

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

This is an Abridged Letter of Offer containing salient features of the Letter of Offer dated March 22, 2018 (“**Letter of Offer**”). You are encouraged to read greater details available in the Letter of Offer. Capitalised terms not specifically defined herein shall have the meaning ascribed to them in the Letter of Offer.

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

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



**SHALIMAR PAINTS LIMITED**

**Registered & Corporate Office:** Stainless Centre, 4th Floor, Plot No. 50, Sector 32, Gurugram, Haryana -122 001 Tel. No.: +91 124 4616600; Fax No.: +91 124 4616659

**Contact Person:** Mr. Nitin Gupta, Company Secretary and Compliance Officer; **Tel:** +91 124 4616600; Fax No.: +91 124 4616659 **Email:** [nitin.gupta@shalimarpaints.com](mailto:nitin.gupta@shalimarpaints.com)

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

**PROMOTERS OF THE COMPANY**

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

**ISSUE DETAILS, LISTING AND PROCEDURE**

**ISSUE OF 35,52,370 EQUITY SHARES OF FACE VALUE OF ₹ 2 EACH (“EQUITY SHARES”) OF SHALIMAR PAINTS LIMITED (“SHALIMAR” OR THE “COMPANY” OR THE “ISSUER”) FOR CASH AT A PRICE OF ₹140(INCLUDING SHARE PREMIUM OF ₹138) PER EQUITY SHARE (“ISSUE PRICE”) FOR AN AGGREGATE AMOUNT OF ₹4,973.32 LAKHS TO THE ELIGIBLE EQUITY SHAREHOLDERS ON RIGHTS BASIS IN THE RATIO OF 6 EQUITY SHARE FOR EVERY 32 EQUITY SHARES HELD BY THE ELIGIBLE EQUITY SHAREHOLDERS ON THE RECORD DATE, I.E. DECEMBER 29, 2017 (THE “ISSUE”). THE ISSUE PRICE IS 70 TIMES THE FACE VALUE OF THE EQUITY SHARES.**

The existing Equity Shares of our Company are listed on the BSE Limited (“**BSE**”), the National Stock Exchange of India Limited (“**NSE**”, and together with BSE, the “**Stock Exchanges**”). Our Company has received “in-principle” approvals from BSE and NSE for listing the Rights Equity Shares through their letters dated August 02, 2017 and August 31, 2017, respectively. For the purposes of the Issue, the Designated Stock Exchange is the BSE. **Procedure:** If you wish to know about processes and procedures applicable to rights issues, you may refer to the section titled “*Offering Information*” of the Letter of Offer, which can be downloaded from the websites of SEBI, BSE, NSE and the Lead Manager to the Issue. You can also request the Lead Manager to the Issue or the Stock Exchanges to provide a hard copy of Letter of Offer. Please note that in terms of Regulation 61(3) of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended (“**SEBI Regulations**”), the Lead Manager and the Stock Exchanges may charge a reasonable amount for providing hard copy of the Letter of Offer.

**ELIGIBILITY FOR THE ISSUE**

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

Whether the Company is compulsorily required to allot at least 75% of the net offer to public, qualified institutional buyers – Not Applicable, being a rights issue of equity shares.

**INDICATIVE TIMETABLE**

<b>Issue Opening Date</b>	March 31, 2018	<b>Finalisation of basis of allotment with the Designated Stock Exchange (on or about)</b>	April 24, 2018
<b>Last date for receiving requests for Split Application Forms (SAFs)</b>	April 09, 2018	<b>Initiation of Refund (on or about)</b>	April 27, 2018
<b>Issue Closing Date</b>	April 16, 2018	<b>Date of credit of Rights Equity Shares (on or about)</b>	April 27, 2018
<b>Commencement of trading of Rights Equity Shares on the Stock Exchanges (on or about) – May 01, 2018</b>			

