the Annual Report for the financial year 2021-22 will also be available on the Company's website viz. www.shalimarpaints.com and on the website of the Stock Exchanges where the equity shares of the Company are listed viz. National Stock Exchange of India Limited ("NSE") and BSE Limited ("BSE") at <https://www.nseindia.com> and <https://www.bseindia.com>, respectively.
 - iii) The Notice of AGM will be sent to those Members / Beneficial Owners electronically, whose name will appear in the Register of Members / List of Beneficiaries received from the depositories as on Friday, September 02, 2022.
 - iv) Any person who has acquired shares and become member of the Company after the dispatch of this Notice and holding shares as on the cut-off date i.e. Thursday, September 22, 2022, may obtain electronic copy of Notice of AGM and the Annual Report by sending a request to the Company or Company's RTA i.e. Beetal Financial & Computer Services Private Limited ("RTA").
7. The Register of Members and the Share Transfer Books of the Company will remain closed from Friday, September 23, 2022 to Thursday, September 29, 2022 (both days inclusive) for the purpose of AGM. The cut-off date to determine the eligibility for the purpose of voting through electronic means in the AGM is Thursday, September 22, 2022.
 8. Attendance of the Members of the Company, participating in the AGM through VC / OAVM Facility will be counted for the purpose of reckoning the quorum under Section 103 of the Act.
 9. **Procedure for Voting through Electronic Means (Remote e-Voting):**
 - i) Pursuant to the provisions of Section 108 of the Act read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended), Secretarial Standard on General Meetings (SS-2) issued by the Institute of Company Secretaries of India ("ICSI") and Regulation 44 of SEBI Listing Regulations read with MCA Circulars and SEBI Circular, the Company is providing remote e-Voting facility to its Members in respect of the businesses to be transacted at the AGM and facility for those Members participating in the AGM to cast vote through e-Voting system during the AGM. Central Depository Services (India) Limited will be providing facility for voting through remote e-Voting, for participation in the AGM through VC/OAVM Facility and e-Voting during the AGM.
 - ii) The remote e-voting facility will be available during the following period:
 - a. Commencement of remote e-voting: From 09:00 a.m. (IST) on September 26, 2022 and end of remote e-voting: Up to 05:00 p.m. (IST) on September 28, 2022;
 - b. The remote e-voting will not be allowed beyond the aforesaid date and time and the e-voting module shall be disabled by CDSL upon expiry of aforesaid period.

INSTRUCTIONS FOR E-VOTING:

Pursuant to Section 108 of the Companies Act, 2013 read with the Companies (Management and Administration) Rules, 2014 and as amended, the Company is pleased to provide remote e-voting facility to enable the Member to cast their votes electronically on the resolutions mentioned in the Notice of the AGM of the Company to be held on Thursday, September 29, 2022. The Company has appointed Mr. Mohit Maheshwari, Partner (COP No. 19946) or failing him, Mr. Ankush Agarwal, Partner (COP No. 14486) of M/s. MAK & CO., Practicing Company Secretaries (FRN: P2018UP067700), as the Scrutinizer to scrutinize the remote e-voting and e-voting during the AGM in a fair and transparent manner. The list of shareholders/ beneficial owners shall be reckoned on the equity shares as on September 02, 2022. The remote e-voting period will commence on September 26, 2022 at 09:00 a.m. (IST) and will end on September 28, 2022 at 05:00 p.m. (IST). During this period, shareholder of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date i.e. September 22, 2022, may cast their vote electronically. The remote e-voting module shall be disabled by Central Depository Services (India) Limited ("CDSL") for voting thereafter. Once the vote on a resolution is cast by a Member, whether partially or otherwise, it shall not be allowed to change subsequently. Voting has to be done for each item of the Notice separately. In case you do not desire to cast your vote on any specific item, it will be treated as "ABSTAINED". Shareholders who have already voted prior to the meeting date would not be entitled to vote during the meeting.

THE INSTRUCTIONS FOR SHAREHOLDERS FOR REMOTE E-VOTING ARE AS UNDER:

- (i) The remote e-voting period begins on September 26, 2022 at 09:00 a.m. (IST) and ends on September 28, 2022 at 05:00 p.m. (IST). During this period, shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date i.e. September 22, 2022 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) Shareholders who have already voted prior to the meeting date would not be entitled to vote during the meeting.
- (iii) Pursuant to SEBI Circular No. SEBI/HO/CFD/CMD/CIR/P/2020/242 dated 09.12.2020 and under Regulation 44 of the Listing Regulations, listed entities are required to provide remote e-voting facility to its shareholders, in respect of all shareholders' resolutions.

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

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

(iv) In terms of SEBI circular no. SEBI/HO/CFD/CMD/CIR/P/2020/242 dated December 09, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are advised to update their mobile number and email id in their demat accounts in order to access e-Voting facility.

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

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

| Type of Shareholders | Login Method |
|---|--|
| | <p>3. Visit the e-Voting website of NSDL.</p> <ul style="list-style-type: none"> Open web browser by typing the following URL: https://www.evoting.nsdl.com/ either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder/Member' section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number hold with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. |
| Individual Shareholders (holding securities in demat mode) login through their Depository Participants | <ol style="list-style-type: none"> You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. After Successful login, you will be able to see e-Voting option. Once you click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. |

Important note: Members who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at abovementioned website.

Helpdesk for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e. CDSL and NSDL

| Login type | Helpdesk details |
|---|--|
| Individual Shareholders holding securities in Demat mode with CDSL | Members facing any technical issue in login can contact CDSL helpdesk by sending a request at helpdesk.evoting@cdslindia.com or contact at 022- 23058738 and 22-23058542-43. |
| Individual Shareholders holding securities in Demat mode with NSDL | Members facing any technical issue in login can contact NSDL helpdesk by sending a request at evoting@nsdl.co.in or call at toll free no.: 1800 1020 990 and 1800 22 44 30 |

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

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

| For Physical shareholders and other than individual shareholders holding shares in Demat | |
|--|--|
| PAN | <p>Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <ul style="list-style-type: none"> Shareholders who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number sent by Company/RTA or contact Company/RTA. |
| Dividend Bank Details OR Date of Birth (DOB) | <p>Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login.</p> <ul style="list-style-type: none"> If both the details are not recorded with the depository or company, please enter the member id /folio number in the Dividend Bank details field. |

- (vi) After entering these details appropriately, click on "SUBMIT" tab.
- (vii) Shareholders holding shares in physical form will then directly reach the Company selection screen. However, shareholders holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (viii) For shareholders holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (ix) Click on the EVSN for the relevant <Company Name> on which you choose to vote.
- (x) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xi) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xii) After selecting the resolution, you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- (xiii) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xiv) You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.
- (xv) If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xvi) Additional Facility for Non - Individual Shareholders and Custodians - For Remote Voting only.
- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodians are required to log on to www.evotingindia.com and register themselves in the "Corporates" module.
 - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk. evoting@cdslindia.com
 - 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.
 - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
 - Alternatively Non Individual shareholders are required to send the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory who are authorized to vote, to the Scrutinizer and to the Company at the email address viz; askus@shalimarpaints.com, if they have voted from individual tab & not uploaded same in the CDSL e-voting system for the scrutinizer to verify the same.

PROCESS FOR THOSE SHAREHOLDERS WHOSE E-MAIL/MOBILE NO. ARE NOT REGISTERED WITH THE COMPANY/ DEPOSITORIES:

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

If you have any queries or issues regarding attending AGM & e-Voting from the CDSL e-Voting System, you can write an email to helpdesk.evoting@cdslindia.com or contact at toll free no. 1800 22 55 33, 022 - 23058738 and 022-23058542/43.

All grievances connected with the facility for voting by electronic means may be addressed to Mr. Rakesh Dalvi, Sr. Manager, (CDSL) Central Depository Services (India) Limited, A Wing, 25th Floor, Marathon Futurex, Mafatlal Mill Compounds, N M Joshi Marg, Lower Parel (East), Mumbai - 400013 or send an email to helpdesk.evoting@cdslindia.com or call on 022- 23058542/43.

10. Members may follow the same procedure for e-voting at the AGM as mentioned for remote e-voting. Only those Members who will be attending the AGM through VC / OAVM and have not cast their vote by remote e-voting, may exercise their voting rights at the AGM. Members who have already cast their vote by remote e-voting prior to the AGM may attend the AGM and their presence shall be counted for the purpose of quorum but shall not be entitled to cast their vote again at the AGM. A Member can vote either by remote e-voting or by e-voting at the AGM.
11. Members, who would like to express their views / ask questions during the Meeting, need to register themselves as a speaker by sending their request from their registered email address mentioning their name, DP ID and Client ID number/folio number and mobile number, to reach the Company at its email address: askus@shalimarpaints.com atleast 48 hours in advance before the start of the AGM i.e. by September 26, 2022 by 05:00 p.m. IST.

Only those Members who have registered themselves as a speaker will be allowed to express their views/ask questions during the Meeting. The Company reserves the right to restrict the number of questions and number of speakers, depending upon availability of time as appropriate for smooth conduct of the AGM.

12. Members who wish to inspect the Register of Directors and Key Managerial Personnel and their shareholding maintained under section 170 of Companies Act, 2013 and Register of Contracts or arrangements in which directors are interested maintained under section 189 of the Companies Act, 2013 and relevant documents referred to in this Notice of AGM and explanatory statement on the date of AGM in electronic mode can send an email to askus@shalimarpaints.com
13. Equity Shares of the Company are under Compulsory Demat segment. Those members who have not yet got their Equity Shares dematerialised are requested to contact any of the Depository Participants ("DPs") in their vicinity for getting their shares dematerialised.
14. Further, SEBI has mandated that securities of listed companies can be transferred only in dematerialised form w.e.f. April 01, 2019. Accordingly, the Company / RTA has stopped accepting any fresh lodgement of transfer of shares in physical form. In view of the above and to avail various benefits of dematerialisation, members are advised to dematerialise shares held by them in physical form.
15. SEBI has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic mode are, therefore, requested to submit their PAN to their DPs with whom they are maintaining their demat accounts. Members holding shares in physical mode can submit a self-attested copy of their PAN Card to the Company / RTA.
16. Members are requested to immediately notify to the Registrar any change in their address, in respect of equity shares held in physical mode and to their depository participants (DPs) in respect of equity shares held in dematerialised form.
17. Non-Resident Indian Members are requested to inform the Company's RTA immediately:
 - a) the particulars of their Bank Account maintained in India with complete name, branch, account type, account number and address of the Bank with pincode number, if not furnished earlier.
 - b) any change in their residential status on return to India for permanent settlement.
18. To prevent fraudulent transactions, Members are advised to exercise due diligence and notify the Company of any change in address or demise of any Member as soon as possible. Members are also advised to not leave their demat account(s) dormant for long. Periodic statement of holdings should be obtained from the concerned Depository Participant and holdings should be verified from time to time.

19. Members should quote their Folio No. / DP Id-Client Id, email addresses, telephone / fax numbers to get a prompt reply to their communications.
20. The annual accounts and other related documents of the subsidiaries are available at the website of the Company and will be made available to any member of the Company who may be interested in obtaining the same. The consolidated financial statements of the Company include the financial results of all the subsidiary companies. The annual accounts of the subsidiary companies would be open and accessible for inspection by shareholder / investor at registered office of the Company and registered office of the subsidiary companies on any working day except holidays.
21. The voting rights of the members for remote e-voting and e-voting at the AGM shall be in proportion to the paid-up value of their shares in the total paid-up share capital of the Company carrying voting rights, as on the cut-off date, being September 22, 2022. A person who is not a Member as on the cut-off date should treat this Notice for information purpose only.
22. The Notice of AGM along with the explanatory statement and other related documents are available at the website of the Company. The relevant documents w.r.t. the resolutions shall be open and accessible for inspection by shareholder / investor at the corporate office of the Company on any working day except holidays upto the date of the AGM and during the AGM.
23. As per provisions of the Companies Act, 2013 read with relevant rules thereof, facility for making nominations is available to individuals holding shares in the Company. Members holding shares in physical form may obtain Nomination Form No. SH-13 from the Company's RTA. Members holding shares in electronic form are required to approach their DPs for the nomination.
24. In case of joint holders attending the Meeting, only the Member whose name appears first will be entitled to vote.
25. The Board of Directors has appointed Mr. Mohit Maheshwari, Partner (COP No. 19946) or failing him Mr. Ankush Agarwal, Partner (COP No. 14486) of M/s. MAK & CO., Practicing Company Secretaries (FRN : P2018UP067700), as the Scrutinizer to scrutinize the remote e-voting and e-voting during the AGM in a fair and transparent manner.
26. The Scrutinizer shall after the conclusion of voting at the general meeting, count the votes cast at the meeting through e-voting and votes cast through remote e-voting and shall make, within 2 working days from the conclusion of the AGM, a consolidated scrutinizer's report of the total votes cast in favour or against, if any, and shall submit the same to the Chairman or a person authorized by him in writing, who shall counter sign the same and declare the result of the voting forthwith.
27. The results declared along with the report of the scrutinizer shall be placed on the Company's website at www.shalimarpaints.com and on the website of RTA immediately after the declaration of the results and simultaneously communicated to the Stock Exchanges. Further, the results of the voting shall also be displayed on the notice board of the Company at its Registered Office.

EXPLANATORY STATEMENT

(Pursuant to Section 102 of the Companies Act, 2013 and Secretarial Standard - 2 issued by The Institute of Company Secretaries of India)

The following Statement sets out all material facts relating to the businesses mentioned under Item Nos. 3, 4, 5, 6 and 7 of the accompanying Notice dated August 22, 2022 and shall be taken as forming part of the Notice.

Item No. 3

The Members of the Company at the 115th Annual General Meeting ("AGM") held on September 28, 2017 approved the appointment of M/s. A. K. Dubey & Co., Chartered Accountants (Firm Registration No. 329518E), as the Statutory Auditors of the Company for a term of five (5) consecutive years from the conclusion of the said AGM. M/s. A. K. Dubey & Co. will complete their present term on conclusion of this AGM in terms of the said approval and Section 139 of the Companies Act, 2013 ('the Act') read with the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force). The Company has made payment of Rs. 15.03 Lacs to the Statutory Auditors for all the services availed by the Company during FY 2021-22 including Rs. 11.66 Lacs as audit fee for the financial year 2021-22.

The Board of Directors of the Company ("the Board"), on the recommendation of the Audit Committee ('the Committee'), recommended for the approval of the Members, the appointment of M/s. Walker Chandiok & Co LLP, Chartered Accountants (ICAI Firm Registration No.001076N/N500013), as the Statutory Auditors of the Company for a period of five (5) consecutive years from the conclusion of this AGM till the conclusion of the 125th AGM. On the recommendation of the Committee, the Board also recommended for the approval of the Members, the remuneration of M/s. Walker Chandiok & Co LLP. It has been proposed to pay remuneration of Rs. 25,00,000 (Rupees Twenty Five Lakhs only) plus applicable taxes and reimbursement of out-of-pocket expenses to M/s. Walker Chandiok & Co LLP, for audit of the financial statements of the Company for the Financial Year 2022-23. The remuneration of M/s. Walker Chandiok & Co LLP for audit of financial statements of the Company for the subsequent financial years of their term shall be fixed by the Board of Directors based on the recommendations of the Audit Committee.

M/s. Walker Chandiok & Co LLP have given their consent to act as the Auditors of the Company and have confirmed that the said appointment, if made, will be in accordance with the conditions prescribed under Sections 139 and 141 of the Act.

Besides the audit services, the Company may also obtain certifications from the Statutory Auditors under various statutory regulations and certifications required by clients, banks, statutory authorities, audit related services and other permissible non-audit services as required from time to time, for which they will be remunerated separately on mutually agreed terms, as approved by the Board in consultation with the Audit Committee.

The additional information pursuant to Regulation 36 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for item no. 3, as applicable, is provided in Annexure - I appended to this statement.

None of the Directors and Key Managerial Personnel of the Company, or their relatives, are, in any way, concerned or interested in the resolution as set out at item no. 3 of this Notice.

Basis the profile, experience, market standing etc. of M/s. Walker Chandiok & Co LLP and upon the recommendation of the Audit Committee, the Board of the Company is of the view that the proposed appointment of the Statutory Auditors is in the best interest of the Company.

Accordingly, the Board of Directors recommends the resolution set out at Item No. 3 of the Notice for approval by the members by way of an Ordinary Resolution.

Item No. 4

Mr. Ashok Kumar Gupta was appointed as Managing Director of the Company, for a period of three (3) years w.e.f. December 27, 2019 till December 26, 2022. The said appointment and terms of remuneration were approved by the shareholders by passing requisite resolution through Postal Ballot.

As recommended by the Nomination and Remuneration Committee ("NRC"), in recognition of the excellent services being rendered by Mr. Ashok Kumar Gupta, the Board of Directors in its meeting held on August 10, 2022, had re-appointed Mr. Ashok Kumar Gupta as Managing Director (under the category of Key Managerial Personnel), of the Company for a further period of three (3) years w.e.f. December 27, 2022 on the terms and conditions as set out in the resolution mentioned at Item No. 4 of the Notice, subject to the approval from the shareholders of the Company and receipt of requisite approvals, if any.

In the event of loss or inadequacy of profits in any financial year(s), during the currency of tenure of Mr. Ashok Kumar Gupta as Managing Director, the remuneration as set out in the resolution mentioned at Item No. 4 of the Notice, shall be paid to him, as minimum remuneration.

Mr. Ashok Kumar Gupta satisfies all the conditions set out in Part I of Schedule V to the Companies Act, 2013 ("the Act") as also conditions set out under Section 196(3) of the Act for being eligible for his re-appointment. He is also not disqualified from being appointed as Director in terms of Section 164 of the Act.

The above may be treated as a written memorandum setting out the terms of re-appointment of the above said Director under Section 190 of the Act.

During financial year 2021-22 and current year, the Company has suffered losses and as per the latest available financial statements for FY ended March 31, 2022, the Company has incurred a net loss after tax of Rs. 63.85 Crore.

As per the provisions of Sections 196, 197 read with Schedule V of the Act, as amended from time to time, in case of no profits or inadequacy of profits, the Company can pay managerial remuneration to its directors including Managing Director in accordance with the provisions of Schedule V of the Act with the approval of shareholders. Since the Company has suffered losses during the financial year 2021-22 and current year, the consent of the shareholders is being sought by way of requisite resolution as required in respect of payment of remuneration to the above director in the manner and for the period as set out in the resolution at Item No. 4 of this Notice.

As on date, the Company is not in default in payment of dues to any bank or public financial institution or any other secured creditors.

The details of the above said Director as required under provisions of Section II of Part II of Schedule V to the Act, Regulation 36 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") and Secretarial Standard - 2, as applicable, are provided in **Annexure - II and Annexure III** appended to this statement.

Save and except Mr. Ashok Kumar Gupta to whom the resolution relates, and his relatives (to the extent of their shareholding in the Company, if any), none of the other Directors/Key Managerial Personnel of the Company/their relatives are in any way, concerned or interested, financially or otherwise, in the resolution set out at Item no. 4 of this Notice. This statement may also be regarded as an appropriate disclosure under Regulation 36 of the SEBI Listing Regulations, Secretarial Standard-2 and Schedule V to the Act.

The Board considers that his continued association along with vast knowledge and experience would be of immense benefit to the Company and it will be desirable to continue to avail his services as a Director.

Accordingly, the Board of Directors recommends the resolution as set out at Item no. 4 of this notice for the approval of the members of the Company by way of Special Resolution.

Item No. 5

The Board of Directors of the Company has appointed Mr. Sanjiv Garg (DIN: 00428757) on August 10, 2022 as an additional director (in the category of non-executive independent director) on the Board of Directors of the Company pursuant to the provisions of Section 161 of the Companies Act, 2013 ("the Act") and the Articles of Association of the Company.

The Company has received a notice in writing from a member under Section 160 of the Act proposing his candidature for the office of director of the Company. The Nomination and Remuneration Committee of the Board of Directors has recommended his appointment as Independent Director of the Company w.e.f. August 10, 2022, for a period of three (3) consecutive years commencing from the aforesaid date of his appointment, whose period of office shall not be subject to retirement by rotation.

The Company has received from Mr. Sanjiv Garg (i) consent in writing to act as director in Form DIR-2 pursuant to Rule 8 of the Companies (Appointment and Qualifications of Directors) Rules, 2014, (ii) intimation in Form DIR- 8 in terms of Companies (Appointment and Qualifications of Directors) Rules, 2014, to the effect that he is not disqualified under sub section (2) of section 164 of the Act and (iii) declaration to the effect that he meets the criteria of independence as provided in Section 149(6) of the Act read with the Rules framed thereunder and under Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. In terms of Regulation 25(8) of the SEBI Listing Regulations, he has confirmed that he is not aware of any circumstance or situation which exists or may be reasonably anticipated that could impair or impact his ability to discharge his duties.

In the opinion of the Board, Mr. Sanjiv Garg fulfils the conditions for appointment as Independent Director of the Company as specified in the Act, the Rules made thereunder and SEBI Listing Regulations and that he is independent of the management.

The details of Mr. Sanjiv Garg as required pursuant to Regulation 36 of the SEBI Listing Regulations and Secretarial Standard - 2, as applicable, are provided in Annexure - II appended to this Notice.

Save and except Mr. Sanjiv Garg to whom the resolution relates, and his relatives (to the extent of their shareholding in the Company, if any), none of the other Directors/Key Managerial Personnel of the Company/their relatives are, in any way, concerned or interested, financially or otherwise, except to the extent of their shareholding, in the resolution as set out at item no. 5 of this Notice. This statement may also be regarded as an appropriate disclosure under Regulation 36 of the SEBI Listing Regulations and Secretarial Standard-2.

The Board considers that his continued association along with vast knowledge and experience would be of immense benefit to the Company and it will be desirable to continue to avail his services as a Director.

Accordingly, the Board of Directors recommends the resolution set out at Item No. 5 of the Notice for approval by the members by way of Special Resolution.

Item No. 6

Equity based compensation is considered to be an integral part of employee compensation across sectors which enables alignment of personal goals of the employees with organizational objectives by participating in the ownership of the Company. The Board of Directors of your Company understands the need to enhance the employee engagement, to reward the employees for their association and performance as well as to motivate them to contribute to the growth and profitability of the Company.

In order to reward and retain the employees and to create a sense of ownership and participation amongst them, the Board of Directors has in its meeting held on August 10, 2022, approved Shalimar Paints Limited Employees Stock Option Scheme - 2022 ("Scheme") to or for the benefit of such Employees as defined in the Scheme and explained in the explanatory statement.

In terms of Regulation 6 of Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 ("SEBI (SBEB & SE) Regulations") and Section 62 and other applicable provisions of the Companies Act, 2013, issue of Shares under an Employee Stock Options Scheme requires an approval of the existing Members by way of Special Resolution. The Special Resolution set out at Item No. 6 is seeking your approval for the said purpose.

The salient features and other details of the Scheme as required pursuant to Regulation 6(2) of SEBI (SBEB & SE) Regulations are as under:

1. Brief Description of the Scheme: The Scheme shall be called as Shalimar Paints Limited Employees Stock Option Scheme – 2022. The Purpose of the Scheme includes the following:
 - a. To attract relevant talent into the Company to drive its growth plans.
 - b. To motivate the Employees to contribute to the growth and profitability of the Company.
 - c. To retain the Employees and reduce the attrition rate of the Company.
 - d. To achieve sustained growth and the creation of shareholder value by aligning the interests of the Employees with the long-term interests of the Company.
 - e. To create a sense of ownership and participation amongst the Employees to share the value they create for the Company in the years to come, and
 - f. To provide additional deferred rewards to Employees.
2. The total number of Stock Options to be granted under the Scheme: The maximum number of Options that may be granted pursuant to this Scheme shall not exceed 3% of the paid up capital of the Company, as expanded from time to time, as on March 31, 2022 comprising into 22,33,510 (Twenty Two Lakhs Thirty Three Thousand Five Hundred Ten) which shall be convertible into equal number of Equity Shares ("Shares").

If any Option granted under the Scheme lapses or is forfeited or surrendered under any provision of the Scheme, such Option shall be available for further grant under the Scheme unless otherwise determined by the Board of Directors of the Company (hereinafter

referred to as the “Board of Directors” which term shall be deemed to include any Committee, including the Nomination and Remuneration Committee).

Further, the maximum number of Options that can be granted and the Shares arise upon exercise of these Options shall stand adjusted in case of corporate action (as defined in the Scheme).

3. Identification of classes of Employees entitled to participate in the Scheme:

- a. An Employee as designated by the Company, who is exclusively working in India or outside India; or
- b. A Director of the Company, whether a Whole Time Director or not, including a non-executive Director who is not a Promoter or member of the Promoter Group, but excluding an Independent Director; or but does not include
- c. An Employee who is a Promoter or a person belonging to the Promoter Group; or
- d. A Director who either himself or through his Relative or through any Body Corporate directly or indirectly, holds more than ten percent of the outstanding equity shares of the Company.

4. Requirement of Vesting and period of Vesting: Vesting Period shall commence from the Grant Date subject to minimum of 1 (One) year from the Grant Date and a maximum of 4 (Four) years from the Grant Date, at the discretion of and in the manner prescribed by the Board of Directors and set out in the Grant Letter.

Vesting of Options can vary from Grantee (i.e an Employee to whom Options have been granted under the Scheme) to Grantee as per the discretion of the Board of Directors whose decision shall be final and binding.

The actual vesting would be subject to the continued employment of the Grantee and may further be linked with the certain performance and other criteria's, as determined by the Board of Directors and mentioned in the Grant Letter.

5. Maximum period within which the Options shall be vested: Maximum period within which the Options shall be vested is four (4) years from the Date of Grant.

6. Exercise Price or Pricing Formula: Under this Scheme, the Exercise Price will be decided by the Committee at the time of Grant on the basis of Market Price.

“Market Price” means the latest available closing price on a recognised stock exchange on which the shares of the company are listed on the date immediately prior to the Relevant Date.

Explanation – If such shares are listed on more than one recognised stock exchange, then the closing price on the recognised stock exchange having higher trading volume shall be considered as the market price.

7. Exercise period and process of Exercise: After Vesting, Options can be Exercised during the exercise window either wholly or partly, within a maximum period of 1 (One) year from the date of respective Vesting, through Cash Mechanism after submitting the Exercise application along with payment of the Exercise Price, applicable taxes and other charges, if any.

Exercise window within which vested options can be exercised shall be opened as decided and communicated by the Board of Directors.

The mode and manner of the exercise shall be communicated to the Grantees individually.

8. Appraisal process for determining the eligibility of the Employees to the scheme: The Board of Directors may on the basis of all or any of the following criteria, decide on the Employees who are eligible for the Grant of Options under the Scheme, the number of Options to be Granted and the terms and conditions thereof.

- Longevity of Service: It will be determined on the basis of tenure of employment of an Employee in the Company.
- Performance of Employee: Employee's performance during the financial year in the Company on the basis of decided parameters.
- Performance of Company: Performance of the Company as per the standards to be set by the Committee/ Board of Directors from time to time.
- Any other criteria as decided by the Nomination and Remuneration Committee in consultation with Board of Directors from time to time.

9. The Maximum number of Options to be granted per Employee and in aggregate: The maximum number of Options that may be granted pursuant to this Scheme shall not exceed 3% of the paid up capital of the Company, as expanded from time to time, as on March 31, 2022 comprising into 22,33,510 (Twenty Two Lakhs Thirty Three Thousand Five Hundred Ten) Options which shall be convertible into equal number of Shares.

Subject to availability of Options in the pool under the Scheme, the maximum number of Options that can be granted to any eligible Employee during any one year shall not be equal to or exceed 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of Grant. The Committee may decide to Grant such number of Options equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) to any eligible Employee as the case may be, subject to the separate approval of the Shareholders in a general meeting.

10. The Maximum quantum of benefits to be provided per Employee under the scheme: The maximum quantum of benefits that will be provided to every eligible employee under the Scheme will be the difference between the market value of Company's share on the recognized stock exchanges as on the Date of Exercise of Options and the Exercise Price paid by the Employee.
11. Whether the Scheme(s) is to be implemented and administered directly by the Company or through a Trust: The Scheme shall be implemented through direct route for extending the benefits to the eligible Employees by the way of fresh allotment and will follow cash mechanism.
The Scheme shall be administered by the Nomination and Remuneration Committee of the Company.
12. Whether the Scheme involves new issue of shares by the company or secondary acquisition by the Trust or both: The Scheme involves new issue of Equity Shares by the Company.
13. The amount of loan to be provided for implementation of the Scheme by the Company to the Trust, its tenure, utilization, repayment terms, etc.: Not applicable, since the Scheme is proposed to be implemented by direct route.
14. The Maximum percentage of secondary acquisition (subject to limits specified under the regulations) that can be made by the Trust for the purposes of the Scheme: Not applicable, since the Scheme is proposed to be implemented by direct route.
15. Disclosure and accounting policies: The Company shall comply with the disclosures requirements and the accounting policies prescribed under Regulation 15 of the SEBI (SBEB & SE) Regulations or as may be prescribed by regulatory authorities from time to time.
16. The method which the Company shall use to value its Options: The Company shall comply with the requirements of IND - AS 102 and shall use Fair value method and the fair value of Options would be calculated as per the prescribed method under the applicable regulations.
17. Statement with regard to Disclosure in Director's Report: As the Company is adopting fair value method, presently there is no requirement for disclosure in director's report. However, if in future, the Company opts for expensing of share based employee benefits using the intrinsic value, then the difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognized if it had used the fair value, shall be disclosed in the Directors' report and the impact of this difference on profits and on earnings per share ("EPS") of the company shall also be disclosed in the Directors' report.
18. Period of lock-in: The Shares allotted to the Grantees pursuant to Exercise of Options shall be subject to no lock-in period from the date of allotment. The grantee can freely sell the shares.
19. Terms & conditions for buyback, if any, of specified securities: The Board of Directors has the powers to determine the procedure for buy-back of Options granted under the Scheme, if to be undertaken at any time by the Company, and the applicable terms and conditions, in accordance with the applicable laws.
Shalimar Paints Limited Employees Stock Option Scheme - 2022 and other documents referred to in the aforesaid resolutions are available for inspection at the corporate office of the Company on any working day except holidays upto the date of the AGM and during the AGM.
None of the Directors / Key Managerial Personnel of the Company / their relatives are, in any way, interested or concerned, in the resolution as set out at Item no. 6 of this Notice except to the extent of Equity Shares held by them in the Company or the options that may be granted under the Scheme.
The Board of Directors recommends the resolution as set out at Item no. 6 of the Notice for approval by the members by way of Special Resolution.

Item No. 7

With a view to strengthen the company's market position, to improve efficiency in the operations & sales of its products, the Company keeps on exploring various business opportunities. Accordingly, the Company in ordinary course of its business enters into various transactions to achieve the aforesaid purpose. The Company also in its ordinary course of business has been engaged with Hella Infra Market Private Limited ("HIMPL") along with its group Companies i.e. Hella Infra Market Retail Private Limited, ("HIMRPL"), RDC Concrete (India) Private Limited ("RDC") and Hella Chemical Market Private Limited ("HCMPL") for sale/distribution of Company's products in PAN India and procurement/supply of chemicals & other relevant raw materials at PAN India level. These transactions are at arm's length basis and strategically and operationally beneficial to the Company.

In terms of the amended provisions of Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, ("SEBI Listing Regulations"), which became effective from April 01, 2022 and the Company's policy on dealing with Related Party Transactions ("Policy"), all Material Related Party Transactions ("RPT") with an aggregate value exceeding Rs. 1,000 crore or 10% of annual consolidated turnover of the Company as per the last audited financial statements of the Company, whichever is lower, shall require prior approval of shareholders by means of an ordinary resolution.

The relevant details as required under the applicable provisions for the material related party transactions were placed before the Audit Committee. The Audit Committee, after reviewing all necessary information, has granted approval, for entering into the material related party transactions. The Audit Committee has noted that the said transactions will be on an arms' length basis and in the ordinary course of business of the Company.

Based on the recommendation of the Audit Committee, the Board of Directors at its meeting held on August 10, 2022, subject to the approval of the Members, has approved to enter into material related party transactions, in the ordinary course of its business and on arm's length basis with HIMPL, HIMRPL, RDC and HCMPL, during financial year 2022-23.

The above mentioned transactions between the Company and the aforesaid related parties are likely to exceed the thresholds of materiality limits as defined under the SEBI Listing Regulations and the Policy, during the financial year 2022-23 and therefore prior approval of the Members is being sought.

Details of the transactions with the aforesaid related parties of the Company along with the information as required pursuant to SEBI circular no. SEBI/HO/CFD/CMD1/CIR/P/2021/662 dated November 22, 2021, are as follows:

| S. No. | Description | HIMPL | HIMRPL | RDC | HCMPL |
|--------|--|---|--|---|---|
| a. | Name of the related party and its relationship with the listed entity or its subsidiary, including nature of its concern or interest (financial or otherwise); | HIMPL is an Investing Company as well as a private company in which Company's director is a director and member | HIMRPL is wholly owned subsidiary ("WOS") of HIMPL and a private company in which Company's director is a director | RDC is WOS of HIMPL and a private company in which Company's director is a director | HCMPL is WOS of HIMPL and a private company in which Company's director is a director |
| b. | Tenure of the proposed transaction (particular tenure shall be specified) | The proposed transactions are to be entered during the financial year 2022-23. | | | |
| c. | Value of transactions | Upto Rs. 50 Crore | Upto Rs. 100 Crore | Upto Rs. 50 Crore | Upto Rs. 50 Crore |
| d. | Percentage ~ of annual consolidated turnover considering financial year 2021-22 as the immediately preceding financial year. | 13.96% | 27.93% | 13.96% | 13.96% |
| e. | Details of transaction relating to any loans, inter - corporate deposits, advances or investments made or given by the listed entity or its subsidiary. | Not Applicable | | | |
| f. | Details of the source of funds in connection with the proposed transaction | Not Applicable | | | |
| g. | Where any financial indebtedness is incurred to make or give loans, inter - corporate deposits, advances, or investments (Nature of indebtedness, cost of funds, tenure) | Not Applicable | | | |
| h. | Applicable terms, including covenants, tenure, interest rate and repayment schedule, whether secured or unsecured; if secured, the nature of security | Not Applicable | | | |
| i. | The purpose for which the funds will be utilized by the ultimate beneficiary of such funds pursuant to the RPT. | Not Applicable | | | |
| j. | Justification for the transaction | Business opportunities in sales and purchase. | | | |
| k. | A copy of the valuation or other external party report, if any such report has been relied upon | All transactions with the related parties are done on an arm's length basis. The value of the related party transactions are being determined on the basis of the market price of the relevant material(s) and service(s) and hence valuation report is not required. Where market price is not available, alternative method(s) including reimbursement of actual cost incurred or cost plus markup as applicable under arm's length pricing criteria are adopted. | | | |
| l. | Any other relevant information | All important information forms part of the statement setting out material facts, pursuant to Section 102(1) of the Companies Act, 2013, forming part of this Notice. | | | |

The Members may note that in terms of the amended provisions of the SEBI Listing Regulations, the related parties as defined thereunder (whether such related party(ies) is a party to the aforesaid transactions or not), shall not vote to approve resolution as set out at item no. 7 of this Notice.

Mr. Souvik Pulakesh Sengupta, Director of the Company and his relatives may be deemed to be concerned or interested in the said resolution, to the extent of their directorship/shareholding interest, in the Company and/or the referred related parties of the Company. Except as above, none of the other Directors /Key Managerial Personnel of the Company /their relatives are, in any way, concerned or interested, financially or otherwise in the said resolution, except to the extent of their shareholding interest, if any.

The Board of Directors recommends the resolution as set out at Item no. 7 of the Notice for approval by the members by way of an Ordinary Resolution.

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

Date: August 22, 2022
Place: Gurugram

Shikha Rastogi
Company Secretary

Annexure - I to the Explanatory Statement of the Notice

Additional Information pursuant to Regulation 36 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for Item no. 3 is as under:

| Details | Particulars | |
|--|--|--|
| Proposed fees payable to statutory auditors | Statutory audit fees and Limited review charges to be paid for the financial year ending March 31, 2023: | |
| | Name of Audit Firm | Audit Fees and Limited Review charges for FY 2022-23 |
| | M/s. Walker Chandiok & Co. LLP | Upto Rs. 25,00,000/- |
| | The above fees exclude amount to be paid to Statutory Auditors as incurred by them in connection with the performance of the services on actual basis and applicable taxes. The remuneration for audit of financial statements of the Company for the subsequent financial years of their term shall be fixed by the Board of Directors based on the recommendations of the Audit Committee. | |
| Terms of appointment | M/s. Walker Chandiok & Co. LLP, Chartered Accountants (Firm Regn. No. 001076N/ N500013) are proposed to be appointed for a term of five (5) consecutive years from the conclusion of the 120 th AGM till the conclusion of 125 th AGM of the Company. | |
| In case of a new auditor, any material change in the fee payable to such auditor from that paid to the outgoing auditor along with the rationale for such change | Considering the profile, industry experience, competency of the audit team, efficiency in conduct of audit, independence, market standing of the firm, clientele served, technical knowledge etc. of M/s. Walker Chandiok & Co LLP ("Firm"), Chartered Accountants, the Committee found the Firm to be best suited to handle the scale, diversity and complexity associated with the audit of the financial statements of the Company, particularly in view of the recent fund infusion in the Company and has recommended Firm's appointment at a remuneration of Rs. 25 Lacs for the Financial Year 2022-23 as against Rs. 11.66 Lacs payable to the outgoing auditors viz. M/s. A. K. Dubey & Co. | |
| Basis of recommendation for appointment including the details in relation to and credentials of the statutory auditor(s) auditor proposed to be re-appointed | M/s. Walker Chandiok & Co. LLP, having a Firm Registration No. 001076N/N500013, is a firm of Chartered Accountants registered with the Institute of Chartered Accountants of India. The Firm is also registered with Public Company Accounting Oversight Board & Comptroller and Auditor General of India. The Firm was established on January 01, 1935 and was converted into a limited liability partnership on March 25, 2014. The Firm is engaged in providing auditing and other chartered accountant services to its clients. The registered office of the Firm is at L-41, Connaught Circus, New Delhi-110001 and it has 14 branch offices in various cities in India. The Firm has 62 Assurance Partners as at May 01, 2022. Basis the profile, experience, market standing etc. of M/s. Walker Chandiok & Co LLP and upon the recommendation of the Audit Committee, the Board of the Company is of the view that the proposed appointment of the Statutory Auditors is in the best interest of the Company. | |

Annexure - II to the Explanatory Statement of the Notice

ADDITIONAL INFORMATION

Information as required in terms of Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard - 2 issued by the Institute of Company Secretaries of India for Item Nos. 2, 4 and 5

Details of Directors seeking appointment:

| Name of Director | Mr. Ashok Kumar Gupta | Mr. Sanjiv Garg |
|--|---|---|
| Director Identification Number(DIN) | 01722395 | 00428757 |
| Brief Resume | <p>Mr. Ashok Kumar Gupta is the Director at Shalimar Paints, India's leading and most iconic paint manufacturer. In his role at the organization, Mr. Ashok Kumar Gupta oversees the overall operations of the brand while also framing successful growth strategies for the brand.</p> <p>Holding a Master's degree in Physics and PGDBA, he is an industry veteran with over three decades of experience in leadership positions at reputed organizations including SAIL, Jindal Industries, Surya Roshni, Arcelor Mittal etc., specializing in driving business transformation, growth, and profitability. While at Jindal Stainless, he was deeply involved in turning the company around from a loss-making unit to a profitable business. His expertise was once again brought to the fore at APL Apollo Tubes Limited, an INR 9,000 crore company, where he served as the Managing Director. Under his leadership, APL Apollo Tubes Limited has consistently grown at a CAGR of 20%.</p> <p>He joined Shalimar Paints in June 2018. Under his guidance, the Company has witnessed improvement and led a successful rights issue worth Rs. 200 crore and preferential issues worth Rs. 270 crore. His expertise lies in bringing about business transformation by carefully developing strategies that fits best in the interest of the company. He has a sharp financial and business acumen and also a great ability to take the team together.</p> | <p>Mr. Sanjiv Garg, the Founder and CEO of JindalX, one of the India's leading process management and software development organizations, has experience in working with organizations both in India and abroad. He has worked with the nuclear power industry in the US and has run multiple businesses in India. He brings the commitment to innovate, as well as the experience to create and manage an integrated services Company offering Data Analytics, Business Intelligence, Software Development, RCM as well as BPO. He has recently headed a mega project in Rajasthan for the exploration / mining of a low-grade Iron ore and downstream Beneficiation and a Pellet Plant.</p> <p>Mr. Sanjiv Garg is an investor in emerging technologies in nano materials as well as machine learning.</p> <p>Mr. Sanjiv Garg has a Bachelor's degree in Engineering from the Indian Institute of Technology, New Delhi and a Master's in Engineering from Northwestern University, USA.</p> |
| Date of Birth (Age in years) | July 07, 1956 (66 Years) | December 28, 1959 (62 Years) |
| Qualification | Master's degree in Physics and PGDBA | Bachelor's degree in Engineering from the Indian Institute of Technology, New Delhi and a Master's in Engineering from Northwestern University, USA |
| Experience and expertise in specific functional area | Mr. Ashok Kumar Gupta has experience in holding leadership positions at reputed organizations such as SAIL, Jindal Stainless, Surya Roshni, Arcelor Mittal and APL Apollo Tubes Limited. | IT, Management, Technical and Marketing |

| Name of Director | Mr. Ashok Kumar Gupta | Mr. Sanjiv Garg |
|--|---|---|
| Terms and conditions of appointment | As detailed in Item No. 4 of the Notice read with the Explanatory Statement thereto | As detailed in Item No. 5 of the Notice read with the Explanatory Statement thereto |
| Details of remuneration to be sought and remuneration last drawn (Financial Year 2021-22) | Mr. Ashok Kumar Gupta has been paid the remuneration of Rs. 2.50 Crore as Managing Director of the Company for the Financial Year 2021-22 | Sitting Fees as applicable |
| Date on which first appointed on the Board | August 10, 2018 | August 10, 2022 |
| Details of shareholding in the Company as on June 30, 2022 | Mr. Ashok Kumar Gupta holds 18,27,000 Equity Shares (2.53%) of the Company. Mrs. Veera Gupta (Spouse of Mr. Ashok Kumar Gupta) holds 46,82,952 Equity Shares (6.48%) of the Company. | Nil |
| Shareholding as a beneficial owner as on June 30, 2022 | Nil | Nil |
| Relationship with other Directors/ Key Managerial Personnel ("KMP") (if any) | Mr. Ashok Kumar Gupta is not related to any Director or Key Managerial Personnel of the Company | Mr. Sanjiv Garg is not related to any Director or Key Managerial Personnel of the Company |
| Number of Board Meetings attended during the year 2021-22 | 9 (nine) | Not Applicable |
| Details of Directorships / Committee Chairmanship and Memberships in other companies as on June 30, 2022 | Directorships: 1. Apollo Pipes Limited 2. APL Apollo Tubes Limited 3. Sanu Steels Private Limited Committee Chairmanships/Memberships: Apollo Pipes Limited: <ul style="list-style-type: none"> Nomination & Remuneration Committee - Member Corporate Social Responsibility Committee - Chairperson APL Apollo Tubes Limited: <ul style="list-style-type: none"> Stakeholders' Relationship Committee - Member Risk Management Committee - Member Corporate Social Responsibility Committee - Member | Directorships: 1. Keystone Mines Private Limited 2. Jindal Intellicom Limited 3. iCom Analytics Limited 4. Amet Nanomaterials Private Limited 5. Nyuzai Oil India Private Limited Committee Chairmanships/Memberships: Jindal Intellicom Limited: <ul style="list-style-type: none"> Corporate Social Responsibility Committee - Chairperson |
| Name of the listed entities from which the director has resigned during the past three years | Nil | Nil |
| The skills and capabilities required for the role and the manner in which the proposed person meets such requirement | Not Applicable | The Nomination and Remuneration Committee ("NRC") of the Board of Directors has identified amongst others, exposure to leadership role(s) in organizations both in India and abroad, expertise in governance, strategic & general management and global business as the skills and capabilities for the role. Considering the educational background and experience across various functions in corporates, Mr. Sanjiv Garg meets the requirements as laid down by the NRC. |

Annexure - III to the Explanatory Statement of the Notice

Statement pursuant to the provisions of Section II of Part II of Schedule V to The Companies Act, 2013 with respect to Item No. 4 of the Notice:

| S. No. | Description | Remarks | | | | | | | | | | | | | | | | | | | | | | | |
|---------------------------------------|---|--|---------------------------|-------------------------------------|--------------------------|---------------------------|--------------------------|----------------|----------------|--------------|-------------|--------|---------|----------------------------|---------|-------------|---------|---------------------------------------|-----------|---------|-----------|----------------------------|---------|---------|---------|
| I | General Information | | | | | | | | | | | | | | | | | | | | | | | | |
| 1. | Nature of Industry | Your Company is engaged in manufacturing of Paints. | | | | | | | | | | | | | | | | | | | | | | | |
| 2. | Date or expected date of commencement of commercial production | Your Company is already in commercial production. | | | | | | | | | | | | | | | | | | | | | | | |
| 3. | In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus | Not Applicable | | | | | | | | | | | | | | | | | | | | | | | |
| 4. | Financial performance based on given indicators | <table><tr><th rowspan="2">Financial Parameters</th><th colspan="3">Financial Year ended (Rs. in Crore)</th></tr><tr><th>March 31, 2022</th><th>March 31, 2021</th><th>March 31, 2020</th></tr><tr><td>Total Income</td><td>363.11</td><td>332.84</td><td>345.27</td></tr><tr><td>Profit / (Loss) before Tax</td><td>(63.85)</td><td>(23.43)</td><td>(55.85)</td></tr><tr><td>Profit / (Loss) after Tax</td><td>(63.85)</td><td>(49.51)</td><td>(37.88)</td></tr><tr><td>Total Comprehensive Income</td><td>(65.68)</td><td>(49.37)</td><td>(37.73)</td></tr></table> | Financial Parameters | Financial Year ended (Rs. in Crore) | | | March 31, 2022 | March 31, 2021 | March 31, 2020 | Total Income | 363.11 | 332.84 | 345.27 | Profit / (Loss) before Tax | (63.85) | (23.43) | (55.85) | Profit / (Loss) after Tax | (63.85) | (49.51) | (37.88) | Total Comprehensive Income | (65.68) | (49.37) | (37.73) |
| Financial Parameters | Financial Year ended (Rs. in Crore) | | | | | | | | | | | | | | | | | | | | | | | | |
| | March 31, 2022 | March 31, 2021 | March 31, 2020 | | | | | | | | | | | | | | | | | | | | | | |
| Total Income | 363.11 | 332.84 | 345.27 | | | | | | | | | | | | | | | | | | | | | | |
| Profit / (Loss) before Tax | (63.85) | (23.43) | (55.85) | | | | | | | | | | | | | | | | | | | | | | |
| Profit / (Loss) after Tax | (63.85) | (49.51) | (37.88) | | | | | | | | | | | | | | | | | | | | | | |
| Total Comprehensive Income | (65.68) | (49.37) | (37.73) | | | | | | | | | | | | | | | | | | | | | | |
| 5. | Foreign investments or collaborators, if any. | There are no foreign collaborators in your Company. Total shareholding of NRIs, foreign institutional investors, non-resident Indians etc. as on June 30, 2022, stands at approx 12.37%. | | | | | | | | | | | | | | | | | | | | | | | |
| II | Information about the Appointee | | | | | | | | | | | | | | | | | | | | | | | | |
| 1. | Background details, Recognition or awards | <p>Mr. Ashok Kumar Gupta is the Director at Shalimar Paints, India’s leading and most iconic paint manufacturer. In his role at the organization, Mr. Ashok Kumar Gupta oversees the overall operations of the brand while also framing successful growth strategies for the brand. Holding a Master’s degree in Physics and PGDBA, he is an industry veteran with over three decades of experience in leadership positions at reputed organizations including SAIL, Jindal Industries, Surya Roshni, Arcelor Mittal etc., specializing in driving business transformation, growth, and profitability. While at Jindal Stainless, he was deeply involved in turning the company around from a loss-making unit to a profitable business. His expertise was once again brought to the fore at APL Apollo Tubes Limited, an INR 9,000 crore company, where he served as the Managing Director. Under his leadership, APL Apollo Tubes Limited has consistently grown at a CAGR of 20%.</p> <p>He joined Shalimar Paints in June 2018. Under his guidance, the Company has witnessed improvement and led a successful rights issue worth Rs. 200 crore and preferential issues worth Rs. 270 crore. His expertise lies in bringing about business transformation by carefully developing strategies that fits best in the interest of the company. He has a sharp financial and business acumen and also a great ability to take the team together.</p> | | | | | | | | | | | | | | | | | | | | | | | |
| 2. | Past remuneration | <p>Mr. Ashok Kumar Gupta was being remunerated, for the last three (3) financial years, as under:</p> <table><tr><th>Financial Year</th><th>Gross Salary</th><th>Allowances/ Perquisites*</th><th>Total cost to the Company</th><th>% of net profits u/s 198</th></tr><tr><td>2021-22</td><td>2,49,99,996</td><td>0</td><td>2,49,99,996</td><td>-</td></tr><tr><td>2020-21</td><td>1,95,31,245</td><td>0</td><td>1,95,31,245</td><td>-</td></tr><tr><td>2019-20 (appointed w.e.f. 27.12.2019)</td><td>65,06,849</td><td>0</td><td>65,06,849</td><td>-</td></tr></table> | Financial Year | Gross Salary | Allowances/ Perquisites* | Total cost to the Company | % of net profits u/s 198 | 2021-22 | 2,49,99,996 | 0 | 2,49,99,996 | - | 2020-21 | 1,95,31,245 | 0 | 1,95,31,245 | - | 2019-20 (appointed w.e.f. 27.12.2019) | 65,06,849 | 0 | 65,06,849 | - | | | |
| Financial Year | Gross Salary | Allowances/ Perquisites* | Total cost to the Company | % of net profits u/s 198 | | | | | | | | | | | | | | | | | | | | | |
| 2021-22 | 2,49,99,996 | 0 | 2,49,99,996 | - | | | | | | | | | | | | | | | | | | | | | |
| 2020-21 | 1,95,31,245 | 0 | 1,95,31,245 | - | | | | | | | | | | | | | | | | | | | | | |
| 2019-20 (appointed w.e.f. 27.12.2019) | 65,06,849 | 0 | 65,06,849 | - | | | | | | | | | | | | | | | | | | | | | |

| S. No. | Description | Remarks |
|--------|---|--|
| 3. | Job Profile and his suitability | Mr. Ashok Kumar Gupta joined Shalimar Paints in June 2018. Under his guidance, the Company has witnessed improvement and led successful rights issue worth Rs. 200 crore and preferential issues worth Rs. 270 crore. He has a sharp financial and business acumen and also possesses remarkable leadership abilities. Mr. Gupta has been entrusted with the powers to manage and lead the Company. Taking into account his qualifications, his experience and the responsibilities shouldered by him, the Board considers his re-appointment to be in the best interests of the Company. Under his able leadership, the Company has made improvement which is evident both in the operational and financial success of the Company. |
| 4. | Remuneration proposed | The details of remuneration to be paid to Mr. Ashok Kumar Gupta have been mentioned in the resolution provided at item no. 4 of this Notice. |
| 5. | Comparative remuneration profile with respect to industry, size of the company, profile of the position and person (in case of expatriates the relevant details would be with respect to the country of his origin) | <p>The proposed remuneration paid to Mr. Ashok Kumar Gupta is in line with the Nomination and Remuneration Policy of the Company and has been approved by the Nomination and Remuneration Committee considering the fact that he is highly experienced and manages the affairs of the Company under the direction of the Board of Directors of the Company. He has successfully and in a sustained way contributed significantly towards growth and performance of the Company. He has extensive experience in the paint industry. He is actively involved in the business strategy and business development functions of the Company.</p> <p>The remuneration proposed to be paid to Mr. Ashok Kumar Gupta is reasonable in comparison with the remuneration packages paid to their similar counterparts in other companies in the paint industry, as per the information available in public domain.</p> |
| 6. | Pecuniary relationship directly or indirectly with the Company | Besides the remuneration proposed herein, Mr. Ashok Kumar Gupta does not have any material pecuniary relationship, directly or indirectly, with the Company. |
| 7 | Relationship with the managerial personnel, if any. | Mr. Ashok Kumar Gupta is not related to any Director or Key Managerial Personnel of the Company. |
| III | Other Information | |
| 1. | Reasons for loss or inadequate profits | During earlier years, the operations of the Company had come under strain due to various external factors resulting in losses which includes fire at Kolkata plant in March 2014 and Nashik Plant in November 2016 apart from increase in raw materials pricing, lack of brand equity & distributor base. The above two fire incidents resulted in massive losses to the Company. |
| 2. | Steps taken or proposed to be taken for Improvement | The Company has generated fresh funds to the tune of Rs. 270 Cr (Approx) through Preferential Allotment and Private Placement basis in financial year 2021-22 to bring the Company back on track. The Nashik Plant has been rebuilt from stretch and got commissioned in August 2019. The Company's revenue from operations for the financial year 2021-22 stood at Rs. 358.10 Crore as against Rs. 325.56 Crore in the previous year 2020-21 indicating that the Company has set itself on a strong and sustainable growth journey and performed better than the projections. |
| 3. | Expected increase in productivity and profit in measurable terms | In the competitive environment, it is difficult to estimate the revenue/profits in measurable terms. As mentioned above, the Company is taking various efforts to increase its productivity and the management is confident of increase in revenue and generation of profits in coming years. The Company is already on the road to sustainable growth. |
| | Parameters for consideration of remuneration | |
| 1. | The financial and operating performance of the company during the three preceding financial years | The detailed balance sheet, profit & loss account and other financial statements formed part of the Annual Reports for the respective financial years which are available on the website of the Company at www.shalimarpaints.com . |
| 2. | The relationship between remuneration and performance | Please refer the details provided in Point 4 as mentioned below. |

| S. No. | Description | Remarks |
|--------|---|--|
| 3. | Whether remuneration policy for director differs from remuneration policy for other employees and if so, an explanation for the difference. | The Company has a separate Remuneration Policy for Board of Directors, Key Managerial Personnel and Senior Management. The Board on the recommendation of the Nomination and Remuneration Committee reviews and approves the remuneration payable to the Directors within the overall limits approved by the shareholders of the Company. |
| 4. | The principle of proportionality of remuneration within the company, ideally by a rating methodology which compares the remuneration of directors to that of other directors on the board who receives remuneration and employees or executives of the company. | <p>During his tenure in the leadership role as the Director of the Company, the Company has made improvement which is evident both in operational and financial success of the Company.</p> <p>Please note that the proposed remuneration paid to Mr. Ashok Kumar Gupta is in line with the Nomination and Remuneration Policy of the Company and has been approved by the Nomination and Remuneration Committee considering the fact that he is highly experienced and manages the affairs of the Company under the direction of the Board of Directors of the Company.</p> <p>He has successfully and in a sustained way contributed significantly towards growth and performance of the Company. He has extensive experience in the paint industry. He is actively involved in business strategy and business development functions of the Company.</p> |
| 5. | The securities held by the director, including options and details of the shares pledged, if any | Mr. Ashok Kumar Gupta holds 18,27,000 unencumbered equity shares of the Company as on June 30, 2022. |
| IV. | Disclosures | The disclosure on remuneration package of Mr. Ashok Kumar Gupta and details of all elements of remuneration package, details of fixed components & performance linked incentives, performance criteria, service contracts, notice period, severance fees, stock option details, on the basis of applicability, are disclosed in the Report on Corporate Governance and Board's Report forming part of the Annual Report for the financial year 2021-22. |

By Order of the Board
For SHALIMAR PAINTS LIMITED

Shikha Rastogi
Company Secretary

Date: August 22, 2022
Place: Gurugram

Directors' Report

Dear Members,

Your Directors have pleasure in presenting the 120th Annual Report on the business and operations of your Company along with the Audited Standalone and Consolidated Financial Statements and the Auditors' Report thereon for the financial year ended March 31, 2022.

