



SHALIMAR
PAINTS

Rang Desh Ka

Since 1902



ANNUAL REPORT
2016-17

*Khwaab Apke
Rang Hamare*

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CHAIRMAN'S MESSAGE



Mr. Gautam Kanjilal
Chairman

Dear Shareholders,

Post October 2016, the financial year 2016-17 was one of the toughest years for your Company. Initial anxieties displayed by the Company's dealers when demonetisation was implemented and the unfortunate incident at Nasik plant in November 2016 pulled the performance down, but these events have made us stronger than before, boosting our confidence. I am happy to say that we successfully bagged ourselves up and not only improved our process efficiencies but also managed to implement multiple initiatives to enhance our preparedness to meet such unexpected events in the future.

Each one of us has come out as a leader, having the ability to withstand setbacks, successfully finding means to overcome any adverse situation, manage the available resources optimally and yet achieve what is expected out of a leader. I can proudly say that your Company is committed to attain a pinnacle of operational excellence, financial robustness and long-term sustainability.

In addition to the Company's eagerness and determination towards achieving the stated corporate goals, we also understand its responsibility in building community trust which is an integral part of our culture. This is more than ever important now with changing and challenging times. I believe that it is not an option but rather a duty that one should fulfil in order to make the world a better place. Time and again, we have engaged in activities that we feel will bring, however small, a change in the society in which we operate.

With such excitement and zeal amongst all employees and management, I strongly believe that your Company has all the potential to rise to retain its position as a leading Indian paint manufacturing Company that will continue to make its mark. The possibility and scope of becoming a large branded player in this sector is huge and I truly believe that your Company is working towards having all the right blocks of the puzzle placed most appropriately in order to create an image that reflects our values and vision.

MANAGING DIRECTOR'S MESSAGE



Mr. Surender Kumar
Managing Director & CEO

Dear Shareholders,

The previous year especially 2nd half has been a year of challenges with demonetisation and unfortunate incident of fire at our Nasik plant. It gives me a great pleasure to update you on the overall performance of your company for fiscal year 2016-2017.

Our company's constant endeavour to retain the existing customers and to create new customer base by way of offering new quality products, better benefits and added advantages; has been possible with the reinforcement of our product mix, improvisation of our existing products, operational efficiencies, margin management and cost efficiencies.

After Nasik fire, the company's senior management worked tirelessly to maintain the production output through outsourcing the products that were being manufactured at Nasik. They also took utmost care and steps to ensure that the products meet the quality and standards. At the same time, we also understand that our future success depends on getting ahead of the changes we see in business and environment today. That's why our single biggest challenge and opportunity is to accelerate growth which is profitable, consistent and achieved in a responsible way.

During the fiscal year, your company has launched a number of new and innovative products which helped us to maintain the growth trajectory. In the decorative segment, it launched Superlac Advance & XTRA Tough in interior and exterior. Besides launching new products, the company also changed the packaging and design of most of the existing products.

In the industrial segment, your company had launched quite a few new products namely Single Pack DT-Primer cum Top coat, Low Cost Zinc Silicate for Projects, High Build Quick Drying Coal Tar Epoxy, Solvent less Epoxy Coating for pipes, Quick drying Single pack Paint for Cylinder Industries, Black and Clear Bitumen Varnish and Stoving Paint for Hair Clip.

Your company always strive for innovation and automation. During the year, your company has been concentrating a lot on innovation and the R&D team is working constantly to develop new products in the pipeline. Automation is the new age mantra and your company has shown a lot of advancement in automating the processes. The tool for the sale force is a mobile application which won the Business Technology Award (from Cyber Media, Dataquest) for its Mobility Project. A lot of other marketing and supply-chain processes have also been automated.

Your company intends to restart its Resin, Aluminium and Packaging facilities at its Howrah Plant. Certain Government approvals are required for which Company is coordinating with respective Government departments. These facilities are expected to restart in Q3 FY 2017-18 after getting necessary approvals. It also gives me immense pleasure to share that your company has already started its saved Nasik plant which includes Resin, Packaging and Aluminium facilities in Nasik in Q1 FY 2017-18. The Chennai Plant of the Company is now re-commissioned and ready for production. The commercial production is likely to start in the second half of FY 2017-18.

Regarding Rights Issue of Equity Shares, your company has already filed the draft offer document with SEBI for their observations/comments. After receiving final observations from SEBI and clearances from other regulatory bodies, the further actions will be initiated by your company.

In the end, I would like to thank each one of our shareholders, customers, suppliers, employees, bankers, statutory authorities for their continued support in our journey to deliver value.

DECORATIVE PAINTS



Signature
Interior Luxury Emulsion

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

Weather Pro +
Exterior Super Premium Emulsion

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



Superlac
Interior Premium Acrylic Emulsion

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

Xtra Tough
Exterior Super Premium Emulsion

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



INDUSTRIAL PAINTS



PROTECTIVE COATING

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

PRODUCT FINISH

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



PACKAGING

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

MARINE

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

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



BOARD OF DIRECTORS

Mr. Gautam Kanjilal
Chairman

Mr. Surender Kumar
Managing Director & CEO

Ms. Pushpa Chowdhary
Director

Mr. Alok Perti
Director



CORPORATE INFORMATION



Registered & Corporate Office

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



Registrars & Share Transfer Agent

MCS Share Transfer Agent Limited
F-65, 1st Floor, Okhla Industrial Area, Phase-I, New Delhi-110020
Tel: 011-41406149
Fax: 011-41709881
Email: helpdeskdelhi@mcregistrars.com



Consortium Member Banks

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



Statutory Auditors

Chaturvedi & Partners



Company Secretary & Compliance Officer

Nitin Gupta



Website

www.shalimarpaints.com



Corporate Identification Number

L24222HR1902PLC065611

SHALIMAR PAINTS LIMITED

CIN: L24222HR1902PLC065611

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

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

Website: www.shalimarpaints.com

Notice of the Annual General Meeting

NOTICE is hereby given that the 115th Annual General Meeting of the Members of **SHALIMAR PAINTS LIMITED** will be held on Thursday, the 28th day of September, 2017 at 11:00 A.M., at Galaxy Hotel Shopping & Spa, NH-8, Sector 15, Part-II, Gurgaon-122001, to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Financial Statements for the year ended 31st March, 2017 and the Reports of the Board and Auditors thereon.
2. To re-appoint Mr. Surender Kumar (DIN: 00510137), who retires by rotation and being eligible, offers himself for re-appointment and to pass with or without modification the following resolution, as an **Ordinary Resolution**:
“**RESOLVED THAT** pursuant to provision of section 152 read with section 160 of the Companies Act 2013, Mr. Surender Kumar (DIN: 00510137), who retires by rotation at an ensuing Annual General Meeting and being eligible, offered himself for re-appointment, be and is hereby re-appointed as a Director of the Company, liable to retire by rotation.”
3. To appoint Auditors and to fix their remuneration and to pass with or without modification the following resolution, as an **Ordinary Resolution** :
“**RESOLVED THAT** pursuant to the provisions of Section 139(2) and other applicable provisions, if any, of the Companies Act, 2013 and rules framed thereunder, as amended from time to time, Messrs A.K. Dubey & Co., Chartered Accountants (Firm Registration No. 329518E), be and are hereby appointed as Auditors of the Company to hold office from the conclusion of this Annual General Meeting till the conclusion of 120th Annual General Meeting to be held in the year 2022, (subject to ratification of their appointment at every AGM, held after this AGM) and that the Board of Directors of the Company be and is hereby authorized to fix the remuneration payable to the Auditors.”

SPECIAL BUSINESS:

4. To Consider and if thought fit, to pass, with or without modification(s), the following resolutions, as on **Ordinary Resolution**:
“**RESOLVED THAT** pursuant to the provisions of Sections 152, 161 and other applicable provisions, if any, of the Companies Act, 2013 (“the Act”) and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), Mr. Alok Perti (DIN: 00475747), who was appointed as an Additional Director of the Company with effect from 24th May, 2017 by the Board of Directors and who holds office upto the date of ensuing Annual General Meeting of the Company under Section 161(1) of the Companies Act, 2013 (the Act), who is eligible for appointment and in respect of whom the Company has received a notice in writing under Section 160(1) of the Act from a Member proposing his candidature for the office of independent Director, be and is hereby appointed as independent Director of the Company, to hold office for a term of 3 (Three) consecutive years with effect from 24th May, 2017.”

By order of the Board
For SHALIMAR PAINTS LIMITED

Nitin Gupta
Company Secretary
Membership No.F8485

Dated: 10th August, 2017

Place : Gurugram

Notes:

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING (AGM) IS ENTITLED TO APPOINT A PROXY / PROXIES TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF / HERSELF AND SUCH PROXY / PROXIES NEED NOT BE A MEMBER OF THE COMPANY.**
A person can act as proxy on behalf of members not exceeding fifty and holding in aggregate not more than 10% of the total share capital of the Company carrying voting rights. A member holding more than 10% of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as proxy for any other person or shareholder.
2. The instrument of proxy/proxies in order to be effective must be deposited at the Registered Office of the Company at Stainless Centre, 4th Floor, Plot No. 50, Sector -32, Gurugram, Haryana - 122001, duly completed and signed, not less than 48 hours before the time fixed for the meeting or adjourned meeting at which the person named in the instrument proposes to vote. Proxies submitted on behalf of limited companies, societies, partnership firms, etc. must be supported by appropriate resolution/authority as applicable.

Notice (Contd.)

3. Information regarding particulars of the Director to be appointed and the Director seeking re-appointment requiring disclosure in terms of the Secretarial Standard 2, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, are annexed hereto.
4. Members having any question on financial statements or on any agenda item proposed in the Notice of AGM are requested to send their queries at least 10 days prior to the date of AGM of the Company at its registered office address, so that the information can be made available at the meeting.
5. Members / Proxy holders are requested to produce their admission slips at the entrance of the meeting hall.
6. Members who hold shares in dematerialized form are requested to bring their Client ID and DP ID numbers for easy verification of attendance at the Meeting.
7. The register of members and share transfer books of the Company will remain closed from Friday, 22nd September, 2017 to Thursday, 28th September, 2017 (both days inclusive), in accordance with the provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, where the equity shares of the Company are listed, for the purpose of AGM.
8. In compliance with the provisions of Section 124 of the Companies Act, 2013, the dividend for the financial year ended 31st March, 2010, which remains unpaid or unclaimed, is due for transfer to the Investors Education and Protection Fund of the Central Government on 4th September, 2017. It may be noted that once the unclaimed dividend amount is transferred to the Fund, the same cannot be claimed by the Members there from. Members who have not yet encashed their dividend warrant(s) for the financial year ended 31st March, 2010 onwards are requested to claim the same from the Company's Registrar and Share Transfer Agents, Messrs. MCS Share Transfer Agent Ltd. The folio-wise details of amount of unpaid dividend for the financial year ended 31st March, 2010 onwards are available on the Company's website www.shalimarpaints.com as well as on the website of Ministry of Corporate Affairs www.iepf.gov.in.
During the year ended 31st March, 2017, the Company has deposited a sum of ₹1,72,125/- (Rupees One Lac Seventy Two Thousand One Hundred Twenty Five Only) to the Investor Education and Protection Fund of the Central Government, on account of unclaimed/unpaid dividend for the financial year 2008-09.
9. As a measure towards Green Initiative, it is proposed that documents like Notices of Meetings, Annual Reports, Board Report and Auditors' Report and other shareholder communications will be sent electronically to the email address provided by the shareholders and / or made available to the Company by the Depositories viz., NSDL / CDSL. Shareholders holding the shares in dematerialized form are requested to keep their Depository Participant (DP) informed and updated of any change in their email address. For shares held in physical form, shareholders can register their email address by sending a duly signed letter mentioning their name(s), folio no(s), and email address to the Company's Registrar & Transfer Agent, Messrs MCS Share Transfer Agent Ltd.
10. Members, who are holding shares in physical form are requested to address all correspondence concerning registration of transfers, transmissions, sub-division, consolidation of shares or any other share related matters and / or change in address or updation thereof to MCS Share Transfer Agent Ltd. (Company's RTA). Members, whose shareholding is in electronic format are requested to direct change of address notifications, registration of e-mail address and updation of bank account details to their respective DPs.
11. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their Depository Participants (DPs) with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Company/ Company's RTA.
12. Under the provisions of Section 72 of the Companies Act, 2013, shareholder(s) is/are entitled to nominate in the prescribed manner, a person to whom his/her/their shares in the Company, shall vest after his/her/their lifetime. Members who are holding shares in physical form and are interested in availing this nomination facility are requested to write to the Company or to the Company's Registrar and Share Transfer Agent.
13. Corporate members intending to send their authorised representative(s) to attend the meeting are requested to send to the Company a certified copy of the Board Resolution authorising their representative(s) to attend and vote on their behalf at the meeting.
14. The copy of Annual Report along with the notice of 115th Annual General Meeting inter alia, indicating the process and manner of e-voting, Attendance Slip and Proxy Form etc. are being sent to the members through e-mail who have registered their email ids with the Company / depository participant (DPs)/Company's Registrar and Transfer Agent (RTA).

Members are requested to update their preferred e-mail ids with the Company / DPs/RTA which will be used for the purpose of future communications.

Members whose e-mail id is not registered with the Company are being sent physical copies of the Annual Report along with the Notice of 115th Annual General Meeting inter alia, indicating the process and manner of e-voting, Attendance Slip and Proxy Form etc. at their registered address through permitted mode.

Members whose e-mail ids are registered with the Company and who wish to receive printed copy of the Annual Report may send their request to the Company/ Company's RTA.

Copy of annual report along with the notice of 115th Annual General Meeting inter alia, indicating the process and manner of e-voting, Attendance Slip and Proxy Form etc. will also be available on the Company's website www.shalimarpaints.com. Members may write to us at askus@shalimarpaints.com, if they have any queries or require communication in physical form in addition to electronic communication.

Notice (Contd.)

15. The Register of Directors and Key Managerial Personnel and their shareholding, Register of Contracts or Arrangements in which Directors are interested will be available for inspection at the venue of the meeting.
16. The notice of AGM is being sent to those members / beneficial owners whose name will appear in the register of members / list of beneficiaries received from the depositories as on Friday, 18th August, 2017.
17. In compliance with the provisions of Section 108 and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Management and Administration) Rules, 2014, as amended and Regulation 44 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company is pleased to provide to its members facility to exercise their right to vote on resolutions proposed to be passed in the Meeting by electronic means and the business may be transacted through remote e-voting services. The members may cast their votes using an electronic voting system from a place other than the venue of the Meeting ("remote e- voting").
18. Since the Company is providing the facility of remote e-voting to the shareholders, there shall be no voting by show of hands at the AGM. The facility for ballot / polling paper shall be made available at the Meeting and the members attending the Meeting who have not casted their vote by remote e-voting shall be able to vote at the Meeting through ballot / polling paper.
19. The shareholders can opt for only one mode of voting i.e. remote e-voting or physical polling at the meeting. In case of voting by both the modes, vote cast through remote e-voting will be considered final and voting through physical ballot will not be considered. The members who have cast their vote by remote e-voting may also attend the Meeting.
20. The Company has engaged the services of Central Depositories Services (India) Limited (CDSL) as the Agency to provide e-voting facility.
21. Mr. Arun Goel of M/s Arun Goel & Associates, Company Secretaries, (Membership No: A32816, C.P. No. 12508), as Scrutinizer to scrutinize the physical voting and remote e-voting process in a fair and transparent manner and he has communicated his willingness to be appointed and will be available for same purpose.
22. The Voting rights of Members for e-voting and for physical voting at the meeting shall be in proportion to the paid up value of their shares in the equity share capital of the Company as on the cut-off date i.e. Thursday, 21st September, 2017.
23. A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date i.e. Thursday, 21st September, 2017 shall only be entitled to avail the facility of remote e-voting / physical voting.

24. Voting through Electronic means:

The instructions for shareholders voting electronically are as under:

- (i) The e-voting period commences on Monday, 25th September, 2017 (9:00 A.M. (IST)) and ends on Wednesday, 27th September, 2017 (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. Thursday, 21st September, 2017, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) Shareholders who have already voted prior to the meeting date would not be entitled to vote at the meeting venue.
- (iii) The shareholders should log on to the e-voting website www.evotingindia.com.
- (iv) Click on Shareholders.
- (v) Now Enter your User ID
 - a. For CDSL: 16 digits beneficiary ID,
 - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (vi) Next enter the Image Verification as displayed and Click on Login.
- (vii) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.
- (viii) If you are a first time user follow the steps given below:

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

Notice (Contd.)

- (ix) After entering these details appropriately, click on “SUBMIT” tab.
 - (x) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach ‘Password Creation’ menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
 - (xi) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
 - (xii) Click on the EVSN for ‘Shalimar Paints Limited’ on which you choose to vote.
 - (xiii) On the voting page, you will see “RESOLUTION DESCRIPTION” and against the same 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.
 - (xiv) Click on the “RESOLUTIONS FILE LINK” if you wish to view the entire Resolution details.
 - (xv) 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.
 - (xvi) Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.
 - (xvii) You can also take out print of the voting done by you by clicking on “Click here to print” option on the Voting page.
 - (xviii) If Demat account holder has forgotten the password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
 - (xix) Note for Non Individual Shareholders and Custodians
 - Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to www.evotingindia.com and register themselves as Corporates.
 - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
 - After receiving the login details a compliance user should be created using the admin login and password. The Compliance user would be able to link the account(s) for which they wish to vote on.
 - The list of accounts 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.
 - (xx) Any person, who acquires shares of the Company and become Member of the Company after dispatch of the Notice and holding shares as on the cut-off date i.e. Thursday, 21st September, 2017, may follow the same instructions as mentioned above for e-Voting.
 - (xxi) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions (“FAQs”) and e-voting manual available at www.evotingindia.com, under help section or write an email to helpdesk.evoting@cdslindia.com
- 25.** The Scrutinizer shall, immediately after the conclusion of voting at the Annual General Meeting, first count the votes cast at the meeting, thereafter unblock the votes cast through remote e-voting in the presence of at least two (2) witnesses not in the employment of the Company and within a period not exceeding three (3) days of the conclusion of the meeting, make a consolidated scrutinizer’s report of the total votes cast in favour or against, if any, to the Chairman of the Company.
- 26.** The Results declared alongwith the report of the Scrutinizer shall be placed on the website of the Company www.shalimarpaints.com and on the website of CDSL. The results shall simultaneously be communicated to the National Stock Exchange of India Ltd and BSE Limited. The resolutions will be deemed to be passed on the date of AGM subject to receipt of the requisite number of votes in favour of the resolutions.
- 27.** All documents referred to in the Notice and the Explanatory Statements are available for inspection at the Registered Office of the Company during normal business hours on all working days till the date of the Annual General Meeting.

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

Item No. 4

The Board of Directors of the Company, pursuant to the provisions of Section 161(1) of the Act and the Articles of Association of the Company, had appointed Mr. Alok Perti as an Additional Director of the Company with effect from 24th May, 2017. In terms of the provisions of Section 161(1) of the Act, Mr. Alok Perti would hold office up to the date of the ensuing Annual General Meeting. The Company has received a notice in writing alongwith the deposit of requisite amount under Section 160 of the Act proposing the candidature of Mr. Alok Perti for the office of Director of the Company.

Mr. Alok Perti is not disqualified from being appointed as a Director in terms of Section 164 of the Act and has given his consent to act as a Director. Mr. Alok Perti possesses appropriate skills, experience and knowledge. Brief resume of Mr. Alok Perti, nature of his expertise in specific functional areas and names of other public limited companies in India in which he holds directorships and details of memberships / chairmanships of Board Committees of the public limited companies in India and other details is enclosed with the notice. Keeping in view his vast expertise and knowledge, it will be in the interest of the Company that Mr. Alok Perti is appointed as Director. Save and except Mr. Alok Perti and his relatives, to the extent of their shareholding, in the Company, 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 the Notice. The Board recommends the Ordinary Resolution set out at Item No. 4 of the Notice for approval by the shareholders.

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

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

**Dated : 10th August, 2017
Place : Gurugram**

Notice (Contd.)



Information of Directors to be appointed and the Directors seeking reappointment at the forthcoming Annual General Meeting (pursuant to Secretarial Standard 2 issued by ICSI and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015) as on the date of Notice.

Name of the Director	Mr. Surender Kumar	Mr. Alok Perti
Director Identification Number (DIN)	00510137	00475747
Date of Birth (Age in years)	14 th April, 1965 (52 years)	15 th May, 1952 (65 years)
Original date of Appointment	30 th May, 2015	24 th May, 2017
Qualification	Chartered Accountant from the Institute of Chartered Accountants of India	Master's degree in Physics & Master's course in Social Planning & Policy in Developing Countries from the London School of Economics and Political Science
Experience and expertise in specific functional area	Mr. Kumar has more than two decades of rich experience out of which he spent close to 15 years at Akzo Nobel, a global paints and speciality chemical major. He is a qualified Chartered Accountant and a keen sports enthusiast. He is a leader focused on talent management and customer strategies, R&D and innovation, reducing non-value add activities, thereby increasing the productivity of employees. He has keen understanding of Supply Chain Management. Mr. Kumar is an executive with domestic and international experience in operations, finance, P&L management, multichannel product distribution and marketing. A result oriented and decisive leader with proven success in new market identification and strategic positioning of B2C and B2B businesses. He has implemented a lot of efficiency improvement initiatives. Mr. Kumar heads the overall operations including sales & marketing of our company and is responsible for steering the growth of the organization as it continues to be positioned as a strong player in the Indian paints industry.	Mr. Perti has joined Indian Administrative Service in 1977 and has worked in various capacities with the Central Government and the Assam Government. He was on the board of several Defence PSUs as official director when he worked as Joint Secretary in Ministry of Defence. He was also Official director on the board of CIL and NLC when he was serving in the Ministry of Coal. He was also chairman of the Expert Appraisal Committee of the Ministry of Environment and Forest for Hydro-electric and river projects. Apart from this he is also the Director General of the Indian Association of Ammonium Nitrate Manufacturers. Presently he is on the board of IIFCL Projects Ltd, which is a PSU.
Shareholding in Shalimar Paints Limited	Nil	Nil
Remuneration last drawn	Approximately ₹ 1,11,00,000 per annum	--
No. of Board Meeting Attended during the financial year 2016-17	Attended all the four Board Meetings held during the period	Not Applicable, as he was appointed on 24 th May, 2017
Terms and conditions of reappointment and remuneration	Re-appointment as a Director liable to retire by rotation	As detailed in the Item No. 4 of the Notice read with Explanatory Statement thereto
Relationship with other Directors or KMPs	Not a relative of any Directors of the Company as defined under section 2(77) of the Companies Act, 2013 read with Rule 4 of Companies (Specification of definitions details) Rules, 2014	
Directorship held in other companies in India	Shalimar Adhunik Nirman Limited, Eastern Speciality Paints and Coatings Private Limited	IIFCL Projects Limited
Membership / Chairmanship of Committees, held during the financial year 2016-17 in the public limited companies in India	Shalimar Paints Limited – Corporate Social Responsibility Committee (Chairman)	Nil

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

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

**Dated: 10th August, 2017
Place : Gurugram**

Director's Report

Dear Shareholders,

Your Directors have pleasure in presenting the 115th Annual Report, together with the Audited Financial Statements of the Company for the Financial Year ended March 31, 2017.

Financial performance

₹ (in lakhs)

Description	2016-17		2015-16	
	Standalone	Consolidated	Standalone	Consolidated
Revenue from Operations & Other Income	37,135.52	37,117.74	40,435.30	40,435.30
Expenses	35,483.37	35,483.73	37,284.61	37,287.48
Depreciation	421.97	424.58	504.01	504.34
Interest	2,257.13	2,257.14	2,215.13	2,215.13
Profit before tax	-1,026.95	-1,047.71	431.55	428.35
Deferred Tax	-367.24	-373.09	-95.97	-96.96
Profit after tax	-659.71	-674.62	527.52	525.31
Balance carried to Balance Sheet	-659.71	-674.62	527.52	525.31

Review of Operations and the State of Company's Affairs

The year passed by was a year of challenges in a second half. During first half of the year, your Company was growing and was in profits. The second half of the year was looking better in terms of sales and profits, but the two events i.e., sudden declaration of demonetization and fire at Nasik Plant in November 2016, pushed the sales into negative growth and losses. Due to this the performance of whole year was effected. Your Company during the year under review suffered a loss (after tax) of ₹ 659.71 lacs as against profit (after tax) of ₹ 527.52 lacs in the previous year. The revenue from operations and other income of the Company for the financial year 16-17 stood at ₹ 37,135.52 lacs as against ₹ 40,435.30 lacs in the previous year.

In the Decorative segment, your Company had launched new products namely, Zinc Chromate Yellow Green Primer, Super Shaktiman Projects Acrylic Exterior Emulsion, Xtra Tough Premier Acrylic Exterior Emulsion, Superlac Advance Premium Acrylic Interior Emulsion and in decorative packaging segment, Red Oxide Metal Primer, Universal White Primer were launched.

In the Industrial Product segment, your Company had launched Solventless Food Grade Epoxy, Quick Drying Alkyd Primer, Phenolic Modified Coating, Heat Resistance Coating and Zinc Phosphate Primer.

Nature of Business

There has been no change in the nature of business of the company.

Dividend

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

Abridged Financial Statements

In accordance with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as 'Listing Regulations') and Section 136 of the Companies Act, 2013 read with Rule 10 of the Companies (Accounts) Rules, 2014, the abridged Annual Report containing salient features of the financial statements, including Consolidated Financial Statements, for the Financial Year 2016-17, along with statement containing salient features of the Directors' Report (including Management Discussion & Analysis and Corporate Governance Report) is being sent to all shareholders who have not registered their email address(es) for the purpose of receiving documents/ communication from the Company in physical mode. Full version of Annual Report 2016-17 is also available for inspection at the registered office of the Company during working hours up to the date of ensuing Annual general meeting (AGM). It is also available at the Company's website at www.shalimarpaints.com

Consolidated Financial Statement

In compliance with the applicable provisions of Companies Act, 2013 including the Accounting Standard 21 & SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 on Consolidated Financial Statements, this Annual Report also includes Consolidated Financial Statements for the financial year 2016- 17.

