

SUDARSHAN

# mission rise

Accelerating  
Leap to 3



73rd Annual Report  
2023-24

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Our corporate goal,  
**“Mission Rise”**, has remained the  
cornerstone of our endeavours, embodying  
our unwavering commitment to excellence  
and sustainable growth.

**“Mission Rise”** encapsulates our collective  
aspiration to reach new heights of  
success while upholding our values and  
responsibilities towards stakeholders, society,  
and the environment.

## What are the tenets of Mission Rise?

**“Mission Rise”** is aspirational.

It signifies ambition, continuous improvement, and striving for greatness.

**“Mission Rise”** sets a clear and concise goal.

This allows us to adapt our strategies and initiatives as needed while staying focused on the ultimate goal.

**“Mission Rise”** is the energy that powers.

This strategy suggests that we have already made progress and there's more to come, keeping the momentum going.

**“Mission Rise”** is a culture.

It does not prescribe a specific method but emphasises the constant pursuit of excellence.

By imbibing this shared goal, Sudarshan fosters a sense of unity and common purpose. Regardless of their role, every member remains aligned to a common dream.

# mission rise

# what have we done so far?

## We invested in shoring up **capacities and capabilities** to strengthen the organisational muscle.

Business is tricky, especially when you must choose from picking one among the rest. But it was a strategic decision whose time had come.

### **We took the plunge.**

From being a player in multiple business segments, we chose to become a leader in pigments – Sudarshan is a pure-play pigment manufacturer.

### **We backed our decision with the largest capital investment in our history.**

A massive ₹750 crore capital investment implemented over a period.

### **We were thwarted midway owing to the global macroeconomic situations.**

For one year, our business profitability was down due to subdued market demand, however we remained confident given our capabilities and company's fundamental.

### **We laboured through.**

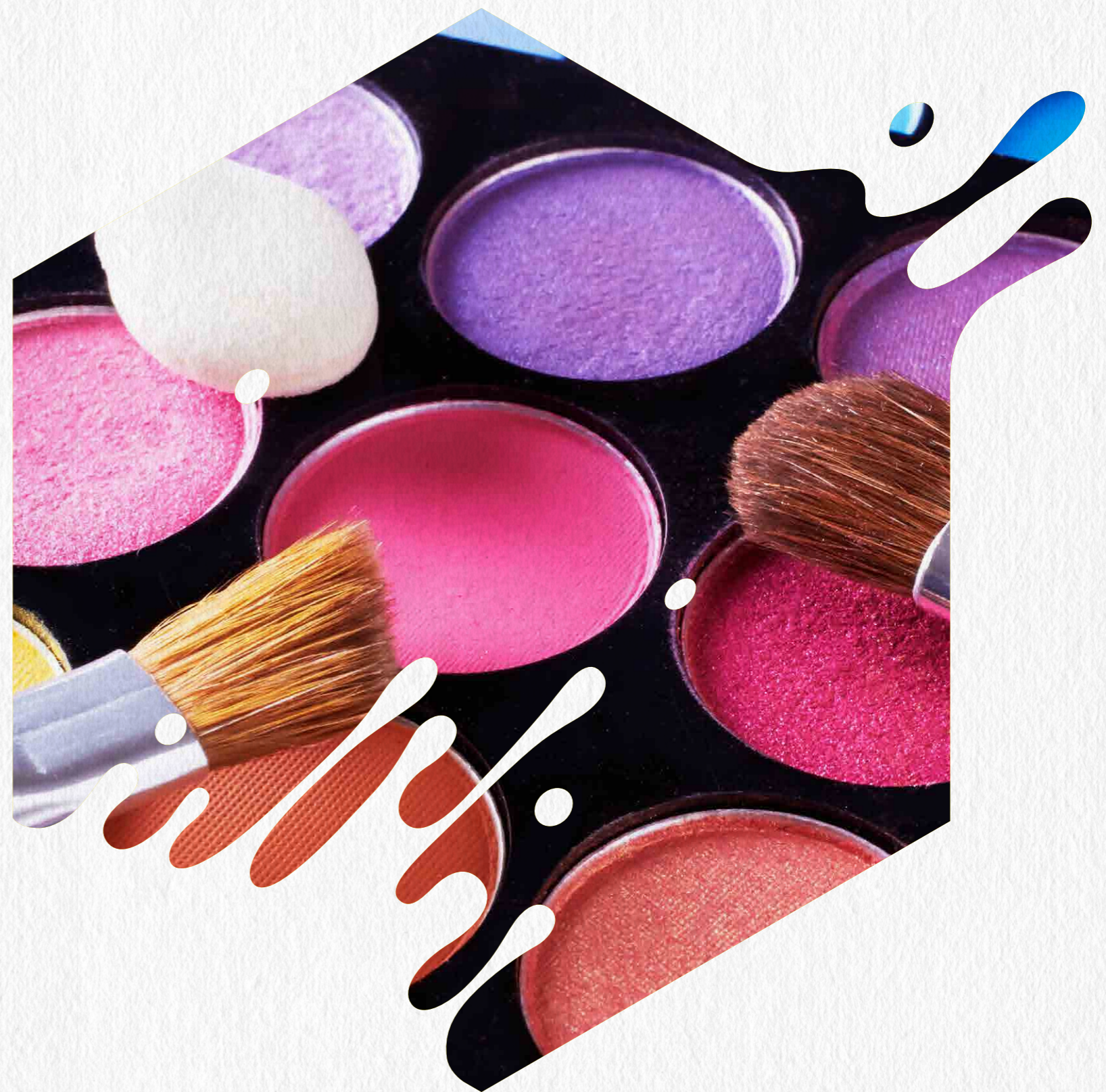
When most corporates relegated their capital investment plans to the back burner, during/ post Covid period, we persisted. Believing we would be in a much better place when the capex is commissioned/commercialised.

### **Only because**

### **We believed that Mission Rise was our true calling.**

Because this investment did much more than just add to our manufacturing capacity.

- It brought in new technology, which enhanced our chemistry capabilities and enriched our product offerings.
- It fuelled opportunities that would make us globally competitive.
- It enhanced our R&D capabilities and infused a new zeal for innovation.
- It strengthened our sustainability commitment to emerge as a more responsible player.
- It promised to amplify our potential in the global pigment space.



It has bonded the Sudarshan family into one cohesive unit passionate about a singular objective... to gain the global podium position.

## We created a large, diverse and customer-relevant product basket.

At Sudarshan, one of the key pillars for our growth aspiration is built around our product portfolio.

### In our business, the 'one shoe, fit all' philosophy does not work.

- A single colour can have as many variants/shades as there are customers.
- Products can have multiple variants (organic/inorganic) depending on customers, their applications and geographies.

To cater to this complex and rapidly evolving requirement,

### We prioritised R&D as a crucial growth engine.

- We created a dedicated R&D centre with investments exceeding US\$7 million
- We installed state-of-the-art equipment for characterisation and composition analysis
- We equipped the unit with expertise to handle crystal modification and surface treatments
- We invested in a dedicated application testing facility – to ensure that our products suit the application perfectly.
- We continually invest in comprehensive R&D programs, employing our team of ~100 highly qualified team members with global experience.
- We launched close to 150 Brands in about four years.

### We added new product verticals.

Our recently concluded capex has allowed us to launch four new, high-in-demand, high-value product verticals, namely CICP, Solvent Dyes, Pigment Preparation and Digital Inks, which aligns our product portfolio with global competitors. Our R&D team developed a comprehensive portfolio within the CICP space, allowing us to offer around 80-90% of the total range of products available in the industry. While these verticals have started contributing to our FY24 topline, we believe we have only scratched the surface yet.

### We filled in the gaps.

In the high-value, High-Performance pigments (HPP) space, our R&D team enhanced our product line with yellow and violet pigments. Having filled in the gaps, our product range now covers ~90% of the addressable market.

### We have a pipeline in progress.

Our unwavering focus on innovation has created a robust pipeline of products at various stages of development – prominent among them is the pigment dispersions Sudanyl series, which should be launched shortly.



US\$ **5** bn  
US\$5 billion of global organic pigment market.

With a product portfolio largely at par with global peers, we are poised to cement our position as a leading pigment solution provider to global players.

We fuelled the hunger to reach out deeper in India and wider across the world.

At Sudarshan, we realise that our flight to our goal would only happen after a healthy fight for space on the larger canvas.

**Because in our business, geographic concentration is detrimental.**

Some years ago, we focused primarily on the domestic market; the export market was largely a de-risking strategy. We emerged as the leader in the domestic market. We are happy but never satisfied with our achievements. Because satisfaction is the death knell for progress. And our ambitions were higher.

**We envisioned a future of being a strong global player.**

We started our journey in 2007 with our own marketing operation in the Europe. From there, we came a long way to set up offices in all major global markets like, North America, Mexico, China, Japan and other geographies and export to more than 85 nations worldwide. In a decade, exports increased to 50 % of our topline.

With Mission Rise taking off

**We strengthened our global presence.**

We determined to win market share from European players for which we tied up with a leading distributor – it would expand our reach to major companies in Europe.

We appointed large and well-known distributors in key markets such as South Korea and Brazil.

We entered new geographies in Asia & South America.

**We entrenched our domestic standing.**

We drilled down the customer base in the ink segment to service the mid and small-sized accounts.

We are working with the new entrants in the coatings segment to widen our customer base.

We are focused on further strengthening our relations with customers in the plastic segment.



4 %

Sudarshan currently holds 3-4% of the global market share in pigments.

Our widened offerings basket allows us to make inroads into newer geographies, driving market share gains, along with capturing higher wallet share with existing customers.

## We have aligned better with the global requirements.

At Sudarshan, we understand that levelling our game to global standards is a must in order to paint our name across the globe.

**Because in our business, aligning with global standards is critical to get you started**

Aligning with global standards is particularly challenging considering the many facets involved, namely, quality and consistency, capacity, cost, efficiency, sustainability, safety and reliability. We upped our game across the board.

**We have positioned quality as a non-compromise culture.**

At Sudarshan, quality checks are institutionalised across the entire manufacturing process and beyond. We have made considerable investments in advanced instrumentation and other equipment to enhance our accuracy and speed of sample testing.

**We have ensured product consistency.**

We have created comprehensive SOPs for our products and key customers, which not only include the manufacturing process but also detail product specification, critical aspects and their testing process. We have systematically built the niche capability to ensure consistency in the end application.

**We have adopted world-class manufacturing standards.**

We have adopted world-class manufacturing (WCM) standards across operations. Over the years, we have built 9 core pillars which function seamlessly together and allow us to deliver global cost competitiveness.

**We have received the global watermark for efficiency.**

We conduct over 800 tests and guarantee over 4,000 specifications (ISO 9001)

We are recognised for operational excellence in supply chain management (Oliver Wight Class A Certificate)

We use fully traceable business processes (SAP-platformed business operations)

We ensure safety for our plant operatives (British Safety Council 5 Star Rating Sword of Honour)

**We have upped our safety quotient.**

We moved our focus from “workplace safety” to “process safety” as a core philosophy, integrating its 18 comprehensive elements into every aspect of our operations. By adhering to these principles, we ensure the safe handling of hazardous materials, minimise the potential for accidents, and foster a culture of continuous improvement in process safety.

**We scaled up products.**

We have strengthened our operations towards world-class manufacturing (capacity increase) to serve global customers at scale. We have expanded our product portfolio by scaling up approximately 40 offerings.

**We are de-carbonising our operations.**

We draw close to 70% of our purchased energy from renewable sources. We feature in the top-3 percentile of companies in the EcoVadis Assessment with gold rating. We have committed to SBTi targets and are committed to facilitating the transition to a low-carbon economy by implementing our De-carbonisation Plan, with the target of achieving 42.5% emission reduction by 2030 and identifying other opportunities for emission reduction across the entire value chain.



Sudarshan strives for Cost Leadership and Manufacturing Excellence

We have ensured that we have a strong competitive edge on the global stage. With our burgeoning product portfolio and our global readiness, we will bring in the power of disciplined creativity to find newer and newer ways to grow. And then approach these opportunities with a determination to seize the future one day at a time, one relationship at a time.

STATEMENT FROM THE MANAGING DIRECTOR

Sudarshan remains a growth focused and resilient company, built on a strong foundation, committed towards its long-term strategy to become global leader in the pigment industry. Despite industry challenges, we have grown our business profitably, with robust volume growth as well as margin expansion.



Dear Shareholders .

I am pleased to present the Sudarshan Annual Report for FY24. We have successfully closed yet another year with satisfactory results, and I commend the entire Sudarshan team for their hard work and dedication.

The global economy continued to face multiple challenges and uncertainties due to ongoing geo-political turbulence. Factors such as inflationary pressures, higher interest rates, and subdued consumer demand impacted the global economy in 2023. These factors also affected demand across industries, including the pigment industry.

Sudarshan remains a growth focused and resilient company, built on a strong foundation, committed towards its long-term strategy to become global leader in the pigment industry. Despite industry challenges, we have grown our business profitably, with robust volume growth as well as margin expansion.

#### Highlights of our Financial Performance

I am pleased to report that our Pigment business has delivered a robust financial performance on Revenue and EBITDA margins in FY24. We went through a low during FY23 however, we have come back stronger. This fiscal year is a milestone moment for our Pigment business. We have achieved highest ever quarterly EBITDA above ₹100 crore in Q4FY 24 and annual EBITDA above ₹300 Cr.

Revenue from operations on a consolidated basis, increased by 10.3% and EBITDA progressed by more than 50%. Our EBITDA margin increased substantially, returning to the pre-covid levels, while Net Profit more than doubled from FY23 levels.

The company's balance sheet as of 31st March, 2024, has strengthened, reflecting improved financial ratios. During the fiscal year, we remained focused on retaining working capital efficiency, particularly inventory levels and accounts receivable, to generate free cash flow. This working capital management, along with improved financial performance and proceeds from the sale of freehold land, has successfully reduced our overall debt levels. The key ratio of Return on Capital Employed, which showcases the efficiency of every rupee deployed in the business, improved reasonably, with still some scope for improvement.

I am pleased to state that our business performance is a result of our overall strategy of building Sudarshan's capabilities through its 5 core pillars, which will act as a strong foundation for future growth.

#### a. World-class Breadth of Product Portfolio –

Sudarshan has created the broadest product portfolio, positioning itself as a global reliable supplier.

Our focus on Research and Development, with over 100 technical members working under the leadership of global pigment veterans, has led to new product launches and technological advancements that can be used to develop superior and sustainable colour solutions. The R&D centre is well equipped with state-of-the-art equipment, a world-class application lab and analytical testing facility, thus enhancing the product development and scale-up process. This has helped us create the widest product portfolio in the industry, which is at par with any Tier 1 supplier. This gives us a definite edge, offering a holistic solution to our customers.

Over the period as part of new product development, we have launched new products in the Specialty segment; – Violet 23, Yellow 138 and Complex Inorganic Color Pigments. All the new products have been well received by the customers and we are seeing good traction. As a global reliable supplier, we have been having more in-depth interactions with customers and our velocity of opportunity funnel has improved.

We will continue to add to our product portfolio to focus on targeting the speciality segment.

#### b. Manufacturing Excellence

Our world-class manufacturing facilities in Roha and Mahad have global scale capacities and best-in-class infrastructure in terms of analytical labs, effluent treatment plants, and warehousing.

Being cost conscious and monitoring our operations closely and regularly has led to cost-reduction measures, wherever possible. We have also derived cost leadership in effect pigments.

During FY23, we completed all major capex program to build capacities in our existing business and operationalised manufacturing lines for new colour indices of pigments. With our world class manufacturing capabilities, the company is well positioned as a global reliable pigment supplier.

#### c. Global Presence and reach

Our strong go-to-market framework, consisting of local regional sales teams, customer service support, technical marketing teams, and local stocking points, has enabled us to serve significant global pigment markets directly.

In the last fiscal year, we entered new geographies in Asia & South America, and increased sales substantially in key regions. The company also appointed large well-known distributors in geographies like Europe, Russia and Brazil. We were able to expand into multiple global strategic accounts and also enter into new applications like digital inks.

#### d. People Leadership and Talent Nurturing

Sudarshan places a high value on its employees, ensuring their overall well-being and fostering a strong performance-based culture. The Company acknowledges the role of its human capital and how crucial it is for creating shared value. We have competent leaders who inspire and motivate their respective teams to perform at their best.

With numerous engagement and development activities, Sudarshan is dedicated to creating a secure and uplifting work environment. Through the Sudarshan Learning Academy, we have initiated several programmes to ensure a positive and healthy work culture in order to create an open, engaging, and lively work environment. The company has also been working on creating a Global Talent Pool with an entrepreneurial mindset and capable of supporting our aim of being a global reliable supplier.

#### e. Sustainability in Business Coupled with Social Governance

Our ESG Vision - 'To be the global leader in the pigment industry by operating responsibly and growing sustainably', summarizes our commitment to sustainability. I am glad to share with you that Sudarshan has achieved EcoVadis Gold rating. We are now among the top 3 percentile company in the chemical sector. Also, we are the proud recipient of "B" Rating on CDP (formerly known as Carbon Disclosure Project) for Climate Change and Water Security. These are the testimony of our commitment to sustainability and achieving environment friendly operations at Sudarshan.

We have taken various measures to ensure sustainable business practices including around 70% of purchase power from green energy, a strong de-carbonisation plan, and commitment to SBTi targets.

As a chemical company, we are cognizant of our impact on the environment and constantly strive to minimize our environmental footprint by embedding sustainability into all aspects of our operations. Our vision of Sustainable Future is supported by the four pillars of our ESG Strategic Framework i.e. Business Accountability, Environmental Responsibility, Manufacturing Excellence and Strengthening Social Inclusiveness. All our ESG initiatives are mapped

under these key pillars with clearly defined and time-bound targets.

Social Governance is very important to our hearts, and we have many accolades for our care for society. Our culture of 'Seva' (service) extends to comprehensive CSR initiatives through SUDHA, focusing on women empowerment, health, education, and community development. We have directly impacted thousands of beneficiaries through our several programs.

All the above pillars have strengthened Sudarshan and have provided a unique opportunity to take the global leadership position. The current tailwinds, such as the Make in India initiative, the turbulence in the global pigment industry and the uncertain global geopolitical situation should further accelerate our growth.