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

## GENERAL RISKS

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

<b>Name of Lead Manager and contact details</b>	<b>SPA Capital Advisors Limited</b> <b>SEBI Reg. No.:</b> INM 000010825 25, C Block, Community Centre, Janak Puri, New Delhi - 110058 <b>Tel:</b> +91 11 2551 7371 / 4558 6600 <b>Fax:</b> +91 11 2557 2342 <b>Email:</b> spl.rights@spagroupindia.com <b>Investor Grievance Email:</b> grievances.mb@spagroupindia.com <b>Website:</b> <a href="http://www.spacapital.com">www.spacapital.com</a> <b>Contact Person:</b> Anchal Lohia
<b>Name of Registrar to the Issue and contact details</b>	<b>MCS Share Transfer Agents Limited</b> <b>SEBI Regn. No.:</b> INR000004108 F-65, 1st Floor, Okhla Industrial Area, Phase I, New Delhi – 110 020 <b>Tel.:</b> +91 011 41406149 <b>Fax:</b> +91 011 41709881 <b>E-mail:</b> s.biswas@mcsregistrars.com / shalimarpaints.rights@mcsregistrars.com <b>Investor Grievance e-mail id:</b> helpdeskdelhi@mcsregistrars.com <b>Website:</b> <a href="http://www.mcsregistrars.com">www.mcsregistrars.com</a> <b>Contact Person:</b> Mr. Ajay Singh
<b>Name of Statutory Auditor</b>	<b>AK Dubey &amp; Co, Chartered Accountants</b> 19A2, Fjord Tower, 1925, Chakgaria, Hiland Park, Kolkata – 700 094 <b>Tel.:</b> +91 33 40716096, 24626148 <b>E-mail:</b> akdubeyco@gmail.com <b>Contact Person:</b> CA Arun Kumar Dubey <b>Firm Registration No.:</b> 329518E <b>Peer Review Certificate :</b> 009982 dated May 18, 2017
<b>Self Certified Syndicate Banks</b>	The list of banks is available on <a href="http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes">http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes</a>
<b>Banker to the Issue</b>	<b>State Bank of India</b> Industrial Finance Branch, 102, Natraj, 194, Sir M.V. Road, W.E. Highway- Metro Junction, Andheri (E ), Mumbai – 400 069 <b>Tel :</b> 022 – 26819773 <b>Fax :</b> 022 - 26831648 <b>Email id :</b> sbi.0732@sbi.co.in

## PROMOTERS OF THE COMPANY

**Ratan Jindal** aged 56 years resident of 6 Prithvi Raj Road, New Delhi -110001, is a promoter of our Company. He is currently the Chairman and Managing Director of Jindal Stainless Limited, which is India's one of the largest integrated manufacturer of quality stainless steel. He has more than 30 years of experience in the steel industry. He has also been associated with the paints industry since last 28 years and was our director from August 1990 to September 2016. He serves on the board of a number of companies including Jindal Stainless (Hisar) Limited. Mr. Jindal is a Commerce graduate from Kurukshetra University. He is a Graduate of the Wharton Advance Management Programme from Wharton School of Management. He advises us on strategic management business operations and on new market developments.

He is associated with the large bedded multi-specialty charitable hospital and also devotes time to oversee the functioning of two large schools. Mr. Ratan Jindal is holding 30,500 equity Shares of our Company in his individual capacity.

In the past, he had been Director on the Board of Jindal Steel and Power Limited, Virtuous Tradecorp Private Limited and Nalwa Farms Private Limited.

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

Listed Group Companies are Nalwa Sons Investments Limited, Jindal Stainless Limited, Jindal Stainless (Hisar) Limited, Jindal Saw limited, Hexa Tradex Limited, JSW Holdings Limited and Jindal Steel & Power Limited

For further details please refer chapter “Our promoter Group” of the Letter of Offer.

## BUSINESS OVERVIEW AND STRATEGY

We are engaged in the business of manufacturing and marketing of paints. The paints industry is classified in two broad categories - Decorative and Industrial. For our Company, the Decorative segment consists of 66% of total turnover while industrial segment contributes 34% for the financial year ending March 31, 2017. We believe in continuous product innovations for sustainable future by introducing new generation products including eco-friendly products and practices.

We have the wide range of products in Decorative & Industrial sectors as mentioned below