Operations and Business Performance

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

Share Capital

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

Director's Report (Contd.)

General Reserve

The Company has not transferred any amount to the General Reserve during the financial year ended 31st March, 2017.

Fire at Nasik Plant

Your Company suffered a major setback when an accidental fire broke at the Company's Nasik Plant on 19th November, 2016 and the operations of the Nasik Plant are suspended since then.

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

- The Company intends to restart its Resin, Aluminum and Packaging facilities at its Howrah Plant. Certain Government approvals are required for which Company is coordinating with respective Government departments. These facilities are expected to restart in Q2 FY 2017-18 after getting necessary approvals.
- The Company has started its saved Nasik plant which includes Resin, Packaging and Aluminum facilities in Nashik in Q1 FY 2017-18.
- The Chennai plant of the Company is now re-commissioned and ready for production likely in the second half of FY 2017-18. The capacity of the plant is 18,000 KLPA. The company has started trial runs of production.
- The Board of Directors have passed a resolution for the approval of the Rights Issue of Equity Shares for an amount upto ₹50 Crores. The draft offer document has been filed with SEBI for their observations.
- The shareholders have passed the special resolution for Conversion of Unsecured Loans into the Equity through the Rights Issue, through postal ballot. The result of which was declared on 23rd May, 2017.
- Resignation of Mr. Rajiv Rajvanshi from the Directorship of the Company w.e.f 24th May, 2017.
- Appointment of Mr. Alok Perti as an Additional Director of the Company w.e.f 24th May, 2017.

Transfer of amount to Investor Education and Protection Fund

In terms of Section 124 of the Companies Act, 2013, the Company is required to transfer the amount of dividend remaining unclaimed for a period of seven years from the date of transfer to the unpaid dividend account to the Investor Education and Protection Fund (IEPF). The dividend for the financial year 2008-09, which remained unpaid/unclaimed, aggregating to ₹ 1,72,125/- (Rupees One Lac Seventy Two Thousand One Hundred Twenty Five Only) was transferred to IEPF during the year under review.

Deposits (Disclosure on Deposit under Chapter V)

The Company has neither accepted nor renewed any deposit during the year. There was no unpaid/unclaimed deposit as at 31st March, 2017.

Tinting Systems

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

Tinting is an economic way of producing a virtually unlimited number of paint colours 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.

The Company is also reviewing the non-performing Tinting machines and wherever required pulling it out from non-performing customers and giving to performing customers

ISO Certifications

Presently, Sikandrabad plant of the company certify for Quality Managemt System-ISO 9001.

Credit Ratings

The company has been accorded credit rating of CARE B Negative for long term bank facilities, CARE B Negative/CARE A4 for long/ short term bank facilities and CARE D for short term bank facilities by CARE Ratings Limited on 11th July, 2017.

Employee Stock Option Plan (ESOP)

Pursuant to Employee Stock Option Scheme, 2013 i.e. 'ESOP 2013' of the Company, the details of ESOPs granted, vested and exercised by permanent employees of the Company during the financial year under review, as required under the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 and as per the provisions of Section 62(1)(b) of the Act read with Rule 12(9) of the Companies (Share Capital and Debenture) Rules, 2014 and other applicable Regulations, is annexed as 'Annexure - A' to this report.

Directors and Key Managerial Personnel

Appointments, Re-appointments, Retirements & Resignations

During the financial year 2016-17, Mr. Girish Sundar Jhunjhnuwala had resigned from the Chairmanship and Directorship of the Company w.e.f 12th August, 2016 and Mr. Ratan Jindal, Director of the Company, who retires by rotation at Annual General Meeting held in the year 2016, does not seek re-appointment, Hence, he ceased to be director of the Company w.e.f 28th September, 2016. The Board placed on record their sincere appreciation for the guidance and contribution made by them during their tenure on the Board.

Director's Report (Contd.)

Further, in compliance with the provisions of Sections 149, 150 and 152, read with Schedule IV and other applicable provisions of the Companies Act, 2013 and relevant Rules made thereunder (including any statutory modification(s) or reenactment thereof, for the time being in force, Mr. Alok Perti (DIN: 00475747) was appointed as Independent Director by the Board of Directors of the Company in their meeting held on 24th May, 2017 and will vacate his office at the ensuing Annual General Meeting. A notice in writing was received from the Member of the Company in terms of Section 160 of the Companies Act, 2013 signifying the intention to propose the appointment of Mr. Alok Perti as a Director of the Company. Your Board recommends his appointment as the Director in the ensuing AGM.

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

Mr. Janak Raj Goyal, Chief Financial Officer (CFO) of the Company had resigned from the position of CFO w.e.f 31st January, 2017 and in compliance with the provisions of Section 203 of the Companies Act, 2013, Mr. Sandeep Gupta had been appointed as Chief Financial Officer (CFO) of the Company w.e.f 11th February, 2017.

A brief profile of the Directors proposed to be appointed and re-appointed, as required under Secretarial Standard 2 and SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, is appended as an Annexure to the Notice of the ensuing AGM. The Board recommends the same for the approval of the shareholders of the Company.

Declaration by Independent Directors

The Company had received declarations from all the Independent Directors of the Company confirming that they meet with the criteria of independence, as prescribed under Sub Section (6) of Section 149 of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Independent Directors have also confirmed that they have complied with the Company's Code of Conduct.

Nomination and Remuneration Policy

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

The detailed policy is available on the Company's website link at:

https://www.shalimarpaints.com/upload/investor_reports/Nomination_and_Remuneration_Policy.pdf

Annual Evaluation of Directors, Committees and Board

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

The Independent Directors had met separately on 11th February, 2017 without the presence of Non-Independent Directors and the Members of management and discussed, inter-alia, the performance of Non-Independent Directors and Board as a whole and the performance of the Chairman of the Company after taking into consideration the views of Executive and Non-Executive Directors.

Board and its Committees

The Board of Directors met four times during the Financial Year 2016-17. The details of the Composition of the Board and its Committees and number of Board and Committee meetings held during Financial Year 2016-17 and attendance of Directors and members of the Committee at the said meetings are provided in the Report on Corporate Governance, which forms part of this Report.

Registered Office of the Company

The Registered Office of the Company was shifted to its present address i.e., Stainless Centre, 4th Floor, Plot No. 50, Sector-32, Gurugram, Haryana – 122001 w.e.f 10th February, 2017.

During the year, the Registered Office was also shifted to 4th Floor, Plot No. 64, Sector-44, Gurgaon, Haryana – 122001. Earlier, the Registered Office of the Company was situated at Goabera, P.O. Danesh Shaikh Lane, Howrah – 711109, West Bengal.

Subsidiaries

As on 31st March, 2017, the Company has two subsidiaries, namely Shalimar Adhunik Nirman Limited (SANL) and Eastern Speciality Paints & Coatings Private Limited (ESPCPL). None of the Companies has become or ceased to be the Company's subsidiaries, during the year under review.

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

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

Director's Report (Contd.)

Any member desirous of obtaining a copy of said financial statements may write to the Company Secretary at Company's Registered Office.

The Company does not have any associate and/or joint venture company.

Auditors & Audit Report

Statutory Auditors

M/s Chaturvedi and Partners, the Statutory Auditors of the Company, retires at the conclusion of forthcoming Annual General Meeting and did not offer themselves for re-appointment.

The Company has received confirmation from M/s A K Dubey & Co, Chartered Accountants to the effect that appointment, if made, would be within the prescribed limits under Section 141(3)(g) of the Companies Act, 2013 and that they are not disqualified to act as Auditors of the Company, if appointed.

The Audit report on the financial statements for the year 2016-17 does not contain any qualifications, reservations or adverse remarks

Secretarial Auditors

The Board appointed M/s Arun Goel & Associates, Practising Company Secretaries to conduct Secretarial Audit for FY 2016-17. The Secretarial Audit Report for the Financial Year ended March 31, 2017 is annexed herewith as '**Annexure-C**' forming integral part of this report. The said report is self-explanatory and does not contain any qualification, reservation, adverse remark or disclaimers.

Corporate Social Responsibility

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

The CSR Policy of the Company is available on the Company's website link at:

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

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

Listing

During the year, the Company's equity shares continue to be listed with BSE Limited and National Stock Exchange of India Limited.

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

Risk Management

Risk Management is a holistic, integrated, structured and disciplined approach to manage risks. It involves identifying potential events that may affect the Company and formulating strategy to manage these events while ensuring that the risk exposure remains at the defined appropriate levels. The Company has developed and implemented comprehensive risk assessment and mitigation procedures as laid down in the Company's Risk Management Policy duly approved by the Board.

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

The Risk Management Policy of the Company, is available on the Company's website link at:

https://www.shalimarpaints.com/upload/investor_reports/Risk-Management-Policy.pdf

Internal Financial Control

The Company has in place adequate internal financial controls with reference to Financial Statements. During the year, such controls were tested and no reportable material weakness in the design or operations were observed.

Audit Committee

As on 31st March, 2017, the Audit Committee of the Board of Directors of the Company comprised of Mr. Gautam Kanjilal, Mr. Rajiv Rajvanshi and Ms. Pushpa Chowdhary, under the Chairmanship of Mr. Gautam Kanjilal. During the F.Y. all the recommendations made by the Audit Committee were accepted by the Board and no recommendation is left which has not been accepted by the Board.

Director's Report (Contd.)

At present, the Audit Committee consists of Mr. Gautam Kanjilal, Mr. Alok Perti and Ms. Pushpa Chowdhary, under the Chairmanship of Mr. Gautam Kanjilal, as Mr. Rajiv Rajvanshi, had resigned from the Company w.e.f 24th May, 2017.

Whistle Blower Policy/Vigil Mechanism

In compliance with the provisions of Section 177 (9) and (10) of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, the Company has adopted the Whistle Blower Mechanism for Directors and Employees, to report concerns about unethical behavior, actual or suspected fraud, or violation of the Companies code of conducts and ethics. There has been no change to the Whistle Blower Policy adopted by the Company during Fiscal Year 2017.

The Whistle Blower Policy of the Company, is available on the Company's website link at:

https://www.shalimarpaints.com/upload/investor_reports/Whistleblower-Policy.pdf

Extract of Annual Return

The extracts of Annual Return as required under the Act in Form MGT-9 is annexed herewith as '**Annexure-E**' forming integral part of this Report.

Significant and Material Orders

Central Government vide its order number RD/T/23269/S-13(4)/16/6452 dated 5th August, 2016, has approved the application under section 13(4) of the Companies Act, 2013 for change of registered office of the Company from the State of West Bengal to the State of Haryana and the certificate of registration of order of Hon'ble Regional Director for change of state has been issued by the Registrar of Companies, NCT of Delhi & Haryana on 1st day of September, 2016.

Particulars of Loans, Guarantees or Investments

Particulars of loans, guarantees and investments made under the provisions of Section 186 of the Act have been disclosed in note no. 2.11, 2.13 and 2.14 of the notes to the Standalone Financial Statements forming integral part of Annual Report.

Related Party Transactions

All contracts, arrangements and transactions entered by the Company during FY 2017 were in the ordinary course of business and on arm's length basis. During the year, the Company had not entered into any contract, arrangement and transaction with related parties which could be considered material in accordance with the Company's Policy on materiality of and dealing with related party transactions (the "Policy") and accordingly the disclosure of Related Party Transactions in Form AOC-2 is not applicable.

The Related Party Transactions policy of the Company, is available on the Company's website link at:

https://www.shalimarpaints.com/upload/investor_reports/Related-Party-Transaction-Policy.pdf

Sexual Harassment

Pursuant to the provisions of The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, the Company has adopted a policy on prevention of sexual harassment at workplace. The Company is committed towards promoting the work environment that ensures every employee is treated with dignity and respect and afforded equitable treatment irrespective of their gender, race, social class, caste, creed, religion, place of origin, sexual orientation, disability or economic status. During the Calendar year, the Company has not received any complaint.

Energy Conservation, Technology Absorption and Foreign Exchange Earnings and Outgo

The details of energy conservation, technology absorption and foreign exchange earnings and outgo as required under Section 134(3) of the Companies Act, 2013, read with Rule 8 of the Companies(Accounts) Rules, 2014 is annexed as '**Annexure-F**' to this Report.

Particulars of Employees

The information, as required to be provided in terms of Section 197(12) of the Companies Act, 2013, read with Rule 5(1) & 5 (2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 in respect of Directors/employees of your Company is set out in '**Annexure-G**' to this Report.

Corporate Governance

Being a value-driven organization, the Company is committed towards being ethical, transparent and building trust of its shareholders', employees, business partners and other stakeholders which is based on the principles of good corporate governance.

The Corporate Governance philosophy of the Company is driven by the interest of stakeholders and business needs of the organization. Corporate governance is essential for the growth, profitability and stability of any business. Aligning itself to this philosophy, the Company has placed Corporate Governance on a high priority.

Director's Report (Contd.)

In terms of Regulation 27 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the "Listing Regulations"), the Corporate Governance Report along with certificate received from M/s Arun Goel & Associates, Practising Company Secretaries certifying compliance with the conditions of Corporate Governance is annexed as 'Annexure-H' forming integral part of this Report.

The Corporate Governance Report, inter-alia, contains the following disclosures:

- a) Details of Board & Committee Meetings
- b) Composition of Corporate Social Responsibility Committee
- c) Whistle Blower Policy (Vigil Mechanism)
- d) Appointment & Remuneration Policy (for Directors, Key Managerial Personnel, Senior Management and other Employees of the Company) pursuant to the provision of Section 178 of the Act read SEBI(Listing Obligations and Disclosure Requirement) Regulation, 2015.

Management Discussion and Analysis Report

The Management Discussion and Analysis Report for the year under review, in terms of Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is presented in a separate section, forming integral part of the Annual Report.

Directors' Responsibility Statement

Your Directors state that:

- (a) in the preparation of the annual accounts for the year under review, the applicable accounting standards have been followed and there are no 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 at the end of the financial year i.e., as at 31st March, 2017 and of the loss of the Company for that period;
- (c) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this 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 are 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.

Based on the framework of internal controls and compliance systems established and maintained by the Company, work performed by the internal, statutory and secretarial auditors and external consultants and the reviews performed by management and the relevant board committees, including the audit committee, the board is of the opinion that the Company's internal financial controls were adequate and effective during the Financial Year 2016-17.

Industrial Relations and Personnel

Industrial relations remained cordial and satisfactory. Your Directors wish to place on record their deep sense of appreciation of the devoted services rendered by all officers, staff and workers of the Company.

Acknowledgements

The Directors would like to place on record its appreciation for the enthusiastic, co-operation, hard work, dedication and commitment of the financial institutions, banks, investors, valued customers, valued suppliers, our employees, various government agencies and other business associates during the year under review.

Your Directors would also like to appreciate the confidence and loyalty displayed by the guests, whom the Company always strive to serve better.

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

**Dated : 10th August, 2017
Place : Gurugram**

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

**Pushpa Chowdhary
Director
DIN: 06877982**

Director's Report (Contd.)



Disclosure in Directors report:

'Annexure-A' to Director's Report

SHALIMAR STOCK OPTION 2013: STATUS AS ON 31.03.2017		
S. No	Particulars	ESOP SCHEME 2013
1	Number of Stock options granted	9,40,000
2	Pricing Formula	72.12
3	Option Vested	49,075
4	Number of Option exercised	17,875
5	Number of Shares arising as a result of exercise of option	17,875
6	Variation of terms of options	None
7	Number of option lapsed	8,23,725
8	Money realized upon exercise of options	8.16
9	Total number of option in force	98,400
10	(a) Options granted to senior managerial personnel	
	Sameer Nagpal	2,80,000
	(b) Any other employee who receives a grant in any one year of option amounting to 5% or more of options granted during the year	
	Praveen Kumar Asthana	34,000
	Pravir Kumar	34,000
	Sanjay Chowdhury	25,000
	Sandeep Kokane	25,000
	Ketan Dinesh Girap	34,000
	Chandan Arora	1,00,000
	Shankar Subramanian	50,000
	Abhay Dadhich	15,000
	(c) Identified employees who were granted options during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants & conversions) of the Company at the time of grant	
	Sameer Nagpal	2,80,000
11	(i) Method of calculation of employee compensation cost	Intrinsic Value Method
	(ii) Difference between the employee compensation cost so computed at 11(i) above and the employee compensation cost that shall have been recognised if it had used the fair value of the options (Rs. In Lacs)	18.63
	(iii) The impact of this difference on profits and on EPS of the Company	
	Profit including extra-ordinary items, as reported (Rs. In Lacs)	(659.71)
	Add: Employee stock compensation under intrinsic value method (Rs. In Lacs)	1.26
	Less: Employee stock compensation under fair value method (Rs. In Lacs)	19.90
	Pro-forma profit (Rs. In Lacs)	(678.35)
	Earnings Per Share	
	Basic	
	As reported (including extra-ordinary items) Rs.	(3.48)
	Pro-forma Rs.	(3.58)
	Diluted	
	As reported (including extra-ordinary items) Rs.	(3.46)
	Pro-forma Rs.	(3.56)
12	a) Weighted average exercise prices of option granted	72.12
	b) Weighted average fair value of options granted on the date of grant Rs.	75.70
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.	107.63
	(ii) Exercise Price Rs.	72.12
	(iii) Annual Volatility (Standard Deviation – Annual)	69.57%
	(iv) Time To Maturity - in years	4.64
	(v) Dividend Yield	0.00%
	(vi) Risk free Rate – Annual	8.15%

Form No. AOC-1

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

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

Part "A" : Subsidiaries

(₹ in Lakhs)

Name of the Subsidiary	Shalimar Adhunik Nirman Limited	Eastern Speciality Paints & Coatings Private Limited
Reporting Period	1st April, 2016 to 31st March, 2017	1st April, 2016 to 31st March, 2017
Reporting Currency	INR	INR
Share Capital	59.50	5.00
Reserves & Surplus	-17.11	0.00
Total assets	727.18	5.14
Total liabilities	727.18	5.14
Investments	0.00	0.00
Turnover	0.00	0.00
Profit before taxation	-20.75	0.00
Provision for taxation	5.85	0.00
Profit after taxation	-14.90	0.00
Proposed Dividend	0.00	0.00
% of shareholding	99.99%	100%

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

MR-3
SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED ON 31ST MARCH, 2017
[Pursuant to section 204(1) of the Companies Act, 2013 and Rule No. 9 of
The Companies (Appointment and Remuneration Personnel) Rules, 2014]

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

We have conducted the Secretarial Audit of the compliances of applicable statutory provisions and the adherence to good corporate practices by **M/s Shalimar Paints Limited (CIN: L24222HR1902PLC065611)** (hereinafter called "**the Company**"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts / statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, We hereby report that in our opinion, the company has, during the audit period covering the financial year ended on 31st March, 2017 complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2017 according to the provisions of:

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

Director's Report (Contd.)

- 7) Payment of Gratuity Act, 1972, and rules made thereunder,
- 8) The Water (Prevention & Control of Pollution) Act, 1974, read with Water (Prevention & Control of Pollution) Rules, 1975

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

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

I have also examined compliance with the applicable clauses of The Listing Agreements entered into by the Company with Stock Exchanges in India.

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

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

We further report that:

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

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

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

We further report that during the audit period the company has come across the following major events:

- I. The Company has approached the Ministry of Corporate Affairs (MCA), Government of India, with respect to waiver of the payment of remuneration to Mr. Sameer Nagpal, Ex-Managing Director of the Company for the F.Y. 2014-15, 2015-16.
- II. The Board of Director of the Company has appointed Mr. Surender Kumar, as Managing Director and CEO w.e.f. 12th August, 2016 and further Shareholders also approved his appointment at 114th Annual General Meeting held on 28th September, 2016.
- III. The registered office of the company has been shifted from West Bengal to state of Haryana and later shifted within the state.
- IV. The Company has adopted new sets of Memorandum of Association and Articles of Association in the 114th Annual General Meeting.

For Arun Goel & Associates
Company Secretaries

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

Dated : 20th April, 2017
Place : Faridabad

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

Director's Report (Contd.)



'Annexure A' of Secretarial Audit Report MR-3

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

Sir,

Our Secretarial Audit Report for the financial year 2016-17 of even date is to be read along with this letter.

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

**For Arun Goel & Associates
Company Secretaries**

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

**Dated : 20th April, 2017
Place : Faridabad**

THE ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES

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

Sustainable practices have always been an integral part of our larger business strategy. Corporate Social Responsibility (CSR) is a large part of our overall sustainability policy, encompassing social, economic and environmental actions. The Company completely endorses reliability. It is committed to conduct business in a true, fair and ethical manner and takes up the responsibility to create a good impact in the society it belongs. Through the Company's Corporate Responsibility efforts, the Company aims to bring change that better the quality of people's lives, particularly in and around the areas from which the Company operates. The Company seeks to undertake positive interventions that will have a measurable, long-term impact on the communities of which the Company is a part.

The Company is committed towards improving the quality of lives of people in the communities in which it operates because the Company strongly believes that the society is an essential stakeholder and the purpose of its existence. The Company believes that giving back to the society through CSR activities is its duty.

The detailed CSR Policy of the Company is available on the Company's website link at:

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

II. THE COMPOSITION OF THE CSR COMMITTEE:

The composition of the CSR Committee as on 24th May, 2017 is as follows:

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

III. AVERAGE NET PROFIT OF THE COMPANY FOR THE LAST 3 FINANCIAL YEARS: (₹ 659.10 Lacs)

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

V. DETAILS OF CSR SPEND FOR THE FINANCIAL YEAR:

(a) Total amount spent for the financial year: ₹ 3.45 Lacs

(b) Amount unspent, if any: NIL

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

Sr. No	CSR projects/ activities identified	Sector in which the project is covered	Projects or Programs (1) Local area or other (2) Specify the State and district where projects or programs was undertaken	Amount outlay (budget) Project/ Programs was undertaken	Amount Spent on the Projects or Programs		Cumulative Expenditure up to the reporting period	Amount spent : Direct or through implementing agency
					Direct Expenditure on the Projects or Programs	Over-heads		
1	Promoting Education	Education	West Bengal (Howrah District)	3.45	3.45	--	3.45	Directly

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

The Company proposes to incur CSR expenditure in accordance with provision of Section 135 of the Companies Act, 2013 and the Companies (Corporate Social Responsibility Policy) Rules, 2014.

The CSR Committee confirms that the implementation and monitoring of the CSR Policy is in compliance with the CSR objectives and Policy of your Company.

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

Form No. MGT-9
EXTRACT OF ANNUAL RETURN
As on the financial year ended on 31st March, 2017
[Pursuant to Section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies
(Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS

- | | | |
|------|---|---|
| i) | CIN | L24222HR1902PLC065611 |
| ii) | Registration Date | 16 th December, 1902 |
| iii) | Name of the Company | Shalimar Paints Limited |
| iv) | Category of the Company
Sub-Category of the Company | Company Limited by Shares
Indian Non-Government Company |
| v) | Address of the Registered office and contact details | i) With effect from 10 th February, 2017
Stainless Centre, 4th Floor, Plot No. 50,
Sector-32, Gurugram, Haryana-122001
Tel.: 0124 4616600
Email: askus@shalimarpaints.com
ii) With effect from 1 st September, 2016
4th Floor, Plot No. 64, Sector – 44,
Gurgaon, Haryana-122001
Tel.: 0124 4616600
Email: askus@shalimarpaints.com
iii) Upto 31 st August, 2016
Goaberia, P.O Danesh Shaikh Lane,
Howrah-711109, West Bengal
Tel: 033-26443201
Email:hwsec@shalimarpaints.com |
| vi) | Whether listed Company | Yes |
| vii) | Name, Address, Contact details of Registrar and Transfer Agents (RTA) | MCS Share Transfer Agent Limited,
F – 65, First Floor, Okhla Industrial Area Phase – I, New Delhi – 110020
Tel : 011-41406149
Email: helpdeskdelhi@mcsregistrars.com |

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

Sl. No.	Name and Description of main products / services	NIC Code of the Product/ Service	% to total turnover of the company
1	Paints, Varnishes, Enamels or Lacquers	20221	99.88%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:

Sl. No.	Name and address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1	Shalimar Adhunik Nirman Limited Address: 9A, Cannaught Place, Above ICICI Bank, New Delhi 110001	U24220DL2007PLC168944	Subsidiary	99.99%	Section 2 (87) of the Companies Act, 2013
2.	Eastern Speciality Paints & Coatings Private Limited * Address: Stainless Centre, 4th Floor, Plot No. 50, Sector 32, Gurugram Haryana-122001	U24240HR2009PTC066208	Subsidiary	100%	Section 2 (87) of the Companies Act, 2013

* The registered office of the Company was shifted from the State of West Bengal to the State of Haryana w.e.f 25th October, 2016. Futher, the Company shifted its registered office to its present address w.e.f 7th March, 2017.