I would like to conclude by expressing my gratitude to all our stakeholders for their continued dedication, hard work, guidance, and faith in us. I look forward to growing together with all of you and achieving our collective dream of being a leading global player in the pigments industry.

Warm regards,

**Rajesh Rath**  
Managing Director

ABOUT SUDARSHAN CHEMICAL

Sudarshan is the leader in the Indian pigment industry and among the top three global manufacturers of pigments.

Sudarshan is a leading world-class colour solutions provider focusing on sustainable results.

Founded in 1951 and headquartered in Pune, Maharashtra, the Company manufactures a massive range of pigments at its manufacturing facilities at Roha and Mahad.

The Company's business operations are spearheaded by Mr. Rajesh B Rathi, Managing Director and managed by a team of energetic and experienced professionals.

The Company's securities are listed on the BSE Limited and National Stock Exchange of India Limited



Our Vision

To be amongst the top three pigment players in the world



Our Mission

To be a world-class Global Colour Solution provider with an innovative and vibrant culture



Our Values

Seva (Service) | Courage | Commitment and Passion | Respect | Trust

Numbers That Define Us

2	3	1,270+	
Manufacturing facilities	R&D Centre	Global team size	
16		695	
Brands		Products Sold	
8	50+	60+	19
Sales offices (India, Europe, USA, Mexico, Japan and China)	Sales team (India, Europe, USA, Mexico, Turkey, China)	Channel Partners	Stock points
35%		85+	
Domestic Market Share		Global footprint (nations)	
2,539	316	110	
Consolidated Revenue (₹ crore)	Consolidated EBITDA (₹ crore)*	Consolidated Net Profit (₹ crore)*	
4,223			
Market Capitalisation (₹ crore) as on 31st March 2024			

\*: excluding profit/loss from exceptional and extraordinary items



## Global Head Office, Pune, Maharashtra India

Inauguration date:  
25th Aug 2023

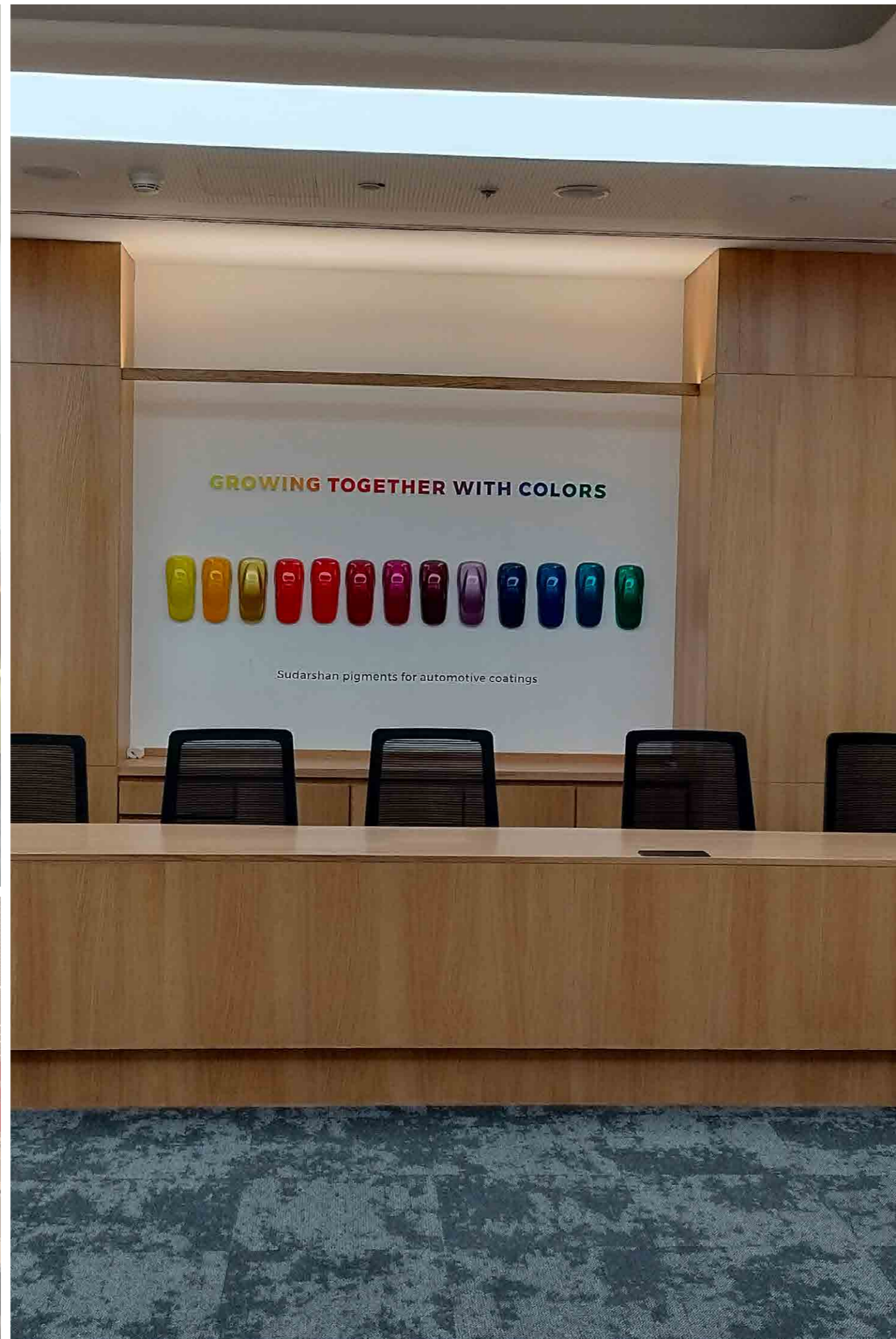
New office Carpet area  
23000 Sq. Ft

Our state-of-the-art Global Head Office is designed to international standards. The highlight of our 120-seater establishment is its spaciousness. The 'open-to-sky' lighting further enhances the aesthetic appeal while reducing our carbon footprint. Our office space comprises workspaces, conference rooms, a meditation room and an expansive cafeteria which prudently balances work and relaxation.



**Address:**  
Survey No. 25, Eleven West Panchshil  
7th Floor, Near Pan Card Club Road  
Baner, Pune, Maharashtra 411069





## OUR JOURNEY

# Journeying ahead, step by step

Sudarshan has persevered patiently through its seven-decade journey to transition from a domestic enterprise into a global conglomerate, striving to up its position in the world's pecking order. The Company's experience and expertise have armed it with agility and adaptability to overcome all odds and reach a podium position in India and the world.



## 1951-1989

### ESTABLISHING THE BUSINESS

<b>1951</b> Founded as Sudarshan Chemical Industries Private Limited	<b>1952</b> Started the first manufacturing facility in Swargate, Pune	<b>1961</b> Started manufacturing of Organic pigments	<b>1967</b> Commenced exporting globally	<b>1973</b> Inaugurated manufacturing facility at Roha	<b>1976</b> Got listed on BSE
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## 1989-2006

### TAKING THE NEXT LEAP IN TECHNOLOGY

<b>1989</b> Collaborated with the world leader, DIC, Japan	<b>1993</b> Became the first Indian chemical company to be ISO:9001 certified	<b>1994</b> Initiated manufacturing plant in Mahad for Phthalos and Effect pigments	<b>1999</b> Introduced SAP across all functions
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## 2006-2018

### GOING GLOBAL

<b>2006</b> Achieved a net revenue of ₹400 crore. Created a state-of-the-art technology R&D centre at Sutarwadi	<b>2007</b> Set up Sudarshan Europe BV, a subsidiary	<b>2009</b> Expanded footprints in the USA, incorporated Sudarshan North America Inc.	<b>2010</b> Received a Sword of Honour from the British Safety Council	<b>2014</b> Achieved a net revenue of ₹1,000 crore	<b>2017</b> Certified as a dream company to work for in the Chemical Sector
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## 2018-2024

### RAISING THE BAR

<b>2018</b> Established Sudarshan Mexico S. de R.L. de CV.	<b>2020</b> Established Sudarshan Japan Limited	<b>2023</b> Successfully completed commissioning of Capex programme for ₹750 crore Launched a wide range of new products	<b>2024</b> Strong business performance led by volume growth. Highest ever pigment annual and Q4 EBITDA
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OUR TIMELY TRANSITION

Rising above the odds to make the right move

Mindful of the changing sectoral dynamics, evolving customer needs, and emerging growth opportunities on the horizon, Sudarshan course corrected from being a multi-business company to a pure-play pigment focused company. In a little over a decade, it has graduated from being one of the players in the industry clutter to a leader in its business space.



FY11

- Pigment, Agro Chemical, Masterbatch businesses
- Amongst top 20 pigment player
- Domestic market share estimate ~

@ 30%

- Organic and Inorganic pigments with revenues largely from Azo and Phthalo pigments

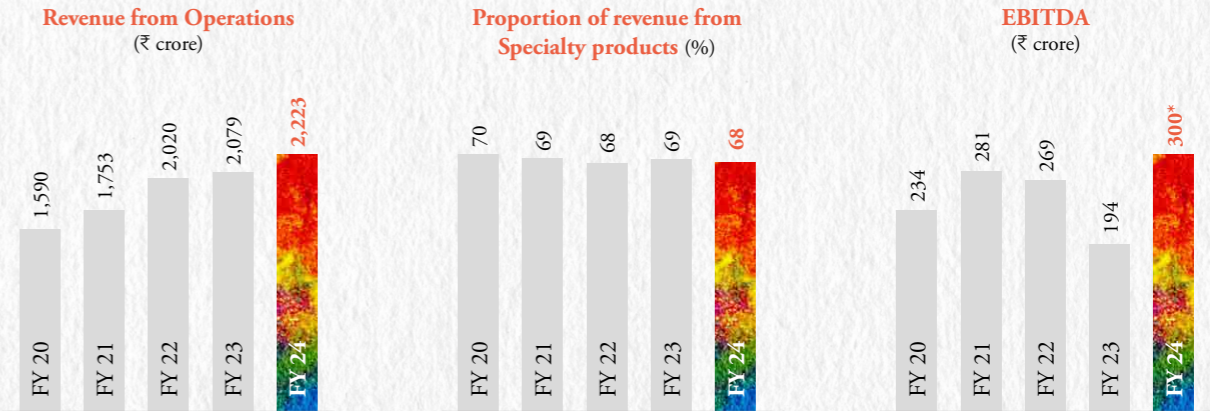
FY24

- A pure play Pigment focus
- 3rd largest pigment producer globally
- Domestic market share estimate ~

@ 35%

- Development & strong growth of High Performance and Cosmetics product range

Performance of the Pigment Business



\*excluding profit/loss from exceptional and extraordinary items

## OUR PRODUCT PORTFOLIO

# An expansive range catering to diverse high-growth applications

Sudarshan's success stems from a deep understanding of pigment needs across diverse organic and inorganic industries. The Company's sustained investment in R&D efforts has resulted in a comprehensive portfolio. Through relentless efforts to refine its offerings to global standards and evolving customer and sectoral dynamics, the Company delivers exceptional value to its customers.



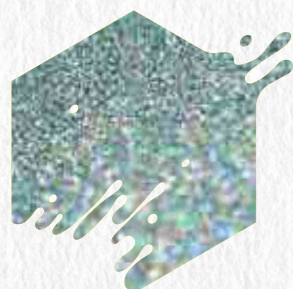
### ORGANIC PIGMENTS

PRODUCTS	DESCRIPTION	APPLICATION
Azo Phthalos HPPs Dispersions Solvent Dye	These coloured materials are made of organic compounds with pigment properties	Commonly used for coatings, plastics, inks and textile applications



### INORGANIC PIGMENTS

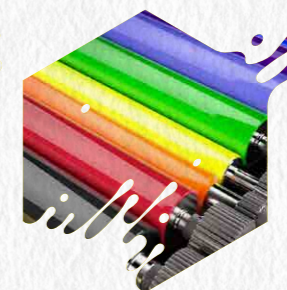
PRODUCTS	DESCRIPTION	APPLICATION
Chromes Cadmiums Iron oxides CICP	These are made of mineral compounds, primarily oxides and sulphides of one or more metals.	Used in plastics and industrial coatings



### EFFECT PIGMENTS

PRODUCTS	DESCRIPTION	APPLICATION
Mica bases for industrial and cosmetics	These pigments have a mica base and are coated with oxides to add shimmer and glow.	Used in plastics, automotive coatings and cosmetics

## Application sectors



COATINGS	PLASTICS	INKS	COSMETICS
Coatings use AZO, high-performance and special effect pigments for achieving a durable and visually appealing finish in Automotive and Decorative sectors.	A broad array of custom colours and pigments are readily available for plastic applications, offering unparalleled flexibility and versatility in achieving the exact visual characteristics needed in plastic manufacturing processes.	Expertise in the offset and liquid ink segments is necessary for the niche application of colour pigments within the ink industry.	Effect pigments are highly desirable in the cosmetics and personal care industry due to their exceptional colour quality, vibrant appearance, and stunning visual effects in end applications.
Sudarshan's key focus area aiming for significant growth in the automotive and decorative segments.	Sudarshan enjoys a leadership position in plastics segment in multiple geographies owing to its detailed know-how of the industry.	Sudarshan focuses on niche applications in the ink industry with necessary expertise in offset, liquid ink and digital ink as a special application area.	An important growth area for Sudarshan; the Company continue to build capabilities in end applications.

## OUR BRANDS

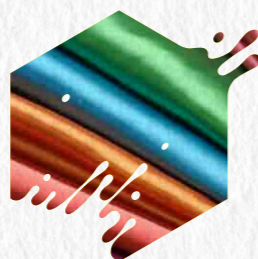
# Our stamp of recognition



### Sudaperm™

Pigments for high-performance

A premium range of the highest-performance pigments with technical benefits for the most demanding plastic and coating applications.



### Sudatex™

Pigment dispersions for textiles

A carefully selected range of concentrated water-based dispersions is ideal for the surface and thorough colouration of textiles.



### Sudadur™

Pigments for durable colour

An extensive range of traditional inorganic pigments that impart excellent colour, durability, and coverage for the most demanding applications.



### Sudasol™

A range of solvent-soluble dyes for engineering plastics. Sudasol products are extremely pure and have very low impurity content.



### Sudafine™

Easy-to-use stir-in pigments

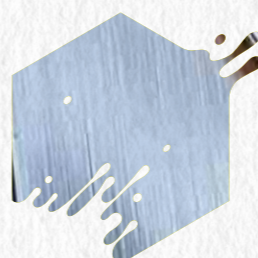
A complimentary range of high pigment-content, water-based, resin-free pastes in easy-to-use stir-in form for decorative paints and other applications.



### Sudacolor™

Quality, value and easy-use pigments

A well-designed range of organic pigments that provide the best combination of quality, value and ease of use.



### Sumicos™

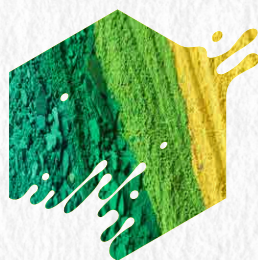
Pearlescent pigments

Mica crystalline platelets, coated with metal oxides, produce iridescent, lustre, bronze, and glitter, creating new colour illusions for cosmetic applications.



### Sudatherm™

Range of Complex Inorganic Coloured Pigments (CICPs) designed to meet high-temperature stability and light and weather fastness properties.



### Sudafast™

Medium-performance pigments

A consistently high-quality range of medium-performance organic pigments, increasing the options available for colouration.



### Sumica™

Pearlescent pigments

This product in the pearlescent pigment category offers a full range of general-purpose, high-performance pigments and effect pigments with a unique lustre effect, enhancing the aesthetic appeal of plastics, coatings and inks.



### Sudajet™

A high-purity range of pigments was selected for inkjet application with long-term ink stability performance.



### Sudanyl™

A standard range of high-pigment content water dispersion for coatings and other applications.



OUR GLOBAL PRESENCE

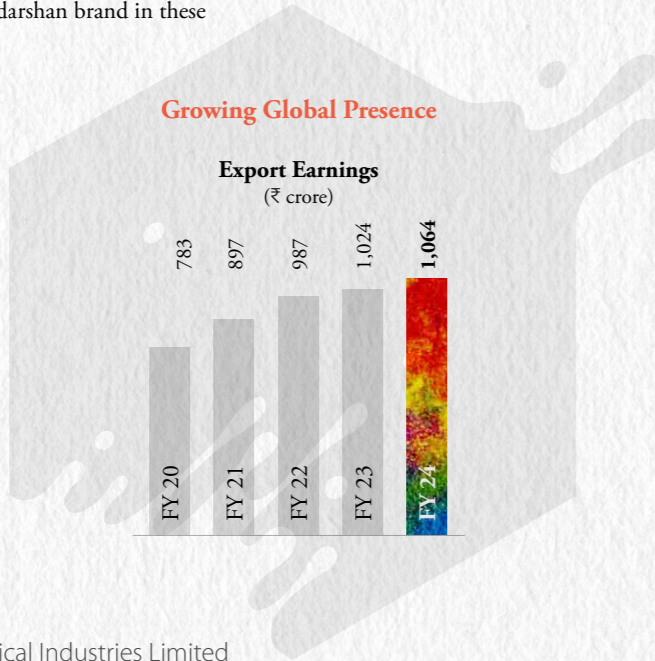
Making our presence visible

Product range. Product quality. Product volumes. Product innovation.

Sudarshan’s steadfast focus on these tenets has enabled it to establish a strong global presence across 85 nations.

The Company’s expertise in pigment technology, robust manufacturing capabilities, focus on innovation, and unwavering commitment to business excellence have allowed it to emerge as a preferred partner to several marquee global brands.

As part of its strategic expansion, Sudarshan has established subsidiaries in key geographies, solidifying the Sudarshan brand in these nations.



