November 27, 2026

BSE Limited
Corporate Relationship Department,
1st Floor, New Trading Ring,
Rotunda Building, P.J. Towers,
Dalal Street, Fort, Mumbai - 400 001

National Stock Exchange of India Limited
Exchange Plaza, 5th Floor,
Plot No. C/1, G- Block
Bandra Kurla Complex, Bandra (E),
Mumbai – 400051

BSE Scrip Code: 509874

NSE Symbol: SHALPAINTS

Dear Sir/Madam,

Sub: Disclosure pursuant to Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 – Credit Ratings

Pursuant to the provisions of Regulation 30 read with Para A of Part A of Schedule III of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we wish to inform you that, the credit rating agency viz. CARE Ratings Limited ("CARE Ratings") has released an update on the Company's Facilities/Instruments as detailed in the table below:

Facilities/Instruments	Amount (INR in crores)	Rating	Rating Actions
Long Term / Short Term Bank Facilities	68.50	CARE BB+/ CARE A4+ (RWP)	Placed on Rating Watch with Positive Implications
Long Term Bank Facilities	22.00	CARE BB+ (RWP)	Placed on Rating Watch with Positive Implications
Long Term Bank Facilities	113.88	CARE BB+ (RWP)	Placed on Rating Watch with Positive Implications
Short Term Bank Facilities	0.67	CARE A4+ (RWP)	Placed on Rating Watch with Positive Implications

The letter received from Care Ratings confirming and providing the rationale for the abovementioned rating is enclosed herewith and the same is also available on website of CARE Ratings Limited.

This disclosure shall also be made available on the website of the Company at www.shalimarpaints.com

This is for your information and records.

Yours faithfully,

For Shalimar Paints Limited

SNEHAL SABOO
Digitally signed by SNEHAL SABOO
Date: 2026.11.27 13:20:16 +05'30'

Snehal Saboo
Company Secretary & Compliance Officer
Membership No. A49811

Encl.: As above

Shalimar Paints Limited

November 26,2026

Facilities/Instruments	Name of the Regulator[1]	Amount (₹ crore)	Rating[2]	Rating Action
Long Term / Short Term Bank Facilities	RBI	68.50	CARE BB+ / CARE A4+ (RWP)	Placed on Rating Watch with Positive Implications
Long Term Bank Facilities	RBI	22.00	CARE BB+ (RWP)	Placed on Rating Watch with Positive Implications
Long Term Bank Facilities	RBI	113.88	CARE BB+ (RWP)	Placed on Rating Watch with Positive Implications
Short Term Bank Facilities	RBI	0.67	CARE A4+ (RWP)	Placed on Rating Watch with Positive Implications

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

Ratings assigned to bank facilities of Shalimar Paints Limited (SPL) have been placed on "Rating Watch with Positive Implications" following the recent stock exchange disclosure dated November 16, 2026, regarding the proposed amalgamation of (Hella Infra Market Limited (HIML)/the Transferor Company) with (Shalimar Paints Limited (SPL)/the Transferee Company). CARE believes that credit risk profile of SPL will significantly improve after the proposed amalgamation and SPL shall benefit from HIML's market share and brand name. CARE will continue to monitor developments related to the proposed transaction and will take an appropriate rating action once greater clarity emerges on its structure, implementation, and potential impact on the credit profile of the merged entity.