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

(i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical Shares	Total	% of Total	Demat	Physical Shares	Total	% of Total	
A. Promoters									
(1) Indian									
a) Individual/HUF	265000		265000	1.40	265000		265000	1.40	0.00
b) Central Government	-	-	-	-	-	-	-	-	-
c) State Government									
d) Bodies Corporate	5666080		5666080	29.91	5666080		5666080	29.91	0.00
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any Other	-	-	-	-	-	-	-	-	-
Sub-total (A) (1):-	5931080		5931080	31.31	5931080		5931080	31.31	0.00
(2) Foreign									
a) NRIs – Individuals	30500		30500	0.16	30500		30500	0.16	0.00
b) Other Individuals									
c) Bodies Corporate	5841570		5841570	30.83	5841570		5841570	30.83	0.00
d) Banks / Financial Institutions	-	-	-	-	-	-	-	-	-
e) Any Other	-	-	-	-	-	-	-	-	-
Sub-total (A) (2):-	5872070		5872070	30.99	5872070		5872070	30.99	0.00
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	11803150		11803150	62.30	11803150		11803150	62.30	0.00
1. Institutions									
a) Mutual Funds	8711		8711	0.05	15361	-	15361	0.08	0.04
b) Banks / FI	-	-	-	-	11077	250	11327	0.06	0.06
c) Central Govt	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	332750		332750	1.76	332750		332750	1.76	0.00
g) FIs	527230	250	527480	2.78	500		500	0.00	-2.78
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
Sub-total (B)(1):-	868691	250	868941	4.59	359688	250	359938	1.90	-2.69
2. Non-Institutions									
a) Bodies Corp.	-	-	-	-	-	-	-	-	-
i) Indian	1427081	14080	1441161	7.61	1846908	13430	1860338	9.82	2.21
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals	-	-	-	-	-	-	-	-	-
i) Individual shareholders holding nominal share capital up to ₹ 1 lakh	449625	3483265	3932890	20.76	3422896	432555	3855451	20.35	-0.41
ii) Individual shareholders holding nominal share capital in excess of ₹1 lakh	625871		625871	3.30	726177		726177	3.83	0.53
c) Others (specify)									
i. Trust	250		250	0.00	149061		149061	0.79	0.79
ii. Non Resident Individual	273302	410	273712	1.44	191450	410	191860	1.01	-0.43
Sub-total (B)(2):-	2776129	3497755	6273884	33.11	6336492	446395	6782887	35.80	2.69
Total Public Shareholding (B)=(B)(1)+(B)(2)	3644820	3498005	7142825	37.70	6696180	446645	7142825	37.70	0.00
C. Shares held by Custodian for GDRs & ADRs									
Grand Total (A+B+C)	15447970	3498005	18945975	100.00	18499330	446645	18945975	100.00	0.00

(ii) Shareholding of Promoters

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share holding during the year
		No of Shares	% of total Shares of the company	% of Shares Pledged/encumbered to total shares	No of Shares	% of total Shares of the company	% of Shares Pledged/encumbered to total shares	
1	Hind Strategic Investments	5841570	30.83	-	5841570	30.83	-	0.00
2	Hexa Securities and Finance Co. Ltd.	1500000	7.91	-	1500000	7.91	-	0.00
3	Nalwa Sons Investments Ltd.	1372590	7.24	-	1372590	7.24	-	0.00
4	Colarado Trading Co Ltd.	1224635	6.46	-	1224635	6.46	-	0.00
5	Nalwa Investments Limited	1193855	6.30	-	1193855	6.30	-	0.00
6	Jindal Equipment Leasing and Consultancy Services Ltd	102500	0.54	-	102500	0.54	-	0.00
7	Stainless Investments Ltd.	82500	0.44	-	82500	0.44	-	0.00
8	Sun Investments Private Limited	82500	0.44	-	82500	0.44	-	0.00
9	Prithvi Raj Jindal	72000	0.38	-	72000	0.38	-	0.00
10	Abhinandan Investments Ltd.	55000	0.29	-	55000	0.29	-	0.00
11	Mansarover Investments Ltd.	52500	0.28	-	52500	0.28	-	0.00
12	Sajjan Jindal	31000	0.16	-	31000	0.16	-	0.00
13	Ratan Jindal	30500	0.16	-	30500	0.16	-	0.00
14	Deepika Jindal	30000	0.16	-	30000	0.16	-	0.00
15	Sarita Devi Jain	20000	0.11	-	20000	0.11	-	0.00
16	Hina Devi Goyal	20000	0.11	-	20000	0.11	-	0.00
17	Kusum Mittal	20000	0.11	-	20000	0.11	-	0.00
18	S K Jindal and Sons (HUF)	12300	0.06	-	12300	0.06	-	0.00
19	Savitri Devi Jindal	12300	0.06	-	12300	0.06	-	0.00
20	Prithvi Raj Jindal & Sons (HUF)	12300	0.06	-	12300	0.06	-	0.00
21	Naveen Jindal	12300	0.06	-	12300	0.06	-	0.00
22	Sminu Jindal	10500	0.06	-	10500	0.06	-	0.00
23	R. K. Jindal & Sons (HUF)	12300	0.06	-	12300	0.06	-	0.00
Total		11803150	62.30	-	11803150	62.30	-	0.00

Director's Report (Contd.)



(iii) Change in Promoters' Shareholding (please specify, if there is no change): There is no change in Promoters' Shareholding.

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

S. No	Name of the Shareholder	Shareholding		Date	Increase / Decrease in Shareholding	Reason	Cumulative Shareholding during the year (1 st April, 2016 to 31 st March, 2017)	
		No of Shares at the beginning of the year	% of total shares of the Company				No. of Shares	% of total shares of the Company
1	Assured Fin - Cap Pvt Ltd	380825	2.01	21.10.2016	39995	Purchase	420820	2.22
2	Asha Mukul Agrawal	361692	1.91	29.07.2016	21692	Sale	340000	1.79
3	National Insurance Company Ltd	332750	1.76	-	-	-	332750	1.76
4	Ever Plus Securities And Finance Limited	150850	0.80	-	-	-	150850	0.80
5	Vishal Narendra Mehta	-	-	26.08.2016	150000	Purchase	150000	0.79
6	V E C Strategic Growth Fund	-	-	27.05.2016 03.06.2016 10.06.2016 30.06.2016	93300 17700 12600 25461	Purchase Purchase Purchase Purchase	93300 111000 123600 149061	0.49 0.59 0.65 0.79
7	Renuka Financial Services Ltd	113680	0.60	-	-	-	113680	0.60
8	Kishan Gopal Mohta	100085	0.53	-	-	-	100085	0.53
9	Anahita Kayan	-	-	25.11.2016 02.12.2016 16.12.2016 31.12.2016 20.01.2017 03.02.2017 17.03.2017 31.03.2017	16388 188612 150000 25000 20200 125000 50000 42563	Purchase Purchase Sale Sale Purchase Purchase Sale Sale	16388 205000 55000 30000 50200 175200 125200 82637	0.09 1.08 0.29 0.16 0.27 0.92 0.66 0.44
10	Aggarwal Finlease Pvt Ltd	137990	0.73	29.04.2016	60000	Sale	77990	0.41
11	Matthews Emerging Asia Fund	525830	2.78	13.01.2017 20.01.2017 27.01.2017 03.02.2017 10.02.2017 17.02.2017 24.02.2017 03.03.2017	47852 24228 69271 52676 192000 66568 22018 51217	Sale Sale Sale Sale Sale Sale Sale Sale	477978 453750 384479 331803 139803 73235 51217 -	2.52 2.40 2.03 1.75 0.74 0.39 0.27 -

Director's Report (Contd.)



12	Devang Avlani	114342	0.60	26.08.2016	10000	Sale	104342	0.55
				18.11.2016	10000	Purchase	114342	0.60
				25.11.2016	40388	Sale	73954	0.39
				27.01.2017	15094	Sale	58860	0.31
				03.02.2017	9397	Sale	49463	0.26
				10.02.2017	48463	Sale	1000	0.01
13	Premier Investment Fund Limited	110639	0.58	26.08.2016	52000	Sale	58639	0.31
				02.09.2016	20000	Sale	38639	0.20
				25.11.2016	1008	Sale	37631	0.20
				13.01.2017	27631	Sale	10000	0.05
				10.03.2017	9500	Sale	500	0.00

(v) Shareholding of Directors and Key Managerial Personnel

SL. No.	Name of the Directors and Key Managerial Personnel	Shareholding		Date	Increase/ Decrease in Shareholding	Reason	Cumulative Shareholding during the year (1st April, 2016 to 31st March, 2017)	
		No. of shares at the beginning of the year	% of total shares of the Company				No. of Shares	% of total shares of the Company
1.	Mr. Ratan Jindal*	30500	0.16	01-04-2016	-	-	30500	0.16
				31-03-2017	-	-	30500	0.16

* Mr. Ratan Jindal ceased to be Director of the Company w.e.f 28th September, 2016. However, he is continuing to act as Promoter of the Company.

V. INDEBTEDNESS

(₹ in Lacs)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	13,704.89	-	-	13,704.89
ii) Interest due but not paid	17.99	-	-	17.99
iii) Interest accrued but not due	20.99	-	-	20.99
Total (i+ii+iii)	13,743.87	-	-	13,743.87
Change in Indebtedness during the financial year				
Addition	1,390.48	-	-	1,390.48
Reduction	939.75	-	-	939.75
Net Change	450.73	-	-	450.73
Indebtedness at the end of the financial year				
i) Principal Amount	14,131.47	-	-	14,131.47
ii) Interest due but not paid	10.41	-	-	10.41
iii) Interest accrued but not due	31.73	-	-	31.73
Total (i+ii+iii)	14,173.61	-	-	14,173.61

Director's Report (Contd.)

VI. Remuneration of Directors and Key Managerial Personnel

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

(Amount in ₹)

SL. No.	Particulars of Remuneration	Mr. Surender Kumar, Managing Director and CEO	Total Amount
1	Gross salary		
(a)	Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961	1,06,57,696	1,06,57,696
(b)	Value of perquisites u/s 17(2) Income Tax Act, 1961	-	-
(c)	Profits in lieu of salary under section 17(3) Income Tax Act, 1961	-	-
2	Stock Option	-	-
3	Sweat Equity	-	-
4	Commission	-	-
	- as % of profit	-	-
	- Others, specify	-	-
5	Others, specify	-	-
	Provident Fund	3,87,130	3,87,130
	Non-taxable Reimbursements	-	-
	Total	1,10,44,826	1,10,44,826

Notes:

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

B. Remuneration to other directors

(Amount in ₹)

B1: Independent Directors				
Name of Independent Directors	Fee for attending Board / committee meetings	Commission	Others, Specify	Total
Mr. Gautam Kanjilal	1,60,000	-	-	1,60,000
Mr. Rajiv Rajvanshi	1,20,000	-	-	1,20,000
Ms. Pushpa Chowdhary	1,20,000	-	-	1,20,000
Total B1	4,00,000	-	-	4,00,000
B2: Other Non-Executive Directors				
Name of Other Non-Executive Directors				
Mr. Girish Sundar Jhunjnuwala *	20,000	-	-	20,000
Mr. Ratan Jindal**	40,000	-	-	40,000
Total B2	60,000	-	-	60,000
Total B=(B1+B2)	4,60,000	-	-	4,60,000

* Mr. Girish Sundar Jhunjnuwala had resigned from the Chairmanship and Directorship of the Company w.e.f 12th August, 2016.

** Mr. Ratan Jindal ceased to be Director of the Company w.e.f 28th September, 2016

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

Sl. No.	Particulars of Remuneration	Mr. Janak Raj Goyal - Chief Financial Officer (resigned on 31st January, 2017)	Ms. Sandeep Gupta - Chief Financial Officer (appointed on 11th February, 2017)	Mr. Nitin Gupta - Company Secretary (since April, 2016)	Total Amount ₹
1	Gross salary				
(a)	Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961	60,52,488	82,76,904	7,11,155	1,50,40,547
(b)	Value of perquisites u/s 17(2) Income Tax Act, 1961	-	-	-	-
(c)	Profits in lieu of salary under section 17(3) Income Tax Act, 1961	-	-	-	-
2	Stock Option	-	-	-	-
3	Sweat Equity	-	-	-	-
4	Commission	-	-	-	-
	- as % of profit	-	-	-	-
	- Others, specify	-	-	-	-
5	Others, specify	-	-	-	-
	Provident Fund	2,16,000	2,59,200	26,961	5,02,161
	Non-taxable Reimbursements	-	-	-	-
	TOTAL	62,68,488	85,36,104	7,38,116	1,55,42,708

VII. Penalties / Punishment / Compounding of Offences

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

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

(A) Conservation of Energy

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

(I) The steps taken or impact on conservation of energy:

Shalimar Paints have three existing manufacturing facilities out of which Howrah Plant of the Company was under suspension since 12th March, 2014 and there was fire incident in Nasik Plant on 19th November, 2016 and till 31st March, 2017, the plant was non-operational. An ultra-modern new facility being commissioned near Chennai. All the existing manufacturing facilities continued their efforts to reduce the specific energy consumption. We have introduced systems to track and trend Energy consumption, with respect to Power purchased from grid, fuel used, etc, on a continuous basis. We have mapped energy norms at individual machine, product, individual block and at factory level. In addition, we have started internal benchmarking practices on energy performance, to compare the relative performance between plants. In that process, we have created platform to help share the good practices amongst different plants.

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

In addition, Process standardization & Batch cycle time reduction initiatives are taken to reduce the energy consumption in all your manufacturing plants. We have also debottlenecked few operations to help us operate at higher throughput rate, in that process reducing specific energy consumption.

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

- Paint manufacturing block roof structure is designed to have natural air circulation with turbo ventilators to reduce the cost of ventilation.
- Partial translucent roof sheets installed, aiding good lighting inside the process and storage areas, reducing cost of lighting.

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

- Capacitor bank reinforced to improve the power factor.
- Installation of flame proof LED inside of the plant.
- Replacement of energy guzzling conventional light with energy efficient LED lights.
- Replacement of old roof sheets with Translucent roof sheets over the processing floor and storage areas and periodical cleaning all these for efficient & optimal use of Solar day light.
- Incorporation of VFD for energy efficient operations in TSD & Sand Mill.
- Proper insulation of Thermic fluid heating unit & it's pipe lines to minimize heat loss.
- Installation of cooling tower for quick reduction of temperature from the machine shell & lower process cycle time.
- Optimized grinding media to mill base ratio in enamels manufacturing machine for energy efficient processing.
- Optimized mill base consistency during grinding process for efficient dispersion at lower energy.
- Compressed air leakages were audited in plants and leakages were arrested.
- Vacuum lines were made leakage free to reduce cycle time of batches made under vacuum.

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

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

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

The Company has not made any capital investment on energy conservation equipment during the financial year 2016-17. All improvements are achieved by better, improved, operating practices.

(B) TECHNOLOGY ABSORPTION

(I) The efforts made towards technology absorption:

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

- Development of new products & processes related to interior & exterior decorative coatings, industrial

Director's Report (Contd.)

protective coatings & maintenance coatings and their intermediates.

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

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

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

Following new products and packaging in Decorative & Industrial segments have been developed during the financial year 2016 – 17 :

- Zinc Chromate Yellow Green Primer
- Super Shaktiman Projects Acrylic Exterior Emulsion
- Xtra Tough Premium Acrylic Exterior Emulsion
- Superlac Advance Premium Acrylic Interior Emulsion
- Red Oxide Metal Primer
- Universal White Primer
- Solventless Food Grade Epoxy
- Quick Drying Alkyd Primer
- Phenolic Modified Coating
- Heat Resistance Coating
- Zinc Phosphate Primer.

Future plan of action :

- Designer Finishes – Signature Special Effect – metallic emulsion and metallic coating
- Texture Finishes
- Wood Finishes - Melamyne
- Ultra high build Polyurethane Coatings for pipelines
- Chromium free etch primer for galvanized & Aluminium Surfaces
- Water based primer & finish for OEM ancillaries

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

Initiatives towards Green products development :

Company has accorded highest priority in making the entire premium range of decorative products environment friendly - GREEN PRODUCTS.

Programs are continuing to make remaining products eco-friendly & free from toxic heavy metals, chemicals without affecting performance & with minimum or no impact on cost.

Special emphasis on mapping of toxicity levels of raw materials done with an objective to mitigate risk during handling, processing & application.

(IV) The expenditure incurred on Research and Development:

(₹ in Lacs)

Particulars	FY 2016-17	FY 2015-16
Capital	1.10	NIL
Recurring	184.89	199.34
Total	185.99	199.34

(C) FOREIGN EXCHANGE EARNINGS AND OUTGO

(₹ in Lacs)

(Equivalent INR value of various currencies)

Particulars	FY 2016-17	FY 2015-16
Inflow	91.74	5.1
Outflow	1804.38	1604.40

Director's Report (Contd.)

'Annexure - G' to Director's Report

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

Particulars of Employees

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

Relevant Clause u/r 5(1)	Prescribed Requirement	Details			
(i)	Ratio of the remuneration of each director to the Median Remuneration to the employees of the company for the financial year	Ratio of the remuneration of Mr. Surender Kumar (Managing Director and CEO) to the median remuneration of employees 20.91:1			
		Notes : 1. Sitting fees paid to the Directors have not been considered under this clause 2. For calculation of median remuneration overall payout is considered which includes basic salary, allowances, contribution towards provident fund, statutory bonus and excludes gratuity and leave encashment.			
(ii)	The percentage increase in remuneration of each director, CFO, CEO, Company Secretary or Manager, if any, in the financial year.	KMP	Remuneration 2016-17 (₹)	Remuneration 2015-16 (₹)	Change in %
		Mr. Surender Kumar	1,10,44,826	87,50,040	26.2%
		Mr. Sameer Nagpal	Nil	1,16,66,671	NA
		Mr. Chandan Arora	Nil	8,33,333	NA
		Ms. Bernadette Dominic	Nil	2,10,000	NA
		Mr. Janak Raj Goyal	6,268,488	NA	NA
		Mr. Sandeep Gupta	8,536,104	Nil	NA
		Mr. Nitin Gupta	738,116	1,16,667	NA
		Note: While calculating remuneration total cost to the Company is considered, which includes basic salary, allowances, contribution towards provident fund, statutory bonus, performance linked variable pay, gratuity and excludes leave encashment.			
(iii)	Percentage increase in median remuneration of employees in the financial year.	-7.21%			
		Note: For calculation of median remuneration overall payout is considered which includes basic salary, allowances, contribution towards provident fund, statutory bonus and excludes gratuity and leave encashment.			
(iv)	Number of permanent employee on the rolls of the company.	661 Employees			
(v)	Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration;	Average increase in the salaries of employees other than the managerial personnel is 5% which is in line with the average increase of 5% in the managerial remuneration. Note: while calculating remuneration total cost to the Company is considered, which includes basic salary, allowances, contribution towards provident fund, statutory bonus, performance linked variable pay, gratuity and excludes leave encashment.			
(vi)	Affirmation that the remuneration is as per the remuneration policy of the company.	It is affirmed that the remuneration paid to the Directors, Key Managerial Personnel and senior management is as per the Nomination and Remuneration Policy of your Company.			

Director's Report (Contd.)

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

1. Details of employees, employed throughout the financial year 2016-17, was in receipt of remuneration for that year which in aggregate, was not less than One Crore and Two Lacs Rupees

Name	Designation	Remuneration received	Qualification (years)	Experience	Joining Date	Age	Last employment
Mr. Surender Kumar	Managing Director & CEO	1,10,44,826	CA (ICAI)	More than 2 decades	30-May-15	52	Tega Industries Limited

2. Details of employees, employed for a part of the financial year 2016-17, was in receipt of remuneration for any part of that year, at a rate which, in the aggregate, was not less than Eight Lacs and Fifty Thousand Rupees per month: **NIL**
3. Details of employees, employed throughout the financial year or part thereof, was in receipt of remuneration in that year which, in the aggregate, or as the case may be, at a rate which, in the aggregate, is in excess of that drawn by the managing director or whole-time director or manager and holds by himself or along with his spouse and dependent children, not less than two percent of the equity shares of the company: **NIL**

Notes:

- None of the employees mentioned above is related to any Director of the Company within the meaning of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.
- Remuneration includes basic salary, allowances, contribution towards provident fund, statutory bonus, performance linked variable pay, gratuity and excludes leave encashment.
- All appointments are contractual and terminable by notice on either side.

REPORT ON CORPORATE GOVERNANCE

The Directors present the Company's Report on Corporate Governance pursuant to the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. Shalimar believes that sound Corporate Governance is critical to enhance and retain investor trust. As a responsible Business entity, Shalimar is committed to sound corporate practices based on conscience, openness, fairness, professionalism, transparency by disclosures, ethical practices etc., towards attaining performance with integrity and accountability, paving the way for enhancing investors' and stakeholders' confidence and thus ensuring long-term success. Governance at Shalimar is evolved by not only ensuring compliance with regulatory requirements but also by being responsive to the needs of stakeholders with rewarding environment. Shalimar strives for excellence with the twin objective of enhancing customer satisfaction and shareholders' value.

1. Company's Philosophy on Code of Governance

Shalimar strongly believes that sound corporate governance practices leads to the fulfilment of its goals and attainment of its objectives in a manner that adds value to its image, is beneficial for all the stakeholders in the long run and enhances its ability to secure their confidence. Good Corporate Governance starts at the top and continues down the line consistently. The Board of Directors and the Management take appropriate decisions and guide the Company in achieving the highest standards of excellence. Shalimar defines Corporate Governance as a systemic process by which companies are directed and controlled to enhance their wealth-generating capacity. Shalimar believes that any meaningful policy on Corporate Governance must empower the executive management of the Company. At the same time, Governance must create a mechanism of checks and balances to ensure that the decision-making powers vested in the executive management are used with care and responsibility to meet stakeholders' aspirations and societal expectations.

2. Board of Directors Composition

The Shalimar Board is a balanced Board, comprising Executive and Non-Executive Directors. The Non-Executive Directors include the Chairman and independent professionals. The present strength of the Board is four, of which one is Executive Director, including the CEO, and three are Non-Executive Independent Directors including one women Director.

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

During the year under review, Mr. Girish Sundar Jhunjhnuwala had resigned from the Chairmanship and Directorship of the Company w.e.f 12th August, 2016 and Mr. Ratan Jindal, Director of the Company, who retires by rotation at Annual General Meeting held in the year 2016, does not seek re-appointment, Hence, he ceased to be director of the Company w.e.f 28th September, 2016.

During the year under review, Mr. Gautam Kanjilal who was appointed as Director in the Annual General Meeting held in the year 2016, was designated as Chairman of the Company on 7th November, 2016.

Mr. Surender Kumar, was re-designated as CEO of the Company w.e.f 1st April 2016 and further re-designated as Managing Director and CEO of the Company w.e.f 12th August, 2016.

Mr. Rajiv Rajvanshi had resigned from the directorship of the Company w.e.f 24th May, 2017 and Mr. Alok Perti was appointed as an Additional Director of the Company w.e.f 24th May, 2017 in the category of Independent Non-Executive Director.

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

The Composition of the Board as on 31st March, 2017 and the requisite information, according to SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 are provided below:

Name of Director	DIN	Category	No. of Directorships (1)	As on 31st March, 2017	
				Membership and Chairmanship of Committees (2)	
				Member	Chairman
<i>Executive Director</i>					
Mr. Surender Kumar	00510137	Managing Director and CEO	2	--	--
<i>Non-Executive Directors</i>					
Mr. Gautam Kanjilal	03034033	Chairman-Independent Director	4	2	3
Ms. Pushpa Chowdhary	06877982	Independent Director	2	2	--
Mr. Rajiv Rajvanshi (*)	00036605	Independent Director	8	1	1

Director's Report (Contd.)

- (1) Excluding Private Companies, Section 8 Companies and Foreign Companies as per Companies Act, 2013 but including Directorship in Shalimar Paints Limited.
 - (2) Committees for this purpose mean Audit Committee and Stakeholders' Relationship Committee of Indian public companies, including Committees of Shalimar Paints Limited.
 - (3) None of the Directors are relatives of any other Director as per the provisions of Section 2 (77) of the Companies Act, 2013 read with Rule 4 of Companies (Specification of Definitions Details) Rules, 2014.
 - (4) None of the Directors hold equity shares in the Company as on 31st March, 2017.
- * Mr. Rajiv Rajvanshi resigned from the Directorship of the Company w.e.f 24th May, 2017.

Appointment/ Re-appointment of Directors

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

Mr. Alok Perti was appointed as an Additional Director by the Board of Directors of the Company at their meeting held on 24th May, 2017 and will vacate the office at the ensuing Annual General Meeting. A notice in writing has been received from the member of the Company in terms of Section 160 of the Company Act, 2013, signifying the intention to propose the appointment of Mr. Alok Perti as a Director of the Company.

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

Detailed profile and other information as required under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, of the aforesaid proposed appointees are provided in the Notice of the ensuing Annual General Meeting.

Board Meetings and Annual General Meeting

During the financial year 2016-17, four meetings of the Board of Directors were held i.e. on 28th May 2016, 12th August, 2016, 7th November, 2016, 11th February, 2017. The last Annual General Meeting (AGM) of the Company was held on 28th September, 2016. The necessary quorum was present for all the meetings.

Details of attendance of Directors at the Board Meetings held during the financial year 2016-2017 and at the last AGM are as follows:

Name of Director	Number of Board Meetings Attended (Total held during tenure)	Attendance at the last AGM
Mr. Girish Sundar Jhunjhnuwala *	1(2)	N.A.
Mr. Ratan Jindal **	2(2)	Absent
Mr. Surender Kumar	4(4)	Attended
Mr. Gautam Kanjilal	4(4)	Attended
Mr. Rajiv Rajvanshi ***	3(4)	Absent
Ms. Pushpa Chowdhary	3(4)	Absent

* Mr. Girish Sundar Jhunjhnuwala had resigned from the Chairmanship and Directorship of the Company w.e.f 12th August, 2016.

** Mr. Ratan Jindal, ceased to be director of the Company w.e.f 28th September, 2016.

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

Independent Directors

The Company has issued letter of appointment to all the Independent Directors and terms and conditions thereof have been disclosed on the website of the Company i.e., www.shalimarpaints.com.

Board Procedures

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

Director's Report (Contd.)

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

The Board has complete access to the relevant information of the Company and to all the employees of the Company. The details of information as per provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 are shared on a regular basis with the Board along with other specific information.

Code of Conduct

The Company has adopted the Code of Conduct for the members of the Board and Senior Management Personnel of the Company. The Code is available on the Company's website www.shalimarpaints.com.

A declaration signed by Mr. Surender Kumar, Managing Director and CEO of the Company, pursuant to SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, regarding receipt of affirmation from all the members of the Board and Senior Management Personnel regarding compliance with Code of Conduct of the Company during the year under review is attached.