We Export to 85+ countries with 50+ sales members

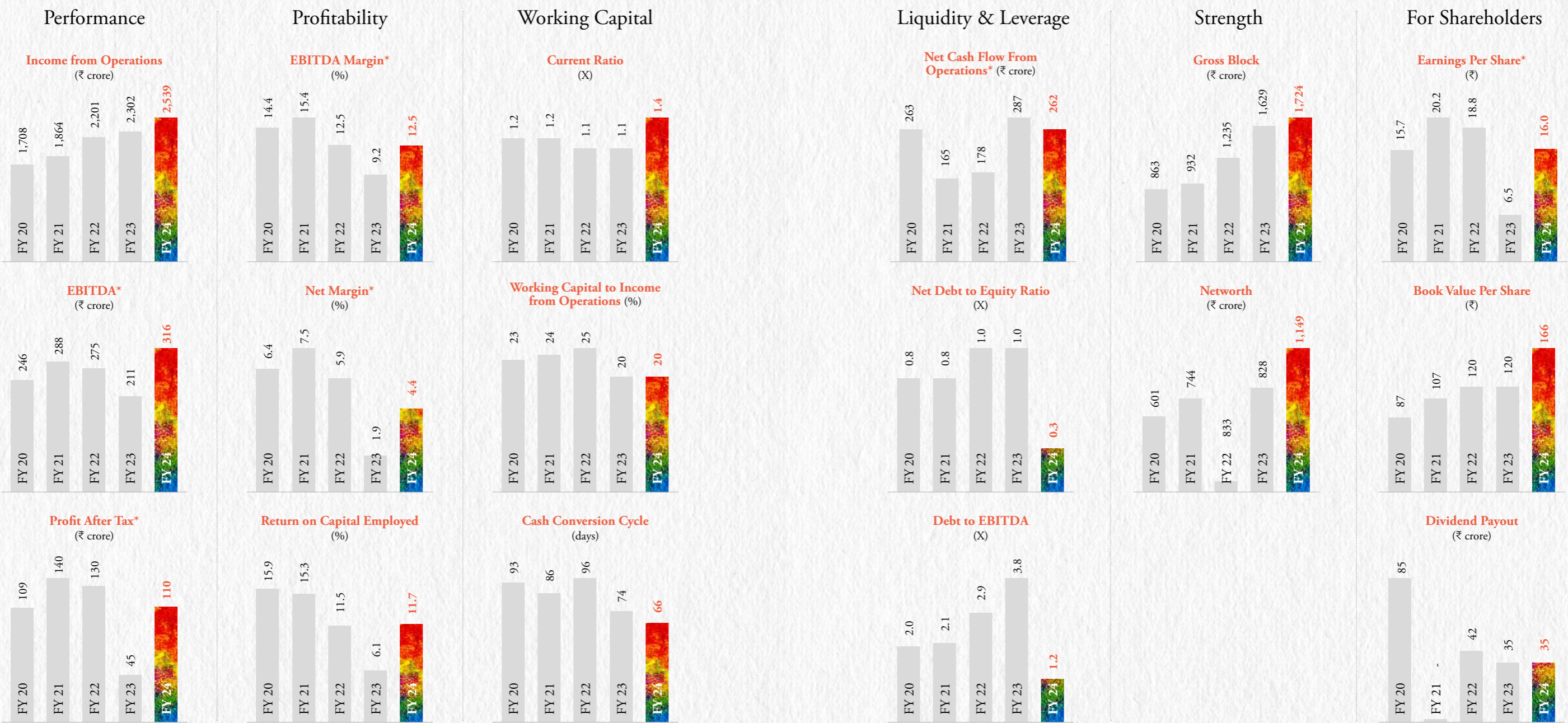


Map not to scale. Only for representation purpose

OUR FINANCIAL PERFORMANCE

Rising against prevailing odds

Throughout the year, “Mission Rise” has propelled us to innovate, adapt, and excel in dynamic market conditions. It has fostered a culture of continuous improvement, encouraging every member of the Sudarshan family to strive for excellence in their respective roles. The results are exceedingly encouraging.



\*: excluding profit/loss from exceptional and extraordinary items

\*: excluding profit/loss from exceptional and extraordinary items

OUR AWARDS AND ACCOLADES

# Gaining the spotlight



Now we are Gold



**Score of B (Management Band) on CDP Climate Change and CDP Water Security Assessments 2023**



Received award for Contribution to creating a sustainable impact on society at large.



Received Greentech CSR award for the Rural Development.



Greentech Award for achievements in Environment Excellence



The EEF Global Sustainability Award 2023 in Platinum category for our approach toward Sustainability and ESG



14th CII National HR Excellence Award 2023-24 in the category of "Significant Achievement in HR Excellence" held annually with an objective of promoting HR Excellence in Human Resource and helping in developing "High Performance Organisation"

ENVIRONMENT, SOCIAL AND GOVERNANCE

## Making our world a better place

Sudarshan is committed to responsible business practices, prioritising environmental stewardship, social development and strong corporate governance (ESG) to create sustainable value. The Company integrates ESG considerations throughout its business planning and operations, recognising the importance of transparency, open communication and diverse perspectives for long-term success.





The Company is dedicated to the goals of improving energy efficiency, diversifying energy sources, recycling and reusing water, responsible handling of materials and waste, and efficient use of precious resources. Significant progress has already been made, and Sudarshan remains resolute about delivering high-quality products and services while upholding these principles across the organisation and value chain.



#### ESG Vision

To be the global leader in the pigment industry by operating responsibly and growing sustainably.



#### ESG Mission

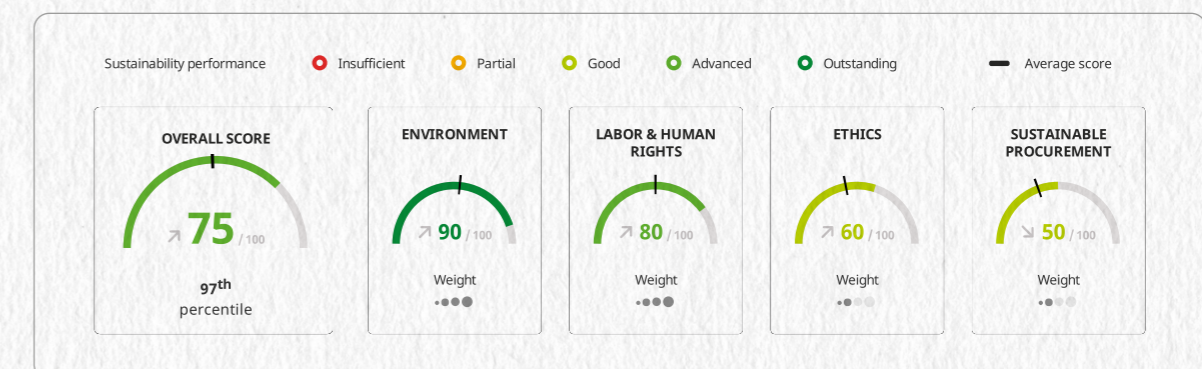
To provide a safe, inclusive and enriching environment to drive an eco-efficient business.

### ESG Strategic Framework

Business Accountability	Environmental Responsibility	Manufacturing Excellence	Strengthening Social Inclusiveness
<ul style="list-style-type: none"> <li>Business Ethics and Conduct</li> <li>Corporate Governance and Compliance</li> <li>Data Privacy and Security</li> </ul>	<ul style="list-style-type: none"> <li>Air Emission and Quality</li> <li>Biodiversity</li> <li>Energy Management</li> <li>Climate Strategy</li> <li>Water and Effluents</li> <li>Waste management</li> </ul>	<ul style="list-style-type: none"> <li>Automation, Innovation and Technology Upgradation</li> <li>Life-cycle Approach</li> <li>Product Quality and Excellence</li> <li>Product Safety</li> <li>Product Stewardship</li> </ul>	<ul style="list-style-type: none"> <li>Employee Safety and Well-being</li> <li>Human Capital Development</li> <li>Human Rights</li> <li>Sustainable Communities</li> <li>Sustainable Supply Chain</li> </ul>

#### ESG standing

Sudarshan is in the top-3 percentile of companies in the EcoVadis Assessment with a gold rating.



#### Sudarshan's path to achieve leadership in ESG performance

Consolidated ESG: Plan of Action	Current Status	Envisioned Future
<p>Create sustained stakeholder value through sustainable, resilient, and inclusive growth.</p> <p>Steps to achieve the above</p> <ol style="list-style-type: none"> <li>1) Establish robust ESG Governance Framework (Board and Management level oversight on ESG performance, ESG KPI Dashboard)</li> <li>2) Make informed choices on product stewardship and de-carbonisation (Develop ESG risk management framework, conduct LCIA's)</li> <li>3) Set ESG narrative (Transparent, timely, and comprehensive ESG disclosures and Ratings)</li> </ol>	<p>Established comprehensive ESG Governance Mechanism</p> <p>Disclosed ESG Framework, Strategy, and Performance in its GRI-based Sustainability Report</p> <p>ISO certifications for manufacturing sites – ISO 14001 &amp; ISO 45001</p> <p>Proud recipient of 'B' Rating on CDP (formerly known as Carbon Disclosure Project)</p> <p>Committed to the SBTi</p> <p>Gold in EcoVadis</p>	<p>Strategic value-chain partnerships</p> <p>Improved external outlook on ESG</p> <p>Globally aligned de-carbonisation roadmap</p> <p>Resilient business model</p> <p>Enhanced investor confidence</p> <p>Sustained competitive advantage</p>

# Environment Management

Sudarshan is strongly inclined towards environmental sustainability. By harnessing the latest advancements in science and technology, the Company has implemented a comprehensive approach to carefully tracking and managing its environmental footprint. The Company's goal is to contribute to a healthy planet and inspire sustainable practices within the industry.

## 1) Adherence to global standards

Sudarshan ensures the highest standards of environmental responsibility by strictly adhering to leading regulatory frameworks, including EU REACH, USFDA, Turkey REACH, UK REACH, US Toxic Substance Control Act and TPCHE, among others.

## 2) Energy Management

Sudarshan is mindful of its need to reduce its reliance on fossil fuels to de-carbonise its operations, an essential prerequisite for increasing its global footprint, especially in developed markets. The Company has adopted following approaches to reduce its carbon footprint.

### a) Energy Efficiency

The Company's Roha facility has a highly efficient 15 MW co-generation power plant featuring two 62 TPH boilers. Additionally, the installed electrostatic precipitator (ESP) effectively minimizes the emission of suspended particulate matter, keeping them below 50mg/Nm<sup>3</sup>.

### b) Energy Diversity

In keeping with its commitment to de-carbonise its operations, the Company has increased its reliance on renewable power. The Company has forged power purchase agreements with renewable energy suppliers. During the year, Sudarshan consumed 137147 GJ of renewable energy, accounting for approx 70% of its energy consumed. The company plans to further supplement the existing green power generation to drive higher contributions to green energy.

### c) Energy Reduction

Sudarshan monitors its operations at regular intervals to identify any high energy consuming processes. Whenever the Company finds such processes, it proactively makes suitable changes to ensure optimal energy consumption. Further, its persistent efforts towards process automation have optimised energy consumption per unit of output.

### 3) Water Management

Mindful of the fast depletion of usable water resources, Sudarshan prioritises responsible water management through multiple initiatives.

**Water consumption:** Sudarshan remains committed to reducing freshwater intake at its operating facilities. This has been achieved by upgrading processes, reducing wastage and reusing the treated water in downstream processes and other activities at its facilities. The Company's mindful efforts have yielded heartening results.

**Waste Water treatment:** The Company has invested in state-of-the-art ETP facilities at Roha and Mahad. The Company reuses the treated water at its facilities for non-critical processes and gardening purposes.

## Did you know?

- Sudarshan has the largest Co-generation plant in the Konkan region
- Sudarshan is among the few chemical companies in India that are allowed direct discharge.
- Sudarshan has doubled its ETP capacity and maintains stringent effluent standards. Its ETP is sufficient to address peak utilisation across existing and expected new expansion.

**42.5%**  
Reduction in GHG emissions by FY2032 compared to the FY 2021 baseline.

**3%**  
Reduction in specific energy consumption every year upto 2030.

**20%**  
Reducing specific water consumption by FY26 from the FY21 baseline

**0**  
Dispatch of waste to landfill by FY 2030-31.

## 4) Material Management

The Company's environmental commitment extends to incorporating innovative measures to minimise Persistent Organic Pollutants (POPs) and Volatile Organic Compounds (VOCs) in their products. Additionally, the Company focuses on recycling solvents used in the process. Solvent recovered are substantially recycled, which minimises the consumption of fresh solvents.

## 5) Waste Management

Sudarshan has developed a waste management strategy that is aimed at minimizing waste generation and maximizing our resource utilization. To achieve this, we have implemented several key elements. Firstly, we focus on efficient storage and inventory management to minimize waste. Secondly, we strive to enhance performance and yield while reducing waste generation through strategic

asset management. Thirdly, we prioritize employee training and awareness programs on waste material handling to ensure that everyone is on board with our waste management goals. Fourthly, we work hard to prevent spills and leakages. Fifthly, we practice responsible logistics and transportation management. Lastly, we adhere to regulatory norms for the responsible disposal of waste materials. Our company is dedicated to embracing the principles of the circular economy as fundamental to responsible waste management. Specifically, we place immense importance on the 4Rs - Reduce, Reuse, Recycle, and Responsible Disposal - as the cornerstone of our approach.

We have taken target of ZERO waste to landfill by 2030. We have reduced our landfill quantity by 9% as against the previous year.

## 6) Biodiversity

Sudarshan prioritises environmental responsibility throughout its operations. The Company's facilities are within designated industrial zones, complying with MIDC regulations. To proactively address potential environmental impacts, Sudarshan conducts comprehensive assessments to identify and mitigate ecological and ecosystem risks. Furthermore, the Company is committed to enhancing green cover by planting trees within its premises and surrounding areas.

# Social Commitment

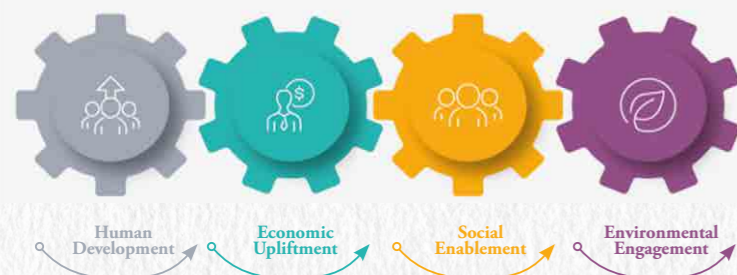
Sudarshan, guided by its vision of 'growing together', implements Corporate Social Responsibility (CSR) initiatives under the umbrella of Sudha, a programme focused on social development, environmental sustainability and holistic well-being.

## SUDHA'S Strategic Components and Outcomes

Inception of Sudarshan's Holistic Aspiration (SUDHA) commenced in 2011. This initiative was designed to provide a framework for existing projects and to launch new endeavours aimed at involving and empowering women within community.



## SUDHA Strategic Outcomes



This program focuses on five key pillars.

### 1. Women' Empowerment

**Need-based approach:** Recognising the challenges of rural women, Sudha conducts need-analysis studies to identify areas for intervention.

**Livelihood initiatives:** Projects like creating paper bags from recycled newspapers have empowered close to 3,000 women, generating income and fostering independence. These projects are now community-led, ensuring long-term sustainability.

**Skilling and entrepreneurship:** Depending on the region, women are trained in stitching, masala production and other income-generating skills.

### 2. Health

**Sustainable solutions:** Recognising that health camps alone are insufficient, Sudha focuses on long-term improvements. This includes collaborating with the government to upgrade rural primary health centres.

**Capacity building:** Community health workers (ASHA) are equipped with additional training and resources to serve their communities better. Telemedicine and digital health data management are also utilised.

**Awareness programmes:** Sudha addresses mental health, menstrual hygiene and other crucial health issues, particularly among rural girls.

### 3. Education

**School improvement:** Schools with deteriorated infrastructure are being upgraded and ISO-certified to ensure quality education in rural areas. This reduces dropout rates and creates a better learning environment.

**Girl child scholarships:** Employees contribute to scholarships for underprivileged girls, providing financial aid and mentorship opportunities.

**Skill development:** Villagers, especially women, are trained in skills like cooking popular baked dishes, enabling them to start small businesses and become self-sufficient.

### 4. Environment

**Waste management:** Sudha promotes waste segregation and composting in villages, aiming for zero-waste communities. Recycled materials are also used for productive purposes.

**Organic farming:** To reduce dependence on chemical fertilisers, farmers are supported in transitioning to organic farming practices.

**Water conservation:** Water scarcity is addressed through projects like building gabion structures and nala plugs, ensuring water availability for drinking and irrigation purposes. Tree plantation drives further contribute to a greener environment.

### 5. Community Development

**Comprehensive approach:** Villages close to Sudarshan's plants are holistically developed, focusing on social, economic and human aspects for long-term progress.

**ISO certification for villages:** A unique initiative involves obtaining ISO certification for villages, ensuring quality standards and practices are sustained through regular audits. This certification also prioritises these villages for government funding.

Furthermore, Sudarshan fosters a culture of social responsibility by actively engaging its employees in CSR activities. Employees participate in tree plantation drives, mentor scholarship girls and volunteer at orphanages and senior citizen homes. This creates a strong bond between the Company and the community.