Financial Results

The highlights of your Company's performance (standalone and consolidated) is summarized below:

(Rs. in Crore)

| Particulars | Standalone | | Consolidated | |
|--|----------------|------------|----------------|------------|
| | FY 2021-22 | FY 2020-21 | FY 2021-22 | FY 2020-21 |
| Revenue from Operations | 358.10 | 325.56 | 358.10 | 325.56 |
| Other Income | 5.01 | 7.28 | 4.63 | 6.94 |
| Total Income | 363.11 | 332.84 | 362.73 | 332.50 |
| Total expenses | 416.20 | 354.27 | 416.21 | 354.29 |
| Profit/ (Loss) before Depreciation, Finance Costs, Exceptional items and Tax | (17.48) | 10.91 | (17.85) | 10.57 |
| Profit /(Loss) before Exceptional items and Tax | (53.09) | (21.43) | (53.48) | (21.79) |
| Exceptional items | (10.76) | (2.00) | (10.76) | (2.00) |
| Profit/(Loss) before Tax | (63.85) | (23.43) | (64.24) | (23.79) |
| Profit/(Loss) after Tax | (63.85) | (49.51) | (64.24) | (49.87) |
| Other Comprehensive Income/(Loss) | (1.83) | 0.14 | (1.83) | 0.14 |
| Total Comprehensive Income/(Loss) | (65.68) | (49.37) | (66.07) | (49.73) |

Results of our operations and state of affairs for financial year 2021-22

Your Company during the year under review has suffered a loss of Rs. 63.85 crores as against loss of Rs. 49.51 crores in the previous year, on standalone basis. The revenue from operations of the Company for the financial year 2021-22 stood at Rs. 358.10 crores as against Rs. 325.56 crores in the previous year, recording a growth of about 10% over last year.

Decorative Paints Segment - Decorative paints are generally used for painting of residence structures, offices and other buildings mainly for enhancement of aesthetic look & protection. Your Company manufactures and markets wide range of decorative paints for interior and exterior surfaces - concrete, plaster, metal etc. We have established brands in exterior emulsions like Weather Pro, Xtra Tough and Super Shaktiman. We also have wide range of interior emulsions with brands like Signature, Stay Clean, Superlac Advance and No. 1 Silk. Shalimar also enjoys a good brand recall with its Solvent based Hi gloss enamel - SHE. Our Company's range of water-based paints come with no added lead or mercury and with near zero VOC (Volatile Organic Component). During the financial year 2021-22, the Company took a further leap by bringing in products in the value for money segment in both interior and exterior category of emulsions. The products namely Silk Sign, Silk Eco, Super Shaktiman Sign and Shaktiman Eco were an instant hit and were well accepted by both the contractor and dealer segments.

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 to 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.

The detailed information on the business operations of the Company and other relevant information is given in the Management Discussion and Analysis Report forming part of the Annual Report.

Nature of Business

We are engaged in the business of manufacturing and selling of paints and coatings. There are 3 operating plants, one each in north, south and west. The manufactured products are sold directly to consumers as well as through distribution channels.

Distribution

In a consumer industry, distribution plays a vital role. Higher the distributor/ dealer channel, more is the reach in the market. Since the final colour of an emulsion is decided at the dealer's counter, it becomes necessary to provide sufficient tinting machine to the dealer/ distributor to enable them to tint and supply final paint to the customer. 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. 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.

In industrial arena, it's the products which play a vital role in pushing sales. For development of products, it's the Research and Development ("R&D") which plays the crucial role. The Company has been strengthening its technical wing to identify the products required by its customers. The R&D team then develops these products for offering the same to the end users. During the previous few months, significant number of new products were developed and offered to the buyers.

Certifications

Your Company's Nashik Plant is certified for integrated management systems comprising of Quality Management System (ISO 9001:2015), Environment Management System (ISO 14001:2015) and Occupational Health & Safety Management System (ISO 45001:2018). Further, Sikandrabad Plant of the Company is certified for Quality Management System (ISO 9001:2015).

Shalimar Paints has NABL (National Accreditation Board for Testing and Calibration Laboratories) accreditation.

Credit Ratings

The Company has been accorded credit rating of 'CARE BBB-, Stable' for long term bank facilities and 'CARE A3' for short term bank facilities by CARE Ratings Limited on June 03, 2022.

Dividend and Transfer to Reserves

In view of losses during the year under review, the Board of Directors has not recommended any dividend on the Equity Shares of the Company. Accordingly, there has been no transfer to general reserves.

As per the requirements of Regulation 43A of SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015 ("SEBI Listing Regulations"), the Company has adopted a Dividend Distribution Policy which may be accessed on the Company's website at the link: https://www.shalimarpaints.com/uploads/Dividend_Distribution_Policy.pdf

Share Capital

During the year under review, the paid up equity share capital of your Company, has increased from Rs.10.86 crore divided into 5,43,00,259 equity shares of face value Rs. 2/- each to Rs.14.44 crore divided into 7,22,16,926 equity shares of face value Rs. 2/- each on account of allotment of 1,79,16,667 equity shares of the Company of the face value of Rs. 2/- each at a price of Rs. 120/- per share (including premium of Rs. 118/- per equity share) aggregating to Rs. 215 crore to Hella Infra Market Private Limited, not belonging to the promoter or promoter group of the Company.

Out of the funds so raised by the Company, ~Rs. 108.86 crore have been utilized till June 30, 2022 to strengthen Company's balance sheet and have access to long term resources to meet its growth requirements.

During the year under review, the Company has not issued any equity shares with differential rights / sweat equity shares under Rule 4 & Rule 8 of the Companies (Share Capital and Debentures) Rules, 2014.

Significant Events during the year under review / current year

- Issue of Optionally Convertible Debentures:

During the year under review, the Company has raised funds by way of allotment of 30,55,556, 9% optionally convertible debentures ("OCDs") having face value of Rs. 180/- each, for cash at a price of Rs. 180/- per OCD, aggregating to Rs. 55 Crore to Hella Infra Market Private Limited, not belonging to the promoter or promoter group of the Company. The Investor shall, at its sole discretion, have the right (but not an obligation) to convert the OCDs into equity shares, on or before 18 months from the date of allotment of aforesaid OCDs, which shall be convertible into equity shares of the Company at a conversion price of Rs. 180/- per equity share.

The funds so raised by the Company through issue of aforesaid OCDs have not been utilised till date.

- Issue of Warrants:

Subsequent to the year under review, the Company has, on April 13, 2022, issued and allotted 1,14,94,252 warrants, each carrying a right to subscribe to 1 fully paid up equity share of the Company having a face value of Rs. 2/-, at a price of Rs. 130.50 to Virtuous Tradecorp Private Limited, a Promoter Group entity, JSL Limited, a Promoter Group entity and Hella Infra Market Private Limited, not belonging to the promoter or promoter group of the Company.

As per the terms of issue of aforesaid Warrants, the Company has received 25% of the issue price at the time of allotment i.e. Rs. 37.50 crore and balance 75% of the issue price will be received upon exercising the option of conversion of Warrants into equity shares, which is due on or before 18 months from the date of allotment of aforesaid Warrants. Each warrant is convertible into one equity share at the option of the warrant holders.

The funds so raised by the Company through issue of aforesaid Warrants have not been utilised till date.

Employee Stock Option Plan (ESOP)

During the year under review, no shares have been offered by the Company pursuant to Employee Stock Option Scheme, 2013 i.e. 'ESOP 2013' of the Company. 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, 2013 ("the Act") read with Rule 12(9) of the Companies (Share Capital and Debenture) Rules, 2014 and other applicable Regulations is annexed as **Annexure - I** to this Report.

Further, subsequent to the year under review, with a view to motivate the employees seeking their contribution to the corporate growth, to create a sense of ownership and participation amongst them, to attract new talents and to retain them for ensuring sustained growth, the Board of Directors of the Company, had at its meeting held on August 10, 2022, proposed implementation of 'Shalimar Paints Limited Employees Stock Option Scheme - 2022' to cover eligible employees of the Company, subject to the shareholders' approval.

Transfer to Investor Education and Protection Fund

During the year under review, no amount was required to be transferred by the Company to the Investor Education and Protection Fund.

Significant and material orders impacting the going concern status and Company's operations in future

During the year under review, no significant and material orders were passed by any regulator or court or tribunal which may impact the going concern status and your Company's operations in future.

Subsidiaries

As on March 31, 2022, Your Company had two subsidiaries, viz. 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. The Company does not have any associate and/or joint venture company.

The Company has formulated a Policy for determining material subsidiaries which may be accessed on the Company's website at the link: https://www.shalimarpaints.com/uploads/SPL_Material_Subsiidaries.pdf. As on March 31, 2022, the Company does not have any material subsidiary as per the provisions of Regulation 16 of the SEBI Listing Regulations.

Financial Details of Subsidiaries

A separate statement containing the salient features of financial statements of the Company's Subsidiaries in the prescribed Form AOC-1, annexed as **Annexure - II**, forms part of the Annual Report and hence not repeated here for the sake of brevity. This statement also provides details of performance and financial position of each of the Subsidiaries.

The separate audited Financial Statements of the Subsidiaries shall be kept open for inspection at the Company's Registered/ Corporate Office during working hours for a period of 21 days before the date of the ensuing Annual General Meeting ("AGM") of the Company and are also available on the website of the Company at <https://www.shalimarpaints.com/investors-relations/financial-statements-of-subsidiary-companies>. The same will also be made available upon request of any member of the Company who is interested in obtaining the same.

Consolidated Financial Statements

The Consolidated Financial Statements of the Company and its Subsidiaries, prepared in terms of Section 129 of the Act, Regulation 33 of SEBI Listing Regulations and in accordance with Ind AS 110 as specified in the Companies (Indian Accounting Standards) Rules, 2015 ("Ind AS Rules") and provisions of Schedule III to the Act, are attached herewith and the same together with Auditors' Report thereon, forms part of the Annual Report.

Indian Accounting Standards, 2015

The annexed financial statements comply in all material aspects with Indian Accounting Standards notified under Section 133 of the Act, Companies (Indian Accounting Standards) Rules, 2015 and other relevant provisions of the Act.

Directors and Key Managerial Personnel

- i. Cessation of Director: During the year under review, Mr. Gautam Kanjilal (DIN: 03034033), non-executive independent director, has ceased to be director of the Company w.e.f. September 25, 2021.

Your Directors place their sincere appreciation towards the invaluable contributions, guidance and support received from him during his tenure as Director towards the progress of the Company.

- ii. Appointment of Non-Executive Independent Directors: During the year under review, the appointments of Mr. Vijay Kumar Sharma (DIN: 01468701) and Dr. Rajeev Uberoi (DIN: 01731829), who were appointed as non-executive independent directors by the Board of Directors w.e.f. October 05, 2020 and May 11, 2021 respectively, were approved by the shareholders at the Annual General Meeting held on September 29, 2021.

Further, during the current year, the Board of Directors on the recommendation of Nomination and Remuneration Committee ("NRC"), has appointed Mr. Sanjiv Garg (DIN: 00428757), as an additional director and non-executive independent director for a period of three (3) years w.e.f. August 10, 2022, subject to the approval of the shareholders of the Company.

- iii. Appointment of Non-Executive Non-Independent Directors: During the year under review, the appointments of Mr. Souvik Pulakesh Sengupta (DIN: 07248395) and Mr. Abhyuday Jindal (DIN: 07290474), who were appointed as non-executive non-independent directors by the Board of Directors w.e.f. February 24, 2022 and March 08, 2022 respectively, were approved by the shareholders at the Extraordinary General Meeting held on March 31, 2022.
- iv. Re-appointment of Executive Director: The Board of Directors has in its meeting held on August 10, 2022, on the recommendation of NRC, approved the re-appointment of Mr. Ashok Kumar Gupta (DIN: 01722395) as the Managing Director for a further period of three (3) years w.e.f. December 27, 2022, subject to approval of shareholders, as his current term of office will expire on December 26, 2022. The terms and conditions for his re-appointment are contained in the Explanatory Statement forming part of the Notice of the ensuing AGM of the Company.
- v. Director retiring by rotation: In accordance with the provisions of Section 152 of the Act and the Articles of Association of the Company, Mr. Ashok Kumar Gupta (DIN: 01722395), Managing Director of the Company is liable to retire by rotation at the ensuing AGM and being eligible, has offered himself for re-appointment as director.
- vi. Profile of Directors seeking appointment / re-appointment: The brief resume of the Directors seeking appointment / re-appointment along with other details as stipulated under Regulation 36(3) of the SEBI Listing Regulations and Secretarial Standards issued by The Institute of Company Secretaries of India, are provided in the Notice convening the ensuing AGM of the Company.
- vii. Declaration by Independent Directors: Your Company has received declarations from all the Independent Directors of the Company confirming that they meet the criteria of independence provided in Section 149(6) of the Act & Regulation 16 of the SEBI Listing Regulations and there has been no change in the circumstances which may affect their status as Independent director during the year under review. The Independent Directors have also confirmed that they have complied with the Company's Code of Conduct for Board Members and Senior Management. Further, all the Directors have also confirmed that they are not debarred to act as a Director by virtue of any SEBI order or any other authority.
- viii. Statement regarding opinion of the Board with regard to integrity, expertise and experience (including the proficiency) of the Independent Directors appointed during the year: In the opinion of the Board, the Independent Directors possess the attributes of integrity, expertise and experience as required to be disclosed under Rule 8(5)(iia) of the Companies (Accounts) Rules, 2014 (as amended).
- ix. Registration in Independent Directors' Data Bank: The Company has received confirmation from all the Independent Directors that they have registered themselves in the Independent Director's Data Bank of Indian Institute of Corporate Affairs at Manesar in compliance with the provisions of sub-rule (1) of rule 6 of Companies (Appointment and Qualification of Directors) Rules, 2014.
- x. Cessation and appointment of Key Managerial Personnel: During the year under review, Mr. Ashish Kumar Bagri, Chief Financial Officer has resigned from the services of the Company w.e.f. January 21, 2021. The Board of Directors on the recommendation of NRC has appointed Mr. Mohit Kumar Donter as the Chief Financial Officer of the Company w.e.f. June 26, 2021.
 Further, during the year under review, Mr. Gautam Verma, Company Secretary has resigned from the services of the Company w.e.f. December 20, 2021. The Board of Directors on the recommendation of NRC has appointed Ms. Shikha Rastogi as the Company Secretary of the Company w.e.f. January 18, 2022.
 Your Directors recommend appointment/re-appointment of the above said directors in the ensuing AGM.
 Apart from the above, there is no other change in the directors and Key Managerial Personnel ("KMP") during the year under review and thereafter.

Board Evaluation

In compliance with the applicable provisions of the Act and SEBI Listing Regulations, the Board of Directors on recommendation of the NRC had 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.

An annual performance evaluation of all Directors, the Committees of the Board and the Board as a whole was carried out during the year under review. For the purpose of carrying out performance evaluation, assessment questionnaires were circulated to all Directors and their feedback was obtained and recorded. The Board of Directors has expressed its satisfaction with the evaluation process.

Public Deposits

During the year under review, your Company has not invited or accepted any deposits from the public/members pursuant to the provisions of Sections 73 and 76 of the Act read with Companies (Acceptance of Deposits) Rules, 2014 and therefore, no amount of principal or interest was outstanding in respect of deposits from the Public as at the beginning and end of the Financial Year 2021-22.

Energy Conservation, Technology Absorption and Foreign Exchange Earnings & Outgo

The particulars regarding conservation of energy, technology absorption and foreign exchange earnings & outgo, as required under Section 134 of the Act read with Rule 8 of the Companies (Accounts) Rules, 2014 ("Accounts Rules") are given in **Annexure - III** hereto and forms part of this Report.

Auditors and Audit Reports

- i) Statutory Auditors and Audit Report: Pursuant to the provisions of Section 139 of the Act and the rules framed thereunder, M/s. A K Dubey & Co., Chartered Accountants (Firm Registration Number: 329518E), who were appointed as Statutory Auditors of the Company for a term of five (5) years, will complete their present term on conclusion of the ensuing 120th Annual General Meeting of the Company. The Board places on record its sincere appreciation for the services rendered by M/s. A K Dubey & Co., during their tenure as Statutory Auditors of the Company.

The Board of Directors of your Company at their meeting held on May 26, 2022, on the recommendation of the Audit Committee and subject to your approval at the ensuing 120th AGM, have approved the appointment of M/s. Walker Chandio & Co. LLP, Chartered Accountants, as the Statutory Auditors of the Company for a period of five (5) consecutive years from the conclusion of the ensuing 120th AGM till the conclusion of the 125th AGM. Appropriate resolution seeking your approval to the appointment and remuneration of M/s. Walker Chandio & Co. LLP, Chartered Accountants, is appearing in the Notice convening the 120th AGM of the Company.

The Auditors' Report does not contain any qualification, reservation or adverse remark on the financial statements for the year ended March 31, 2022. The management response to the observations/comments contained in the Auditors' Report and Annexure thereto has been suitably given in the respective Notes to the Financial Statements referred to therein.

Further, the Key Audit Matter as contained in the Auditors' Report on the Standalone Financial Statements is also mentioned as Key Audit Matter in the Auditors' Report on the Consolidated Financial Statements in similar manner. The management response thereto has been suitably given in the respective Notes to the Financial Statements referred to therein.

The Notes to financial statements and other observations, if any, in the Auditors' Report are self-explanatory and therefore, do not call for any further comments.

During the financial year 2021-22, the Statutory Auditors have not reported any incident related to fraud to the Audit Committee or the Board under Section 143(12) of the Act, therefore no detail is required to be disclosed under Section 134(3)(ca) of the Act.

- ii) Secretarial Auditors and Secretarial Audit Report: Pursuant to the provisions of Section 204 of the Act read with Rule 9 of the Managerial Personnel Rules, the Board of Directors had appointed M/s. NSP & Associates, Practicing Company Secretaries to conduct Secretarial Audit of the Company for the financial year 2021-22. The Secretarial Audit Report issued by them is annexed as **Annexure - IV** to this Report. The Secretarial Audit Report does not contain any qualification, reservation or adverse remark. During the financial year 2021-22, the Secretarial Auditors have not reported any matter under Section 143(12) of the Act, therefore no detail is required to be disclosed under Section 134(3)(ca) of the Act.

In addition to the above and in compliance with SEBI Circular No. CIR/CFD/CMD/1/27/2019 dated February 08, 2019, a report on secretarial compliance issued by M/s. NSP & Associates, Practicing Company Secretaries for the year ended March 31, 2022 has been submitted to stock exchanges. The same is available on the website of the Company at www.shalimarpaints.com.

The Board of Directors at their meeting held on August 10, 2022 has re-appointed M/s. NSP & Associates, Practicing Company Secretaries, as Secretarial Auditor, for conducting Secretarial Audit of the Company for the financial year 2022-23.

Risk Management

Risk management is integral to your Company's strategy and for the achievement of our long-term goals. Our success as an organization depends on our ability to identify and leverage the opportunities while managing the risks. Your 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. The Risk Management Policy of the Company is available on the Company's website at the link: <https://www.shalimarpaints.com/uploads/Risk-Management-Policy.pdf>

Pursuant to Regulation 21 of SEBI Listing Regulations, the Board of Directors had constituted a Risk Management Committee. The purpose of Risk Management Committee 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, reviewing all risks, finalizing the risk document and formulating strategy to manage these events while ensuring that the risk exposure remains at the defined appropriate levels. The details of the composition and terms of reference of the Risk Management Committee are given in the Corporate Governance Report, forming integral part of Annual Report.

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 Report, forming integral part of Annual Report.

Internal Financial Controls

Your Company has in place adequate internal financial controls commensurate to the size and nature of its business. The Company has policies and procedures in place for ensuring orderly and efficient conduct of its business and operations including adherence to the Company's policies, safeguarding of its assets, prevention and detection of frauds and errors, accuracy and completeness of the accounting records and timely preparation of reliable financial information. The internal financial controls operate effectively and no material weakness exists. The Company has a process in place to continuously monitor the same and identify gaps, if any, and implement new and / or improved controls whenever the effect of such gaps have a material effect on the Company's operations.

Board Meetings

The Board of Directors met nine (9) times during the financial year 2021-22. The intervening gap between two Board Meetings was within the maximum period prescribed under the Act. The details of Board Meetings and the attendance of the Directors are provided in the Corporate Governance Report forming part of the Annual Report.

Audit Committee

The Composition of the Audit Committee along with the details of meetings held during the financial year 2021-22 and attendance of Committee members at the said meetings, have been provided in the Corporate Governance Report, forming part of the Annual Report. All the recommendations made by the Audit Committee during the financial year 2021-22 were accepted by the Board.

Nomination and Remuneration Policy

Pursuant to the provisions of Section 178(3) of the Act, Regulation 19(4) of SEBI Listing Regulations and as per the recommendations of NRC, the Board has adopted a policy for appointment and remuneration of the Directors, Key Managerial Personnel, Senior Management Personnel and other employees of the Company. The compensation and packages of the aforesaid persons are designed in terms of remuneration policy framed by the NRC. The remuneration policy of your Company may be accessed on the Company's website at the link: https://www.shalimarpaints.com/uploads/Nomination_and_Remuneration_Policy.pdf.

Annual Return

As required pursuant to Section 134 and 92(3) of the Act, the Annual Return of the Company for the financial year ended on March 31, 2022 is available on the Company's website and can be viewed at: <https://www.shalimarpaints.com/investors-relations/annual-returns>

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. As per the provisions of Section 177 of the Act and Rules made thereunder read with Regulation 23 of the SEBI Listing Regulations, your Company had obtained approval of the Audit Committee under omnibus approval route and / or under specific agenda items for entering into such transactions.

The Company has not entered into any material related party transactions during the year under review. Accordingly, the disclosure of Related Party Transactions as required under Section 134(3)(h) of the Act read with Rule 8(2) of the Companies (Accounts) Rules, 2014 in the prescribed Form AOC-2 is not applicable.

Your Directors draw attention of the members to notes to the financial statements which inter-alia set out related party disclosures. As per the provisions of the Section 188 of the Act and Regulation 23 of SEBI Listing Regulations, your Company has formulated a policy on Related Party Transactions which is available on Company's website at the link <https://www.shalimarpaints.com/uploads/Related-Party-Transaction-Policy.pdf>. The policy intends to ensure that proper reporting, approval and disclosure processes are in place for all transactions between the Company and the Related Parties.

In terms of Regulation 23 of the SEBI Listing Regulations, approval of the members for all material related party transactions will be taken at the ensuing AGM.

Particulars of Employees and Related disclosures

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

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

Particulars of Loans, Guarantees or Investments

The Company has made investments or extended loans to its wholly owned subsidiaries for their business purposes. The particulars of loans and guarantees given, security provided and investments made, if any, covered under the provisions of Section 186 of the Act have been disclosed in the notes to the Financial Statements forming part of the Annual Report.

Material changes and commitments, if any, affecting the financial position of the Company

As required under Section 134(3) of the Act, the Board of Directors inform the members that during the year under review, there have been no material changes, except as disclosed elsewhere in the Annual Report:

- in the nature of Company's business;
- in the Company's subsidiaries or in the nature of business carried out by them; and

- in the classes of business in which the Company has an interest.

Further, except as disclosed elsewhere in the Annual Report, there have been no material changes and commitments which can affect the financial position of the Company between the end of the financial year and the date of this Report.

Secretarial Standards

The Directors state that applicable Secretarial Standards, i.e., SS-1 and SS-2, issued by The Institute of Company Secretaries of India relating to 'Meetings of the Board of Directors' and 'General Meetings', respectively have been duly followed by the Company.

Directors' Responsibility Statement

Pursuant to the requirement under Section 134(5) of the Act with respect to directors' responsibility statement, it is hereby confirmed that:

- a) in the preparation of the annual accounts for the financial year ended March 31, 2022, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- b) the directors 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 as at March 31, 2022 and of the loss of the Company for the year ended March 31, 2022;
- c) the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) the directors have prepared the annual accounts on a going concern basis;
- e) the directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and
- f) the directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Listing on Stock Exchanges

The Equity Shares of the Company continue to be listed on BSE Limited and National Stock Exchange of India Limited. The requisite annual listing fees for the financial year 2022-23 have been paid to these Exchanges.

Report on Corporate Governance

Your Company strive to maintain the high standards of transparency and Corporate Governance. The report on Corporate Governance for the year under review, as stipulated under Regulation 34 read with Schedule V of SEBI Listing Regulations is presented in a separate section and forms an integral part of the Annual Report. The certificate from the Practicing Company Secretary confirming compliance with the conditions of Corporate Governance is attached thereto and forms part of the Annual Report.

Management Discussion and Analysis Report

Management Discussion and Analysis Report for the financial year 2021-22, as required pursuant to Regulation 34 read with Schedule V of SEBI Listing Regulations, is presented in a separate section and forms an integral part of the Annual Report. It speaks about the overall industry structure, global and domestic economic scenarios, developments in business operations/ performance of the Company's various businesses viz., decorative business, international operations, industrial and home improvement business, internal controls and their adequacy, risk management systems and other material developments during the financial year 2021-22.

Business Responsibility Report

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

The Business Responsibility Report for the financial year 2021-22, as required pursuant to Regulation 34 of SEBI Listing Regulations, describing the initiatives taken by the Company from an environmental, social and governance perspective, along with all the related policies can be viewed on the Company's website at: <https://www.shalimarpaints.com/investors-relations/annual-reports> and forms an integral part of the Annual Report.

Inter-Se Promoter Transfer

During the year under review, Hind Strategic Investments, Promoter of the Company undertook an inter-se transfer of 27,15,012 equity shares of the Company representing 5% of the equity share capital of the Company on June 29, 2021, among the members of the promoter group of the Company. The details of the transfer are set out below:

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

Hind Strategic Investments, Promoter of the Company again undertook an inter-se transfer of 10,70,418 equity shares of the Company representing 1.97% of the equity share capital of the Company on December 29 and 30, 2021, among the members of the promoter group of the Company. The details of the transfer are set out below:

| S. No. | Name of Transferor / Transferee | Category | No. of Shares |
|--------|---|----------------|---------------|
| 1. | Hind Strategic Investments (Transferor) | Promoter | 10,70,418 |
| 2. | Ms. Sarika Jhunjhnuwala (Transferee) | Promoter Group | 10,70,418 |

Further, Mr. Ratan Jindal, Promoter of the Company has transferred 1,65,545 equity shares of the Company representing 0.30% of the equity share capital of the Company on March 30, 2022 to Ms. Urvi Jindal, member of the promoter group. The details of the transfer are set out below:

| S. No. | Name of Transferor / Transferee | Category | No. of Shares |
|--------|---------------------------------|----------------|---------------|
| 1. | Mr. Ratan Jindal (Transferor) | Promoter | 1,65,545 |
| 2. | Ms. Urvi Jindal (Transferee) | Promoter Group | 1,65,545 |

All the necessary disclosures in regard to the aforesaid transfers as required under SEBI Takeover Regulations, SEBI (Prohibition of Insider Trading) Regulations, 2015 and other applicable provisions have been intimated to the Stock Exchanges.

Corporate Social Responsibility

Shalimar has been an early adopter of Corporate Social Responsibility ("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 Company on one hand and the society and environment on the other. However, as there were no profits in terms of the provisions of Section 198 of the Act during last three financial years, the Company was not required under Section 135 of the Act, to incur expenditure on CSR during the financial year 2021-22.

The CSR Committee has formulated and recommended to the Board, a CSR Policy indicating the focus areas of Company's CSR activities. The CSR Policy of the Company is available on the Company's website at the link: https://www.shalimarpaints.com/uploads/Corporate_Social_Responsibility_Policy.pdf.

The details of the composition and terms of reference of the CSR Committee are given in the Corporate Governance Report, forming part of the Annual Report. The Annual Report on CSR Activities (including the details of the development and implementation of the CSR Policy) as prescribed under Section 135 of the Act and the Companies (Corporate Social Responsibility Policy) Rules, 2014 is attached as **Annexure - VI** to this Report.

Vigil Mechanism/ Whistle Blower Policy

Pursuant to the provisions of Section 177(9) of the Act read with Rule 7 of the Companies (Meetings of Board and its Powers) Rules, 2014, Regulation 22 of SEBI Listing Regulations and Regulation 9A of Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, your Company has a Vigil Mechanism / Whistle Blower Policy for directors, employees and business associates to report genuine concerns regarding any unethical behavior or wrongful conduct and to enable employees to report instances of leak of unpublished price sensitive information. This Policy is available on the website of the Company and can be accessed at <https://www.shalimarpaints.com/uploads/Whistleblower-Policy1.pdf>

The Policy provides for adequate safeguards against victimization of whistleblower who avail of the mechanism and also provides for direct access to the Chairman of the Audit Committee in exceptional cases.

Your Company hereby affirms that no director / employee has been denied access to the Chairman of the Audit Committee and that no complaint has been received during the year under review.

Policy on Prevention of Sexual Harassment at Workplace

To foster a positive workplace environment free from harassment of any nature, your Company has in place a Policy on prevention of sexual harassment at workplace in line with the requirements of The Sexual Harassment of Women at the Workplace (Prevention,

Prohibition and Redressal) Act, 2013 ("POSH Act"). The Policy aims at prevention of harassment of women employees and guarantees non-retaliation to complainants. Your Company has complied with the provisions relating to constitution of Internal Complaints Committee under the POSH Act for dealing with the complaint, if any, relating to sexual harassment of women at workplace.

Further, in terms of the provisions of the SEBI Listing Regulations, the details in relation to the POSH Act, for the financial year ended on March 31, 2022 are as under:

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

Insolvency and Bankruptcy Code, 2016

During the year under review, no application has been admitted against the Company under Insolvency and Bankruptcy Code, 2016.

COVID 19 Impacts

Due to outbreak of pandemic COVID 19 globally and in India, the lockdowns were imposed by the Central and State Government(s) to control the spread of the disease. Accordingly, the manufacturing facilities of the Company were hampered but in due course of time, the operations were ramped up gradually and aligned with the market outlook. The aforesaid lockdown has disturbed the economic activity through interruption in manufacturing process, disruption in supply chain, etc. The Company believes that due to strong business fundamentals, this pandemic may not have a significantly adverse impact on the operations and performance of the Company in the long term.

Green initiatives

Electronic copies of the Annual Report 2021-22 and the notice of the 120th Annual General Meeting are being sent to all members whose email addresses are registered with the Company/ depository participant(s). The Members holding shares in physical form who have not registered their email addresses with the Company and who wish to receive the Annual Report for the year 2021-22 can now register their e-mail addresses with the Company. For this purpose they can send scanned copy of signed request letter mentioning folio number, complete address and the email address to be registered along with self-attested copy of the PAN Card and any document supporting the registered address of the Member, by email to the Company at askus@shalimarpaints.com.

Acknowledgements

Your Directors wish to express their grateful appreciation for the valuable support and co-operation received from the shareholders, investors, financial institutions, banks/other lenders, customers, vendors and other business associates during the year. Your Directors also place on record their appreciation for the contribution made by our employees at all levels. Our continuous operation has been made possible due to their hard work, solidarity, cooperation and support. Your Directors would also like to express their gratitude to 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 of Directors

Dated: August 10, 2022
Place: Gurugram

Ashok Kumar Gupta
Managing Director
DIN: 01722395

Alok Perti
Director
DIN : 00475747

Disclosure in Director's Report

| SHALIMAR STOCK OPTION 2013: STATUS AS ON MARCH 31, 2022 | | |
|--|--|-------------------------------|
| S. NO. | PARTICULARS | ESOP SCHEME 2013 |
| 1. | Number of Stock options granted | 9,40,000 |
| 2. | Pricing Formula (Rs.) | 111.22 |
| 3. | Options Vested | 21,875 |
| 4. | Number of Options 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 options lapsed | 9,18,125 |
| 8. | Money realized upon exercise of options (Rs. in Lakhs) | 8.16 |
| 9. | Total number of options in force | 4,000 |
| 10. | (a) Options granted to senior managerial personnel | |
| | Mr. Sameer Nagpal | 2,80,000 |
| | (b) Any other employee who received 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 | 1,00,000 |
| | 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 and conversions) of the Company at the time of grant | |
| | Mr. Sameer Nagpal | 2,80,000 |
| 11. | Method of calculation of employee compensation cost | Fair Value Method |
| 12. | a) Weighted average exercise price of option granted (Rs.) | 111.22 |
| | b) Weighted average fair value of options granted on the date of grant (Rs.) | 124.50 |
| 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 (Rs.) | 166.00 |
| | (ii) Exercise Price (Rs.) | 111.22 |
| | (iii) Annual Volatility (Standard Deviation - Annual) | 69.57% |
| | (iv) Time To Maturity - in years | (1.75) |
| | (v) Dividend Yield | 0.00% |
| | (vi) Risk free Rate - Annual | 8.15% |

Form No. AOC-1

(Pursuant to first proviso to sub-section (3) of section 129 read with Rule 5 of Companies (Accounts) Rules, 2014)

**Statement containing salient features of the financial statement of
Subsidiaries/Associate Company/Joint Venture**

Part A : Subsidiaries

(Rs. in Lakhs)

| Name of the Subsidiary | Shalimar Adhunik Nirman Limited | Eastern Speciality Paints & Coatings Private Limited |
|-------------------------------|----------------------------------|--|
| Reporting Period | April 01, 2021 to March 31, 2022 | April 01, 2021 to March 31, 2022 |
| Reporting Currency | INR | INR |
| Exchange Rate (in Rs.) | 1.00 | 1.00 |
| Share Capital | 9.50 | 5.00 |
| Reserves & Surplus | 1569.60 | (2.94) |
| Total Assets | 2723.17 | 2.98 |
| Total Liabilities | 2723.17 | 2.98 |
| Investments | 0.00 | 0.00 |
| Turnover | 0.00 | 0.00 |
| Profit/(Loss) before taxation | (41.75) | (0.14) |
| Provision for taxation | 0.00 | 0.00 |
| Profit/(Loss) after taxation | (41.75) | (0.14) |
| 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 of Directors

Dated: May 26, 2022
Place: Gurugram

Ashok Kumar Gupta
Managing Director
DIN: 01722395

Alok Perti
Director
DIN : 00475747

Particulars of Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo

(Pursuant to Section 134(3)(m) of the Companies Act, 2013 read with Rule 8(3) of the 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.

1. Steps taken towards conservation of energy:

Shalimar Paints have 4 manufacturing facilities, out of which 3 plants are currently in operation. All the existing manufacturing facilities continued their efforts to reduce the specific energy consumption. Systems to track and trend energy consumption, with respect to Power purchased from grid, inhouse generation from DG, fuel used etc., on a continuous basis are in place along with mapping of energy norms at individual machine, product, and individual block and at factory level. Internal benchmarking practices on energy performance, comparing the relative performance between plants has helped us in sharing the good practices amongst different plants.

The process of Energy audit across all critical operations at regular intervals has been instituted and the findings of the audits are implemented on regular basis. Engagement with external functional experts in the field of Energy Conservation and Manufacturing Efficiency has helped us in understanding the gaps and implementing the best practices aimed at being more efficient in our Manufacturing process.

Process standardization & Batch cycle time reduction initiatives are regularly undertaken to reduce the energy consumption in all our manufacturing plants. We continue to work on debottlenecking few operations to help us to operate at higher throughput rate, thus in turn reducing specific energy consumption.

Efforts have been put consistently year on year to optimize the use of energy consumption in production processes and operation of utilities.

2. 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.

3. Capital investment on energy conservation equipments:

During the year under review, the Company has not made any capital investment towards energy conservation equipments other than increasing throughput leading to Lower Specific Power Consumption.

B. Technology Absorption
1. Efforts made towards technology absorption:

The Research & Development department (R&D) of our Company is aggressively pursuing following activities to achieve short & long term business objectives of the Company with emphasis on future trend in Paints and Coating business.

- Product and process development of various types of paints related to interior & exterior decorative coatings, industrial protective, maintenance and can coatings etc.
- Continuous value engineering activities through various means such as design modification, new product development, process improvement, introducing new & alternate raw materials etc.
- Development of green products with controlled VOC level in the formulations with an ultimate objective to convert products as environment friendly.
- Import substitution and identification of new indigenous counter raw materials for added value engineering approach.
- 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.
- Pursuing Collaborative development & testing projects with vendors, academia & institutes.
- Not collaborated and absorbed any outsourced or third party technology during the year under review.

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

- Introduction of new products in the Decorative and Industrial coating segments.
- Capable of offering more & more environment friendly & safe products by eliminating toxic metals & monitoring of VOC level.
- Value engineering & cost optimization of existing products.
- Continuous development of industrial products as per Customers' / Consultants' specification.

Following new products in Decorative segment have been developed during the financial year 2021-2022

- Waterbase hi gloss Interior and exterior multi surface enamel
- Water base anti carbonation coating
- Waterbase elastomeric coating for damp masonry surface
- Waterbase Alkali Block primer
- Polyurethane Synthetic Enamel
- 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
- Low VOC Ultra Hi bild Coal Tar finish for water transport project
- Low VOC Polyurethane finish for High Value Infrastructure segment
- Establishment of Color Tinting system for Industrial product segment

Future plan of action:

- High Performance Fluoropolymer based Urethane Panting scheme for 25 years life
- Bitumen based pipe external coating with reduced VOC
- Solvent free polyurethane finish for above ground pipes
- Protective coatings as Pipe internal coating for efficient gas flow
- Water based red oxide primer as a replacement to solvent based primer
- Water based designer finish for walls
- High Performance Poly Siloxane finish for 12 years life
- Anti-skid floor coating
- Fast drying synthetic enamel serviceable through tinting system.

3. 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.

4. Expenditure incurred on Research and Development:

(Rs.in Lakhs)

| Particulars | FY 2021-22 | FY 2020-21 |
|---|---------------|---------------|
| Capital | - | 4.18 |
| Recurring | 290.17 | 244.50 |
| Total | 290.17 | 248.68 |
| Total R&D expenditure as percentage of turnover | 0.81% | 0.76% |

C. Foreign Exchange Earnings and Outgo

(Rs. in Lakhs)

(Equivalent INR value of various currencies)

| Particulars | FY 2021-22 | FY 2020-21 |
|-------------|------------|------------|
| Inflow | 970.57 | 982.38 |
| Outflow | 1100.60 | 1302.31 |

For and on behalf of the Board of Directors

Ashok Kumar Gupta
Managing Director
DIN: 01722395

Alok Perti
Director
DIN : 00475747

Dated: August 10, 2022

Place: Gurugram

SECRETARIAL AUDIT REPORTFOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2022

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

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

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Shalimar Paints Ltd.** (hereinafter called "the Company"), having its Registered Office at Stainless Centre, 4th Floor, Plot No. 50, Sector 32, Gurugram, Haryana - 122001. 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, 2022, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent based on the management representation letter/ confirmation, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2022, according to the provisions of:

1. The Companies Act, 2013 ('the Act') and the rules made thereunder;
2. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
3. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
4. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
5. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - a) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, *[herein after referred to as SEBI (LODR), 2015]*.
 - b) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - c) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - d) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
 - e) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 (up to 12th August, 2021) and Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 (with effect from 13th August, 2021);
 - f) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
 - g) The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Redeemable Preference Shares) Regulations, 2013 - Not applicable as the Company has not issued any Non-Convertible and Redeemable Preference Shares during the financial year under review;
 - h) 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;
 - i) The Securities and Exchange Board of India (De-listing 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 financial year under review.
 - j) The Securities and Exchange Board of India (Buy-back of Securities) Regulations, 1998 - Not applicable as the Company has not bought back/ propose to buy back any of its securities during the financial year under review.

6. We further report that with respect to the compliance of the below mentioned laws, we have relied on the compliance system prevailing in the Company and on the basis of representation received from the management :

- a) Applicable Labour Laws
- b) Applicable direct and indirect tax laws
- c) Prevention of Money Laundering Act 2002;
- d) The Building and Other Construction Workers (Regulation of Employment and Conditions of Service) Act, 1996 and
- e) Forest (Conservation) Act, 1980
- f) Regulations & Guidelines issued by Ministry of Environment, Forest and Climate Change, Government of India
- g) Regulations & Guidelines issued by Ministry of Water Resources, Government of India
- h) The Water (Prevention and Control of Pollution) Act, 1974 and rules made thereunder
- i) The Air (Prevention and Control of Pollution) Act 1981 and rules made thereunder
- j) Environment (Protection) Act, 1986 and rules made thereunder
- k) Guidelines issue by National Green Tribunal.

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

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

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

We further report that:

During the period under review, 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 notices were given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

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

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

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

We further report that during the audit period the company has:

1. issued Corrigendum to the Notice of the Extraordinary General Meeting after receipt of observations from BSE/NSE. The Corrigendum were issued as follows:
 - i. Corrigendum dated February 02nd, 2022 to Notice of the Extraordinary General Meeting no. 01/2021-22 of Shalimar Paints Limited held on Thursday, February 10, 2022, at 11:30 A.M. (IST);
 - ii. Corrigendum dated March 28th, 2022 to Notice of the Extraordinary General Meeting No. 02/2021-22 of Shalimar Paints Limited held on Thursday, March 31, 2022 at 03:00 P.M. (IST);
2. conducted the 01st Extra-Ordinary General meeting on Thursday, February 10, 2022 at 11:30 A.M. through Video Conferencing ("VC") / Other Audio-Visual Means ("OAVM") to pass resolution as follows:
 - i. to create, offer, issue and allot on preferential issue and private placement basis 1,79,16,667 (One Crore Seventy Nine Lakh Sixteen Thousand Six Hundred and Sixty Seven) equity shares of the Company of the face value of Rs. 2/- (Rupees Two only) each ("Equity Shares") at a price of Rs. 120/- (Rupees One Hundred and Twenty only), which includes a premium of Rs. 118/- (Rupees One Hundred and Eighteen only) per Equity Share, aggregating to Rs. 215,00,00,040/- (Rupees Two Hundred and Fifteen Crore and Forty only) to Hella Infra Market Private Limited, a private limited company, who does not belong to the promoter and promoter group of the Company;

- ii. to create, offer, issue and allot on preferential issue and private placement basis upto 30,55,556 (Thirty Lakh Fifty Five Thousand Five Hundred and Fifty Six) 9% optionally convertible debentures having face value of Rs. 180/- each at a price of Rs. 180/- (Rupees One Hundred and Eighty only) per Convertible Debenture for an aggregate amount of upto Rs. 55,00,00,080/- (Rupees Fifty Five Crore and Eighty only), and for such Convertible Debenture to be convertible into Equity Shares of the Company ("Conversion Shares")
3. conducted the 02nd Extra-Ordinary General meeting on Thursday, March 31, 2022 at 03:00 P.M. through Video Conferencing ("VC") / Other Audio-Visual Means ("OAVM") to pass resolution as follows:
 - i. To offer, issue and allot warrants on preferential issue and private placement basis:
 - a. upto 30,65,134 (Thirty Lakh Sixty Five Thousand One Hundred and Thirty Four) warrants, each carrying a right to subscribe to 1 (one) fully paid up equity share of the Company having a face value of Rs 2/- (Rupees Two only) each at a price of Rs. 130.50 (Rupees One Hundred Thirty and Fifty Paise only) per warrant, to Virtuous Tradecorp Private Limited, a Promoter Group entity; and
 - b. upto 26,81,992 (Twenty Six Lakh Eighty One Thousand Nine Hundred and Ninety Two) warrants each carrying a right to subscribe to 1 (one) fully paid up equity share of the Company having a face value of Rs 2/- (Rupees Two only) each at a price of Rs. 130.50 (Rupees One Hundred Thirty and Fifty Paise only) per warrant, to JSL Limited, a Promoter Group entity
 - ii. To offer, issue and allot warrants on preferential issue and private placement basis upto 57,47,126 (Fifty Seven Lakh Forty Seven Thousand One Hundred and Twenty Six) warrant, each carrying a right to subscribe to 1 (one) fully paid up equity share of the Company having a face value of Rs 2/- (Rupees Two only) each at a price of Rs. 130.50 (Rupees One Hundred Thirty and Fifty Paise only) per warrant, to Hella Infra Market Private Limited, an existing shareholder of the Company;
4. received notice from the BSE for non-submission of the statement on shareholder complaints within the time period as prescribed under Regulation 13(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the BSE, vide email dated 14th February, 2022, has imposed a fine of Rs. 22,000/- on the Company. The Company had made the required filing on February 14, 2022 and paid fine accordingly.

For NSP & Associates
Company Secretaries

(Proprietor)

UDIN: F009028D000771658

FCS No.: 9028

C P No.: 10937

Place: Noida, UP

Date: 10th August, 2022

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.

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

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

1. Maintenance of secretarial records is the responsibility of the management of the Company. Our Responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices we followed, provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company for the Financial Year ended March 31, 2022.
4. Wherever required, we have obtained the Management representation about the compliance of laws, rules and regulation and happening of events etc.
5. The Compliance of the provisions of corporate and other applicable laws, rules, regulations, standards are the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit Report is neither an assurance as to future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For NSP & Associates
Company Secretaries

(Proprietor)

UDIN: F009028D000771658

FCS No.: 9028

C P No.: 10937

Place: Noida, UP
Date: 10th August, 2022

Annexure-V to Director's Report

Details of remuneration 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 for the year ended March 31, 2022

| S. No. | Particulars | Details | |
|--------|--|--|----------------------------|
| I | The ratio of the remuneration of each director to the median remuneration of the employees of the company for the financial year 2021-22 | Ratio of the remuneration of Mr. Ashok Kumar Gupta (Managing Director) to the median remuneration of employees is 94:06. Notes : 1. Sitting fees paid to the non-executive independent directors have not been considered under this clause. Non-executive non-independent directors received no remuneration during the financial year 2021-22. 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, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year 2021-22 | Name of the Director & KMP | % increase in remuneration |
| | | Mr. Ashok Kumar Gupta (Managing Director) | 28% |
| | | Mr. Ashish Kumar Bagri (Chief Financial officer resigned on January 21, 2021) | Not Comparable |
| | | Mr. Mohit Kumar Donter (Chief Financial Officer appointed w.e.f. June 26, 2021) | Not Applicable |
| | | Mr. Gautam (Company Secretary resigned w.e.f. December 20, 2021) | Not Comparable |
| | | Ms. Shikha Rastogi (Company Secretary appointed w.e.f. January 18, 2022) | Not Applicable |
| | | 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 | The percentage increase in median remuneration of employees in the financial year 2021-22 | 10.88 % | |
| | | 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 | The number of permanent employees on the rolls of the company | 482 Employees as at March 31, 2022 | |
| 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 | The average percentile increase made in the salaries of employees other than the managerial personnel was 9% which is in line with the average increase of 17% 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. | |

| S. No. | Particulars | Details |
|--------|--|--|
| 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. |

For and on behalf of the Board of Directors

Dated: August 10, 2022
Place: Gurugram

Ashok Kumar Gupta
Managing Director
DIN: 01722395

Alok Perti
Director
DIN : 00475747

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES
1. 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's 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.

2. Composition of the CSR Committee:

The composition of the CSR Committee as on March 31, 2022 is as follows:

| S. No. | Name | Position | Category |
|--------|------------------------------|----------|--|
| 1. | Mr. Ashok Kumar Agarwal | Chairman | Independent Director |
| 2. | Ms. Shruti Srivastava | Member | Independent Director |
| 3. | Mr. Souvik Pulakesh Sengupta | Member | Non-Executive Non-Independent Director |

3. Provide the web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the company: https://www.shalimarpaints.com/uploads/Corporate_Social_Responsibility_Policy.pdf
4. Provide the details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social responsibility Policy) Rules, 2014, if applicable (attach the report) - Not Applicable
5. Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any - Not Applicable
6. Average net profit of the company as per section 135(5) - (Rs. 5040.60) lakhs
7. (a) Two percent of average net profit of the company as per section 135(5) - Not Applicable

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

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

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

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

| Total Amount Spent for the Financial Year (Rs. in lakhs) | Amount Unspent (in Rs.) | | | | |
|--|---|------------------|---|--------|------------------|
| | Total Amount transferred to Unspent CSR Account as per section 135(6) | | Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5) | | |
| | Amount | Date of transfer | Name of the Fund | Amount | Date of transfer |
| 3.50 | - | - | - | - | - |

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

(Rs. In Lakhs)

| (1) | (2) | (3) | (4) | (5) | | (6) | (7) | (8) | (9) | (10) | (11) | |
|---------|---------------------|---|----------------------|-------------------------|----------|------------------|----------------------------------|--|---|---|---|-------------------------|
| Sl. No. | Name of the Project | Item from the list of activities in Schedule VII to the Act | Local area (Yes/ No) | Location of the project | | Project duration | Amount allocated for the project | Amount spent in the current financial year | Amount transferred to Unspent CSR Account for the project as per Section 135(6) | Mode of Implementation -Direct (Yes/No) | Mode of Implementation -Through Implementing Agency | |
| | | | | State | District | | | | | | Name | CSR Registration number |
| 1. | Promoting Education | Education | No | West Bengal | Howrah | - | 2.50 | 2.50 | NIL | Yes | NA | NA |
| | Total | | | | | - | 2.50 | 2.50 | | | | |

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

(Rs. In Lakhs)

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

(d) Amount spent in Administrative Overheads: Nil

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

(f) Total amount spent for the Financial Year (8b+8c+8d+8e): Rs. 3.50 lakhs

(g) Excess amount of set off, If any : Not applicable

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

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

10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year : Not Applicable

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

For and on behalf of the CSR Committee
Ashok Kumar Agarwal
Chairman, CSR Committee
DIN: 08154563

Ashok Kumar Gupta
Managing Director
DIN: 01722395

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. Company's Philosophy on the Code of Corporate Governance

Your Company firmly believes that maintaining high standards of corporate conduct towards its shareholders, customers, employees, all other stakeholders and society in general is paramount for its sustained growth and success. The Company aims to achieve excellence in everything it does including standards of business conduct.

Good Corporate Governance is not an end in itself. It is the means to create confidence with stakeholders and establish business integrity for an organization. We adhere to the principles of integrity, execution, excellence, customer orientation and leadership in an ethical manner and thereby attain the highest goals of corporate achievement. Corporate Governance is about maximizing shareholder's value legally, ethically and sustainably. At Shalimar, our Board exercises its fiduciary responsibilities in the widest sense of the term.

Your Company recognizes communication as a key element of the overall corporate governance framework and therefore, emphasize on seamless and efficient flow of relevant communication to all external constituencies. The Company believes that appropriate disclosure procedures, transparent accounting policies, strong and independent Board practices and highest level of ethical standards are critical to enhance and retain investors' trust and generate sustainable corporate growth.

2. Board of Directors

Your Company believes that an enlightened Board consciously creates a culture of leadership to provide a long-term vision and policy approach to improve the quality of governance. The Board of Directors plays a critical role in overseeing how the management serves the short and long term interests of shareholders and other stakeholders. The Board provides effective leadership and strategic guidance to the Company's management while discharging its responsibilities, thereby ensuring that the management adheres to the high standards of ethics, transparency and disclosures.

a. Composition, Category & Size of Board of Directors:

As on March 31, 2022, the Board consisted of 8 directors out of whom 1 was executive director, 5 were non-executive independent directors (including one woman director) and 2 were non-executive non-independent directors.

The size and composition of the Board is in conformity with the requirements of Regulation 17(1) of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") enjoining optimum combination of executive and non-executive directors, with not less than 50 percent of the Board comprising of non-executive directors and at least one-third comprising of independent directors.