Code for Prevention of Insider Trading Practices

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

Disclosures of Accounting Treatment

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India to comply with the Accounting Standards notified Section 133 of the Companies Act, 2013 ("the Companies Act"). The financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

Training of Directors

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

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

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

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

Familiarization Program

The Company has Familiarization Program for Independent Directors to familiarize them with regard to their roles, rights, responsibilities in the Company, alongwith industry, business operations, business model, code of conduct and policies of the Company etc.

The Directors are given periodic presentation in the Board and Committee meetings in order to provide details on the business and performance updates, Company's strategy and operating plans, product offerings, finance and risk management system etc.

The detailed familiarisation program for Independent Directors is available on the Company's website www.shalimarpaints.com.

3. Audit Committee

The Audit Committee of the Board provides reassurance to the Board on the existence of an effective internal control environment that ensures:

- efficiency and effectiveness of operations, both domestic and overseas.
- safeguarding of assets and adequacy of provisions for all liabilities.
- reliability of financial and other management information and adequacy of disclosures.
- compliance with all relevant statutes.

The role of the Committee includes the following:

- (a) To oversee the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible;
- (b) To recommend the appointment, remuneration, terms of appointment and removal of Statutory Auditors;
- (c) To approve transactions of the Company with related parties, including modifications thereto;
- (d) To review and monitor the Statutory Auditors' independence and performance, and effectiveness of the audit process;
- (e) To evaluate the Company's internal financial controls and risk management systems;
- (f) To review the following:
 - (i) Annual financial statements and Auditors' Report thereon before submission to the Board for approval;
 - (ii) Quarterly financial statements before submission to the Board for approval;
 - (iii) Management discussion and analysis of financial condition and results of operations;
 - (iv) Adequacy of internal control systems and the Company's statement on the same prior to endorsement by the Board, such review to be done in consultation with the management, Statutory and Internal Auditors;
 - (v) Reports of Internal Audit and discussion with Internal Auditors on any significant findings and follow-up thereon;
 - (vi) System for storage, retrieval, security etc. of books of account maintained in the electronic form;
 - (vii) Functioning of Whistle Blower mechanism in the Company.

As on 31st March 2017, the Committee comprised of three Non-Executive Independent Directors under the Chairmanship of Mr. Gautam Kanjilal. The Composition of the Audit Committee is in compliance with the provisions of Section 177 of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015.

The Company Secretary acts as the Secretary of the Committee. The Committee met four times during the year under review, i.e., on 28th May 2016, 12th August 2016, 7th November 2016 and 11th February, 2017. The attendance of the members of the Committee is given below:-

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

* Resigned from the Directorship of the Company and Membership of the Committee w.e.f 24th May, 2017. *Mr. Alok Perti had been appointed as Member of the Committee w.e.f 24th May, 2017.*

4. Nomination and Remuneration Committee

The Nomination and Remuneration Committee of the Board, identifies persons qualified to become Directors and formulates criteria for evaluation of the Directors and the Board. The Committee's role also includes recommending to the Board the appointment, remuneration and removal of Directors, and managers one level below Director. This Committee also has the responsibility for administering the Employee Stock Option Schemes of the Company.

As on 31st March 2017, the Committee comprised of three Non-Executive Independent Directors under the Chairmanship of Mr. Rajiv Rajvanshi. The Committee was reconstituted on 7th November, 2016. The composition of the Nomination and Remuneration Committee is in compliance with the provisions of Section 178 of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The Company Secretary acts as the Secretary of the Committee. The Committee met four times during the year under review, i.e., on 28th May 2016, 12th August 2016, 7th November 2016 and 11th February 2017. The attendance of the members of the Committee is given below:

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

* Appointed as Chairman of the Committee w.e.f 7th November, 2016. Resigned from the Directorship of the Company and Membership of the Committee w.e.f 24th May, 2017. *Mr. Alok Perti had been appointed as Chairman of the Committee w.e.f 24th May, 2017.*

** Ceased to be the Chairman of the Committee w.e.f 7th November, 2016. However, continue to act as Member of the Committee.

Director's Report (Contd.)

Nomination and Remuneration Policy

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

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

All the non-executive Directors are being paid sitting fees for attending meetings of the Board and Committees thereof. The Executive Director is being paid remuneration as approved by the Shareholders of the Company and subject to the approval of the Central Government.

The details of sitting fees paid to the non-executive directors during the financial year 2016-17 are given below:-

Name of Director	Sitting Fees (₹)
Mr. Girish Sundar Jhunjhnuwala*	20,000
Mr. Ratan Jindal**	40,000
Mr. Gautam Kanjilal	1,60,000
Mr. Rajiv Rajvanshi	1,20,000
Ms. Pushpa Chowdhary	1,20,000

* Mr. Girish Sundar Jhunjhnuwala had resigned from the Directorship of the Company w.e.f 12th August, 2016.

** Mr. Ratan Jindal ceased to be Director of the Company w.e.f 28th September, 2016.

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

Name	Salary	Other Allowances	Contribution to PF and Other funds	Total	Period of Agreement	Notice Period
Mr. Surender Kumar	87,91,096	18,66,690	3,87,130	1,10,44,916	Attain the age of superannation / retirement which is 60 years	Three months notice by either party

5. Stakeholders' Relationship Committee

The Stakeholders' Relationship Committee has the mandate to review and redress shareholders grievances. The composition of the Stakeholders Relationship Committee is in compliance with the provisions of Section 178 of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

As on 31st March 2017, the Committee comprised of Mr. Rajiv Rajvanshi, Mr. Gautam Kanjilal and Ms. Pushpa Chowdhary under the Chairmanship of Mr. Rajiv Rajvanshi.

Mr. Rajiv Rajvanshi resigned from the directorship of the Company and Membership of the Company w.e.f 24th May, 2017 and Mr. Alok Perti was appointed as an Additional Director and Chairman of the Committee w.e.f 24th May, 2017. The details of the complaints, excluding correspondences which are not in the nature of complaints, are given below:-

No. of complaints pending as on 1st April, 2016	Nil
No. of complaints received during the year	6
No. of complaints redressed during the year	6
No. of complaints pending as on 31st March, 2017	Nil

It is the policy of the Company to promptly attend to and resolve the complaints received from the shareholders. The Board of Directors of the Company has delegated the power of transfer and transmission of shares to the Registrar and Share Transfer Agents of the Company who are attending these transfer formalities fortnightly, under the overall supervision of the Company's Secretarial Department.

6. Corporate Social Responsibility (CSR) Committee

The role of the CSR Committee of the Board is to review, monitor and provide strategic direction to the Company's CSR and sustainability practices towards fulfilling its triple bottom line objectives. The Committee seeks to guide the Company in integrating its social and environmental objectives with its business strategies and assists in crafting unique models to support creation of sustainable livelihoods. The Committee formulates & monitors the CSR Policy and recommends to the Board the annual CSR Plan of the Company in terms of the Companies Act, 2013.

As on 31st March, 2017, the Committee comprised of three members namely Mr. Surender Kumar, Mr. Rajiv Rajvanshi and Ms. Pushpa Chowdhary under the Chairmanship of Mr. Surender Kumar. However, Mr. Rajiv Rajvanshi had resigned from the directorship of the Company and Membership of the Committee w.e.f 24th May, 2017 and Mr. Alok Perti had been appointed as Member of the Committee.

The Company's Corporate Social Responsibility Policy is available on the Company's website at www.shalimarpaints.com.

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

Director's Report (Contd.)

7. Subsidiary Companies

The Company has two unlisted subsidiary companies, which are not material as per the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Audit Committee of the Company reviews the financial statements of these Subsidiaries.

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

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

Your Company does not have a material non-listed Indian subsidiary.

The Company's Policy on Material Subsidiaries is available on the Company's website at www.shalimarpaints.com.

8. CEO/CFO Certification

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

Company's website:

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

9. General Body Meetings

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

Financial year ended	Date & Time	Venue	Items approved by Special Resolution
31 st March, 2016	September 28, 2016 at 11:00 A.M.	Galaxy Hotel Shopping & Spa, NH-8, Sector 15, Part-II, Gurgaon-122001	<ul style="list-style-type: none"> • Revision in the terms of the Payment of the Remuneration to the Managing Director of the Company w.e.f 1st October, 2015 • Revision in the terms of the Payment of the Remuneration to the Managing Director of the Company w.e.f 1st April, 2016 • Appointment of Managing Director and CEO of the Company • Waiver of excess remuneration payable to Ex-Managing Director & CEO of the Company • Adoption of new set of Articles of Association of the Company • Adoption of new set of Memorandum of Association of the Company
31 st March, 2015	September 28, 2015 at 12:00 Noon	The Lake Land Country Club, Kona Expressway, P.O. Munshidanga, P.S. Domjur, Howrah-711403	<ul style="list-style-type: none"> • Appointment of Mr. Surender Kumar as a Whole-time Director and COO & CFO of the Company.
31 st March, 2014	September 26, 2014 at 12:00 Noon	The Lake Land Country Club, Kona Expressway, P.O. Munshidanga, P.S. Domjur, Howrah-711403	<ul style="list-style-type: none"> • To give powers to Board to create charge on Company's property • To give powers to Board to borrow money • For keeping index and register of members at any place other than the Registered office of the Company • Revision in the terms of the Payment of the Remuneration to the Managing Director of the Company

During the year under review, no special resolution was passed through Postal Ballot.

10. Disclosure

There were no materially significant related party transactions i.e. transactions of material nature made by the Company with its promoters, directors or the management, their subsidiaries or relatives etc. that may have potential conflict with the interest of the Company at large. The requisite disclosure on 'Related Party Transactions' pursuant to Accounting Standard 18 has been given in Note No. 2.40 of Notes to the Accounts. The Company has adopted a Policy on Related Party Transaction which is posted on the Company's website at www.shalimarpaints.com.

No strictures or penalties have been imposed on the Company by the Stock Exchanges or the Securities and Exchange Board of India (SEBI) or any other statutory authority on any matter related to capital market during the last three years.

Director's Report (Contd.)

The Company has established a Vigil Mechanism for Directors and Employees to report concerns about unethical behavior, actual or suspected fraud or violation of the Company's Code of Conduct. This mechanism provides adequate safeguards against victimization of whistle blower who avails of the mechanism and it also provides direct access to the Chairman of the Audit Committee in exceptional cases. The Whistle Blower Policy has been uploaded on the Company's website at www.shalimarpaints.com. During the year under report, there has been no incidence reported under Vigil Mechanism and no personnel has been denied access to the audit committee.

The Company has complied with all mandatory requirements of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015. The Company has also adopted non-mandatory requirement viz. the Company has moved towards a regime of unqualified financial statements.

11. Management Discussion and Analysis

Industry Structure and Development

The Indian paint industry has been witnessing a gradual shift in the preferences of people from the traditional whitewash to higher quality paints like emulsions and enamel paints, which is providing the basic stability for growth of Indian paint industry. Besides, it is creating a strong competitive market, where players are utilizing different strategies to tap the growing demand in the market for a larger share.

The Company is present in Paints and Coatings segments. The decorative paint market is segmented into high and medium end acrylic exterior and interior emulsions and enamel paints, low end distempers, wall putty, primers, cement paints, and wood coatings. They can also be broadly categorised into water and solvent based paints. The mid income group sector in India has a major share of decorative paints segment. Thus any benefit to the mid income group sector for improving the dispensable income is directly co-related to the growth of the paint industry.

Decorative Paints account for a major part of the industry. The main drivers for the growth of this sector have been shortening of the repainting cycle and increased demand from smaller towns. Another important driver for demand of Decorative paints is the new homes backed by easy availability of finance.

Industrial Paints is essentially a B2B business and is technology intensive with a diverse set of growth drivers, which include key customer relationships, sustained focus on R&D and innovation and strong emphasis on selling a solution rather than a product.

Industry Outlook

As per the analysis, Indian paints industry by value and volume, is expected to grow at a CAGR of around 12% during 2016-17 to 2021-22 in value terms. Our research is an outcome of extensive primary & secondary research, where industry trends are being identified.

Further, decorative paints have the maximum demand. The Company will enhance capacity in phases taking advantage of its multiple locations all over India, introduce new products, strengthen servicing capabilities and bolster logistics, distribution and storage capability.

Opportunities and Threats

Paint Industry in India is driven by growth not only in construction activities but also in industrial development. Media exposure and innovative marketing initiatives by the players have also added impetus to increasing awareness about latest trends prevalent in the sector. Due to increased Government funding for infrastructure, paint industry is poised for growth.

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

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

Risk and Concerns

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

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

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

Internal Control Systems

The internal control system is an integral part of the general organizational structure of the Company. The system is highly structured and totally in sync with the size and nature of its business. This process is aimed at pursuing the

values of both procedural and substantial fairness, transparency and accountability. External audit firms are appointed at various locations of the Company to conduct regular audits. The internal control system is basically a set of rules, regulations, policies and procedures which run on softwares with in-built authorizations for enhanced control. The organisation is appropriately staffed with qualified and experienced personnel for implementing and monitoring the internal control environment.

Financial Performance

The financial year 2016-17 had been a challenging year for us. The Company revenue from operations and other income of the Company for the financial year 16-17 stood at ₹ 37,135.52 lacs as against ₹ 40,435.30 lacs in the previous year. In the Industrial and Decorative segment, your company had launched quite a few new products.

Segment-wise or product wise performance

The Company offers an extensive range of Decorative paint (exterior and interior segments) and Industrial paints. The portfolio of the Company spans across multiple product categories and price points catering to a wide variety of consumers.

The Company is consolidating its presence in the consumer business to emerge as a strong contender in the Indian Paint Industry. During the year under review, in the Decorative segment, your Company had launched new products namely, Zinc Chromate Yellow Green Primer, Super Shaktiman Projects Acrylic Exterior Emulsion, Xtra Tough Premier Acrylic Exterior Emulsion, Superlac Advance Premium Acrylic Interior Emulsion and in decorative packaging segment, Red Oxide Metal Primer, Universal White Primer and in the Industrial Product segment, your Company had launched Solventless Food Grade Epoxy, Quick Drying Alkyd Primer, Phenolic Modified Coating, Heat Resistance Coating and Zinc Phosphate Primer. Today, Shalimar Paints has a robust product range comprising of Emulsions, Enamels, Distempers, Wood finishes, Cement Paints and Floor colours. To cater to wide color range, the company also offers shade markers under the brand "Color Space". Color Space creates shades instantly at dealer outlets with colorants for base paints manufactured by the company. With over 15 colorants and 6 bases across product lines, we offer a palette of over 2000+ shades. The machine is available in both manual and automatic options.

HR Initiatives

Our employees are our foundation and pillar that hold the organization strong and tall. We at Shalimar believe in on boarding potential resources, giving them a learning environment and opportunities to develop and grow along with the organization.

We as a company are committed to being an Equal Opportunity employer and recruit applicants based on their knowledge, potential and learning appetite. The employee on joining undergoes a functional and cultural familiarization process through our induction process. The company lays a lot of emphasis on capability building through right mix of on-the-job training and class room training.

At Shalimar we lay a lot of emphasis on transparent and open two- way communication between the management and the employee. To ensure this continuous flow of communication various channels like Internal Newsletter, Townhalls, Skip level meeting, Grievance Handling Procedure are used cross locations.

Another area the company is laying a lot of emphasis on Health and Safety of employees. Along with EHS policy and its extensive communication, session are organized on Fire Fighting, First Aid and General safety at workplace.

12. Means of Communication

Financial Results - In accordance with the Listing Regulations, the quarterly/half-yearly/annual results are regularly submitted to the BSE and the National Stock Exchange, and generally published in leading business newspaper, namely, Financial Express (English – All Editions) & Regional newspaper namely, Jansatta (Hindi).

Company's Website - The official news releases, including quarterly, half yearly and annual results are posted on Company's website (www.shalimarpaints.com). Various sections of the Company's website keep the investors updated on the key and material developments of the Company by providing timely information like Board profile, press release, financial results, annual reports, shareholding pattern etc.

The Company has not made any presentation to institutional investors or analysts during the year under review.

13. General Shareholder Information:

- a) As indicated in the Notice dated 10th August, 2017, the 115th Annual General Meeting of the Company will be held on 28th September, 2017 at 11:00 A.M. at Galaxy Hotel Shopping & Spa, NH-8, Sector 15, Part – II, Gurgaon – 122001.
- b) The Register of Members and Share Transfer Books of the Company will remain closed from Friday 22nd September, 2017 to Thursday 28th September, 2017 both days inclusive.
- c) Financial Calendar for Financial Year 2017-18 (Tentative): The Company follows April 01 to March 31 as its Financial Year. The Financial Calendar for year 2017-18 is as follows:

First Quarter Results	: On or before August 14, 2017
Second Quarter/ Half yearly results	: On or before November 14, 2017
Third Quarter Results	: On or before February 14, 2018
Fourth Quarter / Audited Annual results	: On or before May 30, 2018

Director's Report (Contd.)

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

Stock Code

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

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

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

Month	BSE		NSE	
	High	Low	High	Low
April, 2016	158.5	110.5	158.4	110.5
May, 2016	150.1	128.5	149	128.25
June, 2016	150	118	148.8	121
July, 2016	161.2	131	161	130.8
August, 2016	223.6	149	223.5	141.95
September, 2016	215.5	189	216	190
October, 2016	219.9	191	210.65	191.5
November, 2016	200.65	118.45	201	119.65
December, 2016	159.5	129.65	160	129
January, 2017	171	142	168.25	142.5
February, 2017	160.9	143	160.25	141
March, 2017	174.4	143	174.8	140

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

Month	Company's Share Price		BSE Sensex	
	High	Low	High	Low
April, 2016	158.5	110.5	26100.54	24523.2
May, 2016	150.1	128.5	26837.2	25057.93
June, 2016	150	118	27105.41	25911.33
July, 2016	161.2	131	28240.2	27034.14
August, 2016	223.6	149	28532.25	27627.97
September, 2016	215.5	189	29077.28	27716.78
October, 2016	219.9	191	28477.65	27488.3
November, 2016	200.65	118.45	28029.8	25717.93
December, 2016	159.5	129.65	26803.76	25753.74
January, 2017	171	142	27980.39	26447.06
February, 2017	160.9	143	29065.31	27590.1
March, 2017	174.4	143	29824.62	28716.21

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

Month	Company's Share Price		NSE Nifty	
	High	Low	High	Low
April, 2016	158.4	110.5	7992	7516.85
May, 2016	149	128.25	8213.6	7678.35
June, 2016	148.8	121	8308.15	7927.05
July, 2016	161	130.8	8674.7	8287.55
August, 2016	223.5	141.95	8819.2	8518.15
September, 2016	216	190	8968.7	8555.2
October, 2016	210.65	191.5	8806.95	8506.15
November, 2016	201	119.65	8669.6	7916.4
December, 2016	160	129	8274.95	7893.8
January, 2017	168.25	142.5	8672.7	8133.8
February, 2017	160.25	141	8982.15	8537.5
March, 2017	174.8	140	9218.4	8860.1

Director's Report (Contd.)



- g) MCS Share Transfer Agent Limited having its office at F-65, 1st Floor, Okhla Industrial Area, Phase-I, New Delhi - 110020, Phone Nos. 011-41406149, Fax.: 011-41709881 are the Registrar and Share Transfer Agents of the Company for both physical as well as demat segment.
- h) The share transfer work is being carried out by the Company's Registrar and Transfer Agent (RTA), who are also having connectivity with the depositories, viz., NSDL and CDSL. The power of approving the transfer of shares has been delegated to the RTA so that they can attend to the share transfer formalities on fortnightly basis.
- i) The distribution of shareholdings as on 31st March, 2017 is given below:-

	No. of Shareholders	Percentage	No. of Shares held	Percentage
Up to 500	10655	85.66	1307737	6.90
501 to 1000	955	7.68	761767	4.02
1001 to 2000	414	3.33	633332	3.34
2001 to 3000	134	1.08	343944	1.82
3001 to 4000	68	0.55	241394	1.27
4001 to 5000	51	0.41	238229	1.26
5001 to 10000	76	0.61	543996	2.87
10001 to 50000	62	0.50	1265746	6.68
50001 to 100000	9	0.07	617434	3.26
& above	14	0.11	12992396	68.58
Total	12438	100.00	18945975	100.00

- j) Category of shareholders as on 31st March, 2017 are given below:

	No. of shares	Percentage
Promoters	11803150	62.30
Financial Institutions	11327	0.06
NRI/NRC/FIIs	192360	1.01
General	6939138	36.63
Total	18945975	100.00

- k) Dematerialization of Shares and liquidity: As on 31st March, 2017, 97.64% of Equity shares are in dematerialized form.
- l) The Company's plants are located at the following places:
- P.O. Danesh Shaikh Lane, Goabera, Howrah, West Bengal (Operations suspended due to fire accident in the month of March, 2014)
 - Village: Gonde Dumala, Tehsil: Igatpuri, Nasik (Operations suspended due to fire accident in the month of November, 2016)
 - No.A-1 and A-2 Sikandrabad Industrial Area, Sikandrabad, Dist. Bulandsahar, Uttar Pradesh and
 - Chinnapuliyur Village, Gummidipoondi Taluk, Thiruvallur, Chennai.
- m) Address for Correspondence: Secretarial Department, Shalimar Paints Limited, Stainless Centre, 4th Floor, Plot No 50, Sector, 32, Gurugram, Haryana - 122001
- n) E-Mail ID of the Grievance Redressal Division/Compliance Officer exclusively for the purpose of registering complaints by the Investors: askus@shalimarpaints.com

For and on behalf of the Board

Dated : 10th August, 2017
Place : Gurugram

Surender Kumar
Manging Director and CEO
DIN: 00510137

Pushpa Chowdhary
Director
DIN: 06877982

DECLARATION

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

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

Dated : 1st April, 2017
Place : Gurugram

Surender Kumar
Managing Director and CEO
DIN: 00510137

Report on Corporate Governance

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

To,
The Members of Shalimar Paints Limited

We have examined the compliance of conditions of Corporate Governance by Shalimar Paints Limited, for the year ended March 31, 2017, as stipulated in the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination is limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of 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 explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

We state that all investor grievances were redressed within 30 days of lodgment of grievance and as on 31.03.2017, no investor complaint is pending against the Company as per the records maintained by the Stakeholders' Relationship Committee.

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

For Arun Goel & Associates
(Company Secretaries)

Dated : 20th April, 2017
Place : Faridabad

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

Independent Auditors' Report

To the Members of Shalimar Paints Limited

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of Shalimar Paints Limited ('the Company'), which comprise the Balance Sheet as at 31 March 2017, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone 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 and presentation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Amendment Rules, 2016. 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 financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

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

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.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2017 and its loss and its cash flows for the year ended on that date.

Emphasis of Matters

- (i) The Company has de-commissioned its Chennai Plant, due to technical reasons, with effect from 06th April 2015; and on de-commissioning, depreciation on fixed assets located at the said plant, has not been charged to revenue. The said assets will be put to use once the plant restarts & depreciation thereon will be charged thereafter. (Note 2.45 of audited accounts)
- (ii) We have been informed that the insurance claims of loss for damage of building & inventories due to fire in Howrah & Nasik Plants are yet to be assessed by the Insurer & claim have been accounted for on estimated book value basis. Fixed assets and inventories, except the said damaged assets, have been verified & valued by the management, with no material discrepancy. (Note 2.46 of audited accounts)
- (iii) Some of the debtors, creditors & advances are pending confirmation /reconciliation, and impact of the same on financial statements, if any, is unascertained. (Note 2.50 of audited accounts)
- (iv) The Company following the Court Order has given a portion of its land, as security. (Note 2.48 of audited accounts)

Our opinion is not modified in respect of these matters.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ('the Order') issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the 'Annexure -A', a statement on the matters specified in the paragraph 3 and 4 of the Order.
2. As required by Section 143 (3) of the Act, we report that:
 - a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were

Independent Auditors' Report (Contd.)

necessary for the purposes of our audit.

- b) in our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
- c) the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
- d) in our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Amendment Rules, 2016;
- e) on the basis of the written representations received from the directors as on 31 March 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2017 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-B**'
- g) with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Amendment Rules, 2017, 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 financial statements – *Refer Note 2.29 to the financial statements;*
 - ii) The Company did not have any long term contracts including derivation contracts for which there are any material foreseeable losses.
 - iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
 - iv) The company had provided requisite disclosures in its financial statements as to holdings as well as dealings in Specified Bank Notes(SBN) during the period from November 8, 2016 to December 30, 2016, and such disclosures are in accordance with the books of accounts maintained by the company.

For **Chaturvedi & Partners**
Chartered Accountants
(Firm Reg. No. 307068E)

Place : Gurugram
 Date : 24th May.2017

Anup Kumar Dubey
 Partner
 Mem. No. 054975

Annexure-A' to the Auditors' Report

The Annexure referred to in our Independent Auditors' Report to the members of **Shalimar Paints Limited** (the Company) on the standalone financial statements for the year ended 31 March 2017, we report that:

- (i) (a) Fire in Company's Howrah Plant during financial year 2013-14 & Nasik Plant during current financial year 2016-17, has damaged its fixed assets comprising Building, Plant & Machineries, etc situated therein.
 The fixed assets register of Howrah Plant (showing full particulars, including quantitative details and situation of fixed assets) maintained at Company's erstwhile registered office at Howrah, was also destroyed in fire. Re- construction of fixed assets register giving quantitative details and situation of fixed assets is already being done.
 Except as reported above, the Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) Except damaged fixed assets as stated above, other fixed assets of the Company have been verified periodically by the management during the year in a phased manner, which in our opinion is reasonable, having regard to the size of the Company and nature of its assets. Since the complete fixed assets register could not be made available to us for the reason stated in (i)(a) above, we are unable to comment on para 3(1) (b) of the 'Order' - whether any material discrepancies on physical verification existed as compared to fixed assets register.
- (c) According to information and explanations given to us, and on the test basis examination of records of the Company, the title deeds of immovable properties are held in the name of the Company.
- (ii) The inventories (except burnt/damaged due to fire in Howrah & Nasik Plants) have been physically verified by the management at regular intervals during the year. There were no material discrepancies noticed on physical verification of inventory as compared to the book records.
- (iii) The Company is to receive ₹672.83 lacs from its subsidiary, Shalimar Adhunik Nirman Limited(SANL) which is shown as 'Long Term Loans & Advances' in Note 2.13 of the Financial Statement. The said advances (unsecured & interest bearing) include consideration money for transfer of assets by the Company to SANL. The terms and conditions of said advances are not prejudicial to the Company's interest.