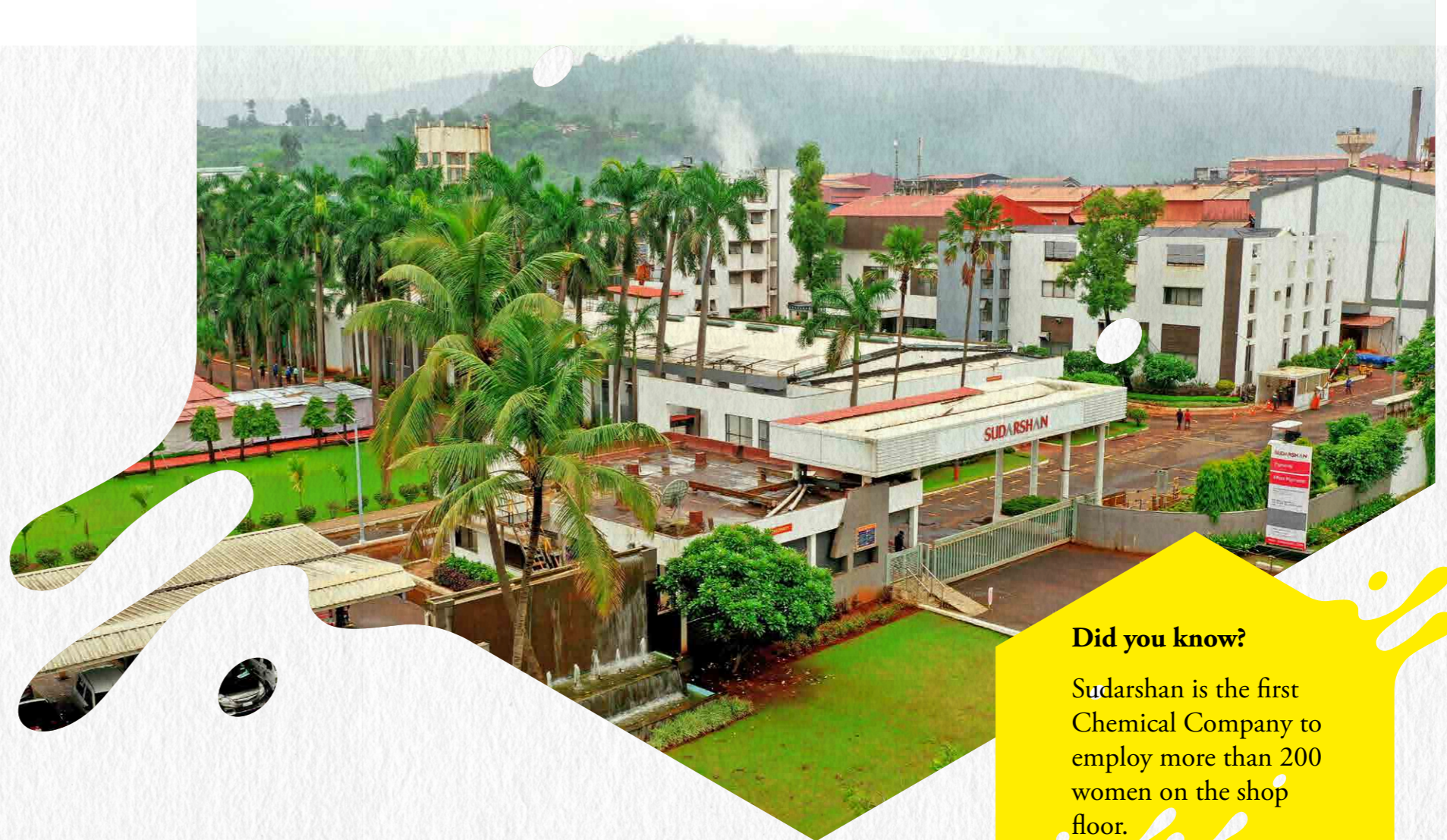
Sudha's CSR initiatives demonstrate a comprehensive and sustainable approach to social development. By empowering communities, protecting the environment and fostering a culture of giving back, Sudarshan is working towards a brighter future for all.

253.8

Total CSR spending  
(₹ lakh)

80,000+

Lives impacted through  
CSR initiatives.



### Did you know?

Sudarshan is the first Chemical Company to employ more than 200 women on the shop floor.

### Human Rights

Sudarshan is committed to upholding human rights throughout its operations. The Universal Declaration of Human Rights (UDHR) and other international frameworks guide the Human Rights Policy. The Company adheres to all relevant local, national and international laws, the UN Guiding Principles on Business and Human Rights and The Voluntary Principles on Security and Human Rights.

Sudarshan conducts comprehensive risk assessments to ensure the safety and well-being of its employees, communities and stakeholders. These assessments identify potential risks to human rights as well as other interests. Such steps also foster a strong collaborative relationship between public security entities and Sudarshan while building a culture of respect for human rights throughout the value chain.

FY 2023-24 saw no reported incidents of child labour, forced labour, physical/verbal abuse or other human rights violations across the Company's operations. Sudarshan actively promotes these values throughout its supply chain, encouraging suppliers, contractors and business partners to uphold similar human rights commitments.

Sudarshan's commitment to human rights is demonstrably strong. The Company maintains a zero-tolerance policy for child and forced labour within the sphere of its direct operations as well as contractual relationships. Sudarshan fosters inclusive workplaces free from discrimination and harassment while ensuring fair compensation through adherence to local minimum wage standards and robust social benefit packages aligned with national and international norms.

### Grievance Redressal Process

Employee to submit a complaint in writing or through e-mail to committee members	Committee to appoint lead investigator	Committee to draw Consensus and case resolution document to be prepared	Committee to forward its findings and recommended action to the Leadership	Leadership to take final decision
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## Governance

Sudarshan is firmly committed to achieving sustainable growth through robust governance practices. Transparency, accountability and ethical conduct are paramount across its operations.

Transparency, accountability and ethical conduct are paramount across its operations. The Company's decision-making processes align rigorously with Environmental, Social and Governance (ESG) considerations. They actively engage with stakeholders, including shareholders, employees and the communities. The collected feedback is instrumental in shaping and continuously improving its governance framework.

Furthermore, the Sudarshan has established a comprehensive system for risk management, compliance and reporting. This system ensures strict adherence to regulations and industry standards. Regular audits are conducted to evaluate and refine governance practices, promoting a culture of trust and accountability. This commitment to good governance ultimately creates long-term value for stakeholders and contributes to a sustainable future.

## OUR BOARD OF DIRECTORS

# Our prestigious governing board



**Mr. Pradeep R. Rath**

*Chairman*

Mr. Pradeep Rath has completed his MS in Chemical Engineering from MIT, USA and his MBA from Columbia University, USA. He was actively involved with the Indian Chemical Manufacturers' Association previously.

Mr. Rath is a past Chairman of the Dyes and Dye Intermediate Sub-Committee and the Planning and Development and Exports Sub-Committee. He was also the past president of the Rotary Club of Poona.

Mr. Rath acted as a Chairman of the Foreign Trade Sub-Committee of the Maharashtra Chamber of Commerce, Industries and Agriculture. Mr. Rath has been associated with Sudarshan for more than four decades and retired as the Managing Director of the Company in 2018. Mr. Rath also holds Directorship positions in other listed entities.



**Mr. Rajesh B. Rath**

*Managing Director*

Mr. Rajesh Rath has completed a BE (Mechanical) from MIT, Pune; a BSc (Chemical) from Ohio University, USA; and an MBA from Pittsburgh University, USA. He has been associated with the Company for more than three decades.



**Mr. Ashish Vij**

*Wholtime Director*

Mr. Ashish Vij, a Chemical Engineering graduate from UICET Punjab University, holds certifications as a Six Sigma Black Belt and Lean Practitioner from Uniworld, USA, and the Breakthrough Management Group, India. He has further enhanced his strategic acumen by completing the Strategy Intervention Programme from The Strategy Academy under the guidance of Dr. Ranjan Das, a Strategy Professor at IIMC. His association with the Company spans over 18 years, demonstrating his commitment and dedication.



**Mrs. S. A. Panse**

*Non-Executive and Independent Director*

Mrs. Panse has completed an MSc, a D.B.M. (Diploma in Business Management), a Masters in Management Sciences with a specialisation in Financial Management from Pune University and an MBA specialising in Bank Management from Drexel University, USA. She also has a professional qualification, C.A.I.I.B. (Certified Associate of the Indian Institute of Bankers).

Mrs. Panse is highly respected and admired in the banking sector for her outstanding contributions and illustrious career full of many milestone achievements and contributions. She was appointed as Executive Director of Vijaya Bank by the Government of India and later promoted to Chairperson and Managing Director of Allahabad Bank until she retired in January 2014. Currently, she serves on the Boards of several reputed companies in India.



**Mrs. Rati F. Forbes**

*Non-Executive and Independent Director*

Mrs. Rati Forbes is a Director of the Forbes Marshall Group. She heads Forbes Marshall's Foundation and is responsible for the CSR activities of the group. Recognised for her social initiatives both within the company and in the external world, she chaired the Confederation of Indian Industry's western region cell for social development for six years, sensitising corporate entities on their social responsibilities.

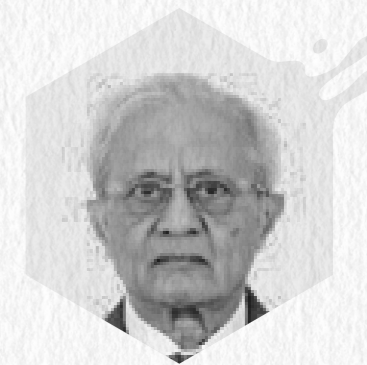
She has served on the boards of two international foundations. She serves as an Independent Director for Listed companies as well as on the boards of various foundations and non-profits across India. She graduated in Psychology and Sociology from Mumbai University and holds a Master's degree in Sustainability Management and Leadership from Cambridge University, UK.



**Mr. Dara N. Damania**

*Non-Executive and Independent Director*

Mr. Dara Damania is a renowned technocrat. He had a very long association with ThyssenKrupp Ag Group, Germany. His role was instrumental in the significant progress made by ThyssenKrupp Industries, India, during his tenure with the Group. He is also associated with several leading Companies as an Independent Director.



**Mr. S. Padmanabhan**

*Non-Executive and Independent Director*

Mr. S. Padmanabhan is a former IAS Officer. He has had a distinguished career as a bureaucrat, where he held various positions in the Government of Maharashtra, including Director - Tourism, Managing Director - SICOM, Commissioner, Aurangabad Division, etc. He has wide experience in Industrial Projects, Finance and Administration. Subsequent to his career in Government, he is associated with several leading companies as an independent director, management consultant, and advisor.



**Mr. Sanjay K. Asher**  
*Non-Executive and Independent Director*

Mr. Sanjay Asher is a qualified Chartered Accountant and Commerce and Law Graduate from Mumbai University. He is a practising Solicitor and Advocate and a Senior Partner with Crawford Bayley & Co., which is India's oldest law firm, established in 1830. He specialises in the fields of Corporate Law and Commercial Law, Cross-Border M&A, Joint Ventures, and Capital Markets. He serves as an Independent Director of various reputed public and private companies in India.



**Mr. Naresh T. Raisinghani**  
*Non-Executive and Independent Director*

Mr. Naresh Raisinghani is the CEO and Executive Director of BMGI, India, which is engaged in providing consultancy services to reputed corporate houses. He has completed his Owner / President Management Programme from Harvard Business School and his Bachelors in Mechanical Engineering from the University of Mumbai. Mr. Raisinghani is widely regarded as a leading thinker and an expert on Operational Excellence, Innovation and Strategy Deployment.



**Mr. Anuj N. Rath**  
*Non-Executive and Non-Independent Director*

Mr. Anuj Rath holds a Bachelors in Science from University of Alabama, USA, a Master's in Business Management from Drexel University, USA, and a Master's degree in E-Business from Temple University, USA. He has acquired broad experience working globally for over 20 years in strategic planning, marketing, sales and product management roles. He has been associated with the Company for over 15 years in various capacities, including being the Global Head of Cosmetics Division of the Company.

# Corporate Information

## Board Composition

- Mr. P. R. Rath**  
*Non-Executive Chairman*

**Mr. R. B. Rath**  
*Managing Director*

**Mrs. S. A. Panse**  
*Non-Executive and Independent Director*

**Mrs. R. F. Forbes**  
*Non-Executive and Independent Director*

**Mr. D. N. Damania**  
*Non-Executive and Independent Director*

**Mr. S. Padmanabhan**  
*Non-Executive and Independent Director*
- Mr. S. K. Asher**  
*Non-Executive and Independent Director*

**Mr. N. T. Raisinghani**  
*Non-Executive and Independent Director*

**Dr. D. Parikh**  
*Non-Executive and Independent Director*  
*(resigned effective close of business hours on 2nd February, 2024)*

**Mr. A. Vij**  
*Wholtime Director*

**Mr. A. N. Rath**  
*Non-Executive and Non-Independent Director*

## Committee composition

- Audit Committee**
- Mrs. S. A. Panse** - Chairperson
- Mr. D. N. Damania** - Member
- Mr. S. Padmanabhan** - Member
- Mr. S. K. Asher** – Member
- 
- Nomination and Remuneration Committee**
- Mr. D. N. Damania** – Chairperson
- Mr. S. K. Asher** - Member
- Mr. N. T. Raisinghani** - Member
- Mrs. R. F. Forbes** - Member
- 
- Stakeholders' Relationship Committee**
- Mr. S. K. Asher** - Chairperson
- Mr. P. R. Rath** – Member
- Mr. R. B. Rath** - Member

#### Risk Management Committee

<b>Mr. D. N. Damania</b> – Chairperson	<b>Mr. P. R. Rathi</b> – Member
<b>Mr. S. Padmanabhan</b> - Member	<b>Mr. R. B. Rathi</b> – Member
<b>Mr. N. T. Raisinghani</b> - Member	<b>Mr. A. Vij</b> – Member
<b>Mrs. S. A. Panse</b> - Member	<b>Mr. Nilkanth Natu (CFO)</b> - Member

#### Corporate Social Responsibility Committee

**Mrs. R. F. Forbes** - Chairperson

**Mr. P. R. Rathi** – Member

**Mr. R. B. Rathi** – Member

#### Finance Committee

<b>Mrs. S. A. Panse</b> – Chairperson	<b>Mr. R. B. Rathi</b> – Member
<b>Mr. S. Padmanabhan</b> - Member	<b>Mr. S. K. Asher</b> - Member
<b>Mr. P. R. Rathi</b> – Member	

## List of Directors and Senior Management of subsidiary companies

### RIECO Industries Limited

**Mr. D. N. Damania** – Chairman and Non-Executive and Independent Director

**Mr. V. Bhatia** – Managing Director

**Mr. S. Padmanabhan** - Non-Executive and Independent Director

**Mr. P. R. Rathi** – Non-Executive and Non-Independent Director

**Mr. R. B. Rathi** – Non-Executive and Non-Independent Director

**Mr. N. J. Rathi** - Non-Executive and Non-Independent Director

**Mr. M. Patil** – Wholetime Director

### Sudarshan Europe B.V.

**Mr. R. B. Rathi** – Director

**Mr. Milan Krumbe** – Director (resigned effective close of business hours on 31st December, 2023)

**Mr. Vincent Bembaron** – Director

### Sudarshan Mexico S de R.L. de CV

**Mr. R. B. Rathi** – Director

**Mr. R. Dumbre** – Director

### Sudarshan North America Inc.

**Mr. R. B. Rathi** – Director

**Mr. Frank Bursch** – Director

### Sudarshan (Shanghai) Trading Company Limited

**Mr. R. B. Rathi** – Director

**Mr. A. Vij** – Director

**Mr. A. Khare** – Director

**Mr. H. K. Tewari** – Director

### Sudarshan Japan Limited

**Mr. R. B. Rathi** – Director

**Dr. D. Parikh** – Director (resigned effective close of business hours on 2nd February, 2024)

**Mr. Eiichi Shimizu** - Director, Lead Business Excellence and Digital Ink

### Sudarshan CSR Foundation

**Mr. P. R. Rathi** – Director

**Mr. R. B. Rathi** – Director

# Management, Discussion & Analysis

## An overview of the economic environment

### 1) Global Economy

The world experienced various challenges in 2023 with higher interest rate, weaker trade, and spate of geopolitical tensions fuelling market uncertainties and triggering supply chain disruptions. In spite of all these, the global economy did not suffer a significant downturn.

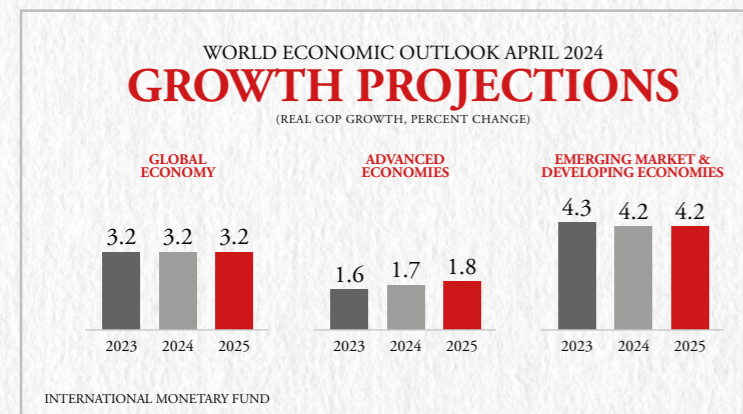
The world economy is projected to maintain a modest growth trajectory of 3.2% in 2024 and 2025, mirroring the performance of 2023. This outlook, however, presents contrasting patterns. Developed economies are expected to experience a slight acceleration, with growth rising from 1.6% in 2023 to

1.8% by 2025. This improvement will be counterbalanced by a modest slowdown in emerging markets and developing economies, where growth is expected to dip marginally in 2024 and 2025.

On the inflation front, a positive trend is emerging. Global inflation is forecast to decline steadily, from 6.8% in 2023 to 4.5% by 2025. This decrease is attributed to central banks' decisive actions in raising interest rates and keeping it higher for longer, to combat price instability. While headline inflation is expected to experience a steep decline,

core inflation, which excludes volatile food and energy prices, is projected to decrease gradually.

Despite significant central bank interventions to restore price stability, the global economy has demonstrated surprising resilience. This underlying strength suggests a potential for continued moderate growth despite the headwinds of higher interest rates.



The European economy experienced a slowdown in 2023 due to rising living costs, weak global demand, and tightening monetary policy, leading to reduced consumer confidence. However, inflation is showing signs of easing, reaching a two-year low in the Euro area.

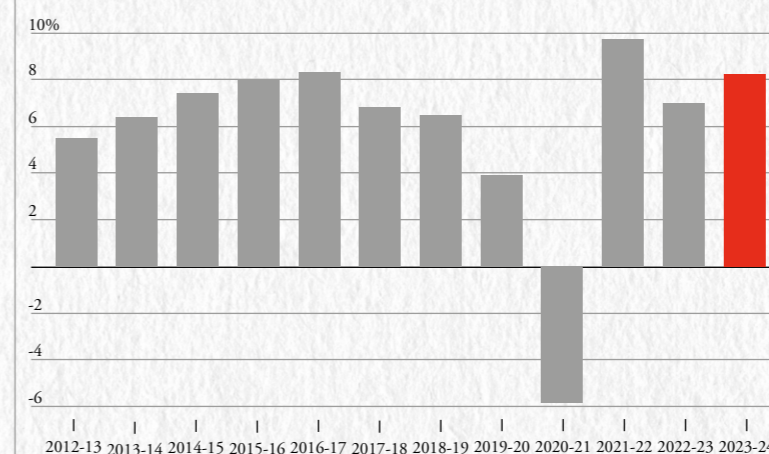
### 2) Indian Economy

India's economic performance in FY 2024 was impressive, solidifying its position as the world's fifth-largest economy with a GDP of US\$3.73 trillion. India's GDP growth for the fourth quarter of FY 2023-24 came in at 7.8% and grew by 8.2% for the full year, beating the estimates. This

growth, exceeding global averages, puts the nation on track to achieve its ambitious US\$ 5 trillion GDP target by 2027. Sectors like manufacturing, construction, and infrastructure witnessed significant expansion, with key industries such as steel, cement, and automobiles experiencing double-digit growth.