The Company has an appropriate blend of Board of Directors, representing a judicious mix of professionalism, knowledge and experience in one or more areas. The Board of Directors possess experience in diverse fields including banking, finance, marketing and consumer industry. The skill and knowledge of the Directors has proved to be of immense value to the Company.

b. Board functioning and procedure:

i) Scheduling and Selection of Agenda items:

The Board meets at least once in a quarter, with a maximum time gap of 120 days between any two meetings, to discuss and review the financial results, performance of the Company and other items on the agenda, including the minimum information required to be placed before the Board, as per Part A of Schedule II of SEBI Listing Regulations. The Board also meets and conducts additional meetings as and when required and thought fit by giving appropriate notice to the Directors. The meetings are usually held at the Company's Corporate Office at Gurugram. The Board also approves permitted urgent matters by passing the resolutions through circulation.

The Company Secretary, in consultation with the Chairman of the Board / Managing Director and other concerned persons in the senior management, finalizes the agenda papers for the Board / Committee meetings. The agenda of the meeting along with relevant supporting documents and explanatory notes is generally circulated in advance (at least one week before the meeting) to all the directors entitled to receive the same, to facilitate meaningful and quality discussions during the meeting. Where it is not practicable to attach any document to the agenda, it is tabled before the meeting with specific reference to this effect in the agenda. With the permission of Chairman and all other directors present at the meeting, additional or supplementary item(s) in the agenda are taken up for discussion and consideration. Sensitive matters may be discussed at the meeting without written material being circulated in advance for the meeting.

With a view to leverage technology and with the perspective of environmental preservation, agenda papers/ presentations are circulated in electronic form. Presentations are made by the management on the financial / operational performance of the Company and other matters on a periodic basis. The decisions are taken on the basis of consensus / majority arrived at after detailed discussions.

ii) Recording Minutes of the Proceedings:

The minutes of the proceedings of each Board / Committee / Shareholders' Meetings are recorded. Draft minutes of the Board / Committee meetings are circulated amongst all the members of the Board / Committee for their comments / inputs. The minutes of all the meetings are entered in respective Minutes Books within prescribed time limits.

iii) Post Meeting Follow-Up Mechanism:

The Company has an effective post meeting follow-up, review and reporting process for the action taken on decisions of the Board and Committees. Important decisions taken at the Board / Committee levels are promptly communicated to the concerned departments. Moreover, the action taken in respect of such decisions is also reported in the form of status report and is placed at the next meeting of the Board / Committee.

iv) Statutory Compliance of Laws:

The Board periodically reviews the compliance report of the laws applicable to the Company as well as steps taken by the Company to rectify the instances of non-compliances, if any.

c. Board Meetings and Attendance:

During the financial year 2021-22, nine (9) Board Meetings were held on May 11, 2021, June 26, 2021, August 13, 2021, November 13, 2021, January 18, 2022, February 02, 2022, February 12, 2022, February 24, 2022 and March 08, 2022. The gap between any two consecutive meetings was within the limit prescribed under the Companies Act, 2013 ("Act") and SEBI Listing Regulations. The necessary quorum was present during all the meetings. The Company effectively uses facility of audio-visual means to enable the participation of Directors who cannot attend the Board or Committee meeting(s) in person.

The attendance of Directors at Board Meetings held during the financial year 2021-22 and last Annual General Meeting ("AGM") and number of their other directorships & committee memberships / chairmanships as on March 31, 2022, is as under:

| S. No. | Name of Director and Category of Directorship | No. of board meetings held during the tenure | Attendance at meetings during 2021-22 | | No. of Shares Held | No. of Directorships [§] and Committee Memberships/ Chairmanships ^{§§} held in other Companies | | | Name of the other listed Company(s) in which director and Category of Directorship |
|--------|---|--|---------------------------------------|-----|--------------------|--|-----------------------|-------------------------|--|
| | | | Board | AGM | | Directorships | Committee Memberships | Committee Chairmanships | |
| 1. | Dr. Rajeev Uberoi, NEID* | 9 | 9 | Yes | Nil | 7 | 1 | 0 | <ul style="list-style-type: none"> Jindal Stainless (Hisar) Limited - NEID Asian Hotels (North) Limited - NEID |
| 2. | Mr. Abhyuday Jindal, NENID** | 1 | 1 | NA | Nil | 2 | 2 | 0 | <ul style="list-style-type: none"> Jindal Stainless Limited - MD Jindal Stainless (Hisar) Limited - MD |
| 3. | Mr. Alok Perti, NEID | 9 | 9 | Yes | Nil | 4 | 1 | 1 | <ul style="list-style-type: none"> Deepak Fertilisers and Petrochemicals Corporation Limited - NEID |
| 4. | Mr. Ashok Kumar Agarwal, NEID | 9 | 9 | Yes | Nil | 0 | 0 | 0 | Nil |
| 5. | Mr. Ashok Kumar Gupta, MD | 9 | 9 | Yes | 18,27,000 | 2 | 1 | 0 | <ul style="list-style-type: none"> APL Apollo Tubes Limited - NENID |
| 6. | Mr. Gautam Kanjilal, NEID@ | 3 | 3 | NA | NA | NA | NA | NA | NA |

| S. No. | Name of Director and Category of Directorship | No. of board meetings held during the tenure | Attendance at meetings during 2021-22 | | No. of Shares Held | No. of Directorships [§] and Committee Memberships/ Chairmanships ^{§§} held in other Companies | | | Name of the other listed Company(s) in which director and Category of Directorship |
|--------|--|--|---------------------------------------|-----|--------------------|--|-----------------------|-------------------------|--|
| | | | Board | AGM | | Directorships | Committee Memberships | Committee Chairmanships | |
| 7. | Ms. Shruti Srivastava, NEID | 9 | 7 | Yes | Nil | 2 | 0 | 0 | • Nalwa Sons Investments Limited Tfr. From Haryana to Delhi - NEID |
| 8. | Mr. Souvik Pulakesh Sengupta, NENID [#] | 1 | 1 | NA | Nil | 8 | 0 | 0 | Nil |
| 9. | Mr. Vijay Kumar Sharma, NEID | 9 | 9 | Yes | Nil | 5 | 0 | 0 | Nil |

Note : MD = Managing Director, NEID = Non-Executive Independent Director, NENID = Non-Executive Non-Independent Director.

[§] Excludes directorship in foreign companies, membership of managing committees of various chambers / bodies / Section 8 companies and the Company.

^{§§} In accordance with Regulation 26(1) of SEBI Listing Regulations, memberships / chairmanships of only Audit Committee and Stakeholders' Relationship Committee in all public limited companies (excluding the Company) have been taken into account.

* Appointed as NEID of the Company w.e.f. 11.05.2021

Appointed as NENID of the Company w.e.f. 24.02.2022

** Appointed as NENID of the Company w.e.f. 08.03.2022

@ Ceased to be director of the Company w.e.f. 25.09.2021

None of the directors on the Board is a Director in more than 20 companies (including not more than 10 public limited companies) as specified in Section 165 of the Act.

None of the directors on the Board is a member in more than 10 committees across all the public limited entities in which he / she is a director and / or acts as Chairman of more than 5 committees across all the listed entities in which he / she is a director.

None of the directors is serving as a director/independent director in more than 7 listed companies including Shalimar Paints Ltd.

None of the aforesaid directors of the Company are related to each other.

d. Appointment / Re-appointment / Cessation of Directors:

Every appointment / re-appointment made to the Board is recommended by the Nomination and Remuneration Committee ("NRC") after considering various factors such as qualifications, positive attributes, area of expertise and other relevant criterias. The same is further taken up for shareholders' approval, as and when required, under the provisions of applicable laws.

During the year under review, Mr. Gautam Kanjilal, non-executive independent director, has ceased to be director of the Company w.e.f. September 25, 2021. The detailed information pertaining to changes in Board of Directors is furnished in the Directors' Report, forming part of the Annual Report.

The Board of Directors, on the recommendation of NRC, has approved the re-appointment of Mr. Ashok Kumar Gupta as the Managing Director of the Company for a further period of three (3) years w.e.f. December 27, 2022, subject to approval of shareholders, as his current term of office will expire on December 26, 2022. Further, Mr. Ashok Kumar Gupta, Managing Director is liable to retire by rotation and being eligible, has offered himself for re-appointment as director at the ensuing AGM. The terms and conditions for his re-appointment are contained in the Explanatory Statement forming part of the Notice of the ensuing AGM of the Company.

Further, during the current year, the Board of Directors, on the recommendation of NRC, has appointed Mr. Sanjiv Garg, as an additional director and non-executive independent director for a period of three (3) years w.e.f. August 10, 2022, subject to the approval of the shareholders of the Company.

The brief resume, experience and other details pertaining to the Directors seeking appointment/re-appointment in the ensuing AGM, to be provided in terms of Regulation 36(3) of SEBI Listing Regulations, are contained in the Explanatory Statement forming part of the Notice of the ensuing AGM of the Company.

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

e. Confirmation regarding Independent Directors:

The Independent Directors provide annual confirmations stating that they meet the criteria of independence as stated in Section 149(6) of the Act and Regulation 16 of the SEBI Listing Regulations. On the basis of confirmations / declarations / disclosures received from the Independent Directors and on evaluation of the relationship disclosed, the Board confirms that in its opinion, the Independent Directors of the Company fulfill the conditions as specified in the Act and SEBI Listing Regulations and are independent of the management.

f. Meeting of Independent Directors:

In accordance with the provisions of Schedule IV of the Act read with the Rules thereunder and Regulation 25 of the SEBI Listing Regulations, a separate meeting of the independent directors was held on November 13, 2021 without the attendance of non-independent directors and members of the management to review the performance of non-independent directors and the Board of Directors as a whole. All the Independent Directors were present at the said meeting. The Independent Directors also evaluated the quality, quantity and timeliness of flow of information between the Company's management and the Board that is necessary for the Board to effectively and reasonably perform their duties. The Chairman of the said meeting also provided the feedback to the Board about the key elements that emerge out of the meeting.

g. Registration in Independent Directors' Data Bank:

The Company has received confirmation from all the Independent Directors that they have registered themselves in the Independent Director's Data Bank of Indian Institute of Corporate Affairs at Manesar in compliance with the provisions of sub-rule (1) of rule 6 of Companies (Appointment and Qualification of Directors) Rules, 2014.

h. Performance Evaluation Criteria for Independent Directors:

In compliance with the applicable provisions of the Act and SEBI Listing Regulations, the Board of Directors on recommendation of the NRC had 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 through peer evaluation, excluding the director being evaluated.

An annual performance evaluation of all Directors, the Committees of the Board and the Board as a whole was carried out during the year under review. The evaluation of the Directors was based on various aspects, inter-alia, including the level of participation in the Board Meetings, understanding of their roles and responsibilities, business of the Company and effectiveness of their contribution. For the purpose of carrying out performance evaluation, assessment questionnaires were circulated to all Directors and their feedback was obtained and recorded. The Board of Directors has expressed its satisfaction with the evaluation process.

i. Familiarization Program for Board Members including Independent Directors:

The Company has established a Familiarization Programme for Independent Directors in terms of the provisions of the SEBI Listing Regulations. The Board members are provided with necessary documents, reports and internal policies to enable them to familiarise with the Company's procedures and practices.

Periodic presentations are made by the Senior Management, Statutory and Internal Auditors at the Board/Committee meetings on business and performance updates of the Company, 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 Independent Directors are given every opportunity to interact with the Key / Senior Management Personnel and are given all the documents sought by them for enabling a good understanding of the Company, its management, its business model and business risks, nature of industry in which it operates, the regulatory challenges apart from their roles, rights, responsibilities in the Company, etc.

The framework and the details of familiarization programme conducted for Board members may be accessed on the Company's website at the links: https://www.shalimarpaints.com/uploads/Policy_on_Familiarisation_Program_for_Independent_Directors.pdf and https://www.shalimarpaints.com/uploads/Details_of_Familiarization_Programme_imparted_to_Independent_Directors.pdf respectively.

j. Key skills / expertise / competencies available with the Board:

In terms of requirements of SEBI Listing Regulations and in the context of the Company's business and activities, the Board of Directors has identified the following key skills / expertise / competencies significant for the effective functioning of the Company which are currently available with the Board:

| S. No. | Areas of Key Skill/ Expertise/ Competency | Dr. Rajeev Uberoi | Mr. Abhyuday Jindal | Mr. Alok Perti | Mr. Ashok Kumar Agarwal | Mr. Ashok Kumar Gupta | Ms. Shruti Srivastava | Mr. Souvik Pulakesh Sengupta | Mr. Vijay Kumar Sharma | Mr. Sanjiv Garg* |
|--------|---|-------------------|---------------------|----------------|-------------------------|-----------------------|-----------------------|------------------------------|------------------------|------------------|
| 1. | Sales & Marketing : Experience in sales and marketing management based on understanding of the consumer & consumer goods industry | Yes | Yes | Yes | No | Yes | No | Yes | Yes | Yes |
| 2. | International Business experience: Experience in leading businesses in different geographies/markets around the world | Yes | Yes | Yes | No | Yes | No | Yes | Yes | Yes |
| 3. | General management/ Governance: Strategic thinking, decision making and project interest of all stakeholders | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes |
| 4. | Financial skills: Understanding the financial statements, financial controls, risk management, mergers and acquisitions, etc. | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes |
| 5. | Technical, professional skills and knowledge including legal and regulatory aspects | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes |

* Appointed as director of the Company w.e.f. 10.08.2022

The Board is satisfied that it is comprised of highly qualified members who possess required skills, expertise and competencies which are required for effective functioning of the Company and allow them to make effective contributions to the Board and its Committees.

3. Board Committees

The Board of Directors has constituted various Committees with specific terms of reference to ensure timely and effective functioning of the Board of Directors and the Company in addition to compliance with the provisions of the Companies Act, 2013, Rules framed thereunder, SEBI Listing Regulations and other applicable regulations, guidelines, circulars and notifications of the Securities and Exchange Board of India ("SEBI"). The Board has seven (7) committees of the Board viz. Audit Committee, Nomination and Remuneration Committee, Stakeholders' Relationship Committee, Risk Management Committee, Corporate Social Responsibility Committee, Share Transfer Committee and Sub-Committee of Board of Directors. The Committees meet as often as required and the minutes of meetings of these Committees are placed at the Board meetings. All the recommendations made by the Committees to the Board of Directors during the financial year 2021-22 were accepted by the Board of Directors.

3.1 Audit Committee

- a. Composition: The composition of the Audit Committee conforms with the requirements of Section 177 of the Act and Regulation 18 of the SEBI Listing Regulations. The composition of the Audit Committee as on March 31, 2022 was as under:

| S. No. | Name | Position | Category |
|--------|-------------------------------|----------|--|
| 1. | Mr. Alok Perti | Chairman | Independent Director |
| 2. | Mr. Ashok Kumar Gupta | Member | Managing Director |
| 3. | Dr. Rajeev Uberoi@ | Member | Independent Director |
| 4. | Ms. Shruti Srivastava* | Member | Independent Director |
| 5. | Mr. Souvik Pulakesh Sengupta* | Member | Non-Executive Non-Independent Director |
| 6. | Mr. Vijay Kumar Sharma* | Member | Independent Director |

@ Appointed as member w.e.f. 11.05.2021

* Appointed as member w.e.f. 24.02.2022

All the members of the Committee are financially literate persons having vast experience in the area of finance, accounts, strategy & management. The Chairman of the Audit Committee is an independent director.

- b. Terms of Reference: The terms of reference and scope of the Audit Committee, inter-alia, include the following:
- Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible;
 - Recommend to the Board, the appointment/re-appointment, remuneration and terms of appointment of auditors of the Company;
 - Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
 - Reviewing with the management, the annual financial statements and auditor's report thereon before submission to the Board for approval, with particular reference to:
 - matters required to be included in the Director's Responsibility Statement to be included in the Board's Report in terms of Section 134(3)(c) 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; and
 - qualifications / modified opinion(s) in the draft audit reports.
 - Reviewing with the management, the quarterly / annual financial results / statements before submission to the Board for approval;
 - Reviewing with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), if any, the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue and making appropriate recommendations to the Board to take up steps in this matter;
 - Approval or any subsequent modification of transactions of the Company with related parties;
 - Scrutiny of inter-corporate loans and investments;
 - Valuation of undertakings or assets of the Company, wherever it is necessary;
 - To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
 - Reviewing and monitoring the auditor's independence and performance and effectiveness of audit process;
 - Evaluation of internal financial controls and risk management systems;
 - Reviewing with the management, performance of statutory and internal auditors and the adequacy of internal control systems;
 - Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
 - Discussion with internal auditors of any significant findings and follow up there on;
 - 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;
 - Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as have post-audit discussion to ascertain any area of concern;
 - To review the functioning of the Whistle Blower Mechanism;
 - Approval of appointment of chief financial officer after assessing the qualifications, experience and background, etc. of the candidate;

- Reviewing the utilization of loans and / or advances from / investment by the Company in the subsidiary exceeding Rs. 100 crore or 10% of the asset size of the subsidiary, whichever is lower including existing loans / advances / investments;
 - To consider and comment on rationale, cost benefits and impact of schemes involving merger, demerger, amalgamation etc., on the Company and its shareholders;
 - To carry out any other function as is mentioned in the terms of reference of the Audit Committee;
 - To carry out any other duties / terms of reference which are incidental / necessary for the fulfillment of the above mentioned terms of reference and any other function as is mandated by the Board from time to time and / or enforced by any statutory notification, amendment or modification as may be applicable.
- c. Review of information by Audit Committee: Apart from other matters, as per Regulation 18(3) of SEBI Listing Regulations, the Audit Committee shall mandatorily review, to the extent applicable, the following information:
- Management discussion and analysis of financial condition and results of operations;
 - Management letters / letters of internal control weaknesses, if any, issued by the statutory auditors;
 - Internal Audit Reports relating to internal control weaknesses;
 - Appointment, removal and terms of remuneration of the internal auditors; and
 - Statement of Deviations, if applicable:
 - (i) Quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to the stock exchange(s) in terms of Regulation 32(1) of SEBI Listing Regulations.
 - (ii) Annual statements of funds utilized for purposes other than those stated in the offer documents / prospectus / notice, if applicable, in terms of Regulation 32(7) of SEBI Listing Regulations.

The Audit Committee has powers to investigate into any matter within its terms of reference or referred to it by the Board and for this purpose, the Audit Committee has full access to the information contained in the records of the Company and also has power to seek information from any employee, obtain outside legal or other professional advice and secure attendance of outsiders with relevant expertise, if it considers necessary.

- d. Meetings of Audit Committee and attendance of members: During the financial year 2021-22, four (4) meetings of the Audit Committee were held on June 26, 2021, August 13, 2021, November 13, 2021 and February 12, 2022. Requisite quorum was present during all the meetings. The attendance of members of the Audit Committee at these meetings was as follows:

| S. No. | Name | No. of Meetings | |
|--------|---|------------------------|----------------------------|
| | | Held during the tenure | Attended during the tenure |
| 1. | Mr. Gautam Kanjilal [#] | 2 | 2 |
| 2. | Mr. Alok Perti | 4 | 4 |
| 3. | Mr. Ashok Kumar Gupta | 4 | 4 |
| 4. | Dr. Rajeev Uberoi [@] | 4 | 4 |
| 5. | Ms. Shruti Srivastava [*] | 0 | 0 |
| 6. | Mr. Souvik Pulakesh Sengupta [*] | 0 | 0 |
| 7. | Mr. Vijay Kumar Sharma [*] | 0 | 0 |

[#] Ceased to be director of the Company w.e.f. 25.09.2021

[@] Appointed as member w.e.f. 11.05.2021

^{*} Appointed as member w.e.f. 24.02.2022

The Audit Committee meets at least four times in a year, with a maximum time gap of 120 days between any two Consecutive meetings.

The Chief Financial Officer regularly attends the Committee meetings and the Company Secretary acts as the Secretary of the Committee. The quarterly Committee meetings were attended by the representative of Statutory Auditors. As and when required, Internal Auditors and other senior management personnel of the Company are invited to the Audit Committee meetings. The Chairperson of the Audit Committee was present at the last AGM of the Company to answer the queries of the shareholders.

3.2 Nomination and Remuneration Committee

- a. Composition: The composition of the Nomination and Remuneration Committee conforms with the requirements of Section 178 of the Act and Regulation 19 of the SEBI Listing Regulations. The composition of the Committee as on March 31, 2022 was as under:

| S. No. | Name | Position | Category |
|--------|-------------------------------|----------|--|
| 1. | Mr. Alok Perti | Chairman | Independent Director |
| 2. | Dr. Rajeev Uberoi* | Member | Independent Director |
| 3. | Mr. Souvik Pulakesh Sengupta* | Member | Non-Executive Non-Independent Director |

* Appointed as member w.e.f. 24.02.2022

The Committee comprises of non-executive directors with majority of independent directors. The Chairman of the Committee is an independent director.

- b. Terms of Reference: The terms of reference of Nomination and Remuneration Committee, inter-alia, include the following:
- Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy relating to the remuneration of the directors, key managerial personnel and other employees;
 - Formulation of criteria for evaluation of performance of independent directors and the Board of Directors;
 - Devising a policy on diversity of Board of Directors;
 - Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down and recommend to the Board of Directors their appointment and removal;
 - Recommending to the Board whether to extend or continue the term of appointment of the independent director, on the basis of report of performance evaluation of independent directors;
 - Recommending to the Board, all remuneration, in whatever form, payable to senior management;
 - To administer, monitor and formulate detailed terms and conditions of the Employees' Stock Option Schemes; and
 - To carry out any other duties / terms of reference which are incidental / necessary for the fulfillment of the above mentioned terms of reference and any other function as is mandated by the Board from time to time and / or enforced by any statutory notification, amendment or modification as may be applicable.
- c. Meetings of Nomination and Remuneration Committee and attendance of members: During the financial year 2021-22, five (5) meetings of the Nomination and Remuneration Committee were held on May 11, 2021, June 26, 2021, January 18, 2022, February 24, 2022 and March 08, 2022. Requisite quorum was present during all the meetings. The attendance of members of the Nomination and Remuneration Committee at these meetings was as follows:

| S. No. | Name | No. of Meetings | |
|--------|--|------------------------|----------------------------|
| | | Held during the tenure | Attended during the tenure |
| 1. | Mr. Gautam Kanjilal [#] | 2 | 2 |
| 2. | Mr. Alok Perti | 5 | 5 |
| 3. | Mr. Ashok Kumar Agarwal [@] | 4 | 4 |
| 4. | Ms. Shruti Srivastava ^{*@} | 2 | 2 |
| 5. | Dr. Rajeev Uberoi ^{**} | 1 | 1 |
| 6. | Mr. Souvik Pulakesh Sengupta ^{**} | 1 | 1 |

[#] Ceased to be director of the Company w.e.f. 25.09.2021

[@] Ceased to be member w.e.f. 24.02.2022

^{*} Appointed as member w.e.f. 26.09.2021

^{**} Appointed as member w.e.f. 24.02.2022

The Company Secretary of the Company acts as the Secretary of the Committee. The Chairperson of the Committee was present at the last AGM of the Company to answer the queries of the shareholders.

- d. **Nomination and Remuneration Policy:** The Nomination and Remuneration policy of your Company is comprehensive which is competitive, in consonance with the industry practices and rewards good performance of the employees of the Company. The policy ensures equality, fairness and consistency in rewarding the employees on the basis of performance against set objectives. The Company endeavours to attract, retain, develop and motivate a high performance workforce. The Company follows a compensation mix of fixed and variable pay. Individual performance pay is determined by business performance and the performance of the individuals measured through the timely appraisal process.

The Nomination and Remuneration Policy of the Company has been disseminated on the website of the Company at the web link https://www.shalimarpaints.com/uploads/Nomination_and_Remuneration_Policy.pdf

- e. **Remuneration of Directors:** Remuneration to Executive Directors is paid by way of salary, perquisites and retirement benefits, based on recommendation of the Nomination and Remuneration Committee and approval of the Board and Shareholders within the limits prescribed in Schedule V to the Act. The non-executive independent directors are paid sitting fee for attending the meetings of the Board and Committees thereof. No stock options were granted to the Directors of the Company during the year under review. The Nomination and Remuneration Committee recommends to the Board the compensation package of the executive directors.

The details of remuneration paid to the directors during the financial year 2021-22 are as under:

- Executive Director:

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

Amount (in Rs.)

| Name | Designation | Salary | Other Allowances | Contribution to PF and Other Funds | Total | Period of Agreement | Notice Period |
|-----------------------|-------------------|-------------|------------------|------------------------------------|-------------|--|---------------|
| Mr. Ashok Kumar Gupta | Managing Director | 2,49,99,996 | Nil | Nil | 2,49,99,996 | Three (3) years from the date of appointment | 2 Months |

Mr. Ashok Kumar Gupta holds 18,27,000 equity shares of Rs. 2/- each of the Company as on March 31, 2022.

- Non - Executive Independent Directors:

All the non-executive independent 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 independent directors during the financial year 2021-22 are as follows:-

Amount (in Rs.)

| S. No. | Name of Director | Sitting Fees Paid |
|--------|-------------------------|-------------------|
| 1. | Mr. Gautam Kanjilal* | 2,30,000 |
| 2. | Dr. Rajeev Uberoi** | 5,70,000 |
| 3. | Mr. Alok Perti | 3,50,000 |
| 4. | Mr. Ashok Kumar Agarwal | 2,30,000 |
| 5. | Ms. Shruti Srivastava | 1,60,000 |
| 6. | Mr. Vijay Kumar Sharma | 1,80,000 |

* Ceased to be director of the Company w.e.f. 25.09.2021

** Appointed as Non-Executive Independent Director w.e.f. 11.05.2021

There are no materially significant related party transactions, pecuniary transactions or relationships between the Company and its directors except those disclosed in the Financial Statements for the financial year ended on March 31, 2022.

3.3 Stakeholders' Relationship Committee

- a. Composition: The composition of Stakeholders' Relationship Committee conforms with the requirements of Section 178 of the Act and Regulation 20 of SEBI Listing Regulations. The composition of the Committee as on March 31, 2022 was as under:

| S. No. | Name | Position | Category |
|--------|-------------------------------|-------------|--|
| 1. | Ms. Shruti Srivastava* | Chairperson | Independent Director |
| 2. | Mr. Ashok Kumar Agarwal* | Member | Independent Director |
| 3. | Mr. Souvik Pulakesh Sengupta* | Member | Non-Executive Non-Independent Director |

* Appointed as member w.e.f. 24.02.2022

- b. Terms of Reference: The terms of reference of the Stakeholders' Relationship Committee, inter-alia, include the following:
- Resolving the grievances of the security holders of the Company including complaints related to transfer/transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/duplicate certificates, general meetings etc.;
 - Review measures taken for effective exercise of voting rights by shareholders;
 - Review adherence to the service standards adopted by the Company in respect of various services being rendered by the Registrar & Share Transfer Agent and recommend methods to upgrade the service standards adopted by the Company;
 - Review various measures and initiatives taken by the Company for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants / annual reports / statutory notices by the shareholders of the Company;
 - Approve issue of duplicate shares / debentures certificates;
 - Oversee the performance of the Company's Registrar & Share Transfer Agent; and
 - Carry out any other matter relating to securities of the Company, any other areas of investors' service and any other function as is mandated by the Board from time to time and / or enforced by any statutory notification, amendment or modification as may be applicable.
- c. Meetings of Stakeholders' Relationship Committee and attendance of members: During the financial year 2021-22, three (3) meetings of the Stakeholders' Relationship Committee were held on June 26, 2021, August 13, 2021 and November 13, 2021. Requisite quorum was present during all the meetings. The attendance of members of the Committee at these meetings was as follows:

| S. No. | Name | No. of Meetings | |
|--------|--------------------------------|------------------------|----------------------------|
| | | Held during the tenure | Attended during the tenure |
| 1. | Mr. Alok Perti@ | 3 | 3 |
| 2. | Mr. Gautam Kanjilal # | 2 | 2 |
| 3. | Mr. Ashok Kumar Gupta@ | 3 | 3 |
| 4. | Dr. Rajeev Uberoi*@ | 3 | 3 |
| 5. | Ms. Shruti Srivastava** | 0 | 0 |
| 6. | Mr. Souvik Pulakesh Sengupta** | 0 | 0 |
| 7. | Mr. Ashok Kumar Agarwal** | 0 | 0 |

@ Ceased to be member w.e.f. 24.02.2022

Ceased to be director of the Company w.e.f. 25.09.2021

* Appointed as member w.e.f. 11.05.2021

** Appointed as member w.e.f. 24.02.2022

The Company Secretary of the Company acts as the Secretary of the Committee. The Chairperson of the Committee was present at the last AGM of the Company to answer the queries of the shareholders.

Ms. Shikha Rastogi, Company Secretary is the Compliance Officer for the requirements of SEBI Listing Regulations.

- d. Stakeholders' Grievance Redressal: The details of the investor's complaints received and resolved during the financial year 2021-22 are as follows:

| | |
|--|-----|
| No. of complaints pending as on April 01, 2021 | Nil |
| No. of complaints received during the financial year | Nil |
| No. of complaints resolved during the financial year | Nil |
| No. of complaints pending as on March 31, 2022 | Nil |

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

3.4 Risk Management Committee

Pursuant to the provisions of SEBI Listing Regulations, the Board has, in its meeting held on June 26, 2021, constituted the Risk Management Committee.

- a. Composition: The composition of the Risk Management Committee conforms with the requirements of Regulation 21 of SEBI Listing Regulations. The composition of the Risk Management Committee as on March 31, 2022 was as under:

| S. No. | Name | Position | Category |
|--------|-------------------------------|----------|--|
| 1. | Mr. Vijay Kumar Sharma* | Chairman | Independent Director |
| 2. | Mr. Ashok Kumar Gupta | Member | Managing Director |
| 3. | Dr. Rajeev Uberoi* | Member | Independent Director |
| 4. | Mr. Souvik Pulakesh Sengupta* | Member | Non-Executive Non-Independent Director |

* Appointed as member w.e.f. 24.02.2022

- b. Terms of Reference: The terms of reference of the Risk Management Committee, inter-alia, include the following:
- Formulation of a detailed risk management policy which shall include:
 - a framework for identification of internal and external risks specifically faced by the Company, in particular including financial, operational, sectoral, sustainability (particularly, ESG related risks), information, cyber security risks or any other risk as may be determined by the Committee.
 - measures for risk mitigation including systems and processes for internal control of identified risks.
 - Business continuity plan.
 - Ensuring that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the Company;
 - Monitoring and overseeing implementation of the risk management policy including evaluating the adequacy of risk management systems;
 - Reviewing periodically the risk management policy at least once in two years, including by considering the changing industry dynamics and evolving complexity;
 - Keeping the board of directors informed about the nature and content of its discussions, recommendations and actions to be taken;
 - Reviewing the appointment, removal and terms of remuneration of the Chief Risk Officer (if any);
 - Coordinating its activities with other Committees, in instances where there is any overlap with activities of such Committees, as per the framework laid down by the board of directors; and
 - To carry out any other duties / terms of reference which are incidental / necessary for the fulfillment of the above mentioned terms of reference and any other function as is mandated by the Board from time to time and / or enforced by any statutory notification, amendment or modification as may be applicable.

- c. Meetings of Risk Management Committee and attendance of members: During the financial year 2021-22, two (2) meetings of the Risk Management Committee were held on November 13, 2021 and February 08, 2022. Requisite quorum was present during all the meetings. The attendance of members of the Risk Management Committee at these meetings was as follows:

| S. No. | Name | No. of Meetings | |
|--------|---|------------------------|----------------------------|
| | | Held during the tenure | Attended during the tenure |
| 1. | Mr. Alok Perti [@] | 2 | 1 |
| 2. | Mr. Ashok Kumar Agarwal ^{@^} | 2 | 1 |
| 3. | Mr. Ashok Kumar Gupta [@] | 2 | 2 |
| 4. | Mr. Vijay Kumar Sharma [§] | 0 | 0 |
| 5. | Dr. Rajeev Uberoi [§] | 0 | 0 |
| 6. | Mr. Souvik Pulakesh Sengupta [§] | 0 | 0 |
| 7. | Mr. Mohit Kumar Donter ^{@^} | 2 | 2 |
| 8. | Ms. Minal Srivastava ^{@*} | 0 | 0 |
| 9. | Ms. Shalini Adhaar ^{#^} | 1 | 1 |

@ Appointed as member w.e.f. 26.06.2021

* Ceased to be member w.e.f. 29.09.2021

Appointed as member w.e.f. 13.11.2021

^ Ceased to be member w.e.f. 24.02.2022

§ Appointed as member w.e.f. 24.02.2022

The Company Secretary of the Company acts as a Secretary to the Committee.

3.5 Corporate Social Responsibility Committee

- a. Composition: The composition of Corporate Social Responsibility Committee conforms with the requirements of Section 135 of the Act read with the Companies (Corporate Social Responsibility Policy) Rules, 2014. The composition of the Committee as on March 31, 2022 was as under:

| S. No. | Name | Position | Category |
|--------|---|----------|--|
| 1. | Mr. Ashok Kumar Agarwal | Chairman | Independent Director |
| 2. | Ms. Shruti Srivastava [*] | Member | Independent Director |
| 3. | Mr. Souvik Pulakesh Sengupta [*] | Member | Non-Executive Non-Independent Director |

* Appointed as member w.e.f. 24.02.2022

The Company Secretary of the Company acts as the Secretary to the Committee.

- b. Terms of Reference: The terms of reference of the Corporate Social Responsibility Committee, inter-alia, include the following:
- 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.
- c. Corporate Social Responsibility Policy:

The Corporate Social Responsibility Policy of the Company has been uploaded on the Company's website and can be accessed at: https://www.shalimarpaints.com/uploads/Corporate_Social_Responsibility_Policy.pdf

The details of the CSR initiatives as per the CSR Policy of the Company is annexed as Annexure - VI to the Board's Report in the Annual Report.

3.6 Share Transfer Committee

- a. Composition: The Board of Directors has delegated the power of approving transfer / transmission / transposition of securities and other related formalities to the Share Transfer Committee. The Committee meets from time to time on need basis. The composition of the Committee as on March 31, 2022 was as under:

| S. No. | Name | Position | Category |
|--------|-------------------------|----------|-------------------------|
| 1. | Mr. Ashok Kumar Gupta | Chairman | Managing Director |
| 2. | Mr. Mohit Kumar Donter* | Member | Chief Financial Officer |
| 3. | Ms. Shikha Rastogi** | Member | Company Secretary |

* Appointed as member w.e.f. 26.06.2021

** Appointed as member w.e.f. 29.03.2022

SEBI vide its notification dated January 24, 2022 has mandated that all requests for transfer of securities including transmission and transposition requests shall be processed only in dematerialized form. SEBI vide its Circular dated January 25, 2022, mandated all listed companies to issue securities in dematerialised form only while processing the service request in relation to issue of duplicate securities certificate, claim from Unclaimed Suspense Account, renewal/ exchange of securities certificate, endorsement, sub-division/ splitting of securities certificate, consolidation of securities certificates/folios, transmission and transposition.

- b. Meetings of Share Transfer Committee and attendance of members: During the financial year 2021-22, one (1) meeting of the Share Transfer Committee was held on September 13, 2021. Requisite quorum was present during the meeting. The attendance of members of the Committee at the meeting was as follows:

| S. No. | Name | No. of Meetings | |
|--------|-------------------------|------------------------|----------------------------|
| | | Held during the tenure | Attended during the tenure |
| 1. | Mr. Ashok Kumar Gupta | 1 | 0 |
| 2. | Mr. Mohit Kumar Donter* | 1 | 1 |
| 3. | Mr. Gautam# | 1 | 1 |
| 4. | Ms. Shikha Rastogi@ | 0 | 0 |

* Appointed as member w.e.f. 26.06.2021

Ceased to be member w.e.f. 20.12.2021

@ Appointed as member w.e.f. 29.03.2022

3.7 Sub-Committee of Board of Directors

- a. Composition: The Board has constituted a Sub-Committee of Directors which has been delegated with certain powers of the Board of Directors in accordance with the provisions of the Act and the rules framed thereunder. The Committee meets from time to time on need base to transact the matters of urgency. The composition of the Committee as on March 31, 2022 was as under:

| S. No. | Name | Position | Category |
|--------|------------------------|----------|----------------------|
| 1. | Mr. Ashok Kumar Gupta | Chairman | Managing Director |
| 2. | Ms. Shruti Srivastava | Member | Independent Director |
| 3. | Mr. Vijay Kumar Sharma | Member | Independent Director |

- b. Meetings of Sub-Committee and attendance of members: During the financial year 2021-22, nine (9) meetings of Sub-Committee of Board of Directors were held on June 28, 2021, July 15, 2021, July 20, 2021, August 17, 2021, September 01, 2021, September 04, 2021, October 13, 2021, December 03, 2021 and March 29, 2022. Requisite quorum was present during all the meetings. The attendance of members of the Sub-Committee at these meetings was as follows:

| S. No. | Name | No. of Meetings | |
|--------|------------------------|------------------------|----------------------------|
| | | Held during the tenure | Attended during the tenure |
| 1. | Mr. Ashok Kumar Gupta | 9 | 7 |
| 2. | Mr. Vijay Kumar Sharma | 9 | 9 |
| 3. | Ms. Shruti Srivastava | 9 | 9 |

The decisions taken at the Sub Committee meetings are reviewed by the Board at its subsequent meetings. The Company Secretary of the Company acts as the Secretary to the Committee.

4. General Body Meetings

- a. Annual General Meetings: The details of the last three Annual General Meetings ("AGM") of the Company held are as under:

| Financial Year | Day and Date | Time | Venue | Special Resolution(s) passed |
|----------------|-------------------------|---------------|--|---|
| 2020-21 | Wednesday 29.09.2021 | 12:30 P.M. | Held through Video Conferencing ("VC") or Other Audio-Visual Means ("OAVM") Deemed venue: Registered Office of the Company situated at Stainless Centre, 4 th Floor, Plot No. 50, Sector 32, Gurugram - 122001, Haryana | NIL |
| 2019-20 | Tuesday 29.09.2020 | 12:30 P.M. | Held through VC or OAVM Deemed venue: Registered Office of the Company situated at Stainless Centre, 4 th Floor, Plot No. 50, Sector 32, Gurugram - 122001, Haryana | <ul style="list-style-type: none"> Re-appointment of Mr. Alok Perti (DIN: 00475747) as Non-Executive Independent Director for a second term of three consecutive years |
| 2018-19 | Thursday 26.09.2019 | 04:00 P.M. | Nirvana Patio Club, Nirwana Community Ground, Opposite Court Yard Market, Nirvana Country, Southcity-2, Sec-50, Gurugram, Haryana - 122001 | <ul style="list-style-type: none"> Appointment of Mr. Ashok Kumar Agarwal (DIN: 08154563) as Non-Executive Independent Director of the Company |

- b. Extraordinary General Meetings: The details of the Extraordinary General Meetings ("EGM") of the Company held during the financial year 2021-22 are as under:

| Financial Year | Day and Date | Time | Venue | Special Resolution(s) passed |
|----------------|------------------------|---------------|---|---|
| 2021-22 | Thursday 10.02.2022 | 11:30 A.M. | Held through VC or OAVM Deemed venue: Registered Office of the Company situated at Stainless Centre, 4 th Floor, Plot No. 50, Sector 32, Gurugram - 122001, Haryana | <ul style="list-style-type: none"> Issue of Equity Shares on a Preferential Issue / Private Placement Basis Issue of Optionally Convertible Debentures on Preferential Issue / Private Placement Basis |
| 2021-22 | Thursday 31.03.2022 | 03:00 P.M. | Held through VC or OAVM Deemed venue: Registered Office of the Company situated at Stainless Centre, 4 th Floor, Plot No. 50, Sector 32, Gurugram - 122001, Haryana | <ul style="list-style-type: none"> Issue of Warrants to promoter group entities on Preferential Issue and Private Placement Basis Issue of Warrants to Hella Infra Market Private Limited on Preferential Issue and Private Placement Basis |

- c. Postal Ballot: No postal ballot was conducted during the financial year 2021-22. Further, none of the businesses are proposed to be transacted at the ensuing AGM which requires passing of a Special Resolution through Postal Ballot.

5. Means of Communication

- a. Financial Results: The quarterly / half-yearly / annual financial results of the Company are published in the 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, under a separate dedicated section "Investors".
- b. News Releases, Presentations: Press releases are sent to the Stock Exchanges before sending the same to media and are also displayed on the Company's website i.e. www.shalimarpaints.com.
- c. Intimation to the Stock Exchanges: The Company also intimates / made disclosures to the Stock Exchanges about all price sensitive matters or such matters which, in its opinion, are material & of relevance to the shareholders. The Company also regularly provides information to the Stock Exchanges as per the requirements of the SEBI Listing Regulations.
- d. Presentations to Institutional Investors/analysts: The Company holds Analysts' / Investors' Meetings from time to time. The necessary intimation in terms of Regulation 30 of SEBI Listing Regulations along with presentations, audio recordings and transcripts of the said meetings are also intimated to the stock exchanges as well as uploaded on Company's website.
- e. Annual Reports: The Annual Report containing, inter-alia, the Audited Standalone and Consolidated Financial Statements, Directors' Report, Auditors' Report and other important information is sent to every shareholder of the Company and others entitled thereto. The Management Discussion and Analysis Report 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 Report is also available in downloadable form on the website of the Company under the link <https://www.shalimarpaints.com/investors-relations/annual-reports>
- f. NSE Electronic Application Processing System (NEAPS), NSE Digital Platform (NDP) and BSE Corporate Compliance & Listing Centre (BSE Listing Centre): NEAPS, NDP and BSE Listing Centre are web-based applications designed for corporates. All communications, disclosures and periodic filings like shareholding pattern, results, media releases, among others are filed electronically by the Company with the Stock Exchanges through these portals.
- g. SEBI Complaints Redressal System (SCORES): The investor complaints are processed by SEBI in a centralized web-based complaints redressal system. The salient features of this system are: Centralized database of all complaints, online upload of Action Taken Reports (ATRs) by concerned companies and online viewing by investors of actions taken on the complaint and its current status.
- h. Designated Exclusive email-id: The Company has designated the following email-id for investor servicing: askus@shalimarpaints.com. Investors can also mail their queries to Registrar and Transfer Agent at beetalrta@gmail.com.

6. General Information for Shareholders

- a. Company Registration Details: The Company is registered in the State of Haryana, India. The Corporate Identity Number ("CIN") allotted to the Company by the Ministry of Corporate Affairs is L24222HR1902PLC065611.
- b. 120th Annual General Meeting:

| | | |
|------------------------|---|--|
| Venue | : | The 120 th AGM of the Company will be held through Video Conferencing (VC) or Other Audio Visual Means (OAVM) and deemed venue shall be Registered Office of the Company at Stainless Centre, 4 th Floor, Plot No. 50, Sector 32, Gurugram - 122001, Haryana |
| Date and Time | : | Thursday, September 29, 2022 at 12:30 P.M. |
| Remote e-voting period | : | From Monday, September 26, 2022 (09:00 A.M.) to Wednesday, September 28, 2022 (05:00 P.M.) |

For details, please refer to the Notice of this AGM.
- c. Financial Year: The financial year of the Company covers the period from April 01 to March 31.

d. Financial Calendar 2022-23:

| S. No. | Tentative Schedule | Actual or Tentative Date (on or before as the case may be) |
|--------|--|---|
| 1. | Financial reporting for the quarter ending June 30, 2022 | August 10, 2022 (Actual) |
| 2. | Financial reporting for the quarter ending September 30, 2022 | November 14, 2022 |
| 3. | Financial reporting for the quarter ending December 31, 2022 | February 14, 2023 |
| 4. | Financial reporting for the year ending March 31, 2023 (Audited) | May 30, 2023 |
| 5. | Annual General Meeting for the year ending March 31, 2023 | September 30, 2023 |

- e. Transfer of Unpaid / Unclaimed Dividends and Shares to Investor Education and Protection Fund (IEPF): Pursuant to the provisions of Sections 124 of the Act read with the rules made there, as amended from time to time, all the declared dividends, which remained unpaid or unclaimed for a period of seven consecutive years or more is required to be transferred by the Company to IEPF.

Further, pursuant to the provisions of Section 124(6) of the Act read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, as amended from time to time, all shares in respect of which dividend has not been claimed for seven consecutive years or more shall be transferred by the Company to the demat account of IEPF Authority.

Details of shares transferred to the IEPF Authority in the previous year(s) are available on the Company's website at the weblink <https://www.shalimarpaints.com/investors-relations/unpaid-or-unclaimed-dividend>. The said details have also been uploaded on the website of the IEPF Authority and the same can be accessed through the weblink: www.iepf.gov.in.

The shares and unclaimed dividend transferred to the IEPF can however be claimed back by the concerned shareholders from IEPF Authority after complying with the procedure prescribed under the IEPF Rules. The Member/Claimant is required to make an online application to the IEPF Authority in Form No. IEPF -5 (available on www.iepf.gov.in) along with requisite fees as decided by the IEPF Authority from time to time.

- f. Date of Book Closure: The Share Transfer Books and Register of Members of the Company will remain closed from Thursday, September 23, 2022 to Friday, September 29, 2022 (both days inclusive) for the purpose of AGM.
- g. Dividend Payment Date: In view of losses during the financial year under review, the Board of Directors has not recommended any dividend on the Equity Shares of the Company.
- h. Listing on Stock Exchanges and Stock Codes: The names and addresses of the stock exchanges at which the equity shares of the Company are listed and the respective stock codes are as under:

| | | |
|---|---|------------|
| 1 | BSE Limited ("BSE") Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001 | 509874 |
| 2 | National Stock Exchange of India Limited ("NSE") Exchange Plaza, C-1, Block G, Bandra-Kurla Complex, Bandra (East), Mumbai - 400 051 | SHALPAINTS |

The International Securities Identification Number (ISIN) for Dematerialization of Equity Shares is INE849C01026.

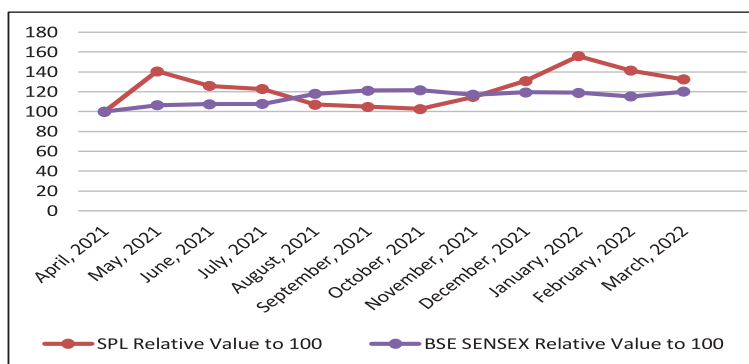
The Company has paid listing fees for the financial year 2022-23 to both the above stock exchanges and there is no outstanding payment as on date.

- i. Payment of Depository(ies) fees: The Company has paid Annual Custody / Issuer fee to both Depositories based on invoices received from the Depositories and there is no outstanding payment as on date.

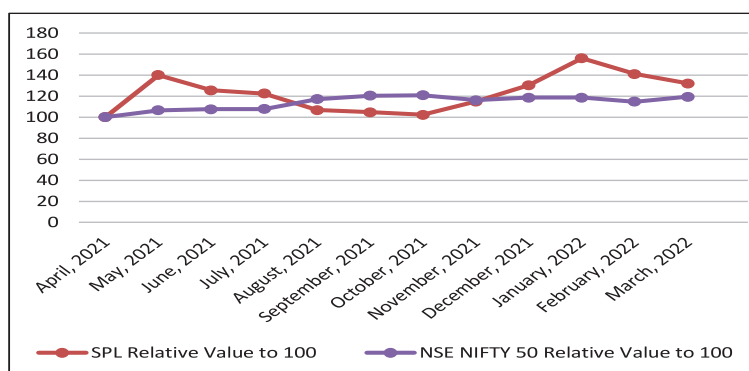
- j. Market Price Data: The monthly high and low market prices of the Company's equity shares at BSE and NSE during the financial year 2021-22 are as under:

| Month | Share Price at BSE (in Rs.) | | Share Price at NSE (in Rs.) | |
|-----------------|-----------------------------|--------|-----------------------------|--------|
| | High | Low | High | Low |
| April, 2021 | 99.90 | 82.90 | 99.50 | 83.00 |
| May, 2021 | 126.00 | 84.60 | 126.00 | 83.70 |
| June, 2021 | 125.50 | 101.70 | 125.85 | 101.65 |
| July, 2021 | 118.00 | 105.10 | 118.00 | 105.00 |
| August, 2021 | 112.50 | 92.75 | 112.80 | 91.20 |
| September, 2021 | 103.90 | 89.55 | 104.00 | 89.45 |
| October, 2021 | 99.30 | 89.35 | 99.45 | 89.20 |
| November, 2021 | 115.35 | 89.35 | 115.55 | 87.20 |
| December, 2021 | 118.75 | 100.90 | 118.80 | 101.00 |
| January, 2022 | 150.60 | 109.80 | 151.00 | 109.90 |
| February, 2022 | 143.00 | 116.25 | 143.25 | 115.00 |
| March, 2022 | 148.65 | 114.55 | 148.75 | 114.05 |

- k. Share Performance of the Company in comparison to BSE Sensex



- l. Share Performance of the Company in comparison to NSE Nifty 50



- m. Registrar and Transfer Agent: M/s. Beetal Financial & Computer Services Private Limited is acting as Registrar and Transfer Agent of the Company for handling the shares related matters, both in physical as well as dematerialized mode. The communications regarding shares, dividends, change of address, etc., may be addressed by the shareholders to:

M/s. Beetal Financial & Computer Services Private Limited

Beetal House, 3rd Floor, 99, Madangir, behind LSC, New Delhi – 110062

Tel : 011-29961281-283

Fax : 011-29961284

E-mail : beetalrta@gmail.com

- n. Share Transfer System : Transfer of Securities held in physical mode has been discontinued w.e.f. April 01, 2019. However, SEBI vide its various circulars/notifications granted relaxation for re-lodgement cases till March 31, 2021. In compliance with the Circular, Re-lodgement of transfer requests was carried out till the validity period of Circular. Further, effective from April 01, 2021, Company / RTA is not accepting any requests for the physical transfer of shares from the shareholders.

SEBI vide its notification dated January 24, 2022 has mandated that all requests for transfer of securities including transmission and transposition requests shall be processed only in dematerialized form. Further, SEBI vide its Circular dated January 25, 2022, mandated all listed companies to issue securities in dematerialised form only while processing the service request in relation to issue of duplicate securities certificate, claim from Unclaimed Suspense Account, renewal/ exchange of securities certificate, endorsement, sub-division/ splitting of securities certificate, consolidation of securities certificates/folios, transmission and transposition.

In case of shares in electronic form, the transfers are processed by National Securities Depository Limited ("NSDL") / Central Depository Services (India) Limited ("CDSL") through the respective Depository Participants. Shareholders are advised to dematerialize their shares held by them in physical form. Requests for dematerialization of shares are processed and confirmation thereof is given to the respective depositories i.e. NSDL and CDSL within the statutory time limit, from the date of receipt of documents complete in all respects along with the share certificates. 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.

- o. Dematerialization of shares and its liquidity: As on March 31, 2022, about 99.70% of the total equity share capital of the Company was held in dematerialized form. Since, the Equity Shares of the Company are compulsorily traded in dematerialized form, accordingly, the shareholders holding shares in physical form are requested to contact any of the Depository Participants in their vicinity to get their shares dematerialized at the earliest.

The equity shares of the Company are listed and traded on NSE and BSE.

- p. Reconciliation of Share Capital Audit: The Company gets reconciliation of share capital audit done from a qualified practicing Company Secretary in each quarter to reconcile the total admitted capital with NSDL and CDSL and the total issued and listed capital. The audit report confirms that the total issued / paid up capital is in agreement with the total number of equity shares in physical form and the total number of shares in dematerialised form held with NSDL and CDSL. The Audit Reports for each quarter of the Financial Year 2021-22, have duly been filed with Stock Exchanges within one month of the end of the respective quarter.
- q. Shareholding as on March 31, 2022:
- Distribution of shareholding as on March 31, 2022:

| Category (Amount) From – To | Shareholders | | Equity Shares held | |
|-----------------------------|--------------|------------|--------------------|------------|
| | Number | Percentage | Number | Percentage |
| Up to 5,000 | 24,603 | 95.63 | 47,82,005 | 6.62 |
| 5,001 - 10,000 | 588 | 2.29 | 22,21,740 | 3.08 |
| 10,001 - 20,000 | 288 | 1.12 | 20,46,328 | 2.83 |
| 20,001 - 30,000 | 68 | 0.26 | 8,48,209 | 1.17 |
| 30,001 - 40,000 | 33 | 0.13 | 5,80,496 | 0.80 |
| 40,001 - 50,000 | 34 | 0.13 | 7,87,197 | 1.09 |
| 50,001 - 1,00,000 | 51 | 0.20 | 18,19,074 | 2.52 |
| 1,00,001 and above | 63 | 0.24 | 59,13,1877 | 81.88 |
| Total | 25,728 | 100.00 | 7,22,16,926 | 100.00 |

- Category of shareholders as on March 31, 2022:

| Category | No. of shares | % of Shareholding |
|---|---------------|-------------------|
| Promoters and Promoter Group | 2,88,30,828 | 39.92 |
| Financial Institutions/Banks/Mutual Funds/ Alternate Investment Funds/Insurance Companies | 13,58,376 | 1.88 |
| NRI/OCBs/FIIs/Foreign Portfolio Investors | 12,84,881 | 1.78 |
| Bodies Corporate | 1,94,69,833 | 26.96 |
| Indian Public/Trust/Others | 2,12,73,008 | 29.46 |
| Total | 7,22,16,926 | 100.00 |

- r. Outstanding Warrants or any Convertible Instruments, conversion dates and likely impact on equity : During the financial year ended March 31, 2022, the Company has raised funds by way of allotment of 30,55,556, 9% optionally convertible debentures ("OCDs") having face value of Rs. 180/- each, for cash at a price of Rs. 180/- per OCD, aggregating to Rs. 55 Crore to Hella Infra Market Private Limited, not being a part of the promoter or promoter group of the Company. The Investor shall, at its sole discretion, have the right (but not an obligation) to convert the OCDs into equity shares, on or before 18 months from the date of allotment of aforesaid OCDs, which shall be convertible into equity shares of the Company at a conversion price of Rs. 180/- per equity share. The details of the same are mentioned in point (s) below.