Independent Auditors' Report (Contd.)

As per information & explanation given to us there is no schedule of repayment of loan & advances comprising principal and interest thereon. As confirmed by the Company, such loans & advances, are repayable on demand, and there is no overdue amount.

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

- (iv) In our opinion and according to information and explanations given to us, the Company has complied with the provisions of section 185 & 186 of the Companies Act, 2013 with respect to loans and advances made.
- (v) The Company has not accepted any deposits from the public; and hence, para 3(v) of the Order is not applicable.
- (vi) The Central Government has prescribed maintenance of Cost Records under Section 148(1) of the Companies Act, 2013 in respect of certain manufacturing activities of the Company. We have broadly reviewed the accounts and records of the Company in this connection and are of the opinion, that prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the same.
- (vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted / accrued in the books of account in respect of undisputed statutory dues including Provident Fund, Employees' State Insurance, income tax, sales tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues, as applicable, have been generally/regularly deposited during the year by the Company to the appropriate authorities.

According to the information and explanations given to us, no undisputed amounts payable in respect of aforesaid statutory dues were in arrears on 31 March 2017 for a period of more than six months from the date they became payable.

- (b) According to the information and explanations given to us, there are no material dues of income tax or sales tax or wealth tax or service tax or duty of customs or duty of excise or value added tax which have not been deposited with the appropriate authorities on account of any dispute, except the following disputed statutory dues aggregating ₹ 1227.56 lacs (Note- 2.29).

SI No.	Name of the statute	Nature of Dues	Forum where dispute is pending	Amount (₹ in lacs)
01.	Central Excise Act, 1944	Excise Duty	Various Assessing, Appellate & Tribunal Authorities	391.86
02.	Sales Tax Act	Sales Tax	Various Assessing, Appellate, Tribunal & Revision Board Authorities	772.97
03	Income Tax Act, 1961	Income Tax	Various Assessing, Appellate, Tribunal Authorities	62.73
			TOTAL	1227.56

- (viii) As per the information and explanations given to us, the Company has not materially defaulted in repayment of loans or borrowings to a financial institution, bank, government or dues to debenture holders, and all the borrowings by the Company are held to be standard assets by the lenders.
- (ix) The Company has not raised any money by way of initial public offer or further public offer (including debt instruments) and term loan; hence Para 3(ix) of the Order is not applicable.
- (x) Based on the audit procedures performed for reporting on the true & fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud by the Company or fraud on the Company on or by the Company by its officers / employees has been noticed or reported during the year under audit.
- (xi) Managerial remuneration has been paid / provided by the Company in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act.
- (xii) The Company is not a Nidhi Company; hence Para3(xii) of the Order is not applicable.
- (xiii) Transactions with the related parties are in compliance with Section 177 and 188 of Companies Act, 2013, and the details have been disclosed in the Financial Statements etc. as required by the applicable accounting standards.
- (xiv) The company has not made any preferential allotment / private placement of shares or fully or partly convertible debentures during the year under review; hence Para3(xiv) of the Order is not applicable.
- (xv) The company has not entered into any non-cash transactions with directors or persons connected with him; hence Para3(xv) of the Order is not applicable.
- (xvi) The company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934; hence Para3(xvi) of the Order is not applicable.

For Chaturvedi & Partners
Chartered Accountants
(Firm Reg. No. 307068E)

Anup Kumar Dubey
Partner
Mem. No. 054975

Place : Gurugram
Date : 24th May.2017

Independent Auditors' Report (Contd.)

'Annexure- B' to the Auditors' Report

Report on the Internal Financial Controls under Clause (i) of sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act')

We have audited the internal financial controls over financial reporting of Shalimar Paints Limited ('the Company') as of 31 March 2017 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the 'Guidance Note') and the Standards on Auditing, both issued by ICAI and deemed to be 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 which are applicable to an audit of internal financial controls, 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 were 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 control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company, (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of the Management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, and adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2017, 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.

JF For **Chaturvedi & Partners**
Chartered Accountants
(Firm Reg. No. 307068E)

Place : Gurugram
Date : 24th May.2017

Anup Kumar Dubey
Partner
Mem. No. 054975

Standalone Balance Sheet as at 31st March 2017



Particulars	Note No.	(₹ in Lacs)	
		As at 31.03.2017	As at 31.03.2016
I. EQUITY AND LIABILITIES			
1. Shareholders' fund			
(a) Share Capital	2.1	378.93	378.93
(b) Reserve and Surplus	2.2	5,569.74	6,228.36
		<u>5,948.67</u>	<u>6,607.29</u>
2. Non-Current Liabilities			
(a) Long-Term Borrowings	2.3	2,367.07	3,356.71
(b) Other Long Term Liabilities	2.4	27.60	30.38
(c) Long- Term Provisions	2.5	797.92	771.64
		<u>3,192.59</u>	<u>4,158.73</u>
3. Current Liabilities			
(a) Short Term Borrowings	2.6	10,768.51	9,402.18
(b) Trade Payables	2.7	16,022.09	15,688.18
(c) Other Current Liabilities	2.8	2,919.11	3,227.72
(d) Short Term Provision	2.9	5.85	4.89
		<u>29,715.56</u>	<u>28,322.97</u>
Total		<u><u>38,856.82</u></u>	<u><u>39,088.99</u></u>
II ASSETS			
1. Non Current Assets			
(a) Fixed Assets	2.10		
(i) Tangible Assets		5,958.12	6,487.13
(ii) Intangible Assets		185.38	257.18
(iii) Capital Work -In -progress		1,373.99	553.15
(b) Non current Investment	2.11	64.73	84.73
(c) Deferred Tax Assets (Net)	2.12	712.15	344.91
(d) Long - Term loans and Advances	2.13	1,612.49	1,233.47
		<u>9,906.86</u>	<u>8,960.57</u>
2. Current Assets			
(a) Current Investment	2.14	285.47	-
(b) Inventories	2.15	9,255.34	11,092.13
(c) Trade receivable	2.16	12,469.95	14,324.19
(d) Cash and Cash equivalents	2.17	1,194.99	896.15
(e) Short term loans and advances	2.18	650.91	553.67
(f) Other current assets	2.19	5,093.30	3,262.28
		<u>28,949.96</u>	<u>30,128.42</u>
Total		<u><u>38,856.82</u></u>	<u><u>39,088.99</u></u>
Significant Accounting Policies and Notes on Accounts	1 & 2		

Notes referred to above form an integral part of the Accounts

This is the Balance sheet referred to in our report of even date

For **CHATURVEDI & PARTNERS**

Chartered Accountants
(Firm Regn. No. 307068E)

For and on behalf of the Board

Anup Kumar Dubey
Partner
(Mem. No. 054975)

Pushpa Chowdhary
Director
DIN: 06877982

Surender Kumar
Managing Director and CEO
DIN: 00510137

Sandeep Gupta
Chief Financial Officer

Nitin Gupta
Company Secretary
Mem No. F8485

Gurugram
May 24, 2017

Standalone Statement of Profit and Loss for period



		(₹ in Lacs)		
Sr. No.	Particulars	Note No.	2016-17	2015-16
I.	Revenue from Operations	2.20	41,360.08	45,262.26
	Less : Excise Duty		4,433.06	4,968.93
			36,927.02	40,293.33
II.	Other Income	2.21	208.50	141.97
III.	Total Revenue (I + II)		37,135.52	40,435.30
IV.	Expenses :			
	Cost of materials consumed	2.22	19,056.67	23,541.61
	Purchases of Stock-in-trade	2.23	4,204.23	3,222.61
	Changes in inventories of finished goods, work-in-progress and Stock-in-trade	2.24	1,098.58	(481.80)
	Employee benefits expense	2.25	3,478.52	3,464.98
	Finance Costs	2.26	2,257.13	2,215.13
	Depreciation and amortization expense	2.10	421.97	504.01
	Other expense	2.27	7,645.37	7,537.21
	Total Expenses		38,162.47	40,003.75
V.	(Loss)/ Profit before exceptional and extraordinary items and tax (III-IV)		(1,026.95)	431.55
VI.	Exceptional Items		-	-
VII.	(Loss) / Profit before extraordinary items and tax (V-VI)		(1,026.95)	431.55
VIII.	Extraordinary items		-	-
IX.	(Loss) / Profit before tax (VII - VIII)		(1,026.95)	431.55
X.	Tax expense:			
	(1) Current Tax		-	-
	(2) Deferred Tax		(367.24)	(95.97)
			(367.24)	(95.97)
XI.	(Loss) /Profit for the period from continuing operations (IX-X)		(659.71)	527.52
XII.	Profit/(Loss) for the period (IX- X)		(659.71)	527.52
XIII.	Earnings per equity share:			
	Basic		(3.48)	2.79
	Diluted		(3.46)	2.76

Significant Accounting Policies and Notes on Accounts

1 & 2

Notes referred to above form an integral part of the Accounts

This is the Statement of Profit & Loss referred to in our report of even date

For **CHATURVEDI & PARTNERS**

Chartered Accountants
(Firm Regn. No. 307068E)

For and on behalf of the Board

Anup Kumar Dubey
Partner
(Mem. No. 054975)

Pushpa Chowdhary
Director
DIN: 06877982

Surender Kumar
Managing Director and CEO
DIN: 00510137

Sandeep Gupta
Chief Financial Officer

Nitin Gupta
Company Secretary
Mem No. F8485

Gurugram
May 24, 2017

Standalone Cash Flow Statement for period ended



(₹ in Lacs)

	2016-17	2015-16	
A. CASH FLOW FROM OPERATING ACTIVITY			
Net Profit / (Loss) before Tax and Extraordinary items	(1,026.95)		431.55
Adjusted for :			
Depreciation	421.97	504.01	
Interest/Other Income	(149.84)	(137.94)	
Bad debts/Prov for Doubtful Debts write Back	(40.00)	20.76	
Interest Expenses	2,257.13	2,215.13	
Dividend Paid			
Loss / (Profit) on sale of investments	(18.66)		
Loss / (Profit) on sale of Fixed Assets	39.55	(4.03)	2,597.93
Operating Profit before Working Capital Changes	1,483.20		3,029.48
Adjusted for:			
Trade and Other Receivables	(413.02)	649.37	
Inventories	1,836.79	(494.23)	
Trade Payables & Other Liabilities	30.49	412.84	567.98
Cash Generated from Operating Activities	2,937.46		3,597.46
B CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of Fixed Assets	(1,027.48)	(674.34)	
Sale/Receivable-Fixed Assets	345.93	7.63	
Purchase of Investment	(1,200.00)		
Sale of Investment	953.19	-	
Interest /Other Income Received	149.84	137.94	
Net Cash used in Investing Activity	(778.52)		(528.77)
C CASH FLOW FROM FINANCIAL ACTIVITIES			
Proceeds from Borrowings	376.69	(68.80)	
Interest Paid	(2,236.79)	(2,197.07)	
Net Cash used in Financing Activities	(1,860.10)		(2,265.87)
Net Increase / (Decrease) in Cash and bank balances (A+B+C)	298.84		802.82
Opening Balance of Cash and bank balances	896.15		93.33
Closing Balance of Cash and balances	1,194.99		896.15

This is the Cashflow Statement referred to in our report of even date

For **CHATURVEDI & PARTNERS**

Chartered Accountants
(Firm Regn. No. 307068E)

Anup Kumar Dubey
Partner
(Mem. No. 054975)

For and on behalf of the Board

Pushpa Chowdhary
Director
DIN: 06877982

Surender Kumar
Managing Director and CEO
DIN: 00510137

Sandeep Gupta
Chief Financial Officer

Nitin Gupta
Company Secretary
Mem No. F8485

Gurugram
May 24, 2017

Notes to Standalone Financial Statements

1. ACCOUNTING POLICIES

1.1 GENERAL

The financial statements have been prepared on accrual basis, except otherwise stated, and under the historical cost convention except revalued fixed assets in accordance with the applicable accounting standards specified by the Institute of Chartered Accountants of India and relevant provisions of Companies Act, 2013.

1.2 FIXED ASSETS

Fixed Assets are stated at cost, net of cenvat. The cost comprises the purchase price and any other attributable cost of bringing the assets to its working conditions for its intended use.

In case of revaluation of Fixed Assets, the cost / book value as written up by the approved valuer is considered in the books of accounts and the differential amount is transferred to Fixed Asset Revaluation Reserve.

Cash generating assets are assessed for possible impairment at balance sheet dates based on external and internal sources of information. Impairment losses, if any, are recognized as an expense in the Statement of Profit and Loss.

1.3 LEASE ACCOUNTING

The Company provides tinting systems to dealers on an operating lease basis. Lease rentals are accounted in accordance with the respective lease agreements.

1.4 DEPRECIATION

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

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

1.5 INVESTMENTS

Investments, being long term in nature are stated at cost, less any diminution in value other than temporary.

1.6 FOREIGN CURRENCY TRANSACTIONS

Transactions in foreign currency are accounted for at the equivalent rupee value incurred/earned. Foreign currency assets and liabilities at the year-end are realigned at the applicable exchange rate and variations are adjusted to the revenue or capital heads, as the case may be.

1.7 INVENTORY

- i. Raw materials including materials in transit, stores & spare parts and loose tools are valued at lower of cost or net realisable value.
- ii. Stock in trade, finished goods and work-in-process are valued at lower of cost or net realisable value.
- iii. The cost which is arrived at following weighted average basis, comprises all direct costs including taxes and duties net of cenvat credits, transportation and other costs incurred in bringing the inventories to the present location and conditions.
- iv. The obsolete/damaged items of inventories are valued at estimated realisable value.

1.8 SALES

The amount recognised as sale is exclusive of VAT and are net of returns. Sales are stated gross of excise duty as well as net of excise duty; excise duty being the amount included in the amount of gross sales. The excise duty related to difference between the closing stock and opening stock is recognized separately as part of 'material cost'.

Notes to Standalone Financial Statements (Contd.)

1.9 RETIREMENT BENEFITS TO EMPLOYEES

- (i) The Company operates defined contributions schemes.

The Company makes regular contribution to provident funds which are fully funded and administered by Government and are independent of Company's finance. Contributions are recognized in the Statement of Profit & Loss on an accrual basis.

- (ii) 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.

- (iii) For Schemes where recognized funds have been set up, annual contributions are made as determined as per the actuarial valuation report. Actuarial gains & losses are recognized in the Statement of Profit & Loss. 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.

1.10 BORROWING COST

Borrowing Costs attributable to acquisition and construction of assets are capitalized as part of the cost of such asset upto the date when such asset is ready for its intended use. Other borrowing costs are charged to Statement of Profit and Loss.

1.11 TAXES ON 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.

Deferred tax is recognized on timing differences between the accounting income and the taxable income for the year and quantified using the tax rates and laws enacted or substantively enacted as on the Balance Sheet date.

Deferred tax assets are recognized and carried forward to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

1.12 VOLUNTARY RETIREMENT SCHEME

Payments made under the Voluntary Retirement Scheme (VRS) including gratuity arising pursuant to the VRS are amortized over a period of five years commencing from the year in which it is incurred.

1.13 EMPLOYEE STOCK OPTION SCHEME

The Company determines the compensation cost based on the intrinsic value method. The compensation cost is amortized on a straight line basis over the vesting period.

1.14 CONTINGENT LIABILITIES

Liabilities which are material in the opinion of the Company and whose future outcome cannot be ascertained with reasonable certainty, are treated as contingent and disclosed by way of notes to the Accounts.

Notes to Standalone Financial Statements (Contd.)



2. Standalone Notes to Accounts

(₹ in Lacs)

	As at 31.03.2017	As at 31.03.2016
2.1 Share Capital		
(i) Authorised Capital		
4,00,00,000 Equity Shares of ₹ 2 each (4,00,00,000 Equity Shares of ₹ 2 each)	800.00	800.00
(ii) Issued, Subscribed and Fully Paid-up	378.92	378.92
1,89,45,975 Equity Shares of ₹ 2 each (1,89,45,975 Equity Shares of ₹ 2 each)		
(iii) Share Forfeiture Account	0.01	0.01
	378.93	378.93

(iv) Reconciliation of Number of Shares and share capital

Particulars	As at March 31, 2017		As at March 31, 2016	
	No. of Shares	Amount	No. of Shares	Amount
Number of shares vis-à-vis amount at the beginning	18945975	378.92	18928100	378.56
Add: Shares issued	-	-	17875	0.36
Number of shares vis-à-vis amount at the end	18945975	378.92	18945975	378.92

(v) Rights, preferences and restrictions attached to shares

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

(vi) Detail of number of shares held by each shareholder holding more than 5% of the issued share capital.

Name of Share holders	As at March 31, 2017		As at March 31, 2016	
	No. of Shares	% held	No. of Shares	% held
Hind Strategic Investments Ltd	5841570	30.83	5841570	30.83
Hexa Securities and Finance Co. Ltd.	1500000	7.92	1500000	7.92
Nalwa Sons Investments Ltd (Formerly Jindal Strips Ltd)	1372590	7.24	1372590	7.24
Colorado Trading Company Ltd	1224635	6.46	1224635	6.46
Nalwa Investments Ltd	1193855	6.30	1193855	6.30

Notes to Standalone Financial Statements (Contd.)



	As at 31.03.2017	(₹ in Lacs) As at 31.03.2016
2.2 Reserve and Surplus		
Reserve and Surplus consist of following reserves :		
(i) Capital Reserve		
Opening Balance	32.24	32.24
Addition during the year (net)	-	-
	<u>32.24</u>	<u>32.24</u>
(ii) Restricted stock units reserve		
Employee Stock Options Outstanding	17.51	110.78
Addition during the year (net)	1.09	(93.27)
	<u>18.60</u>	<u>17.51</u>
(iii) Securities Premium Account		
Opening Balance	961.10	949.27
Addition during the year (net)	-	11.83
	<u>961.10</u>	<u>961.10</u>
(iv) Fixed Asset Revaluation Reserve		
Opening Balance	280.72	280.72
	<u>280.72</u>	<u>280.72</u>
(v) General Reserve		
Opening Balance	3,758.51	3,758.51
	<u>3,758.51</u>	<u>3,758.51</u>
(vi) Surplus in the Statement of Profit and loss		
Opening Balance	1,178.28	650.76
Add: Profit / (Loss) for the year	(659.71)	527.52
Less: Prior period adjustment-Depreciation	-	-
	<u>518.57</u>	<u>1,178.28</u>
Less : Appropriations		
General Reserve	-	-
Proposed Dividend	-	-
Provision for Tax on Dividend	-	-
	<u>518.57</u>	<u>1,178.28</u>
	<u>5,569.74</u>	<u>6,228.36</u>
2.3 Long-Term Borrowings		
Secured		
(a) Term Loan (South Project)		
10.95%, HDFC Bank Ltd (Originally repayable in 45 monthly installments, Rescheduled to 11 Quarterly installments, Starting from 29.11.2015 and ending on 29.05.2018)	75.30	377.26
11.25 %, State Bank of India (Repayable in 28 monthly installments starting from 30.04.2016 and ending on 31.07.2018)	144.00	665.00
	<u>219.30</u>	<u>1,042.26</u>
[Secured by (i) first charge , ranking pari passu , by way of an equitable mortgage on the land and building, and hypothecation of other fixed assets thereon , at the Company's factory at Nasik, Maharashtra (ii) first charge , ranking pari passu, by way of hypothecation of plant and machinery at the Company's factory situated at Howrah, West Bengal (iii) second charge, raking pari passu , on the fixed assets of the Company at its factory situated at Sikandarabad, Uttar Pradesh (iv) first pari passu charge by way of equitable mortgage of land and building of the Company situated at village-Chinnapuliur, Taluka-Gummidipoondi, District - Thiruvallur, Tamil Nadu ; and hypothecation charge over plant and machinery to be purchased out of the term loan (v) Second pari passu charge on the entire current assets of the Company.]		
(b) Term Loan (others)		
(Refer Note No. 2.47)		
13.5% India Bulls Housing Finance Ltd (Repayable in 84 monthly installments starting from 05.05.2016 and ending on 05.04.2023)	405.90	458.01
(Secured by first charge on company's immovable property situated at 5th Floor,C wing, Oberoi Garden Estate,Chandivalli Farm Road, Chandivalli, Andheri (East), Mumbai-400072)		
13.0% Religare Finvest Ltd (Repayable in 117 monthly installments starting from 01.08.2016 and ending on 01.04.2026)	1,741.87	1,856.44
[Secured by First charge on company's the immovable & movable properties of Sikandarabad plant situated at Plot No A1 & A2 UPSIDC Industrial Area, Sikandarabad Distt- Bulandshahar (U.P)]		
	<u>2,147.77</u>	<u>2,314.45</u>
Total (a+b)	<u>2,367.07</u>	<u>3,356.71</u>

Notes to Standalone Financial Statements (Contd.)



(₹ in Lacs)

	As at 31.03.2017	As at 31.03.2016
2.4 Other Long Term Liabilities		
Trade & security deposit	27.60	30.38
	<u>27.60</u>	<u>30.38</u>
2.5 Long Term Provisions		
Provision for Employees' Benefits [Note (2.43)- II]	497.92	471.64
Others	300.00	300.00
	<u>797.92</u>	<u>771.64</u>
2.6 Short Term Borrowings		
Secured		
(i) Loans repayable on demand	10,768.51	9,402.18
From Bank (Cash credit and WCDL)		
Secured by (i) first charge, ranking pari passu (a) by way of hypothecation on the entire stocks and current assets of the Company (b) by way of equitable mortgage of land and building, and hypothecation of other fixed assets thereon, of the Company's factory, at Nasik, Maharashtra (c) by way of hypothecation of plant and machinery at the Company's factory situated at Howrah, West Bengal (ii) second charge, ranking pari passu, (a) on the fixed assets of the Company at its factory situated at Sikandarabad, Uttar Pradesh (b) by way of equitable mortgage of land and building situated at village -Chinnapuliyur, Taluka-Gummidipoondi, District-Tiruvallur, Tamil Nadu; and hypothecation of plant and machinery to be purchased out of term loan.		
	<u>10,768.51</u>	<u>9,402.18</u>
2.7 Trade Payables		
(i) Acceptances	2,597.60	1,885.86
(ii) Sundry Creditors		
a) Sundry creditors for bill discounting (Note 2.28)	2,944.26	3,022.00
b) Others	10,480.23	10,780.32
	<u>16,022.09</u>	<u>15,688.18</u>

Notes to Standalone Financial Statements (Contd.)



(₹ in Lacs)

	As at 31.03.2017	As at 31.03.2016
2.8 Other Current Liabilities		
(i) Current Maturity of Long-term debts	995.89	946.75
(ii) Interest accrued and due on borrowings	57.89	37.55
(iii) Unpaid Dividend	10.02	11.75
(iv) Other Payables		
Employee's remuneration	262.51	174.56
Statutory Payment	872.74	543.98
Advance from Customer	178.94	380.26
Others (Operating Expenses)	541.12	1,132.87
	2,919.11	3,227.72
2.9 Short Term Provision		
Others		
(i) Provision for Employee Benefits [Note (2.43)- II]	5.85	4.89
	5.85	4.89
2.10 Fixed assets		
Tangible Assets	5,958.12	6,487.13
Intangible Assets	185.38	257.18
Capital Work in Progress	1,373.99	553.15
(Refer Note no. 2.10.1)		
	7,517.49	7,297.46

Notes to Standalone Financial Statements (Contd.)