#### India's GDP growth accelerates

The Indian economy grew by 8.2% in 2023-24, showing an increase from the 7% growth in the previous fiscal.



Source: Reuters

Despite global headwinds, India's export sector demonstrated remarkable resilience. It achieved record-breaking exports of US\$776 billion in the financial year ending March 31, 2024. This growth was primarily driven by a surge in service exports, which offset a slight decline in merchandise exports.

Building blocks such as supply-side infrastructure, physical connectivity, digital connectivity, and financial inclusion were good progress during FY24 and will continue contributing to India's economic progress.

India's economic outlook remains positive, with the Reserve Bank of India (RBI) anticipating a 7% growth rate in the financial year 2024-25. This projection is backed by the ongoing solidification of macroeconomic fundamentals, the resilience demonstrated by the financial and corporate sectors, and the strength of India's external position. Over the medium term, the World Bank expects India's fiscal deficit and government debt to decline, supported by robust economic growth and ongoing government consolidation efforts.

### 3) Global Pigment Industry

The global speciality chemicals market size was estimated at US\$ 870 billion in 2023 and is projected to hit US\$ 1,244 billion by 2032, expanding growth at a CAGR of 4% from 2023 to 2032. The bio-based and green speciality chemicals market thrives due to the surging demand for sustainable options. Key industries like pharmaceuticals, personal care, and construction drive this growth, seeking these chemicals' unique properties and environmental benefits.

Source: <https://www.precedenceresearch.com/specialty-chemicals-market>

The global colour dyes & pigments market is anticipated to grow at a CAGR of around 5% over the next few years, due to factors like the construction industry's expansion, increased automotive production, technological advancements in pigment technology, growing demand from plastics, paints and coatings sectors, and rising disposable incomes worldwide.

<https://www.fortunebusinessinsights.com/dyes-pigments-market-102333>

<https://www.alliedmarketresearch.com/pigments-market>

The global organic pigments market will grow from US\$ 5 billion in 2023 to US\$ 6.5 billion in 2033. This represents a CAGR of over 4% from 2023 to 2033. The increasing demand for sustainable and eco-friendly materials drives this growth, coupled with the stringent environmental regulations favouring organic pigments.

Source: <https://www.factmr.com/report/4588/organic-pigments-market>

The growth will be driven by multiple factors: expansion in key end-user industries, rising demand for HPPs and a focus on sustainable solutions. The construction boom in Asia-Pacific is creating a robust market for pigments used in paints and coatings. Additionally, paints and coatings in the automotive sector rely on pigments for aesthetics and functionality.

#### Trends in the Global Pigment Industry

- 1) Demand Softness in China: China's economic slowdown, including a sluggish real estate market, weaker domestic demand for textiles, and low consumer confidence and spending, impacting pigment manufacturers.
- 2) Demand Softness in Europe: The war in Ukraine and overall global economic jitters create uncertainty, making consumers cautious about spending. De-industrialisation policy and increasing energy prices in Europe are leading to lower competitiveness of the regional chemical industry.
- 3) Consolidation trend in Industry: Turbulence in the global pigment industry is pushing companies towards consolidation.
- 4) Material price stability: Raw materials have stabilised, and it is a sign of ease for manufacturers as costs are on a downward trajectory.
- 5) Make In India initiative: Make in India emphasises technological advancements in manufacturing.

This encourages companies to invest in modern machinery and processes, improving efficiency and productivity.

- 6) Supply chain diversification: China plus one movement, will benefit Indian manufacturer as global end-use industries looking to de-risk their supply chains from Chinese suppliers. This is a positive for the Indian pigment industry which stands to gain immensely from this trend.
- 7) Long term shift - Printing ink is reducing, and focus is more on digital ink. – The biggest consumer of pigment (printing ink) is expected to decline gradually. However, even though there will be an overall reduction in the demand for Printing ink, demand for digital ink is expected to grow. The packaging market continues to be an area of consistent growth with demand for sustainable products.

Sudarshan has achieved EcoVadis Gold rating. We are now among the top 3 percentile company in the chemical sector. Also, we are the proud recipient of "B" Rating on CDP (formerly known as Carbon Disclosure Project) for Climate Change and Water Security.

### Business Overview

Sudarshan Chemical Industries Limited has established itself as a prominent player in the global pigment market. The Company boasts of a comprehensive product portfolio comprising organic, inorganic and cosmetic offerings, including high-performance pigments, azo, phthalocyanines (blue and green), and pearlescent pigments (effect pigments). These pigments find application in a diverse array of finished products and end uses.

Over the past decade, Sudarshan has undergone a remarkable transformation, evolving from a domestic company to a leading global supplier of colour solutions. Sudarshan has made significant investments in new product capabilities, in adding capacities in the existing pigment business, building new businesses of specialised pigment chemistries and creating world class infrastructure. Sudarshan's transformation is driven by its research & development focus on continuously adding to its wide range of product

portfolio through manufacturing excellence at the same time ensuring global cost leadership. The company has been exploring new geographies be it in Asia, Europe or South America in a bid to increase sales. The company has been effective in penetrating new markets like digital inks and textiles. The successful transformation would not have been possible without the establishment of a strong performance culture. The company has always strongly believed that sustainable growth is the way forward and is working at creating a comprehensive ESG framework mechanism. The company has been able to establish a resilient business model.

Sudarshan is a leader in the domestic market, commanding a 35% market share. The Company leverages its expansive product portfolio, combined with the resilience of the Indian economy, to ensure sustained domestic growth.

At Sudarshan, automation and innovation drive sustainability through process optimization, enhancing

safety, reducing waste, and enhancing efficiency. By safeguarding hazardous operations through process safety, the company strives to minimize human error, streamline production, and enable real-time monitoring, ensuring resource conservation and reducing environmental footprint.

Sudarshan is dedicated to nurturing an atmosphere promoting continuous learning and professional development, enabling it to shape a forward-thinking approach prioritizing innovation and thought leadership.

Manufacturing excellence is central to the Company's success. A holistic approach involving automation, innovation, and technology upgrades ensures producing high-quality and sustainable products. Sudarshan goes beyond regulatory requirements, emphasizing safe product usage throughout the value chain. The 'Stage-Gate' system prioritizes product development with considerations for resource consumption, process safety, and environmental impact.



One of the Company's strong focus is on Research and Development. We have more than 100-plus technical members working in R&D under the leadership of global pigment veterans. The team constantly strives to explore new products, technology and processes that can be used to develop superior and sustainable colour solutions. The R&D centre is well equipped with state-of-the-art equipment, a world-class application lab and an analytical testing facility, thus enhancing the product development and scale-up process.

Sudarshan has two world-class manufacturing sites located in Roha and Mahad. After the expansion, Roha has become one of the largest single pigment manufacturing sites globally. The Company has created global-scale capacities and infrastructure for best-in-class analytical labs, effluent treatment plants and warehousing.

Further, Sudarshan has established a strong go-to-market framework comprising local and regional sales teams, customer service support, technical marketing teams, and local stocking points. This has resulted in Sudarshan serving all significant pigment markets directly.

The Company believes its well-defined sustainability growth will be pivotal in its growth ambition. The Company currently sources around 70% of its purchased power from green sources. In addition, it has a strong de-carbonisation plan and has committed to SBTi targets. During the year, the Company received the prestigious certification OEKO-TEX, which recognises its adherence to environmentally responsible manufacturing processes and sustainable materials in our products.

Financial Performance

(Based on Consolidated Financials)

In a year of volatility and apprehension, Sudarshan has firmly rooted itself in its growth journey with all-round growth in performance and profitability. The highlight of the year was its performance in the last quarter of the fiscal reporting, with its highest Revenue ₹764 crore and EBITDA being in excess of ₹100 crore.

Revenue from operations on a consolidated basis increased by 10.30% from ₹2,302 crore in FY23 to ₹2,539 crore in FY24. Income from operations of pigment business at ₹2,223 crore in FY24 vs ₹2,079 crore in FY23. We have seen a healthy double-digit volume growth in the last fiscal year. Domestic revenue of pigment business increased by 10% to ₹1,159 crore in FY24 vs ₹1,055 crore in FY23. Export revenue of pigment business grown by 4% from ₹1,024 crore in FY23 to ₹1,064 crore in FY24.

The Company witnessed a positive response to its product offering from the recently commissioned capex resulting from continuous engagement with the customers. This has been progressing well in terms of ramp-up from the newly commissioned capex.

EBITDA crossed the ₹300 crore mark to ₹316 crore in FY24 against ₹211 crore in FY23 – the highest in its journey. Net Profit after tax scaled more than 2x to ₹110 crore. Simultaneously, profitability moved a few notches higher – EBITDA margin scaled by 330 bps and Net margin improved by 250 bps. The Company's unwavering focus on

Mission Rise – Accelerating Leap to 3 and steadfast efforts to increase the proportion of value-added products helped report its improved performance.

Net Cash flow from Operations has marginally decreased from ₹287 crore in FY23 to ₹262 crore in FY24, primarily owing to increase in working capital due to sales growth. The Company prudently balanced its funds deployment between capital investments and debt optimization.

The Company's net debt declined from ₹797 crore as on March 31, 2023, to ₹394 crore as on March 31, 2024. Net worth increased from ₹828 crore as on March 31, 2023 to ₹1,149 crore as on March 31, 2024 as the management ploughed business surplus and gain on sale of freehold land. The net debt-equity dropped from 1x to 0.3 x over the same period.

During the year, the Company has declared an interim dividend of INR 3.6 per share, which is 180%. The Board has recommended a final dividend of INR 1 per share, which is 50% of its face value, taking the total dividend outflow to 230% for the year, translating to the dividend payout of 35% of profit after tax excluding exceptional item.

The strength in the financial statement will help the Company undertake ambitious capital investment projects in the future to accelerate its growth momentum.

(₹ in Crore)

Particulars	Standalone		Consolidated	
	Year Ended 31st March, 2024	Year Ended 31st March, 2023	Year Ended 31st March, 2024	Year Ended 31st March, 2023
Income from Operations	2141	1976	2539	2302
Other Income	17	4	17	5
Total Income	2158	1980	2556	2307
Earnings before exceptional item, interest, tax and depreciation and amortisation (EBITDA)	293	185	316	211
Profit before tax and exceptional items	127	38	155	60
Add: Exceptional Item	312	0	315	0
Profit before tax	439	38	470	60
Less: Tax Expense	103	7	113	15
Profit after tax	336	31	357	45

Key Ratios (Consolidated)	FY 23-24	FY 22-23
Return on Capital Employed (ROCE)	11.7%	6.1%
Net debt to Equity Ratio	0.3	1.0
Current Ratio	1.4	1.1
Earnings Per Share*	16	6.5
Operating Profit Margin	12.46%	9.20%
Net Profit Margin	4.4%	1.9%
Debt to Tangible Net Worth	0.4	1.1
Debt Service Coverage Ratio#	1.62	1.04
Interest Coverage Ratio	8.9	4.5
Cash Conversion Cycle (in days)	66	74

\*: excluding profit/loss from exceptional and extraordinary items  
# - Debt obligations exclude prepayments out of proceeds from exceptional items

Internal Control Systems and their Adequacy

Sudarshan believes that Internal Control is one of the key pillars of governance, which provides freedom to the management within a framework of appropriate checks and balances.

The Company has developed and established a robust internal control framework that considers the nature, size, and risks that could hinder it from achieving its objectives. Adequate internal control systems and reasonable assurances on authorizing, recording and reporting transactions in its operations are in place.

The Company had already developed and implemented a framework to ensure internal controls over financial reporting. This framework includes entity-level policies, processes and

operating-level standard operating procedures (SOPs). Internal control systems are integral to the Company's Corporate Governance structure.

Information Technology (IT) policies and processes are key to achieving these objectives. The application systems and business processes are continuously improved by adopting best-in-class processes and automation and implementing the latest IT tools, which further help maintain financial and commercial discipline.

The entire control framework is designed to provide reasonable assurance about the credibility of data and compliance, inter-alia:

- Recording and providing reliable financial and operational information.

- Complying with the applicable statutes.
- Safeguarding assets from unauthorized use.
- Executing transactions with proper authorization and ensuring compliance with corporate policies.
- Prevention and detection of frauds and errors.
- Continuous updating of IT systems.

The Management has assessed the effectiveness of the Company's internal control over financial reporting as of 31st March 2024. Sudarshan has appointed Price Waterhouse Coopers (PWC) to assess the effectiveness of its internal financial controls. Their assessment was based on an internal audit plan, reviewed in consultation with the Audit Committee, and found to be adequate and commensurate with the scale of operation.

The Audit Committee reviewed the reports submitted by the Management and Internal Auditors. Based on their evaluation (as defined in Section 177 of the Companies Act, 2013 and Regulation 18 of the Listing Regulations, 2015), the Company's Audit Committee has concluded that, as of 31st March 2024, the Company's internal financial controls were adequate and operating effectively

People and Culture

Sudarshan recognises that our employees are our most valuable asset. It understands that enterprises are built by their people, and creating shared value requires a strong focus on human capital.

Recognising the criticality of its intellectual capital, Sudarshan remains committed to fostering their well-being and creating a work environment that empowers them to excel.

The Company prioritises fair work practices, offering competitive compensation, comprehensive health and safety programs, robust well-being initiatives, and continuous learning and development opportunities. Various engagement and development activities foster a secure and uplifting work environment.

The Company's commitment to a positive and healthy work culture is evident in several programs that promote open communication, employee engagement, and a vibrant work atmosphere. By sustaining its investment in our people, Sudarshan creates a win-win situation, fostering employee well-being and driving overall company success.

Key Initiatives in FY24

- SudaNurture initiative for internal job positions aligned with employee career aspirations.
- Increased Learning &Development interventions with the establishment of Sudarshan Learning Academy and Learning Pillars. Continued focus on Leadership Development through Leadership Development Program (LDP), Manager Development Program (MDP), and newly launched



Executive Development Program (EDP).

- Partnered with British Council to introduce English Online & Self-Paced program to provide flexible learning options.
- Employee engagement initiatives, like HR Ninja (People Connect), Suda Interconnect for improvement in employee engagement and proactive interaction.

Evaluation based on the Kirkpatrick model, using methods like pre/post-tests, ongoing project assessments, and HOD feedback, were used to decipher training effectiveness.

Risks and Concerns

1) Risk framework and assessment

The Company's operations across multiple geographies bring to the fore a multitude of risks, which are closely monitored, mapped and mitigated through our robust Enterprise Risk Management ('ERM') framework. The ERM framework identifies and manages uncertainties in the operating environment by deploying appropriate risk-mitigation measures.

The Company acknowledges the possible risks from various sources, including sector-specific, sustainability, operational, financial, and cyber/information risks. Effective management of these risks and the ability to take advantage of opportunities are important elements of the company's risk management framework.

The risk assessment process considers the impact and likelihood of risks and the time horizon over which a risk could occur. The risk management team considers current and emerging risks that could affect its ability to achieve its objectives.

The risk management framework complements the Company's culture and is an intrinsic part of our business model.

2) Risk management

The Board of Directors oversee the Company's risk management framework. A Risk Management Committee has been established to comply with Regulation 21 of the 2015 Listing Regulations. The Committee's major objectives are reviewing the Company's risk management strategy and ensuring

that risks are managed within acceptable bounds.

The Company's risk management system includes a documented risk management policy and an up-to-date risk register. Considering changes in the operational environment and the Company's operations, these are continually reviewed and updated. Additionally,

independent assessments of risk management controls and procedures are carried out annually, with the results reviewed twice annually by the Risk Management Committee.

Additionally, the Company has a strong insurance programme with the goal of transferring insurable risks for future catastrophic losses.

BOARD OF DIRECTORS	Ultimate responsibility for managing risks
RISK MANAGEMENT COMMITTEE	Reviewing the Company's risk management strategy and ensuring that risks are managed within acceptable bounds are the Committee's major objectives.
DEPARTMENT HEADS	Operational risk management
ENTERPRISE RISK MANAGEMENT TEAM	Alignment and coordination of risk management activities (risk identification, risk register updates, mitigation plan tracking)

3) Navigating through uncertainties

FY2023-24 posed significant challenges owing to a geo-political turbulence , elevated inflation and higher interest rates. These factors reduced global business opportunities and disrupted the supply chain.

The Operations team ensured efficient manufacturing and focused on aggressive cost-cutting; the Sales team adopted an aggressive stance to secure business opportunities to grow the business. Additionally, the sales team remained cautious about the pricing to maintain a prudent balance between capitalising on opportunities and protecting profitability margins.





## Environmental, Social and Governance (ESG)

Sudarshan's vision is "To be the global leader in the pigment industry by operating responsibly and growing sustainably". This vision is supported by the four pillars of our ESG Strategic Framework - 'Business Accountability' ensures robust corporate governance at Sudarshan. 'Environmental Responsibility' aids in reducing our carbon footprint and conserving natural resources. 'Manufacturing Excellence' prioritises product stewardship, ensuring responsible and safe production of chemicals. 'Strengthening Social Inclusiveness' fosters diversity and inclusion in our Company. All our ESG initiatives are mapped under these key pillars with clearly defined and time-bound targets.

Sudarshan takes environmental responsibility seriously. The Company is committed to safeguarding the environment and using natural resources diligently. As a sustainability leader in the chemical sector, the

Company recognises that sustainable business growth is based on addressing environmental challenges throughout our operations, from product development to delivery.

Sudarshan's social responsibility extends beyond legal requirements. It is woven into the organisation's fabric. The Company actively support its employees, business partners, and communities through various initiatives. This includes programs dedicated to employee and family well-being and fostering emotional health.