Subsequent to the year under review, the Company has, on April 13, 2022, issued and allotted 1,14,94,252 warrants, each carrying a right to subscribe to 1 fully paid up equity share of the Company having a face value of Rs. 2/- at a price of Rs. 130.50, with a right exercisable by the warrant holders to subscribe for One (1) Equity Share per warrant within 18 months. The details of the same are mentioned in point (s) below.

- s. Details of utilization of funds raised through preferential allotment or qualified institutional placement: During the financial year 2021-22, the Company has raised funds amounting to Rs. 270,00,00,120/- comprising of:
- Rs. 215,00,00,040/- received on allotment of 1,79,16,667 equity shares of face value of Rs. 2/- each fully paid-up, for cash at an issue price of Rs. 120/- per Share (including premium of Rs. 118/- per Equity Share) to Hella Infra Market Private Limited. The Company had utilised Rs. 38,06,22,575/- till March 31, 2022 out of the funds so raised through issue of aforesaid equity shares to strengthen Company's balance sheet and have access to long term resources to meet its growth requirements.
 - Rs. 55,00,00,080/- received on allotment of 30,55,556, 9% optionally convertible debentures ("OCDs") having face value of Rs. 180/- for cash at a price of Rs. 180/- per OCD to Hella Infra Market Private Limited. The Company has not utilised any amount out of the funds so raised through issue of aforesaid OCDs till March 31, 2022.

During the financial year 2022-23, the Company has made allotment of 1,14,94,252 warrants, each carrying a right to subscribe to 1 fully paid-up equity share of the Company having a face value of Rs. 2/-, at a price of Rs. 130.50 each, upon receipt of subscription money i.e. Rs. 37,49,99,971.50, which is equivalent to 25% of total consideration as per the terms of preferential issue, to the following entities:

| Sl. No. | Name of allottee | No. of warrants allotted |
|---------|---|--------------------------|
| 1. | Virtuous Tradecorp Private Limited, a member of the promoter group of the Company | 30,65,134 |
| 2. | JSL Limited, a member of the promoter group of the Company | 26,81,992 |
| 3. | Hella Infra Market Private Limited, an existing shareholder of the Company which is disclosed as a public shareholder | 57,47,126 |
| Total | | 1,14,94,252 |

As per the terms of issue of Warrants, the Company has received 25% of the issue price at the time of allotment and balance 75% of the issue price will be received upon exercise of the option of conversion of warrants into equity shares which would become due on or before 18 months from the date of allotment of Warrants. The Company had not utilised any amount out of the funds so raised through issue of aforesaid warrants till June 30, 2022.

No funds were raised by the Company by way of Qualified Institutional Placement during the financial year 2021-22.

- t. Location of the Plants: 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: GondeDumala, Tehsil: Igatpuri, Nashik (Operations suspended due to fire accident in the month of November, 2016). It further commenced commercial Production in the month of August 2019.
 - No. A-1 and A-2 Sikandrabad Industrial Area, Sikandrabad, Dist. Bulandshahr, Uttar Pradesh.
 - Chinnapuliyur Village, Gummidipoondi Taluk, Thiruvallur, Chennai.
- u. Address for Correspondence:

For transfer/ dematerialization of shares, payment of dividend and any other query relating to shares

Beetal Financial & Computer Services Private Limited
 Beetal House, 3rd Floor, 99, Madangir, behind LSC,
 New Delhi – 110062
 Tel : 011-29961281-283
 Fax : 011-29961284
 E-mail : beetalrta@gmail.com

For investor's assistance

Shalimar Paints Limited, Secretarial Department, 1st Floor,
 Plot No. 28, Sector 32, Gurugram, Haryana - 122001
 Tel : 0124-4616600
 Fax : 0124-4616659
 E-Mail : askus@shalimarpaints.com
 Website: www.shalimarpaints.com

Shareholders holding shares in electronic mode should address all their correspondence relating to change of address, bank mandate and status to their respective Depository Participants (DPs).

7. Other Disclosures

- a. Related Party Transactions: During the financial year 2021-22, the Company has not entered into any transaction of material nature with the related parties that may have any potential conflict with the interests of the Company.

Related Party transactions are disclosed in the notes to Accounts forming part of this Annual Report. The Policy on dealing with materiality of Related Party Transactions has been placed on the Company's website and can be accessed at the following link: <https://www.shalimarpaints.com/uploads/Related-Party-Transaction-Policy.pdf>.

The Audit Committee reviews the details of related party transactions entered into by the Company, at least on a quarterly basis. There were no transactions with related parties during the year, which were not in the normal course of business as well as not on an arm's length basis.

- b. Details of non-compliance by the Company, penalties, strictures imposed on the Company by Stock Exchange or SEBI or any statutory authority, on any matter related to capital markets, during the last three years: During the financial year 2021-22, BSE Limited imposed a fine amounting to Rs. 22,000 for non-submission of the statement on shareholder complaints for quarter ended December 31, 2021 with BSE within the time period prescribed under Regulation 13(3) of SEBI Listing Regulations. The Company had made the required filing with BSE on February 14, 2022. Further, the Company had requested for waiver of fine imposed by BSE as Nil Investors Complaint Report was submitted by the Company on NEAPS on January 18, 2021, however, the filing of NIL complaints was inadvertently missed in the Compliance module on BSE due to technical and other issues. Pending such request, the Company had paid the fine with BSE. No other strictures or penalties have been imposed on the Company by either SEBI or Stock Exchanges or any other statutory authority for non-compliance of any matter related to the capital markets during the last three years.
- c. Vigil Mechanism/ Whistle Blower Policy: The Company has formulated a Whistle Blower Policy ("WBP") in accordance with the requirements of Section 177(9) of the Companies Act, 2013 read with the Companies (Meetings of Board and its Powers) Rules, 2014, Regulation 22 of the SEBI Listing Regulations and Regulation 9A of SEBI (Prohibition of Insider Trading) Regulations, 2015. The WBP provides for establishment of vigil mechanism for directors and employees to report genuine concerns or grievances. It encourages all employees, directors and business partners to report any suspected violations promptly and intends to investigate any bona-fide reports of violations. It also specifies the procedures and reporting authority

for reporting unethical behavior, actual or suspected fraud or violation of the Company's Code of Conduct or ethics policy or any other unethical or improper activity including financial irregularities, including fraud, or suspected fraud, wastage / misappropriation of Company's funds/assets etc. The WBP also provides for adequate safeguards against victimization of employees and directors who avail the vigil mechanism and also provide for direct access to the Chairperson of the Audit Committee, in exceptional cases. The WBP has also been uploaded on Company's website at the following link: <https://www.shalimarpaints.com/uploads/Whistleblower-Policy1.pdf>

During the year under review, no personnel was denied access to the Chairperson of the Audit Committee.

- d. Code of Conduct to Regulate, Monitor and Report Trading by Designated Persons: The Company has a Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information and a Code of Conduct to Regulate, Monitor and Report Trading by its employees and other connected persons, in accordance with the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015. The Codes have been uploaded on website of the Company and can be accessed through the weblink: <https://www.shalimarpaints.com/uploads/UPSI.pdf> and <https://www.shalimarpaints.com/uploads/Trading-by-insiders.pdf>.

- e. Subsidiary Companies: The Company has two unlisted subsidiary companies, viz. Shalimar Adhunik Nirman Limited and Eastern Speciality Paints & Coatings Private Limited. The Company has formulated a policy for determining material subsidiaries in accordance with the requirements of Regulation 16(1)(c) of SEBI Listing Regulations, which may be accessed on the Company's website at the link: https://www.shalimarpaints.com/uploads/SPL_Material_Subsidaries.pdf. The Company does not have any material unlisted subsidiary company.

The Audit Committee of the Company reviews the financial statements and the investments made by its unlisted subsidiary companies, if any. Further, the minutes of the meetings of the board of directors of the unlisted subsidiary companies and statement of all significant transactions and arrangements entered into by the unlisted subsidiary, if any, are periodically placed at the meeting of the Board of directors of the Company.

- f. Dividend Distribution Policy: The Company has formulated a Dividend Distribution Policy in accordance with the requirements of Regulation 43A of SEBI Listing Regulations, which may be accessed on the Company's website at the link: https://www.shalimarpaints.com/uploads/Dividend_Distribution_Policy.pdf.
- g. Disclosure under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013: The Company is committed to provide a work environment that ensures every employee is treated with dignity, respect and afforded equal treatment. The disclosure under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 are mentioned in the Directors' Report.
- h. Fees paid to Auditors and firms / entities in its network: The shareholders at its 115th Annual General Meeting ("AGM") had appointed A K Dubey & Co. (Firm Regn. No. 329518E) as Statutory Auditors of the Company for a term of five years until the conclusion of 120th AGM of the Company. The Company has made payment of Rs. 15.03 Lacs to the Statutory Auditors for all the services availed by the Company during FY 2021-22.

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

- i. Credit Ratings: The Company has been accorded credit rating of 'CARE BBB-, Stable' for long term bank facilities and 'CARE A3' for short term bank facilities by CARE Ratings Limited on June 03, 2022.
- j. Disclosure 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.
- k. Commodity price risk or foreign exchange risk and hedging activities: For details, please refer Management Discussion and Analysis Report and notes to accounts to the financials mentioned in the Annual Report.
- l. Compliance with mandatory requirements and adoption of non-mandatory requirements:
 - Mandatory requirements: The Company has complied with all mandatory requirements of the SEBI Listing Regulations with regard to corporate governance. M/s. NSP & Associates, have certified that the Company has complied with the mandatory requirements of corporate governance as stipulated under Regulations 17 to 27, clauses (b) to (i) of Regulation 46(2) and para C, D & E of Schedule V of the SEBI Listing Regulations for the financial year ended March 31, 2022.

- Non-mandatory requirements: The status on the compliance with the non-mandatory recommendations/ discretionary requirements as specified in Part E of Schedule II to the SEBI Listing Regulations is as under:
 - i. The Company has separate posts of Chairman and Managing Director.
 - ii. Shareholders' rights: The quarterly / half-yearly / annual financial results, after approval of the Board of Directors, are uploaded electronically on the website of NSE & BSE via NEAPS/NDP Portal and BSE Listing Centre respectively, published in the newspapers as mentioned under the heading "Means of Communication" at Sl. No. 5 above and also displayed on the Company's website viz. <https://www.shalimarpaints.com>. The results are not separately circulated to the shareholders.
 - iii. Modified opinion(s) in audit report: The Company is in the regime of unmodified audit opinion on financial statements.
 - iv. Reporting of Internal Auditors: The Internal Auditors of the Company report directly to the Audit Committee.
- m. Disclosure of the compliance with corporate governance requirements as specified in Regulations 17 to 27 and clauses (b) to (i) of Regulation 46(2) of SEBI Listing Regulations: During the financial year 2021-22, the Company has duly complied with all the provisions mentioned under Regulations 17 to 27 and clauses (b) to (i) of Regulation 46(2) of SEBI Listing Regulations.

8. Other Information

- a. CEO/CFO Certification: The Managing Director and Chief Financial Officer have certified, in terms of Regulation 17(8) read with Part B of Schedule II of the SEBI Listing Regulations, to the Board that the Financial Statements present a true and fair view of the Company's affairs and are in compliance with the existing accounting standards. The said certification on the Financial Statements, internal control and the Cash Flow Statement for the financial year 2021-22 is annexed as Annexure - I and forms part of this Report. The Managing Director and Chief Financial Officer also give quarterly certificate on the financial results while placing the same before the Board in terms of the Regulation 33(2) of the SEBI Listing Regulations.
- b. Risk Management Framework: The Company has in place mechanism to inform Board members about the risk assessment and minimization procedures and periodically reviews the same.
- c. Certificate from Company Secretary in Practice: A Certificate has been received from M/s. NSP & Associates, Practising Company Secretaries, confirming that none of the Directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as directors of companies by the SEBI, Ministry of Corporate Affairs, or any such other Statutory Authority. The Certificate is annexed as Annexure - II and forms part of this Report.
- d. Code of Conduct: The Company has laid down a Code of Conduct for the Board members and Senior Management Personnel of the Company. All Board members and the senior management personnel of the Company have affirmed compliance with the said Code for the financial year ended March 31, 2022. The said Code of Conduct is also available on the Company's website at the following link: https://www.shalimarpaints.com/uploads/Code_Of_Conduct.pdf. The declaration of the Managing Director of the Company in this regard is given below:

DECLARATION ON CODE OF CONDUCT

To

The Shareholders of Shalimar Paints Limited

I hereby declare that for the financial year ended March 31, 2022, all the Board Members and Senior Management Personnel of the Company have affirmed the compliance with the Code of Conduct, as adopted by the Board of Directors.

Dated: August 10, 2022

Place: Gurugram

Ashok Kumar Gupta
Managing Director
DIN: 01722395

CERTIFICATE ON COMPLIANCE WITH THE CONDITIONS OF CORPORATE GOVERNANCE

To

The Members of Shalimar Paints Ltd.

We have examined the compliance of conditions of Corporate Governance by Shalimar Paints Limited ("the Company"), for the year ended on March 31, 2022, as stipulated in the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI LODR Regulations").

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

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the SEBI LODR Regulations during the year ended on March 31, 2022.

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

**For NSP & Associates
Company Secretaries**

**Naveen Shree Pandey
(Proprietor)**

FCS No. 9028

C.P. No. 10937

UDIN: F009028D000857271

Peer Review Certificate No: 1797/2022

Place: Noida, UP

Date: 26th August, 2022

Certificate from Managing Director and Chief Financial Officer

(Regulation 17(8) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

To
The Board of Directors
Shalimar Paints Limited

We do hereby confirm and certify that:

- a) We have reviewed financial statements and the cash flow statement of Shalimar Paints Limited ("the Company") for the financial year ended March 31, 2022 and that, to the best of our knowledge and belief:
- i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading; and
 - ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's Code of Conduct.
- c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the Auditors and the Audit Committee deficiencies in the design or operation of such internal controls, if any, of which we are aware of and the steps we have taken or propose to take to rectify these deficiencies.
- d) We have indicated to the Auditors and the Audit Committee:
- i) significant changes in internal control over financial reporting during the year;
 - ii) significant changes, if any, in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - iii) there has not been any instance, during the year, of significant fraud of which we had become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

For **Shalimar Paints Limited**

Place: Gurugram
Dated: May 26, 2022

Ashok Kumar Gupta
(Managing Director)

Mohit Kumar Donter
(Chief Financial Officer)

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

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

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

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of Shalimar Paints Ltd. having CIN: L24222HR1902PLC065611 and registered office at Stainless Centre, 4th Floor, Plot No. 50, Sector 32, Gurugram - 122001, Haryana (hereinafter referred to as **'the Company'**), produced before us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our information and according to the verifications (including Director Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to us by the Company & its officers, we hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on March 31, 2022 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such other Statutory Authority.

| S. No. | Name of Director | DIN | Date of Appointment in Company |
|--------|------------------------------|----------|--------------------------------|
| 1. | Dr. Rajeev Uberoi | 01731829 | 11/05/2021 |
| 2. | Mr. Abhyuday Jindal | 07290474 | 08/03/2022 |
| 3. | Mr. Alok Perti | 00475747 | 30/06/2020 |
| 4. | Mr. Ashok Kumar Agarwal* | 08154563 | 12/08/2019 |
| 5. | Mr. Ashok Kumar Gupta | 01722395 | 10/08/2018 |
| 6. | Ms. Shruti Srivastava | 08697973 | 20/02/2020 |
| 7. | Mr. Souvik Pulakesh Sengupta | 07248395 | 24/02/2022 |
| 8. | Mr. Vijay Kumar Sharma | 01468701 | 05/10/2020 |

* Ceased to be Director of the Company w.e.f. August 11, 2022.

Ensuring the eligibility for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate 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 NSP & Associates

Naveen Shree Pandey
(Proprietor)

Membership No.: FCS-9028

CP No.: 10937

UDIN: F009028D000857227

Peer Review Certificate No: 1797/2022

Place: Noida, UP

Date: 26th August, 2022

Management Discussion and Analysis

Industry Structure & Developments



Paint industry is estimated to be a Rs. 60,000 crore industry in India. It consists mainly of Decorative Paints, Protective Coatings, Wood Coatings, Automotive Paints etc. with decorative market being the largest part accounting for over 60% of the market. Paint industry in India is largely dominated by organized players accounting for 65% of the market with mainly 4 large players and significant number of medium level players while the unorganized players accounting for the rest 35%. Slowly but steadily large players are increasing their market share and dominance in the market with unorganized players limited to niche markets.

The industry is divided into two categories - decorative and industrial. The Indian paint sector has grown extensively over the years wherein decorative segment has grown at 11.4% CAGR and industrial paint segment has grown at 7.9% CAGR over the last 12 years. Demand of Decorative Paints that hold 75% of the market is significant during the festive season that arises from household painting and other display purposes. Along with this, the popularity of quality paints and increasing income in tier-1 and tier-2 cities is adding in the growth of the premium market of decorative paint industry. The Indian paints industry by value and volume is expected to grow at a CAGR of around 10% in next few years.

The key growth drivers for paint industry in India, inter alia, includes rising urbanization, improved products, shortening of repainting cycle, decreasing propensity to save, affordable housing, growing middle-class with higher disposable incomes, nuclear family structure, growing demand from smaller towns & rural areas, increasing consumer involvement in the painting process, growing adoption of new styles/ designs/ textures and triggers like government focus on housing & infrastructure development.

In last two years, prices of key raw materials have increased significantly due to supply side shortages globally. With oil prices almost doubling in a short span of 1-2 years, the cost of solvent

based raw materials have increased sharply. Thus, the solvent-based products have faced significant viability problems. As a result, profitability of all the players has been affected significantly in FY 2021-22.

About Shalimar Paints

Established in 1902, it can be said that the history of Shalimar Paints is closely linked to the development of Paints industry in India. 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 have been painted with Shalimar Paints. The Company currently has three manufacturing facilities, one each at Chennai, Nashik and Sikandrabad (Uttar Pradesh). Howrah unit's operations remains suspended after fire broke out in 2014.

The Company has wide distribution network, 32 sales depots, and 3 regional distribution centers across all four zones in India. On the back of such promising growth numbers complemented by a significant production boost, the brand is well on its way to pick up the growth trajectory soon. Apart from India, Shalimar also catered to consumers from Nepal, UAE, Bhutan and Seychelles.

Performance



The year 2021-22 was another challenging year for Shalimar Paints, albeit for the entire paint industry or may be for many industries in the country. The year started with a positive note with expectation that Covid may give us some relief. The expectation was rather short lived. By mid of April, the country was disturbed with the second wave. Fortunately, it did not continue for too long and balance part of the year was much better

with some of the pent-up demand coming back in Diwali session and year end.

Your Company also made use of this pent-up demand and improved its performance in later part of the year to end the year with a total sale of ~Rs. 360 crores which was about 10% higher than the previous year sales. The growth has however been lower than the increase in sales achieved by the larger players. The industry as a whole is estimated to have grown by about 5% to 6% over previous year. While the whole industry has passed through a tough year, the smaller players might have been affected more.

The industry witnessed sharp increase in raw material costs particularly oil based raw materials which could be only partially passed on to the consumers. As a result, profitability of your company as other companies suffered badly. The Company had taken some price rises, in line with the market, but they were not sufficient to mitigate the entire impact of cost escalations.

To minimize the impact of cost escalation, the Company has taken number of steps. The Company has started to source raw materials based on reverse auction principle. In addition, Company has also started direct import of certain raw materials. In addition, R&D is working on change in formulation to reduce costs. The Company is also trying to control its fixed costs as well as interest costs so that benefit of increased revenue can be reflected in bottom line.

The Company is primarily in industrial and decorative segments with decorative segment contributing almost 65% of the revenue. Within decorative segment, water based paints contribute about 45% of the sales as against industry average of about 70%. Your Company is taking steps to increase water based proportion to about 65% in next one year, which should help in improving financials of the Company.

Outlook

The paint industry like many others in the economy, globally, is likely to witness a period of consistent growth for next 5/6 years. There are lot of apprehensions of likely recession for next two or three years. USA is already in recession, technically. UK may be following suit. This may slowly spread to other economies as well. We may expect difficult period for next few months or years.

The world has passed through a very difficult period for last two years. The pandemic has taken its toll on individuals and nations alike. Pandemics do not last forever and hopefully do not occur frequently. Supply side shortages are to a large extent mitigated in the long run through market dynamics. However, people aspirations and desire for a good life continue to grow despite challenging times. So, demand for goods and services is expected to continue to grow particularly in view of truncated growth in last few years and expectation of recession or slow growth in next 2/3 years. To make for the pent-up aspirations, global demand and consequently economies should grow steadily for next 5/6 years. This will provide a golden opportunity for all industries including paint industry.

We at Shalimar Paints are preparing and doing the ground for the potentially golden period ahead. Plant capacities will be expanded. The facilities will also be modernized and upgraded to meet the increasing demand. The purchase and sales systems are being upgraded and automated to reflect the latest trends. New products are being developed for decorative segments to account for the changing tastes.

Opportunities and Threats

Opportunities:



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. Rising urbanization, supported by real estate demand and improving infrastructure, has been boosting paint demand over the past few years.

Easy availability of housing loans has contributed to increase in number of houses which has directly added to increased demand for paints industry. Also, finance is now more easily available for renovation and repair of houses than before. This in turn, helps to shorten repair cycle.

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.

New entry of modern retail and E-comm players in the category like Hippo Stores, Infra.market stores, YouKraft.com, painting service partners like Aap ka Painter, Urban Company and many more have opened up new channels of selling paint products and

engage new influencers. New Age interior designers and architects and the emerging demand for hiring these professionals also brings a new opportunity to connect with them and promote our products.

Threats:

The Cost of Raw materials is an important factor as the industry is raw material intensive. However, the rising raw material cost is still the biggest challenge. As oil prices have witnessed a sharp rise in the past two years, inflationary cost pressures will continue to weigh on margins. Also, a large portion of raw materials are imported, leaving the cost factor vulnerable to exchange rate fluctuation.

The entry of new players in the Indian market may increase the competition among the players of the industry. This may lead to price competition which may impact the profit margin of the companies. As a result, the increase in volume growth may not equally reflect in the profit growth for the companies.

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

Risk and Concerns



The evolving nature of the Covid-19 pandemic makes near term predictability a challenge. However, reaction of consumers to the pandemic getting prolonged and consequent restrictions/ lockdowns is yet to be gauged.

Considering the huge uncertainties prevailing in the market due to war in Europe, the major economies of the world are passing through difficult times.

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

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

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

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

Import policies also play a key role in deciding the price points as most raw materials are imported from foreign countries. Any change in the tax regime can significantly escalate the painting price.

Another challenge faced by the industry is the new regulation by way of extended producer liability on usage of plastic products. The new regulation mandates that gradually the industry will have to graduate to complete utilisation of plastic waste used as containers/ packing materials to ensure that no waste goes in the environment. This is a big challenge particularly since current technologies are not developed to ensure the same. Shalimar Paints like its peers will have to face this challenge.

Slowdown in infrastructure and construction activities would affect overall demand for paint companies. Delay in the revival of the auto industry would continue to pose a threat to the growth of industrial paints demand. In the post-COVID era, however, the challenges will change drastically.

Information Technology



At Shalimar Paints, Information Technology ("IT") drives cutting edge technology solutions to bring a competitive edge to the business. IT has been enabling sales, manufacturing, planning, distribution, materials, finance & HR process.

Employee experience has always been important to build collaboration and enhance productivity. Enterprise email & Collaboration tools have been implemented which have brought the benefits such as increased end user experience, security, admin control and device management along with enabling advanced device management policy which helps in controlling the corporate data. With the use of hybrid email & collaboration tools, operation costs have been reduced.

The SAP Ariba Reverse Auction Sourcing solution allows suppliers and buyers to connect and do business on a single platform and this solution have brought the benefits such as cost improvements, source to discover new suppliers, visibility into spending and supplier relationships, improved supplier communication with customers.

We have Integrated GST Suvidha Provider ("GSP") & Application Suvidha Provider ("ASP") with SAP. The solution automates the process of collation of data for the purpose of filing of GSTR-1 (i.e., Outward supply return), for Input tax credit (ITC) reconciliation, for raising E-invoices and E-way bill as and when applicable. This process has reduced human intervention and hence, brings more accuracy in data processing.

Concept of Service PO was introduced and implemented which has helped the organization to capture all services procurement & spends capturing.

The Company has upgraded the ERP systems Native Storage to virtual storage which will help in the availability of organization's data with minimal risks. Since, organization data is continuously growing and with the help of technologies that reduce time to insights at lower total cost of ownership (TCO) and higher availability, the Company is on the path of improvement.

This financial year we are working on the areas which focus on Basic Hygiene i.e making optimum usage of existing SAP Best Practices, Business Analytics, Customer Satisfaction and Cutting-Edge Technologies keeping theme as Digital Transformation using technologies such as AI, ML, IOT, RPA (Robotic Process Automation).

Supply Chain



To sustain growth in an ever-changing business environment, agility is of vital importance. Your Company has worked quickly during the year under review to move the value chain by providing new products and better services to our customers. We focused on B2B businesses while expanding the growth of each business segment, individually. Various initiatives were taken including short-listing applications to make the supply chain agile and to have faster response to Manufacturing, Planning, Sales & Distribution.

Most paint industries globally are combating with supply chain disruptions, raw material shortages and rising commodity prices impacting sourcing and supply. We have a well-defined SOP on procuring in a planned manner in order to meet the sales demand and parallelly steering through any supply chain or price increase challenges. We have initiated processes of establishing workflows with an aim to reduce dependency on imports. Supply Chain cost was brought down by 5% despite of steep increase in fuel prices and availability constraints.

HR Initiatives



People are the essential part of the organization. As they say, it's people who make the organization successful. People are foundation and pillar that hold the organization strong and tall as they provide skills and competencies necessary to make organizational strategies work. We at Shalimar Paints truly believe the same and work towards attracting, retaining and developing best talent in the organization. In order to achieve the same, during the financial year 2021-22, various initiatives were taken by the Company under various HR domains:

Attracting Talent: Your Company hired 92 new employees across functions which took our employee strength from 409 in FY 2020-21 to 474 in FY 2021-22, including many well-known leaders from industry like Mr. Kuldeep Raina, Mr. Rakesh Gupta and Mr. Harcharan Singh etc. We have started advertising various positions on LinkedIn and the response to these posts are in thousands. This activity has helped us to give a message to the market about Shalimar 2.0 and the way we are transforming the Company in a better way.

Culture of Safety: Safety of our employees at plant is of utmost importance for us. Hence, the Company organized a campaign called “SADAK SURAKSHA JEEVAN RAKSHA” at our Chennai plant from 7th Feb to 14th Feb 2022. In relation to prevention of illness, Free Annual Health Check camps were organized across our 3 running plants.

Reward and Recognition: As rewarding and recognizing employees leads to greater employee engagement, increased retention, increased productivity, increased peer competition and helps to create a positive overall workplace. Accordingly, the Company has taken initiative of recognizing and rewarding exceptional performers from sales team every month by the name of “Ace Award” based on their monthly performance.

An Annual All Hands Meet was also organized by the Company in which all employees got together through virtual Platform. The objective of this meet was to:

1. Share key business highlights for financial year 2021-22.
2. Drive alignment around Company’s vision and strategy for business growth in 2022-23.
3. Celebrate milestones and the people who made them possible for financial year 2021-22.

Employee engagement: Fun at workplace plays an important role in keeping the work environment lively and enthusiastic. In terms of celebration, we have lots of fun on every occasion such as Diwali, Holi, Christmas, Women’s Day, Company’s success on breaking old records, Birthday etc. Various sports activities including Cricket tournament were organized at our Nashik and Chennai Plants. Various other engagement activities like plant sapling on “World Environment Day”, Vishwakarma Puja etc. were also organized at all plants.

Developing Talent: In terms of development, various inhouse and external trainings related to Company’s products, selling skills, communication skills etc. were organized by the Company.

HR Automation: An online attendance and leave management tool to assist all employees in terms of real-time tracking of attendance, employee self-service etc. has been introduced during the FY 2021-22, thus eliminating manual intervention. For the first time, online performance management tool has been implemented by the Company which helps in collecting feedback and building performance management systems that reward results. Further, an online travel and expense claim portal has also been introduced with the sales force automation visits linked to it.

Marketing

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



Keeping this strategy in mind, there is a loyalty program called Shalimar Paints EXPERT program in which the painters earn loyalty points on each purchase of our products.

We have revised the point

per litre on our selected products and run schemes to benefits the painter and contractors. In last two years we have 27,000 painters registered with us taking the total member base to 65000+. Painters are getting benefits out of this program as they have redeemed Mobiles, Electronics items, Gold and Silver Vouchers, E-Commerce shopping vouchers, Air conditioners and even automobiles from the accumulated points. With COVID the business made all efforts to reach out to this base regularly and gave them support, as and when needed. Regular training and upskilling events are held across the cities to educate the painters on the new schemes and products. A trained and responsive customer service team reaches out to them regularly and helps solve all their issues around product, service, and the ongoing loyalty program.



We have observed a significant contribution from this influencer program and are focusing more to leverage the best out of this by launching our grand festive campaign offer “75 Din Offers Ka Mahotsav” targeting the painters and dealers’ network.

We are also increasing the on-ground touch base events with the painters via pre-planned Painter Meets, that is done at strategically important dealers across regions.



To increase the brand visibility and to activate new painters, we are also looking at partnering with new channel partners like Aap Ka Painter and You Kraft.com to make

Shalimar Paint products available on their platforms and also on boarding their painters with Shalimar Expert program.

On the digital front, we are also looking at re-igniting the social media handles for the brand and leverage them for a cost-effective outreach to our consumers as well as influencers. Separate Social handles for Shalimar Brand and Shalimar Expert Painter program is in the plan for the next quarter and we shall start engaging with our audiences digitally.



Internal Control Systems



The internal control system is an integral part of the general organizational structure of the Company. The Company has in place the necessary control systems to ensure transparency and security of its transactions. However, the same are being upgraded keeping in view the increased threats. The purchase, sales, procurement, payment and other operations are being automated. Checks and balances are being strengthened at each level. The system is highly structured and totally in sync with the size and nature of its business. External audit firms are appointed at various

locations of the Company to conduct regular audits. The internal control system is basically a set of rules, regulations, policies and procedures which run on softwares with in-built authorizations for enhanced control. The organization is appropriately staffed with qualified and experienced personnel for implementing and monitoring the internal control environment.

Financial Performance



Your Company during the year under review has suffered a loss of Rs. 63.85 crores as against loss of Rs. 49.51 crores in the previous year, on standalone basis. The revenue from operations of the Company for the financial year 2021-22 stood at Rs 358.10 crores as against Rs. 325.56 crores in the previous year.

While revenues of the company have grown by about 10%, the profitability has taken a further beating primarily due to raw material price increase. The cost of goods sold has increased from about 68% to about 75% in FY 2021-22 due to this cost escalation which could not be passed in the market. Other parameters have been at the similar level as previous year.

(Rs. in Crore)

| Particulars | Standalone | | Consolidated | |
|-----------------------------------|------------|------------|--------------|------------|
| | FY 2021-22 | FY 2020-21 | FY 2021-22 | FY 2020-21 |
| Revenue from Operations | 358.10 | 325.56 | 358.10 | 325.56 |
| Other Income | 5.01 | 7.28 | 4.63 | 6.94 |
| Profit/(Loss) before Finance Cost | (41.68) | (4.39) | (42.07) | (4.75) |
| Finance Cost | 22.17 | 19.04 | 22.17 | 19.03 |
| Profit/(Loss) before Tax | (63.85) | (23.43) | (64.24) | (23.79) |
| Tax | - | 26.08 | - | 26.08 |
| Profit/(Loss) after Tax | (63.85) | (49.51) | (64.24) | (49.87) |

Key Financial Ratios and details of significant changes therein vis-a-vis immediately preceding financial year

| Particulars | As at 31-03-2022 | As at 31-03-2021 | Reasons of Variance |
|---|---------------------|---------------------|--|
| Debtors Turnover Ratio(in times) | 4.53 | 4.31 | Increase in revenue and decrease in debtors resulted in improved debtors turnover ratio. |
| Inventory Turnover Ratio(in times) | 2.89 | 2.54 | Increased cost of goods sold resulted in higher turnover ratio. |
| Interest Coverage Ratio | -0.79 | 0.57 | During the current financial year, raw material prices and other input costs were high which negatively impacted the margin. Interest burden has been on the higher side leading to lower Interest Coverage Ratio |
| Current Ratio (in times) | 1.84 | 0.80 | There has been infusion of share capital & debenture to the tune of Rs. 270 crores. The said amount has been utilized for repayment of working capital and short-term borrowings and creation of fixed deposits (short term) which has resulted in decrease in current liabilities and increase in current assets. |
| Debt Equity Ratio (in times) | 0.40 | 0.63 | The repayment of borrowings as stated in remarks of current ratio above and increase due to premium component of equity raised, have resulted in decrease in total borrowings and increase in total equity. |
| Debt Service Coverage Ratio (DSCR) (in times) | -0.02 | 0.06 | During the current financial year, raw material prices and other input costs were high which negatively impacted the margin. Principal payments of loan and interest burden have been on the higher side leading to lower DSCR. |
| Operating Profit Margin (%) | -15% | -7% | Higher losses primarily on account of significant increase in cost of production and other overheads despite marginal increase in revenue from operations, have led to higher operating profit ratio (negatively) |
| Net Profit Margin (%) | -17.80% | -15.20% | Higher losses primarily on account of significant increase in cost of production and other overheads despite marginal increase in revenue from operations, have led to higher net profit ratio (negatively) |
| Return on Net Worth (%) | -12.20% | -1.70% | Higher losses during the year and increased capital employment have resulted in higher return on capital employed negatively |
| Earnings per Share (EPS) (Rs.) | -11.39 | -9.12 | EPS has reduced due to higher losses |

Forward-Looking Statement

Certain statements made in the Annual Report relating to the Company's objectives, projections, outlook, expectations, estimates and others may constitute 'forward looking statements' within the meaning of applicable laws and regulations. We use words such as anticipates, believes, expects, future, intends, and similar expressions to identify forward-looking statements. Forward-looking statements reflect management's current expectations and are inherently uncertain. Actual results may differ from such expectations whether expressed or implied. Several factors could make significant difference to the Company's operations. These include climatic and economic conditions affecting demand and supply, government regulations, taxation, pandemic and other natural calamities over which the Company does not have any direct control. The Company assumes no responsibility to amend, modify or revise any such statements. The Company disclaims any obligation to update these forward-looking statements except as may be required by law.

Independent Auditors' Report

To The Members of Shalimar Paints Limited

Report on the Audit of Standalone IND AS Financial Statements

Opinion

We have audited the accompanying standalone Ind AS financial statements of **Shalimar Paints Limited ("the Company")**, which comprise the Balance Sheet as at 31st March, 2022 and the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year ended on that date, and Notes to the standalone Ind AS financial statements, (including a summary of the significant accounting policies and other explanatory information (herein after referred to as "the Standalone financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Companies Act, 2013 (the 'Act') in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India and the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act read together with Companies (Indian Accounting Standards) Rules, 2015, of the state of affairs of the Company as at 31st March, 2022, and its loss, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

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

Emphasis of Matter

We draw your attention to note no 62 of standalone financial statements which explains the management's assessment/evaluation of the financial impact due to lockdown arising with the advent of COVID 19.

Key Audit Matters

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

| Sr. No. | Key Audit Matter | Auditor's Response |
|---------|--|--|
| 1 | Evaluation of Trade receivables: (i) The Company's Trade receivables included material disputed receivables & receivables against which legal proceedings have been initiated or to be initiated by the Company. (ii) Unidentified /Identified Trade Receivables credit balances-Rs. 95.81 lakh (iii) Allowance for credit impaired: (a) Write off of Receivables of earlier years -Rs 833.28 lakh (b) Provision for doubtful receivables -Rs 259.90 lakh (c) Sale return of Rs. 56.46 lakh <i>[Note 14 of the Standalone Financial Statement]</i> | <u>Principal Audit Procedures</u> While reviewing the quality of trade receivables from realization perspective based on information & explanation made available to us, we have relied upon the management representation with respect to fair valuation of trade receivable in accordance of applicable Ind AS. The evaluation/review, provisioning & write off of Trade Receivables were also confirmed, in earlier years by IBBI Registered Valuer recognized under Companies Act, 2013 (hereinafter referred to as 'Registered Valuer') Trade receivables which carried significant credit risk and /or credit impaired, as evaluated in terms of provisioning thereof, have been broadly reviewed by us, on selective basis. Our audit approach was a combination of test of internal controls with respect to Trade receivable management and substantive procedures. The Audit Committee of the Company has also reviewed and approved Trade receivables, provisioning there against & write off, for ascertaining fair value thereof. |

Independent Auditors' Report

| Sr. No. | Key Audit Matter | Auditor's Response |
|---------|--|---|
| 2 | Evaluation of Exceptional Expenses (i) The Company during the year has made provision against old & damaged stock amounting to Rs. 482.14 lakh. (ii) Professional Charges for Fund Raising-Rs 535.77 lakh (iii) Other balances written-off-Rs 58.43 lakh [Note (40) of the Standalone Financial Statement] | <u>Principal Auditors' Response</u> 'Provision against Inventory –Rs 482.14 lakh We have relied upon the management representation & certification while carrying out our audit. We have broadly reviewed 'Exceptional Expenses' on selective basis, as per information and explanation furnished to us. Provision for Old & Damaged Stock has been self-assessed by the management. In the earlier years, provision/write off were assessed by IBB registered valuers. The Audit Committee of the Company has also reviewed and approved the said provisioning for fair valuation of current assets. Professional Charges for Fund Raising-Rs 535.77 lakh The said payment has made by the Company against preferential (a) allotment of 1,79,16,667 equity shares of face value Rs. 2 each at the price of Rs. 120 per share [Note 19(iii)], and (b) issue of 30,55,556 number of unlisted, unsecured, optionally convertible debenture of the face value of Rs. 180.00. [Note 21(iv)] While examining the relevant agreements on the basis of which funds have been raised and related expense accounted for, we relied upon the management representation to treat the expense as non-recurring and of exceptional nature. Members of the Company have approved the fund raising & Audit Committee of the Company has approved the payment. Other balances written-off-Rs 58.43 lakh The said write off represents Sales/CST/VAT deposits written off on assessments completed. The Audit Committee of the Company has approved the write off. |
| 3 | Inventories valuation, provisioning & write off (i) Provision against Finished good-Rs 6.26 lakh on verification thereof. (ii) Provision for processable & non-processable finished goods- Rs 482.14 lakh (iii) The value Variance on physical verification of inventories adjusted with raw material consumption [Note 13 of the Standalone Financial Statement] | <u>Principal Auditors' Response</u> Finished goods Rs. 6047.36 lakh is shown net off of provision of Rs 6.26 lakh on physical verification thereof at year end. Provision has been made for finished goods re-processable and non- processable aggregating Rs. 482.14 lakh. This provision is made as per Company's own estimate which was not done in earlier years. For processable finished goods, reprocessing cost has been considered for provisioning and non- processable finished goods have been provided at carrying cost. Variance (in value) on physical verification of inventories, are shown as a part of consumption. We have broadly reviewed the provisioning & write off of inventories and valuation thereof having regard to relevant accounting standard & auditing standard. The Inventory valuation during the year has been done by the Company which were being confirmed in earlier years by IBB registered valuer recognized under Companies Act 2013. The Audit Committee of the Company has reviewed and approved the said provisioning, variances to ensure fair valuation of inventories. |

Independent Auditors' Report

| Sr. No. | Key Audit Matter | Auditor's Response |
|---------|--|--|
| 4. | <p><i>Evaluation of un-ascertained tax & other liabilities</i></p> <p>The Company has material unascertained disputed taxes & other liabilities shown as contingent liabilities, the determination of which involves significant management judgment.</p> <p><i>(Notes 44 of the Standalone Financial Statements)</i></p> | <p><i>Principal Auditors' Response</i></p> <p>We have obtained the details of completed tax assessments and demands for the year ended and up to March 31, 2022 from the management. We evaluated the management's underlying assumptions in estimating the tax provision and the possible outcome of the disputes. We have also evaluated the disputed tax demands of earlier years having regard to legal precedence and other rulings in evaluating management's position on these uncertain tax positions.</p> <p>The material uncertain tax position & uncertain other liabilities, giving rise to disputed liabilities shown as contingent liabilities, have been examined by us having regard to material information & explanation furnished to us by the management.</p> <p>We review material uncertain tax position & uncertain other liabilities from year-to-year basis for changes therein.</p> |

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

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

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

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

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

Management's Responsibility for the Standalone Ind AS Financial Statements

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

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

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

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

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

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

Independent Auditors' Report

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

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

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

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

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

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

Other Matters

- (i) As per information and explanation furnished to us, the Company is pursuing with the Insurance Company for (a) insurance claim (based on Arbitration award) with respect to Howrah Plant (b) balance insurance claim for Loss of profit due to fire in Company's plant located at Nasik. (Note 57 & 58 of standalone financial statements).
- (ii) Some of the financial assets & liabilities including trade receivables, trade payables & advances are pending confirmation / reconciliation, and their impact on financial statements, if any, are unascertained (Note 64 of standalone financial statements)
- (iii) As regard disclosure in Note 45 of standalone financial statements regarding Micro, Small & Medium Enterprise, we have relied upon the information & explanation, to the extent made available to us by the management.
- (iv) Unlike in previous year, during current financial year, the Company has decided not to recognised additional deferred tax assets of Rs. 2169.62 lacs. The management is of the opinion that the Company has a history of recent losses, and it is probable that sufficient future taxable profits, based on convincing evidences, in near future, will not be available against which the deductible temporary differences and the carry forward unused tax credits and unused tax losses, can be utilized. Had the Deferred Tax provision been made, Loss for the year & Total Comprehensive Loss for the year would have reduced by the said amount. (Note 11 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.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit, we report, to the extent applicable that:

- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

Independent Auditors' Report

- b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account.
- d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Indian Accounting Standards prescribed under Section 133 of the Act & Rules made thereunder.
- e) On the basis of the written representations received from the directors as on 31st March, 2022 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2022 from being appointed as a director in terms of Section 164(2) of the Act.
- f) With respect to the adequacy of the internal financial controls over financial reporting of the Company, and the operating effectiveness of such controls, refer to our separate Report in “**Annexure A**”. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
- g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197 (16) of the Act, as amended:
In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.
- h) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:
- The Company has disclosed the impact of pending litigations on its financial position in its standalone Ind AS financial statements. (Note 44 to the standalone Ind AS financial statements)
 - The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - There has been no delay in transferring amounts required to be transferred to the Investor Education and Protection Fund.
- iv (a) The management has represented that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other persons or entities, including foreign entities (“Intermediaries”), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall:
- directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever (“Ultimate Beneficiaries”) by or on behalf of the Company, or
 - provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.
- iv (b) The management has represented, that, to the best of its knowledge and belief, no funds have been received by the Company from any persons or entities, including foreign entities (“Funding Parties”), with the understanding, whether recorded in writing or otherwise, that the Company shall:
- directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever (“Ultimate Beneficiaries”) by or on behalf of the Funding Party, or
 - provide any guarantee, security or the like from or on behalf of the Ultimate Beneficiaries; and
- iv (c) Based on such audit procedures as considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under subclause (iv) (a) and (iv) (b) contain any material mis-statement.
- v) No dividend has been declared or paid during the year by the Company; hence, the question of compliance with the provisions of Section 123 of the Companies Act, 2013, does not arise.
2. As required by the Companies (Auditors' Report) Order, 2020 (“the Order”) issued by the Central Government in terms of Section 143(11) of the Act, we give in “**Annexure B**” a statement on the matters specified in paragraphs 3 and 4 of the Order.

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

CA Arun Kumar Dubey
Partner
Membership No.- 057141
UDIN: 22057141ALAMFU2310

Place: Kolkata
Date: May 26, 2022

Independent Auditors' Report

Annexure "A" to the independent Auditors' Report

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

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

We have audited the internal financial controls over financial reporting of Shalimar Paints Limited ("the Company") as of 31st March, 2022 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

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

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

Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements, due to error or fraud may occur and not be detected. Also, 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.

Independent Auditors' Report

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting, and such internal financial controls over financial reporting were operating effectively as at 31st March, 2022, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on 'Audit of Internal Financial Controls Over Financial Reporting' issued by the Institute of Chartered Accountants of India.

For A K Dubey & Co.

Chartered Accountants
Firm Registration No. 329518E

CA Arun Kumar Dubey

Partner

Membership No.- 057141

UDIN: 22057141ALAMFU2310

Place: Kolkata

Date: May 26, 2022

Independent Auditors' Report

Annexure "B" to the independent Auditors' Report

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

- i. (a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment.
 (B) The Company has maintained proper records showing full particulars of Intangible assets.
- (b) The Company has a regular programme /policy of physical verification of its fixed assets included in Property, Plant & Equipment (PPE) by which all fixed assets are verified in a phased manner. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. As per the policy, certain property, plant and equipment, were physically verified by the Management during the year. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
- (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties (other than immovable properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee) disclosed in the standalone financial statements, are held in the name of the Company.
- (d) The Company has not revalued its property, plant and equipment (including Right-of-use assets) or Intangible assets or both during the year.
- (e) According to the information and explanations given to us and on the basis of our examination of the records of the Company, there are no proceedings initiated or pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 and rules made thereunder.
- (ii) (a) The inventory ((except material/ goods, in-transit) have been physically verified by the management during the year. In our opinion, the frequency of such verification is reasonable and procedures and coverage as followed by management were appropriate. No material discrepancies were noticed on verification between the physical stocks and the book records that were 10% or more in the aggregate for each class of inventory.
- (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has been sanctioned working capital limits in excess of five crore rupees, in aggregate, from banks on the basis of security of current assets. In our opinion, the quarterly/periodic returns or statements filed by the Company with such banks are in agreement with the books of account of the Company.
- iii. The Company is to receive Rs 820.42 lakh (previous year Rs 783.17 lakh) from its subsidiaries Shalimar Adhunik Nirman Limited (SANL) & Eastern Speciality Paints & Coatings Pvt. Ltd as at the year-end which are shown/included under the head 'Loans (Non-current) under sub head 'Loan to Related parties'(Note 9 & 49 of the Financial Statement). The aggregate amount during the year to SANL is Rs 37.23 lakh and to Eastern Speciality Paints & Coatings Pvt. Ltd is Rs 0.02 lakh. The said loan includes Rs 499.00 lakh (Note 56 of the Financial Statement), 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. As certified by the management, there is no overdue amount of loan & interest.
 Except loan and advances to the aforesaid subsidiaries, the Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnership or other parties.
- (iv) According to the information and explanations given to us and on the basis of our examination of the records, the Company has not given any loans, or provided any guarantee or security as specified under Section 185 of the Companies Act, 2013 and the Company has not provided any guarantee or security as specified under Section 186 of the Companies Act, 2013. Further, the Company has complied with the provisions of Section 186 of the Companies Act, 2013 in relation to loans given and investments made, to the extent applicable.
- (v) The Company has not accepted any deposits or amounts which are deemed to be deposits from the public. Accordingly, clause 3(v) of the Order, is not applicable.
- (vi) According to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under Section 148(1) of the Companies Act, 2013 for the products manufactured by the Company it and/or services rendered by it. Accordingly, clause 3(vi) of the Order is not applicable.
- 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 Goods and Services Tax, 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 though there have been slight delays in few cases.
 - (b) There were no undisputed amounts payable in respect of Goods and Service Tax, 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

Independent Auditors' Report

arrears as at 31st March, 2022 for a period of more than six months from the date they became payable, except excise & Custom duty of Rs 444.08 lakh (previous year 439.47 lakh). (Included in note no 29 of Other current liabilities- "Statutory Dues") of Financial Statements.

- (c) Details of disputed dues (taxes, etc. as referred to above) which have not been deposited as on 31st March, 2022 on account of disputes, are given below:

| Name of the Statute | Nature of Dues | Period | Amount (Rs) | Forum where dispute is pending |
|--|----------------------------|--|--|--|
| Income Tax Act, 1961 | Income Tax | AY 2018-19 | 2,45,78,450 | Appellate Authority- National Faceless Assessment Centre |
| Central Excise Act 1944 | Excise Excise Excise | Dec 1991 to Feb 1994 Jan 2005 to Mar 2008 FY 2009-10 to 2011-12 | 1,26,86,591 2,11,34,360 1,22,85,902 | Commissioner Appeal- Kolkata CESTAT, Kolkata CESTAT, Kolkata |
| Central Sales Tax, 1956 & Value Added Tax Act | Sales Tax & VAT | FY 2005-06 FY 2005-06 FY 2008-09 FY 2008-09 FY 2005-06 FY 2013-15 FY 1994-95 FY 1995-96 FY 2016-17 FY 1996-97 FY 2013-14 FY 2013-14 FY 2012-13 FY 2015-16 FY 2016-17 FY 2013-14 FY 2015-16 FY 2016-17 FY 2006-07 FY 2005-06 FY 2008-09 FY 2015-16 | 9,33,774 1,88,227 15,91,671 1,16,611 17,24,321 1,99,260 7,275 1,33,857 4,00,000 23,60,889 14,36,175 20,71,666 92,73,060 14,57,261 18,74,127 4,24,870 32,135 4,15,021 5,81,598 1,74,501 42,880 4,75,47,613 | Assistant Commissioner, Madhya Pradesh Assistant Commissioner, Madhya Pradesh Assistant Commissioner, Madhya Pradesh Assistant Commissioner, Madhya Pradesh Tribunal level in Odisha Tribunal level in Odisha Revision board, Tripura Revision board, Tripura Commissioner, Tripura Commissioner, Delhi Appeal with Joint Commissioner, Uttarakhand Assistant Commissioner, Patna, Bihar Assistant Commissioner, Bihar Deputy Commissioner, Bihar Assistant Commissioner, Bihar HC, Kerala CIT, Odisha CIT, Odisha CIT(A), Madhya Pradesh Assistant Commissioner, Madhya Pradesh Assistant Commissioner, Madhya Pradesh Assistant Commissioner, Delhi |
| | | Total | 14,36,72,095 | |

viii) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not surrendered or disclosed any transactions, previously unrecorded as income in the books of account, in the tax assessments under the Income-tax Act, 1961 as income during the year.

- (ix) (a) As per the information and explanations given to us, the Company has not defaulted in repayment of loans or other borrowings or in the payment of interest thereon to any lender. Accordingly, clause 3(ix)(a) of the Order, is not applicable.
- (ix) (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not been declared a willful defaulter by any bank or financial institution or other lender.
- (ix) (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the term loan availed by the Company were applied for the purpose for which the loans were obtained.
- (ix) (d) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis by the Company have been utilized for long term purposes.
- (ix) (e) According to the information and explanations given to us, we report that the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries as defined under the Companies Act, 2013. Accordingly, clause 3(ix)(e) of the Order, is not applicable.
- (ix) (f) According to the information and explanations given to us, we report that the Company has not raised loans during the year on the pledge of securities held in its subsidiaries as defined under the Companies Act, 2013. Accordingly, clause 3(ix)(f) of the Order, is not applicable.
- (x) (a) The Company has not raised any moneys by way of initial public offer or further public offer (including debt instruments). Accordingly, clause 3(x)(a) of the Order, is not applicable.

Independent Auditors' Report

- (x) (b) The Company has made any preferential allotment/ private placement of shares and Optionally Convertible Debentures during the year. The requirements of section 42 & section 62 have been complied with & funds raised have been used for the intended purposes. [Note 19(iii) & 21 of financial statements]
- (xi) (a) 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) (b) According to the information and explanations given to us, no report under sub-section (12) of Section 143 of the Companies Act, 2013, has been filed by the auditors in Form ADT-4 as prescribed under Rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government.
- (xi) (c) According to the information and explanations given to us, no whistle-blower complaint has been received by the Company; hence reporting under clause (xi)(c) of the Order, is not applicable.
- (xii) According to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, clause 3(xii) of the Order, is not applicable.
- 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 the Companies Act, 2003; and the details have been disclosed in the Financial Statements as required by the applicable Indian Accounting Standards.
- (xiv) (a) Based on information and explanations provided to us and our audit procedures, in our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- (xiv) (b) We have considered the internal audit reports of the Company issued till date for the period under audit.
- (xv) In our opinion and according to the information and explanations given to us, the Company has not entered into any non-cash transactions with its directors or persons connected to its directors; hence, provisions of Section 192 of the Companies Act, 2013, are not applicable to the Company.
- (xvi) (a) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, clause 3(xvi)(a) of the Order, is not applicable.
- (xvi) (b) The Company has not conducted any Non-Banking Financial or Housing Finance activities without a valid Certificate of Registration from Reserve Bank of India as per the Reserve Bank of India Act, 1934. Accordingly, clause 3(xvi)(b) of the Order, is not applicable.
- (xvi) (c) The Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India. Accordingly, clause 3(xvi)(c) of the Order, is not applicable.
- (xvi) (d) According to the information and explanations provided to us during the course of audit, the Group does not have any CIC. Accordingly, the requirements of clause 3(xvi)(d), are not applicable.
- (xvii) The Company has incurred cash losses in the current and in the immediately preceding financial year.
- xviii) There has been no resignation of the statutory auditors during the year. Accordingly, clause 3(xviii) of the Order, is not applicable.
- (xix) According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that the Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.
- (xx) The Company has incurred loss in current year as well as in earlier years, and hence not covered by the provisions of section 135 of the Companies Act, 2003; hence, clause 3(xx) of the Order, is not applicable.
- (xxi) There is no qualification or adverse remarks by the respective auditors in the Companies (Auditor's Report) Order (CARO) reports of the Companies included in the consolidated financial statements; hence, clause (xxi) of the Order, is not applicable.