- **Decorative Paints** – Decorative paints are generally used for painting of domestic, office and other buildings mainly for enhancement of aesthetic look & protection. Our Company manufactures and markets wide range of decorative paints for interior and exterior surfaces – concrete, plaster, metal or wood etc. We have created established brand like Weather Pro, Xtra Tough premier, Shaktiman exterior emulsion specially designed for exterior surfaces. We have wide range of interior emulsions brand like Signature luxury emulsion, Stay Clean interior emulsion, Superlac Advance, No 1 Silk and Master interior emulsion & NO.1 Distemper. Shalimar enjoys established brand in solvent based product range like Superlac Hi-Gloss synthetic enamel, Superlac satin enamel, lustre finish. Our Company's range of water based paints come with no added lead or mercury and with near zero VOC.
- **Industrial Paints** – Shalimar manufactures and markets industrial coatings to cater Protective coating sector, Product Finish (OEM, GENERAL INDUSTRIAL SECTOR), Range of marine paints including antifouling paints Packaging coatings for metal decoration including food can lacquers are established products running successfully in different coating lines for years. Industrial paints can again be classified into Heavy duty protective Coating, GI coating, Packaging Coating and Marine coatings and primarily used for protect the structure from deterioration through corrosion and then beautification. Shalimar is actively involved in providing solution through their expert team to mitigate corrosion by recommending the appropriate coating systems.

**Manufacturing facilities & Supply Chain:** We have at present running manufacturing facilities at Sikandrabad (UP). We have also re-commissioned Greenfield manufacturing facility at Gummidipoondi Tamil Nadu Plant recently on September 04, 2017.

Our Company has two other manufacturing facilities at Nasik and Howrah. There was a fire incident in the Howrah Plant on 12th March, 2014 and the plant is under suspension since then. We plan to resume operations of resin, aluminum and packaging units, which were not affected by fire, at Howrah Plant in the current financial year for which we are in the process of obtaining approvals from respective authorities. The Nasik Plant caught fire on 19th November, 2016 and the paints plant is not in operation since then. Before the fire broke out, the average production at the Nasik Plant was around 1400KL per month. However, we have restarted part of the Nasik plant which was not affected by fire i.e. Resin, Aluminum and Packaging Unit in April 2017 having production of around 150 KL per month. Though we have taken sufficient insurance cover against fire, the claim amount is yet to be settled by the insurance companies. However, as regard insurance claim of Nasik Plant, we have received interim payment of Rs. 1,099.73 Lakhs in March 2018.

### BOARD OF DIRECTORS

Sl. No	Name	Designation	Experience
1.	<b>Mr. Gautam Kanjilal</b>	Non-Executive Independent Director	Mr. Gautam Kanjilal, aged 68 years is a Non-Executive Independent Director holding post graduate degree in Economics. Started his career as a Probationary Officer in July 1972 at State Bank of India. In his more than 37 years of service in SBI, he handled many important administrative and business assignments covering a large matrix of banking operations, including credit management and forex.
2.	<b>Mr. Surender Kumar</b>	Managing Director	Mr. Surender Kumar, aged 52 years Managing Director and CEO, of our Company has more than two decades of rich experience out of which he spent close to 15 years at Akzo Nobel, a global paints and specialty chemical major. He is a qualified Chartered Accountant and a keen sports enthusiast. He is a leader focused on talent management and customer strategies, R&D and innovation, reducing non-value add activities, thereby increasing the productivity of 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.
3.	<b>Mr. Alok Perti</b>	Non-Executive Independent Director	Mr. Alok Perti, aged 65 years is a Non-Executive Independent Director holds a master's degree in physics from the University of Allahabad. Mr. Perti has also completed a master's course in Social Planning & Policy in Developing Countries from the London School of Economics and Political Science. He joined Indian Administrative Service in 1977 and has worked in various capacities with the Central Government and the Assam Government.
4.	<b>Ms. Pushpa Chowdhary</b>	Non-executive Director	Mrs. Pushpa Chowdhary, aged 45 years is Non-executive Director has over 19 years of experience in creating sales leadership and turnaround for new and underperforming product categories. She is a gold medalist in executive HRM

			from XLRI and MBA is sales from IGNOU. She is also an ICC-UK-certified international coach, NLP-certified practitioner, FIRO-B -certified practitioner and California Institute certified counselor.
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Our Company has complied with the requirements of Corporate Governance contained in Equity Listing Agreement particularly those relating to composition of Board of Directors, constitution of committees etc. For further details of Directors and Corporate Governance please refer chapter titled “Our Management” of Letter of Offer.

#### OBJECTS OF THE ISSUE

Our Company proposes to utilise the Net Proceeds from the Issue, *inter alia*, towards additional working capital requirements. As we are in the business of manufacturing paints, we have to maintain adequate inventory during all times. The re-commissioning of Goomidipoondi Tamil Nadu Plant has taken place w.e.f. September 04, 2017 and we require additional net working capital.