The ratings continue to remain constrained on account of continued and higher than envisaged operational loss in FY26 (refers to April 01,2025 to March 31,2026) and H1FY27(refers to April 01,2026 to September 30,2026) owing to reasons such as high fixed overhead costs pertaining to employees' salaries, marketing expenses related to warehouses, sales depots and a decline in sales realisation due to intense competition in the paints industry and geopolitical uncertainties. Further, the ratings continue to factor in weak debt coverage indicators, vulnerability of profitability margins to the volatility in raw material prices derived from crude prices and the working capital-intensive nature of operations. However, these rating weaknesses are partially offset by strong financial support demonstrated by its promoter, Hella, and two promoter group companies, namely Virtuous Tradecorp Private Limited (VTPL) and JSL Limited (JSL), as evident from significant equity infusions made in SPL so far, thus supporting its liquidity position and improving the overall financial risk profile. The ratings also continue to derive strength from SPL's long track record of operation, experienced management, established brand name and dealer network, presence across different locations and a satisfactory capital structure supported by funds raised via Qualified Institutional Placement (QIP) in November 2026. SPL, being a part of the Hella group, will benefit from operational synergies through backward integration and marketing and distribution benefits, and financial support extended by Hella.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Ability to sustain scale of operations and achieve profitability, marked by total operating income (TOI) above Rs.500 crore and profit before interest, lease rentals, depreciation, and taxation (PBILDT) margin above 5% on a sustained basis.
- Significant improvement in the credit risk profile of the parent Hella.

Negative factors

- Sustained operating losses and/or inability to turnaround operations to achieve profitability at operating level as envisaged for next fiscal year.
- Any higher than envisaged debt-funded capital expenditure (capex) undertaken, adversely impacting liquidity position and overall financial risk profile as marked by overall gearing above 1.50x on a sustained basis.
- Absence of continuous financial support by promoters, through timely infusion of funds, as and when required, to ensure timely debt servicing and improve liquidity position of SPL.
- Significant deterioration in credit risk profile of parent, Hella

[1]SEBI: Securities and Exchange Board of India; RBI: Reserve Bank of India; MCA: Ministry of Corporate Affairs; IRDAI: Insurance Regulatory and Development Authority of India; PFRDA: Pension Fund Regulatory and Development Authority

[2]Complete definitions of the ratings assigned are available at www.careratings.com and in other CARE Ratings Limited's publications.

Analytical approach: Standalone, while factoring operational and financial linkages with its promoter, Hella Infra Market Limited

Outlook: Not Applicable

Detailed description of key rating drivers

Key weaknesses

Moderation in scale of operations and continued loss-making operations in FY26 and H1FY27

SPL reported a topline of ₹569.03 crore in FY26, compared to ₹599.25 crore in FY25. The moderation is primarily attributed to the company's strategic decision to reduce its focus on low-margin products, such as thinners, as well as low-value customers. Further, although lower, the company reported operating loss and let loss of Rs.20.81 crore (PY: Rs.56.48 crore) and Rs.63.34 crore (PY: Rs.80.11 crore) respectively in FY26 (PY: Rs.56.48 crore). To combat increased competition from existing players (such as Asian Paints, Berger Paints (rated CARE A1+), Kansai Nerolac, among others) and emerging players (such as Birla Opus, JSW Group, among others), and with an aim to expand scale of operations, SPL had took strategic decisions in previous fiscal years, of deploying more marketing teams and increasing the number of sales depots/ warehouses to increase market penetration. The above however, resulted in sustained operational losses during FY24-FY26 (refers to the period from April 01, 2023, to March 31, 2026), since employees' costs along with sales and marketing expenses increased YoY. Hence, with an aim to curtail losses and achieve desired profitability, the company's management strategically decided to optimize costs through various measures including manpower contraction, closure of excess warehouses/sales depots, reduction in administrative, sales and marketing costs. Further, it undertook capex for automation and infrastructure development across all three operational plants, to reduce wastages, improving throughput, quality and overall efficiency. Also, the company reported a topline of Rs 250.71 crores in H1FY27 with operating loss of Rs 34.54 crores. The geopolitical uncertainties have exerted pressure on profitability through elevated raw material costs, while the highly competitive nature of the industry has limited the company's ability to pass on these cost increases to customers.

Hence, going forward, SPL is expected to contain losses in the near team and achieve profitability over the medium term. Moreover, SPL is expected to ramp up the operations at its two manufacturing plants, based at Chennai and Nasik (Maharashtra), which are currently underutilized.