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

CA Arun Kumar Dubey
 Partner
 Membership No.- 057141
UDIN: 22057141ALAMFU2310

Place: Kolkata
Date: May 26, 2022

Standalone Balance Sheet as at March 31, 2022

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

| | Note No. | As at 31-03-2022 | As at 31-03-2021 |
|---|----------|---------------------|---------------------|
| ASSETS | | | |
| Non-current assets | | | |
| Property, Plant and Equipment | 5.1 | 24,170.79 | 25,121.81 |
| Right-of-use-assets | 5.2 | 182.26 | 28.04 |
| Capital work-in-progress | 6 | 16.81 | 35.03 |
| Intangible assets | 7 | 413.41 | 459.44 |
| Financial Assets | | | |
| i) Investments | 8 | 87.02 | 85.66 |
| ii) Loans | 9 | 820.42 | 783.17 |
| iii) Other financial assets | 10 | 181.44 | 155.76 |
| Deferred tax assets | 11 | 2,224.67 | 2,224.67 |
| Other non-current assets | 12 | 1.93 | 1.93 |
| Current assets | | | |
| Inventories | 13 | 9,733.57 | 8,880.73 |
| Financial Assets | | | |
| i) Trade receivables | 14 | 7,848.54 | 7,968.64 |
| ii) Cash and cash equivalents | 15.1 | 16,455.17 | 259.44 |
| iii) Bank balances other than (ii) above | 15.2 | 499.35 | 503.36 |
| iv) Other financial assets | 16 | 637.54 | 445.52 |
| Current Tax Assets | 17 | 330.64 | 306.33 |
| Other current assets | 18 | 1,644.49 | 1,708.51 |
| Total Assets | | 65,248.05 | 48,968.04 |
| EQUITY AND LIABILITIES | | | |
| Equity | | | |
| Equity Share Capital | 19 | 1,444.35 | 1,086.02 |
| Other Equity | 20 | 34,178.74 | 19,612.72 |
| LIABILITIES | | | |
| Non-current liabilities | | | |
| Financial Liabilities | | | |
| i) Borrowings | 21 | 8,458.32 | 2,404.57 |
| ii) Lease Liabilities | 22 | 95.31 | - |
| iii) Other financial liabilities | 23 | 10.81 | 39.81 |
| Provisions | 24 | 831.10 | 609.14 |
| Current liabilities | | | |
| Financial Liabilities | | | |
| i) Borrowings | 25 | 5,868.97 | 10,649.67 |
| ii) Lease Liabilities | 26 | 93.32 | 32.76 |
| iii) Trade Payables | 27 | | |
| Outstanding dues to Micro and Small Enterprises | | 665.12 | 236.02 |
| Outstanding dues to trade payables other than Micro and Small Enterprises | | 9,934.76 | 10,947.34 |
| iv) Other financial liabilities | 28 | 2,537.77 | 2,351.48 |
| Other current liabilities | 29 | 625.20 | 533.25 |
| Provisions | 30 | 504.28 | 465.26 |
| Total Equity and Liabilities | | 65,248.05 | 48,968.04 |
| Overview and Significant Accounting Policies | 1-4 | | |
| The accompanying notes form an integral part of the financial statements | 5-65 | | |

As per our report of even date attached

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

Arun Kumar Dubey
Partner
(Membership No.: 057141)

Place : Gurugram
Date : May 26, 2022

For and on Behalf of Board of Directors

Ashok Kumar Gupta
Managing Director
DIN:- 01722395

Mohit Kumar Donter
Chief Financial Officer

Alok Perti
Director
DIN:- 00475747

Shikha Rastogi
Company Secretary
Mem. No:- ACS 18226

Standalone Statement of Profit & Loss for the year ended March 31, 2022

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

| | Note No. | Year ended March 31, 2022 | Year ended March 31, 2021 |
|--|----------|---------------------------|---------------------------|
| INCOME | | | |
| Revenue From Operations | 31 | 35,809.60 | 32,556.12 |
| Other Income | 32 | 501.40 | 727.66 |
| Total Income | | 36,311.00 | 33,283.78 |
| EXPENSES | | | |
| Cost of materials consumed | 33 | 25,251.35 | 19,842.53 |
| Purchases of Stock-in-Trade | 34 | 1,786.21 | 2,188.98 |
| Changes in inventories of finished goods, Stock-in -Trade and work-in-progress | 35 | (184.70) | 237.84 |
| Employee Benefit Expenses | 36 | 4,148.44 | 3,616.30 |
| Finance costs | 37 | 2,217.10 | 1,903.20 |
| Depreciation and amortization expense | 38 | 1,344.29 | 1,330.13 |
| Other expenses | 39 | 7,056.49 | 6,306.32 |
| Total expenses | | 41,619.18 | 35,425.30 |
| Profit/(loss) before exceptional items and tax | | (5,308.18) | (2,141.52) |
| Exceptional items | | | |
| Expenses | 40 | (1,076.34) | (200.00) |
| Profit/(loss) before tax | | (6,384.52) | (2,341.52) |
| Tax expense | 41 | | |
| Current Tax | | - | - |
| Deferred tax | | - | 2,608.14 |
| Profit/(loss) for the year | | (6,384.52) | (4,949.66) |
| Other Comprehensive Income | 42 | | |
| (i) Items that will not be reclassified to profit or loss | | (183.33) | 20.99 |
| (ii) Income tax effect on above | | - | 6.55 |
| Total Other Comprehensive Income/(Loss) for the year | | (183.33) | 14.44 |
| Total Comprehensive Income/(loss) for the year | | (6,567.85) | (4,935.22) |
| Earnings per Shares of Rs. 2/- each | 43 | | |
| 1) Basic (in Rs) | | (11.39) | (9.12) |
| 2) Diluted (in Rs) | | (11.39) | (9.12) |
| Overview and Significant Accounting Policies | 1-4 | | |
| The accompanying notes form an integral part of the financial statements | 5-65 | | |

As per our report of even date attached

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

Arun Kumar Dubey
Partner
(Membership No.: 057141)

Place : Gurugram
Date : May 26, 2022

For and on Behalf of Board of Directors

Ashok Kumar Gupta
Managing Director
DIN:- 01722395

Mohit Kumar Donter
Chief Financial Officer

Alok Perti
Director
DIN:- 00475747

Shikha Rastogi
Company Secretary
Mem. No:- ACS 18226

Standalone Cash Flow Statement for the year ended March 31, 2022

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

| | Year ended March 31, 2022 | Year ended March 31, 2021 |
|---|------------------------------|------------------------------|
| A. CASH FLOW FROM OPERATING ACTIVITIES | | |
| Profit / (Loss) Before Tax | (6,384.52) | (2,341.52) |
| Adjustments for: | | |
| Depreciation, amortization and impairment expenses | 1,344.29 | 1,330.13 |
| Net (Gain) / Loss on Sale of Property, Plant & Equipment | - | (2.01) |
| Interest on debt component of investments in Subsidiary Company | (4.43) | (3.92) |
| Net (Gain) on early termination of Leases | (1.21) | - |
| Provision of Loss on Impairment of Investment of Subsidiary | 3.07 | - |
| Provision for doubtful Debts | 203.44 | - |
| Provision for inventory obsolescence | 482.14 | - |
| Other receivable written off | 58.43 | - |
| Employee stock option expenses | (7.80) | (8.15) |
| Other non cash adjustment | (183.32) | 20.99 |
| Finance Costs | 2,217.10 | 1,903.20 |
| Interest Income | (211.08) | (57.79) |
| Operating Profit/(loss) before Working Capital changes | (2,483.89) | 840.93 |
| Adjustments for: | | |
| (Increase)/Decrease in trade receivables | (83.34) | (818.56) |
| (Increase)/Decrease in Other receivable | (223.68) | 611.83 |
| (Increase)/Decrease in Inventories | (1,334.98) | (219.21) |
| Increase/(Decrease) in Trade & other Payables | 82.61 | 1,160.54 |
| Cash generated (used) in /from Operations before tax | (4,043.28) | 1,575.53 |
| Direct Taxes (paid)/refund (net) | (24.31) | (14.73) |
| Net cash flow (used) in/ from Operating Activities | (4,067.59) | 1,560.80 |
| B. CASH FLOW FROM INVESTING ACTIVITIES | | |
| Acquisition of Property, Plant & Equipment/ Intangible Assets | (478.96) | (204.25) |
| Impairment of Investment in Subsidiary | (3.07) | - |
| Interest/other income Received | 211.07 | 57.81 |
| Movement in Margin money/Fixed deposits | (21.67) | (318.28) |
| Net cash flow (used) in/ from Investing Activities | (292.63) | (464.72) |
| C. CASH FLOW FROM FINANCING ACTIVITIES | | |
| Issue of Share capital | 358.33 | - |
| Securities Premium | 21,141.67 | - |
| Proceeds from Debenture Borrowings | 5,500.00 | - |
| Proceeds from /(repayment) of Borrowings (net)- Long term | 553.75 | 397.81 |
| Increase /(decrease) in Short-term Borrowings (net) | (4,780.70) | 393.61 |
| Finance Costs | (2,217.10) | (1,903.20) |
| Net cash (used) in/ from Financing Activities | 20,555.95 | (1,111.78) |
| Net cash (used) in/ from Operating, Investing & Financing Activities | 16,195.73 | (15.70) |
| Opening balance of Cash and Cash equivalent | 259.44 | 275.14 |
| Closing balance of Cash & Cash equivalent | 16,455.17 | 259.44 |
| Note: Cash and cash equivalents included in the Cash Flow Statement comprise of the following (refer note 15.1):- | | |
| i) Cash Balance on Hand | 0.12 | 0.12 |
| ii) Balance with Banks : | | |
| -In Current Accounts | 3,665.12 | 106.47 |
| -Bank deposits with maturity of less than 3 months | 12,789.93 | 152.85 |
| Total | 16,455.17 | 259.44 |

As per our report of even date attached

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

Arun Kumar Dubey
Partner
(Membership No.: 057141)

For and on Behalf of Board of Directors

Ashok Kumar Gupta
Managing Director
DIN:- 01722395

Alok Perti
Director
DIN:- 00475747

Mohit Kumar Donter
Chief Financial Officer

Shikha Rastogi
Company Secretary
Mem. No:- ACS 18226

Place : Gurugram
Date : May 26, 2022

Statement Of Change In Equity for the year ended March 31, 2022

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

| A | Equity Share Capital | Amount |
|---|--|-----------------|
| | Equity Share Capital as on 1st April, 2020 | 1,086.02 |
| | Change in Equity Share Capital due to prior period errors | - |
| | Restated Equity Share Capital balance as on 1st April, 2020 | 1,086.02 |
| | Change in Equity Share Capital during the year 2020-21 | - |
| | Equity Share Capital as on 31st March 2021 | 1,086.02 |
| | Change in Equity Share Capital due to prior period errors | - |
| | Restated Equity Share Capital balance as on 1st April, 2021 | 1,086.02 |
| | Change in Equity Share Capital during the year 2021-22 | 358.33 |
| | Equity Share Capital as on 31st March 2022 | 1,444.35 |

B Other equity

| Particulars | Reserves and surplus | | | | Other Comprehensive Income | Total |
|---|----------------------------|---------------------------|-----------------|--------------------|--|------------------|
| | Securities Premium Reserve | Share Options Outstanding | General Reserve | Retained earnings | Re-measurement of Defined Benefit Obligation/ Plan | |
| Restated balance as at April 1, 2020 | 25,784.86 | 20.91 | 4,061.71 | (5,287.01) | (24.39) | 24,556.08 |
| -Profit or Loss for the year | - | - | - | (4,949.66) | - | (4,949.66) |
| -Other comprehensive income for the year | - | - | - | - | 14.44 | 14.44 |
| -Addition during the year | - | - | - | - | - | - |
| -Movement during the year | - | (8.14) | - | - | - | (8.14) |
| Balance as at March 31, 2021 | 25,784.86 | 12.77 | 4,061.71 | (10,236.67) | (9.95) | 19,612.72 |
| -Changes in accounting policy or prior period error | - | - | - | - | - | - |
| Restated balance as at April 1, 2021 | 25,784.86 | 12.77 | 4,061.71 | (10,236.67) | (9.95) | 19,612.72 |
| -Profit or Loss for the year | - | - | - | (6,384.52) | - | (6,384.52) |
| -Other comprehensive income for the year | - | - | - | - | (183.33) | (183.33) |
| -Addition during the year | 21,141.67 | (7.80) | - | - | - | 21,133.87 |
| -Movement during the year | - | - | - | - | - | - |
| Balance as at March 31, 2022 | 46,926.53 | 4.97 | 4,061.71 | (16,621.19) | (193.28) | 34,178.74 |

As per our report of even date attached

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

Arun Kumar Dubey
Partner
(Membership No.: 057141)

Place : Gurugram
Date : May 26, 2022

For and on Behalf of Board of Directors

Ashok Kumar Gupta
Managing Director
DIN:- 01722395

Mohit Kumar Donter
Chief Financial Officer

Alok Perti
Director
DIN:- 00475747

Shikha Rastogi
Company Secretary
Mem. No:- ACS 18226

Notes to the Standalone Financial Statements for the year ended March 31, 2022

1 Overview

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

2 Basis of preparation of financial statements

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

3 Key Accounting Judgements, Estimates & Assumptions:

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

Income Tax

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

Defined Benefit Obligation

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

Fair value measurement of Financial Instruments

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

Contingencies

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

Property, plant and equipment

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

4 Significant Accounting Policies

4.1) Basis of measurement

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

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

Notes to the Standalone Financial Statements for the year ended March 31, 2022

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

4.2) Property, plant and equipment

i) Recognition and measurement

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

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

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

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

ii) Depreciation

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

Depreciation is charged on fair valued amount less estimated salvage value. Leasehold land is amortized on a straight line basis over the remaining period of lease. The useful lives, residual values of each part of an item of property, plant and equipment and the depreciation methods are reviewed at the end of each financial year. If any of these expectations differ from previous estimates, such change is accounted for as a change in an accounting estimate.

4.3) Intangible assets

i) Recognition & measurement :

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

Amortization:

Intangible Assets with finite lives are amortized over the estimated useful economic life on straight line method.

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

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

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

ii) Derecognition:

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

4.4) Impairment

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

Notes to the Standalone Financial Statements for the year ended March 31, 2022

4.5) Lease Accounting

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

4.6) Financial Instruments

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

i) Initial recognition

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

ii) Subsequent measurement

(i) Financial assets carried at amortised cost

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

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

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

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

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

(iv) Financial liabilities

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

(v) Investment in subsidiaries

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

iii) Impairment of financial assets

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

iv) Derecognition

Financial Assets

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

Financial liabilities

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

Notes to the Standalone Financial Statements for the year ended March 31, 2022

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

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

vi) **Derivative financial instruments**

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

vii) **Offsetting**

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

4.7) **Fair value measurement**

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

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

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

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

4.8) **Inventory**

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

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

4.9) **Provisions, Contingent Liabilities and Contingent Assets**

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

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

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

4.10) **Revenue Recognition**

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

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

Notes to the Standalone Financial Statements for the year ended March 31, 2022

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

Notes to the Standalone Financial Statements for the year ended March 31, 2022

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", Segment Reporting is not applicable.

4.17) Cash and cash equivalents

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

4.18) Lease

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

Company as a lessee

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

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

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

(ii) Lease Liabilities

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

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

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

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

4.19) Share-based payment transactions

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

4.20) Earning per share

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

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

Notes to the Standalone Financial Statements for the year ended March 31, 2022
(All amounts are in Rupees lakh, unless otherwise stated)
5.1 PROPERTY, PLANT & EQUIPMENT

| | Land-Free hold | Land-Lease hold | Buildings | Plant & Machinery | Furniture & Fixtures | Motor Vehicles | Office Equipment | Total |
|---------------------------------|-----------------|-----------------|------------------|-------------------|----------------------|----------------|------------------|------------------|
| Gross carrying value | | | | | | | | |
| As at April 1, 2020 | 9,736.52 | 1,690.95 | 10,722.28 | 6,635.67 | 150.60 | 61.55 | 289.52 | 29,287.09 |
| Additions | - | - | 49.00 | 68.59 | 6.47 | 55.37 | 17.20 | 196.62 |
| Disposals/Adjustment | - | - | - | - | - | (1.41) | - | (1.41) |
| As at March 31, 2021 | 9,736.52 | 1,690.95 | 10,771.28 | 6,704.25 | 157.07 | 115.51 | 306.72 | 29,482.30 |
| Additions | - | - | 49.37 | 136.47 | 19.78 | 4.89 | 30.91 | 241.42 |
| Disposals/Adjustment | - | - | (8.32) | (40.26) | (0.89) | (0.00) | (4.51) | (53.98) |
| As at March 31, 2022 | 9,736.52 | 1,690.95 | 10,812.33 | 6,800.46 | 175.96 | 120.40 | 333.12 | 29,669.74 |
| Depreciation | | | | | | | | |
| As at April 1, 2020 | - | 109.48 | 1,382.31 | 1,433.67 | 82.33 | 9.93 | 158.09 | 3,175.81 |
| Depreciation for the year 20-21 | - | 32.62 | 425.13 | 664.71 | 11.89 | 9.60 | 41.47 | 1,185.42 |
| Disposals/Adjustment | - | - | - | - | - | (0.75) | - | (0.75) |
| As at March 31, 2021 | - | 142.10 | 1,807.44 | 2,098.38 | 94.22 | 18.78 | 199.56 | 4,360.48 |
| Depreciation for the year 21-22 | - | 32.62 | 425.73 | 652.74 | 11.92 | 13.27 | 34.81 | 1,171.09 |
| Disposals/Adjustment | - | - | (2.24) | (25.66) | (0.72) | - | (4.00) | (32.62) |
| As at March 31, 2022 | - | 174.72 | 2,230.93 | 2,725.46 | 105.42 | 32.05 | 230.37 | 5,498.95 |
| Net carrying value | | | | | | | | |
| Balance as at March 31, 2021 | 9,736.52 | 1,548.85 | 8,963.84 | 4,605.88 | 62.85 | 96.73 | 107.16 | 25,121.81 |
| Balance as at March 31, 2022 | 9,736.52 | 1,516.23 | 8,581.40 | 4,075.00 | 70.54 | 88.35 | 102.75 | 24,170.79 |

5.2 RIGHT -OF USE- ASSETS

| | |
|---------------------------------|---------------|
| Gross carrying value | |
| As at April 1, 2020 | 168.21 |
| Additions | - |
| Disposals/Adjustment | - |
| As at March 31, 2021 | 168.21 |
| Additions | 242.16 |
| Disposals/Adjustment | - |
| As at March 31, 2022 | 410.37 |
| Depreciation | |
| Depreciation for the year 19-20 | 28.46 |
| Disposals/Adjustment | 55.64 |
| As at April 1, 2020 | 84.10 |
| Additions | - |
| Depreciation for the year 20-21 | 56.07 |
| Disposals/Adjustment | - |
| As at March 31, 2021 | 140.17 |
| Additions | - |
| Depreciation for the year 21-22 | 87.94 |
| Disposals/Adjustment | - |
| As at March 31, 2022 | 228.11 |
| Net carrying value | |
| Balance as at March 31, 2021 | 28.04 |
| Balance as at March 31, 2022 | 182.26 |

6 CAPITAL WORK IN PROGRESS

| | |
|------------------------------|-------|
| Balance as at March 31, 2021 | 35.03 |
| Balance as at March 31, 2022 | 16.81 |

Notes to the Standalone Financial Statements for the year ended March 31, 2022
(All amounts are in Rupees lakh, unless otherwise stated)
CWIP Ageing As On 31.03.2022

| Particulars | Less than 1 year | 1-2 years | 2-3 years | More than 3 years* | Total |
|----------------------|------------------|-----------|-------------|--------------------|--------------|
| Projects in progress | 9.41 | - | 7.40 | - | 16.81 |
| Total | 9.41 | - | 7.40 | - | 16.81 |

CWIP Ageing As On 31.03.2021

| Particulars | Less than 1 year | 1-2 years | 2-3 years | More than 3 years | Total |
|----------------------|------------------|-------------|-----------|-------------------|--------------|
| Projects in progress | 27.63 | 7.40 | - | - | 35.03 |
| Total | 27.63 | 7.40 | - | - | 35.03 |

CWIP Completion Schedule As On 31.03.2022 (as certified)

| Particulars | Less than 1 year | 1-2 years | 2-3 years | More than 3 years | Total |
|---------------------------------------|------------------|-----------|-----------|-------------------|-------------|
| Projects in progress to be completed* | 7.40 | - | - | - | 7.40 |
| Total | 7.40 | - | - | - | 7.40 |

7 INTANGIBLE ASSETS

| Particulars | Computer & Software | Technical Know How | Trade Mark | Total |
|-------------------------------------|---------------------|--------------------|--------------|---------------|
| Gross carrying value | | | | |
| Balance as at April 1, 2020 | 644.71 | 68.47 | 49.78 | 762.96 |
| Additions | - | - | - | - |
| Disposals/Adjustment | - | - | - | - |
| Balance as at March 31, 2021 | 644.71 | 68.47 | 49.78 | 762.96 |
| Additions | 39.22 | - | - | 39.22 |
| Disposals/Adjustment | - | - | - | - |
| Balance as at March 31, 2022 | 683.93 | 68.47 | 49.78 | 802.18 |
| Amortization | | | | |
| Balance as at April 1, 2020 | 158.36 | 20.06 | 36.45 | 214.88 |
| Additions | 80.06 | 2.53 | 6.04 | 88.63 |
| Disposals/Adjustment | - | - | - | - |
| Balance as at March 31, 2021 | 238.42 | 22.59 | 42.49 | 303.51 |
| Additions | 77.93 | 2.53 | 4.80 | 85.26 |
| Disposals/Adjustment | - | - | - | - |
| Balance as at March 31, 2022 | 316.35 | 25.12 | 47.29 | 388.77 |
| Net Carrying Value* | | | | |
| Balance at March 31, 2021 | 406.29 | 45.88 | 7.29 | 459.44 |
| Balance at March 31, 2022 | 367.58 | 43.35 | 2.49 | 413.41 |

* There are no intangible assets under development

Notes to the Standalone Financial Statements for the year ended March 31, 2022
(All amounts are in Rupees lakh, unless otherwise stated)
8 INVESTMENTS (NON-CURRENT)

| Particulars | As at Mar 31, 2022 | | As at Mar 31, 2021 | |
|---|---------------------|--------------|---------------------|--------------|
| | 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 Rs.10 each | 49990 | 5.00 | 49990 | 5.00 |
| Partly paid up shares @ Rs.1 each (Share of Rs.10 each) | 450000 | 4.50 | 450000 | 4.50 |
| Equity Component of 6% Non cumulative, non convertible Redeemable Preference Shares of Rs. 100 each | | 36.85 | | 36.85 |
| (ii) Eastern Speciality Paints & Coatings Pvt Ltd. | | | | |
| Fully paid up shares of Rs.10 each | 50,000 | 5.00 | 50,000 | 5.00 |
| Provision for Impairment in value of investement | | (3.07) | | |
| Total | | 48.28 | | 51.35 |
| 8.2 Investment in Debentures carried at Amortised Cost | | | | |
| Unquoted | | | | |
| (i) 1/2% Woodland Medical Centre Ltd. | | 0.06 | | 0.06 |
| (ii) 5% Woodland Medical Centre Ltd. | | 0.17 | | 0.17 |
| Total | | 0.23 | | 0.23 |
| 8.3 Investment in Preference Shares in wholly-owned subsidiary Companies at Fair value through Profit & Loss account | | | | |
| Unquoted | | | | |
| (i) Shalimar Adhunik Nirman Ltd. | | | | |
| 6% Non cumulative, non convertible Redeemable Preference Shares of Rs. 100 each (Fully paid up)* | 50,000 | 38.51 | 50,000 | 34.08 |
| Total | | 38.51 | | 34.08 |
| Grand Total | | 87.02 | | 85.66 |

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

| | | | | |
|--|--|-------|--|-------|
| Aggregate amount of quoted investments | | - | | - |
| Market value of quoted investments | | - | | - |
| Aggregate amount of unquoted investments | | 87.02 | | 85.66 |

9 LOANS- NON CURRENT

| Particulars | As at 31-03-2022 | As at 31-03-2021 |
|--|------------------|------------------|
| (Unsecured, considered good) | | |
| Loan to related parties (refer note 49 & 56) | 820.42 | 783.17 |
| TOTAL | 820.42 | 783.17 |

Notes to the Standalone Financial Statements for the year ended March 31, 2022
(All amounts are in Rupees lakh, unless otherwise stated)
10 OTHER FINANCIAL ASSETS- NON CURRENT

| Particulars | As at 31-03-2022 | As at 31-03-2021 |
|--|---------------------|---------------------|
| (Unsecured, considered good) | | |
| Security Deposits | 165.31 | 148.99 |
| Bank Balance (Maturity period more than 12 months) | 16.13 | 6.77 |
| TOTAL | 181.44 | 155.76 |

11 DEFERRED TAX ASSETS/ (LIABILITIES) (NET)

| Particulars | As at 31-03-2022 | As at 31-03-2021 |
|---|---------------------|---------------------|
| Deferred tax assets/ liabilities are attributable to the following items; | | |
| Deferred Tax Assets | | |
| -Carry Forward Losses/Unabsorbed depreciation | 7,410.79 | 5,560.03 |
| -Disallowance under section 43B | 330.95 | 248.60 |
| -Provision for doubtful debt and advances | 558.77 | 495.30 |
| -Remeasurements of the defined benefit plans | 57.20 | - |
| Sub- Total (a) | 8,357.71 | 6,303.93 |
| Deferred Tax Liabilities | | |
| -Fixed assets | 3,957.77 | 4,066.18 |
| -Fair valuation of investment | 5.65 | 6.53 |
| - Remeasurements of the defined benefit plans | - | 6.55 |
| Sub- Total (b) | 3,963.42 | 4,079.26 |
| *Total (a)-(b) | 4,394.29 | 2,224.67 |
| Net Deferred Tax Assets/ (Liability) (a)+(b) recognised in books | 2,224.67 | 2,224.67 |

* During the financial year 2021-22, the Company has decided not to recognise additional deferred tax assets since the Company has a history of recent losses. The Company recognises a deferred tax asset arising from unused tax losses or tax credits only to the extent that the entity has sufficient taxable temporary differences or there is convincing other evidence that sufficient taxable profit will be available against which the unused tax losses or unused tax credits can be utilised by the entity.

12 OTHER NON CURRENT ASSETS

| Particulars | As at 31-03-2022 | As at 31-03-2021 |
|------------------|---------------------|---------------------|
| Capital Advances | 1.93 | 1.93 |
| TOTAL | 1.93 | 1.93 |

13 INVENTORIES

| Particulars | As at 31-03-2022 | As at 31-03-2021 |
|-------------------------------|---------------------|---------------------|
| Raw Material | | |
| Inventories-RM | 3,344.68 | 2,446.89 |
| Work- in -Progress | 495.52 | 640.87 |
| Finished Goods | | |
| Inventories-FG* | 6,047.36 | 5,310.87 |
| Goods in Transit-FG | 208.43 | 132.72 |
| Less Inventory Provision - FG | (482.14) | - |
| Stores & spares | 119.72 | 349.38 |
| TOTAL | 9,733.57 | 8,880.73 |

Notes to the Standalone Financial Statements for the year ended March 31, 2022
(All amounts are in Rupees lakh, unless otherwise stated)
Note*

- (i) Finished goods Rs. 6047.36 lakh is shown net off of provision of Rs 6.26 lakh on physical verification thereof at year end.
- (ii) Provision made for finished goods re-processable and non- reprocessable aggregating Rs. 482.14 lakh. This provision is made as per Company's own estimate which was not done in earlier years. For processable finished goods, reprocessing cost has been considered for provisioning and non reprocessable finished goods have been provided at carrying cost.
- (iii) Inventory valuation has been done by the Company which were being confirmed in earlier years by IBBI registered valuer recognised under Companies Act 2013.
- (iv) Variance (in value) on physical verification of inventories, are shown as a part of consumption.
- (v) Finished goods includes trading goods Rs. 423.46 laKh (March'21, Rs. 503.67 Lakh).

14 TRADE RECEIVABLES

| Particulars | As at 31-03-2022 | As at 31-03-2021 |
|--|---------------------|---------------------|
| Unsecured | | |
| -Considered Good | 7,848.54 | 7,968.64 |
| -Credit Impaired | 1,014.12 | 1,587.50 |
| | 8,862.66 | 9,556.14 |
| Less: Allowance for credit impaired trade receivable [refer note 48(ii)] | (1,014.12) | (1,587.50) |
| TOTAL | 7,848.54 | 7,968.64 |

Note

- (i) For Disclosoure of Trade Receivables Ageing, refer note 52.
- (ii) For Unidentified /Identified Trade Receivables credit balances , refer note no 28.
- (iii) Allowance for credit impaired is arrived at after write off of Doubtful Receivables of earlier years amounting to Rs. 833.28 lakh(out of allowance for credit impaired of Rs. 1587.50 lakh as at March 31,2021), and additional provisioning during current year of Rs. 259.90 lakh comprising of Expected Credit Loss (ECL) of Rs. 203.44 lakh & sale return of Rs. 56.46 lakh during FY 2021-22.

15.1 CASH AND CASH EQUIVALENTS

| Particulars | As at 31-03-2022 | As at 31-03-2021 |
|---|---------------------|---------------------|
| -Balance with banks | | |
| On Current Accounts | 3,665.12 | 106.47 |
| -Cash on hand | 0.12 | 0.12 |
| **Bank deposits with maturity of less than 3 months | 12,789.93 | 152.85 |
| TOTAL | 16,455.17 | 259.44 |

* Include fixed deposits (against margin money of LC) of Rs. 538 lakh created for short term, and the same has been considered by the management to be held for less than 3 months, at the year end.

15.2 BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS

| Particulars | As at 31-03-2022 | As at 31-03-2021 |
|-----------------------|---------------------|---------------------|
| Margin Money | 1.48 | 2.18 |
| Fixed Deposit Account | 497.87 | 501.18 |
| TOTAL | 499.35 | 503.36 |

Notes to the Standalone Financial Statements for the year ended March 31, 2022
(All amounts are in Rupees lakh, unless otherwise stated)
16 OTHER FINANCIAL ASSETS- CURRENT

| Particulars | As at 31-03-2022 | As at 31-03-2021 |
|--------------------------------------|---------------------|---------------------|
| Other Receivables (Refer note no 57) | 606.52 | 432.53 |
| Interest accrued | 31.02 | 12.99 |
| TOTAL | 637.54 | 445.52 |

17 CURRENT TAX ASSETS/(LIABILITIES) (NET)

| Particulars | As at 31-03-2022 | As at 31-03-2021 |
|--------------------------------|---------------------|---------------------|
| Advance Income Tax | 2,862.14 | 2,837.83 |
| Less: Provision for Income Tax | 2,531.50 | 2,531.50 |
| TOTAL | 330.64 | 306.33 |

18 OTHER CURRENT ASSETS

| Particulars | As at 31-03-2022 | As at 31-03-2021 |
|---|---------------------|---------------------|
| Advances other than capital advances | | |
| *Advances to suppliers | 668.72 | 470.96 |
| Capital Advances | 38.72 | 20.97 |
| Others | | |
| Advance to employee | 48.44 | 73.05 |
| Prepaid expenses | 201.84 | 297.77 |
| **Balance With Govt. Authorities & Others | 686.77 | 845.76 |
| TOTAL | 1,644.49 | 1,708.51 |

*Advance to suppliers includes debit balances of creditors aggregating Rs. 194.33 lakh (March'21, Rs. 88.64 lakh)

**Balance with govt authorities includes GST debit balance of Rs. 83.14 lakh pending reconciliation

19 EQUITY SHARE CAPITAL

| Particulars | As at 31-03-2022 | As at 31-03-2021 |
|---|---------------------|---------------------|
| Authorised | | |
| 10,00,00,000 (31st March, 2021: 10,00,00,000) equity shares of Rs. 2/- each | 2,000.00 | 2,000.00 |
| Issued, subscribed and fully paid up | | |
| 7,22,16,926 (31st March, 2021: 5,43,00,259) equity shares of Rs. 2/- each | 1,444.34 | 1,086.01 |
| Share Forfeiture Account | 0.01 | 0.01 |
| | 1,444.35 | 1,086.02 |

Notes:

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

| Particulars | As at Mar 31, 2022 | | As at Mar 31, 2021 | |
|------------------------------------|--------------------|-----------------|--------------------|-----------------|
| | No. of Shares | Amount | No. of Shares | Amount |
| Number of shares at the beginning | 5,43,00,259 | 1,086.01 | 5,43,00,259 | 1,086.01 |
| Add: Preferential Allotment | 1,79,16,667 | 358.33 | - | - |
| Number of shares at the end | 7,22,16,926 | 1,444.34 | 5,43,00,259 | 1,086.01 |

Notes to the Standalone Financial Statements for the year ended March 31, 2022
(All amounts are in Rupees lakh, unless otherwise stated)
(ii) Terms and rights attached to equity shares

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

(iii) On 24th February 2022, Company has made preferential allotment of 1,79,16,667 equity shares of face value Rs. 2 each at the price of Rs. 120 per share (including premium of Rs. 118 per share) aggregating to Rs. 21500 lakh [equity share capital Rs. 358.33 lakh and securities premium reserves Rs. 21141.67 lakh (Note No 20)] to Hella Infra Market Pvt. Ltd. pursuant to members approval at EGM dated February 10, 2022.

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

| Particulars | Proposed to be utilised | Proposed to be utilised (Revised)* | Utilised During FY 2018-19 | Utilised During FY 2019-20 | Utilised During FY 2020-21 | Balance Utilised During FY 2021-22 |
|---|-------------------------|------------------------------------|----------------------------|----------------------------|----------------------------|------------------------------------|
| Project of Reinstatement of paint manufacturing plant at Nashik | 4,568.43 | 4,492.08 | 2,035.22 | 2,210.46 | 50.24 | 196.16 |
| Setting up of Regional Distribution Centre (RDC) at Nashik | 340.00 | 40.00 | - | 40.00 | - | - |
| Long Term Working Capital Requirements | 11,737.50 | 12,113.85 | 8,709.15 | 3,404.70 | - | - |
| General Corporate purposes | 3,415.07 | 3,415.07 | 1,136.57 | 2,278.50 | - | - |
| Expenses for right issue | 26.27 | 26.27 | 26.27 | - | - | - |
| Total | 20,087.27 | 20,087.27 | 11,907.21 | 7,933.66 | 50.24 | 196.16 |

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

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

| Name of Shareholder | As at Mar 31, 2022 | | As at Mar 31, 2021 | |
|------------------------------------|--------------------|------------------|--------------------|------------------|
| | Number of shares | % of shares held | Number of shares | % of shares held |
| Virtuous Tradecorp Pvt. Ltd. | 1,33,54,462 | 18.49% | 1,33,54,462 | 24.59% |
| Hind Strategic Investments | - | 0.00% | 37,85,430 | 6.97% |
| Veera Gupta | 46,82,952 | 6.48% | 46,82,952 | 8.62% |
| Hella Infra Market Private Limited | 1,79,77,745 | 24.89% | - | - |

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

(vi) Details of shares held by promoters at the end of the year

| Promoter Name | As at Mar 31, 2022 | | % Change during the year | As at Mar 31, 2021 | |
|---------------------|--------------------|------------------|--------------------------|--------------------|------------------|
| | Number of shares | % of shares held | | Number of shares | % of shares held |
| Hina Devi Goyal | 50000 | 0.07% | -0.02% | 50,000 | 0.09% |
| Kusum Mittal | 50000 | 0.07% | -0.02% | 50,000 | 0.09% |
| Sminu Jindal | 12468 | 0.02% | -0.01% | 12,468 | 0.02% |
| Sarita Devi Jain | 20000 | 0.03% | -0.01% | 20,000 | 0.04% |
| Sangita Jindal | 31000 | 0.04% | -0.01% | 31000 | 0.06% |
| Deepika Jindal | 89062 | 0.12% | -0.04% | 89062 | 0.16% |
| Savitri Devi Jindal | 36515 | 0.05% | -0.02% | 36515 | 0.07% |

Notes to the Standalone Financial Statements for the year ended March 31, 2022
(All amounts are in Rupees lakh, unless otherwise stated)

| Promoter Name | As at Mar 31, 2022 | | % Change during the year | As at Mar 31, 2021 | |
|---|--------------------|------------------|--------------------------|--------------------|------------------|
| | Number of shares | % of shares held | | Number of shares | % of shares held |
| Hind Strategic Investments | - | 0.00% | -6.97% | 3785430 | 6.97% |
| Urvi Jindal | 165545 | 0.23% | 0.23% | - | 0.00% |
| R K Jindal & Sons HUF | 30750 | 0.04% | -0.01% | 30750 | 0.06% |
| P R Jindal HUF | 14606 | 0.02% | -0.01% | 14606 | 0.03% |
| S K Jindal and Sons HUF | 12300 | 0.02% | -0.01% | 12300 | 0.02% |
| Naveen Jindal | 36515 | 0.05% | -0.02% | 36515 | 0.07% |
| Prithavi Raj Jindal | 85500 | 0.12% | -0.04% | 85500 | 0.16% |
| Sarika Jhunjunwala | 2743141 | 3.80% | 1.72% | 1127159 | 2.08% |
| Shivang Jhunjunwala | 1320723 | 1.83% | 0.40% | 775159 | 1.43% |
| Surya Kumar Jhunjunwala | 923286 | 1.28% | -0.42% | 923286 | 1.70% |
| Ritu Jhunjunwala | 1394289 | 1.93% | 0.86% | 582347 | 1.07% |
| Gaurang Jhunjunwala | 1394289 | 1.93% | 0.86% | 582347 | 1.07% |
| Ratan Jindal | - | 0.00% | -0.30% | 165545 | 0.30% |
| OPJ Trading Private Limited | 500 | 0.00% | 0.00% | 500 | 0.00% |
| Nalwa Investments Limited | 270569 | 0.37% | -0.12% | 270569 | 0.50% |
| Mansarover Tradex Limited | 52500 | 0.07% | -0.02% | 52500 | 0.10% |
| Stainless Investments Limited | 82500 | 0.11% | -0.04% | 82500 | 0.15% |
| Sun Investments Private Limited | 82500 | 0.11% | -0.04% | 82500 | 0.15% |
| Jindal Equipment Leasing and Consultancy Services Limited | 102500 | 0.14% | -0.05% | 102500 | 0.19% |
| Colarado Trading Co Ltd | 1224635 | 1.70% | -0.56% | 1224635 | 2.26% |
| Hexa Securities and Finance Co Ltd | 1500000 | 2.08% | -0.69% | 1500000 | 2.76% |
| Abhinandan Investments Limited | 55000 | 0.08% | -0.03% | 55000 | 0.10% |
| Gagan Infraenergy Limited | 500 | 0.00% | 0.00% | 500 | 0.00% |
| Nalwa Sons Investments Limited | 1372590 | 1.90% | -0.63% | 1372590 | 2.53% |
| Opelina Sustainable Services Private Limited | 500 | 0.00% | 0.00% | 500 | 0.00% |
| Virtuou Tradecorp Private Limited | 13354462 | 18.49% | -6.10% | 13354462 | 24.59% |
| JSL Limited | 2321983 | 3.22% | -1.06% | 2321983 | 4.28% |
| Systran Multiventures Private Limited | 100 | 0.00% | 0.00% | 100 | 0.00% |

20 OTHER EQUITY

| Particulars | Reserves and surplus | | | | Other Comprehensive Income | Total |
|--|----------------------------|---------------------------|-----------------|--------------------|--|------------------|
| | Securities Premium Reserve | Share Options Outstanding | General Reserve | Retained earnings | Re-measurement of Defined Benefit Obligation/ Plan | |
| Balance as at April 1, 2020 | 25,784.86 | 20.91 | 4,061.71 | (5,287.01) | (24.39) | 24,556.08 |
| -Profit or Loss for the year | - | - | - | (4,949.66) | - | (4,949.66) |
| -Other comprehensive income for the year | - | - | - | - | 14.44 | 14.44 |
| -Addition during the year | - | - | - | - | - | - |
| -Movement during the year | - | (8.14) | - | - | - | (8.14) |
| Balance as at Mar 31, 2021 | 25,784.86 | 12.77 | 4,061.71 | (10,236.67) | (9.95) | 19,612.72 |
| -Profit or Loss for the year | - | - | - | (6,384.52) | - | (6,384.52) |
| -Other comprehensive income for the year | - | - | - | - | (183.33) | (183.33) |
| -Addition during the year | 21,141.67 | - | - | - | - | 21,141.67 |
| -Movement during the year | - | (7.80) | - | - | - | (7.80) |
| Balance as at Mar 31, 2022 | 46,926.53 | 4.97 | 4,061.71 | (16,621.19) | (193.28) | 34,178.74 |

Notes to the Standalone Financial Statements for the year ended March 31, 2022
(All amounts are in Rupees lakh, unless otherwise stated)
21 NON-CURRENT BORROWINGS

| Particulars | As at 31-03-2022 | As at 31-03-2021 |
|--|---------------------|---------------------|
| Secured | | |
| Term Loans : | | |
| - from Banks | 4,385.43 | 962.54 |
| - from Financial Institutions | - | 2,042.46 |
| - from others (vehicle loan) | 66.32 | 85.16 |
| | 4,451.75 | 3,090.16 |
| Less: Current Maturity of Long term Debt (refer note 25) | 1,493.43 | 685.59 |
| | 2,958.32 | 2,404.57 |
| Unsecured | | |
| - Optionally Convertible Debentures- from related party (refer note no 49) | 5,500.00 | - |
| TOTAL | 8,458.32 | 2,404.57 |

As per Debenture Subscription Agreement dated 18.01.2022, the Company has issued 30,55,556 number of unlisted, unsecured optionally convertible debenture of the face value of Rs. 180.00 each aggregating Rs. 55,00,00,080 by way of preferential allotment on private placement basis.

The said debentures are carrying interest @ 9% p.a. (Payable quarterly) and optionally convertible into equity shares of 30,55,556 number at the discretion of debenture holder on or before August'2023 when the closing listed price of shares breaches the issue price of debenture.

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

Common Covid 19 Emergency Credit Line (CCECL) Loan of Rs. 66.66 lakh (March 31, 2021 Rs. 466.54 lakh) taken from State Bank of India at one year MCLR (presently @ 7.75% p.a.), repayable in 18 monthly installments starting from 31.12.2020 and ending on 31.05.2022, are secured by extension of hypothecation charge on entire current assets of the company existing and future on pari-passu basis with other banks under consortium banking arrangement.

PNB Covid 19 Emergency Credit Facility (CECF) Loan of Rs. 41.24 lakh (March 31, 2021 Rs. 120 lakh) taken from Punjab National Bank @ MCLR +0.50%, repayable in 18 monthly installments starting from 30.04.2021 and ending on 30.09.2022, are secured by extension of existing primary and / or collateral security.

Term Loan of Rs. 141.51 lakh (March 31, 2021 Rs. 149 lakh) taken from Union Bank of India @ MCLR +0.60%, repayable in 48 monthly installments starting from 19.02.2022 and ending on 18.03.2026, are secured by extension of existing primary and / or collateral security.

Union Guaranteed Emergency Credit Line (UGECL-2) Rs. 299.00 lakh (March 31, 2021 Rs. Nil) taken from Union Bank of India @ MCLR +0.60% or 9.25% whichever is lower, repayable in 48 monthly installments starting from 30.09.2022 and ending on 31.08.2026, are secured by extension of existing primary and / or collateral security.

Working Capital Term Loan limit under Guaranteed Emergency Credit Line (GECL- 2) scheme of Rs. 226.99 lakh (March 31, 2021 Rs. 227.00 lakh) taken from Punjab National Bank @ MCLR +1%, repayable in 48 monthly installments starting from 31.03.2022 and ending on 28.02.2026, are secured by extension of existing primary and / or collateral security.

Working Capital Term Loan limit under Guaranteed Emergency Credit Line (GECL- 2) scheme of Rs. 860.00 lakh (March 31, 2021 Nil) taken from State Bank of India @ MCLR +1%, repayable in 48 monthly installments starting from 31.05.2022 and ending on 28.04.2026, are secured by extension of existing primary and / or collateral security.

Loan of Rs. 2750 lakh (March 31, 2021 NIL) taken from IDFC First Bank @ IDFC MCLR + spread (3.70%), repayable in 12 quarterly installments starting from 14.03.2022 and ending on 14.12.2024, are secured by 1st pari passu charge on movable fixed assets of the Company & Commercial land in Gurugram and commercial office in Mumbai.

(ii) Term Loan from financial institutions

Loan of Rs. 452.93 lakh (March 31, 2021 Rs. 481.63 lakh) taken from Aditya Birla Finance Limited @ 12.95% p.a., were repayable in 130 monthly instalments starting from 15.09.2019 and ending on 15.06.2030, are secured by first charge on Company's immovable property situated at 5th Floor, C wing, Oberoi Garden Estate, Chandivalli Farm Road, Chandivali, Andheri (East), Mumbai-400072. However, the said loan has been prepaid in April, 2022 & hence, transferred from 'Non-Current Borrowings' (Note 21) to 'Current Borrowings' (Note 25).

Guaranteed Emergency Credit Line (GECL) Loan of Rs. 92.60 lakh (March 31, 2021 Rs. 97.00 lakh) taken from Aditya Birla finance Limited @ 14.00% p.a., were repayable in 48 monthly instalments starting from 05.02.2022 and ending on 05.11.2025, are secured by second charge on Company's immovable property situated at 5th Floor, C wing, Oberoi Garden Estate, Chandivalli Farm Road, Chandivali, Andheri (East), Mumbai-400072. However, the said loan has been prepaid in April, 2022 & hence, transferred from 'Non-Current Borrowings' (Note 21) to 'Current Borrowings' (Note 25).

Notes to the Standalone Financial Statements for the year ended March 31, 2022
(All amounts are in Rupees lakh, unless otherwise stated)

Loan of Rs. 943.72 lakh (March 31, 2021 Rs. 1463.83 lakh) taken from Religare Finvest Limited @ 14% p.a., were repayable in 118 monthly installments starting from 01.08.2016 and ending on 01.09.2025, are secured by First charge on Company's immovable & movable properties of Sikandrabad plant situated at Plot No A1 & A2 UPSIDC Industrial Area, Sikandrabad Distt- Bulandshahar (U.P). However, the said loan has been prepaid in April, 2022 & hence, transferred from 'Non-Current Borrowings' (Note 21) to 'Current Borrowings' (Note 25).

(iii) Vehicle Loan (Secured by Vehicle financed)

Loans of Rs. 13.74 lakh (March 31, 2021 Rs. 20.34 lakh) taken from Toyota Financial Service India Ltd. @ 9.50% p.a. are repayable in 60 monthly installments starting from 20.02.2019 and ending on 20.01.2024.

Loans of Rs. 5.93 lakh (March 31, 2021 Rs. 7.70 lakh), taken from Toyota Financial Service India Ltd. @ 8.90% p.a. are repayable in 60 monthly installments starting from 10.02.2020 and ending on 10.01.2025.

Loans of Rs. 46.64 lakh (March 31, 2021 Rs. 57.12 lakh), taken from Tata Motors Finance Ltd. @ 10.90% p.a. are repayable in 59 monthly installments starting from 11.11.2020 and ending on 11.09.2025.

22 NON- CURRENT LEASE LIABILITY

| Particulars | As at 31-03-2022 | As at 31-03-2021 |
|-------------------|---------------------|---------------------|
| Lease Liabilities | 95.31 | - |
| TOTAL | 95.31 | - |

23 OTHER FINANCIAL LIABILITIES- NON CURRENT

| Particulars | As at 31-03-2022 | As at 31-03-2021 |
|----------------------------------|---------------------|---------------------|
| Security Deposit -From others | 10.81 | 39.81 |
| TOTAL | 10.81 | 39.81 |

24 PROVISIONS- NON CURRENT

| Particulars | As at 31-03-2022 | As at 31-03-2021 |
|--|---------------------|---------------------|
| Provision for employee benefits | | |
| -Gratuity (refer note 46) | 507.27 | 270.21 |
| -Provision for Leave Benefit (refer note 46) | 23.83 | 38.93 |
| Provision Others | 300.00 | 300.00 |
| TOTAL | 831.10 | 609.14 |

25 CURRENT BORROWINGS

| Particulars | As at 31-03-2022 | As at 31-03-2021 |
|---|---------------------|---------------------|
| Secured | | |
| Term Loans : | | |
| - from Financial Institutions | 1,489.27 | - |
| [for discloser of securities, refer note 21 (ii)] | | |
| Loans Repayable on Demand | | |
| From Banks (Cash Credit and WCDL) | 2,886.27 | 8,667.86 |
| Unsecured | | |
| Loans Repayable on Demand | | |
| Bill Discounting | - | 1,296.22 |
| Current maturities of long-term debt (refer note 21) | 1,493.43 | 685.59 |
| TOTAL | 5,868.97 | 10,649.67 |

Notes to the Standalone Financial Statements for the year ended March 31, 2022
(All amounts are in Rupees lakh, unless otherwise stated)
Cash Credit and WCDL from Banks
Primary Security

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

Collateral Security

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

Rate of interest for current borrowings ranges from 9% p.a. to 15% p.a.

26 CURRENT LEASE LIABILITY

| Particulars | As at 31-03-2022 | As at 31-03-2021 |
|-------------------|---------------------|---------------------|
| Lease Liabilities | 93.32 | 32.76 |
| TOTAL | 93.32 | 32.76 |

27 TRADE PAYABLES

| Particulars | As at 31-03-2022 | As at 31-03-2021 |
|---|---------------------|---------------------|
| *Due to Micro and small enterprises (refer note 45) | 665.12 | 236.02 |
| Due to others | 9,934.76 | 10,947.34 |
| TOTAL | 10,599.88 | 11,183.36 |

Note

*Includes interest payable to MSME amounting to Rs. 263.99 (Previous year Rs. 227.31 Lakh).

- (i) Due to others Rs. 9934.76 lakh includes "TDS receivables from vendors" Rs. 34.58 lakh (March'21, Rs. 34.58 lakh) pending reconciliation
- (ii) For disclosure of trade payable ageing, refer note no 51.

28 OTHER FINANCIAL LIABILITIES- CURRENT

| Particulars | As at 31-03-2022 | As at 31-03-2021 |
|-----------------------------------|---------------------|---------------------|
| Interest Accrued and Due | 68.07 | 26.57 |
| Creditors for Capital expenditure | 24.88 | 49.26 |
| Others | | |
| Employee's Payables | 433.07 | 395.37 |
| Others (Operating expenses) | 1,791.29 | 1,683.67 |
| *Others | 220.46 | 196.61 |
| TOTAL | 2,537.77 | 2,351.48 |

* Includes debtors having unidentified credit balances of Rs. 95.81 lakh (March'21 Rs 80.00 lakh)

29 OTHER CURRENT LIABILITIES

| Particulars | As at 31-03-2022 | As at 31-03-2021 |
|------------------|---------------------|---------------------|
| Deferred Revenue | 31.11 | - |
| Statutory dues | 594.09 | 533.25 |
| TOTAL | 625.20 | 533.25 |

Notes to the Standalone Financial Statements for the year ended March 31, 2022
(All amounts are in Rupees lakh, unless otherwise stated)
Note

- (i) For deferred revenue, current year sale has been reduced by Rs. 31.11 lakh and credited to current liabilities as deferred revenue. Such deferment is on account of retention money held by the customer. As a matter of prudence, the said deferred revenue shall be recognised as revenue in the year of receipt.
- (ii) Statutory dues includes 'taxes others' Rs. 444.08 lakh (excise duty Rs. 360.16 lakh and custom duty Rs. 83.92 lakh). The outstanding of custom dues are net off payment of Rs. 25.03 lakh made during the current financial year. Interest has not been provided on the outstanding amount. The management is of the view that the said payment made is towards the principal outstanding of custom duty ; hence, no interest is accrued for current year.