Through its "SUDHA" program, the Company conducts impactful initiatives focused on women empowerment, education, healthcare, and community development. Sudarshan's goal is to

create holistic and sustainable progress within the communities it touches.

Furthermore, Sudarshan prioritises strong corporate governance and professional conduct. It has incorporated the principles of good governance into the organisational ideology, strengthening its Enterprise Risk Management (ERM) framework and internal business mechanisms. Management and leadership focus on refining business systems and practices for a more sustainable and responsible future. The company provides utmost importance to safety from workforce to process safety, especially focusing on women on shopfloor.

Sudarshan has taken various measures to ensure sustainable business practices including more than around 70% of purchase power from green energy, a strong de-carbonisation plan, and commitment to SBTi targets.

## Cautionary Statement

Under the applicable securities laws and regulations, certain comments within 'Management Discussion and Analysis' that describe the Company's goals, plans, estimates, expectations, or predictions may be considered 'forward-looking statements.' The Company's operations are influenced by several internal and external factors beyond its control. Therefore, even though the expectations are based on reasonable assumptions, the actual results may materially differ from those stated or indicated. The Company denies any obligation to update forward-looking statements in the public domain in light of new information, future developments, or other factors.

# Statutory Section

# Directors' Report 2023-24

Your Directors are pleased to present the 73<sup>rd</sup> Annual Report together with the Audited Financial Statements of the Company for the year ended 31<sup>st</sup> March, 2024.

The annexed Financial Statements comply in all material aspects with the Indian Accounting Standards ("Ind AS") notified under Section 133 of the Companies Act, 2013 ("the Act"), the Companies (Indian Accounting Standards) Rules, 2015, as amended from time to time and other relevant provisions of the Act.

## 1. FINANCIAL HIGHLIGHTS:

(₹ in Lakhs)

Particulars	FY 2023-24	FY 2022-23
<b>Revenue from Operations</b>	<b>214,142.9</b>	<b>197,610.5</b>
Earning Before Interest, Tax, Depreciation, Amortisation and Exceptional Item	29,250.5	18,562.3
Less : Interest	2,870.7	3,668.9
Less : Depreciation	13,689.3	11,110.7
Add : Exceptional income	31,166.0	-
Less : Provision for Tax	10,344.1	641.7
<b>Total Profit After Tax</b>	<b>33,512.4</b>	<b>3,141.0</b>
Other Comprehensive Income	(269.9)	(2,202.4)
<b>Total Comprehensive Income</b>	<b>33,242.5</b>	<b>938.6</b>
Add : Surplus Brought Forward	58,836.7	59,123.7
Transfer from OCI to Hedge Reserve	129.2	2,235.8
<b>Net Profit available for appropriation</b>	<b>92,208.4</b>	<b>62,298.1</b>
<b>Appropriation</b>		
Interim Dividend	(2,492.2)	-
Final Dividend	(1,038.4)	(3,461.4)
<b>Surplus to be carried forward</b>	<b>88,677.8</b>	<b>58,836.7</b>

## 2. (A) FINANCIALS:

Revenue from operations for the year ended 31<sup>st</sup> March, 2024 aggregated to ₹214,142.9 lakhs as against ₹197,610.5 lakhs achieved during the previous year. Profit after tax from for the year ended 31<sup>st</sup> March, 2024 was ₹33,512.4 lakhs as against ₹3,141.0 lakhs earned during the previous year.

For the performance of Subsidiary Companies, please refer **Annexure I**.

On a Consolidated basis, your Company's Total Income for the year ended 31<sup>st</sup> March, 2024 stood at ₹255,586.3 lakhs, as compared to ₹230,652.2 lakhs for the year ended 31<sup>st</sup> March, 2023.

During the year under review, your Company has delivered a robust financial and operational performance on Revenue and EBITDA margins. Your Company went through a phase of subdued performance in the previous year but showed resilience to bounce back stronger. On a group level, highest ever quarterly EBITDA was registered above ₹100 Crores in the last quarter and an annual EBITDA above ₹300 Crores during the entire financial year.

This swift turnaround in business performance is result of our overall strategy on building the Company's core pillars towards LEAP to 3, which your Company was working for past few years.

## (B) EXPORTS:

Your Company continues to focus on export markets. Initiatives are directed towards engaging with overseas markets with a view to testing and demonstrating international competitiveness and seeking profitable opportunities for growth. During the year under review, export revenue of pigment business has grown by 4%. Your Company continues to remain watchful towards international geographies considering ongoing geo-political issues.

## (C) OPERATIONS:

Information on the operations of the Company and details on state of affairs of the Company are covered in the Management Discussion and Analysis Report.

## (D) CAPACITY EXPANSION:

During the year, the Company continued its expansion plans and has incurred capex spend of ₹3,336 Lakhs during the year under review. This capital expenditure is primarily aimed at augmenting production capacities at Roha and Mahad facilities.

## (E) HIGHLIGHTS OF PERFORMANCE OF SUBSIDIARY / ASSOCIATE / JOINT VENTURE COMPANIES:

Shareholders are requested to refer **Annexure II** for highlights of performance of above mentioned companies and their contribution to the overall performance of the Company during the year under review. The Company has Wholly Owned Subsidiaries viz., RIECO Industries Limited, Sudarshan CSR Foundation, Sudarshan Europe B.V., Sudarshan Japan Limited and Step-Down Subsidiaries viz., Sudarshan North America Inc., Sudarshan Mexico S de R. L. de CV and Sudarshan (Shanghai) Trading Company Limited.

During the year under review, the Company entered into the agreement for sale of its entire investment held by the Company (in the form of Equity Shares) in Sudarshan (Shanghai) Trading Company Limited, Wholly Owned Subsidiary of the Company to

Sudarshan Europe B.V., another Wholly Owned Subsidiary of the Company on 22<sup>nd</sup> March, 2024.

As a result of this transaction, Sudarshan (Shanghai) Trading Company Limited has ceased to be a Wholly Owned Subsidiary and has become a Step - Down Subsidiary of the Company.

## 3. SALE OF FREEHOLD LAND AND SHIFTING OF REGISTERED OFFICE WITHIN THE LOCAL LIMITS

On 6<sup>th</sup> April, 2023, the Company completed the sale of Company's freehold, clear and marketable titled land admeasuring approximately 5.76 acres along with the structures standing thereon located at 162 Wellesley Road, Pune - 411 001, Maharashtra, India, for a total consideration of ₹356,00,00,000/- (Rupees Three Hundred and Fifty-Six Crores only). The buyer is a third-party buyer and not belonging to the Promoter or Promoter Group / Group Company(ies) and the transaction does not fall under the ambit of Related Party Transaction(s).

The Board of Directors also approved shifting of the Registered Office of the company from "162 Wellesley Road, Pune - 411 001, Maharashtra, India" to "7<sup>th</sup> Floor, Eleven West Panchshil, Survey No. 25, Near PAN Card Club Road, Baner, Pune - 411 045, Maharashtra, India", i.e. within the local limits of Pune City and within the same jurisdiction of office of the Registrar of Companies, Pune (Maharashtra), with effect from closing of business hours on 6<sup>th</sup> April, 2023.

Thereafter, during the year, as informed by the Postal Authority, the Board of Directors approved a change in the Pin Code of the Registered Office of the company from "411 045 to 411 069" effective 3<sup>rd</sup> November, 2023. Accordingly, the Registered Office address of the Company is "7<sup>th</sup> Floor, Eleven West Panchshil, Survey No. 25, Near PAN Card Club Road, Baner, Pune - 411 069, Maharashtra, India".

## 4. DIVIDEND:

The Board of Directors at its meeting held on 23<sup>rd</sup> May, 2023, had recommended a Final Dividend of ₹1.50/- (One Rupee and Fifty Paise only) per Equity Share of ₹2.00/- each (75%) for FY 2022-23, which was approved by the Shareholders at the 72<sup>nd</sup> Annual General Meeting held on 11<sup>th</sup> August, 2023. The said Final Dividend was paid to the eligible Shareholders within the statutory timelines.

During the year, the Board of Directors at its meeting held on 6<sup>th</sup> March, 2024 declared an Interim Dividend of ₹3.60/- (Three Rupees and Sixty Paise only) per Equity Share of ₹2.00/- each (180%), which was paid to the eligible Shareholders within the statutory timelines.

The Board of Directors at its meeting held on 17<sup>th</sup> May, 2024 recommended Final Dividend of ₹1.00/- (One Rupee only) per Equity Share of ₹2.00/- each (50%), which shall be paid subject to approval of Shareholders at the ensuing 73<sup>rd</sup> Annual General Meeting.



The Interim Dividend along with the recommended Final Dividend aggregates to a total Dividend of ₹4.60/- (Four Rupees and Sixty Paise only) per Equity Share of ₹2.00/- each (230%) for the Financial Year 2023-24. A proposal seeking Shareholders' approval to confirm Interim Dividend paid on Equity Shares during the Financial Year 2023-24 and to declare the Final Dividend for the Financial Year 2023-24 is forming part of the Notice of the 73<sup>rd</sup> Annual General Meeting. If approved by Shareholders, the Final Dividend shall be paid within the statutory timelines.

In view of the changes made under the Income Tax Act, 1961, by the Finance Act, 2020, dividend paid or distributed by the Company shall be taxable in the hands of Shareholders. The Company shall accordingly make the payment of Final Dividend after deduction of tax at source.

The dividend payout is in accordance with the Company's Dividend Distribution Policy which is provided as **Annexure III** to this Report, and is also available on the website of the Company <https://www.sudarshan.com/perch/resources/dividend-distribution-policy-1.pdf>

#### 5. (A) SHARE CAPITAL:

The paid-up Equity Share Capital as on 31<sup>st</sup> March, 2024 was ₹1,384.5 lakhs. There was no public issue, rights issue, bonus issue or preferential issue etc. during the year. The Company has not issued shares with differential voting rights or sweat equity shares.

#### (B) NON - CONVERTIBLE DEBENTURES:

The Board of Directors at its meeting held on 28<sup>th</sup> March, 2022, had accorded its approval for issue of unsecured non-convertible debentures on private placement basis upto ₹200 Crores, in one or more tranches / series, subject to approval of Shareholders. Approval of Shareholders by way of Special Resolution through Postal Ballot was received on 13<sup>th</sup> May, 2022. The Finance Committee of the Board of Directors vide its resolution dated 18<sup>th</sup> July, 2022, approved allotment of 990 (Nine Hundred and Ninety only) Unsecured, Rated, Listed, Taxable, Redeemable Non-Convertible Debentures ("NCDs") with face value of ₹1,000,000/- each on private placement basis. The said NCDs are listed on the Wholesale Debt Market Segment of BSE Limited effective 21<sup>st</sup> July, 2022 (ISIN: INE659A08036; BSE Scrip Code: 974058).

#### 6. TRANSFER TO RESERVE:

As permitted by the Companies Act, 2013, and Rules made thereunder, the Directors do not propose to transfer any amount to the General Reserve pertaining to FY 2023-24.

#### 7. FIXED DEPOSITS:

During the year under review, the Company has not accepted any deposit from the public / members pursuant to Section 73 and Section 76 of the Companies Act, 2013

read with the Companies (Acceptance of Deposits) Rules, 2014, as amended from time to time, and hence as on 31<sup>st</sup> March, 2024, there are no deposits outstanding, except as required statutorily and which have been unclaimed at the end of the year under review.

#### 8. DIRECTOR'S RESPONSIBILITY STATEMENT:

As required under Section 134(3)(c) of the Companies Act, 2013, Directors of the Company, to the best of their knowledge and belief with respect to FY 2023-24, state that:

- in the preparation of the annual accounts, the applicable accounting standards have been followed with proper explanation relating to material departures;
- 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 financial year and of the profit and loss of the Company for that period;
- the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- the Directors have prepared the annual accounts on a going concern basis;
- 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
- the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and are operating effectively.

#### 9. CORPORATE GOVERNANCE:

Pursuant to SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations, 2015") a separate chapter titled 'Report on Corporate Governance' has been included in this Annual Report, along with the reports on the Management Discussion and Analysis and Shareholders' Information.

A certificate from a Practicing Company Secretary regarding compliance with the conditions of corporate governance is given separately in this Annual Report.

#### 10. MANAGEMENT DISCUSSION AND ANALYSIS:

A Management Discussion and Analysis Report covering a wide range of issues relating to industry trends, Company

Performance, Business and Operations is given separately in the Annual Report.

#### 11. BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORT:

Regulation 34(2) of the SEBI Listing Regulations, 2015, as amended, inter alia, provides that the Annual Report of the top 1000 listed entities based on market capitalisation (calculated as on 31<sup>st</sup> March of every financial year), shall include a Business Responsibility and Sustainability Report ("BRSR").

Since the Company is fulfilling the above mentioned criteria, the Company has presented its BRSR for FY 2023-24, which forms part of this Annual Report.

#### 12. CONTRACTS AND ARRANGEMENTS WITH RELATED PARTIES:

All transactions entered into with related parties during the financial year were in the ordinary course of business and at arm's length basis, which were approved by the Audit Committee. The Board has approved a policy for related party transactions which is available on the Company's website at <http://www.sudarshan.com/perch/resources/related-party-transaction-policy.pdf>

The particulars of contracts or arrangements made with related parties pursuant to Section 188 is covered in Notes to the Financial Statements and material contracts / arrangements made with related parties is given in Form AOC-2 which is attached as **Annexure IV** to this report. None of the transactions with any of the related parties were in conflict with the interest of the Company. Attention of the members is drawn to the disclosure set out in Notes to Financial Statements forming part of the Annual Report.

The particulars of loans / advances / investments etc., required to be disclosed pursuant to Para A of Schedule V of the SEBI Listing Regulations, 2015, are furnished as a part of the Financial Statements.

The transaction(s) of the Company with any person or entity belonging to the promoter / promoters group which hold(s) 10% or more shareholding in the Company as required pursuant to Para A of Schedule V of the SEBI Listing Regulations, 2015 is disclosed separately in the Financial Statements of the Company.

#### 13. AUDIT COMMITTEE:

Pursuant to the provisions of Section 177 of the Companies Act, 2013, and Rules made thereunder and Regulation 18 of the SEBI Listing Regulations, 2015, the Company has in place an Audit Committee.

As on 31<sup>st</sup> March, 2024, the composition of the Audit Committee is as under -

- Mrs. S. A. Panse - (Non-Executive and Independent Director) Chairperson
- Mr. D. N. Damania - (Non-Executive and Independent Director) Member
- Mr. S. Padmanabhan - (Non-Executive and Independent Director) Member
- Mr. S. K. Asher - (Non-Executive and Independent Director) Member

All recommendations made by the Audit Committee were deliberated and accepted by the Board during FY 2023-24.

#### 14. CORPORATE SOCIAL RESPONSIBILITY:

The Company has in place a Corporate Social Responsibility ("CSR") Committee constituted as per the provisions of Section 135 of the Companies Act, 2013, and Rules made thereunder, details of which are mentioned in the Report on Corporate Governance forming part of this Annual Report.

The Company has been carrying out various CSR activities in the areas specified in terms of Section 135 read with Schedule VII of the Companies Act, 2013, and Rules made thereunder. The details of CSR activities undertaken by the Company are annexed herewith as **Annexure V**. The CSR Policy of the Company is available on the Company's website at <http://www.sudarshan.com/perch/resources/csr-policy.pdf>

#### CSR Policy in brief:

The focus of the CSR activities is on women empowerment, environment, health, community development, and education etc., and the projects would be planned and implemented accordingly.

The Company shall spend at least 2% (two per cent) of the average net profits, calculated in accordance with the provisions of the Companies Act, 2013, and Rules made thereunder, made by it in the three immediately preceding financial years.

The Annual Report on CSR activities is annexed herewith as **Annexure V**.

#### 15. RISK MANAGEMENT AND CONTROL:

The Company has put in place appropriate risk assessment and minimisation procedures, which are reviewed by the Risk Management Committee, Audit Committee and the Board. As per the requirements of SEBI Listing Regulations, 2015, a Risk Management Committee has been constituted with responsibility of preparation of Risk Management Plan, reviewing and monitoring the same on regular basis, to identify and review critical risks on regular basis, to report key changes in critical risks to the Board on an ongoing basis, to report critical risks to Audit Committee in detail on yearly basis and such other functions as may be prescribed by the Board. The Committee is supported by an

Enterprise Risk Management ("ERM") team which provides advice on various risks and the appropriate governance framework and ensures that risks are identified, measured and managed in accordance with the Company's policies and risk objectives. The Committee holds meetings periodically where the gap between two meetings does not exceed 180 days. The risks faced by the Company and their minimization procedures are assessed periodically.

According to Section 134(5)(e) of the Companies Act, 2013, and Rules made thereunder, the term Internal Financial Control ("IFC") means the policies and procedures adopted by the Company for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information. The Company has a well-placed, proper and adequate internal financial control system which ensures that all assets are safeguarded and protected and that the transactions are authorised, recorded and reported correctly. The Company's internal financial control system also comprises due compliances with Company's policies and Standard Operating Procedures ("SOPs") and audit and compliance checks by the Statutory Auditors and the Internal Auditors. The Internal Auditors independently evaluate the adequacy of internal controls and concurrently audit the majority of the transactions in value terms. Independence of the audit and compliance is ensured by direct reporting of Internal Auditors to the Audit Committee of the Board. To further strengthen the compliance processes, the Company has an internal compliance tool for assisting statutory compliances. This process is automated and generates alerts for proper and timely compliance.

Risk Management Policy is available on the Company's website at <http://www.sudarshan.com/perch/resources/risk-management-policy-2.pdf>

Details of the Risk Management Committee are given in the Report on Corporate Governance.

#### 16. POLICY ON DIRECTOR'S APPOINTMENT AND REMUNERATION AND OTHER DETAILS:

The Company's policy on appointment of Directors, including criteria for determining qualifications, positive attributes, independence of a Director is available on the website of the Company at <https://www.sudarshan.com/perch/resources/remuneration-policy.pdf>. The policy on Remuneration and other matters provided in Section 178(3) of the Act, is available on <https://www.sudarshan.com/perch/resources/remuneration-policy.pdf>.