#### Issue Proceeds

The details of the Issue Proceeds are set forth in the following table:

Particulars		Estimated amount (in ₹ Lakhs)
Gross Proceeds to be raised from the Issue		4,973.32
Less:	Estimated Issue related expenses	65.50
<b>Net Proceeds from the Issue after deducting the estimated Issue related expenses (“Net Proceeds”)</b>		<b>4,907.82</b>

#### Estimated Schedule of Deployment of Funds

As estimated by our management, the entire proceeds received from the issue would be utilized a under:

Particulars	Funds already deployed (upto January 31, 2018)	(₹ in lakhs)	
		2018-19	Total
Additional Working Capital Requirements	-	3,800.00	3,800.00
General Corporate Purposes	-	1,107.82	1,107.82
Issue Expenses	23.79	41.71	65.50
<b>Total</b>	<b>23.79</b>	<b>4,949.53</b>	<b>4973.32</b>

#### Schedule of implementation and deployment of the Net Proceeds

Our Company proposes to deploy the Net Proceeds in the aforesaid objects in the Financial year 2018-2019.

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

Name of monitoring agency, if any: Not Applicable

#### SHAREHOLDING PATTERN AS ON DECEMBER 31, 2017

Sr. No.	Particulars	Pre Issue number of shares	% Holding of Pre issue
1.	Promoter & Promoter Group	1,18,05,750	62.31%
2.	Public	71,40,225	37.69%
	<b>Total</b>	<b>1,89,45,975</b>	<b>100.00%</b>

#### FINANCIAL INFORMATION

##### Restated Audited Standalone Financials

Particulars	(₹ in Lakhs)					
	Six Months ended September 30, 2017 (limited reviewed)	FY 2017 (audited)	FY 2016 (audited)	FY 2015 (audited)	FY 2014 (audited)	FY 2013 (audited)
<b>Total Income</b>	15,164.15	37,032.07	40,367.81	43,458.46	48,930.10	50,215.92
<b>Net Profit / (Loss) after tax</b>	(1,951.03)	(726.37)	544.53	(1,160.22)	(195.40)	1,156.61
<b>Equity Share Capital</b>	378.93	378.93	378.93	378.57	378.57	378.57
<b>Reserves and Surplus</b>	3,634.43	5,289.06	6,014.34	5,551.25	6,710.81	6,796.09
<b>Net worth</b>	4,013.35	5,667.99	6,393.27	5,929.82	7,089.38	7,174.66
<b>Basic earnings per share (₹)</b>	(10.30)	(3.83)	2.88	(6.13)	(1.03)	6.11
<b>Diluted earnings per share (₹)</b>	(10.30)	(3.83)	2.85	(6.13)	(1.03)	6.04
<b>Return on net worth (%)</b>	(0.49)	(0.13)	0.09	(0.20)	(0.03)	0.16
<b>Net asset value per share (₹)</b>	21.18	29.92	33.75	31.33	37.45	37.90

**Restated Audited Consolidated Financials**

(₹ in Lakhs)

Particulars	Six months ended September 30, 2017 (limited reviewed)	FY 2017 (audited)	FY 2016 (audited)	FY 2015 (audited)	FY 2014 (audited)	FY 2013 (audited)
<b>Total Income</b>	15,158	37,014.29	40,367.81	43,458.85	48,930.10	50,215.92
<b>Net Profit / (Loss) after tax</b>	(1,957)	(741.27)	542.31	(1,160.22)	(195.40)	1,156.61
<b>Equity Share Capital</b>	378.93	378.93	378.93	378.57	378.57	378.57
<b>Reserves and Surplus</b>	3,612.02	5,271.94	6,012.12	5,551.26	6,710.81	6,796.09
<b>Net worth</b>	3,990.95	5,650.87	6,391.05	5,929.83	7,089.38	7,174.66
<b>Basic earnings per share (₹)</b>	(10.33)	(3.91)	2.86	(6.13)	(1.03)	6.11
<b>Diluted earnings per share (₹)</b>	(10.33)	(3.91)	2.84	(6.13)	(1.03)	6.04
<b>Return on net worth (%)</b>	(0.49)	(0.13)	0.08	(0.20)	(0.03)	0.16
<b>Net asset value per share (₹)</b>	21.06	29.83	33.74	31.33	37.45	37.90

For the Nine months period ended December 2017 as per limited review of standalone financials, our total income is Rs. 21,837 Lakhs and net profit (loss) after extra ordinary items and tax of Rs. (2,935) Lakhs respectively.