30 PROVISIONS- CURRENT

| Particulars | As at 31-03-2022 | As at 31-03-2021 |
|--|---------------------|---------------------|
| Provision for employee benefits | | |
| -Gratuity (refer note 46) | 413.45 | 417.13 |
| -Provision for Leave Benefit (refer note 46) | 90.83 | 48.13 |
| TOTAL | 504.28 | 465.26 |

31 REVENUE FROM OPERATIONS

| Particulars | Year ended March 31, 2022 | Year ended March 31, 2021 |
|--|------------------------------|------------------------------|
| a) Sale of products | | |
| Finished Goods | 39,825.78 | 35,623.59 |
| Sale of Services | 395.26 | 293.26 |
| | 40,221.04 | 35,916.85 |
| Less: Rebates & Trade Discounts | (4,592.16) | (3,511.34) |
| | 35,628.88 | 32,405.51 |
| b) Other operating Revenues; | | |
| Scrap Sales | 180.72 | 150.61 |
| | 180.72 | 150.61 |
| TOTAL | 35,809.60 | 32,556.12 |

32 OTHER INCOME

| Particulars | Year ended March 31, 2022 | Year ended March 31, 2021 |
|--|------------------------------|------------------------------|
| Interest Income | | |
| -Bank Deposits | 35.65 | 23.76 |
| -Others | 175.42 | 34.03 |
| -Interest on debt component of investments in Subsidiary Company | 4.44 | 3.93 |
| Other Non-Operating Income | | |
| -Miscellaneous Receipts [Refer Note 58(i)] | 285.89 | 665.94 |
| TOTAL | 501.40 | 727.66 |

33 COST OF MATERIALS CONSUMED

| Particulars | Year ended March 31, 2022 | Year ended March 31, 2021 |
|---------------------------|------------------------------|------------------------------|
| Cost of Material Consumed | 25,251.35 | 19,842.53 |
| TOTAL | 25,251.35 | 19,842.53 |

Notes to the Standalone Financial Statements for the year ended March 31, 2022
(All amounts are in Rupees lakh, unless otherwise stated)
34 PURCHASE OF STOCK-IN-TRADE

| Particulars | Year ended March 31, 2022 | Year ended March 31, 2021 |
|----------------------------|------------------------------|------------------------------|
| Purchase of stock in trade | 1,786.21 | 2,188.98 |
| TOTAL | 1,786.21 | 2,188.98 |

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

| Particulars | Year ended March 31, 2022 | Year ended March 31, 2021 |
|--|------------------------------|------------------------------|
| Closing Stock | | |
| Work- in -Progress | 495.52 | 640.87 |
| Finished Goods | 5,773.65 | 5,443.60 |
| | 6,269.17 | 6,084.47 |
| Opening Stock | | |
| Work in progress | 640.87 | 322.76 |
| Finished Goods | 5,443.60 | 5,999.55 |
| | 6,084.47 | 6,322.31 |
| (Increase)/ Decrease in Inventory | TOTAL | TOTAL |
| | (184.70) | 237.84 |

36 EMPLOYEE BENEFIT EXPENSES

| Particulars | Year ended March 31, 2022 | Year ended March 31, 2021 |
|--|------------------------------|------------------------------|
| Salaries and wages* | 3,756.45 | 3,315.70 |
| Contribution to provident & other funds | 327.85 | 239.49 |
| Expense/(reversal) on Employee Stock Option Scheme | (7.80) | (8.14) |
| Staff Welfare Expenses | 71.94 | 69.25 |
| TOTAL | 4,148.44 | 3,616.30 |

*Current year expenditure includes Rs. 221.14 lakh (P.Y. Rs. 194.75 lakh)incurred on research & development activities.

37 FINANCE COST

| Particulars | Year ended March 31, 2022 | Year ended March 31, 2021 |
|--------------------------------|------------------------------|------------------------------|
| Interest Expenses | | |
| On Working Capital & Term loan | 1,856.31 | 1,691.88 |
| Foreign exchange (gain) / loss | (1.83) | (25.37) |
| Other Borrowing Costs | 343.37 | 228.14 |
| Interest on Lease Assets | 19.25 | 8.55 |
| TOTAL | 2,217.10 | 1,903.20 |

38 DEPRECIATION AND AMORTIZATION EXPENSES

| Particulars | Year ended March 31, 2022 | Year ended March 31, 2021 |
|---|------------------------------|------------------------------|
| Depreciation on Property, Plant & Equipment | 1,259.03 | 1,241.50 |
| Amortisation on Intangible Assets | 85.26 | 88.63 |
| TOTAL | 1,344.29 | 1,330.13 |

Notes to the Standalone Financial Statements for the year ended March 31, 2022
(All amounts are in Rupees lakh, unless otherwise stated)
39 OTHER EXPENSES

| Particulars | Year ended March 31, 2022 | Year ended March 31, 2021 |
|---|------------------------------|------------------------------|
| Consumption of stores and spare parts | 160.13 | 120.32 |
| Power and fuel | 482.95 | 411.26 |
| Rent | 255.85 | 258.12 |
| Repairs to building | 5.11 | 34.15 |
| Repairs to plant and machinery | 179.19 | 112.02 |
| Repairs - others | 142.80 | 146.43 |
| Insurance | 144.49 | 158.39 |
| Rates and taxes | 122.37 | 403.34 |
| Printing and stationery | 29.40 | 22.65 |
| Communication expenses | 60.60 | 61.84 |
| Directors' fees | 16.57 | 9.11 |
| Payment to Auditors | 16.53 | 14.21 |
| C&F Charges | 34.40 | 35.54 |
| Travelling expenses | 433.46 | 393.18 |
| Application Charges | 395.00 | 293.26 |
| Freight | 2,480.77 | 2,578.46 |
| Loss/(Gain) on sale/transfer of PPE | - | (2.01) |
| -Allowance for credit impaired trade receivable | 203.44 | - |
| Marketing Expenses | 399.81 | 297.63 |
| Third Party Services | 789.41 | 587.03 |
| CFA Manpower | 129.45 | 100.46 |
| Professional Charges | 208.11 | 47.91 |
| Provision for Impairment Loss on Investment in subsidiaries | 3.07 | - |
| Other Welfare Expenses | 72.87 | 54.61 |
| Miscellaneous Expenses* | 290.71 | 168.41 |
| | 7,056.49 | 6,306.32 |

*including expenditure on research & development activities, incurred during the year is Rs. 57.16 lakh (previous year Rs. 40.44 lakh).

| | | |
|--------------------------------------|--------------|--------------|
| Payment to Auditors | | |
| Audit Fee | 11.66 | 11.66 |
| Certification fee and other Services | 1.80 | 0.10 |
| Reimbursement of expenses | 1.57 | 0.95 |
| TOTAL | 15.03 | 12.71 |

| | | |
|--------------------------------|-------------|-------------|
| Payment to Tax Auditors | | |
| Tax Audit Fee | 1.50 | 1.50 |
| TOTAL | 1.50 | 1.50 |

Notes to the Standalone Financial Statements for the year ended March 31, 2022
(All amounts are in Rupees lakh, unless otherwise stated)
40 EXCEPTIONAL ITEMS

| Expenses | Year ended March 31, 2022 | Year ended March 31, 2021 |
|---------------------------------------|------------------------------|------------------------------|
| Provision for Old and Damage Stock * | 482.14 | - |
| Stock written off ** | - | 200.00 |
| Professional Charges for Fund Raising | 535.77 | - |
| Other balances written-off*** | 58.43 | - |
| TOTAL | 1,076.34 | 200.00 |

* Provision for Old & Damaged Stock has been self assessed by the management. In the earlier years, provision/write off were assessed by IBB registered valuers.

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

*** Sales/CST/VAT deposits written off- Rs 58.43 lakh (on assessments completed-as certified by management), under Maharashtra VAT.

41 TAX EXPENSES

| Particulars | Year ended March 31, 2022 | Year ended March 31, 2021 |
|---|------------------------------|------------------------------|
| a) Income tax recognized in profit or loss | | |
| Deferred tax expense/(income) | | |
| Origination and reversal of temporary differences | - | 2,608.14 |
| (refer footnote of Note No 11) | - | 2,608.14 |

42 OTHER COMPREHENSIVE INCOME

| Particulars | Year ended March 31, 2022 | Year ended March 31, 2021 |
|--|------------------------------|------------------------------|
| (i) Items that will not be reclassified to profit or loss (refer note 46) | | |
| Remeasurements of the defined benefit plans | (183.33) | 20.99 |
| (ii) Income tax relating to items that will not be reclassified to profit or loss | | |
| Related to Remeasurements of defined benefit plans | - | 6.55 |

43 EARNING PER SHARE

| Particulars | Year ended March 31, 2022 | Year ended March 31, 2021 |
|--|------------------------------|------------------------------|
| (a) Net profit/ (loss) as attributable for equity shareholders | (6,384.52) | (4,949.66) |
| (b) Weighted average number of equity shares (Nos.) | 56067382 | 54300259 |
| (c) Effect of potential Dilutive Equity shares on Employee stock option outstanding (Nos.) | 4000 | 10500 |
| (d) Weighted average number of Equity shares in computing diluted | 56071382 | 54310759 |
| Basic Earnings per Share | (11.39) | (9.12) |
| Diluted Earnings per Share | (11.39) | (9.12) |

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

Notes to the Standalone Financial Statements for the year ended March 31, 2022
(All amounts are in Rupees lakh, unless otherwise stated)
44 A. CONTINGENT LIABILITIES AND CLAIMS AGAINST THE COMPANY

| Particulars | Year ended March 31, 2022 | Year ended March 31, 2021 |
|--|------------------------------|------------------------------|
| 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 | 829.07 | 436.94 |
| Letter of Credit | 4307.05 | 3881.17 |
| b. Demands | | |
| Excise Duty | 461.07 | 461.07 |
| Sales Tax (excluding liability on account of C/F/Other forms) The management is of the opinion that these forms will be collected in due course, and no significant liability is expected in this respect) | 729.87 | 304.64 |
| Income Tax | 245.78 | 0.98 |
| Others (Legal) | 2003.64 | 2330.16 |

- (i) It is not possible to predict the outcome of the pending litigations with accuracy, the Company has reviewed all its pending litigations and proceedings and has adequately provided for where provisions are required and disclosed as contingent liabilities where applicable, in its financial statements. The management believe the ending actions will not require outflow of resources embodying economic benefits and will not have a material adverse effect upon the results of the operations, cash flows or financial condition of the Company.
- (ii) Under the Goods & Services Tax Act, 2017 (the Act), the Company's liability in respect of input credit of taxes booked by it but not paid by suppliers of goods & services as at the year end, is unascertained. The management is taking appropriate follow up measures with such suppliers to get the due taxes (claimed as input credit by the Company) paid by them before filing of annual return under the Act.

B. COMMITMENTS

| Particulars | Year ended March 31, 2022 | Year ended March 31, 2021 |
|--|------------------------------|------------------------------|
| (i) Estimated amount of contracts remaining to be executed on Capital Accounts and not provided for, net of advances of Rs. 40.65 lakh (March 31, 2021 Rs. 22.90 lakh) | 232.14 | 66.47 |
| (ii) Uncalled liability on partly paid up shares | 40.50 | 40.50 |

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

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

| Particulars | Year ended March 31, 2022 | Year ended March 31, 2021 |
|---|------------------------------|------------------------------|
| a) Principal amount remaining unpaid to any supplier as on 31st March | 665.12 | 236.02 |
| b) Interest due on above remaining unpaid to any supplier as on 31st March | 263.99 | 227.31 |
| c) Interest paid by the Company in terms of Section 16 of the MSMED Act along with the amounts of the payment made to the supplier beyond the appointed day during the accounting year | Nil | Nil |
| d) The amount of interest due and payable for the year of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under this Act* | 28.21 | - |
| e) The amount of interest accrued and remaining unpaid (for the year) | 36.68 | 16.79 |
| f) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise for the purpose of disallowance as a (deductible expenditure under section 23 of this Act). | Nil | Nil |

Note:

* No provision of interest & payment thereof have been made on overdue principal amount settled/paid during the year. The disclosure as given above are in respect of MSME creditors, to the extent ascertained. Interest accrued and remaining unpaid Rs. 36.68 lakh is inclusive of Rs. 28.21 lakh, as stated above.

Notes to the Standalone Financial Statements for the year ended March 31, 2022
(All amounts are in Rupees lakh, unless otherwise stated)
46 'EMPLOYEE BENEFITS', IN ACCORDANCE WITH ACCOUNTING STANDARD (IND AS-19) :

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

a) Defined Contribution Plans:-

The Company has recognised an expense of Rs. 166.26 lakh (Previous Year Rs. 84.80 lakh) towards the defined contribution plan.

b) Defined benefits obligation - as per actuarial valuation

| Particulars | Year ended March 31, 2022 | | Year ended March 31, 2021 | |
|--|---------------------------|------------------|---------------------------|------------------|
| | 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 | 689.42 | 87.07 | 672.30 | 94.17 |
| - Current Service Cost | 66.81 | 6.09 | 32.18 | 4.09 |
| - Past Service Cost | - | - | - | - |
| - Interest Cost | 46.88 | 5.92 | 45.72 | 6.40 |
| - Acquisition cost | - | - | - | - |
| Actuarial loss/(gains) on Obligation | 183.34 | 30.67 | (20.96) | (3.23) |
| Benefits Paid | (63.10) | (15.09) | (39.82) | (14.36) |
| Present Value of obligation as at year-end | 923.35 | 114.66 | 689.42 | 87.07 |
| II Change in Fair Value of Plan Assets during the year | | | | |
| Plan assets at the beginning of the year | 2.08 | - | 5.19 | - |
| Investment Income | 0.14 | - | 0.36 | - |
| Employer's contribution | 0.41 | - | 2.01 | - |
| Benefits paid | - | - | (5.50) | - |
| Actuarial loss/(gains) | 0.01 | - | 0.02 | - |
| Plan assets at the end of the year | 2.64 | - | 2.08 | - |
| | | | | |
| Particulars | Year ended March 31, 2022 | | Year ended March 31, 2021 | |
| | Gratuity | Leave Encashment | Gratuity | Leave Encashment |
| III Reconciliation of Present value of Defined Benefit Obligation and Fair Value of Plan Assets | | | | |
| 1 Present Value of obligation as at year-end | 923.35 | 114.66 | 689.42 | 87.06 |
| 2 Fair value of plan assets at year -end | 2.64 | - | 2.08 | - |
| 3 Unfunded status {Surplus/(Deficit)} | (920.71) | (114.66) | (687.34) | (87.06) |

Notes to the Standalone Financial Statements for the year ended March 31, 2022
(All amounts are in Rupees lakh, unless otherwise stated)

| Particulars | | Year ended March 31, 2022 | | Year ended March 31, 2021 | |
|-------------|---|---------------------------|--------------------------|---------------------------|--------------------------|
| | | Gratuity | Leave Encashment | Gratuity | Leave Encashment |
| IV | Expenses to be recognised in the Statement of Profit and Loss (as per actuarial certificate) | | | | |
| 1 | Current Service Cost | 66.81 | 6.09 | 32.18 | 4.09 |
| 2 | Interest Cost | 46.74 | 5.92 | 45.36 | 6.40 |
| 3 | Past service Cost | - | - | - | - |
| 4 | Expected return on plan assets | - | - | - | - |
| 5 | Actuarial (Gain) / Loss | - | 30.67 | - | (3.23) |
| | Total Expenses | 113.55 | 42.68 | 77.54 | 7.26 |
| | Actual Expense as per books | 117.65 | 48.61 | 77.54 | 7.26 |
| V | Expenses recognised in the Statement of Other Comprehensive Income | | | | |
| 1 | Net Actuarial (Gain)/Loss | 183.33 | - | (20.99) | - |
| VI | Division of DBO at the end of the year | | | | |
| 1 | Current Liability | 413.45 | 90.83 | 417.14 | 48.13 |
| 2 | Non-Current Liability | 507.26 | 23.83 | 270.20 | 38.93 |
| VII | Actuarial Assumptions | | | | |
| 1 | Discount Rate | 7.22% | 7.22% | 6.80% | 6.80% |
| 2 | Mortality Table | 100 % IALM (2012 -14) | 100 % IALM (2012 -14) | 100 % IALM (2012 -14) | 100 % IALM (2012 -14) |
| 3 | Salary Escalation | 9.00% | 9.00% | 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.

| Particulars | | Actual Return on Plan Assets | | Estimates of Contribution for next year | |
|-------------|--------------------|------------------------------|---------------------------|---|---------------------------|
| | | Year ended March 31, 2022 | Year ended March 31, 2021 | Year ended March 31, 2022 | Year ended March 31, 2021 |
| | | Funded | Funded | Funded | Funded |
| VIII | Particulars | | | | |
| 1 | Gratuity | 0.01 | 0.02 | 0.02 | 0.02 |

Notes to the Standalone Financial Statements for the year ended March 31, 2022
(All amounts are in Rupees lakh, unless otherwise stated)

| IX | History of Experience Adjustment: | Year ended March 31, 2022 | Year ended March 31, 2021 | Year ended March 31, 2020 | Year ended March 31, 2019 | Year ended March 31, 2018 |
|----|--|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|
| | Gratuity | | | | | |
| | Present Value of obligation | 923.35 | 689.42 | 672.31 | 665.10 | 516.87 |
| | Fair value of Plan assets | 2.64 | 2.08 | 5.19 | 6.28 | 2.35 |
| | Net Asset/(Liability) | (920.71) | (687.34) | (667.12) | (658.82) | (514.52) |
| | Actuarial (Gain)/Loss on plan obligation | 183.34 | (20.96) | (21.57) | 83.68 | 18.08 |
| | Actuarial Gain/(Loss) on plan assets | 0.01 | 0.02 | (0.41) | 0.19 | (0.05) |
| | Leave Encashment | | | | | |
| | Present Value of obligation | 114.66 | 87.06 | 94.17 | 90.70 | 47.76 |
| | Fair value of Plan assets | - | - | - | - | - |
| | Net Asset/(Liability) | (114.66) | (87.06) | (94.17) | (90.70) | (47.76) |
| | Actuarial (Gain)/Loss on plan obligation | 30.67 | (3.23) | 20.81 | 42.67 | (35.62) |
| | Actuarial Gain/(Loss) on plan assets | - | - | - | - | - |

| X | Sensitivity Analysis | | Year ended March 31, 2022 | | Year ended March 31, 2021 | |
|---|-------------------------|------------------------------|---------------------------|-----------------|---------------------------|-----------------|
| | | | Impact on liabilities | | Impact on liabilities | |
| | Assumption | Changes in assumption | Increase | Decrease | Increase | Decrease |
| | Gratuity | | | | | |
| | Discount rate | -/+0.5% movement | (40.53) | 46.18 | (24.09) | 27.45 |
| | Future salary growth | -/+0.5% movement | 48.21 | (42.86) | 28.65 | (25.47) |
| | Leave Encashment | | | | | |
| | Discount rate | -/+0.5% movement | (38.33) | 43.67 | (22.74) | 25.91 |
| | Future salary growth | -/+0.5% movement | 45.58 | (40.53) | 27.05 | (24.05) |

XI Description of Risk Exposures:

Valuations are performed on certain basic set of pre-determined assumptions and other regulatory framework which may vary over time. Thus, the company is exposed to various risks as follow -

- Salary Escalation Risk-** The present value of the defined benefit plans calculated with the assumptions of salary increase rate of plan participants in future. Deviation in the rate of increase of salary in future for plan participants from the rate of increase in salary used to determined the present value of obligation will have a bearing on the plan's liability.
- Interest Rate Risk –** The Plan expose the company to the risk of fall in interest rates. A fall in interest rate will result in an increase in the ultimate cost of providing the above benefit and will thus result in an increase in the value of the liability.
- Liquidity Risk :** This is the risk that the company is not able to meet the short term benefit payout. This may arise due to non availability of enough cash/ cash equivalent to meet the liabilities or holding of illiquid assets not being sold in time.
- Demographic Risk –** The company has used certain mortality and attrition assumptions in valuation of the liability. The company is exposed to the risk of actual experience turning out to be worse compared to the assumptions.

XII The major catagories of plan assets for gratuity as a percentage of the fair value of total plan assets are as follows:

| Particulars | March 31, 2022 | March 31, 2021 |
|-------------------------|----------------|----------------|
| Fund managed by Insurer | 100% | 100% |

Notes to the Standalone Financial Statements for the year ended March 31, 2022
(All amounts are in Rupees lakh, unless otherwise stated)
47 CATEGORY-WISE CLASSIFICATION OF FINANCIAL INSTRUMENTS
Financial Assets

| Particulars | Fair Value Hierarchy | As at March 31,2022 | | As at March 31,2021 | |
|---|----------------------|---------------------|------------|---------------------|------------|
| | | Carrying Amount | Fair Value | Carrying Amount | Fair Value |
| 1. Financial assets designated at fair value through profit and loss | | | | | |
| a) Investment | | | | | |
| i) In Preference shares | Level-3 | 38.51 | 38.51 | 34.08 | 34.08 |
| 2. Financial assets designated at amortised cost | | | | | |
| a) Other bank balances | | 499.35 | 499.35 | 503.36 | 503.36 |
| b) Cash & Cash Equivalents | | 16,455.17 | 16,455.17 | 259.44 | 259.44 |
| c) Trade & Other receivables | Level-3 | 7,848.54 | 7,848.54 | 7,968.64 | 7,968.64 |
| d) Loans | Level-3 | 820.42 | 820.42 | 783.17 | 783.17 |
| e) Investment in Debentures | Level-3 | 0.23 | 0.23 | 0.23 | 0.23 |
| f) Other Financial Assets | Level-3 | 818.98 | 818.98 | 601.28 | 601.28 |
| 3. Investment in subsidiary Companies | | 48.28 | 48.28 | 51.35 | 51.35 |

Financial Liabilities

| Particulars | Fair Value Hierarchy | As at March 31,2022 | | As at March 31,2021 | |
|--|----------------------|---------------------|------------|---------------------|------------|
| | | Carrying Amount | Fair Value | Carrying Amount | Fair Value |
| 1. Financial liabilities designated at amortised cost | | | | | |
| a) Borrowings | Level-3 | 14,327.29 | 14,327.29 | 13,054.24 | 13,054.24 |
| b) Trade & Other Payables | Level-3 | 10,599.88 | 10,599.88 | 11,183.36 | 11,183.36 |
| c) Other Financial Liability | Level-3 | 2,737.21 | 2,737.21 | 2,424.05 | 2,424.05 |

- 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.
- The carrying amount of financial assets and financial liabilities measured at amortised cost in the financial statements are a reasonable approximation of their fair values, since the Company does not anticipate that the carrying amounts would be significantly different from the values that would eventually be received or settled.
- Financial assets & liabilities under fair value hierarchy (Level 1 & 2) - Nil.

Fair value hierarchy

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

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

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

48 FINANCIAL RISK MANAGEMENT - OBJECTIVES AND POLICIES

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

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

Notes to the Standalone Financial Statements for the year ended March 31, 2022
(All amounts are in Rupees lakh, unless otherwise stated)
i. Market risk

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

a.) Foreign Currency Risk and sensitivity

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Foreign exchange risk sensitivity analysis has been performed on the foreign currency exposures in the Company's financial assets and financial liabilities at the reporting date i.e. 31st March 2022, net of related foreign exchange contracts.

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

| Particulars | As at 31st March, 2022 | As at 31st March, 2021 |
|-----------------------------------|---------------------------|---------------------------|
| Financial Assets | | |
| Trade receivables | 145.23 | 370.90 |
| Financial liabilities | | |
| Trade payables | (59.21) | (167.53) |
| Loan from related parties | - | - |
| Net assets / (liabilities) | 86.02 | 203.37 |

Foreign Currency Sensitivity

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

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

| Particulars | 2021-22 | | 2020-21 | |
|--|----------------|----------------|----------------|----------------|
| | 5% Increase | 5% decrease | 5% Increase | 5% decrease |
| USD Sensitivity | 4.30 | (4.30) | 10.17 | (10.17) |
| Increases/ (decrease) in profit or loss | 4.30 | (4.30) | 10.17 | (10.17) |

b. Interest Rate Risk and Sensitivity

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

Interest Rate Risk Exposure

| Particulars | As at 31st March, 2022 | | As at 31st March, 2021 | |
|--------------------------|------------------------|-----------------|------------------------|-----------------|
| | INR | Total | INR | Total |
| Fixed Rate Borrowings | - | - | - | - |
| Variable Rate Borrowings | 8,458.32 | 8,458.32 | 2,404.57 | 2,404.57 |
| Total Borrowings | 8,458.32 | 8,458.32 | 2,404.57 | 2,404.57 |

Notes to the Standalone Financial Statements for the year ended March 31, 2022
(All amounts are in Rupees lakh, unless otherwise stated)
Sensitivity on variable rate borrowings

| Particulars | Impact on Profit & (Loss) before tax | |
|---------------------------------|--------------------------------------|-----------|
| | 31-Mar-22 | 31-Mar-21 |
| INR Borrowings | | |
| Interest Rate Increase by 0.50% | (42.29) | (12.02) |
| Interest Rate decrease by 0.50% | 42.29 | 12.02 |

c. Commodity price risk and sensitivity

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

ii. Credit Risk

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

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

| Ageing | Expected credit loss (%) | |
|--------------------------|--------------------------|---------|
| | 2021-22 | 2020-21 |
| Within the credit period | 2.87 | 2.30 |
| 0-1 year | 6.44 | 4.33 |
| 1-2 years | 54.21 | 45.57 |
| More than 2 years | 100.00 | 100.00 |

Movement in expected credit loss allowance (net)

| Particulars | Life time expected credit losses | | 12-months expected credit losses | |
|--|----------------------------------|---------------|----------------------------------|---------------|
| | 31-Mar-22 | 31-Mar-21 | 31-Mar-22 | 31-Mar-21 |
| Balance at the beginning | 936.86 | 2,703.63 | 650.64 | 650.64 |
| Provision Reduced during the year | (431.76) | (1,766.77) | (401.52) | - |
| Additional provision created during the year | 259.90 | - | - | - |
| Balance at the end | 765.00 | 936.86 | 249.12 | 650.64 |

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

iii. Liquidity risk

Liquidity risk refers to risk of financial distress or high financing cost arising due to shortage of liquid funds in a situation where business conditions unexpectedly deteriorate and require financing. The Company's objective is to maintain at all times optimum levels of liquidity to meet its cash and collateral requirements. Processes and policies related to such risk are

Notes to the Standalone Financial Statements for the year ended March 31, 2022
(All amounts are in Rupees lakh, unless otherwise stated)

reviewed by senior management and management monitors the Company's net liquidity position through rolling forecast on the basis of expected cash flows.

The table below provides details regarding the contractual maturities of significant financial liabilities as of March 31, 2022:

Expected maturity for financial liabilities

| Particulars | Carrying Amount | On Demand | Less than 1 year | More Than 1 Year | Total |
|-----------------------------|-----------------|-----------|------------------|------------------|------------------|
| Borrowings | 14,327.29 | 2,886.27 | - | 11,441.02 | 14,327.29 |
| Trade & Other payables | 10,599.88 | 2,499.67 | 7,416.46 | 683.75 | 10,599.88 |
| Other financial liabilities | 2,737.21 | - | 2,631.09 | 106.12 | 2,737.21 |

The table below provides details regarding the contractual maturities of significant financial liabilities as of March 31, 2021:

| Particulars | Carrying Amount | On Demand | Less than 1 year | More Than 1 Year | Total |
|-----------------------------|-----------------|-----------|------------------|------------------|------------------|
| Borrowings | 13,054.24 | 8,667.86 | 1,296.22 | 3,090.16 | 13,054.24 |
| Trade & Other payables | 11,183.36 | 2,372.42 | 7,578.55 | 1,232.39 | 11,183.36 |
| Other financial liabilities | 2,424.05 | - | 2,384.23 | 39.81 | 2,424.03 |

48.1 Capital Risk Management

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

| Particulars | As at 31st March, 2022 | As at 31st March, 2021 |
|---------------------------------|------------------------|------------------------|
| Borrowings | 14,327.29 | 13,054.24 |
| Less: cash and cash equivalents | 16,455.17 | 259.44 |
| Net debt | (2,127.88) | 12,794.80 |
| Total Equity | 35,623.09 | 20,698.74 |
| Capital and Net debt | 33,495.21 | 33,493.54 |
| Gearing Ratio | -6% | 38% |

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

49 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, 2022 | 31st March, 2021 |
| (a) Subsidiary Companies | | | |
| 1 Shalimar Adhunik Nirman Ltd. | India | 99.99% | 99.99% |
| 2 Eastern Speciality Paints & Coating Pvt. Ltd. | India | 100% | 100% |

| | |
|----------------------------------|--|
| (b) Key Managerial person | |
| 1 Mr. Ashok Kumar Gupta | Managing Director |
| 2 Mr. Alok Perti | Non-Executive Independent Director |
| 3 Mr. Abhyuday Jindal | Non-Executive Non-Independent Director (Appointed w.e.f. 08.03.2022) |
| 4 Mr. Ashok Kumar Agarwal | Non-Executive Independent Director |

Notes to the Standalone Financial Statements for the year ended March 31, 2022
(All amounts are in Rupees lakh, unless otherwise stated)

| | | |
|----|------------------------------|--|
| 5 | Dr. Rajeev Uberoi | Non-Executive Independent Director (Appointed w.e.f. 11.05.2021) |
| 6 | Ms. Shruti Srivastava | Non-Executive Independent Director |
| 7 | Mr. Souvik Pulakesh Sengupta | Non-Executive Non-Independent Director (Appointed w.e.f. 24.02.2022) |
| 8 | Mr. Vijay Kumar Sharma | Non-Executive Independent Director (Appointed w.e.f. 05.10.2020) |
| 9 | Mr. Mohit Kumar Donter | Chief Financial Officer (Appointed w.e.f. 26.06.2021) |
| 10 | Mr. Gautam | Company Secretary (Resigned w.e.f. 20.12.2021) |
| 11 | Ms. Shikha Rastogi | Company Secretary (Appointed w.e.f. 18.01.2022) |
| | | |

(c) Other related parties

| | |
|---|--|
| 1 | Hella Infra Market Private Limited (wef 24-02-2022) |
| 2 | Hella Infra Market Retail Private Limited (wef 24-02-2022) |
| 3 | Jindal Stainless (Hissar) Limited (wef 08-03-2022) |
| 4 | Jindal Stainless Limited (wef 08-03-2022) |

B. Related Party Transaction

| | Transaction during the year | |
|---|-----------------------------|------------|
| Particulars | FY 2021-22 | FY 2020-21 |
| Interest on Loans & Advances(Given) | | |
| Shalimar Adhunik Nirman Ltd. | 34.28 | 31.45 |
| Reimbursement of expenses incurred by Company | | |
| Eastern Speciality Paints & Coatings Pvt. Ltd. | 0.02 | 0.18 |
| Shalimar Adhunik Nirman Ltd. | 2.95 | 1.03 |
| Mr. Ashok Kumar Gupta | 2.76 | 1.30 |
| Mr. Mohit Kumar Donter | 0.56 | - |
| Mr. Gautam | 0.08 | 0.17 |
| Mr. Ashish Kumar Bagri | - | 0.25 |
| Ms. Shikha Rastogi | 0.05 | - |
| Hella Infra Market Private Limited | | |
| Investment in Equity Shares | 21,500.00 | 0.00 |
| Investment in 9% Optionally Convertible Debentures (OCDs) | 5,500.00 | 0.00 |
| Interest accrued but not due on 9% OCDs | 47.47 | 0.00 |
| Sale of Products | | |
| Jindal Stainless (Hissar) Limited | 11.95 | - |
| Jindal Stainless Limited | 28.43 | - |
| Hella Infra Market Retail Pvt. Ltd. | 107.67 | - |
| Directors Sitting Fees: | | |
| Mr. Alok Perti | 3.35 | 2.30 |
| Mr. Gautam Knajilal | 2.03 | 3.71 |
| Mr. Rajeev Uberoi | 5.70 | - |
| Mr. Ashok Kumar Agarwal | 2.23 | 1.10 |
| Mr. Sanjay Kumar Gupta | - | 0.60 |
| Ms. Shruti Srivastava | 1.53 | 1.00 |
| Mr. Vijay Kumar Sharma | 1.73 | 0.40 |
| Remuneration and other perquisites :- | | |
| (a) short-term employee benefits; | 322.68 | 246.61 |
| (b) post-employment benefits; | 9.29 | 4.68 |

Notes to the Standalone Financial Statements for the year ended March 31, 2022
(All amounts are in Rupees lakh, unless otherwise stated)

| Particulars | Outstanding Balances at the year ended | |
|--|--|------------------|
| | 31st March, 2022 | 31st March, 2021 |
| Loan & Advances (Given) | | |
| Shalimar Adhunik Nirman Ltd. | 819.60 | 782.37 |
| Eastern Speciality Paints & Coatings Pvt. Ltd. | 0.82 | 0.80 |
| Salary Payable | | |
| Mr. Ashok Kumar Gupta | 12.93 | 13.56 |
| Mr. Mohit Kumar Donter | 4.39 | - |
| Mr. Gautam | - | 0.76 |
| Ms. Shikha Rastogi | 1.84 | - |

Compensation to Key Management Personnels

| Particulars | Short-term employee benefits | |
|------------------------|------------------------------|------------|
| | FY 2021-22 | FY 2020-21 |
| Mr. Ashok Kumar Gupta | 250.00 | 195.31 |
| Mr. Mohit Kumar Donter | 57.58 | - |
| Mr. Gautam | 9.20 | 10.40 |
| Mr. Ashish Kumar Bagri | - | 40.89 |
| Ms. Shikha Rastogi | 5.89 | - |

50 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 2022

| Particulars | March 31, 2022 | | March 31, 2021 | |
|--|----------------|---------------------------------|----------------|---------------------------------|
| | No. of options | Wt. avg exercise Price (in Rs.) | No. of options | Wt. avg exercise Price (in Rs.) |
| No. of Options Outstanding at the beginning of the year | 10,500 | 111.22 | 21,375 | 90.73 |
| Options Granted during the year | | | | |
| Options Forfeited / Surrendered / Lapsed during the year | 6,500 | 111.22 | 10,875 | 90.73 |
| Options exercised during the year | - | - | - | - |
| Number of options Outstanding at the end of the year | 4,000.00 | 111.22 | 10,500 | 111.22 |

II. Weighted Average remaining contractual life

| Range of Exercise Price | March 31, 2022 | | March 31, 2021 | |
|-------------------------|----------------------------|---|----------------------------|---|
| | No. of options outstanding | Weighted average contractual life (years) | No. of options outstanding | Weighted average contractual life (years) |
| 43.80- 111.22 | 4,000 | 5.64 | 10,500 | 4.98 |

Notes to the Standalone Financial Statements for the year ended March 31, 2022
(All amounts are in Rupees lakh, unless otherwise stated)
III. Weighted average Fair Value of Options granted during the year

| Particulars | March 31, 2022 | March 31, 2021 |
|--|----------------|----------------|
| Exercise price is less than market price | 111.22 | 121.64 |

IV. The weighted average market price of options exercised during the year ended March 31, 2022 is 166.00

The weighted average market price of options exercised during the year ended March 31, 2021 is 166.00

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, 2022 | March 31, 2021 |
|---|------------------|------------------|
| | Weighted Average | Weighted Average |
| 1. Risk-free rate of return | 8.15% | 8.15% |
| 2. Time to Maturity | - | - |
| 3. Expected Volatility | 69.57% | 69.57% |
| 4. Expected divided yield | - | - |
| 5. Exercise Price (in Rs.) | 111.22 | 111.22 |
| 6. Price of the underlying share in market at the time of the option grant.(in Rs.) | 166.00 | 166.00 |

| VI. Particulars | March 31, 2022 | March 31, 2021 |
|--|----------------|----------------|
| Employee Option plan expense | (7.79) | (8.14) |
| Total liability at the end of the period | 4.98 | 12.77 |

51 TRADE PAYABLE SCHEDULE
I. Trade Payable Ageing as on March 31, 2022

| Serial No | Particulars | Outstanding for following periods from due date of payment | | | | |
|-----------|----------------------|--|---------------|---------------|-------------------|------------------|
| | | Less than 1 year | 1-2 year | 2-3 year | More than 3 Years | Total |
| (i) | MSME | 656.13 | 1.61 | - | 7.38 | 665.12 |
| (ii) | Others | 9,260.00 | 111.50 | 99.24 | 423.48 | 9,894.22 |
| (iii) | Disputed dues- MSME | - | - | - | - | - |
| (iv) | Disputed dues-Others | - | 24.00 | 16.54 | - | 40.54 |
| | Total | 9,916.13 | 137.11 | 115.78 | 430.86 | 10,599.88 |

II. Trade Payable Ageing as on March 31, 2021

| Serial No | Particulars | Outstanding for following periods from due date of payment | | | | |
|-----------|----------------------|--|---------------|---------------|-------------------|------------------|
| | | Less than 1 year | 1-2 year | 2-3 year | More than 3 Years | Total |
| (i) | MSME | 221.35 | 7.31 | - | 7.36 | 236.02 |
| (ii) | Others | 9,704.99 | 523.46 | 433.90 | 207.21 | 10,869.56 |
| (iii) | Disputed dues- MSME | - | - | - | - | - |
| (iv) | Disputed dues-Others | 24.63 | 53.15 | - | - | 77.78 |
| | Total | 9,950.97 | 583.92 | 433.90 | 214.57 | 11,183.36 |

Notes to the Standalone Financial Statements for the year ended March 31, 2022
(All amounts are in Rupees lakh, unless otherwise stated)
52 TRADE RECEIVABLES SCHEDULE
I. Trade Receivable Ageing as on March 31, 2022

| Serial No | Particulars | Outstanding for following periods from due date of payment | | | | | |
|--|---|--|------------------|---------------|---------------|-------------------|-----------------|
| | | Less than 6 months | 6 months- 1 year | 1-2 year | 2-3 year | More than 3 Years | Total |
| (i) | Undisputed Trade Receivable- Considered Good | 7,583.11 | 76.06 | 85.81 | - | 103.56 | 7,848.54 |
| (ii) | Undisputed Trade Receivable- which have significant increase in credit risk | 251.25 | 77.24 | 101.58 | 249.24 | 85.69 | 765.00 |
| (iii) | Undisputed Trade Receivable- credit impaired | - | - | - | - | - | - |
| (iv) | Disputed Trade Receivable- Considered Good | - | - | - | - | - | - |
| (v) | Disputed Trade Receivable- which have significant increase in credit risk | - | - | 1.11 | 4.18 | 243.83 | 249.12 |
| (vi) | Disputed Trade Receivable- credit impaired | - | - | - | - | - | - |
| | Total | 7,834.36 | 153.30 | 188.50 | 253.42 | 433.08 | 8,862.66 |
| Payment date is specified in cases of all customers and there are no unbilled dues | | | | | | | |

II. Trade Receivable Ageing as on March 31, 2021

| Serial No | Particulars | Outstanding for following periods from due date of payment | | | | | |
|--|---|--|------------------|---------------|---------------|-------------------|-----------------|
| | | Less than 6 months | 6 months- 1 year | 1-2 year | 2-3 year | More than 3 Years | Total |
| (i) | Undisputed Trade Receivable- Considered Good | 7,609.02 | 81.18 | 173.68 | - | 104.76 | 7,968.64 |
| (ii) | Undisputed Trade Receivable- which have significant increase in credit risk | 198.12 | 41.18 | 145.29 | 128.94 | 122.76 | 636.29 |
| (iii) | Undisputed Trade Receivable- credit impaired | - | - | - | - | - | - |
| (iv) | Disputed Trade Receivable- Considered Good | - | - | - | - | - | - |
| (v) | Disputed Trade Receivable- which have significant increase in credit risk | 1.21 | - | 4.95 | 13.78 | 931.27 | 951.21 |
| (vi) | Disputed Trade Receivable- credit impaired | - | - | - | - | - | - |
| | Total | 7,808.35 | 122.36 | 323.92 | 142.72 | 1,158.79 | 9,556.14 |
| Payment date is specified in cases of all customers and there are no unbilled dues | | | | | | | |

53 ADDITIONAL REGULATORY INFORMATION
Ratios

| Key Ratio Analysis | | | | | | |
|--------------------------|----------------------|---------------------------|------------------|------------------|----------|--|
| Particulars | Numerator | Denominator | As at 31-03-2022 | As at 31-03-2021 | % change | Remarks |
| Current Ratio (in times) | Total Current Assets | Total Current Liabilities | 1.84 | 0.80 | 131% | There has been infusion of share capital & debenture to the tune of Rs. 270 crores. The said amount has been utilized for repayment of working capital and short term borrowings and creation of fixed deposits (short term) which has resulted in decrease in current liabilities and increase in current assets. |

Notes to the Standalone Financial Statements for the year ended March 31, 2022
(All amounts are in Rupees lakh, unless otherwise stated)

| Key Ratio Analysis | | | | | | |
|---|--|---|-----------------------------|-----------------------------|---------------------|---|
| Particulars | Numerator | Denominator | As at 31-03-2022 | As at 31-03-2021 | % change | Remarks |
| Debt equity ratio (in times) | Total borrowings | Total Equity (equity share capital + other equity) | 0.40 | 0.63 | -36% | The repayment of borrowings, as stated in remarks of current ratio above and increase due to premium component of equity raised, have resulted in decrease in total borrowings and increase in total equity. |
| Debt Service Coverage Ratio (DSCR) (in times) | Profit before tax, exceptional items, depreciation, finance costs | Finance cost + scheduled principal repayments (excluding prepayments) in respect of long term debts | -0.02 | 0.06 | -133% | During the current financial year, raw material prices and other input costs were high which negatively impacted the margin. Principal payments of loan and interest burden have been on the higher side leading to lower DSCR |
| Return on Equity (ROE) (in %) | Profit after tax for the year | Average total equity | -5.0% | -4.6% | 11% | Lower ROE is for the reason stated in remark column of DSCR above. |
| Inventory Turnover Ratio (in times) | Cost of goods sold ie cost of material consumed + purchase of stock in trade + change in inventories | Average inventory | 2.89 | 2.54 | 14% | Increased cost of goods sold resulted in higher turnover ratio. |
| Trade Receivable Turnover Ratio (in times) | Revenue from operations | Average trade receivables | 4.53 | 4.31 | 5% | Increase in revenue and decrease in trade receivable resulted in improved trade receivable turnover ratio. |
| Trade Payable Turnover Ratio (in times) | Cost of goods sold ie cost of material consumed + purchase of stock in trade + change in inventories | Average trade payable | 2.47 | 2.14 | 15% | Increase in raw material cost and reduction in trade payable lead to higher trade payable turnover ratio. |
| Net Capital Turnover Ratio (in times) | Revenue from operations | Average working capital (i.e. total current assets less total current liabilities) | 6.08 | -7.20 | -184% | Increase in revenue from operations and increase in average working capital (from negative last year to positive current year) resulted in higher positive net capital turnover ratio. |
| Net Profit Ratio (in %) | Net profit for the period | Revenue from operations | -17.8% | -15.2% | 17% | Higher losses primarily on account of significant increase in cost of production and other overheads despite marginal increase in revenue from operations, have lead to higher net profit ratio (negatively) |
| Return on Capital Employed (in %) | Profit before tax and finance cost | Capital Employed = net worth (equity share capital + other equity) | -12.2% | -1.7% | 603% | Higher losses during the year and increased capital employment have resulted in higher return on capital employed negatively |
| Return on Investment (%) | | | - | - | | The investment made by the Company, primarily not income bearing, the ratio of return on investment is not provided for. |

Notes to the Standalone Financial Statements for the year ended March 31, 2022

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

54 Impairment Review

Assets are tested for impairment whenever there are any internal or external indicators of impairment. Impairment test for assets are monitored for internal management purposes, within the only operating segment i.e. Manufacture of paints.

55 Segment information

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

56 Loan to related party (refer note 9) includes the balance consideration of Rs. 499 lakh (interest free) receivable by the Company in cash as per the order of Hon'ble High Courts of Calcutta and Delhi, for transfer of its Real Estate Division to the subsidiary Company, Shalimar Adhunik Nirman Limited.

57 Other receivable includes Rs. 5.01 crore (PY Rs. 3.52 crore) in respect of Howrah Plant insurance claim based on the arbitrator award dated 31st December, 2021. The Company has filed petition with the honorable High Court, Delhi for execution of awarded amount.

58 (i) The Company had claimed Rs 32.90 crore in respect of Nasik Plant Fire under Loss of Profit Policy , and the surveyor appointed by the insurer has assessed the claim vide their interim report at Rs 22.14 crore (loss of production method) & at Rs 22.63 crore (Turnover method). Against the claim, the Company has received Rs. 2.16 crores during current FY 2021-22 (Rs 14 crore ,as interim payment during earlier financial years). The amount of Rs. 2.16 crores received during current financial year has been shown under the head " Other Income". The Company is persuing for legitimate balance claim.

(ii) The Company has claimed Rs 59.35 crore in respect of Nasik Plant Fire under Reinstatement Policy, and the Surveyor appointed by the insurer has assessed the claim vide their report at Rs. 19.54 crore. Against the claim, the Company has received total Rs. 20.91 crore in earlier financial years. The Company has gone into arbitration on 27.11.2021 for claim of Rs. 37.93 crore.

59 Fixed assets and inventories, except the said damaged assets due to fire, have been verified & valued by the Company, as per applicable accounting standards and its existing accounting policies. In the earlier years, the valuation of inventories were being carried on by approved IBB Registered Valuer. The auditor could not participate in the physical verification of assets including inventories due to prevalence of pandemic Covid 19.

The Company has reviewed and assessed an old inventories of Rs. 16.05 crore, against which provision of Rs. 4.82 crore has been made with respect to processable and non-reprocessable inventory. The said provision has been shown as exceptional item in Note No 40.

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

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

62 Due to outbreak of pandemic COVID 19 globally and in India, the operations of the Company, were impacted, due to shutdown of all its plants and offices/depots following nationwide lockdown by the Government of India. The Company has resumed significant operations from financial year 2020-21, in a phased manner as per directives from the Government of India. The Company has evaluated impact of this pandemic on its business operations and financial position and based on its review of current indicators of future economic conditions, there is no significant impact on its financial statements as at 31st March 2022. The management does not see any medium and long term risks in the Company's ability to continue as going concern and meeting its liabilities as and when they fall due. However, the impact assessment of COVID-19 is a continuing process given the uncertainties associated with its nature and duration, and accordingly the impact may be different from that estimated as at the date of approval of these financial statements.

63 Applicability of Notes of General Instruction for preparation of Financial Statements (as per amended Schedule III, Division-II of the Companies Act 2013)

63.1 The Company has used the borrowings from banks and financial institutions for the specific purposes for which it were taken at the balance sheet date. [Note " JA"]

63.2 Title deeds of Immovable Properties are held in name of the Company [Note -L(i)]

63.3 The Company does not hold any investment property as defined under Ind AS 40; hence, the disclosure required under Note "L (ii)", is not applicable.

63.4 The Company has not revalued its Property, Plant and Equipment ; hence, disclosure required under Note -"L (iii)" , is not applicable.

Notes to the Standalone Financial Statements for the year ended March 31, 2022
(All amounts are in Rupees lakh, unless otherwise stated)

- 63.5 The Company has not revalued its intangible assets; hence, the disclosure required under Note-L (iv) , is not applicable.
- 63.6 The Company has not granted Loans or Advances in the nature of loans to its promoters, directors, KMPs and the related parties (as defined under Companies Act, 2013), either severally or jointly with any other person. Hence, the disclosure required under Note "L (v)" , is not applicable.
- 63.7 No proceeding has been initiated or pending against the Company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder.Hence, the disclosure required under Note "L (viii)" , is not applicable.
- 63.8 The Company has availed working capital borrowings from banks on the basis of security of current assets (Inventories & Trade Receivable), and It is confirmed that
- Quarterly/Periodic returns or statements of current assets filed by the Company with banks, are in agreement with the books of accounts;
 - There are no material discrepancies. [Note -L (ix)]
- 63.9 The Company has not been declared as wilful defaulter by any bank or financial Institution or other lender. Hence, the disclosure required under Note "L (x)", is not applicable.
- 63.10 The Company has not done any transactions with companies struck off under section 248 of the Companies Act, 2013 or section 560 of Companies Act, 1956. Hence, the disclosure required under Note "L (xi)", is not applicable.
- 63.11 The Company has registered with Ministry of Corporate Affairs /Registrar of Companies , all charges or satisfaction within the statutory time period. Hence, the disclosure required under Note "L (xii)" , is not applicable.
- 63.12 The Company is compliant in respect of number of layers prescribed under clause (87) of section 2 of the Act read with the Companies (Restriction on number of Layers) Rules, 2017. Hence, the disclosure required under Note "L (xiii)" , is not applicable.
- 63.13 The Company has not entered into any scheme of arrangement; hence, the disclosure required under Note "L (xv)" , is not applicable.
- 63.14 The company has not advanced or loaned or invested funds to any person or entity including foreign entity with the understanding that the Intermediary shall
- directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (Ultimate Beneficiaries) or
 - provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries
- In view of above,the disclosure required under Note "L (xvi) (A)" , is not applicable.
- 63.15 The company has not received any funds from any person or entity including foreign entity with the understanding that the company shall
- directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or
 - provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries
- In view of above, the disclosure required under Note "L (xvi) (B)", is not applicable.
- 63.16 In view of continued lossess, the Company is not covered by section 135 of the Companies Act, 2013 dealing with CSR activities.
- 64 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.
- 65 Previous year figures have been regrouped/rearranged/recast, whatever considered necessary to confirm to current year's classification.

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

Arun Kumar Dubey
 Partner
 (Membership No.: 057141)
 UDIN: 22057141ALAMFU2310

Place : Gurugram
 Date : May 26, 2022

For and on Behalf of Board of Directors

Ashok Kumar Gupta
 Managing Director
 DIN:- 01722395

Alok Perti
 Director
 DIN:- 00475747

Mohit Kumar Donter
 Chief Financial Officer

Shikha Rastogi
 Company Secretary
 Mem. No:- ACS 18226

Independent Auditors' Report

To The Members of Shalimar Paints Limited

Report on the Audit of Consolidated Ind AS Financial Statements

Opinion

We have audited the accompanying consolidated Ind AS financial statements of **Shalimar Paints Limited** ("the Company") and its subsidiaries- **Shalimar Adhunik Nirman Limited & Eastern Speciality Paints & Coating Private Limited** (collectively referred to as "**the Group**"), which comprise the Consolidated Balance Sheet as at 31st March, 2022, and the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity for the year then ended, and Notes to the consolidated Ind AS financial statements including a summary of the significant accounting policies and other explanatory information (herein after referred to as "the Consolidated Ind AS financial statements").

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of other auditors on separate financial statements and on the other financial information of the subsidiaries, the aforesaid consolidated Ind AS financial statements, the aforesaid Consolidated Ind AS financial statements give the information required by the Companies Act, 2013 (the 'Act') in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India and the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act read together with Companies (Indian Accounting Standards) Rules, 2015, of the consolidated state of affairs of the Group as at 31st March, 2022, and its consolidated loss, Consolidated total comprehensive income, , its consolidated cash flows and the consolidated changes in equity for the year ended on that date.

Basis for Opinion

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

Emphasis of Matter

We draw your attention to note no 60 of consolidated financial statements which explains the management's assessment/evaluation of the financial impact due to lockdown arising with the advent of COVID 19.

Key Audit Matters

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

| Sr. No. | Key Audit Matter | Auditor's Response |
|---------|--|---|
| 1 | Evaluation of Trade receivables: <ul style="list-style-type: none"> (i) The Company's Trade receivables included material disputed receivables & receivables against which legal proceedings have been initiated or to be initiated by the Company. (ii) Unidentified /Identified Trade Receivables credit balances-Rs. 95.81 lakh (iii) Allowance for credit impaired: <ul style="list-style-type: none"> (a) Write off of Receivables of earlier years -Rs 833.28 lakh (b) Provision for doubtful receivables -Rs 259.90 lakh (c) Sale return of Rs. 56.46 lakh <i>[Note 13 of the consolidated Financial Statement]</i> | <u>Principal Audit Procedures</u> <p>While reviewing the quality of trade receivables from realization perspective based on information & explanation made available to us, we have relied upon the management representation with respect to fair valuation of trade receivable in accordance of applicable Ind AS.</p> <p>The evaluation/review, provisioning & write off of Trade Receivables were also confirmed, in earlier years by IBBI Registered Valuer recognized under Companies Act, 2013 (hereinafter referred to as 'Registered Valuer')</p> <p>Trade receivables which carried significant credit risk and /or credit impaired, as evaluated in terms of provisioning thereof, have been broadly reviewed by us, on selective basis.</p> <p>Our audit approach was a combination of test of internal controls with respect to Trade receivable management and substantive procedures.</p> <p>The Audit Committee of the Company has also reviewed and approved Trade receivables, provisioning there against & write off, for fair value thereof.</p> |

Independent Auditors' Report

| Sr. No. | Key Audit Matter | Auditor's Response |
|---------|---|---|
| 2 | Evaluation of Exceptional Expenses (i) The Company during the year has made provision against old & damaged stock amounting to Rs. 482.14 lakh. (ii) Professional Charges for Fund Raising-Rs 535.77 lakh (iii) Other balances written-off-Rs 58.43 lakh [Note (39) of the consolidated Financial Statement] | <u>Principal Audit Procedures</u> 'Provision against Inventory –Rs 482.14 lakh We have relied upon the management representation & certification while carrying out our audit. We have broadly reviewed 'Exceptional Expenses' on selective basis, as per information and explanation furnished to us. Provision for Old & Damaged Stock has been self-assessed by the management. In the earlier years, provision/write off were assessed by IBB registered valuers. The Audit Committee of the Company has also reviewed and approved the said provisioning for fair valuation of current assets. Professional Charges for Fund Raising-Rs 535.77 lakh The said payment has made by the Company against preferential (a) allotment of 1,79,16,667 equity shares of face value Rs. 2 each at the price of Rs. 120 per share [Note 18(iii)], and (b) issue of 30,55,556 number of unlisted, unsecured, optionally convertible debenture of the face value of Rs. 180.00. (Note 20) While examining the relevant agreements on the basis of which funds have been raised and related expense accounted for, we relied upon the management representation to treat the expense as non-recurring and of exceptional nature. Members of the Company have approved the fund raising & Audit Committee of the Company has approved the payment. Other balances written-off-Rs 58.43 lakh The said write off represents Sales/CST/VAT deposits written off on assessments completed. The Audit Committee of the Company has approved the write off. |
| 3 | <i>Inventories valuation, provisioning & write off</i> (i) Provision against Finished good-Rs 6.26 lakh on verification thereof. (ii) Provision for processable & non-processable finished goods- Rs 482.14 lakh (iii) The value Variance on physical verification of inventories adjusted with raw material consumption [Note 12 of the consolidated Financial Statement] | <u>Principal Audit Procedures</u> Finished goods Rs. 6047.36 lakh is shown net off of provision of Rs 6.26 lakh on physical verification thereof at year end. Provision has been made for finished goods re-processable and non- processable aggregating Rs. 482.14 lakh. This provision is made as per Company's own estimate which was not done in earlier years. For processable finished goods, reprocessing cost has been considered for provisioning and non- processable finished goods have been provided at carrying cost. (iii) Variance (in value) on physical verification of inventories, are shown as a part of consumption. We have broadly reviewed the provisioning & write off of inventories and valuation thereof having regard to relevant accounting standard & auditing standard. The Inventory valuation during the year has been done by the Company which were being confirmed in earlier years by IBBI registered valuer recognized under Companies Act 2013. The Audit Committee of the Company has reviewed and approved the said provisioning, variances to ensure fair valuation of inventories. |

Independent Auditors' Report

| Sr. No. | Key Audit Matter | Auditor's Response |
|---------|---|--|
| 4. | <p><i>Evaluation of un-ascertained tax & other liabilities</i></p> <p>The Company has material unascertained disputed taxes & other liabilities shown as contingent liabilities, the determination of which involves significant management judgment.</p> <p><i>(Note 43 of the consolidated Financial Statements)</i></p> | <p><i>Principal Audit Procedures</i></p> <p>We have obtained the details of completed tax assessments and demands for the year ended and up to March 31, 2022 from the management. We evaluated the management's underlying assumptions in estimating the tax provision and the possible outcome of the disputes. We have also evaluated the disputed tax demands of earlier years having regard to legal precedence and other rulings in evaluating management's position on these uncertain tax positions.</p> <p>The material uncertain tax position & uncertain other liabilities, giving rise to disputed liabilities shown as contingent liabilities, have been examined by us having regard to material information & explanation furnished to us by the management.</p> <p>We review material uncertain tax position & uncertain other liabilities from year-to-year basis for changes therein.</p> |

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

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

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

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

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

Management's Responsibility for the Consolidated Ind AS Financial Statements

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

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

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

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

Independent Auditors' Report

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

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

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

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

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

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

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

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

Other Matters

- (i) We did not audit the financial statements of subsidiaries of the Company (included in consolidated Ind AS financial statements), whose financial statements reflect total assets of Rs. 2726.15 lakh as at 31 March 2022, and total revenues of Rs 0.00 lakh, total net loss after tax of Rs. 41.89 lakh, total comprehensive loss of Rs 41.89 lakh, and cash outflows (net) of Rs 0.00 lakh for the year ended on that date, as considered in the consolidated Ind AS financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management, and our opinion on the consolidated Ind AS financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries, is based solely on the reports of the other auditors.