During the year under review, the managerial remuneration paid to the Directors and Key Managerial Personnel was in terms of the provisions of The Companies Act, 2013 and

Rules made thereunder and SEBI Listing Regulations, 2015 and the terms of approval granted by the Shareholders for payment of Managerial Remuneration, as the case may be.

Pursuant to the provisions of Section 197, Schedule V and other applicable provisions of the Companies Act, 2013, and Rules made thereunder, as amended from time to time, approval of Shareholders was accorded at the 72<sup>nd</sup> Annual General Meeting held on 11<sup>th</sup> August, 2023 to pay Remuneration to Mr. Rajesh B. Rath (DIN: 00018628), Managing Director as 'Minimum Remuneration' in case of no profits / inadequacy of profits for the Financial Year 2023-24 notwithstanding that the remuneration payable to Mr. Rajesh Rath exceeds the limits prescribed under the provisions of the Section 197 read with Schedule V of the Companies Act, 2013 and Regulation 17(6)(e) of SEBI Listing Regulations, 2015.

Further, as per the provisions of Sections 196, 197, 198, Schedule V and other applicable provisions of the Companies Act, 2013, and Rules made thereunder, as amended from time to time, and Regulation 17(6)(e) of SEBI Listing Regulations, 2015, approval of the Shareholders by way of Special Resolution has been requested at the ensuing Annual General Meeting for payment of remuneration to Mr. Rajesh B. Rath (DIN: 00018628), Managing Director, in excess of ₹5 Crores or 2.5% of the net profits of the Company, whichever is higher, during the remaining tenure of his appointment upto 31<sup>st</sup> May, 2028 which shall not exceed the limits specified in the applicable provisions of The Companies Act, 2013 and Rules made thereunder, read with Schedule V appended to the Act.

#### 17. CHANGES IN DIRECTORS AND KEY MANAGEMENT PERSONNEL:

##### During the year under review:

- Mr. A. Vij (DIN: 08140194) Wholtime Director, was liable to retire by rotation, and being eligible, had offered himself for the re-appointment at the 72<sup>nd</sup> Annual General Meeting held on 11<sup>th</sup> August, 2023. Based on the recommendation of the Nomination and Remuneration Committee and Board of Directors, approval of Shareholders was accorded at the 72<sup>nd</sup> Annual General Meeting for re-appointment of Mr. A. Vij as a Director liable to retire by rotation.
- Based on the recommendation of the Nomination and Remuneration Committee and Board of Directors, Mr. Rajesh B. Rath (DIN: 00018628) was re-appointed as a Managing Director for a period of 5 years effective 1<sup>st</sup> June, 2023 upto 31<sup>st</sup> May, 2028 at the 72<sup>nd</sup> Annual General Meeting held on 11<sup>th</sup> August, 2023 by way of a Special Resolution.
- Based on the recommendation of the Nomination and Remuneration Committee and Board of Directors, Mr. A. Vij (DIN: 08140194) was re-appointed as a

Wholtime Director for a period of 5 years effective 24<sup>th</sup> May, 2023 upto 23<sup>rd</sup> May, 2028 at the 72<sup>nd</sup> Annual General Meeting held on 11<sup>th</sup> August, 2023 by way of a Special Resolution.

- Based on the recommendation of the Nomination and Remuneration Committee and Board of Directors, Mr. N. T. Raisinghani (DIN: 00568298) was re-appointed as an Independent Director, not liable to retire by rotation, for a second term of 5 years effective 24<sup>th</sup> May, 2023 upto 23<sup>rd</sup> May, 2028 at the 72<sup>nd</sup> Annual General Meeting held on 11<sup>th</sup> August, 2023 by way of a Special Resolution.
- Based on the recommendation of the Nomination and Remuneration Committee and Board of Directors, Dr. Deepak Parikh (DIN: 06504537) was re-appointed as an Independent Director, not liable to retire by rotation, for a second term of 5 years effective 1<sup>st</sup> April, 2024 upto 31<sup>st</sup> March, 2029 at the 72<sup>nd</sup> Annual General Meeting held on 11<sup>th</sup> August, 2023 by way of a Special Resolution.

However, Dr. Deepak Parikh (DIN 06504537) resigned as an Independent Director with effect from close of business hours on 2<sup>nd</sup> February, 2024 due to his professional commitments and pre-occupation. He had confirmed that there were no material reasons for his resignation other than those mentioned above. Your Directors place on record their sincere appreciation for the valuable contribution made and guidance provided by Dr. Deepak Parikh during his tenure as Director of the Company.

As per the provisions of Section 152 of the Companies Act, 2013, and Rules made thereunder and as per the Articles of Association of the Company, and based on the recommendations of the Nomination and Remuneration Committee and Board Mr. P. R. Rath (DIN: 00018577) Chairman, Non-Executive and Non-Independent Director of the Company retires by rotation and being eligible, offers himself for re-appointment. A resolution seeking Shareholders' approval for his re-appointment forms part of Notice of the 73<sup>rd</sup> Annual General Meeting.

As per the provisions of Section 149, 152 of the Companies Act, 2013, and Rules made thereunder, read with Schedule IV of the Act, and as per Regulation 17 of SEBI Listing Regulations, 2015 and based on the recommendation of the Nomination and Remuneration Committee, the Board of Directors at its meeting held on 17<sup>th</sup> May, 2024, accorded its approval for the appointment of (i) Ms. Bhumika Batra (DIN: 03502004), (ii) Mrs. Anu Wakhlu (DIN: 00122052) and (iii) Mrs. Sudha Navandar (DIN: 02804964) as Independent Directors for a term of five years effective 2<sup>nd</sup> August, 2024 upto 1<sup>st</sup> August, 2029, subject to approval of Shareholders at the ensuing Annual General Meeting. The Company has

received notices from Shareholders under Section 160 of the Act, signifying their candidature for appointment as Independent Directors. The Company has also obtained necessary declarations from Ms. Bhumika Batra, Mrs. Anu Wakhlu and Mrs. Sudha Navandar including their consent in writing to act as Directors, Declaration of Independence and intimation that they are not disqualified to act as Directors and they are not debarred from holding the office of a Director by virtue of any Securities and Exchange Board of India ("SEBI") order or any such other authority, and that they are not related to any Director(s) or Key Managerial Personnel(s) of the Company. A brief profile of Ms. Bhumika Batra, Mrs. Anu Wakhlu and Mrs. Sudha Navandar is attached separately as part of the Notice of the 73<sup>rd</sup> Annual General Meeting.

During the year under review, the Non-Executive Directors of the Company had no material pecuniary relationship or transactions with the Company, other than sitting fees, commission, if any and reimbursement of expenses incurred by them for the purpose of attending meetings of the Board / Committee of the Company. The Board has made the recommendation for the above appointment(s) / re-appointment(s) of Directors based on the recommendation of the Nomination and Remuneration Committee ("NRC"). NRC has made its recommendation after ensuring that none of the Directors seeking appointment(s) / re-appointment(s) is debarred from holding the position of a Director by virtue of any Order from SEBI, The Ministry of Corporate Affairs ("MCA") or any other Regulatory Authority. The Board is of the opinion that the Independent Directors appointed / re-appointed / proposed to be appointed are of integrity and possess the requisite expertise and experience (including the proficiency). Details of the Directors seeking appointment(s) / re-appointment(s) including profile of such Directors, are given in the Notice convening the 73<sup>rd</sup> Annual General Meeting of the Company.

##### KEY MANAGERIAL PERSONNEL:

In accordance with the provisions of Section 203 of the Companies Act, 2013, and Rules made thereunder, following are the Key Managerial Personnel of the Company for the year ended 31<sup>st</sup> March, 2024:

- Mr. R. B. Rath, Managing Director
- Mr. A. Vij, Wholtime Director
- Mr. Nilkanth Natu, Chief Financial Officer
- Mr. Mandar Velankar, General Counsel and Company Secretary

##### DECLARATION BY INDEPENDENT DIRECTORS:

Pursuant to the provisions of Section 149 of the Act, the Independent Directors have submitted declarations that each of them meets the criteria of independence as provided in Section 149(6) of the Act along with Rules framed thereunder and Regulation 16(1)(b) of the SEBI Listing Regulations, 2015.



The Independent Directors have also confirmed that they have complied with the Code for Independent Directors prescribed in Schedule IV of the Companies Act, 2013. There has been no change in the circumstances affecting their status of Independent Directors of the Company.

The Independent Directors have also given declaration of compliance with Rules 6(1) and 6(2) of the Companies (Appointment and qualification of Directors) Rules, 2014, as amended from time to time, with respect to their name appearing in the data bank of Independent Directors maintained by 'The Indian Institute of Corporate Affairs, Manesar' ("IICA") and that they are exempt / have cleared the Online Proficiency Assessment Test, as applicable.

In the opinion of the Board, all Independent Directors possess requisite qualifications, experience, expertise and hold high standards of integrity required to discharge their duties with an objective independent judgment and without any external influence. List of key skills, expertise and core competencies of the Board, including the Independent Directors forms part of the Report on Corporate Governance.

#### Annual Evaluation of Board of Directors, its Committees and Individual Directors:

The Board of Directors upon recommendation of the Nomination and Remuneration Committee has laid down the criteria for performance evaluation of Board of the Company, its Committees and the individual Board members, including Independent Directors, and accordingly, an annual evaluation of the performance of the Board, Committees and individual Directors has been carried out pursuant to the provisions of the Act and SEBI Listing Regulations, 2015.

The performance of the Board was evaluated by the Board after seeking inputs from all the Directors on the basis of criteria such as the board composition and structure, effectiveness of board processes, information and functioning etc.

The performance of the committees was evaluated by the Board after seeking inputs from the committee members on the basis of criteria such as the composition of committees, effectiveness of committee meetings, etc.

The above criteria are broadly based on the Guidance Note on Board Evaluation issued by the Securities and Exchange Board of India on 5<sup>th</sup> January, 2017.

In a separate meeting of Independent Directors, performance of Non-Independent Directors, the Board as a whole and the Chairman of the Company was evaluated, taking into account the views of Executive Directors and Non-Executive Directors.

The Board and the Nomination and Remuneration Committee reviewed the performance of individual Directors on the basis of criteria such as the contribution of the individual Director to the Board and committee meetings like preparedness on the issues

to be discussed, meaningful and constructive contribution and inputs in meetings, etc.

At a separate Board Meeting, the performance of the Board, its Committees, and individual Directors was also discussed. Performance evaluation of Independent Directors was done by the entire Board, excluding the Independent Director being evaluated. The Directors were satisfied with the evaluation results, which reflected the overall commitment and sense of duty. The Board has also adopted a Board Diversity Policy. The policies of Board diversity and performance evaluation of Directors of the Company can be accessed from the Company's website at <https://www.sudarshan.com/perch/resources/remuneration-policy.pdf>

#### 18. EMPLOYEE STOCK OPTION:

"Sudarshan Employee Stock Option Plan 2018 ("Sudarshan ESOP Plan 2018 / Plan")" and "Sudarshan Employee Stock Option Scheme 2018 ("Sudarshan ESOP Scheme 2018 / Scheme")" were approved based on the approvals accorded by the Nomination and Remuneration Committee and Board of Directors dated 27<sup>th</sup> June, 2018 and approval accorded by the Shareholders at the 67<sup>th</sup> Annual General Meeting held on 9<sup>th</sup> August, 2018. The Plan and Scheme were introduced pursuant to provisions of SEBI (Share Based Employee Benefits) Regulations, 2014.

In 2021, SEBI introduced new Regulations viz. SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021, for regulating the ESOP Schemes. Therefore, a proposal seeking consent of Shareholders at the ensuing Annual General Meeting for making consequential amendments / changes for implementation of Sudarshan ESOP Plan 2018 in terms of the aforesaid SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021, forms part of the Notice convening the 73<sup>rd</sup> Annual General Meeting.

During the year under review, the Nomination and Remuneration Committee did not approve any options / Stock Appreciation Rights ("SARs") to eligible employees.

Disclosures pursuant to SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 are given in the Notes to Accounts section of this Annual Report.

#### 19. INDUSTRIAL RELATIONS:

Industrial relations continue to remain cordial at Roha and Mahad plants and at R & D Laboratory situated at Ambadvet (Sutarwadi), Dist. Pune. The Board of Directors records its appreciation of the commitment and support of employees at all levels.

#### 20. FAMILIARISATION PROGRAM FOR INDEPENDENT DIRECTORS:

The Company believes that a Board, which is well informed / familiarised with the Company and its affairs,

can contribute significantly and effectively discharge its role of trusteeship in a manner that fulfills stakeholders' aspirations and societal expectations. In pursuit of this, the Directors of the Company are updated on changes / developments in the domestic / global corporate and industry scenario including those pertaining to statutes / legislations and economic environment and on matters affecting the Company. The details of the programmes are placed on <http://www.sudarshan.com/perch/resources/familiarisation-of-independent-directors.pdf>

#### 21. DISCLOSURE UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013:

Pursuant to the provisions of 'The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013', the Company has complied with the provisions relating to the constitution of the Internal Complaints Committee under the said Act. During the year under review, no complaint was received by the Internal Complaints Committee of the Company. To build awareness amongst its employees, the Company has been conducting induction/training programmes in the organisation on a continuous basis.

The Company has the Policy on Prevention of Sexual Harassment at Workplace which is available on the website of the Company at <http://www.sudarshan.com/perch/resources/policy-on-prevention-of-sexual-harassment-at-workplace.pdf>

Pursuant to the provisions of 'The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013', Annual Report for Calendar Year 2023 was submitted for all locations of the Company within the statutory timelines.

#### 22. AUDITORS AND AUDITORS' REPORT:

Pursuant to the provisions of Section 139, 142 of the Companies Act, 2013, and Rules made thereunder M/s. S R B C & CO LLP (Firm Registration No.: 324982E/E300003), Chartered Accountants, Pune, were appointed as Statutory Auditors of the Company for a term of 5 (Five) years i.e. from the conclusion of 71<sup>st</sup> Annual General Meeting upto the conclusion of the 76<sup>th</sup> Annual General Meeting to be held in year 2027.

The notes on the Audited Financial Statements referred to in the Auditor's Report are self-explanatory and hence do not call for any further comments. The Auditor's Report does not contain any qualifications, reservations, adverse remarks or disclaimer.

#### 23. COST AUDITORS:

Pursuant to Section 148 of the Companies Act, 2013 read with the Companies (Cost Records and Audit) Rules, 2014, as amended from time to time, the cost audit record

maintained by the Company is required to be audited. Based on the recommendation of the Audit Committee, the Board has appointed Mrs. Ashwini Kedar Joshi (Sole Proprietor), Cost Accountant, Pune (Registration No.: 102387) for conducting the cost audit of the Company for FY 2024-25.

Mrs. Joshi has confirmed that her appointment is within the limits of Section 141(3)(g) of the Companies Act, 2013, and Rules made thereunder, and has also certified that she is free from any disqualifications specified under Section 141(3) and proviso to Section 148(3) read with Section 141(4) of the Act.

As required under the Companies Act, 2013, the remuneration payable to the Cost Auditor is required to be ratified by the Shareholders of the Company. Accordingly, resolution seeking Shareholders' ratification for remuneration to be paid to Cost Auditor is included in the Notice convening the 73<sup>rd</sup> Annual General Meeting.

Further, the Board hereby confirms that the maintenance of cost records specified by the Central Government as per Section 148(1) of the Companies Act, 2013, and Rules made thereunder, is required and accordingly, such accounts / records have been made and maintained.

The Cost Auditors' Report for the Financial Year 2022-23 did not contain any qualifications, reservations, adverse remarks or disclaimers.

#### 24. SECRETARIAL AUDIT AND SECRETARIAL STANDARDS:

Mr. Jayavant Bhavé, Proprietor J. B. Bhavé & Co. Company Secretaries, (FCS No. 4266, C. P. No. 3068) Pune, was appointed as the Secretarial Auditor of the Company for the Financial Year 2023-24 as per Section 204 of the Companies Act, 2013, and Rules made thereunder. The Secretarial Audit Report submitted in the prescribed form MR - 3 is attached as **Annexure VI** and forms part of this report.

The Secretarial Audit Report does not contain any qualifications, reservations, adverse remarks or disclaimer.

The Company is compliant with the Secretarial Standard on Meetings of the Board of Directors ("SS-1") and Secretarial Standard on General Meetings ("SS-2"), issued by 'The Institute of Company Secretaries of India' ("ICSI").

#### 25. INTERNAL AUDITORS:

PricewaterhouseCoopers Pvt. Ltd., Chartered Accountants, Pune, were appointed as Internal Auditors of the Company for the Financial Year 2023-24.

As prescribed under Section 138 of the Companies Act, 2013, and Rules made thereunder, PricewaterhouseCoopers Pvt. Ltd. carried out the Internal Audit of the Company.

The Internal Audit was completed as per the scope defined by the Audit Committee from time to time.

## 26. DETAILS IN RESPECT OF FRAUDS REPORTED BY AUDITORS UNDER SECTION 143(12):

During the year under review, there were no frauds reported by the auditors to the Audit Committee or the Board under Section 143(12) of the Companies Act, 2013, and Rules made thereunder.

## 27. DETAILS IN RESPECT OF ADEQUACY OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO FINANCIAL STATEMENTS:

Your Company has clearly laid down policies, guidelines and procedures that form part of internal control systems, which provide for checks and balances. The Company has maintained a proper and adequate system of internal controls. The system is designed to provide a reasonable degree of assurance regarding the effectiveness and efficiency of operations, the reliability of financial controls and compliance with applicable laws and regulations. The organisation is well structured and the policy guidelines are well documented with pre-defined authority where monetary decision is involved. Structured management information and reporting systems together with an exhaustive budgetary control process for all major operational activities form part of the overall control mechanism to ensure that requisite information related to all operations are reported and are available for control and review. The Company has established a well laid out policy to maintain the highest standards of environment, safety and health while maintaining operational integrity. This policy is strictly adhered to at all locations of the Company. The Company's internal control systems commensurate with the nature and size of its business operations. The Audit Committee of the Board of Directors regularly reviews the adequacy of internal control system.

The Company, with a view to encourage independent approach, has appointed a team of qualified professionals in the form of Internal Auditors duly supported by the Finance Department who conduct operational and system audits in accordance with an audit plan approved by the Audit Committee. Internal Auditors as part of their assignment, evaluate and assess the adequacy and effectiveness of internal control measures and the compliance with policies, plans and statutory requirements. The internal audit reports are reviewed at Audit Committee Meetings and appropriate action on the recommendations is initiated by the Management.