Note No: 2.10.1 Fixed Assets

COMPANY ACT SCHEDULE STANDALONE 16-17

(₹ In Lacs)

Particulars	GROSS BLOCK				ACCUMULATED DEPRECIATION				NET BLOCK	
	As at April 1, 2016	Additions	Deletion / Adjustments	As at Mar 31, 2017	As at Apr 1, 2016	For the year (PL)	Deletion / Adjustments	As at Mar 31, 2017	As at Mar 31, 2017	As at Mar 31, 2016
I. Tangible Assets										
Land	518.14	-	-	518.14	-	-	-	-	518.14	518.14
Building	4,944.12	7.65	577.41	4,374.36	924.38	43.36	395.49	572.24	3,802.12	4,019.74
Plant & Machinery	2,808.70	95.26	803.65	2,100.31	1,715.94	105.68	680.95	1,140.67	959.64	1,092.76
Leased Equipment	1,948.71	38.78	-	1,987.49	1,315.41	134.37	-	1,449.78	537.71	633.30
Furniture and Fixture	474.70	2.30	130.72	346.28	325.39	34.21	78.12	281.48	64.80	149.31
Office Equipment	943.43	32.72	24.60	951.55	882.28	24.65	23.64	883.29	68.26	61.15
Motor Vehicles	108.22	-	-	108.22	95.49	5.28	-	100.77	7.45	12.73
Total (A)	11,746.02	176.71	1,536.38	10,386.35	5,258.89	347.55	1,178.20	4,428.23	5,958.12	6,487.13
Previous Year	11,720.29	130.32	104.59	11,746.02	4,954.12	405.76	100.99	5,258.89	6,487.13	-
II. Intangible Assets										
Computer software	770.06	2.62	-	772.68	631.13	52.70	-	683.83	88.85	138.93
Trade Mark	93.41	-	-	93.41	43.63	13.44	-	57.07	36.34	49.78
Technical know how	132.01	-	-	132.01	63.53	8.29	-	71.82	60.19	68.47
Total (B)	995.48	2.62	-	998.10	738.29	74.42	-	812.72	185.38	257.18
Previous Year	927.99	67.48	-	995.48	640.04	98.25	-	738.29	257.18	-
III. Capital Work In Progress										
Total (C)	553.15	848.13	27.29	1,373.99	-	-	-	-	1,373.99	553.15
Previous Year	76.61	573.94	97.40	553.15	-	-	-	-	553.15	-
Total (A+B+C)	13,294.65	1,027.46	1,563.67	12,758.44	5,997.18	421.97	1,178.20	5,240.95	7,517.48	7,297.45
Previous Year	12,724.89	771.74	201.99	13,294.65	5,594.16	504.01	100.99	5,997.18	7,297.45	-

(₹ in Lacs)

As at 31.03.2017 As at 31.03.2016

2.11 Non Current Investments - Trade Investment, at cost

(i) Investment in Mutual Funds - Quoted

UTI Infrastructure Fund -Growth

UTI- Money Market Fund - Institutional Plan - Direct Plan- Growth - 20.00
(Market Value of 50925.374 Units @NAV ₹ 37.38)

(ii) Investment in Equity Instruments - Unquoted

Shalimar Adhunik Nirman Ltd. (Subsidiary Company)

49990 Equity Shares of ₹ 10 each fully paid-up 5.00 5.00

450000 Equity Shares of ₹10 each (Partly paid-up @ ₹1 each) 4.50 4.50

Eastern Speciality Paints & Coatings Pvt Ltd (Subsidiary Company)

50000 Equity Shares of ₹ 10 each fully paid-up 5.00 5.00

(iii) Investment in Preference Shares - Unquoted

Shalimar Adhunik Nirman Ltd. (Subsidiary Company) 50.00 50.00

50000, 6% Preference Shares non convertible of ₹ 100 each (Fully paid up)

Other Investment, at cost

Investment in Debentures or Bonds - Unquoted

(Non redeemable Mortgage Debenture Stock 1957)

₹ 6,500 1/2% Woodland Medical Centre Ltd. 0.06 0.06

₹ 17,000 5% Woodland Medical Centre Ltd. (Refer Note- 2.49) 0.17 0.17

64.73 84.73

Aggregate amount of Unquoted Investments **64.73** 64.73

Aggregate amount of Quoted Investments - 20.00

Market Value of Quoted Investments - 19.04

2.12 Deferred Tax Liabilities/Assets

(i) Deferred Tax Assets (983.32) (683.28)

(ii) Deferred Tax Liabilities 271.17 338.37

(Refer Note- 2.38)

(712.15) (344.91)

Notes to Standalone Financial Statements (Contd.)



(₹ in Lakh)

	As at 31.03.2017	As at 31.03.2016
2.13 Long Terms Loans and advances (Unsecured, considered good)		
(i) Security Deposit	178.91	204.25
(ii) Loan and advances to related parties	672.83	621.21
(iii) Capital Advances to suppliers	760.75	408.01
	<u>1,612.49</u>	<u>1,233.47</u>
2.14 Current Investments - Trade Investment, at cost		
(i) Investment in Mutual Funds - Quoted		
UTI Infrastructure Fund -Growth		
UTI- Money Market Fund - Institutional Plan - Direct Plan- Growth	285.47	-
Market Value of 16000.36 Units @NAV ₹1824.22		
	<u>285.47</u>	<u>-</u>
Market Value of Quoted Investments	<u>291.88</u>	<u>-</u>
2.15 Inventories (at cost or net realisable value, whichever is lower)		
(i) Raw Material		
a) Raw Material	1,525.07	2,231.06
b) Raw Material in Transit	52.94	129.17
(ii) Work-in-Progress	156.52	326.38
(iii) Finished Goods		
a) Finished Goods [including trading good-₹ 736.59 (P.Y ₹824.00 lacs)]	7,085.21	7,959.46
b) Finished Goods in Transit	275.37	329.85
iv) Stores, Spares & Scrap	160.23	116.21
	<u>9,255.34</u>	<u>11,092.13</u>
2.16 Trade receivables (Unsecured, considered good)		
(i) Outstanding for a period exceeding six months from due date	2,933.24	3,137.88
(ii) Others	9,536.71	11,247.07
	<u>12,469.95</u>	<u>14,384.95</u>
Less:- Provision for Doubtful Debt	-	(40.00)
Less: Bad Debts	-	(20.76)
	<u>12,469.95</u>	<u>14,324.19</u>
2.17 Cash and Bank Balances Cash & Cash Equivalents:		
(i) Balances with Bank (in current account)	186.29	99.15
(ii) Cheque, drafts on hand	615.30	749.32
(iii) Cash in hand	4.90	11.51
(iv) Other Bank Balances:		
Unpaid Dividend Account	10.01	11.75
Fixed Deposit Account	368.64	17.46
Margin Money	9.85	6.96
	<u>1,194.99</u>	<u>896.15</u>
2.18 Short term loans and advances - Unsecured, considered good		
(i) Others :		
Advances to suppliers	306.37	209.32
Advance to Employee	32.11	37.41
Advance Tax (Net of Provision for Tax)	312.43	306.94
	<u>650.91</u>	<u>553.67</u>
2.19 Other Current Assets		
(i) Prepaid Expenses	131.90	227.44
(ii) Short term deposit	460.33	429.18
(iii) Other Receivables (Refer Note-2.46)	3,881.82	1,883.38
(iv) Balances with Revenue Authorities	619.25	722.28
	<u>5,093.30</u>	<u>3,262.28</u>

Notes to Standalone Financial Statements (Contd.)



(₹ in Lakh)

	2016-17	2015-16
2.20 Revenue from Operations		
(i) Revenue from Sale of Products	43,931.42	47,902.19
(ii) Other Operating Revenue	123.05	156.95
	<u>44,054.47</u>	<u>48,059.14</u>
Less : Discounts	2,694.39	2,796.88
	41,360.08	45,262.26
Less : Excise duty	4,433.06	4,968.93
	<u>36,927.02</u>	<u>40,293.33</u>
2.21 Other Income		
(i) Interest [including interest on advances given to subsidiary company - ₹17.81 lacs (previous year- ₹4.27 lacs)- Refer Note- 2.40	28.22	7.81
(ii) Profit on Sale of Fixed Assets	-	4.03
(iii) Rent Receipt	0.25	-
(iv) Profit on Sale of Investment	18.66	-
(v) Miscellaneous Receipts-Refer Note No. 2.51	161.37	130.13
	<u>208.50</u>	<u>141.97</u>
2.22 Cost of Materials Consumed		
Organic acid/chemicals	4,538.58	6,561.37
Pigments	2,701.40	2,978.41
Solvents & Oils	5,961.02	6,176.35
Packages and Packing Materials	2,411.93	2,759.46
Others*	3,443.74	5,066.02
*Includes individual items of less than 10% of the total and therefore, not considered for the above classification.		
	<u>19,056.67</u>	<u>23,541.61</u>
2.23 Purchase of Stock-in-Trade	4,204.23	3,222.61
	<u>4,204.23</u>	<u>3,222.61</u>
2.24 Changes in inventories of finished goods, work-in-progress and Stock-in-trade		
Closing Stock		
Finished Goods	7,360.58	8,289.31
Work-in-progress	156.53	326.38
	<u>7,517.11</u>	<u>8,615.69</u>
Opening Stock		
Finished Goods	8,289.31	7,901.08
Work-in-progress	326.38	232.81
	<u>8,615.69</u>	<u>8,133.89</u>
	1,098.58	(481.80)

Notes to Standalone Financial Statements (Contd.)



(₹ in Lakh)

	2016-17	2015-16
2.25 Employee Benefits Expense		
Salaries and Wages	3,108.07	3,061.91
Contribution to provident and other funds	147.05	149.95
Expenses on Employee Stock Option Plan	4.20	6.99
Staff Welfare Expenses	219.20	246.13
	<u>3,478.52</u>	<u>3,464.98</u>
2.26 Finance Costs		
Interest expense	1,940.05	1,932.54
Foreign exchange (gain) / loss	14.41	16.37
Other borrowing cost	302.67	266.22
	<u>2,257.13</u>	<u>2,215.13</u>
2.27 Other Expense		
Consumption of stores and spare parts	41.88	45.78
Power and fuel	234.71	251.38
Rent	516.30	477.44
Repairs to building	7.70	10.33
Repairs to plant and machinery	65.37	63.02
Insurance	63.66	77.23
Rates and taxes	17.51	16.56
Repairs - others	183.40	145.28
Printing and stationery	33.78	36.02
Communication expenses	115.72	114.89
Directors' fees	4.60	4.80
Payment to the Auditor (note no. 2.31)	13.89	13.60
C&F Charges	129.43	148.48
Travelling expenses	566.14	590.83
Application Charges	49.11	164.07
Freight	2,794.91	2,796.20
Discount & Rebates	1,948.81	1,913.40
Loss on sale of fixed assets	39.55	-
Bad Debts	-	20.76
Provision for Bad & Doubtful Debt	-	40.00
Miscellaneous Expenses	818.90	607.14
	<u>7,645.37</u>	<u>7,537.21</u>

Notes to Standalone Financial Statements (Contd.)



(₹ In Lacs)

	2016-2017	2015-2016
2.28 Liabilities in Note 2.7(ii)(a) - outstanding in respect of discounting facilities granted by AXIS Bank Ltd. as well as interest accrued but not due thereon.	2944.26	3022.00
2.28 Contingent Liabilities		
Contingent liability not provided for in respect of:		
ii) Excise Duty	391.86	302.59
ii) Bank Guarantee	882.06	774.40
iii) 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)	772.97	676.73
iv) Claims against the Company not acknowledged as debt (to the extent ascertained)	183.32	73.86
v) Income Tax	62.73	53.68
2.30 Commitments		
(i) Estimated amount of capital commitments, net of advance of ₹760.75 lacs (previous year ₹ 411.60 lacs)	542.67	1.42
(ii) Uncalled Liability on Partly paid up shares	40.50	40.50
2.31 Auditors' Remuneration		
Audit Fees	6.60	6.60
Tax Audit Fees	1.25	1.25
Certification fees and other Services	2.75	2.95
Reimbursement of Expenses	3.29	2.80
2.32 CIF Value of Imports		
Raw Materials	1724.99	1578.28
2.33 Expenditure in foreign currency		
Purchase of Raw Material	1646.74	1516.47
Travelling Expenses	0.38	1.72
Testing Charges	1.16	3.76
2.34 Earnings in foreign currency		
FOB Value of Export	379.52	278.48
2.35 Amount remitted in foreign currency on account of dividend		
a) Number of Non-resident shareholders	NIL	NIL
b) Number of shares held by them	NIL	NIL
c) Amount of dividend remitted	NIL	NIL
d) Year to which dividend relates	NIL	NIL
2.36 Consumption of imported and indigenous raw materials & stores		
	2016-17	2015-16
	% ₹ (Lac)	% ₹ (Lac)
Imported	10.71 2045.87	7.91 1865.28
Indigenous	89.29 17052.68	92.09 21722.11
	100.00 19098.55	100.00 23587.39

2.37 Disclosure under the Micro, Small & Medium Enterprises Development Act, 2006

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

Notes to Standalone Financial Statements (Contd.)



2.38 The Company has adopted Accounting Standard 22 "Accounting for Taxes on Income"; and the net deferred tax Assets amounting to ₹ 367.23 lacs has been recognized.

	Opening as at 01.04.2016 (₹ In lacs)	Charge /(Credit) during the year (₹ in lacs)	Closing as at 31.03.2017 (₹ in lacs)
Deferred Tax Assets	683.28	300.04	983.32
Carry Forward Losses/Unabsorbed Depreciation as per IT Act	641.90	313.24	955.14
Disallowance under Section 43B	29.02	(0.84)	28.18
Provision for doubtful debts & advances	12.36	(12.36)	0.00
Deferred Tax Liabilities	(338.37)	67.20	(271.17)
Depreciation and related items	(338.37)	67.20	(271.17)
Net Deferred Tax Assets / (Liabilities)	344.91	367.24	712.15

2.39 Future minimum lease rentals receivable as at the year-end ₹ NIL (previous year NIL)

2.40 Related party disclosure in accordance with the Accounting Standard 18 "Related Party Disclosures" issued by the Institute of Chartered Accountants of India.

Sr No	Name of the related parties with whom the transactions have been made	Description of relationship with the party	Nature of Transaction	Amount outstanding as on March 31, 2017	Transactional Value 2016-2017
1	Sameer Nagpal	Ex. Managing Director	Remuneration	0.00 (0.00)	0.00 (17.77)
2	Ratan Jindal	Non- Executive Director	Sitting Fees	0.00 (0.00)	0.40 (0.80)
3	Girish Sundar Jhunjhnuwala	Non- Executive Director	Sitting Fees	0.00 0.00	0.20 (0.40)
4	Surender Kumar	Managing Director & CEO	Remuneration	5.59 (0.00)	82.35 (70.77)
5	Sandeep Gupta	Chief Financial Officer	Remuneration	5.11 (0.00)	16.14 (0.00)
6	Janak Raj Goyal	Ex. Chief Financial Officer	Remuneration	0.00 (0.00)	46.58 (0.00)
7	Nitin Gupta	Company Secretary	Salary	0.59 (0.00)	7.11 (2.63)
8	Bernadette Dominic	Ex. Company Secretary	Salary	0.00 (0.00)	0.00 (2.09)
9	Shalimar Adhunik Nirman Ltd.	Subsidiary	Loans & Advances(Given)	672.74 (621.21)	51.54 (122.05)
10	Shalimar Adhunik Nirman Ltd.	Subsidiary	Interest on loan(income)	0.00 (0.00)	17.81 (4.27)
11	Shalimar Adhunik Nirman Ltd.	Subsidiary	Investment	59.50 (59.50)	0.00 (0.00)
12	Eastern Speciality Paints & Coatings Pvt. Ltd.	Subsidiary	Investment	5.00 (5.00)	0.00 (0.00)
13	Eastern Speciality Paints & Coatings Pvt. Ltd.	Subsidiary	Reimbursement of expenses incurred by Company	0.08 (0.00)	0.08 (0.28)
14	Jindal Steel & Power Ltd.	Company in which Directors and/or Relatives are interested	Sales	646.23 (515.30)	1467.42 (1445.61)

Notes to Standalone Financial Statements (Contd.)

15	Jindal Saw Ltd.	Company in which Directors and/ or Relatives are interested	Sales	212.73 (21.98)	1710.73 (83.78)
16	JSW Energy Ltd.	Company in which Directors and/ or Relatives are interested	Sales	3.36 (48.95)	10.32 (108.50)
17	JSW Steel Ltd.	Company in which Directors and/ or Relatives are interested	Sales	97.07 (27.61)	417.31 (238.51)
18	Jindal Industries Pvt Ltd	Company in which Directors and/ or Relatives are interested	Sales	24.87 (32.11)	150.17 (180.88)
19	Jindal Stainless Ltd.	Company in which Directors and/ or Relatives are interested	Sales	39.82 (0.00)	145.70 (0.00)
20	Jindal Stainless Ltd.	Company in which Directors and/ or Relatives are interested	Reimbursement of expenses incurred by related party	0.00 (0.00)	0.00 (0.15)
21	Jindal Stainless Consultancy	Company in which Directors and/ or Relatives are interested	Payment of Rent & Maintenance	4.18 (0.00)	4.18 (0.00)
22	O.P. Jindal Institute of Cancer	Company in which Directors and/ or Relatives are interested	Sale of Fixed Assets	1.31 (0.00)	11.31 (0.00)

Note:-

- (i) Financial figures in bracket() relate to previous year
- (ii) Reimbursement of expenses incurred for and on behalf of the Company, to Key Managerial Personnel has not been considered in the above table.

2.41 Earning Per Share

Particulars	2016-2017	2015-2016
(a) Profit / (Loss) for the year, per statement of profit and loss (₹ In lacs)	(659.72)	527.52
(b) Weighted Average number of Equity Shares (Nos.)	18945975	18939717
(c) Effect of potential Dilutive Equity shares on Employee stock option outstanding (Nos.)	106650	152375
(d) Weighted Average number of Equity shares in computing diluted Earnings per share {(b)+(c)}	19052625	19092092
(e) Earning per Share (in Rupees)		
Basic	(3.48)	2.79
Diluted	(3.46)	2.76

- 2.42** Advances to Subsidiary represents the balance consideration receivable by the Company in cash as per the order of Honorable High Courts of Calcutta and Delhi, for transfer of its Real Estate Division to the subsidiary company, Shalimar Adhunik Nirman Limited.

Notes to Standalone Financial Statements (Contd.)

2.43 Employees' Benefits

The Company has adopted Accounting Standard 15 (Revised) Employee Benefits with effect from 1st April, 2007.

The following disclosures are made in accordance with Accounting Standard 15 (Revised) pertaining to Defined Benefit Plans :

(a) Defined Benefits Plans / Compensated absences - As per actuarial valuation on 31st March 2017

I Expense recognized in the Statement of Profit and Loss

	Gratuity Funded		Leave Encashment Non-Funded	
	2016-17	2015-16	2016-17	2015-16
1 Current Service Cost	31.89	29.59	11.02	13.42
2 Interest on Cost	34.30	32.56	4.49	5.32
3 Employee Contribution	0	0	0	0
4 Expected Return on plan assets	(1.41)	(3.10)	0	0
5 Net Actuarial (Gain) / Losses	(44.84)	(0.87)	4.08	1.98
6 Past Service Cost	0	0	0	0
7 Settlement Cost	0	0	0	0
8 Total Expenses	19.94	58.18	19.59	20.72

II Net Assets / (Liability) recognized in the Balance Sheet

	2016-17	2015-16	2016-17	2015-16
1 Present Value of Defined Benefits of Obligation as at March 17	439.04	436.95	65.46	57.17
2 Fair Value of plan assets as at March 17	0.73	17.58	0	0
3 Funded status [Surplus/(Deficit)]	(438.31)	(419.37)	(65.46)	(57.17)
4 Net Assets/(Liability) as at March 17	(438.31)	(419.37)	(65.46)	(57.17)

III. Change in Obligation during the Year ended

	2016-17	2015-16	2016-17	2015-16
1 Present Value of Defined Benefit Obligation at beginning of the Year	436.95	420.06	57.17	68.71
2 Current Service Cost	31.89	29.59	11.02	13.42
3 Interest Cost	34.30	32.55	4.49	5.32
4 Settlement Cost	0	0	0	0
5 Past Service Cost	0	0	0	0
6 Employee Contributions	0	0	0	0
7 Plan Amendments	0	0	0	0
8 Actuarial (Gain)/ Losses	(46.25)	(1.64)	4.08	1.98
9 Benefits Payments	(17.85)	(43.61)	(11.30)	(32.26)
10 Present value of Defined Benefits Obligation at the end of year	439.04	436.95	65.46	57.17

IV Change in Assets during the Year

	2016-17	2015-16	2016-17	2015-16
1 Plan assets at the beginning of the year	17.58	35.39	0	0
2 Plan assets acquired on amalgamation in Previous Year	0	0	0	0
3 Settlements	0	0	0	0
4 Expected return on plan assets	1.41	3.10	0	0
5 Contributions by employer	1.00	23.47	11.30	32.26
6 Actual benefits paid	(17.85)	(43.61)	(11.30)	(32.26)
7 Actual Gains/ (Losses)	(1.41)	(0.77)	0	0
8 Actual return on Plan assets	0	0	0	0
9 Plan assets at the end of the year	0.73	17.58	0	0

Notes to Standalone Financial Statements (Contd.)

V Actuarial Assumptions

	As at 31.03.2017	As at 31.03.2016
1 Discount Rate	7.30 %	7.85%
2 Rate of increase in salaries	2.00 %	2.00%
3 Rate of return on Plan Assets:		
1. Leave Encashment	N.A.	N.A.
2. Gratuity	8.00 %	8.00%
4 Mortality	As per IALM (2006-2008) Ultimate	As per IALM (2006-2008) Ultimate
5 Withdrawal rate	2.00 % p.a.	2.00% p.a.

2.44 Disclose of Specified Bank Notes (SBN) held and transacted during the period from 8th November, 2016 to 30th December, 2016

	SBNs	Other denomination notes	Total
Closing cash in hand as on 8-11-2016	1.30	10.49	11.79
(+) Permitted receipts	6.27	24.40	30.67
(-) Permitted payments	(0.00)	(27.25)	(27.25)
(-) *Amount deposited in Banks	(7.57)	(0.00)	(7.57)
Closing cash in hand as on 30-12-2016	0.00	7.64	7.64

(₹ lacs)

*Amount deposited includes ₹6.27 lakh, being the SBN deposited directly by the third parties in the Company's bank accounts, and the said third party deposits are shown as 'Permitted receipts'.

2.45 The Company has resolved to de-commission its Chennai Plant, due to technical reasons, with effect from 06th April 2015, and depreciation after de-commissioning has not been charged to revenue. The said assets will be put to use once the plant restarts.

2.46 There has been a major fire break out on Nov 19, 2016 at Nasik Factory of the Company resulting in substantial damage of stocks, plant & machineries and factory building. Intimation of fire has been given to insurer, and claim settlement is under process. The policy is on Reinstatement basis, and Loss of profit for 6 months. Estimated insurance claim receivable on book value of ₹2004.18 lakh has been accounted for.

The insurance claim of loss for damage of building & inventories due to fire in Howrah Plant is yet to be assessed by the Insurer. The estimated insurance claim receivable of ₹1474.81 lacs have been accounted for in the books.

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

2.47 Term Loan (Others) represent loan availed by company for working capital for business needs.

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

2.49 Pursuant to the Scheme of Merger of Woodlands Medical Centre Limited with Woodlands Multispecialty Hospital Ltd., as approved by the Calcutta High Court on 29.11.2010, the Company, on application made, is entitled to get 2350 shares of ₹ 10 each fully paid up in Woodlands Multispecialty Hospital Ltd against debenture of ₹ 23,500 held in Woodlands Medical Centre Limited.

2.50 Some of the debtors, creditors & advances are pending confirmation/reconciliation, and impact of the same on financial statements, if any, is unascertained.

2.51 Miscellaneous Receipts include debtors/creditors written back- ₹ 146.41 Lacs (Previous Year- ₹ 112.63 lacs).

2.52 Finance charges include foreign exchange loss of ₹ 14.41 lacs (previous year ₹ 16.37 lacs).

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

2.54 Previous year's figures have been regrouped / rearranged, wherever necessary.

Signatures to Notes 1 to 2

For **CHATURVEDI & PARTNERS**

Chartered Accountants
(Firm Regn. No. 307068E)

Anup Kumar Dubey

Partner
(Mem. No. 054975)

Gurugram
May 24, 2017

For and on behalf of the Board

Pushpa Chowdhary

Director
DIN: 06877982

Sandeep Gupta

Chief Financial Officer

Surender Kumar

Managing Director and CEO
DIN: 00510137

Nitin Gupta

Company Secretary
Mem No. F8485

Independent Auditors' Report

To the Members of Shalimar Paints Limited

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of **Shalimar Paints Limited** (hereinafter referred to as "the Holding Company") and its subsidiaries, Shalimar Adhunik Nirman Limited & Eastern Speciality Paints & Coatings Private Limited (collectively referred to as "**the Group**"), comprising of the Consolidated Balance Sheet as at 31st March, 2017, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 ('the Act') that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Amendment Rules, 2016. The respective Boards 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; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

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

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

We believe that the audit evidence obtained by us and the audit evidence obtained by other auditor in terms of their report referred to in para (i) of "Other Matters" below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at 31st March, 2017, and their consolidated loss and their consolidated cash flows for the year ended on that date.

Emphasis of Matters

- (i) The Company has resolved to de-commission its Chennai Plant, due to technical reasons, with effect from 06th April 2015, and on de-commissioning, depreciation on fixed assets located at the said plant, has not been charged to revenue. The said assets will be put to use once the plant restarts & depreciation thereon will be charged thereafter. (Note 2.45 of audited accounts)
- (ii) We have been informed that the insurance claims of loss for damage of building & inventories due to fire in Howrah & Nasik Plants are yet to be assessed by the Insurer & claim have been accounted for on estimated book value basis. Fixed assets and inventories, except the said damaged assets, have been verified & valued by the management, with no material discrepancy. (Note 2.46 of audited accounts)

Independent Auditors' Report (Contd.)

- (iii) Some of the debtors, creditors & advances are pending confirmation /reconciliation, and impact of the same on financial statements, if any, is unascertained.(Note 2.50 of audited accounts)
- (iv) The Company following the Court Order has given a portion of its land , as security. (Note 2.48 of audited accounts)
- Our opinion is not modified in respect of these matters.

Other Matters

- (i) We did not audit the financial statements of Eastern Speciality Paints & Coatings Private Limited (one of the subsidiaries of Shalimar Paints Limited), whose financial statements reflect total assets of ₹5,13,700/- as at 31st March, 2017 and total revenues of ₹Nil for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditor whose report has been furnished to us by the Management , and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of this subsidiary, and our report in terms of sub-sections (3) and (11) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiary, is based solely on the report of the other auditor.

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

Report on Other Legal and Regulatory Requirements

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

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
- (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.
- (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
- (d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Amendment Rules, 2016.
- (e) On the basis of the written representations received from the directors of the Holding Company as on 31st March, 2017 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies, none of the directors of the Group companies is disqualified as on 31st March, 2017 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 Group and the operating effectiveness of such controls, refer to our separate report in '**Annexure-A**'; and
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Amendment Rules, 2017, in our opinion and to the best of our information and according to the explanations given to us:
- (i) the consolidated financial statements have disclosed the impact of pending litigations on the consolidated financial position of the Group.- Refer Note 2.30 to the consolidated financial statements;
- ii) The Group did not have any material foreseeable losses on long-term contracts including derivative contracts.
- iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company and its subsidiary Companies.
- iv) The company had provided requisite disclosures in its financial statements as to holdings as well as dealings in Specified Bank Notes (SBN) during the period from November 8, 2016 to December 30, 2016 ,and such disclosures are in accordance with the books of accounts maintained by the company

For **Chaturvedi & Partners,**
Chartered Accountants
Firm Reg. No. 307068E

(Anup Kumar Dubey)
Partner.
Membership No.054975

Place : Gurugram
Date : May 24, 2017

Independent Auditors' Report (Contd.)