Low market share in intensely competitive and fragmented industry

The Indian paints industry is characterised by small and regional players constituting the unorganised segment, which accounts ~25% market share, whereas large and organised players account 75% market share. The organised sector is oligopolistic with top four players controlling majority of the overall paint and coatings market. SPL remains exposed to significant competition from the organised and unorganised sector players for its product segments.

Operating margin susceptible to raw material and crude price fluctuation

Raw materials are critical to paint manufacturing, with the cost of raw materials consumed constituting 55-65% of total operating income. SPL uses raw materials across major categories such as solvents, pigments, titanium dioxide, acids and chemicals, resins and additives. A significant proportion of the raw materials comprises derivatives of crude oil. Changes in crude prices affect the decorative paints segment more than other segments as it is a raw material-intensive industry. With rising raw material prices in the paint industry, the company has also increased prices to partially pass on the increase in raw material costs. However, competition from organised and unorganised players does limit pricing, as SPL is a relatively smaller player with low bargaining power. Hence, the company's profitability is susceptible to fluctuations in raw material prices.

Key strengths

Strong parentage with demonstrated financial support

SPL is now promoted by Hella, which has held a controlling stake in the company since March 11, 2024. Hella operates in a similar line of business and offers a comprehensive portfolio of construction materials, including ready-mix concrete (RMC), aggregates, fly ash, paints, construction chemicals, steel, and cement. Consequently, SPL is expected to benefit significantly from Hella's strong parentage through sourcing synergies, enhanced marketing capabilities, shared management expertise, and ongoing financial support. At the time of its initial investment in February 2022, Hella infused approximately ₹345 crore into SPL, comprising ₹290 crore of equity and around ₹55 crore through 9% Optionally Convertible Debentures (OCDs). These OCDs were subsequently fully repaid by SPL in FY24. Further, in 2023, SPL raised an additional ₹150 crore through the issuance of share warrants. Of this, ₹75 crore was subscribed by Hella, while the remaining was contributed by two promoter group

entities—Virtuous Tradecorp Private Limited (₹40 crore) and JSL Limited (₹35 crore).The funds raised have largely been utilized to reduce working capital borrowings, repay term loans, fund capital expenditure, and strengthen the company's overall liquidity position.

SPL's long track record with experienced management team

SPL was incorporated in 1902. Since then, the company has continued to expand its operations across India by setting up facilities at Howrah, West Bengal; Nasik, Maharashtra (West); Sikandrabad, Uttar Pradesh (North); and Chennai, Tamil Nadu (South), thereby increasing aggregate production capacity. SPL has a long-established track record of over 100 years in the paints industry with an experienced management team. Currently, the board of directors (BOD) of SPL comprises one Managing Director (MD) and Chief Executive Officer (CEO), one Chief Operating Officer (COO), one Chief Financial Officer (CFO), two directors (common to Hella's BOD), four Independent directors, and one Company Secretary. In April 2025, Mr. Kuldip Raina was promoted to serve as MD and CEO of SPL. He has extensive experience in the paints industry, and previously, he served as the CEO of Nerofix Private Limited (a Kansai Nerolac Paints Limited's group company). Mr. Aaditya Sharda and Mr. Souvik Sengupta has joined SPL's BOD to provide strategic guidance to make SPL a self-sustainable and profitable entity. Mr. Sharda, SPL's director and co-founder of Hella, is a postgraduate with rich experience in the paints and construction industries. Mr. Souvik Sengupta, SPL's director and co-founder of Hella, is also a postgraduate with over 7 years' experience. He heads Finance and Investor Relations at Hella.