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

- We are party to various legal proceedings that, if determined against us, may have a material adverse impact on our business and financial conditions of our Company.
- There has been delays in payment to Bank and certain statutory dues as on January 31, 2018.
- The credit rating of our Company's borrowing has been downgraded to CARE D for Long term Bank Facilities in March 2018 and CARE D for short term bank facilities in July 2017. Any further downgrade of our Company's credit ratings would increase borrowing costs and constrain its access to capital and, as a result, would negatively affect its business operations and profitability.
- Our Company has incurred losses in three out of five preceding years on standalone and consolidated basis and as a result we had negative Earnings per share in three out of five preceding years on standalone and consolidated basis.
- There has been a decline in the RONW of our Company over the last Financial Years and it is negative in the Financial Year 2016-2017. Any further decline in the RONW of our Company may have an adverse impact on our financials and the price at which our Equity Shares are traded on the Stock Exchanges.
- Our Company had negative cash flows during the preceding financial years. Inability to earn positive cash flows may have an adverse effect on the business operations of our Company.
- We have not provided for certain contingent liabilities for financial year ending 2017, 2016 and 2015, which if materialize could adversely affect our financial position.
- Our business is dependent on proper maintenance of manufacturing facilities which are located at various places across the country. The loss of or shutdown of operations at any of our manufacturing facilities may have an adverse effect on our business and results of operations.
- Raw material most of which is crude based is sourced from external suppliers. Fluctuation in the price, availability and quality of the same could cause delay and increased cost.
- Our subsidiaries, M/s Eastern Speciality Paints and Coatings Private Limited and M/s Shalimar Adhunik Nirman Limited have nil and negligible revenue respectively and are incurring losses.

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

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

A summary of material legal proceedings involving our Company is given in the following table:

(Rs. In Lakhs)

<b>SUMMARY OF OUTSTANDING LITIGATION INVOLVING OUR COMPANY</b>				
<b>CASES PENDING AGAINST OUR COMPANY</b>				
S. no.	Category	Type of Cases	Total no of cases	Amount involved
1	Labour	Industrial Court/ Labour Court	27	192.28
2	Civil	Eviction/Re-Instatement	7	1.19
3	Appeals	Special Leave Petition	2	214.75
<b>Total</b>			<b>36</b>	<b>408.22</b>

<b>CASES PREFERRED BY OUR COMPANY</b>				
<b>S. no.</b>	<b>Category</b>	<b>Type of cases</b>	<b>Total no of cases</b>	<b>Amount involved</b>
1	Civil Suit & Winding Up	Summary/Money/Recovery Suit	12	318.37
2	Claims	Claims field under Form B of Insolvency & Bankruptcy Code, 2016	6	177.43
3	Criminal	Under Section 408/418/420 of IPC	21	27.97
		Under Section 138 N.I. Act	337	677.49
4	Appeals	Civil/Criminal/Labour	7	1,455.94
<b>Total</b>			<b>383</b>	<b>2,657.20</b>
<b>LITIGATIONS, NOTICES &amp; APPEALS PENDING BEFORE TAX AUTHORITIES</b>				
<b>S. no.</b>	<b>Category</b>	<b>Type of cases</b>	<b>Total no of cases</b>	<b>Amount involved</b>
1	Excise Cases	Appeals before High Court, CESTAT, Commissioner (Appeals), Assessing Authority	27	865.75
2	Income Tax Cases	Appeals/Rectification Applications before Commissioner/Deputy Commissioner	8	410.36
3	Central Sales Tax and VAT Cases	Appeals before Tribunal/Commissioner/ Joint Commissioner/Deputy Commissioner	40	3,859.66*
<b>Total</b>			<b>75</b>	<b>5,135.77</b>

\*(Including liability on account of C/F/other forms) for which the management is of the opinion that these forms will be collected in due course, and no significant liability is expected in this respect.