Annexure-A' to the Auditors' Report

Report on the Internal Financial Controls under Clause (i) of sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act')

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended 31st March 2017, we have audited the internal financial controls over financial reporting of Shalimar Paints Limited (the Holding Company') and its subsidiary companies, as of that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the 'Guidance Note') and the Standards on Auditing, both issued by ICAI and deemed to be 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 which are applicable to an audit of Internal Financial Controls, 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 were 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 control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company, (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of the Management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, the Holding Company and its subsidiary companies have in all material respects, and adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2017, 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 **Chaturvedi & Partners,**
Chartered Accountants
Firm Reg. No. 307068E

(Anup Kumar Dubey)
Partner.
Membership No.054975

Place : Gurugram
Date : May 24, 2017

Statement of Consolidated Balance Sheet as at 31st March 2017



(₹ in Lacs)

Particulars	Note No.	As at 31.03.2017	As at 31.03.2016
I. EQUITY AND LIABILITIES			
1 Shareholders' fund			
(a) Share Capital	2.1	378.93	378.93
(b) Reserve and Surplus	2.2	5,552.62	6,226.15
		<u>5,931.55</u>	<u>6,605.08</u>
2 Non-Current Liabilities			
(a) Long-Term Borrowings	2.3	2,367.07	3,356.71
(b) Other Long Term Liabilities	2.4	27.60	30.38
(c) Long- Term Provisions	2.5	797.92	771.64
		<u>3,192.59</u>	<u>4,158.73</u>
3 Current Liabilities			
(a) Short Term Borrowings	2.6	10,768.51	9,402.18
(b) Trade Payables	2.7	16,024.30	15,688.18
(c) Other Current Liabilities	2.8	2,928.99	3,270.58
(d) Short Term Provision	2.9	5.85	4.89
		<u>29,727.65</u>	<u>28,365.83</u>
Total		<u>38,851.79</u>	<u>39,129.64</u>
II ASSETS			
1 Non Current Assets			
(a) Fixed Assets	2.10		
(i) Tangible Assets		6,673.66	7,203.90
(ii) Intangible Assets		185.38	257.18
(iii) Capital Work -In -progress		1,373.99	553.14
(b) Non current Investment	2.11	0.23	20.23
(c) Deferred Tax Assets (Net)	2.12	718.98	345.89
(d) Long - Term loans and Advances	2.13	939.66	612.26
(e) Other Non-current assets	2.14	2.09	1.04
		<u>9,893.99</u>	<u>8,993.64</u>
2 Current Assets			
(a) Current Investment	2.15	285.47	-
(b) Inventories	2.16	9,255.34	11,092.13
(c) Trade receivable	2.17	12,469.95	14,324.19
(d) Cash and Cash equivalents	2.18	1,201.80	902.70
(e) Short term loans and advances	2.19	650.91	553.67
(f) Other current assets	2.20	5,094.33	3,263.31
		<u>28,957.80</u>	<u>30,136.00</u>
Total		<u>38,851.79</u>	<u>39,129.64</u>
Significant Accounting Policies and Notes on Accounts	1 & 2		

Notes referred to above form an integral part of the Accounts

This is the Balance sheet referred to in our report of even date

For **CHATURVEDI & PARTNERS**

Chartered Accountants
(Firm Regn. No. 307068E)

For and on behalf of the Board

Anup Kumar Dubey
Partner
(Mem. No. 054975)

Pushpa Chowdhary
Director
DIN: 06877982

Surender Kumar
Managing Director and CEO
DIN: 00510137

Sandeep Gupta
Chief Financial Officer

Nitin Gupta
Company Secretary
Mem No. F8485

Gurugram
May 24, 2017

Consolidated Statement of Profit and loss for the year ended 31st March 2017



(₹ in Lacs)

Particulars	Note No.	2016-17	2015-16
I. Revenue from Operations	2.21	41,360.08	45,262.26
Less : Excise Duty		4,433.07	4,968.93
		36,927.01	40,293.33
II. Other Income	2.22	190.73	141.97
III. Total Revenue (I + II)		37,117.74	40,435.30
IV. Expenses :			
Cost of materials consumed	2.23	19,056.67	23,541.61
Purchases of Stock-in-trade	2.24	4,204.23	3,222.61
Changes in inventories of finished goods, work-in-progress and Stock-in-trade	2.25	1,098.58	(481.80)
Employee benefits expense	2.26	3,478.52	3,464.98
Finance Costs	2.27	2,257.14	2,215.13
Depreciation and amortization expense	2.10	424.58	504.34
Other expense	2.28	7,645.73	7,540.08
Total Expenses		38,165.45	40,006.95
V. (Loss)/ Profit before exceptional and extraordinary items and tax (III-IV)		(1,047.71)	428.35
VI. Exceptional Items		-	-
(Loss) / Profit before extraordinary items and tax (V - VI)		(1,047.71)	428.35
Extraordinary items		-	-
IX. (Loss) / Profit before tax (VII - VIII)		(1,047.71)	428.35
X. Tax expense:			
(1) Current Tax		-	-
(2) Deferred Tax		(373.09)	(96.96)
XI. Profit/(Loss) for the period (IX- X)		(674.62)	525.31
Earnings per equity share:			
Basic		(3.56)	2.77
Diluted		(3.54)	2.75

Significant Accounting Policies and Notes on Accounts

1 & 2

Notes referred to above form an integral part of the Accounts

This is the Statement of Profit & Loss referred to in our report of even date

For **CHATURVEDI & PARTNERS**

Chartered Accountants
(Firm Regn. No. 307068E)

For and on behalf of the Board

Anup Kumar Dubey
Partner
(Mem. No. 054975)

Pushpa Chowdhary
Director
DIN: 06877982

Surender Kumar
Managing Director and CEO
DIN: 00510137

Sandeep Gupta
Chief Financial Officer

Nitin Gupta
Company Secretary
Mem No. F8485

Gurugram
May 24, 2017

Consolidated Cash Flow Statement for period year ended 31st March 2017



(₹ in Lacs)

	2016-17	2015-16
A. CASH FLOW FROM OPERATING ACTIVITY		
Net Profit / (Loss) before Tax and Extraordinary items	(1,047.71)	428.35
Adjusted for :		
Depreciation	424.58	504.34
Interest/Other Income	(132.07)	(137.94)
Bad debts/Prov for Doubtful Debts write Back	(40.00)	20.77
Interest Expenses	2,257.13	2,215.13
Dividend Paid		
Loss / (Profit) on sale of investments	(18.66)	
Loss / (Profit) on sale of Fixed Assets	39.55	(4.03)
Operating Profit before Working Capital Changes	1,482.82	3,026.62
Adjusted for:		
Trade and Other Receivables	(362.43)	776.52
Inventories	1,836.79	(494.25)
Trade Payables & Other Liabilities	(0.27)	454.48
	1,474.09	736.75
Cash Generated from Operating Activities	2,956.91	3,763.37
B CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(1,028.90)	(838.20)
Sale/Receivable- Fixed Assets	345.93	7.63
Purchase of Investment	(1,200.00)	
Sale of Investment	953.19	-
Interest /Other Income Received	132.07	137.94
Net Cash used in Investing Activity	(797.71)	(692.63)
C CASH FLOW FROM FINANCIAL ACTIVITIES		
Proceeds from Borrowings	376.69	(68.80)
Interest Paid	(2,236.79)	(2,197.07)
Net Cash used in Financing Activities	(1,860.10)	(2,265.87)
Net Increase / (Decrease) in Cash and bank balances (A+B+C)	299.10	804.87
Opening Balance of Cash and bank balances	902.70	97.83
Closing Balance of Cash and balances	1,201.80	902.70

Notes referred to above form an integral part of the Accounts

This is the Statement of Cash Flow referred to in our report of even date

For **CHATURVEDI & PARTNERS**

Chartered Accountants
(Firm Regn. No. 307068E)

For and on behalf of the Board

Anup Kumar Dubey
Partner
(Mem. No. 054975)

Pushpa Chowdhary
Director
DIN: 06877982

Surender Kumar
Managing Director and CEO
DIN: 00510137

Sandeep Gupta
Chief Financial Officer

Nitin Gupta
Company Secretary
Mem No. F8485

Gurugram
May 24, 2017

1. SIGNIFICANT ACCOUNTING POLICIES

1.1 BASIS OF PREPARATION

- (i) The Consolidated Financial Statements are prepared in accordance with Accounting Standard (AS) 21 on Consolidated Financial Statements issued by the Institute of Chartered Accountants of India. The Consolidated Financial Statement comprises the financial statement of Shalimar Paints Limited (the Company) its Subsidiary Shalimar Adhunik Nirman Limited and Eastern Speciality Paints & Coatings Private Limited. The Company and its Subsidiary constitute Shalimar Group.
- (ii) The financial Statements have been prepared to comply in all material aspects in respect with the notified Accounting Standard Rules, 2006
- (iii) Financial statements are based on historical cost and are prepared on accrual basis, except where impairment is made and revaluation is carried out.
- (iv) Accounting Policies have been consistently applied by the Group and are consistent with those used in the previous year.
- (v) The financial statement of the company and its subsidiary company have been consolidated on line by line basis by adding together the book value of like items of assets, liability, after eliminating intra- group balances and intra-group transactions.
- (vi) The Consolidated financial statement have been prepared using uniform accounting policies for like transactions and other events in similar circumstances and presented, to the extent possible, in the same manner as the company's separate financial statements.

1.2 GENERAL

The financial statements have been prepared on accrual basis, except otherwise stated, and under the historical cost convention except revalued fixed assets in accordance with the applicable accounting standards specified by the Institute of Chartered Accountants of India and relevant provisions of Companies Act, 2013.

1.3 FIXED ASSETS

Fixed Assets are stated at cost, net of cenvat. The cost comprises the purchase price and any other attributable cost of bringing the assets to its working conditions for its intended use.

In case of revaluation of Fixed Assets, the cost / book value as written up by the approved valuer is considered in the books of accounts, and the differential amount is transferred to Fixed Asset Revaluation Reserve.

Cash generating assets are assessed for possible impairment at balance sheet dates based on external and internal sources of information. Impairment losses, if any, are recognized as an expense in the Statement of Profit and Loss.

1.4 LEASE ACCOUNTING

The Company provides tinting systems to dealers on an operating lease basis. Lease rentals are accounted in accordance with the respective lease agreements.

1.5 DEPRECIATION

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

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

1.6 INVESTMENTS

Investments, being long term in nature are stated at cost, less any diminution in value other than temporary.

1.7 FOREIGN CURRENCY TRANSACTIONS

Transactions in foreign currency are accounted for at the equivalent rupee value incurred/earned. Foreign currency assets and liabilities at the year-end are realigned at the applicable exchange rate and variations are adjusted to the revenue or capital heads, as the case may be..

1.8 INVENTORY

- i. Raw materials including materials in transit, stores & spare parts and loose tools are valued at lower of cost or net realisable value.

- ii. Stock in trade, finished goods and work-in-process are valued at lower of cost or net realisable value.
- iii. The cost which is arrived at following weighted average basis, comprises all direct costs including taxes and duties net of cenvat credits, transportation and other costs incurred in bringing the inventories to the present location and condition.
- iv. The obsolete/damaged items of inventories are valued at estimated realisable value.

1.9 SALES

The amount recognised as sale is exclusive of VAT and are net of returns. Sales are stated gross of excise duty as well as net of excise duty; excise duty being the amount included in the amount of gross sales. The excise duty related to difference between the closing stock and opening stock is recognized separately as part of 'material cost'.

1.10 RETIREMENT BENEFITS TO EMPLOYEES

- (i) The Company operates defined contributions schemes.

The Company makes regular contribution to provident funds which are fully funded and administered by Government and are independent of Company's finance. Contributions are recognized in the Statement of Profit & Loss on an accrual basis.

- (ii) 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.
- (iii) For Schemes where recognized funds have been set up, annual contributions are made as determined as per the actuarial valuation report. Actuarial gains & losses are recognized in the Statement of Profit & Loss. 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.

1.11 BORROWING COST

Borrowing Costs attributable to acquisition and construction of assets are capitalized as part of the cost of such asset upto the date when such asset is ready for its intended use. Other borrowing costs are charged to Statement of Profit and Loss.

1.12 TAXES ON 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.

Deferred tax is recognized on timing differences between the accounting income and the taxable income for the year and quantified using the tax rates and laws enacted or substantively enacted as on the Balance Sheet date.

Deferred tax assets are recognized and carried forward to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

1.13 VOLUNTARY RETIREMENT SCHEME

Payments made under the Voluntary Retirement Scheme (VRS) including gratuity arising pursuant to the VRS are amortized over a period of five years commencing from the year in which it is incurred.

1.14 EMPLOYEES STOCK OPTION SCHEME

The Company determines the compensation cost based on the intrinsic value method. The compensation cost is amortized on a straight line basis over the vesting period.

1.15 CONTINGENT LIABILITIES

Liabilities which are material in the opinion of the Company and whose future outcome cannot be ascertained with reasonable certainty, are treated as contingent and disclosed by way of notes to the Accounts.

Notes to Consolidated Financial Statements (Contd.)



2. Consolidated Notes to Accounts

(₹ in Lacs)

	As at 31.03.2017	As at 31.03.2016
2.1 Share Capital		
(i) Authorised Capital		
4,00,00,000 Equity Shares of ₹ 2 each (4,00,00,000 Equity Shares of ₹ 2 each)	800.00	800.00
(ii) Issued, Subscribed and Fully Paid-up	378.92	378.92
1,89,45,975 Equity Shares of ₹ 2 each (1,89,45,975 Equity Shares of ₹ 2 each)		
(iii) Share Forfeiture Account	0.01	0.01
	378.93	378.93

(iv) Reconciliation of Number of Shares and share capital

Particulars	As at March 31, 2017		As at March 31, 2016	
	No. of Shares	Amount	No. of Shares	Amount
Number of shares vis-à-vis amount at the beginning	18945975	378.92	18928100	378.56
Add: Shares issued	-	-	17875	0.36
Number of shares vis-à-vis amount at the end	18945975	378.92	18945975	378.92

(v) Rights, preferences and restrictions attached to shares

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

(vi) Detail of number of shares held by each shareholder holding more than 5% of the issued share capital.

Name of Share holders	As at March 31, 2017		As at March 31, 2016	
	No. of Shares	% held	No. of Shares	% held
Hind Strategic Investments Ltd	5841570	30.83	5841570	30.83
Hexa Securities and Finance Co. Ltd.	1500000	7.92	1500000	7.92
Nalwa Sons Investments Ltd (Formerly Jindal Strips Ltd)	1372590	7.24	1372590	7.24
Colorado Trading Company Ltd	1224635	6.46	1224635	6.46
Nalwa Investments Ltd	1193855	6.30	1193855	6.30

Notes to Consolidated Financial Statements (Contd.)



(₹ in Lacs)

	As at 31.03.2017	As at 31.03.2016
2.2 Reserve and Surplus		
(i) Capital Reserve		
Opening Balance	32.24	32.24
Addition during the year (net)	-	-
	<u>32.24</u>	<u>32.24</u>
(ii) Restricted stock units reserve		
Employee Stock Options Outstanding	17.51	110.78
Addition during the year (net)	1.09	(93.27)
	<u>18.60</u>	<u>17.51</u>
(iii) Securities Premium Account		
Opening Balance	961.10	949.27
Addition during the year (net)	-	11.83
	<u>961.10</u>	<u>961.10</u>
(iv) Fixed Asset Revaluation Reserve		
Opening Balance	280.72	280.72
	<u>280.72</u>	<u>280.72</u>
(v) General Reserve		
Opening Balance	3,758.51	3,758.51
	<u>3,758.51</u>	<u>3,758.51</u>
(vi) Surplus in the Statement of Profit and loss		
Opening Balance	1,176.07	650.76
Add: Profit / (Loss) for the year	(674.62)	525.31
Less: Prior period adjustment- Depreciation	-	-
	<u>501.45</u>	<u>1,176.07</u>
LESS : APPROPRIATIONS		
General Reserve	-	-
Proposed Dividend	-	-
Provision for Tax on Dividend	-	-
	<u>501.45</u>	<u>1,176.07</u>
	<u>5,552.62</u>	<u>6,226.15</u>
2.3 Long-Term Borrowings		
Secured		
(a) Term Loan (South Project)		
10.95%, HDFC Bank Ltd (Originally repayable in 45 monthly installments, Rescheduled to 11 Quarterly installments, Starting from 29.11.2015 and ending on 29.05.2018)	75.30	377.26
11.25 %, State Bank of India (Repayable in 28 monthly installments starting from 30.04.2016 and ending on 31.07.2018)	144.00	665.00
	<u>219.30</u>	<u>1,042.26</u>
[Secured by (i) first charge , ranking pari passu , by way of an equitable mortgage on the land and building , and hypothecation of other fixed assets thereon , at the Company's factory at Nasik, Maharashtra (ii) first charge, ranking pari passu, by way of hypothecation of plant and machinery at the Company's factory situated at Howrah, West Bengal (iii) second charge, raking pari passu , on the fixed assets of the Company at its factory situated at Sikandarabad, Uttar Pradesh (iv) first pari passu charge by way of equitable mortgage of land and building of the Company situated at village-Chinnapuliur , Taluka-Gummidipoondi ,District - Thiruvallur, Tamil Nadu ; and hypothecation charge over plant and machinery to be purchased out of the term loan (v) Second pari passu charge on the entire current assets of the Company.]		
(b) Term Loan (Others) (Refer Note No. 2.48)		
13.5% India Bulls Housing Finance Ltd (Repayable in 84 monthly installments starting from 05.05.2016 and ending on 05.04.2023) (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)	405.90	458.01
13.0% Religare Finvest Ltd (Repayable in 117 monthly installments starting from 01.08.2016 and ending on 01.04.2026) [Secured by First charge on company's the immovable & movable properties of Sikandarabad plant situated at Plot No A1 & A2 UPSIDC Industrial Area, Sikandarabad Distt- Bulandshahar (U.P)]	1,741.87	1,856.44
	<u>2,147.77</u>	<u>2,314.45</u>
Total (a+b)	<u>2,367.07</u>	<u>3,356.71</u>

Notes to Consolidated Financial Statements (Contd.)



	As at 31.03.2017	(₹ in Lacs) As at 31.03.2016
2.4 Other Long Term Liabilities		
Trade & security deposit	27.60	30.38
	<u>27.60</u>	<u>30.38</u>
2.5 Long Term Provisions		
Provision for Employees' Benefits [Note (2.44)- II]	497.92	471.64
Others	300.00	300.00
	<u>797.92</u>	<u>771.64</u>
2.6 Short Term Borrowings		
Secured		
(i) Loans repayable on demand	10,768.51	9,402.18
From Bank (Cash credit and WCDL)		
Secured by (i) first charge, ranking pari passu (a) by way of hypothecation on the entire stocks and current assets of the Company (b) by way of equitable mortgage of land and building, and hypothecation of other fixed assets thereon, of the Company's factory, at Nasik, Maharashtra (c) by way of hypothecation of plant and machinery at the Company's factory situated at Howrah, West Bengal (ii) second charge, ranking pari passu, (a) on the fixed assets of the Company at its factory situated at Sikandarabad, Uttar Pradesh (b) by way of equitable mortgage of land and building situated at village -Chinnapuliur, Taluka-Gummidipoondi, District- Tiruvallur, Tamil Nadu; and hypothecation of plant and machinery to be purchased out of term loan.		
	<u>10,768.51</u>	<u>9,402.18</u>
2.7 Trade Payables		
(i) Acceptances	2,597.60	1,885.86
(ii) Sundry Creditors		
a) Sundry creditors for bill discounting (Note 2.29)	2,944.26	3,022.00
b) Others	10,482.44	10,780.32
	<u>16,024.30</u>	<u>15,688.18</u>
2.8 Other Current Liabilities		
(i) Current Maturity of Long-term debts	995.89	946.75
(ii) Interest accrued and due on borrowings	57.89	37.54
(iii) Unpaid Dividend	10.01	11.75
(iv) Other Payables		
Employee's remuneration	262.51	174.56
Statutory Payment	874.42	551.83
Advance from Customer	178.94	380.26
Others (Operating Expenses)	549.33	1,167.89
	<u>2,928.99</u>	<u>3,270.58</u>

Notes to Consolidated Financial Statements (Contd.)



(₹ in Lacs)

As at 31.03.2017 As at 31.03.2016

2.9 Short Term Provision

Others

(i) Provision for Employee Benefits [Note (2.44)- II]	5.85	4.89
	5.85	4.89

2.10 Fixed assets

Tangible Assets

6,673.66 7,203.90

Intangible Assets

185.38 257.18

Capital Work in Progress

1,373.99 553.14

(Refer Note no. 2.10.1)

8,233.03 8,014.22

Note No: 2.10.1 Fixed Assets

COMPANY ACT SCHEDULE STANDALONE 16-17

(₹ In Lacs)

Particulars	GROSS BLOCK				ACCUMULATED DEPRECIATION				NET BLOCK	
	As at April 1, 2016	Additions	Deletion / Adjustments	As at Mar 31, 2017	As at Apr 1, 2016	For the year (PL)	Deletion / Adjustments	As at Mar 31, 2017	As at Mar 31, 2017	As at Mar 31, 2016
I. Tangible Assets										
Land	1,071.36	-	-	1,071.36	-	-	-	-	1,071.36	1,071.36
Building	5,107.99	9.04	577.41	4,539.62	924.71	45.97	395.49	575.19	3,964.43	4,183.28
Plant & Machinery	2,808.70	95.26	803.65	2,100.31	1,715.92	105.68	680.95	1,140.65	959.66	1,092.78
Leased Equipment	1,948.71	38.78	-	1,987.49	1,315.41	134.37	-	1,449.78	537.71	633.30
Furniture and Fixture	474.70	2.30	130.72	346.28	325.39	34.21	78.12	281.48	64.80	149.30
Office Equipment	943.43	32.72	24.60	951.55	882.29	24.65	23.64	883.30	68.25	61.14
Motor Vehicles	108.22	-	-	108.22	95.49	5.28	-	100.77	7.45	12.74
Total (A)	12,463.12	178.08	1,536.38	11,104.83	5,259.20	350.16	1,178.20	4,431.17	6,673.66	7,203.90
Previous Year	12,273.52	294.19	104.59	12,463.12	4,954.10	406.09	100.99	5,259.20	7,203.90	-
II. Intangible Assets										
Computer software	770.06	2.62	-	772.67	631.13	52.70	-	683.83	88.84	138.93
Trade Mark	93.41	-	-	93.41	43.63	13.44	-	57.07	36.34	49.77
Technical know how	132.01	-	-	132.01	63.53	8.29	-	71.82	60.19	68.48
Total (B)	995.48	2.62	-	998.09	738.29	74.43	-	812.72	185.37	257.18
Previous Year	927.99	67.48	-	995.48	640.04	98.25	-	738.29	257.18	-
III. Capital Work in Progress	553.15	848.13	27.29	1,373.99	-	-	-	-	1,373.99	553.15
Total (C)	553.15	848.13	27.29	1,373.99	-	-	-	-	1,373.99	553.15
Previous Year	76.61	573.94	97.40	553.15	-	-	-	-	553.15	-
Total (A+B+C)	14,011.75	1,028.83	1,563.67	13,476.91	5,997.49	424.59	1,178.20	5,243.89	8,233.02	8,014.23
Previous Year	13,278.11	935.61	201.99	14,011.75	5,594.14	504.34	100.99	5,997.49	8,014.23	-

Notes to Consolidated Financial Statements (Contd.)



	As at 31.03.2017	As at 31.03.2016
		(₹ in Lacs)
2.11 Non Current Investments -		
Trade Investment, at cost		
(i) Investment in Mutual Funds - Quoted		
UTI Infrastructure Fund -Growth		
UTI- Money Market Fund - Institutional Plan - Direct Plan- Growth (Market Value of 50925.374 Units @NAV ₹ 37.38	-	20.00
Other Investment, at cost		
Investment in Debentures or Bonds - Unquoted		
(Non redeemable Mortgage Debenture Stock 1957)		
₹ 6,500 1/2% Woodland Medical Centre Ltd.	0.06	0.06
₹ 17,000 5% Woodland Medical Centre Ltd. (Refer Note- 2.50)	0.17	0.17
Aggregate amount of Unquoted Investments	0.23	20.23
Aggregate amount of Quoted Investments	0.23	0.23
Market Value of Quoted Investments	-	20.00
2.12 Deferred Tax Liabilities / Assets		
(i) Deferred Tax Assets	(996.64)	(684.26)
(ii) Deferred Tax Liabilities (Refer Note- 2.39)	277.66	338.37
	<u>(718.98)</u>	<u>(345.89)</u>
2.13 Long Terms Loans and advances		
(Unsecured, considered good)		
(i) Security Deposit	178.91	204.25
(ii) Loan and advances to related parties	-	-
(iii) Capital Advances to suppliers	760.75	408.01
	<u>939.66</u>	<u>612.26</u>
2.14 Other Non Current Assets	2.09	1.04
(Unsecured, considered good)		
Preoperative & Others		
	<u>2.09</u>	<u>1.04</u>
2.15 Current Investments -		
Trade Investment, at cost		
(i) Investment in Mutual Funds - Quoted		
UTI Infrastructure Fund -Growth		
UTI- Money Market Fund - Institutional Plan - Direct Plan- Growth Market Value of 16000.36 Units @NAV ₹1824.22	285.47	-
Market Value of Quoted Investments	<u>285.47</u>	<u>-</u>
	291.88	-
2.16 Inventories		
(at cost or net realisable value, whichever is lower)		
i) Raw Material		
a) Raw Material	1,525.07	2,231.06
b) Raw Material in Transit	52.94	129.17
ii) Work- in -Progress	156.52	326.38
iii) Finished Goods		
a) Finished Goods[including trading good-₹ 736.59 (P.Y ₹824.00 lacs)]	7,085.21	7,959.46
b) Finished Goods in Transit	275.37	329.85
iv) Stores, Spares & Scrap	160.23	116.21
	<u>9,255.34</u>	<u>11,092.13</u>

Notes to Consolidated Financial Statements (Contd.)