Independent Auditors' Report

- (ii) As per information and explanation furnished to us, the Company is pursuing with the Insurance Company for (a) insurance claim (based on Arbitration award) with respect to Howrah Plant (b) balance insurance claim for Loss of profit due to fire in Company's plant located at Nasik. (Note 55 & 56 of consolidated financial statements).
- (iii) Some of the financial assets & liabilities including trade receivables, trade payables & advances are pending confirmation / reconciliation, and their impact on financial statements, if any, is unascertained (Note 62 of consolidated financial statements)
- (iv) As regard disclosure in Note 44 of consolidated financial statements regarding Micro, Small & Medium Enterprise, we have relied upon the information & explanation, to the extent made available to us by the management.
- (v) Unlike in previous year, during current financial year, the Company has decided not to recognised additional deferred tax assets of Rs. 2169.62 lacs. The management is of the opinion that the Company has a history of recent losses, and it is probable that sufficient future taxable profits, based on convincing evidences, in near future, will not be available against which the deductible temporary differences and the carry forward unused tax credits and unused tax losses, can be utilized. Had the Deferred Tax provision been made, Loss for the year & Total Comprehensive Loss for the year would have reduced by the said amount. (Note 10 of consolidated financial statements)

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

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit, we report, to the extent applicable that:
 - a) We/ the other auditors (whose report we have relied upon) have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated Ind AS financial statements.
 - b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidation of the financial statements have been kept by the Company so far as it appears from our examination of those books and reports of the other auditors.
 - c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including Other Comprehensive Income, the Consolidated Cash Flow Statement and Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated Ind AS financial statements.
 - d) In our opinion, the aforesaid consolidated Ind AS financial statements comply with the Indian Accounting Standards prescribed under Section 133 of the Act & Rules made thereunder.
 - e) On the basis of the written representations received from the directors of the Company as on 31st March, 2022 taken on record by the Board of Directors of the Company and its subsidiaries incorporated in India and the reports of the statutory auditors of said subsidiary companies, none of the directors of the Group Companies is disqualified as on 31st March, 2022 from being appointed as a director in terms of Section 164(2) of the Act.
 - f) With respect to the adequacy of the internal financial controls over financial reporting of the Company, and the operating effectiveness of such controls, refer to our separate Report in "**Annexure A**" which is based on the auditor's reports of the Company and its subsidiary companies. Our report & report of auditors of subsidiary companies, expresses an unmodified opinion on the adequacy and operating effectiveness of the Group's internal financial controls over financial reporting.
 - g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197 (16) of the Act, as amended:

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditors of subsidiary companies, the remuneration paid by the Company & its subsidiaries, as the case may be, to its/their directors during the year is in accordance with the provisions of section 197 of the Act.
 - h) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its standalone Ind AS financial statements. (Note 43 to the consolidated Ind AS financial statements)

Independent Auditors' Report

- 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.
- iv (a) The management has represented that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other persons or entities, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall:
 - directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever ("Ultimate Beneficiaries") by or on behalf of the Company or
 - provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.
- iv (b) The management has represented, that, to the best of its knowledge and belief, no funds have been received by the Company from any persons or entities, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall:
 - directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever ("Ultimate Beneficiaries") by or on behalf of the Funding Party, or
 - provide any guarantee, security or the like from or on behalf of the Ultimate Beneficiaries; and
- iv (c) Based on such audit procedures as considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under subclause (iv) (a) and (iv) (b) contain any material mis-statement.
- v) No dividend has been declared or paid during the year by the Company; hence, the question of compliance with the provisions of Section 123 of the Companies Act, 2013, does not arise.

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

CA Arun Kumar Dubey
Partner
Membership No.- 057141
UDIN: 22057141ALALHF4658

Place: Kolkata
Date: May 26, 2022

Independent Auditors' Report

Annexure "A" to the independent Auditors' Report

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

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

We have audited the internal financial controls over financial reporting of Shalimar Paints Limited ("the Company") and its subsidiaries as of and for the year ended 31st March, 2022 in conjunction with our audit of the consolidated Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on internal financial controls system over financial reporting with reference to these consolidated Ind AS financial statements.

Meaning of Internal Financial Controls Over Financial Reporting

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

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

Independent Auditors' Report

controls over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company and its subsidiary companies, incorporated in India, have in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 2022, based on the internal control over financial reporting criteria established by the respective companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Other Matters

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

For A K Dubey & Co.

Chartered Accountants

Firm Registration No. 329518E

CA Arun Kumar Dubey

Partner

Membership No.- 057141

UDIN: 22057141ALALHF4658

Place: Kolkata

Date: May 26, 2022

Consolidated Balance Sheet as at March 31, 2022

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

| | Note No. | As at 31-03-2022 | As at 31-03-2021 |
|---|----------|------------------|------------------|
| ASSETS | | | |
| Non-current assets | | | |
| Property, Plant and Equipment | 5.1 | 26,889.09 | 27,841.71 |
| Right-of-use-assets | 5.2 | 182.26 | 28.04 |
| Capital work-in-progress | 6 | 16.81 | 35.03 |
| Intangible assets | 7 | 413.41 | 459.45 |
| Financial Assets | | | |
| i) Investments | 8 | 0.23 | 0.23 |
| ii) Other financial assets | 9 | 181.44 | 155.76 |
| Deferred tax assets (net) | 10 | 1,976.71 | 1,976.71 |
| Other non-current assets | 11 | 1.93 | 1.93 |
| Current assets | | | |
| Inventories | 12 | 9,733.57 | 8,880.73 |
| Financial Assets | | | |
| i) Trade receivables | 13 | 7,848.54 | 7,968.64 |
| ii) Cash and cash equivalents | 14.1 | 16,460.90 | 265.19 |
| iii) Bank balances other than (ii) above | 14.2 | 500.35 | 504.36 |
| iv) Other financial assets | 15 | 638.64 | 446.62 |
| Current Tax Assets (Net) | 16 | 330.64 | 306.33 |
| Other current assets | 17 | 1,644.49 | 1,708.52 |
| Total Assets | | 66,819.01 | 50,579.25 |
| EQUITY AND LIABILITIES | | | |
| Equity | | | |
| Equity Share Capital | 18 | 1,444.35 | 1,086.02 |
| Other Equity | 19 | 35,748.34 | 21,221.13 |
| LIABILITIES | | | |
| Non-current liabilities | | | |
| Financial Liabilities | | | |
| i) Borrowings | 20 | 8,458.32 | 2,404.57 |
| ii) Lease Liabilities | 21 | 95.31 | - |
| iii) Other financial liabilities | 22 | 10.81 | 39.81 |
| Provisions | 23 | 831.10 | 609.14 |
| Current liabilities | | | |
| Financial Liabilities | | | |
| i) Borrowings | 24 | 5,868.97 | 10,649.67 |
| ii) Lease Liability | 25 | 93.32 | 32.76 |
| iii) Trade payables | 26 | | |
| Outstanding dues to Micro and Small Enterprises | | 665.12 | 236.02 |
| Outstanding dues to trade payables other than Micro and Small Enterprises | | 9,934.76 | 10,947.34 |
| iv) Other financial liabilities | 27 | 2,538.54 | 2,351.99 |
| Other current liabilities | 28 | 625.79 | 535.54 |
| Provisions | 29 | 504.28 | 465.26 |
| Total Equity and Liabilities | | 66,819.01 | 50,579.25 |
| Overview and Significant Accounting Policies | 1-4 | | |
| The accompanying notes form an integral part of the financial statements | 5-63 | | |

As per our report of even date attached

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

Arun Kumar Dubey
Partner
(Membership No.: 057141)

Place : Gurugram
Date : May 26, 2022

For and on Behalf of Board of Directors

Ashok Kumar Gupta
Managing Director
DIN:- 01722395

Mohit Kumar Donter
Chief Financial Officer

Alok Perti
Director
DIN:- 00475747

Shikha Rastogi
Company Secretary
Mem. No:- ACS 18226

Consolidated Statement Of Profit & Loss for the year ended March 31, 2022

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

| | Note No. | Year ended March 31, 2022 | Year ended March 31, 2021 |
|--|----------|---------------------------|---------------------------|
| INCOME | | | |
| Revenue From Operations | 30 | 35,809.60 | 32,556.12 |
| Other Income | 31 | 462.68 | 693.31 |
| Total Income | | 36,272.28 | 33,249.43 |
| EXPENSES | | | |
| Cost of materials consumed | 32 | 25,251.35 | 19,842.53 |
| Purchases of Stock-in-Trade | 33 | 1,786.21 | 2,188.98 |
| Changes in inventories of finished goods, Stock-in -Trade and work-in-progress | 34 | (184.70) | 237.84 |
| Excise Duty | | | |
| Employee Benefit Expenses | 35 | 4,148.44 | 3,616.31 |
| Finance costs | 36 | 2,217.10 | 1,903.20 |
| Depreciation and amortization expense | 37 | 1,345.88 | 1,331.71 |
| Other expenses | 38 | 7,054.99 | 6,307.03 |
| Total expenses | | 41,619.27 | 35,427.60 |
| Profit/(loss) before exceptional items and tax | | (5,346.99) | (2,178.17) |
| Exceptional items | | | |
| Expenses | 39 | (1,076.34) | (200.00) |
| Profit/(loss) before tax | | (6,423.33) | (2,378.17) |
| Tax expense | 40 | | |
| Deferred tax | | - | 2,608.14 |
| Profit/(loss) for the year | | (6,423.33) | (4,986.31) |
| Other Comprehensive Income | 41 | | |
| (i) Items that will not be reclassified to profit or loss | | (183.33) | 20.99 |
| (ii) Income tax effect on above | | - | 6.55 |
| Total Other Comprehensive Income/(Loss) for the year | | (183.33) | 14.44 |
| Total Comprehensive Income/(loss) for the year | | (6,606.66) | (4,971.87) |
| Earnings per Shares of Rs. 2/- each | 42 | | |
| 1) Basic (in Rs) | | (11.46) | (9.18) |
| 2) Diluted (in Rs) | | (11.46) | (9.18) |
| Overview and Significant Accounting Policies | 1-4 | | |
| The accompanying notes form an integral part of the financial statements | 5-63 | | |

As per our report of even date attached

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

Arun Kumar Dubey
Partner
(Membership No.: 057141)

Place : Gurugram
Date : May 26, 2022

For and on Behalf of Board of Directors

Ashok Kumar Gupta
Managing Director
DIN:- 01722395

Mohit Kumar Donter
Chief Financial Officer

Alok Perti
Director
DIN:- 00475747

Shikha Rastogi
Company Secretary
Mem. No:- ACS 18226

Consolidated Cash Flow Statement for the year ended March 31, 2022

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

| | Year ended March 31, 2022 | Year ended March 31, 2021 |
|---|------------------------------|------------------------------|
| A. CASH FLOW FROM OPERATING ACTIVITIES | | |
| Profit / (Loss) Before Tax | (6,423.33) | (2,378.17) |
| Adjustments for: | | |
| Depreciation, amortization and impairment expenses | 1,345.88 | 1,331.71 |
| Net (Gain) / Loss on Sale of Property, Plant & Equipment | - | (2.01) |
| Net (Gain) on early termination of Leases | (1.21) | - |
| Provision for doubtful Debts | 203.44 | - |
| Provision for inventory obsolescence | 482.14 | - |
| Other receivable written off | 58.43 | - |
| Employee stock option expenses | (7.80) | (8.14) |
| Other non cash adjustment | (183.33) | 20.99 |
| Finance Costs | 2,217.10 | 1,903.20 |
| Interest Income | (176.79) | (27.38) |
| Operating Profit/(loss) before Working Capital changes | (2,485.47) | 840.20 |
| Adjustments for: | | |
| (Increase)/Decrease in trade receivables | (83.34) | (818.56) |
| (Increase)/Decrease in other receivable | (186.42) | 642.35 |
| (Increase)/Decrease in Inventories | (1,334.98) | (219.21) |
| Increase/ (Decrease) in Trade & other Payables | 81.17 | 1,160.16 |
| Cash generated (used) in /from Operations before tax | (4,009.04) | 1,604.94 |
| Direct Taxes (paid)/refund (net) | (24.31) | (14.73) |
| Net cash flow (used) in/ from Operating Activities | (4,033.35) | 1,590.21 |
| B. CASH FLOW FROM INVESTING ACTIVITIES | | |
| Acquisition of Property, Plant & Equipment/ Intangible Assets | (482.01) | (204.24) |
| Interest/other income Received | 176.80 | 27.39 |
| Movement in Margin money/Fixed deposits | (21.67) | (317.28) |
| Net cash flow (used) in/ from Investing Activities | (326.88) | (494.13) |
| C. CASH FLOW FROM FINANCING ACTIVITIES | | |
| Issue of Share capital | 358.33 | - |
| Securities Premium | 21,141.67 | - |
| Proceeds from Debenture Borrowings | 5,500.00 | - |
| Proceeds from /(repayment) of Borrowings (net)- Long term | 553.75 | 397.81 |
| Increase /(decrease) in Short-term Borrowings (net) | (4,780.70) | 393.62 |
| Finance Costs | (2,217.11) | (1,903.21) |
| Net cash (used) in/ from Financing Activities | 20,555.94 | (1,111.78) |
| Net cash (used) in/ from Operating, Investing & Financing Activities | 16,195.71 | (15.70) |
| Opening balance of Cash and Cash equivalent | 265.19 | 280.89 |
| Closing balance of Cash & Cash equivalent | 16,460.90 | 265.19 |
| Note: Cash and cash equivalents included in the Cash Flow Statement comprise of the following (refer note 14.1):- | | |
| i) Cash Balance on Hand | 0.12 | 0.12 |
| ii) Balance with Banks : | | |
| -In Current Accounts | 3,670.86 | 112.22 |
| -Bank deposits with maturity of less than 3 months | 12,789.92 | 152.85 |
| Total | 16,460.90 | 265.19 |

As per our report of even date attached

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

Arun Kumar Dubey
Partner
(Membership No.: 057141)

Place : Gurugram
Date : May 26, 2022

For and on Behalf of Board of Directors

Ashok Kumar Gupta
Managing Director
DIN:- 01722395

Mohit Kumar Donter
Chief Financial Officer

Alok Perti
Director
DIN:- 00475747

Shikha Rastogi
Company Secretary
Mem. No:- ACS 18226

Statement Of Change In Equity for the year ended March 31, 2022

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

| A | Equity Share Capital | Amount |
|---|---|-----------------|
| | Restated Equity Share Capital balance as on 1st April,2020 | 1,086.02 |
| | Change in Equity Share Capital during the year 2020-21 | - |
| | Equity Share Capital as on 31st March 2021 | 1,086.02 |
| | Change in Equity Share Capital due to prior period errors | - |
| | Restated Equity Share Capital balance as on 1st April,2021 | 1,086.02 |
| | Change in Equity Share Capital during the year 2021-22 | 358.33 |
| | Equity Share Capital as on 31st March 2022 | 1,444.35 |

B Other equity

| Particulars | Reserves and surplus | | | | Other Comprehensive Income | Total |
|---|----------------------------|---------------------------|-----------------|--------------------|--|------------------|
| | Securities Premium Reserve | Share Options Outstanding | General Reserve | Retained earnings | Re-measurement of Defined Benefit Obligation/ Plan | |
| Balance as at April 1, 2020 | 25,784.86 | 20.92 | 4,061.71 | (3,641.96) | (24.40) | 26,201.13 |
| -Changes in accounting policy or prior period error | - | - | - | - | - | - |
| Restated balance as at April 1, 2020 | 25,784.86 | 20.92 | 4,061.71 | (3,641.96) | (24.40) | 26,201.14 |
| -Profit or Loss for the year | - | - | - | (4,986.31) | - | (4,986.31) |
| -Other comprehensive income for the year | - | - | - | - | 14.44 | 14.44 |
| -Addition during the year | - | - | - | - | - | - |
| -Movement during the year | - | (8.14) | - | - | - | (8.14) |
| Balance as at March 31, 2021 | 25,784.86 | 12.78 | 4,061.71 | (8,628.27) | (9.96) | 21,221.13 |
| -Changes in accounting policy or prior period error | - | - | - | - | - | - |
| Restated balance as at April 1, 2021 | 25,784.86 | 12.78 | 4,061.71 | (8,628.27) | (9.96) | 21,221.13 |
| -Profit or Loss for the year | - | - | - | (6,423.33) | - | (6,423.33) |
| -Other comprehensive income for the year | - | - | - | - | (183.33) | (183.33) |
| -Addition during the year | 21,141.67 | - | - | - | - | 21,141.67 |
| -Movement during the year | - | (7.80) | - | - | - | (7.80) |
| Balance as at March 31, 2022 | 46,926.53 | 4.98 | 4,061.71 | (15,051.60) | (193.29) | 35,748.34 |

As per our report of even date attached

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

Arun Kumar Dubey
Partner
(Membership No.: 057141)

Place : Gurugram
Date : May 26, 2022

For and on Behalf of Board of Directors

Ashok Kumar Gupta
Managing Director
DIN:- 01722395

Mohit Kumar Donter
Chief Financial Officer

Alok Perti
Director
DIN:- 00475747

Shikha Rastogi
Company Secretary
Mem. No:- ACS 18226

Notes to the Consolidated Financial Statements for the year ended March 31, 2022

1 Overview

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

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

2 Basis of preparation of consolidated financial statements

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

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

The consolidated financial statements provide comparative information in respect of previous year.

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

3 Key Accounting Judgements, Estimates & Assumptions:

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

Income Tax

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

Defined Benefit Obligation

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

Fair value measurement of Financial Instruments

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

Contingencies

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

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

Notes to the Consolidated Financial Statements for the year ended March 31, 2022

value at the end of its life. The residual values of Company's assets are determined by the management at the time the asset is acquired and reviewed periodically.

4 Significant Accounting Policies

4.1) Basis of measurement

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

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

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

4.2) Property, plant and equipment

i) Recognition and measurement

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

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

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

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

ii) Depreciation

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

Depreciation is charged on fair valued amount less estimated salvage value. Leasehold land is amortized on a straight line basis over the remaining period of lease. The useful lives, residual values of each part of an item of property, plant and equipment and the depreciation methods are reviewed at the end of each financial year. If any of these expectations differ from previous estimates, such change is accounted for as a change in an accounting estimate.

4.3) Intangible assets

i) Recognition & measurement :

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

Amortization:

Intangible Assets with finite lives are amortized over the estimated useful economic life on straight line method

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

| | |
|--------------------|----------|
| Computer Software | 6 years |
| Trade mark | 10 years |
| Technical know how | 10 years |

Notes to the Consolidated Financial Statements for the year ended March 31, 2022

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

ii) **Derecognition:**

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

b) **Transition to Ind AS**

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

4.4) **Impairment**

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

4.5) **Lease Accounting**

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

4.6) **Financial instruments**

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

i) **Initial recognition**

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

ii) **Subsequent measurement**

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

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

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

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

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

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

Notes to the Consolidated Financial Statements for the year ended March 31, 2022

(iv) Financial liabilities

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

(v) Investment in subsidiaries

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

iii) Impairment of financial assets

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

iv) Derecognition

Financial Assets

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

Financial liabilities

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

v) Reclassification of Financial Assets and Financial Liabilities

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

vi) Derivative financial instruments

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

vii) Offsetting

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

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 best economic interest.

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

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

4.8) Inventory

Inventory are valued at lower of cost, computed on weighted average basis, or net realizable value. Cost of inventories includes in case of raw material, cost of purchase including taxes and duties net of tax credits/GST and incidental expenses; in case of work-in-progress, estimated direct cost including taxes and duties net of tax credits/GST and appropriate proportion

Notes to the Consolidated Financial Statements for the year ended March 31, 2022

of administrative and other overheads; in case of finished goods, estimated direct cost including taxes and duties net of tax credits/GST and appropriate administrative and other overheads including other cost incurred in bringing the inventories to the present location and conditions; and in case of traded goods, cost of purchase and other costs incurred in bringing the inventories to the present location and conditions.

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

4.9) Provisions, Contingent Liabilities and Contingent Assets

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

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

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

4.10) Revenue Recognition

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

Revenue includes only the gross inflows of economic benefits, received and receivable by the Company, on its own account. Amounts collected on behalf of third parties (for example, indirect taxes) are excluded from revenue.

4.11) Other Income

Interest Income

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

Dividends

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

4.12) Employee Benefits

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

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

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

4.13) Foreign Exchange Transactions

Initial Recognition:

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

Notes to the Consolidated Financial Statements for the year ended March 31, 2022
Measurement of foreign currency items at reporting date:

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

4.14) Borrowing costs

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

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

4.15) Taxes on Income

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

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

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

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

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

4.16) Segment Reporting

As the Company's business falls within a primary business segment viz, "Paints", Segment Reporting is not applicable.

4.17) Cash and cash equivalents

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

4.18) Lease

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

Company as a lessee

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

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

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

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

Notes to the Consolidated Financial Statements for the year ended March 31, 2022**(ii) Lease Liabilities**

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

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

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

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

4.19) Share-based payment transactions

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

4.20) Earnings per share

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

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

Notes to the Consolidated Financial Statements for the year ended March 31, 2022
(All amounts are in Rupees lakh, unless otherwise stated)
5.1 PROPERTY, PLANT & EQUIPMENT

| Particulars | Land-Free hold | Land-Lease hold | Buildings | Plant & Machinery | Furniture & Fixtures | Motor Vehicles | Office Equipment | Total |
|---------------------------------|------------------|-----------------|------------------|-------------------|----------------------|----------------|------------------|------------------|
| Gross carrying value | | | | | | | | |
| As at April 1, 2020 | 12,369.01 | 1,690.95 | 10,817.63 | 6,635.66 | 150.59 | 61.56 | 289.52 | 32,014.92 |
| Additions | - | - | 49.00 | 68.59 | 6.47 | 55.37 | 17.20 | 196.63 |
| Disposals/Adjustment | - | - | - | - | - | (1.41) | - | (1.41) |
| As at March 31, 2021 | 12,369.01 | 1,690.95 | 10,866.63 | 6,704.25 | 157.06 | 115.52 | 306.72 | 32,210.14 |
| Additions | - | - | 49.37 | 136.47 | 19.78 | 4.89 | 30.91 | 241.42 |
| Disposals/Adjustment | - | - | (8.32) | (40.26) | (0.89) | (0.00) | (4.51) | (53.98) |
| As at March 31, 2022 | 12,369.01 | 1,690.95 | 10,907.68 | 6,800.46 | 175.95 | 120.41 | 333.12 | 32,397.58 |
| Depreciation | | | | | | | | |
| As at April 1, 2020 | - | 109.48 | 1,388.66 | 1,433.67 | 82.33 | 9.94 | 158.09 | 3,182.17 |
| Depreciation for the year 20-21 | - | 32.62 | 426.72 | 664.71 | 11.89 | 9.60 | 41.47 | 1,187.01 |
| Disposals/Adjustment | - | - | - | - | - | (0.75) | - | (0.75) |
| As at March 31, 2021 | - | 142.10 | 1,815.38 | 2,098.38 | 94.22 | 18.79 | 199.56 | 4,368.43 |
| Depreciation for the year 21-22 | - | 32.62 | 427.32 | 652.74 | 11.92 | 13.27 | 34.81 | 1,172.68 |
| Disposals/Adjustment | - | - | (2.24) | (25.66) | (0.72) | - | (4.00) | (32.62) |
| As at March 31, 2022 | - | 174.72 | 2,240.46 | 2,725.46 | 105.42 | 32.06 | 230.37 | 5,508.49 |
| Net carrying value | | | | | | | | |
| Balance as at March 31, 2021 | 12,369.01 | 1,548.85 | 9,051.25 | 4,605.87 | 62.84 | 96.73 | 107.16 | 27,841.71 |
| Balance as at March 31, 2022 | 12,369.01 | 1,516.23 | 8,667.22 | 4,075.00 | 70.53 | 88.35 | 102.75 | 26,889.09 |

5.2 RIGHT-OF-USE-ASSETS

| | |
|---------------------------------|---------------|
| Gross carrying value | |
| As at April 1, 2020 | 168.21 |
| Additions | - |
| Disposals/Adjustment | - |
| As at March 31, 2021 | 168.21 |
| Additions | 242.16 |
| Disposals/Adjustment | - |
| As at March 31, 2022 | 410.37 |
| Depreciation | |
| As at April 1, 2020 | 84.10 |
| Depreciation for the year 20-21 | 56.07 |
| Disposals/Adjustment | - |
| As at March 31, 2021 | 140.17 |
| Depreciation for the year 21-22 | 87.94 |
| Disposals/Adjustment | - |
| As at March 31, 2022 | 228.11 |
| Net carrying value | |
| Balance as at March 31, 2021 | 28.04 |
| Balance as at March 31, 2022 | 182.26 |

6 CAPITAL WORK IN PROGRESS

| | |
|------------------------------|-------|
| Balance as at March 31, 2021 | 35.03 |
| Balance as at March 31, 2022 | 16.81 |

Notes to the Consolidated Financial Statements for the year ended March 31, 2022
(All amounts are in Rupees lakh, unless otherwise stated)
CWIP Ageing As On 31.03.2022

| Particulars | Less than 1 year | 1-2 years | 2-3 years | More than 3 years* | Total |
|----------------------|------------------|-----------|-------------|--------------------|--------------|
| Projects in progress | 9.41 | - | 7.40 | - | 16.81 |
| Total | 9.41 | - | 7.40 | - | 16.81 |

CWIP Ageing As On 31.03.2021

| Particulars | Less than 1 year | 1-2 years | 2-3 years | More than 3 years | Total |
|----------------------|------------------|-------------|-----------|-------------------|--------------|
| Projects in progress | 27.63 | 7.40 | - | - | 35.03 |
| Total | 27.63 | 7.40 | - | - | 35.03 |

CWIP Completion Schedule As On 31.03.2022 (as certified)

| Particulars | Less than 1 year | 1-2 years | 2-3 years | More than 3 years | Total |
|---------------------------------------|------------------|-----------|-----------|-------------------|-------------|
| Projects in progress to be completed* | 7.40 | - | - | - | 7.40 |
| Total | 7.40 | - | - | - | 7.40 |

7 INTANGIBLE ASSETS

| Particulars | Computer & Software | Technical Know How | Trade Mark | Total |
|-------------------------------------|---------------------|--------------------|--------------|---------------|
| Gross carrying value | | | | |
| As at April 1, 2020 | 644.71 | 68.47 | 49.78 | 762.96 |
| Additions | - | - | - | - |
| Disposals/Adjustment | - | - | - | - |
| Balance as at March 31, 2021 | 644.71 | 68.47 | 49.78 | 762.96 |
| Additions | 39.22 | - | - | 39.22 |
| Disposals/Adjustment | - | - | - | - |
| Balance as at March 31, 2022 | 683.93 | 68.47 | 49.78 | 802.18 |
| Amortization | | | | |
| As at April 1, 2020 | 158.37 | 20.06 | 36.45 | 214.88 |
| Additions | 80.06 | 2.53 | 6.04 | 88.63 |
| Disposals/Adjustment | - | - | - | - |
| Balance as at March 31, 2021 | 238.43 | 22.59 | 42.49 | 303.51 |
| Additions | 77.93 | 2.53 | 4.80 | 85.26 |
| Disposals/Adjustment | - | - | - | - |
| Balance as at March 31, 2022 | 316.36 | 25.12 | 47.29 | 388.77 |
| Net Carrying Value* | | | | |
| Balance at March 31, 2021 | 406.28 | 45.88 | 7.29 | 459.45 |
| Balance at March 31, 2022 | 367.57 | 43.35 | 2.49 | 413.41 |

* There are no intangible assets under development

Notes to the Consolidated Financial Statements for the year ended March 31, 2022
(All amounts are in Rupees lakh, unless otherwise stated)
8 INVESTMENTS (NON-CURRENT)

| Particulars | As at Mar 31, 2022 | | As at Mar 31, 2021 | |
|--|---------------------|-------------|---------------------|-------------|
| | No. of Shares/units | Amount | No. of Shares/units | Amount |
| Investment in Debentures carried at Amortised Cost Unquoted | | | | |
| (i) 1/2% Woodland Medical Centre Ltd. | | 0.06 | | 0.06 |
| (ii) 5% Woodland Medical Centre Ltd. | | 0.17 | | 0.17 |
| Total | | 0.23 | | 0.23 |
| Aggregate amount of quoted investments | | - | | - |
| Market value of quoted investments | | - | | - |
| Aggregate amount of unquoted investments | | 0.23 | | 0.23 |
| Aggregate amount of impairment in value of investments | | - | | - |

9 OTHER FINANCIAL ASSETS- NON CURRENT

| Particulars | As at 31-03-2022 | As at 31-03-2021 |
|--|------------------|------------------|
| (Unsecured, considered good) | | |
| Security Deposits | 165.31 | 148.99 |
| Bank Balance (Maturity period more than 12 months) | 16.13 | 6.77 |
| TOTAL | 181.44 | 155.76 |

10 DEFERRED TAX ASSETS/ (LIABILITIES) (NET)

| Particulars | As at 31-03-2022 | As at 31-03-2021 |
|---|------------------|------------------|
| Deferred tax assets/ liabilities are attributable to the following items; | | |
| Deferred Tax Assets | | |
| -Carry Forward Losses/Unabsorbed depreciation | 7,162.83 | 5,312.07 |
| -Disallowance under section 43B | 330.95 | 248.60 |
| -Provision for doubtful debt and advances | 558.77 | 495.30 |
| -Remeasurements of the defined benefit plans | 57.20 | - |
| Sub- Total (a) | 8,109.75 | 6,055.97 |
| Deferred Tax Liabilities | | |
| -Fixed assets | 3,957.77 | 4,066.18 |
| -Others | | |
| -Fair valuation of investment | 5.65 | 6.53 |
| - Remeasurements of the defined benefit plans | - | 6.55 |
| Sub- Total (b) | 3,963.42 | 4,079.26 |
| *Total (a)-(b) | 4,146.33 | 1,976.71 |
| Net Deferred Tax Assets/ (Liability) (a)+(b) recognised in books | 1,976.71 | 1,976.71 |

*During the financial year 2021-22, the Company has decided not to recognise additional deferred tax assets since the Company has a history of recent losses. The Company recognises deferred tax asset arising from unused tax losses or tax credits only to the extent that the entity has sufficient taxable temporary differences or there is convincing other evidence that sufficient taxable profit will be available against which the unused tax losses or unused tax credits can be utilized by the entity.

Notes to the Consolidated Financial Statements for the year ended March 31, 2022
(All amounts are in Rupees lakh, unless otherwise stated)
11 OTHER NON CURRENT ASSETS

| Particulars | As at 31-03-2022 | As at 31-03-2021 |
|------------------|---------------------|---------------------|
| Capital Advances | 1.93 | 1.93 |
| TOTAL | 1.93 | 1.93 |

12 INVENTORIES

| Particulars | As at 31-03-2022 | As at 31-03-2021 |
|-------------------------------|---------------------|---------------------|
| Raw Material | | |
| Inventories-RM | 3,344.68 | 2,446.89 |
| Work- in -Progress | 495.52 | 640.87 |
| Finished Goods | | |
| Inventories-FG* | 6,047.36 | 5,310.87 |
| Goods in Transit-FG | 208.43 | 132.72 |
| Less Inventory Provision - FG | (482.14) | - |
| Stores & spares | 119.72 | 349.38 |
| TOTAL | 9,733.57 | 8,880.73 |

Note*

- (i) Finished goods of Rs. 6047.36 lacs is shown net off of provision of Rs 6.26 lakh on physical verification thereof at year end.
- (ii) Provision made for finished goods re-processable and non- reprocessable aggregating Rs. 482.14 lakh. This provision is made as per Company's own estimate which was not done in earlier years. For processable finished goods, reprocessing cost has been considered for provisioning and non-reprocessable finished goods have been provided at carrying cost.
- (iii) Inventory valuation has been done by the Company which were being confirmed in earlier years by IBBI registered valuer recognised under Companies Act 2013.
- (iv) Variance (in value) on physical verification of inventories, are shown as a part of consumption.
- (v) Finished goods includes trading goods Rs. 423.46 lacs (March'21, Rs. 503.67).

13 TRADE RECEIVABLES

| Particulars | As at 31-03-2022 | As at 31-03-2021 |
|--|---------------------|---------------------|
| Unsecured | | |
| -Considered Good | 7,848.54 | 7,968.64 |
| -Credit Impaired | 1,014.12 | 1,587.50 |
| | 8,862.66 | 9,556.14 |
| Less: Allowance for credit impaired trade receivable [refer note 47(ii)] | (1,014.12) | (1,587.50) |
| TOTAL | 7,848.54 | 7,968.64 |

Note

- (i) For Disclosure of Trade Receivables Ageing, refer note 51.
- (ii) For unidentified/identified Trade Receivables credit balances ,refer Note 27.
- (iii) Allowance for credit impaired is arrived at after write off of Doubtful Receivables of earlier years amounting to Rs 833.28 lakh, (out of Allowance for credit impaired of Rs. 1587.50 lakh as at March 31, 2021) and additional provisioning during current year of Rs 259.90 lakh comprising of Expected Credit Loss (ECL) of Rs 203.44 lakh & sales return of Rs 56.46 lakh.

Notes to the Consolidated Financial Statements for the year ended March 31, 2022
(All amounts are in Rupees lakh, unless otherwise stated)
14.1 CASH AND CASH EQUIVALENTS

| Particulars | As at 31-03-2022 | As at 31-03-2021 |
|---|---------------------|---------------------|
| -Balance with banks | | |
| On Current Accounts | 3,670.86 | 112.22 |
| -Cash on hand | 0.12 | 0.12 |
| -Cheque, drafts on hand | - | - |
| Bank deposits with maturity of less than 3 months | 12,789.92 | 152.85 |
| TOTAL | 16,460.90 | 265.19 |

* Include fixed deposits(against margin money of LC) of Rs. 538 lakh created for short term , and the same has been considered by the management to be held for less than 3 months, as at the year end.

14.2 BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS

| Particulars | As at 31-03-2022 | As at 31-03-2021 |
|-----------------------|---------------------|---------------------|
| Margin Money | 1.48 | 2.18 |
| Fixed Deposit Account | 498.87 | 502.18 |
| TOTAL | 500.35 | 504.36 |

15 OTHER FINANCIAL ASSETS- CURRENT

| Particulars | As at 31-03-2022 | As at 31-03-2021 |
|--------------------------------------|---------------------|---------------------|
| Other Receivables (Refer note no 55) | 606.52 | 432.53 |
| Security Deposits | 1.10 | 1.10 |
| Interest accrued | 31.02 | 12.99 |
| TOTAL | 638.64 | 446.62 |

16 CURRENT TAX ASSETS/(LIABILITIES) (NET)

| Particulars | As at 31-03-2022 | As at 31-03-2021 |
|--------------------------------|---------------------|---------------------|
| Advance Income Tax | 2,862.14 | 2,837.83 |
| Less: Provision for Income Tax | 2,531.50 | 2,531.50 |
| TOTAL | 330.64 | 306.33 |

17 OTHER CURRENT ASSETS

| Particulars | As at 31-03-2022 | As at 31-03-2021 |
|---|---------------------|---------------------|
| Advances other than capital advances | | |
| Advances to suppliers | 668.72 | 470.96 |
| Capital Advances | 38.72 | 20.97 |
| Advances to Others | - | - |
| Others | | |
| Advance to employee | 48.44 | 73.05 |
| Prepaid expenses | 201.84 | 297.78 |
| Balance With Govt. Authorities & Others | 686.77 | 845.76 |
| TOTAL | 1,644.49 | 1,708.52 |

*Advance to suppliers includes debit balances of creditors aggregating Rs. 194.33 lakh (March'21, Rs. 88.64 lakh)

**Balance with govt authorities includes GST debit balance of Rs. 83.14 lakh pending reconciliation

Notes to the Consolidated Financial Statements for the year ended March 31, 2022
(All amounts are in Rupees lakh, unless otherwise stated)
18 EQUITY SHARE CAPITAL

| Particulars | As at 31-03-2022 | As at 31-03-2021 |
|--|---------------------|---------------------|
| Authorised 10,00,00,000 (31st March, 2021: 10,00,00,000) equity shares of Rs. 2/- each | 2,000.00 | 2,000.00 |
| Issued, subscribed and fully paid up 7,22,16,926 (31st March, 2021: 5,43,00,259) equity shares of Rs. 2/- each | 1,444.34 | 1,086.01 |
| Share Forfeiture Account | 0.01 | 0.01 |
| | 1,444.35 | 1,086.02 |

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

| Particulars | As at Mar 31, 2022 | | As at Mar 31, 2021 | |
|-----------------------------------|--------------------|----------|--------------------|----------|
| | No. of Shares | Amount | No. of Shares | Amount |
| Number of shares at the beginning | 5,43,00,259 | 1,086.01 | 5,43,00,259 | 1,086.01 |
| Add: Preferential Allotment | 1,79,16,667 | 358.33 | - | - |
| Number of shares at the end | 7,22,16,926 | 1,444.34 | 5,43,00,259 | 1,086.01 |

(ii) Terms and rights attached to equity shares

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

(iii) On 24th February 2022, Company has made preferential allotment of 1,79,16,667 equity shares of face value Rs. 2 each at the price of Rs. 120 per share (including premium of Rs. 118 per share) aggregating to Rs. 21500 lakh [equity share capital Rs. 358.33 lakh and securities premium reserves Rs. 21141.67 lakh (Note No 19)] to Hella Infra Market Pvt. Ltd. pursuant to members approval at EGM dated February 10, 2022.
(iv) Proceeds from the second right issue have been utilised in the following manner -

| Particulars | Proposed to be utilised | Proposed to be utilised (Revised)* | Utilised During FY 2018-19 | Utilised During FY 2019-20 | Utilised During FY 2020-21 | Balance Utilised During FY 2021-22 |
|---|----------------------------|--|----------------------------------|----------------------------------|----------------------------------|---|
| Project of Reinstatement of paint manufacturing plant at Nashik | 4,568.43 | 4,492.08 | 2,035.22 | 2,210.46 | 50.24 | 196.16 |
| Setting up of Regional Distribution Centre (RDC) at Nashik | 340.00 | 40.00 | - | 40.00 | - | - |
| Long Term Working Capital Requirements | 11,737.50 | 12,113.85 | 8,709.15 | 3,404.70 | - | - |
| General Corporate purposes | 3,415.07 | 3,415.07 | 1,136.57 | 2,278.50 | - | - |
| Expenses for right issue | 26.27 | 26.27 | 26.27 | - | - | - |
| Total | 20,087.27 | 20,087.27 | 11,907.21 | 7,933.66 | 50.24 | 196.16 |

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

Notes to the Consolidated Financial Statements for the year ended March 31, 2022
(All amounts are in Rupees lakh, unless otherwise stated)
(v) Details of shareholders holding more than 5% shares in the Company

| Name of Shareholder | As at Mar 31, 2022 | | As at Mar 31, 2021 | |
|------------------------------------|--------------------|------------------|--------------------|------------------|
| | Number of shares | % of shares held | Number of shares | % of shares held |
| Virtuous Tradecorp Pvt. Ltd. | 1,33,54,462 | 18.49% | 1,33,54,462 | 24.59% |
| Hind Strategic Investments | - | 0.00% | 37,85,430 | 6.97% |
| Veera Gupta | 46,82,952 | 6.48% | 46,82,952 | 8.62% |
| Hella Infra Market Private Limited | 1,79,77,745 | 24.89% | - | - |

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

(vi) Details of shares held by promoters at the end of the year

| Promoter Name | As at Mar 31, 2022 | | | As at Mar 31, 2021 | |
|---|--------------------|------------------|--------|--------------------|------------------|
| | Number of shares | % of shares held | | Number of shares | % of shares held |
| Hina Devi Goyal | 50000 | 0.07% | -0.02% | 50,000 | 0.09% |
| Kusum Mittal | 50000 | 0.07% | -0.02% | 50,000 | 0.09% |
| Sminu Jindal | 12468 | 0.02% | -0.01% | 12,468 | 0.02% |
| Sarita Devi Jain | 20000 | 0.03% | -0.01% | 20,000 | 0.04% |
| Sangita Jindal | 31000 | 0.04% | -0.01% | 31000 | 0.06% |
| Deepika Jindal | 89062 | 0.12% | -0.04% | 89062 | 0.16% |
| Savitri Devi Jindal | 36515 | 0.05% | -0.02% | 36515 | 0.07% |
| Hind Strategic Investments | - | 0.00% | -6.97% | 3785430 | 6.97% |
| Urvi Jindal | 165545 | 0.23% | 0.23% | - | 0.00% |
| R K Jindal & Sons HUF | 30750 | 0.04% | -0.01% | 30750 | 0.06% |
| P R Jindal HUF | 14606 | 0.02% | -0.01% | 14606 | 0.03% |
| S K Jindal and Sons HUF | 12300 | 0.02% | -0.01% | 12300 | 0.02% |
| Naveen Jindal | 36515 | 0.05% | -0.02% | 36515 | 0.07% |
| Prithavi Raj Jindal | 85500 | 0.12% | -0.04% | 85500 | 0.16% |
| Sarika Jhunjunwala | 2743141 | 3.80% | 1.72% | 1127159 | 2.08% |
| Shivang Jhunjunwala | 1320723 | 1.83% | 0.40% | 775159 | 1.43% |
| Surya Kumar Jhunjunwala | 923286 | 1.28% | -0.42% | 923286 | 1.70% |
| Ritu Jhunjunwala | 1394289 | 1.93% | 0.86% | 582347 | 1.07% |
| Gaurang Jhunjunwala | 1394289 | 1.93% | 0.86% | 582347 | 1.07% |
| Ratan Jindal | - | 0.00% | -0.30% | 165545 | 0.30% |
| OPJ Trading Private Limited | 500 | 0.00% | 0.00% | 500 | 0.00% |
| Nalwa Investments Limited | 270569 | 0.37% | -0.12% | 270569 | 0.50% |
| Mansarover Tradex Limited | 52500 | 0.07% | -0.02% | 52500 | 0.10% |
| Stainless Investments Limited | 82500 | 0.11% | -0.04% | 82500 | 0.15% |
| Sun Investments Private Limited | 82500 | 0.11% | -0.04% | 82500 | 0.15% |
| Jindal Equipment Leasing and Consultancy Services Limited | 102500 | 0.14% | -0.05% | 102500 | 0.19% |
| Colarado Trading Co Ltd | 1224635 | 1.70% | -0.56% | 1224635 | 2.26% |
| Hexa Securities and Finance Co Ltd | 1500000 | 2.08% | -0.69% | 1500000 | 2.76% |
| Abhinandan Investments Limited | 55000 | 0.08% | -0.03% | 55000 | 0.10% |
| Gagan Infraenergy Limited | 500 | 0.00% | 0.00% | 500 | 0.00% |
| Nalwa Sons Investments Limited | 1372590 | 1.90% | -0.63% | 1372590 | 2.53% |
| Opelina Sustainable Services Private Limited | 500 | 0.00% | 0.00% | 500 | 0.00% |
| Virtuou Tradecorp Private Limited | 13354462 | 18.49% | -6.10% | 13354462 | 24.59% |
| JSL Limited | 2321983 | 3.22% | -1.06% | 2321983 | 4.28% |
| Systran Multiventures Private Limited | 100 | 0.00% | 0.00% | 100 | 0.00% |

Notes to the Consolidated Financial Statements for the year ended March 31, 2022
(All amounts are in Rupees lakh, unless otherwise stated)
19 OTHER EQUITY

| Particulars | Reserves and surplus | | | | Other Comprehensive Income | Total |
|--|----------------------------|---------------------------|-----------------|--------------------|--|------------------|
| | Securities Premium Reserve | Share Options Outstanding | General Reserve | Retained earnings | Re-measurement of Defined Benefit Obligation/ Plan | |
| Balance as at April 1, 2020 | 25,784.86 | 20.92 | 4,061.71 | (3,641.96) | (24.40) | 26,201.13 |
| -Profit or Loss for the year | - | - | - | (4,986.31) | - | (4,986.31) |
| -Other comprehensive income for the year | - | - | - | - | 14.44 | 14.44 |
| -Addition during the year | - | - | - | - | - | - |
| -Movement during the year | - | (8.14) | - | - | - | (8.14) |
| Balance as at Mar 31, 2021 | 25,784.86 | 12.78 | 4,061.71 | (8,628.27) | (9.96) | 21,221.13 |
| -Profit or Loss for the year | - | - | - | (6,423.33) | - | (6,423.33) |
| -Other comprehensive income for the year | - | - | - | - | (183.33) | (183.33) |
| -Addition during the year | 21,141.67 | - | - | - | - | 21,141.67 |
| -Movement during the year | - | (7.80) | - | - | - | (7.80) |
| Balance as at Mar 31, 2022 | 46,926.53 | 4.98 | 4,061.71 | (15,051.60) | (193.29) | 35,748.34 |

20 NON-CURRENT BORROWINGS

| Particulars | As at 31-03-2022 | As at 31-03-2021 |
|--|------------------|------------------|
| Secured | | |
| Term Loans : | | |
| - from Banks | 4,385.43 | 962.54 |
| - from Financial Institutions | - | 2,042.46 |
| - from others (vehicle loan) | 66.32 | 85.16 |
| | 4,451.75 | 3,090.16 |
| Less: Current Maturity of Long term Debt (refer note 24) | 1,493.43 | 685.59 |
| | 2,958.32 | 2,404.57 |
| Unsecured | | |
| - Optionally Convertible Debentures- from related party (refer note no 48) | 5,500.00 | - |
| TOTAL | 8,458.32 | 2,404.57 |

As per Debenture Subscription Agreement dated 18.01.2022, the Company has issued 30,55,556 number of unlisted, unsecured optionally convertible debenture of the face value of Rs. 180.00 each aggregating Rs. 55,00,00,080 by way of preferential allotment on private placement basis.

The said debentures are carrying interest @ 9% p.a. (Payable quarterly) and optionally convertible into equity shares of 30,55,556 number at the discretion of debenture holder on or before August 2023 when the closing listed price of shares breaches the issue price of debenture.

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

Common Covid 19 Emergency Credit Line (CCECL) Loan of Rs. 66.66 lakh (March 31, 2021 Rs. 466.54 lakh) taken from State Bank of India at one year MCLR (presently @ 7.75% p.a.), repayable in 18 monthly installments starting from 31.12.2020 and ending on 31.05.2022, are secured by extension of hypothecation charge on entire current assets of the company existing and future on pari-passu basis with other banks under consortium banking arrangement.

PNB Covid 19 Emergency Credit Facility (CECF) Loan of Rs. 41.24 lakh (March 31, 2021 Rs. 120 lakh) taken from Punjab National Bank @ MCLR +0.50%, repayable in 18 monthly installments starting from 30.04.2021 and ending on 30.09.2022, are secured by extension of existing primary and / or collateral security.

Term Loan of Rs. 141.51 lakh (March 31, 2021 Rs. 149 lakh) taken from Union Bank of India @ MCLR +0.60%, repayable in 48 monthly installments starting from 19.02.2022 and ending on 18.03.2026, are secured by extension of existing primary and / or collateral security.

Notes to the Consolidated Financial Statements for the year ended March 31, 2022
(All amounts are in Rupees lakh, unless otherwise stated)

Union Guaranteed Emergency Credit Line (UGECL-2) Rs. 299.00 lakh (March 31, 2021 Rs. Nil) taken from Union Bank of India @ MCLR +0.60% or 9.25% whichever is lower, repayable in 48 monthly installments starting from 30.09.2022 and ending on 31.08.2026, are secured by extension of existing primary and / or collateral security.

Working Capital Term Loan limit under Guaranteed Emergency Credit Line (GECL- 2) scheme of Rs. 226.99 lakh (March 31, 2021 Rs. 227.00 lakh) taken from Punjab National Bank @ MCLR +1%, repayable in 48 monthly installments starting from 31.03.2022 and ending on 28.02.2026, are secured by extension of existing primary and / or collateral security.

Working Capital Term Loan limit under Guaranteed Emergency Credit Line (GECL- 2) scheme of Rs. 860.00 lakh (March 31, 2021 Nil) taken from State Bank of India @ MCLR +1%, repayable in 48 monthly installments starting from 31.05.2022 and ending on 28.04.2026, are secured by extension of existing primary and / or collateral security.

Loan of Rs. 2750 lakh (March 31, 2021 NIL) taken from IDFC First Bank @ IDFC MCLR + spread (3.70%), repayable in 12 quarterly installments starting from 14.03.2022 and ending on 14.12.2024, are secured by 1st pari passu charge on movable fixed assets of the Company & Commercial land in Gurugram and commercial office in Mumbai.

(ii) Term Loan from financial institutions

Loan of Rs. 452.93 lakh (March 31, 2021 Rs. 481.63 lakh) taken from Aditya Birla Finance Limited @ 12.95% p.a., were repayable in 130 monthly instalments starting from 15.09.2019 and ending on 15.06.2030, are secured by first charge on Company's immovable property situated at 5th Floor, C wing, Oberoi Garden Estate, Chandivalli Farm Road, Chandivali, Andheri (East), Mumbai-400072. However, the said loan has been prepaid in April, 2022 & hence, transferred from 'Non-Current Borrowings' (Note 20) to 'Current Borrowings' (Note 24).

Guaranteed Emergency Credit Line (GECL) Loan of Rs. 92.60 lakh (March 31, 2021 Rs. 97.00 lakh) taken from Aditya Birla finance Limited @ 14.00% p.a., were repayable in 48 monthly instalments starting from 05.02.2022 and ending on 05.11.2025, are secured by second charge on Company's immovable property situated at 5th Floor, C wing, Oberoi Garden Estate, Chandivalli Farm Road, Chandivali, Andheri (East), Mumbai-400072. However, the said loan has been prepaid in April, 2022 & hence, transferred from 'Non-Current Borrowings' (Note 20) to 'Current Borrowings' (Note 24).

Loan of Rs. 943.72 lakh (March 31, 2021 Rs. 1463.83 lakh) taken from Religare Finvest Limited @ 14% p.a., were repayable in 118 monthly installments starting from 01.08.2016 and ending on 01.09.2025, are secured by First charge on Company's immovable & movable properties of Sikandrabad plant situated at Plot No A1 & A2 UPSIDC Industrial Area, Sikandrabad Distt- Bulandshahar (U.P). However, the said loan has been prepaid in April, 2022 & hence, transferred from 'Non-Current Borrowings' (Note 20) to 'Current Borrowings' (Note 24).

(iii) Vehicle Loan (Secured by Vehicle financed)

Loans of Rs. 13.74 lakh (March 31, 2021 Rs. 20.34 lakh) taken from Toyota Financial Service India Ltd. @ 9.50% p.a. are repayable in 60 monthly installments starting from 20.02.2019 and ending on 20.01.2024.

Loans of Rs. 5.93 lakh (March 31, 2021 Rs. 7.70 lakh), taken from Toyota Financial Service India Ltd. @ 8.90% p.a. are repayable in 60 monthly installments starting from 10.02.2020 and ending on 10.01.2025.

Loans of Rs. 46.64 lakh (March 31, 2021 Rs. 57.12 lakh), taken from Tata Motors Finance Ltd. @ 10.90% p.a. are repayable in 59 monthly installments starting from 11.11.2020 and ending on 11.09.2025.