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

<b>Sr. No.</b>	<b>Particulars</b>	<b>Litigation filed by</b>	<b>Current status</b>	<b>Amount involved</b>
1.	Under Lease Deed dated 04/03/1963 the Company took on lease premises situated in Camac Street from Tara Properties Pvt. Ltd. on 21 year lease and said lease expired on 29/02/1984. The Landlord issued the vacation notice and filed eviction suit in Kolkata High Court. The High Court passed an order of Rs. 17 crores towards arrears of rent and also passed an order of vacation against the Company. The Company Challenged that order in Division Bench of the Kolkata High Court. The Division Bench, vide its order dated 07/05/2009 directed the Company to deposit an amount of Rs. 1.50 Crore with the Court and further directed to furnish Land situated as Howrah as security for another sum of Rs. 4.5 Crore and appointed Special Referee to adjudicate the arrears of rent afresh. We have complied with the said order. The Special Referee vide its order dated 18/11/2010 passed an order that an amount of Rs. 12,00,69,696 is payable by Shalimar Paints as arrears of rent. Further, special referee adjusted an amount of Rs. 3,71,86,200 paid by Shalimar Paints to Tara Properties during pendency of the proceedings and hold that an amount of Rs. 8,28,83,496 is payable by Shalimar Paints to Tara Properties. The order passed by the Special Referee is challenged in Kolkata High Court and same is pending adjudication before the court.	Tara Properties Pvt. Ltd.	The matter will be listed in the High Court in due Course.	8,28,83,496 without interest
2.	<b>Sales Tax case</b> 2012-13/E-003/1617/9140680/CST - Non Production of C & F Forms	Maharashtra State	Appeal filed with Maharashtra Sales Tax Tribunal on 8th August 2017	7,74,24,387
3.	<b>Sales Tax Case</b> 2007-08/JC/LTU/MUMBAI/B-655/Joint Commissioner/CST - Non Production of C & F Forms	Maharashtra State	Demand reduced from Rs. 10,34,54,599 Matter pending in restoration Joint Commissioner appeal	5,75,80,709
4.	Our Company was in the possession of two Godowns bearing no. Js-4B & Js-4c in Kolkata, vide lease agreement dated 15/12/1953 executed with Kolkata Port Trust. ("KOPT"). KOPT issued eviction notice dated 14/02/1990 and initiated the eviction proceedings before the Estate Officer who passed an	Kolkata Port Trust	SLP No. 6649-50/2017 and SLP No. 6651-52/2017 will be	2,14,75,585 with interest till 05/01/2012

	eviction order against us which was challenged unsuccessfully in Calcutta High Court. KOPT, before the Estate Officer has submitted a calculation till 05/01/2012 of Rs. 2,14,75,585 towards mesne profit for claiming the arrear of rent payable by our Company. The order of the Estate Officer with respect to mesne profit for claiming the arrear of rent was challenged in the Calcutta High Court by our Company by filing two Civil revision applications bearing no. CO/1983/2012 and CO/1984/2012. The Kolkata High Court vide its order dated 23/12/2015 held that Kolkata Port Trust ("KPT") can only claim amount only for 3 years i.e. 31/01/2005 to 31/01/2008. Being dissatisfied the said order KOPT filed review application before the High Court and that applications were also rejected by High Court vide its order dated 05/05/2016 and confirmed earlier order dated 23/12/2016 and further directed to Estate officer to adjudicate the claim for the period 31/01/2005 to 31/01/2008 only. Now, KOPT has filed two Special Leave Petitions in the Supreme Court and the Supreme Court has issued notice to our Company and the said SLPs are pending adjudication before the Supreme Court. The reply will be filed by the company in due course.		listed in due course for reply by the other party.	
5.	<p>a) By a Leave &amp; License Agreement dated 15/02/1968 the Company took on lease a premises in Mumbai. After National Textile Corporation ("NTC") took over Sitaram Mills Ltd., NTC issued vacation notice and filed petition for eviction and arrears of damages before the Estate Officer. The Estate Officer passed an order of eviction and damages in favour of NTC. The order passed by the Estate Officer was challenged by the Company in Bombay High Court and the High court remanded back the matter to Estate Officer for fresh adjudication. The Estate Officer, in fresh proceedings passed an order of Rs. 2.68 towards arrears of rent and interest for the period 01/11/2002 to 27/08/2009 payable by the Company. The fresh order of the Estate Officer was challenged by the Company in City Civil Court, Mumbai and notice of the petition is issued to NTC and same is pending adjudication.</p> <p>b) The Jurisdiction of the Estate Officer has also been challenged in the Supreme Court of India and Supreme Court has issued notice to NTC on our petition and further directed NTC not to take any coercive steps till further orders.</p>	National Textile Corporation (Sitaram Mills Ltd)	<p>a) Next date of hearing for the Civil Court case is fixed for 23/03/2018 for further proceedings.</p> <p>b) SLP will be listed in the Supreme Court in due course.</p>	2,18,15,619 plus interest @12% pa from 01/09/2009 till the date of payment

#### ANY OTHER IMPORTANT INFORMATION

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

The Rights Equity Shares are being offered on a rights basis to Eligible Shareholders in the ratio of 6 Rights Equity Share for every 32 fully paid-up Equity Shares held on the Record Date.