	As at 31.03.2017	(₹ in Lacs) As at 31.03.2016
2.17 Trade receivables		
(Unsecured, considered good)		
(i) Outstanding for a period exceeding six months from due date	2,933.24	3,137.88
(ii) Others	9,536.71	11,247.07
	<u>12,469.95</u>	<u>14,384.95</u>
Less:- Provision for Doubtful Debt	-	(40.00)
Less: Bad Debts	-	(20.76)
	<u>12,469.95</u>	<u>14,324.19</u>
2.18 Cash and Bank Balances		
Cash & Cash Equivalents:		
(i) Balances with Bank(in current account)	189.07	101.08
(ii) Cheque, drafts on hand	615.30	749.82
(iii) Cash in hand	4.90	15.63
(iv) Other Bank Balances:		
Unpaid Dividend Account	10.01	11.75
Fixed Deposit Account	372.69	17.46
Margin Money	9.83	6.96
	<u>1,201.80</u>	<u>902.70</u>
2.19 Short term loans and advances - Unsecured, considered good		
(i) Others :		
Advances to suppliers	306.37	209.32
Advance to Employee	32.11	37.41
Advance Tax (Net of Provision for Tax)	312.43	306.94
	<u>650.91</u>	<u>553.67</u>
2.20 Other Current Assets		
(i) Prepaid Expenses	131.90	227.44
(ii) Short term deposit	461.32	430.18
(iii) Other Receivables	3,881.82	1,883.38
(iv) Balances with Revenue Authorities	619.29	722.31
	<u>5,094.33</u>	<u>3,263.31</u>

Notes to Consolidated Financial Statements (Contd.)



(₹ in Lacs)

	2016-17	2015-16
2.21 Revenue from Operations		
(i) Revenue from Sale of Products	43,931.42	47,902.19
(ii) Other Operating Revenue	123.05	156.95
	<u>44,054.47</u>	<u>48,059.14</u>
Less : Discounts	2,694.39	2,796.88
	<u>41,360.08</u>	<u>45,262.26</u>
Less : Excise duty	4,433.07	4,968.93
	<u>36,927.01</u>	<u>40,293.33</u>
2.22 Other Income		
(i) Interest	10.45	7.81
(ii) Profit on Sale of Fixed Assets	-	4.03
(iii) Rent Receipt	0.25	-
(iv) Profit on Sale of Investment	18.66	-
(v) Miscellaneous Receipts-Refer Note No. 2.52	161.37	130.13
	<u>190.73</u>	<u>141.97</u>
2.23 Cost of Materials Consumed		
Organic acid/chemicals	4,538.58	6,561.37
Pigments	2,701.40	2,978.41
Solvents & Oils	5,961.02	6,176.35
Packages and Packing Materials	2,411.93	2,759.46
Others*	3,443.74	5,066.02
* Includes individual items of less than 10% of the total and therefore, not considered for the above classification.		
	<u>19,056.67</u>	<u>23,541.61</u>
2.24 Purchase of Stock-in-Trade	4,204.23	3,222.61
	<u>4,204.23</u>	<u>3,222.61</u>
2.25 Changes in inventories of finished goods, work-in-progress and Stock-in-trade		
Closing Stock		
Finished Goods	7,360.58	8,289.31
Work-in-progress	156.53	326.38
	<u>7,517.11</u>	<u>8,615.69</u>
Opening Stock		
Finished Goods	8,289.31	7,901.08
Work-in-progress	326.38	232.81
	<u>8,615.69</u>	<u>8,133.89</u>
	<u>1,098.58</u>	<u>(481.80)</u>
2.26 Employee Benefits Expense		
Salaries and Wages	3,108.07	3,061.91
Contribution to provident and other funds	147.05	149.95
Expenses on Employee Stock Option Plan	4.20	6.99
Staff Welfare Expenses	219.20	246.13
	<u>3,478.52</u>	<u>3,464.98</u>

Notes to Consolidated Financial Statements (Contd.)



(₹ in Lacs)

	2016-17	2015-16
2.27 Finance Costs		
Interest expense	1,940.05	1,932.54
Foreign exchange (gain) / loss	14.41	16.37
Other borrowing cost	302.68	266.22
	2,257.14	2,215.13
2.28 Other Expense		
Consumption of stores and spare parts	41.88	45.78
Power and fuel	234.71	251.38
Rent	516.30	477.44
Repairs to building	7.70	10.33
Repairs to plant and machinery	65.37	63.02
Insurance	63.66	77.23
Rates and taxes	17.51	16.56
Repairs - others	183.40	145.28
Printing and stationery	33.78	36.02
Communication expenses	115.72	114.89
Directors' fees	4.60	4.80
Payment to the Auditor (note no. 2.32)	13.95	13.60
C&F Charges	129.43	148.48
Travelling expenses	566.14	590.83
Application Charges	49.11	164.07
Freight	2,794.91	2,796.20
Discount & Rebates	1,948.81	1,913.40
Loss on sale of fixed assets	39.55	-
Bad Debts	-	20.76
Provision for Bad & Doubtful Debt	-	40.00
Miscellaneous Expenses	819.20	610.01
	7,645.73	7,540.08
2.29 Liabilities in Note 2.7(ii)(a) outstanding in respect of discounting facilities granted by AXIS Bank Ltd. as well as interest accrued but not due thereon .	2944.26	3022.00
2.30 Contingent Liabilities		
Contingent liability not provided for in respect of:		
(i) Excise Duty	391.86	302.59
(ii) Bank Guarantee	882.06	774.40
(iii) 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)	772.97	676.73
(iv) Claims against the Company not acknowledged as debt (to the extent ascertained)	183.32	73.86
(v) Income Tax	62.73	53.68
2.31 Commitments		
(i) Estimated amount of capital commitments, net of advance of ₹760.75 lacs (previous year ₹ 411.60 lacs)	542.67	1.42
(ii) Uncalled Liability on Partly paid up shares	40.50	40.50
2.32 Auditors' Remuneration		
Audit Fees	6.66	6.60
Tax Audit Fees	1.25	1.25
Certification fees and other Services	2.75	2.95
Reimbursement of Expenses	3.29	2.80

Notes to Consolidated Financial Statements (Contd.)



(₹ in Lacs)

	2016-17	2015-16
2.33 CIF Value of Imports		
Raw Materials	1724.99	1578.28
2.34 Expenditure in foreign currency		
Purchase of Raw Material	1646.74	1516.47
Travelling Expenses	0.38	1.72
Testing Charges	1.16	3.76
2.35 Earnings in foreign currency		
FOB Value of Export	379.52	278.48
2.36 Amount remitted in foreign currency on account of dividend	2016-17	2015-16
a) Number of Non-resident shareholders	NIL	NIL
b) Number of shares held by them	NIL	NIL
c) Amount of dividend remitted	NIL	NIL
d) Year to which dividend relates	NIL	NIL

2.37 Consumption of imported and indigenous raw materials & stores	2016-17		2015-16	
	%	₹ (Lac)	%	₹ (Lac)
Imported	10.71	2045.87	7.91	1865.28
Indigenous	89.29	17052.68	92.09	21722.11
Total Consumption	100.00	19098.55	100.00	23587.39

2.38 Disclosure under the Micro, Small & Medium Enterprises Development Act, 2006

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

2.39 The Company has adopted Accounting Standard 22 "Accounting for Taxes on Income"; and the net deferred tax Assets amounting to ₹ 367.23 lacs has been recognized.

	Opening as at 01.04.2016 (₹ In lacs)	Charge /(Credit) during the year (₹ in lacs)	Closing as at 31.03.2017 (₹ in lacs)
Deferred Tax Assets	686.69	309.94	996.63
Carry Forward Losses/Unabsorbed Depreciation as per IT Act	644.75	323.84	968.59
Disallowance under Section 43B	29.02	-0.84	28.18
Provision for doubtful debts & advances	12.36	-12.36	0.00
Section 35D	0.56	-0.70	-0.14
Deferred Tax Liabilities	(340.80)	63.15	(277.65)
Depreciation and related items	(340.80)	63.15	(277.65)
Net Deferred Tax Assets / (Liabilities)	345.89	373.09	718.98

2.40 Future minimum lease rentals receivable as at the year-end ₹ NIL (Previous ₹ NIL)

Notes to Consolidated Financial Statements (Contd.)

2.41 Related party disclosure in accordance with the Accounting Standard 18 "Related Party Disclosures" issued by the Institute of Chartered Accountants of India.

Sr No	Name of the related parties with whom the transactions have been made	Description of relationship with the party	Nature of Transaction	Amount outstanding as on March 31, 2017 (₹ lacs)	Transactional Value 2016-2017 (₹ lacs)
1	Sameer Nagpal	Ex. Managing Director	Remuneration	0.00 (0.00)	0.00 (17.77)
2	Ratan Jindal	Non- Executive Director	Sitting Fees	0.00 (0.00)	0.40 (0.80)
3	Girish Sundar Jhunjhnuwala	Non- Executive Director	Sitting Fees	0.00 (0.00)	0.20 (0.40)
4	Surender Kumar	Managing Director & CEO	Remuneration	5.59 (0.00)	82.35 (70.77)
5	Sandeep Gupta	Chief Financial Officer	Remuneration	5.11 (0.00)	16.14 (0.00)
6	Janak Raj Goyal	Ex. Chief Financial Officer	Remuneration	0.00 (0.00)	46.58 (0.00)
7	Nitin Gupta	Company Secretary	Salary	0.59 (0.00)	7.11 (2.63)
8	Bernadette Dominic	Ex. Company Secretary	Salary	0.00 (0.00)	0.00 (2.09)
14	Jindal Steel & Power Ltd.	Company in which Directors and/or Relatives are interested	Sales	646.23 (515.30)	1467.42 (1445.61)
15	Jindal Saw Ltd.	Company in which Directors and/or Relatives are interested	Sales	212.73 (21.98)	1710.73 (83.78)
16	JSW Energy Ltd.	Company in which Directors and/or Relatives are interested	Sales	3.36 (48.95)	10.32 (108.50)
17	JSW Steel Ltd.	Company in which Directors and/or Relatives are interested	Sales	97.07 (27.61)	417.31 (238.51)
18	Jindal Industries Pvt Ltd	Company in which Directors and/or Relatives are interested	Sales	24.87 (32.11)	150.17 (180.88)
19	Jindal Stainless Ltd.	Company in which Directors and/or Relatives are interested	Sales	39.82 (0.00)	145.70 (0.00)
20	Jindal Stainless Ltd.	Company in which Directors and/or Relatives are interested	Reimbursement of expenses incurred by related party	0.00 (0.00)	0.00 (0.15)
21	Jindal Stainless Consultancy	Company in which Directors and/or Relatives are interested	Payment of Rent & Maintenance	4.18 (0.00)	4.18 (0.00)
22	O.P. Jindal Institute of Cancer	Company in which Directors and/or Relatives are interested	Sale of Fixed Assets	1.31 (0.00)	11.31 (0.00)

Note:-

- (i) Financial figures in bracket () relate to previous year
- (ii) Reimbursement of expenses incurred for and on behalf of the Company, to Key Managerial Personnel have not been considered in the above table.

Notes to Consolidated Financial Statements (Contd.)



2.42 Earning Per Share

(₹ in lacs)

Particulars	2016-2017	2015-2016
(a) Profit / (Loss) for the year, per statement of profit and loss (₹ in lacs)	(674.62)	525.31
(b) Weighted Average number of Equity Shares (Nos.)	18945975	18939717
(c) Effect of potential Dilutive Equity shares on Employee stock option outstanding (Nos.)	106650	152375
(d) Weighted Average number of Equity shares in computing diluted Earnings per share {(b)+(c)}	19052625	19092092
(e) Earning per Share (in Rupees)		
Basic	(3.56)	2.77
Diluted	(3.54)	2.75

2.43 Employees' Benefits

The Company has adopted Accounting Standard 15 (Revised) Employee Benefits with effect from 1st April, 2007.

The following disclosures are made in accordance with Accounting Standard 15 (Revised) pertaining to Defined Benefit Plans :

(a) Defined Benefits Plans / Compensated absences - As per actuarial valuation on 31st March 2017

I Expense recognized in the Statement Profit and Loss

		Gratuity Funded		Leave Encashment	
		2016-17	2015-16	2016-17	2015-16
1	Current Service Cost	31.89	29.59	11.02	13.42
2	Interest on Cost	34.30	32.56	4.49	5.32
3	Employee Contribution	0	0	0	0
4	Expected Return on plan assets	(1.41)	(3.10)	0	0
5	Net Actuarial (Gain) / Losses	(44.84)	(0.87)	4.08	1.98
6	Past Service Cost	0	0	0	0
7	Settlement Cost	0	0	0	0
8	Total Expenses	19.94	58.18	19.59	20.72

II Net Assets / (Liability) recognized in the Balance Sheet

		2016-17	2015-16	2016-17	2015-16
1	Present Value of Defined Benefits of Obligation as at March 17	439.04	436.95	65.46	57.17
2	Fair Value of plan assets as at March 17	0.73	17.58	0	--
3	Funded status [Surplus/(Deficit)]	(438.31)	(419.37)	(65.46)	(57.17)
4	Net Assets/(Liability) as at March 17	(438.31)	(419.37)	(65.46)	(57.17)

III Change in Obligation during the Year ended

		2016-17	2015-16	2016-17	2015-16
1	Present Value of Defined Benefit Obligation at beginning of the Year	436.95	420.06	57.17	68.71
2	Current Service Cost	31.89	29.59	11.02	13.42
3	Interest Cost	34.30	32.55	4.49	5.32
4	Settlement Cost	0	0	0	0
5	Past Service Cost	0	0	0	0
6	Employee Contributions	0	0	0	0
7	Plan Amendments	0	0	0	0
8	Actuarial (Gain)/ Losses	(46.25)	(1.64)	4.08	1.98
9	Benefits Payments	(17.85)	(43.61)	(11.30)	(32.26)
10	Present value of Defined Benefits Obligation at the end of year	439.04	436.95	65.46	57.17

Notes to Consolidated Financial Statements (Contd.)



IV Change in Assets during the Year

		2016-17	2015-16	2016-17	2015-16
1	Plan assets at the beginning of the year	17.58	35.39	0	0
2	Plan assets acquired on amalgamation in Previous Year	0	0	0	0
3	Settlements	0	0	0	0
4	Expected return on plan assets	1.41	3.10	0	0
5	Contributions by employer	1.00	23.47	11.30	32.26
6	Actual benefits paid	(17.85)	(43.61)	(11.30)	(32.26)
7	Actual Gains/ (Losses)	(1.41)	(0.77)	0	0
8	Actual return on Plan assets	0	0	0	0
9	Plan assets at the end of the year	0.73	17.58	0	0

V Actuarial Assumptions:

		As at 31.03.2017	As at 31.03.2016
1	Discount Rate	7.30 %	7.85 %
2	Rate of increase in salaries	2.00 %	2.00 %
3	Rate of return on Plan Assets :		
	1) Leave Encashment	N.A.	N.A.
	2) Gratuity	8.00 %	8.00 %
4	Mortality	As per IALM (2006-2008) Ultimate	As per IALM (2006-2008) Ultimate
5	Withdrawal rate	2.00 % p.a.	2.00% p.a

2.44 Disclose of Specified Bank Notes (SBN) held and transacted during the period from 8th November, 2016 to 30th December, 2016

(₹ lakh)

	SBNs	Other denomination notes	Total
Closing cash in hand as on 8-11-2016	1.30	10.49	11.79
(+) Permitted receipts	6.27	24.40	30.67
(-) Permitted payments	(0.00)	(27.25)	(27.25)
(-) *Amount deposited in Banks	(7.57)	(0.00)	(7.57)
Closing cash in hand as on 30-12-2016	0.00	7.64	7.64

*Amount deposited includes ₹6.27 lakh , being the SBN deposited directly by the third parties in the Company's bank accounts , and the said third party deposits are shown as 'Permitted receipts'.

2.45 The Company has resolved to de-commission its Chennai Plant, due to technical reasons, with effect from 06th April 2015, and depreciation after de-commissioning has not been charged to revenue. The said assets will be put to use once the plant restarts.

2.46 There has been a major fire break out on Nov 19, 2016 at Nasik Factory of the Company resulting in substantial damage of stocks, plant & machineries and factory building. Intimation of fire has been given to insurer, and claim settlement is under process. The policy is on Reinstatement basis, and Loss of profit for 6 months. Estimated insurance claim receivable on book value of ₹ 2004.18 lakh has been accounted for.

The insurance claim of loss for damage of building & inventories due to fire in Howrah Plant is yet to be assessed by the Insurer. The estimated insurance claim receivable of ₹1474.81 lacs have been accounted for in the books.

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

2.47 Term Loan (Others) represent loan availed by company for working capital for business needs.

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

Notes to Consolidated Financial Statements (Contd.)



- 2.49** Pursuant to the Scheme of Merger of Woodlands Medical Centre Limited with Woodlands Multispecialty Hospital Ltd, as approved by the Calcutta High Court on 29/11/2010, the Company, on application made, is entitled to get 2350 shares of ₹10 each fully paid up in Woodlands Multispecialty Hospital Ltd against debenture of ₹23,500 held in Woodlands Medical Centre Limited.
- 2.50** Some of the debtors, creditors & advances are pending confirmation /reconciliation, and impact of the same on financial statements, if any, is unascertained.
- 2.51** Miscellaneous Receipts include debtors/creditors written back- ₹ 146.41 Lacs (Previous Year- ₹112.63 lacs).
- 2.52** The holding Company operates mainly in one business segment i.e. Paints; accordingly sales & stock in trade represent paints & allied products. The subsidiaries of the holding Company are yet to commence any business activity.
- 2.53** The Company has two subsidiaries, namely "Shalimar Adhunik Nirman Limited" (SANL) & "Eastern Speciality Paints & Coatings Private Limited" (ESPCPL). The information in respect of the said subsidiaries, as required to be given vide general circular no. 2/2011 dated 8th February, 2011 issued by the Ministry of Corporate Affairs, are given below:

	(₹ In Lacs)	
	SANL	ESPCPL
a) Capital (paid up)	59.50	5.00
b) Reserves	(17.11)	NIL
c) Total Assets	727.18	5.14
d) Total Liabilities	727.18	5.14
e) Detail of Investment (except in case of investment in the subsidiaries)	NIL	NIL
f) Turnover	NIL	NIL
g) Profit before Taxation	(20.75)	NIL
h) Provision for Taxation	5.85	NIL
i) Profit after Taxation	(14.90)	NIL
j) Proposed Dividend	NIL	NIL

Since there is no business activities by the ESPCPL, no turnover, tax and profit have been reported during the year as well as in the previous year.

- 2.54** Finance charges include foreign exchange loss of ₹ 14.41 lacs (previous year ₹ 16.37lacs).
- 2.55** Previous year's figures have been regrouped / rearranged, wherever necessary.

For CHATURVEDI & PARTNERS

Chartered Accountants
(Firm Regn. No. 307068E)

Anup Kumar Dubey
Partner
(Mem. No. 054975)

Gurugram
May 24, 2017

For and on behalf of the Board

Pushpa Chowdhary
Director
DIN: 06877982

Sandeep Gupta
Chief Financial Officer

Surender Kumar
Managing Director and CEO
DIN: 00510137

Nitin Gupta
Company Secretary
Mem No. F8485

ATTENDANCE SLIP
SHALIMAR PAINTS LIMITED

CIN: L24222HR1902PLC065611

Registered Office: Stainless Centre, 4th Floor, Plot No. 50, Sector -32, Gurugram, Haryana - 122001
Phone: 0124-4616600; Fax: 0124-4616659; E-mail Id: askus@shalimarpaints.com
Website: www.shalimarpaints.com

Venue of the Meeting: Galaxy Hotel Shopping & Spa, NH-8, Sector 15, Part – II, Gurgaon - 122001

Date & Time: 28th September, 2017 at 11:00 A.M.

PLEASE FILL ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING VENUE

Name	
Registered Address	
Email ID	
DP ID*	
Client ID*	
Folio No	
No of shares held	

*Applicable for investors holding shares in Electronic form.

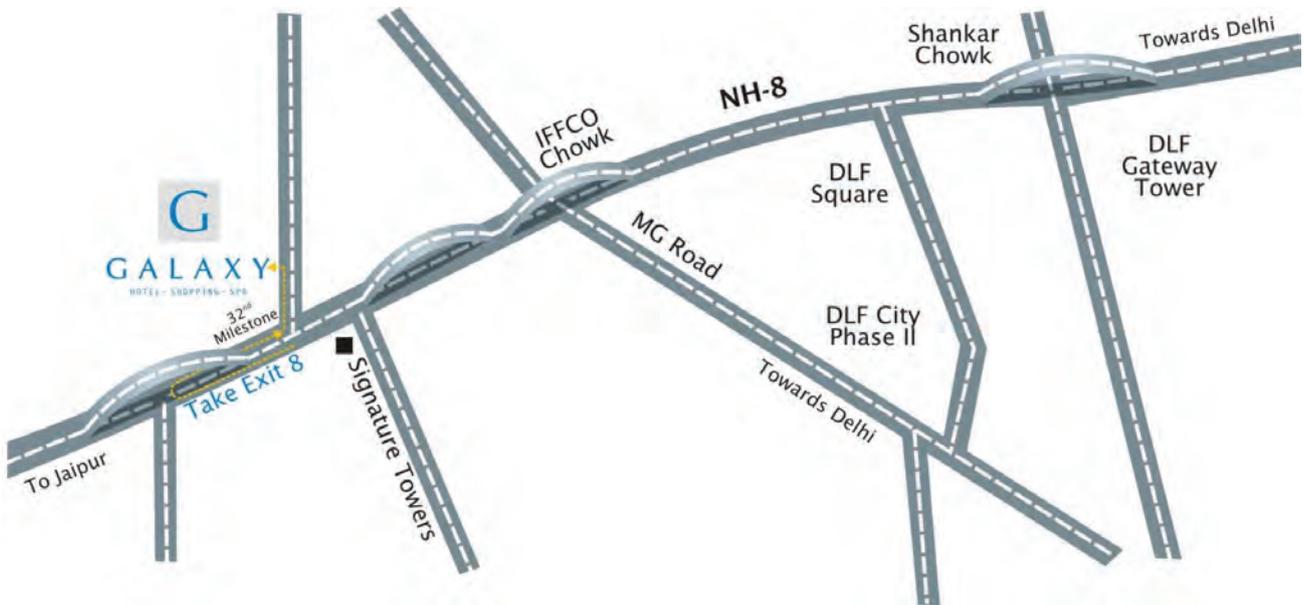
I certify that I am the registered shareholders/ proxy for the registered shareholder of the Company.

I hereby record my presence at the 115th Annual General Meeting of the Company being held on 28th September, 2017 at 11:00 A.M. at Galaxy Hotel Shopping & Spa, NH-8, Sector 15 , Part -II, Gurgaon - 122001.

Signature of Member / Proxy

- Note:
1. Electronic copy of the Annual Report for 2017 and Notice of the Annual General Meeting along with Attendance Slip and Proxy Form is being sent to all the members whose email address is registered with the Company/ Depository Participant unless any member has requested for a hard copy of the same. Shareholders receiving electronic copy and attending the Annual General Meeting can print copy of this Attendance Slip.
 2. Physical copy of the Annual Report for 2017 and Notice of the Annual General Meeting along with Attendance Slip and Proxy Form is sent in the permitted mode(s) to all members whose email id is not registered or have requested for a hard copy.

Route map to the venue of the 115th AGM of Shalimar Paints Limited



Address:-

Galaxy Hotel Shopping & Spa

NH-8, Sector 15, Part-II,

Gurgaon-122001

Tel: 0124-4868088

Email ID: galaxybanquets@galaxyhotel.in

SHALIMAR PAINTS LIMITED

CIN: L24222HR1902PLC065611

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

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

Website: www.shalimarpaints.com

Form No. MGT-11

PROXY FORM

Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies

(Management and Administration) Rule, 2014

CIN: L24222HR1902PLC065611

Name of the Company: Shalimar Paints Limited

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

Name of the Member(s)	
Registered Address	
Email ID	
DP ID*	
Client ID*	
Folio No	

*Applicable for investors holding shares in Electronic form.

I/We being the member(s) of _____ shares of the above named Company hereby appoint

1. Name: _____ Email Id: _____

Address: _____

Signature: _____ Or failing him/her

2. Name: _____ Email Id: _____

Address: _____

Signature: _____ Or failing him/her

3. Name: _____ Email Id: _____

Address: _____

Signature: _____

as my/ our proxy to attend and vote (on a poll) for me/us and on my/ our behalf at the 115th Annual General Meeting of the Company to be held on 28th September, 2017 at 11:00 A.M. at Galaxy Hotel Shopping & Spa, NH-8, Sector 15, Part – II, Gurgaon - 122001 or/ and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution No.	Resolutions
Ordinary Business	
1.	Adoption of the Audited Financial Statements for the year ended 31 st March, 2017 and the Reports of the Board and Auditors thereon
2.	Re-appointment of Mr. Surender Kumar (DIN: 00510137), who retires by rotation
3.	Appointment of Auditors and fixing their remuneration
Special Business	
4.	Appointment of Mr. Alok Perti (DIN: 00475747), as Director of the Company

Signed this _____ day of _____

Signature of Shareholder _____

Signature of proxy holder(s) _____

Affix Rupee
One
Revenue
Stamp

Note: This form of proxy in order to be effective should be duly completed and deposited at the Registered office of the Company, not less than 48 hours before the commencement of the Meeting.

Khwaab Apke
Rang Hamare



SHALIMAR
PAINTS

Registered & Corporate Office

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

Tel.: 0124-4616600, Fax.: 0124-4616659

Email Id: askus@shalimarpaints.com, feedback@shalimarpaints.com

Website: www.shalimarpaints.com

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