Strategically located manufacturing facilities with established brand and dealer network

SPL operates in two major segments: Decorative and Industrial. The decorative paint segment mainly caters to domestic, office, and other building purposes, while the industrial paints segment caters to the protective coating sector, product finish, and a range of marine paints, including antifouling paint. The major brands of SPL under the decorative segment include Signature, Weather Pro+, Hero, Xtra Tough, Superlac, No. 1 Silk Emulsion, Super Shaktiman, and Master Emulsion. The industrial paints are primarily used for beautifying and protecting structures from deterioration through corrosion. Further, SPL has manufacturing facilities strategically located across different zones: Nasik, Maharashtra (West); Sikandrabad, Uttar Pradesh (North); and Gummidipudi, Chennai, Tamil Nadu (South). Also, distribution network to 48 sales depots and over 7300+ retail touchpoints spread across three regional distribution centres. The sales in the decorative segment are mostly retail, made through dealers. In the industrial segment, sales are mostly made to original equipment manufacturers (OEMs)/institutional clients as per their specifications. SPL has reputed corporate clients in the industrial paint segment, including both public sector and private sector enterprises. The major clients in the industrial segment include Jindal Saw Limited, Jindal Steel & Power Limited, JSW Steel Limited, Offshore Infrastructures Limited, and Nayara Energy Limited.

Satisfactory capital structure albeit poor coverage indicators

SPL's capital structure continues to remain satisfactory, marked by moderate tangible net worth (TNW) base of Rs.184.47 crore as on September 30, 2026. TNW is largely strengthened by the significant infusion of funds by Hella but partially offset by sustained losses. The overall gearing stood comfortable at 0.87x as on September 30, 2026 (0.70x as on March 31, 2026), however, the debt coverage indicators of the company remain poor in tandem with subdued profitability as marked by negative interest and debt coverage. Further, the company has raised Rs 400 crores via QIP in Novemener,2026. The Issue opened on November 13, 2026, and closed on November 20, 2026, and money raised will primarily be used towards Repayment or pre-payment, in part or in full, of certain outstanding borrowings availed by SPL and Funding the working capital requirements of SPL

Liquidity: Stretched

SPL's liquidity position is marked stretched on account of the company's inability to service the debt obligations through internal cash accruals due to sustained operational losses. As on September 30,2026, the company's has free cash and bank balances of Rs 0.52 crore available against nil repayment obligation in H2FY27.Further, average utilization of working capital borrowings stood high at ~94% in the trailing 12 months ended September 30, 2026

Applicable criteria

Definition of Default
Factoring Linkages Parent Sub JV Group
Liquidity Analysis of Non-financial sector entities
Rating Outlook and Rating Watch
Manufacturing Companies
Financial Ratios – Non financial Sector
Short Term Instruments

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Consumer Discretionary	Consumer Durables	Consumer Durables	Paints

SPL earlier belonged to Ratan Jindal faction of O.P. Jindal group and Mr. Girish Jhunjhunwala, a Hongkong based businessman. Now, it has Hella as promoter, which holds a stake of 32.61% as on November 20, 2026. SPL is listed on both stock exchanges (BSE and NSE). It is engaged in the manufacturing of wide range of paints, in both decorative and industrial paints. The decorative paints are generally used for painting of domestic, office and other buildings, while industrial paints and coatings cater to the protective coatings and product finishing sectors

Brief Financials (₹ crore)	March 31, 2025 (A)	March 31, 2026 (A)	H1FY27(UA)
Total operating income	599.25	569.03	250.71
PBILDT*	-56.48	-20.81	-34.54
Profit after tax (PAT)	-80.11	-63.34	-52.77
Overall gearing (x)	0.61	0.70	0.87
Interest coverage (x)	-3.22	-0.82	-3.40

A: Audited; UA: Unaudited; Note: these are latest available financial results

Status of non-cooperation with previous CRA: Not Applicable

Any other information: Not Applicable

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument / facility: Annexure-3

For complexity level of instruments rated refer to Annexure-1

Lender details: Annexure-4

Disclosure on facilities/instruments and name of the regulators:
A list of facilities / instruments falling under the purview of various financial sector regulators (FSRs) along with the names of respective FSRs has been duly disclosed by CareEdge Ratings on its website. A link to the same has been provided below for ready reference:

https://www.careratings.com/activities_and_regulators

Note: For facilities or instruments falling under the purview of FSRs other than Securities and Exchange Board of India (SEBI), the grievance / dispute redressal mechanisms and investor protection mechanisms provided by SEBI shall not be available.