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

Full amount of Rs. 140 per Rights Equity Share is payable on application.

##### **Fractional Entitlements**

For Equity Shares being offered on a rights basis under this Issue, if the shareholding of any of the Eligible Equity Shareholders is less than 6 Equity Shares or not in the multiple of 32, the fractional entitlement of such Eligible Equity Shareholders shall be ignored. Eligible Equity Shareholders whose fractional Rights Entitlements are being ignored would be given preferential consideration for the Allotment of one additional Equity Share each if they apply for additional Equity Shares over and above their rights entitlement, if any. Additional Equity Shares allotted over and above the Rights Entitlement would be adjusted from the unsubscribed portion of the Issue, if any.

Those Equity Shareholders holding less than 6 Equity Shares will therefore be entitled to zero Equity Shares under this Issue and shall be dispatched a CAF with zero entitlement. Such Equity Shareholders are entitled to apply for additional Equity Shares. However, they cannot renounce the same in favour of third parties. CAFs with zero entitlement will be non-negotiable/non-renounceable.

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

Our existing Equity Shares are currently listed and traded on BSE and NSE under the ISIN INE849C01026. The fully paid-up Rights Equity Shares proposed to be issued pursuant to the Issue shall, in terms of SEBI Circular No. CIR/MRD/DP/21/2012 dated August 2, 2012, be Allotted under a temporary ISIN shall be frozen till the time final listing/ trading approval is granted by the Stock Exchange. Upon receipt of such listing and trading approval, the Rights Equity Shares proposed to be issued pursuant to the Issue shall be debited from such temporary ISIN and credited in the existing ISIN and thereafter be available for trading. Our Company has received in-principle approval from BSE by way of a letter no. DCS/RIGHT/SV/FIP/2101/2017-18 dated August 02, 2017 and from NSE by way of a letter no. NSE/LIST/17713 dated August 31, 2017.

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

One of our Promoter, M/s. Hind Strategic Investments (“HSI”) an Overseas Corporate Body (OCB) will not be eligible to participate in the Rights Issue as the request of HSI to RBI for permission to participate in the Rights Issue was not acceded to by RBI vide its mail dated January 24, 2018. However, Mr. Ratan Jindal, one of the Promoters of our Company, has confirmed, on behalf of the Promoter Group, that Promoter Group (other than HSI) intend to subscribe to the full extent of Rights Entitlement of the Promoters and Promoter Group (including HSI) in the Issue. As a result the shareholding of promoters and Promoter Group in our Company may change.

### **Procedure for Application**

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

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

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

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

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

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

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

- The application on plain paper, duly signed by the applicant(s) including joint holders, in the same order as per specimen recorded with us or the Depositories, must reach the office of the Registrar to the Issue before the Issue Closing Date and should contain the following particulars:
- Name of Issuer, being Shalimar Paints Limited;
- Name and address of the Equity Shareholder including joint holders;
- Registered Folio Number/ DP and Client ID no.;
- Share certificate numbers and distinctive numbers of Rights Equity Shares, if held in physical form;
- Allotment option preferred - physical or demat form, if held in physical form;
- Number of Rights Equity Shares held as on Record Date;
- Number of Rights Equity Shares entitled to;
- Number of Rights Equity Shares applied for;
- Number of additional Rights Equity Shares applied for, if any;
- Total number of Rights Equity Shares applied for;
- Total amount paid at the rate of ₹140 per Rights Equity Share;



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

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

An Eligible Equity Shareholder who has neither received the original CAF nor is in a position to obtain the duplicate CAF and who is applying under the ASBA Process may make an application to subscribe to the Issue on plain paper. The Equity Shareholder shall submit the plain paper application to the Designated Branch of SCSB for authorising such SCSB to block an amount equivalent to the amount payable on the application in the said bank account maintained with the same SCSB. Applications on plain paper from any address outside India will not be accepted.