21 NON- CURRENT LEASE LIABILITY

| Particulars | As at 31-03-2022 | As at 31-03-2021 |
|-------------------|---------------------|---------------------|
| Lease Liabilities | 95.31 | - |
| TOTAL | 95.31 | - |

22 OTHER FINANCIAL LIABILITIES- NON CURRENT

| Particulars | As at 31-03-2022 | As at 31-03-2021 |
|----------------------------------|---------------------|---------------------|
| Security Deposit -From others | 10.81 | 39.81 |
| TOTAL | 10.81 | 39.81 |

Notes to the Consolidated Financial Statements for the year ended March 31, 2022
(All amounts are in Rupees lakh, unless otherwise stated)
23 PROVISIONS- NON CURRENT

| Particulars | As at 31-03-2022 | As at 31-03-2021 |
|--|---------------------|---------------------|
| Provision for employee benefits | | |
| -Gratuity (refer note 45) | 507.27 | 270.21 |
| -Provision for Leave Benefit (refer note 45) | 23.83 | 38.93 |
| Provision Others | 300.00 | 300.00 |
| TOTAL | 831.10 | 609.14 |

24 CURRENT BORROWINGS

| Particulars | As at 31-03-2022 | As at 31-03-2021 |
|---|---------------------|---------------------|
| Secured | | |
| Term Loans : | | |
| - from Financial Institutions | 1,489.27 | - |
| [for discloser of securities, refer note no 20 (ii)] | | |
| Loans Repayable on Demand | | |
| From Banks (Cash Credit and WCDL) | 2,886.27 | 8,667.86 |
| Unsecured | | |
| Loans Repayable on Demand | | |
| Bill Discounting | - | 1,296.22 |
| Current maturities of long-term debt (refer note 20) | 1,493.43 | 685.59 |
| TOTAL | 5,868.97 | 10,649.67 |

Cash Credit and WCDL from Banks
Primary Security

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

Collateral Security

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

Rate of interest for current borrowings ranges from 9% p.a. to 15% p.a.

25 CURRENT LEASE LIABILITY

| Particulars | As at 31-03-2022 | As at 31-03-2021 |
|-------------------|---------------------|---------------------|
| Lease Liabilities | 93.32 | 32.76 |
| TOTAL | 93.32 | 32.76 |

26 TRADE PAYABLES

| Particulars | As at 31-03-2022 | As at 31-03-2021 |
|--|---------------------|---------------------|
| Due to Micro and small enterprises (refer note 44) | 665.12 | 236.02 |
| Due to others* | 9,934.76 | 10,947.34 |
| TOTAL | 10,599.88 | 11,183.36 |

*Includes interest payable to MSME amounting to Rs. 263.99 (Previous year Rs. 227.31 Lakh).

Notes to the Consolidated Financial Statements for the year ended March 31, 2022
(All amounts are in Rupees lakh, unless otherwise stated)
Note

- (i) Due to others Rs. 9934.76 lakh includes "TDS receivables from vendors" Rs. 34.58 lakh (March'21, Rs. 34.58 lakh) pending reconciliation.
- (ii) For disclosure of trade payable ageing refer note no 50.

27 OTHER FINANCIAL LIABILITIES- CURRENT

| Particulars | As at 31-03-2022 | As at 31-03-2021 |
|-----------------------------------|---------------------|---------------------|
| Interest Accrued and Due | 68.07 | 26.57 |
| Creditors for Capital expenditure | 24.88 | 49.26 |
| Others | | |
| Employee's Payables | 433.07 | 395.37 |
| Others (Operating expenses) | 1,792.06 | 1,684.18 |
| Others | 220.46 | 196.61 |
| TOTAL | 2,538.54 | 2,351.99 |

* Includes debtors having unidentified credit balances of Rs. 95.81 lakh (March'21 Rs 80.00 lakh)

28 OTHER CURRENT LIABILITIES

| Particulars | As at 31-03-2022 | As at 31-03-2021 |
|------------------|---------------------|---------------------|
| Deferred Revenue | 31.11 | - |
| Statutory dues* | 594.68 | 535.54 |
| TOTAL | 625.79 | 535.54 |

Note

- (i) For deferred revenue, current year sale has been reduced by Rs. 31.11 lakh and credited to current liabilities as deferred revenue. Such deferment is on account of retention money held by the customer. As a matter of prudence. The said deferred revenue shall be recognised as revenue in the year of receipt.
- (ii) Statutory dues includes 'taxes others' Rs. 444.08 lakh (excise duty Rs. 360.16 lakh and custom duty Rs. 83.92 lakh). The outstanding of custom dues are net off payment of Rs. 25.03 lakh made during the current financial year. Interest has not been provided on the outstanding amount. The management is of the view that the said payment made is towards the principal outstanding of customer duty; hence, no interest is accrued for current year.

29 PROVISIONS- CURRENT

| Particulars | As at 31-03-2022 | As at 31-03-2021 |
|--|---------------------|---------------------|
| Provision for employee benefits | | |
| -Gratuity (refer note 45) | 413.45 | 417.13 |
| -Provision for Leave Benefit (refer note 45) | 90.83 | 48.13 |
| TOTAL | 504.28 | 465.26 |

Notes to the Consolidated Financial Statements for the year ended March 31, 2022
(All amounts are in Rupees lakh, unless otherwise stated)

30 REVENUE FROM OPERATIONS

| Particulars | Year ended March 31, 2022 | Year ended March 31, 2021 |
|--|------------------------------|------------------------------|
| a) Sale of products | | |
| Finished Goods | 39,825.78 | 35,623.59 |
| Sale of Services | 395.26 | 293.26 |
| | 40,221.04 | 35,916.85 |
| Less: Rebates & Trade Discounts | (4,592.16) | (3,511.34) |
| | 35,628.88 | 32,405.51 |
| b) Other operating Revenues; | | |
| Scrap Sales | 180.72 | 150.61 |
| | 180.72 | 150.61 |
| TOTAL | 35,809.60 | 32,556.12 |

31 OTHER INCOME

| Particulars | Year ended March 31, 2022 | Year ended March 31, 2021 |
|--|------------------------------|------------------------------|
| Interest Income | | |
| -Bank Deposits | 35.65 | 23.76 |
| -Others | 141.14 | 3.61 |
| Other Non-Operating Income | | |
| -Miscellaneous Receipts [Refer Note 56(i)] | 285.89 | 665.94 |
| TOTAL | 462.68 | 693.31 |

32 COST OF MATERIALS CONSUMED

| Particulars | Year ended March 31, 2022 | Year ended March 31, 2021 |
|---------------------------|------------------------------|------------------------------|
| Cost of Material Consumed | 25,251.35 | 19,842.53 |
| TOTAL | 25,251.35 | 19,842.53 |

33 PURCHASE OF STOCK-IN-TRADE

| Particulars | Year ended March 31, 2022 | Year ended March 31, 2021 |
|----------------------------|------------------------------|------------------------------|
| Purchase of stock in trade | 1,786.21 | 2,188.98 |
| TOTAL | 1,786.21 | 2,188.98 |

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

| Particulars | Year ended March 31, 2022 | Year ended March 31, 2021 |
|--|------------------------------|------------------------------|
| Closing Stock | | |
| Work- in -Progress | 495.52 | 640.87 |
| Finished Goods | 5,773.65 | 5,443.60 |
| | 6,269.17 | 6,084.47 |
| Opening Stock | | |
| Work in progress | 640.87 | 322.76 |
| Finished Goods | 5,443.60 | 5,999.55 |
| | 6,084.47 | 6,322.31 |
| (Increase)/ Decrease in Inventory | (184.70) | 237.84 |

Notes to the Consolidated Financial Statements for the year ended March 31, 2022
(All amounts are in Rupees lakh, unless otherwise stated)
35 EMPLOYEE BENEFIT EXPENSES

| Particulars | Year ended March 31, 2022 | Year ended March 31, 2021 |
|--|------------------------------|------------------------------|
| Salaries and wages* | 3,756.45 | 3,315.70 |
| Contribution to provident & other funds | 327.85 | 239.49 |
| Expense/(reversal) on Employee Stock Option Scheme | (7.80) | (8.14) |
| Staff Welfare Expenses | 71.94 | 69.26 |
| TOTAL | 4,148.44 | 3,616.31 |

*It includes Rs. 221.14 lakh (P.Y. Rs. 194.75 lakh) incurred on research & development activities.

36 FINANCE COST

| Particulars | Year ended March 31, 2022 | Year ended March 31, 2021 |
|--------------------------------|------------------------------|------------------------------|
| Interest Expenses | | |
| On Working Capital & Term loan | 1,856.31 | 1,691.88 |
| Foreign exchange (gain) / loss | (1.83) | (25.37) |
| Other Borrowing Costs | 343.37 | 228.14 |
| Interest on Lease Assets | 19.25 | 8.55 |
| TOTAL | 2,217.10 | 1,903.20 |

37 DEPRECIATION AND AMORTIZATION EXPENSES

| Particulars | Year ended March 31, 2022 | Year ended March 31, 2021 |
|---|------------------------------|------------------------------|
| Depreciation on Property, Plant & Equipment | 1,260.62 | 1,243.08 |
| Amortisation on Intangible Assets | 85.26 | 88.63 |
| TOTAL | 1,345.88 | 1,331.71 |

38 OTHER EXPENSES

| Particulars | Year ended March 31, 2022 | Year ended March 31, 2021 |
|---------------------------------------|------------------------------|------------------------------|
| Consumption of stores and spare parts | 160.13 | 120.32 |
| Power and fuel | 482.95 | 411.26 |
| Rent | 255.85 | 258.12 |
| Repairs to building | 5.11 | 34.15 |
| Repairs to plant and machinery | 179.19 | 112.02 |
| Repairs - others | 142.80 | 146.43 |
| Insurance | 144.49 | 158.39 |
| Rates and taxes | 122.37 | 403.34 |
| Printing and stationery | 29.40 | 22.65 |
| Communication expenses | 60.60 | 61.84 |
| Directors' fees | 16.57 | 9.11 |
| Payment to Auditors | 16.66 | 14.35 |
| C&F Charges | 34.40 | 35.54 |
| Travelling expenses | 433.46 | 393.18 |
| Application Charges | 395.00 | 293.26 |
| Freight | 2,480.77 | 2,578.46 |
| Loss/(Gain) on sale/transfer of PPE | - | (2.01) |
| Provision for Bad & Doubtful Debt | 203.44 | - |

Notes to the Consolidated Financial Statements for the year ended March 31, 2022
(All amounts are in Rupees lakh, unless otherwise stated)

| Particulars | Year ended March 31, 2022 | Year ended March 31, 2021 |
|-------------------------|------------------------------|------------------------------|
| Marketing Expenses | 399.81 | 297.63 |
| Third Party Services | 789.41 | 587.03 |
| CFA Manpower | 129.45 | 100.46 |
| Professional Charges | 208.11 | 47.91 |
| Other Welfare Expenses | 72.87 | 54.61 |
| Miscellaneous Expenses* | 292.15 | 168.98 |
| | 7,054.99 | 6,307.03 |

*including expenditure on research & development activities, incurred during the year is Rs. 57.16 lakh (previous year Rs. 40.44 lakh).

| | | |
|--------------------------------------|--------------|--------------|
| <u>Payment to Auditors</u> | | |
| Audit Fee | 11.80 | 11.80 |
| Certification fee and other Services | 1.80 | 0.10 |
| Reimbursement of expenses | 1.56 | 0.95 |
| TOTAL | 15.16 | 12.85 |

| | | |
|---------------------------------------|-------------|-------------|
| <u>Payment to Tax Auditors</u> | | |
| Tax Audit Fee | 1.50 | 1.50 |
| TOTAL | 1.50 | 1.50 |

39 EXCEPTIONAL ITEMS

| Expenses | Year ended March 31, 2022 | Year ended March 31, 2021 |
|---------------------------------------|------------------------------|------------------------------|
| Provision for Old and Damage Stock * | 482.14 | - |
| Stock written off ** | - | 200.00 |
| Professional Charges for Fund Raising | 535.77 | - |
| Other balances written-off *** | 58.43 | - |
| TOTAL | 1,076.34 | 200.00 |

* Provision for Old & Damaged Stock has been self assessed by the management .In the earlier years , provision/write off were assessed by IBB registered valuers .

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

*** Sales/CST/VAT deposits written off- Rs 58 .43 lakh (on assessments completed-as certified by management),under Maharastra VAT.

40 TAX EXPENSES

| Particulars | Year ended March 31, 2022 | Year ended March 31, 2021 |
|---|------------------------------|------------------------------|
| Deferred tax expense/(income) | | |
| Origination and reversal of temporary differences | - | 2,608.14 |
| (refer footnote of Note No 10) | - | 2,608.14 |

Notes to the Consolidated Financial Statements for the year ended March 31, 2022
(All amounts are in Rupees lakh, unless otherwise stated)
41 OTHER COMPREHENSIVE INCOME

| Particulars | Year ended March 31, 2022 | Year ended March 31, 2021 |
|--|------------------------------|------------------------------|
| (i) Items that will not be reclassified to profit or loss (refer note 45) | | |
| Remeasurements of the defined benefit plans | (183.33) | 20.99 |
| (ii) Income tax relating to items that will not be reclassified to profit or loss | | |
| Related to Remeasurements of defined benefit plans | - | 6.55 |

42 EARNING PER SHARE

| Particulars | Year ended March 31, 2022 | Year ended March 31, 2021 |
|--|------------------------------|------------------------------|
| (a) Net profit/ (loss) as attributable for equity shareholders | (6,423.33) | (4,986.31) |
| (b) Weighted average number of equity shares (Nos.) | 5,60,67,382 | 5,43,00,259 |
| (c) Effect of potential Dilutive Equity shares on Employee stock option outstanding (Nos.) | 4,000 | 10,500 |
| (d) Weighted average number of Equity shares in computing diluted | 5,60,71,382 | 5,43,10,759 |
| Basic Earnings per Share | (11.46) | (9.18) |
| Diluted Earnings per Share | (11.46) | (9.18) |

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

43 A. CONTINGENT LIABILITIES AND CLAIMS AGAINST THE COMPANY

| Particulars | Year ended March 31, 2022 | Year ended March 31, 2021 |
|--|------------------------------|------------------------------|
| 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 | 829.07 | 436.94 |
| Letter of Credit | 4307.05 | 3881.17 |
| b. Demands | | |
| Excise Duty | 461.07 | 461.07 |
| Sales Tax (excluding liability on account of C/F/Other forms) The management is of the opinion that these forms will be collected in due course, and no significant liability is expected in this respect) | 729.87 | 304.64 |
| Income Tax | 245.78 | 0.98 |
| Others | 2003.64 | 2330.16 |

- (i) It is not possible to predict the outcome of the pending litigations with accuracy, the Company has reviewed all its pending litigations and proceedings and has adequately provided for where provisions are required and disclosed as contingent liabilities where applicable, in its financial statements. The management believe the ending actions will not require outflow of resources embodying economic benefits and will not have a material adverse effect upon the results of the operations, cash flows or financial condition of the Company.
- (ii) Under the Goods & Services Tax Act, 2017 (the Act), the Company's liability in respect of input credit of taxes booked by it but not paid by suppliers of goods & services as at the year end, is unascertained. The management is taking appropriate follow up measures with such suppliers to get the due taxes (claimed as input credit by the Company) paid by them before filing of annual return under the Act.

B. COMMITMENTS

| Particulars | Year ended March 31, 2022 | Year ended March 31, 2021 |
|--|------------------------------|------------------------------|
| (i) Estimated amount of contracts remaining to be executed on Capital Accounts and not provided for, net of advances of Rs.40.65 lakh (March 31, 2021 Rs 22.90 lakh) | 232.14 | 66.47 |
| (ii) Uncalled liability on partly paid up shares | 40.50 | 40.50 |

Notes to the Consolidated Financial Statements for the year ended March 31, 2022
(All amounts are in Rupees lakh, unless otherwise stated)
44 THE MICRO, SMALL AND MEDIUM ENTERPRISES DEVELOPMENT (MSMED) ACT, 2006

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

| Particulars | Year ended March 31, 2022 | Year ended March 31, 2021 |
|---|------------------------------|------------------------------|
| a) Principal amount remaining unpaid to any supplier as on 31st March | 665.12 | 236.02 |
| b) Interest due on above remaining unpaid to any supplier as on 31st March | 263.99 | 227.31 |
| c) Interest paid by the Company in terms of Section 16 of the MSMED Act along with the amounts of the payment made to the supplier beyond the appointed day during the accounting year | - | - |
| d) * the amount of interest due and payable for the year of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under this Act | 28.21 | - |
| e) the amount of interest accrued and remaining unpaid (for the year) | 36.68 | 16.79 |
| f) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise for the purpose of disallowance as a (deductible expenditure under section 23 of this Act). | - | - |

Note:

* No provision of interest & payment thereof have been made on overdue principal amount settled/paid during the year. The disclosure as given above are in respect of MSME creditors, to the extent ascertained. Interest accrued and remaining unpaid Rs. 36.68 lakh is inclusive of Rs. 28.21 lakh, as stated above.

45 'EMPLOYEE BENEFITS', IN ACCORDANCE WITH ACCOUNTING STANDARD (IND AS-19) :

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

a) Defined Contribution Plans:-

The Company has recognised an expense of Rs. 166.26 lakh (Previous Year Rs. 84.80 lakh) towards the defined contribution plan.

b) Defined benefits obligation - as per actuarial valuation

| Particulars | Year ended March 31, 2022 | | Year ended March 31, 2021 | |
|--|---------------------------|------------------|---------------------------|------------------|
| | 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 | 689.42 | 87.06 | 672.31 | 94.17 |
| - Current Service Cost | 66.81 | 6.09 | 32.18 | 4.09 |
| - Past Service Cost | - | - | - | - |
| - Interest Cost | 46.88 | 5.92 | 45.72 | 6.40 |
| - Acquisition cost | - | - | - | - |
| Actuarial loss/(gains) on Obligation | 183.34 | 30.67 | (20.96) | (3.23) |
| Benefits Paid | (63.10) | (15.08) | (39.82) | (14.36) |
| Present Value of obligation as at year-end | 923.35 | 114.66 | 689.42 | 87.06 |

Notes to the Consolidated Financial Statements for the year ended March 31, 2022
(All amounts are in Rupees lakh, unless otherwise stated)

| Particulars | | Year ended March 31, 2022 | | Year ended March 31, 2021 | |
|-------------|---|---------------------------|-----------------------|---------------------------|-----------------------|
| | | 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 | 2.08 | - | 5.19 | - |
| | Investment Income | 0.14 | - | 0.36 | - |
| | Employer's contribution | 0.40 | - | 2.01 | - |
| | Benefits paid | - | - | (5.50) | - |
| | Actuarial loss/(gains) | 0.01 | - | 0.02 | - |
| | Plan assets at the end of the year | 2.63 | - | 2.08 | - |
| Particulars | | Year ended March 31, 2022 | | Year ended March 31, 2021 | |
| | | Gratuity | Leave Encashment | Gratuity | Leave Encashment |
| III | Reconciliation of Present value of Defined Benefit Obligation and Fair Value of Plan Assets | | | | |
| 1 | Present Value of obligation as at year-end | 923.35 | 114.66 | 689.42 | 87.06 |
| 2 | Fair value of plan assets at year -end | 2.63 | - | 2.08 | - |
| 3 | Funded status {Surplus/(Deficit)} | (920.72) | (114.66) | (687.34) | (87.06) |
| IV | Expenses to be recognised in the Statement of Profit and Loss (as per actuarial certificate) | | | | |
| 1 | Current Service Cost | 66.81 | 6.09 | 32.18 | 4.09 |
| 2 | Interest Cost | 46.74 | 5.92 | 45.36 | 6.40 |
| 3 | Past service Cost | - | - | - | - |
| 4 | Expected return on plan assets | - | - | - | - |
| 5 | Actuarial (Gain) / Loss | - | 30.67 | - | (3.23) |
| | Total Expenses | 113.55 | 42.68 | 77.54 | 7.26 |
| | Actual Expense as per books | 117.65 | 48.61 | 77.54 | 7.26 |
| V | Expenses recognised in the Statement of Other Comprehensive Income | | | | |
| 1 | Net Actuarial (Gain)/Loss | 183.33 | - | (20.99) | - |
| VI | Division of DBO at the end of the year | | | | |
| 1 | Current Liability | 413.45 | 90.83 | 417.13 | 48.13 |
| 2 | Non-Current Liability | 507.27 | 23.83 | 270.20 | 38.93 |
| VII | Actuarial Assumptions | | | | |
| 1 | Discount Rate | 7.22% | 7.22% | 6.80% | 6.80% |
| 2 | Mortality Table | 100 % IALM (2012 -14) | 100 % IALM (2012 -14) | 100 % IALM (2012 -14) | 100 % IALM (2012 -14) |
| 3 | Salary Escalation | 9.00% | 9.00% | 2.00% | 2.00% |

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

Notes to the Consolidated Financial Statements for the year ended March 31, 2022
(All amounts are in Rupees lakh, unless otherwise stated)

| VIII | Particulars | Actual Return on Plan Assets | | Estimates of Contribution for next year | |
|------|-------------|------------------------------|---------------------------|---|---------------------------|
| | | Year ended March 31, 2022 | Year ended March 31, 2021 | Year ended March 31, 2022 | Year ended March 31, 2021 |
| | | Funded | Funded | Funded | Funded |
| 1) | Gratuity | 0.01 | 0.02 | 0.02 | 0.02 |

| IX | History of Experience Adjustment: | Year ended March 31, 2022 | Year ended March 31, 2021 | Year ended March 31, 2020 | Year ended March 31, 2019 | Year ended March 31, 2018 |
|----|--|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|
| | Gratuity | | | | | |
| | Present Value of obligation | 923.35 | 689.42 | 672.31 | 665.10 | 516.87 |
| | Fair value of Plan assets | 2.63 | 2.08 | 5.19 | 6.28 | 2.35 |
| | Net Asset/(Liability) | (920.72) | (687.34) | (667.13) | (658.82) | (514.52) |
| | Actuarial (Gain)/Loss on plan obligation | 183.34 | (20.96) | (21.57) | 83.68 | 18.08 |
| | Actuarial Gain/(Loss) on plan assets | 0.01 | 0.02 | (0.41) | 0.19 | (0.05) |
| | Leave Encashment | | | | | |
| | Present Value of obligation | 114.66 | 87.06 | 94.17 | 90.70 | 47.76 |
| | Fair value of Plan assets | - | - | - | - | - |
| | Net Asset/(Liability) | (114.66) | (87.06) | (94.17) | (90.70) | (47.76) |
| | Actuarial (Gain)/Loss on plan obligation | 30.67 | (3.23) | 20.81 | 42.67 | (35.62) |
| | Actuarial Gain/(Loss) on plan assets | - | - | - | - | - |

| X | Sensitivity Analysis | | Year ended March 31, 2022 | | Year ended March 31, 2021 | |
|---|-------------------------|-----------------------|---------------------------|----------|---------------------------|----------|
| | Assumption | Changes in assumption | Impact on liabilities | | Impact on liabilities | |
| | | | Increase | Decrease | Increase | Decrease |
| | Gratuity | | | | | |
| | Discount rate | -/+0.5% movement | (40.53) | 46.18 | (24.09) | 27.45 |
| | Future salary growth | -/+0.5% movement | 48.21 | (42.86) | 28.65 | (25.47) |
| | Leave Encashment | | | | | |
| | Discount rate | -/+0.5% movement | (38.33) | 43.67 | (22.74) | 25.91 |
| | Future salary growth | -/+0.5% movement | 45.58 | (40.53) | 27.05 | (24.05) |

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.

Notes to the Consolidated Financial Statements for the year ended March 31, 2022
(All amounts are in Rupees lakh, unless otherwise stated)

- C) Liquidity Risk – This is the risk that the company is not able to meet the short term benefit payout. This may arise due to non availability of enough cash/ cash equivalent to meet the liabilities or holding of illiquid assets not being sold in time.
- D) Demographic Risk – The company has used certain mortality and attrition assumptions in valuation of the liability. The company is exposed to the risk of actual experience turning out to be worse compared to the assumptions.

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

| Particulars | March 31, 2022 | March 31, 2021 |
|-------------------------|----------------|----------------|
| Fund managed by Insurer | 100% | 100% |

46 CATEGORY-WISE CLASSIFICATION OF FINANCIAL INSTRUMENTS
Financial Assets

| Particulars | Fair Value Hierarchy | As at March 31,2022 | | As at March 31,2021 | |
|---|----------------------|---------------------|------------|---------------------|------------|
| | | Carrying Amount | Fair Value | Carrying Amount | Fair Value |
| 1. Financial assets designated at fair value through profit and loss | | | | | |
| a) Investment | | | | | |
| i) In Preference shares | Level-3 | - | - | - | - |
| 2. Financial assets designated amortised cost | | | | | |
| a) Other bank balances | | 500.35 | 500.35 | 504.36 | 504.36 |
| b) Cash & Cash Equivalents | | 16,460.90 | 16,460.90 | 265.19 | 265.19 |
| c) Trade & Other receivables | Level-3 | 7,848.54 | 7,848.54 | 7,968.64 | 7,968.64 |
| d) Loans | Level-3 | - | - | - | - |
| e) Investment in Debentures | Level-3 | 0.23 | 0.23 | 0.23 | 0.23 |
| f) Other Financial Assets | Level-3 | 820.08 | 820.08 | 602.38 | 602.38 |
| 3. Investment in subsidiary Companies | | - | - | - | - |

Financial Liabilities

| Particulars | Fair Value Hierarchy | As at March 31,2022 | | As at March 31,2021 | |
|---|----------------------|---------------------|------------|---------------------|------------|
| | | Carrying Amount | Fair Value | Carrying Amount | Fair Value |
| 1. Financial liabilities designated amortised cost | | | | | |
| a) Borrowings | Level-3 | 14,327.29 | 14,327.29 | 13,054.24 | 13,054.24 |
| b) Trade & Other Payables | Level-3 | 10,599.88 | 10,599.88 | 11,183.36 | 11,183.36 |
| c) Other Financial Liability | Level-3 | 2,737.98 | 2,737.98 | 2,424.56 | 2,424.56 |

- 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.
- The carrying amount of financial assets and financial liabilities measured at amortised cost in the financial statements are a reasonable approximation of their fair values, since the Company does not anticipate that the carrying amounts would be significantly different from the values that would eventually be received or settled.
- Financial assets & liabilities under fair value hierarchy (Level 1 & 2) - Nil.

Fair value hierarchy

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

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

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

Notes to the Consolidated Financial Statements for the year ended March 31, 2022
(All amounts are in Rupees lakh, unless otherwise stated)
47 FINANCIAL RISK MANAGEMENT - OBJECTIVES AND POLICIES

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

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

i. Market risk

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

a.) Foreign Currency Risk and sensitivity

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Foreign exchange risk sensitivity analysis has been performed on the foreign currency exposures in the Company's financials assets and financials liabilities at the reporting date i.e. 31st March 2022, net of related foreign exchange contracts.

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

| Particulars | As at 31st March, 2022 | As at 31st March, 2021 |
|-----------------------------------|---------------------------|---------------------------|
| Financial Assets | | |
| Trade receivables | 145.23 | 370.90 |
| Financial liabilities | | |
| Trade payables | (59.21) | (167.53) |
| Net assets / (liabilities) | 86.02 | 203.37 |

Foreign Currency Sensitivity

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

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

| Particulars | 2021-22 | | 2020-21 | |
|--|----------------|----------------|----------------|----------------|
| | 5% Increase | 5% decrease | 5% Increase | 5% decrease |
| USD Sensitivity | 4.30 | (4.30) | 10.17 | (10.17) |
| Increases/ (decrease) in profit or loss | 4.30 | (4.30) | 10.17 | (10.17) |

b. Interest Rate Risk and Sensitivity

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

Interest Rate Risk Exposure

| Particulars | As at 31st March, 2022 | | As at 31st March, 2021 | |
|--------------------------|------------------------|-----------------|------------------------|-----------------|
| | INR | Total | INR | Total |
| Variable Rate Borrowings | 8,458.32 | 8,458.32 | 2,404.57 | 2,404.57 |
| Total Borrowings | 8,458.32 | 8,458.32 | 2,404.57 | 2,404.57 |

Notes to the Consolidated Financial Statements for the year ended March 31, 2022
(All amounts are in Rupees lakh, unless otherwise stated)
Sensitivity on variable rate borrowings

| Particulars | Impact on Profit & (Loss) before tax | |
|---------------------------------|--------------------------------------|-----------|
| | 31-Mar-22 | 31-Mar-21 |
| INR Borrowings | | |
| Interest Rate Increase by 0.50% | (42.29) | (12.02) |
| Interest Rate decrease by 0.50% | 42.29 | 12.02 |

c. Commodity price risk and sensitivity

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

ii. Credit Risk

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

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

| Ageing | Expected credit loss (%) | |
|--------------------------|--------------------------|---------|
| | 2021-22 | 2020-21 |
| Within the credit period | 2.87 | 2.30 |
| 0-1 year | 6.44 | 4.33 |
| 1-2 years | 54.21 | 45.57 |
| More than 2 years | 100.00 | 100.00 |

Movement in expected credit loss allowance (net)

| Particulars | Life time expected credit losses | | 12-months expected credit losses | |
|--|----------------------------------|---------------|----------------------------------|---------------|
| | 31-Mar-22 | 31-Mar-21 | 31-Mar-22 | 31-Mar-21 |
| Balance at the beginning | 936.86 | 2,703.63 | 650.64 | 650.64 |
| Provision Reduced during the year | (431.76) | (1,766.77) | (401.52) | - |
| Additional provision created during the year | 259.90 | - | - | - |
| Balance at the end | 765.00 | 936.86 | 249.12 | 650.64 |

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

iii. Liquidity risk

Liquidity risk refers to risk of financial distress or high financing cost arising due to shortage of liquid funds in a situation where business conditions unexpectedly deteriorate and require financing. The Company's objective is to maintain at all times optimum levels of liquidity to meet its cash and collateral requirements. Processes and policies related to such risk are

Notes to the Consolidated Financial Statements for the year ended March 31, 2022

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

reviewed by senior management and management monitors the Company's net liquidity position through rolling forecast on the basis of expected cash flows.

The table below provides details regarding the contractual maturities of significant financial liabilities as of March 31, 2022:

Expected maturity for financial liabilities

| Particulars | Carrying Amount | On Demand | Less than 1 year | More Than 1 Year | Total |
|-----------------------------|-----------------|-----------|------------------|------------------|------------------|
| Borrowings | 14,327.29 | 2,886.27 | - | 11,441.02 | 14,327.29 |
| Trade & Other payables | 10,599.88 | 2,499.67 | 7,416.46 | 683.75 | 10,599.88 |
| Other financial liabilities | 2,737.98 | - | 2,631.87 | 106.11 | 2,737.98 |

The table below provides details regarding the contractual maturities of significant financial liabilities as of March 31, 2021

| Particulars | Carrying Amount | On Demand | Less than 1 year | More Than 1 Year | Total |
|-----------------------------|-----------------|-----------|------------------|------------------|------------------|
| Borrowings | 13,054.24 | 8,667.86 | 1,296.22 | 3,090.16 | 13,054.24 |
| Trade & Other payables | 11,183.36 | 2,372.42 | 7,630.01 | 1,180.93 | 11,183.36 |
| Other financial liabilities | 2,424.56 | - | 2,384.74 | 39.81 | 2,424.55 |

47.1 Capital Risk Management

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

| Particulars | As at 31st March, 2022 | As at 31st March, 2021 |
|---------------------------------|------------------------|------------------------|
| Borrowings | 14,327.29 | 13,054.24 |
| Less: cash and cash equivalents | 16,460.90 | 265.19 |
| Net debt | (2,133.61) | 12,789.05 |
| Total Equity | 37,192.69 | 22,307.15 |
| Capital and Net debt | 35,059.08 | 35,096.20 |
| Gearing Ratio | -6% | 36% |

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

48 Related Party Disclosure as per Ind AS 24
A. List of Related Party & Relationship

| (a) Key Managerial person | |
|--------------------------------|--|
| 1 Mr. Ashok Kumar Gupta | Managing Director |
| 2 Mr. Alok Perti | Non-Executive Independent Director |
| 3 Mr. Abhyuday Jindal | Non-Executive Non-Independent Director (Appointed w.e.f. 08.03.2022) |
| 4 Mr. Ashok Kumar Agarwal | Non-Executive Independent Director |
| 5 Dr. Rajeev Uberoi | Non-Executive Independent Director (Appointed w.e.f. 11.05.2021) |
| 6 Ms. Shruti Srivastava | Non-Executive Independent Director |
| 7 Mr. Souvik Pulakesh Sengupta | Non-Executive Non-Independent Director (Appointed w.e.f. 24.02.2022) |
| 8 Mr. Vijay Kumar Sharma | Non-Executive Independent Director (Appointed w.e.f. 05.10.2020) |
| 9 Mr. Mohit Kumar Donter | Chief Financial Officer (Appointed w.e.f. 26.06.2021) |
| 10 Mr. Gautam | Company Secretary (Resigned w.e.f. 20.12.2021) |
| 11 Ms. Shikha Rastogi | Company Secretary (Appointed w.e.f. 18.01.2022) |

Notes to the Consolidated Financial Statements for the year ended March 31, 2022
(All amounts are in Rupees lakh, unless otherwise stated)

| | |
|----------------------------------|--|
| (b) Other related parties | |
| 1 | Hella Infra Market Private Limited (wef 24-02-2022) |
| 2 | Hella Infra Market Retail Private Limited (wef 24-02-2022) |
| 3 | Jindal Stainless (Hissar) Limited (wef 08-03-2022) |
| 4 | Jindal Stainless Limited (wef 08-03-2022) |

B. Related Party Transaction

| Particulars | Transaction during the year | |
|---|-----------------------------|------------|
| | FY 2021-22 | FY 2020-21 |
| Reimbursement of expenses incurred by Company | | |
| Mr. Ashok Kumar Gupta | 2.76 | 1.30 |
| Mr. Mohit Kumar Donter | 0.56 | - |
| Mr. Gautam | 0.08 | 0.17 |
| Mr. Ashish Kumar Bagri | - | 0.25 |
| Ms. Shikha Rastogi | 0.05 | - |
| Hella Infra Market Private Limited | | |
| Investment in Equity Shares | 21,500.00 | 0.00 |
| Investment in 9% Optionally Convertible Debentures (OCDs) | 5,500.00 | 0.00 |
| Interest accrued but not due on 9% OCDs | 47.47 | 0.00 |
| Sale of Products | | |
| Jindal Stainless (Hissar) Limited | 11.95 | - |
| Jindal Stainless Limited | 28.43 | - |
| Hella Infra Market Retail Pvt. Ltd. | 107.67 | - |
| Directors Sitting Fees: | | |
| Mr. Alok Perti | 3.35 | 2.30 |
| Mr. Gautam Knajilal | 2.03 | 3.71 |
| Mr. Rajeev Uberoi | 5.70 | - |
| Mr. Ashok Kumar Agarwal | 2.23 | 1.10 |
| Mr. Sanjay Kumar Gupta | - | 0.60 |
| Ms. Shruti Srivastava | 1.53 | 1.00 |
| Mr. Vijay Kumar Sharma | 1.73 | 0.40 |
| Remuneration and other perquisites :- | | |
| (a) short-term employee benefits; | 322.68 | 246.61 |
| (b) post-employment benefits; | 9.29 | 4.68 |

| Particulars | Outstanding Balances at the year ended | |
|------------------------|--|------------------|
| | 31st March, 2022 | 31st March, 2021 |
| Salary Payable | | |
| Mr. Ashok Kumar Gupta | 12.93 | 13.56 |
| Mr. Mohit Kumar Donter | 4.39 | - |
| Mr. Gautam | - | 0.76 |
| Ms. Shikha Rastogi | 1.84 | - |

Notes to the Consolidated Financial Statements for the year ended March 31, 2022
(All amounts are in Rupees lakh, unless otherwise stated)
Compensation to Key Management Personnels

| Particulars | Short-term employee benefits | |
|------------------------|------------------------------|------------|
| | FY 2021-22 | FY 2020-21 |
| Mr. Ashok Kumar Gupta | 250.00 | 195.31 |
| Mr. Mohit Kumar Donter | 57.58 | - |
| Mr. Gautam | 9.20 | 10.40 |
| Mr. Ashish Kumar Bagri | - | 40.89 |
| Ms. Shikha Rastogi | 5.89 | - |

49 SHARE BASED PAYMENTS

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

I. Option Movement during the year ended Mar 2022

| Particulars | March 31, 2022 | | March 31, 2021 | |
|--|----------------|---------------------------------|----------------|---------------------------------|
| | No. of options | Wt. avg exercise Price (in Rs.) | No. of options | Wt. avg exercise Price (in Rs.) |
| No. of Options Outstanding at the beginning of the year | 10,500 | 111.22 | 21,375 | 90.73 |
| Options Granted during the year | | | | |
| Options Forfeited / Surrendered / Lapsed during the year | 6,500 | 111.22 | 10,875 | 90.73 |
| Options exercised during the year | - | - | - | - |
| Number of options Outstanding at the end of the year | 4,000 | 111.22 | 10,500 | 111.22 |

II. Weighted Average remaining contractual life

| Range of Exercise Price | March 31, 2022 | | March 31, 2021 | |
|-------------------------|----------------------------|---|----------------------------|---|
| | No. of options outstanding | Weighted average contractual life (years) | No. of options outstanding | Weighted average contractual life (years) |
| 43.80- 111.22 | 4,000 | 5.64 | 10,500 | 4.98 |

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

| Particulars | March 31, 2022 | March 31, 2021 |
|--|----------------|----------------|
| Exercise price is less than market price | 111.22 | 121.64 |

IV. The weighted average market price of options exercised during the year ended March 31, 2022 is 166.00

The weighted average market price of options exercised during the year ended March 31, 2021 is 166.00

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:

Notes to the Consolidated Financial Statements for the year ended March 31, 2022
(All amounts are in Rupees lakh, unless otherwise stated)

| Variables | March 31, 2022 | March 31, 2021 |
|---|------------------|------------------|
| | Weighted Average | Weighted Average |
| 1. Risk-free rate of return | 8.15% | 8.15% |
| 2. Time to Maturity | - | - |
| 3. Expected Volatility | 69.57% | 69.57% |
| 4. Expected divided yield | - | - |
| 5. Exercise Price (in Rs.) | 111.22 | 111.22 |
| 6. Price of the underlying share in market at the time of the option grant.(in Rs.) | 166.00 | 166.00 |

| VI. Particulars | March 31, 2022 | March 31, 2021 |
|--|----------------|----------------|
| Employee Option plan expense | (7.79) | (8.14) |
| Total liability at the end of the period | 4.98 | 12.77 |

50 TRADE PAYABLE SCHEDULE
I. Trade Payable Ageing as on March 31, 2022

| Serial No | Particulars | Outstanding for following periods from due date of payment | | | | |
|-----------|----------------------|--|---------------|---------------|-------------------|------------------|
| | | Less than 1 year | 1-2 year | 2-3 year | More than 3 Years | Total |
| (i) | MSME | 656.13 | 1.61 | - | 7.38 | 665.12 |
| (ii) | Others | 9,260.00 | 111.50 | 99.24 | 423.48 | 9,894.22 |
| (iii) | Disputed dues- MSME | - | - | - | - | - |
| (iv) | Disputed dues-Others | - | 24.00 | 16.54 | - | 40.54 |
| | Total | 9,916.13 | 137.11 | 115.78 | 430.86 | 10,599.88 |

II. Trade Payable Ageing as on March 31, 2021

| Serial No | Particulars | Outstanding for following periods from due date of payment | | | | |
|-----------|----------------------|--|---------------|---------------|-------------------|------------------|
| | | Less than 1 year | 1-2 year | 2-3 year | More than 3 Years | Total |
| (i) | MSME | 221.35 | 7.31 | - | 7.36 | 236.02 |
| (ii) | Others | 9,704.99 | 523.46 | 433.90 | 207.21 | 10,869.56 |
| (iii) | Disputed dues- MSME | - | - | - | - | - |
| (iv) | Disputed dues-Others | 24.63 | 53.15 | - | - | 77.78 |
| | Total | 9,950.97 | 583.92 | 433.90 | 214.57 | 11,183.36 |

Notes to the Consolidated Financial Statements for the year ended March 31, 2022
(All amounts are in Rupees lakh, unless otherwise stated)
51 TRADE RECEIVABLES SCHEDULE
I. Trade Receivable Ageing as on March 31, 2022

| Serial No | Particulars | Outstanding for following periods from due date of payment | | | | | |
|-----------|---|--|------------------|---------------|---------------|-------------------|-----------------|
| | | Less than 6 months | 6 months- 1 year | 1-2 year | 2-3 year | More than 3 Years | Total |
| (i) | Undisputed Trade Receivable- Considered Good | 7,583.11 | 76.06 | 85.81 | - | 103.56 | 7,848.54 |
| (ii) | Undisputed Trade Receivable- which have significant increase in credit risk | 251.25 | 77.24 | 101.58 | 249.24 | 85.69 | 765.00 |
| (iii) | Undisputed Trade Receivable- credit impaired | - | - | - | - | - | - |
| (iv) | Disputed Trade Receivable- Considered Good | - | - | - | - | - | - |
| (v) | Disputed Trade Receivable- which have significant increase in credit risk | - | - | 1.11 | 4.18 | 243.83 | 249.12 |
| (vi) | Disputed Trade Receivable- credit impaired | - | - | - | - | - | - |
| | Total | 7,834.36 | 153.30 | 188.50 | 253.42 | 433.08 | 8,862.66 |

Payment date is specified in cases of all customers and there are no unbilled dues

II. Trade Receivable Ageing as on March 31, 2021

| Serial No | Particulars | Outstanding for following periods from due date of payment | | | | | |
|-----------|---|--|------------------|---------------|---------------|-------------------|-----------------|
| | | Less than 6 months | 6 months- 1 year | 1-2 year | 2-3 year | More than 3 Years | Total |
| (i) | Undisputed Trade Receivable- Considered Good | 7,609.02 | 81.18 | 173.68 | - | 104.76 | 7,968.64 |
| (ii) | Undisputed Trade Receivable- which have significant increase in credit risk | 198.12 | 41.18 | 145.29 | 128.94 | 122.76 | 636.29 |
| (iii) | Undisputed Trade Receivable- credit impaired | - | - | - | - | - | - |
| (iv) | Disputed Trade Receivable- Considered Good | - | - | - | - | - | - |
| (v) | Disputed Trade Receivable- which have significant increase in credit risk | 1.21 | - | 4.95 | 13.78 | 931.27 | 951.21 |
| (vi) | Disputed Trade Receivable- credit impaired | - | - | - | - | - | - |
| | Total | 7,808.35 | 122.36 | 323.92 | 142.72 | 1,158.79 | 9,556.14 |

Payment date is specified in cases of all customers and there are no unbilled dues

52 ADDITIONAL REGULATORY INFORMATION
Ratios

| Key Ratio Analysis | | | | | | |
|--------------------------|----------------------|---------------------------|------------------|------------------|----------|--|
| Particulars | Numerator | Denominator | As at 31-03-2022 | As at 31-03-2021 | % change | Remarks |
| Current Ratio (in times) | Total Current Assets | Total Current Liabilities | 1.84 | 0.80 | 131% | There has been infusion of share capital & debenture to the tune of Rs. 270 crores. The said amount has been utilized for repayment of working capital and short term borrowings and creation of fixed deposits (short term) which has resulted in decrease in current liabilities and increase in current assets. |

Notes to the Consolidated Financial Statements for the year ended March 31, 2022
(All amounts are in Rupees lakh, unless otherwise stated)

| Key Ratio Analysis | | | | | | |
|---|--|---|-----------------------------|-----------------------------|---------------------|---|
| Particulars | Numerator | Denominator | As at 31-03-2022 | As at 31-03-2021 | % change | Remarks |
| Debt equity ratio (in times) | Total borrowings | Total Equity (equity share capital + other equity) | 0.40 | 0.63 | -36% | The repayment of borrowings, as stated in remarks of current ratio above and increase due to premium component of equity raised, have resulted in decrease in total borrowings and increase in total equity. |
| Debt Service Coverage Ratio (DSCR) (in times) | Profit before tax, exceptional items, depreciation, finance costs | Finance cost + scheduled principal repayments (excluding prepayments) in respect of long term debts | -0.02 | 0.06 | -133% | During the current financial year, raw material prices and other input costs were high which negatively impacted the margin. Principal payments of loan and interest burden have been on the higher side leading to lower DSCR |
| Return on Equity (ROE) (in %) | Profit after tax for the year | Average total equity | -5.0% | -4.6% | 11% | Lower ROE is for the reason stated in remark column of DSCR above. |
| Inventory Turnover Ratio (in times) | Cost of goods sold ie cost of material consumed + purchase of stock in trade + change in inventories | Average inventory | 2.89 | 2.54 | 14% | Increased cost of goods sold resulted in higher turnover ratio. |
| Trade Receivable Turnover Ratio (in times) | Revenue from operations | Average trade receivables | 4.53 | 4.31 | 5% | Increase in revenue and decrease in trade receivable resulted in improved trade receivable turnover ratio. |
| Trade Payable Turnover Ratio (in times) | Cost of goods sold ie cost of material consumed + purchase of stock in trade + change in inventories | Average trade payable | 2.47 | 2.14 | 15% | Increase in raw material cost and reduction in trade payable lead to higher trade payable turnover ratio. |
| Net Capital Turnover Ratio (in times) | Revenue from operations | Average working capital (i.e. total current assets less total current liabilities) | 6.08 | -7.20 | -184% | Increase in revenue from operations and increase in average working capital (from negative last year to positive current year) resulted in higher positive net capital turnover ratio. |
| Net Profit Ratio (in %) | Net profit for the period | Revenue from operations | -17.8% | -15.2% | 17% | Higher losses primarily on account of significant increase in cost of production and other overheads despite marginal increase in revenue from operations, have lead to higher net profit ratio (negatively) |
| Return on Capital Employed (in %) | Profit before tax and finance cost | Average Capital Employed = total net worth + long term debt | -12.2% | -1.7% | 603% | Higher losses during the year and increased capital employment have resulted in higher return on capital employed negatively |
| Return on Investment (%) | | | - | - | | The investment made by the Company, primarily not income bearing, the ratio of return on investment is not provided for. |

Notes to the Consolidated Financial Statements for the year ended March 31, 2022

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

53 Impairment Review

Assets are tested for impairment whenever there are any internal or external indicators of impairment. Impairment test for assets are monitored for internal management purposes, within the only operating segment i.e. Manufacture of paints.

54 Segment information

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

55 Other receivable includes Rs. 5.01 crore (PY Rs. 3.52 crore) in respect to Howrah Plant insurance claim based on the arbitrator award dated 31st December, 2021. The Company has filed petition with the honorable High Court, Delhi for execution of awarded amount.

56 (i) The Company had claimed Rs 32.90 crore in respect of Nasik Plant Fire under Loss of Profit Policy , and the surveyor appointed by the insurer has assessed the claim vide their interim report at Rs 22.14 crore (loss of production method) & at Rs 22.63 crore (Turnover method). Against the claim, the Company has received Rs. 2.16 crores during current FY 2021-22 (Rs 14 crore ,as interim payment during earlier financial years). The amount of Rs. 2.16 crores received during current financial year has been shown under the head " Other Income". The Company is persuing for legitimate balance claim.

(ii) The Company has claimed Rs 59.35 crore in respect of Nasik Plant Fire under Reinstatement Policy, and the Surveyor appointed by the insurer has assessed the claim vide their report at Rs. 19.54 crore. Against the claim, the Company has received total Rs. 20.91 crore in earlier financial years. The Company has gone into arbitration on 27.11.2021 for claim of Rs. 37.93 crore.

57 Fixed assets and inventories, except the said damaged assets due to fire, have been verified & valued by the Company, as per applicable accounting standards and its existing accounting policies. In the earlier years, the valuation of inventories were being carried on by approved IBB Registered Valuer. The auditor could not participate in the physical verification of assets including inventories due to prevalence of pandemic Covid 19.

The Company has reviewed and assessed an old inventories of Rs. 16.05 crore, against which provision of Rs. 4.82 crore has been made with respect to processable and non-reporcessable inventory. The said provision has been shown as exceptional item in Note No 39.

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

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

60 Due to outbreak of pandemic COVID 19 globally and in India, the operations of the Company, were impacted, due to shutdown of all its plants and offices/depots following nationwide lockdown by the Government of India. The Company has resumed significant operations from financial year 2020-21, in a phased manner as per directives from the Government of India. The Company has evaluated impact of this pandemic on its business operations and financial position and based on its review of current indicators of future economic conditions, there is no significant impact on its financial statements as at 31st March 2022. The management does not see any medium and long term risks in the Company's ability to continue as going concern and meeting its liabilities as an when they fall due. However, the impact assessment of COVID-19 is a continuing process given the uncertainties associated with its nature and duration, and accordingly the impact may be different from that estimated as at the date of approval of these financial statements.

61 Applicability of Notes of General Instruction for preparation of Financial Statements (as per amended Schedule III, Division-II of the Companies Act 2013)

61.1 The Company has used the borrowings from banks and financial institutions for the specific purposes for which it were taken at the balance sheet date. [Note " JA"]

61.2 Title deeds of Immovable Properties are held in name of the Company [Note -L(i)]

61.3 The Company does not hold any investment property as defined under Ind AS 40; hence, the disclosure required under Note "L (ii)", is not applicable.

61.4 The Company has not revalued its Property, Plant and Equipment ; hence, disclosure required under Note -"L (iii)" , is not applicable.

61.5 The Company has not revalued its intangible assets; hence, the disclosure required under Note-L (iv) , is not applicable.

Notes to the Consolidated Financial Statements for the year ended March 31, 2022
(All amounts are in Rupees lakh, unless otherwise stated)

- 61.6 The Company has not granted Loans or Advances in the nature of loans to its promoters, directors, KMPs and the related parties (as defined under Companies Act, 2013), either severally or jointly with any other person. Hence, the disclosure required under Note "L (v)", is not applicable.
- 61.7 No proceeding has been initiated or pending against the Company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder. Hence, the disclosure required under Note "L (viii)", is not applicable.
- 61.8 The Company has availed working capital borrowings from banks on the basis of security of current assets (Inventories & Trade Receivable), and It is confirmed that
- (a) Quarterly/Periodic returns or statements of current assets filed by the Company with banks, are in agreement with the books of accounts;
- 61.9 The Company has not been declared as wilful defaulter by any bank or financial Institution or other lender. Hence, the disclosure required under Note "L (x)", is not applicable.
- 61.10 The Company has not done any transactions with companies struck off under section 248 of the Companies Act, 2013 or section 560 of Companies Act, 1956. Hence, the disclosure required under Note "L (xi)", is not applicable.
- 61.11 The Company has registered with Ministry of Corporate Affairs /Registrar of Companies, all charges or satisfaction within the statutory time period. Hence, the disclosure required under Note "L (xii)", is not applicable.
- 61.12 The Company is compliant in respect of number of layers prescribed under clause (87) of section 2 of the Act read with the Companies (Restriction on number of Layers) Rules, 2017. Hence, the disclosure required under Note "L (xiii)", is not applicable.
- 61.13 The Company has not entered into any scheme of arrangement; hence, the disclosure required under Note "L (xv)", is not applicable.
- 61.14 The company has not advanced or loaned or invested funds to any person or entity including foreign entity with the understanding that the Intermediary shall
- (i) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (Ultimate Beneficiaries) or
- (ii) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries In view of above, the disclosure required under Note "L (xvi) (A)", is not applicable.
- 61.15 The company has not received any funds from any person or entity including foreign entity with the understanding that the company shall
- (i) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or
- (ii) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries In view of above, the disclosure required under Note "L (xvi) (B)", is not applicable.
- 61.16 In view of continued lossess, the Company is not covered by section 135 of the Companies Act, 2013 dealing with CSR activities.
- 62 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.
- 63 Previous year figures have been regrouped/rearranged/recast, whatever considered necessary to confirm to current year's classification.

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

Arun Kumar Dubey
 Partner
 (Membership No.: 057141)
 UDIN: 22057141ALALHF4658

Place : Gurugram
 Date : May 26, 2022

For and on Behalf of Board of Directors

Ashok Kumar Gupta
 Managing Director
 DIN:- 01722395

Alok Perti
 Director
 DIN:- 00475747

Mohit Kumar Donter
 Chief Financial Officer

Shikha Rastogi
 Company Secretary
 Mem. No:- ACS 18226

Shalimar Paints Limited

CIN: L24222HR1902PLC065611

Regd Office: Stainless centre, 04th Floor, Plot No.50, Sector-32, Gurugram, Haryana-122001Website: www.shalimarpaints.come-mail: askus@shalimarpaints.com**E-COMMUNICATION REGISTRATION FORM**

To,
BEETAL Financial & Computer Services Pvt Ltd.
[Unit: Shalimar Paints Limited]
BEETAL HOUSE, 3rd Floor,
99, Madangir, Behind LSC, New Delhi – 110062
Ph. 011-29961281-283, 26051061, 26051064
Fax 011-29961284
Email: beetalrta@gmail.com

Green initiative on Corporate Governance

I/we hereby exercise my/our option to receive all communications from the Company such as Notice of General Meeting, Explanatory Statement, Audited Financial Statements, Balance Sheet, Profit & Loss Account, Directors' Report, Auditor's Report etc. in electronic mode pursuant to the "Green Initiative in Corporate Governance" taken by the Ministry of Corporate Affairs vide circular no. 17/2011 dated 21st April, 2011. Please register my e-mail ID as given below, in your records, for sending the communications:

Folio No. / DP ID & Client No.:

Name of 1st Registered Holder:

Name of Joint Holder(s), if any:

Registered Address of the Sole/1st Registered Holder.....

No. of Shares held:

E-mail ID (to be registered):

Date:

Signature:

Notes:

- 1) On registration, all communications will be sent to the e-mail ID registered.
- 2) Shareholders are requested to keep the Company's Registrar - BEETAL Financial & Computer Services Pvt Ltd. informed as and when there is any change in the e-mail address.

Tel: 0124-4616600 | Fax: 0124-4616659

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www.shalimarpaints.com

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feedback@shalimarpaints.com (for feedback) | askus@shalimarpaints.com

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CIN: L24222HR1902PLC064611

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Registered Office :

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