Annexure-1: Details of instruments/facilities

Name of the Instrument	Name of the Regulator	Complexity Level	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Cash Credit	RBI	Not Applicable	-		-	-	22.00	CARE BB+ (RWP)
Fund-based - LT-Cash Credit	RBI	Not Applicable	-		-	-	89.00	CARE BB+ (RWP)
Fund-based - LT-Term Loan	RBI	Not Applicable	-		-	30-06-2026	24.88	CARE BB+ (RWP)

Name of the Instrument	Name of the Regulator	Complexity Level	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Non-fund-based - LT/ ST-Bank Guarantee	RBI	Not Applicable	-		-	-	13.00	CARE BB+ / CARE A4+ (RWP)
Non-fund-based - LT/ ST-Letter of credit	RBI	Not Applicable	-		-	-	55.50	CARE BB+ / CARE A4+ (RWP)
Non-fund-based - ST-Forward Contract	RBI	Not Applicable	-		-	-	0.67	CARE A4+ (RWP)

Annexure-2: Rating history for last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2026-2027	Date(s) and Rating(s) assigned in 2025-2026	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024
1	Fund-based - LT-Cash Credit	LT	111.00	CARE BB+ (RWP)	1)CARE BB+; Negative (02-Jun-26)	1)CARE BB+; Negative (03-Jun-25)	1)CARE BBB-; Negative (27-Dec-24)	1)CARE BBB- (RWD) (11-Dec-23) 2)CARE BBB- (RWD) (19-Oct-23)
2	Non-fund-based - LT/ ST-Letter of credit	LT/ST	55.50	CARE BB+ / CARE A4+ (RWP)	1)CARE BB+; Negative / CARE A4+ (02-Jun-26)	1)CARE BB+; Negative / CARE A4+ (03-Jun-25)	1)CARE BBB-; Negative / CARE A3 (27-Dec-24)	1)CARE A3 (RWD) (11-Dec-23) 2)CARE A3 (RWD) (19-Oct-23)
3	Non-fund-based - LT/ ST-Bank Guarantee	LT/ST	13.00	CARE BB+ / CARE A4+ (RWP)	1)CARE BB+; Negative / CARE A4+ (02-Jun-26)	1)CARE BB+; Negative / CARE A4+ (03-Jun-25)	1)CARE BBB-; Negative / CARE A3 (27-Dec-24)	1)CARE BBB- / CARE A3 (RWD) (11-Dec-23) 2)CARE BBB- /

								CARE A3 (RWD) (19-Oct-23)
4	Fund-based - LT-Term Loan	LT	24.88	CARE BB+ (RWP)	1)CARE BB+; Negative (02-Jun-26)	1)CARE BB+; Negative (03-Jun-25)	1)CARE BBB-; Negative (27-Dec-24)	1)CARE BBB- (RWD) (11-Dec-23) 2)CARE BBB- (RWD) (19-Oct-23)
5	Non-fund-based - ST-Forward Contract	ST	0.67	CARE A4+ (RWP)	1)CARE A4+ (02-Jun-26)	1)CARE A4+ (03-Jun-25)	1)CARE A3 (27-Dec-24)	1)CARE A3 (RWD) (11-Dec-23) 2)CARE A3 (RWD) (19-Oct-23)
6	Debentures-Non Convertible Debentures	LT	-	-	1)Withdrawn (02-Jun-26)	1)CARE BB+; Negative (03-Jun-25)	-	-

LT: Long term; LT/ST: Long term/Short term ST: Short Tem

Annexure-3: Detailed explanation of covenants of rated instruments/facilities: Not Applicable

Annexure-4: Lender details

To view lender-wise details of bank facilities please click here

Note on complexity levels of rated instruments: CareEdge Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

Contact us

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About us:

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