The envelope should be super scribed "**Shalimar Paints Limited – Rights Issue- R**" or "**Shalimar Paints Limited – Rights Issue- NR**", as the case may be. The application on plain paper, duly signed by the Investors including joint holders, in the same order as per the specimen recorded with us or the Depositories, must reach the office of the Designated Branch of the SCSB before the Issue Closing Date and should contain the following particulars:

- Name of Issuer, being Shalimar Paints Limited;
- Name and address of the Equity Shareholder including joint holders;
- Registered Folio Number/ DP and Client ID no.;
- Certificate numbers and distinctive numbers of Rights Equity Shares, if held in physical form;
- Number of Rights Equity Shares held as on Record Date;
- Number of Rights Equity Shares entitled to;
- Number of Rights Equity Shares applied for;
- Number of additional Rights Equity Shares applied for, if any;
- Total number of Rights Equity Shares applied for;
- Total amount to be paid at the rate of ₹140 per Rights Equity Share;
- Details of the ASBA Account such as the account number, name, address and branch of the relevant SCSB;
- In case of non-resident investors, details of the NRE/ FCNR/ NRO account such as the account number, name, address and branch of the SCSB with which the account is maintained;
- Except for applications on behalf of the Central or State Government, residents of Sikkim and the officials appointed by the courts (subject to submitting sufficient documentary evidence in support of their claim for exemption, provided that such transactions are undertaken on behalf of the Central and State Government and not in their personal capacity), PAN of the Investor and for each Investor in case of joint names, irrespective of the total value of the Rights Equity Shares applied for pursuant to the Issue;
- Signature of the Shareholders to appear in the same sequence and order as they appear in our records or depositories records; and

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

"I am/we are entitled to subscribe for and acquire the Rights Equity Shares under the laws of all relevant jurisdictions that apply to me/us and I/we have fully observed such laws and complied with all necessary formalities to enable me/us to subscribe for the Rights Equity Shares.

I was/we were outside the United States (within the meaning of Regulation S) under the Securities Act, at the time the offer of the Rights Equity Shares was made to me/us and I was/we were outside the United States when my/our buy order for the Rights Equity Shares was originated.

I/we did not purchase the Rights Equity Shares as a result of any "directed selling efforts" (as defined in Regulation S).

The Rights Equity Shares have not been and will not be registered under the Securities Act or the securities law of any state of the United States and I/we will not offer or sell the Rights Equity Shares except in an offshore transaction complying with Rule 903 or Rule 904 of Regulation S or pursuant to any other available exemption from registration under the Securities Act and in accordance with all applicable securities laws of the states of the United States and any other jurisdiction, including India.

If I/we acquired any of the Rights Equity Shares as fiduciary or agent for one or more investor accounts, I/we have sole investment discretion with respect to each such account and I/we have full power to make the foregoing representations, warranties, acknowledgements and agreements on behalf of each such account.

I/we shall indemnify and hold Shalimar Paints Limited harmless from any and all costs, claims, liabilities and expenses (including legal fees and expenses) arising out of or in connection with any breach of these representations, warranties or agreements. I/we agree that the indemnity set forth in this paragraph shall survive the resale of the Rights Equity Shares.

I/we acknowledge that Shalimar Paints Limited and others will rely upon the truth and accuracy of the foregoing representations, warranties and acknowledgements.”

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

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

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

You are eligible to apply for additional Rights Equity Shares over and above your Rights Entitlement, provided that you are eligible to apply under applicable law and have applied for all the Rights Equity Shares offered to you without renouncing them in whole or in part in favour of any other person(s). Applications for additional Rights Equity Shares shall be considered and Allotment shall be made at the sole discretion of the Board, subject to sectoral caps and in consultation if necessary with the Designated Stock Exchange and in the manner prescribed under “*Offering Information*” of the Letter of Offer.

#### ***Renunciation***

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

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

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

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

The ex-rights price of the Rights Equity Shares as per Regulation 10(4)(b) of the Takeover Regulations is Rs. 195.58.

### **DECLARATION BY THE COMPANY**

We certify that no statement made in the Letter of Offer contravenes any of the provisions of the Companies Act, the SEBI Act and the rules made thereunder or regulations issued thereunder, as the case maybe. We further certify that, all the legal requirements connected with the said Issue as also the regulations, guidelines, instructions, etc. issued by SEBI, Government of India and any other competent authority in this behalf have been duly complied with.

We hereby certify that all disclosures made in the Letter of Offer are true and correct.

**Place:** Gurugram

**Date:** March 22, 2018