## 28. RESEARCH AND DEVELOPMENT:

The Company recognizes the need to have well equipped Research & Development ("R&D") facilities to meet customer requirements and developing cutting edge products. As a natural corollary, your Company continues to invest in a

comprehensive R&D Programme leveraging its world-class infrastructure, benchmarked processes, state-of-the-art technology and a business focused R&D strategy.

The Company has spent ₹3,010 Lakhs during the year under review on R&D. Company's in-house R&D facilities are recognised by The Ministry of Science and Technology, New Delhi, on behalf of The Government of India.

Details related to Research and Development are mentioned in **Annexure I** to this Report.

Details of Expenditure incurred on Research and Development are as follows:

(₹ In crores)		
Particulars	2023-24	2022-23
Capital	5.1	6.7
Recurring	25.0	27.3
<b>Total</b>	<b>30.1</b>	<b>34.0</b>

## 29. DISCLOSURES:

### Board and its Committees:

The details of the Board and its Committees are given in the Report on Corporate Governance.

### Meetings of the Board:

During the Financial Year 2023-24, 8 (Eight) Board Meetings were held, details of which are given in the Report on Corporate Governance, which is a part of this Annual Report.

The maximum interval between any two meetings did not exceed 120 days as prescribed in the Companies Act, 2013 and Rules made thereunder.

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

There have been no material changes and commitments affecting the financial position of the Company, which have occurred between the end of the financial year and the date of this report.

### Annual Accounts of Subsidiary Companies:

A copy of the Audited Financial Statements for each of the Subsidiary Companies for the year ended 31<sup>st</sup> March, 2024, wherever applicable, will be made available to the members of the Company seeking such information at any point of time and will also be available for inspection at the Registered Office of the Company during working hours till the date of the 73<sup>rd</sup> Annual General Meeting. The same shall also be placed on the website at [www.sudarshan.com](http://www.sudarshan.com). The salient features of Financial Statements of Subsidiary Companies is given in **Annexure II** of this report.

Sudarshan Europe B.V. is the Material Subsidiary of the Company for the year ended 31<sup>st</sup> March, 2024. The Company

has complied with all the legal requirements in respect of the Material Subsidiary.

In conformity with the provisions of the SEBI Listing Regulations, 2015, the Board has formulated a policy for determining "Material Subsidiaries". The Policy can be accessed from the Company's website at <http://www.sudarshan.com/perch/resources/material-subsiadiary-policy.pdf>

There has been no material change in the nature of the business of Subsidiaries.

### Consolidated Financial Statements:

Your Company's Board of Directors is responsible for the preparation of the Consolidated Financial Statements of your Company and its Subsidiaries ("the Group"), in terms of the requirements of the Companies Act, 2013 and in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards specified under Section 133 of the Act. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets 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 your Company, as aforesaid. The Consolidated Financial Statements of the Company and its subsidiaries is provided separately and forms part of the Annual Report.

### Reporting on Audit Trail Feature

In terms of requirements prescribed by proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014, for the Financial Year commencing on or after the 1<sup>st</sup> day of April, 2023, every company that uses accounting software for maintaining its books of account should ensure that the accounting software used has an audit trail feature that cannot be disabled.

Your Company has used accounting software for maintaining its books of account which has a feature of recording audit trail (edit log) facility and the same has operated throughout the year for all relevant transactions recorded in the software, except that audit trail feature is not enabled for changes, if any, made using certain administrative access rights to the application and

underlying database, as described in note 58 to the financial statements. These administrative rights were restricted to limited users. Further, these administrative access rights at the application level have been revoked and audit trail feature at database is enabled subsequent to the year end. Further, no instance of audit trail feature being tampered with was noted in respect of such accounting software where the audit trail has been enabled.

### Vigil Mechanism / Whistle Blower Policy:

Your Company's Whistle Blower Policy encourages Directors and employees and business associates to bring to the Company's attention, instances of unethical behavior, actual or suspected incidents of fraud or violation of the Code of Conduct that could adversely impact your Company's operations, business performance and / or reputation. The Policy provides that the Company investigates such incidents, when reported, in an impartial manner and takes appropriate action to ensure that requisite standards of professional and ethical conduct are always upheld. It is your Company's Policy to ensure that no employee is victimized or harassed for bringing such incidents to the attention of the Company. The practice of the Whistle Blower Policy is overseen by the Audit Committee and no employee has been denied access to the Committee.

During the year under review, no complaint was received from a whistleblower.

The vigil mechanism / whistle blower policy is available on the Company's website at <http://www.sudarshan.com/perch/resources/whistle-blower-vigil-mechanism-policy.pdf>

### Annual Return:

Pursuant to Section 92(3) read with Section 134(3)(a) of the Companies Act, 2013, and Rules made thereunder, the Annual Return of the Company in Form MGT-7 for the year under review is available on the website of the Company at [www.sudarshan.com](http://www.sudarshan.com)

### Particulars of loans, guarantees or investments under Section 186:

Information regarding loans, guarantees and investments covered under the provisions of Section 186 of the Companies Act, 2013, has been disclosed in the Audited Financial Statements.

### Energy Conservation, Technology Absorption and Foreign Exchange Earnings and Outgo:

Information regarding conservation of energy, technology absorption and foreign exchange earnings and outgo stipulated under Section 134(3)(m) of the Companies Act, 2013 and Rule 8 of the Companies (Accounts) Rules, 2014 is attached to this Report vide **Annexure I**.

**Particulars of Employees and Related Parties:**

The information required pursuant to Section 197(12) of the Companies Act, 2013, read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, as amended, has been provided as **Annexure I and VII.**

**Disclosure pursuant to Section 197(14) of the Companies Act, 2013, and Rules made thereunder:**

The Managing Director and Wholetime Director of the Company are not in receipt of any remuneration and / or commission from any Holding / Subsidiary Company, as the case may be.

**Significant and Material Orders passed by the Regulators and Courts:**

There are no significant material orders passed by regulators or courts which would impact the going concern status of the Company and its future operations.

**Restriction on purchase by Company or giving of Loans by it for purchase of its Shares:**

Pursuant to the provisions of Section 67(3)(c) of the Companies Act, 2013, and Rules made thereunder, the Company has not given any loan exceeding the limit mentioned therein, to persons in the employment of the Company other than its Directors or Key Managerial Personnel, for purchase or subscribe shares of the Company.

**Statement of Deviation(s) and Variation(s):**

During the Financial Year 2022-23, the Company allotted 990 Rated, Listed, Taxable, Unsecured, Redeemable Non - Convertible Debentures ("NCDs") on 18<sup>th</sup> July, 2022, on private placement basis. The said NCDs are listed on the Wholesale Debt Market Segment of BSE Limited effective 21<sup>st</sup> July, 2022. During the year under review, there is no deviation / variation in use of debt issue proceeds. The Company has made necessary disclosures to the Stock Exchanges, Debenture Trustees, within statutory timelines, as per the provisions of SEBI Listing Regulations, 2015, and any other Rules & regulations as may be applicable

confirming no deviation / variation in use of debt issue proceeds.

**Details of application made or any proceeding pending under the Insolvency and Bankruptcy Code, 2016, during the year along with their status as at the end of the Financial Year:** Nil, hence not applicable.

**Details of difference between amount of the valuation done at the time of one-time settlement and the valuation done while taking loan from the Banks or Financial Institutions along with the reasons thereof:** Nil, hence not applicable.

**30. RECOGNITION:**

Details of the awards received during the year under review are disclosed separately in this Annual Report.

**31. APPRECIATION:**

The Directors thank the Company's employees, customers, vendors, investors and business partners for their continuous support.

The Directors also thank the Government of India, Governments of various states in India, Governments of various countries and concerned Government departments and agencies for their co-operation.

Your Directors place on record their gratitude to Bank of Maharashtra, State Bank of India, ICICI Bank Limited, HDFC Bank Limited, The Hongkong and Shanghai Banking Corporation Limited, Citi Bank N.A., Axis Bank Limited and The Federal Bank Limited for their co-operation and assistance.

The Directors appreciate and value the contribution made by every member of the Sudarshan family.

**For and on behalf of the Board of Directors**

Date: 17<sup>th</sup> May, 2024  
Place: Pune

**P. R. RATHI**  
CHAIRMAN

**ANNEXURE I****REPORT OF THE BOARD OF DIRECTORS UNDER THE COMPANIES (ACCOUNTS) RULES, 2014****1. (a) Report on the performance and financial position of subsidiaries of the Company viz.:**

(₹ in Lakhs)

Particulars	Sudarshan Europe B.V.	Sudarshan North America Inc.	RIECO Industries Limited	Sudarshan (Shanghai) Trading Company Limited	Sudarshan Mexico S. de R. L. de CV	Sudarshan Japan Limited
Total Income	23,584.7	16,766.0	31,658.6	247.5	7,061.9	526.6
Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA)	1,230.3	761.1	1,632.5	9.3	386.1	36.8
Less: Interest	338.7	70.2	574.0	8.5	-	11.5
Less: Provision for Taxation	211.3	57.4	173.9	-	118.9	0.4
Less: Depreciation	0.4	1.1	424.7	0.2	0.5	0.5
Profit After Tax	679.9	632.4	459.9	0.6	266.7	24.4

**Note:** Sudarshan CSR Foundation ("CSR foundation") a Wholly Owned Subsidiary of Sudarshan Chemical Industries Limited ("Company"), is a "not for profit Company" under Section 8 of the Companies Act, 2013, and Rules made thereunder. Main objective of CSR Foundation is to carry out CSR activities as per the CSR Policy of the Company. As the Company is not deriving any economic benefits from the activities of CSR foundation, the same is not considered for consolidation.

**1. (b) Conservation of Energy:****i. Steps taken or impact on conservation of energy:**

- Electrical Power of 57Mn Units was generated from Cogen Power Plant during the year. Total saving achieved by the Company due to the said power generation amounted to ₹1,425 Lakhs
- Overall savings in Steam Turbine resulted in savings of ₹194 Lacs.
- Optimisation of VAM operations by regular monitoring and controlling (i.e. cleaning of condensers and maintaining cooling tower temperatures) has resulted in savings of ₹32 Lacs.
- The Company made an Investment in high efficiency compressor for chilled water with air cooled technology replacing the water-cooled compressor.

**ii. Steps taken by the company for utilizing alternate sources of energy (green energy):**

- Electrical power of 25Mn Units was generated from Solar Power Plant. Total savings achieved by the Company amounted to ₹1,050 Lakhs
- Electrical power of 13Mn Units was generated from Windmills during the year. Total savings achieved by the Company amounted to ₹612 Lakhs.

**iii. The capital investment on energy conservation equipments:**

During the Financial Year 2022-23, the Company had made capital investment on energy conservation equipments considering future requirements. Therefore, no capital investment was made in the Financial Year 2023-24.

**1. (c) Technology Absorption:****i. The efforts made towards technology absorption:**

- Installation of LED lights
- Installation of high efficiency ice compressor
- Installation of high efficiency compressor for chilled water generation
- Installation of automatic sensors for cooling tower temperature control
- Installation of IE3 and IE4 high efficiency motors and pumps
- Installation of energy efficient cooling tower fans
- Installation of equipments with high efficiency and improved technology including Netch Machine, high speed dissolver, basket mill, classifiers, continuous dryer etc.
- Replacement of conventional tray dryers by high efficiency CD dryers



- Installation of air booster with self - inlet air pressure resulting into raising of compressed air pressure without increasing pressure at generation, which eventually resulted in increasing the machine output.

#### Water Saving Projects

Alternate sources of water treatment chemicals with better efficiency, cost saving of ₹13 Lacs.

#### ii. The benefits derived like product improvement, cost reduction, product development, or import substitution:

The initiatives mentioned above resulted in saving of energy.

#### iii. In case of Imported Technology (imported during the last three years reckoned from the beginning of the Financial Year):

- Details of technology imported – Basket Mill for Ink Grade Pigments which has been installed in Printex Plant.
  - The year of Import – 2023-24
  - Whether the technology been fully absorbed – Yes
  - If not fully absorbed, areas where absorption has not taken place, and the reasons thereof – Not Applicable
- Details of technology imported – Membrane Filter Press (3 Nos.)
  - The year of Import – 2023-24
  - Whether the technology been fully absorbed – No
  - If not fully absorbed, areas where absorption has not taken place, and the reasons thereof – Membrane Filter Press are under implementation - for Alpha Blue at Mahad Plant (2 Nos.) and for PV23 at Roha Plant (1 No.)

#### iv. Specific areas in which R&D has been carried out are:

- New grades of Pigments – Development and Introduction.
- Classical Pigments, High Performance Pigments and Effect Pigments.
- New grades of Organic Pigments for cosmetic application.
- Existing Pigments - Improvement in quality, productivity and cost reduction to meet the customer's changing requirements. To enhance productivity and to achieve cost reduction,

high-capacity grinding equipment and larger reactors are installed.

- New grades of Effects Pigments for cosmetic application.
- Improvement in products to meet global regulations.
- New grades of classical and high performance pigments for digital ink application.
- New range in pigment dispersions
- High-capacity grinding mills installed in dispersion plant to improve efficiency
- Classical Pigments, High Performance Pigments and Effect Pigments. Also developed new grades in Complex Inorganic Colored Pigments ("CICP") and Solvent Dyes ("SD").

#### v. Benefits derived as a result of the above R&D:

- New products generated additional business
- Improvement in product quality and productivity that helps to reduce ETP load
- Increase in capacities of existing products to meet the growing customer demand
- Cost competitive products to meet the Chinese competition
- Reduction in waste generated and energy inputs
- Reduce dependence for critical raw material sourcing

#### 1. (d) Foreign exchange earnings and outgo:

- Total Foreign Exchange Earned: ₹94,687.1 lakhs (Previous year ₹83,935.0 lakhs)
- Total Foreign Exchange Used: ₹34,234.9 lakhs (Previous year ₹39,492.9 lakhs)

#### 2. Change in the nature of Business, if any:

There was no change in nature of Business during the year.

#### 3. Details of directors or key managerial personnel who were appointed or have resigned during the year:

Details with respect to the changes in Directors and/or Key Managerial Personnel are mentioned in the Directors' Report.

#### 4. The names of companies which have become or ceased to be its subsidiaries, joint ventures or associate companies during the year:

During the period under review, the Company entered into the agreement for sale of its entire investment held (in the form of Equity Shares) in Sudarshan (Shanghai) Trading Company Limited, Wholly Owned Subsidiary of the Company to Sudarshan Europe B.V., another Wholly Owned Subsidiary of the Company on 22<sup>nd</sup> March, 2024.

As a result of this transaction, Sudarshan (Shanghai) Trading Company Limited has ceased to be a Wholly Owned Subsidiary and has become a Step - Down Subsidiary of the Company.

Apart from the aforesaid transaction, there were no instances where Companies ceased to be Subsidiaries, Joint Ventures or Associate Companies during the year.

#### 5. Details relating to deposits, covered under Chapter V of the act:

- accepted during the year - Nil
- remained unpaid or unclaimed as at the end of the year - ₹13.2 Lakhs.

- the ratio of remuneration of each director to the median remuneration of the employees of the Company and the percentage increase in remuneration of each director, for the financial year.

Median Salary for FY 2023-24: ₹624,570 /-

Name	Total Remuneration (in ₹)	Ratio	% Increase in remuneration
Mr. P. R. Rathi*	5,981,886/-	9:1	30.2
Mr. R. B. Rathi**	137,559,510/-	220 :1	174.6
Mr. A. N. Rathi***	975,000/-	2:1	100.0
Mr. D. N. Damania***	1,250,000/-	2:1	100.0
Mr. S. Padmanabhan***	975,000/-	2:1	100.0
Mr. S. K. Asher***	975,000/-	2:1	100.0
Mrs. R. F. Forbes***	975,000/-	2:1	100.0
Mrs. S. A. Panse***	1,500,000/-	2:1	100.0
Mr. N. T. Raisinghani***	975,000/-	2:1	100.0
Dr. D. Parikh***	731,250/-	1:1	100.0
Mr. A. Vij**	19,444,320/-	31:1	5.2
Mr. Nilkanth Natu	7,801,011/-	13:1	1.5
Mr. M. Velankar****	7,341,710/-	12:1	29.9

\*Remuneration to Mr. P. R. Rathi consists of Pension as per Pension Policy and Commission proposed to be paid this year. (Previous year, amount of remuneration paid included Pension only, as no commission was proposed to be paid)

\*\*Remuneration to Mr. R. B. Rathi and Mr. A. Vij, includes PLVA, special incentive, as the case may be and does not include Commission since the same is not proposed to be paid to Executive Directors.

\*\*\*Commission is proposed to be paid to Non-Executive Directors for this year. (Previous year, no Commission was proposed to be paid). (Dr. Deepak Parikh resigned as an Independent Director effective close of business hours on 2<sup>nd</sup> February, 2024)

\*\*\*\*Remuneration to Mr. M. Velankar includes PLVA and special incentive.

- the percentage increase in remuneration of each director, CFO, CEO, CS or Manager, if any, in the financial year;

Please refer table above.

- the percentage increase in the median remuneration of employees in the Financial Year:

FY 2023-24 – medial salary – ₹624,570/-

FY 2022-23 - median salary - ₹580,245/-; (percentage increase 7.63%)

- the number of permanent employees on the rolls of Company: There were 1,248 permanent employees on the rolls of Company.

- whether there has been any default in repayment of deposits or payment of interest thereon during the year - No

- and if so, number of such cases and the total amount involved -Nil

#### 6. Details of deposits which are not in compliance with the Chapter V of the Act: Nil

#### 7. Details of significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and Company's operations in future: Nil

#### 8. Information pursuant to Section 197(12) of the Companies Act, 2013 and Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, as amended:

- 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:

Other employees were given increments in accordance with the remuneration policy. The average percentile increase made in the salaries of employees other than the managerial personnel during FY 2023-24 aggregates to 9.6%.

- Affirmation that the remuneration is as per the remuneration policy of the Company: Yes

## ANNEXURE II

## SALIENT FEATURES OF FINANCIAL STATEMENTS OF SUBSIDIARY COMPANIES VIDE FORM NO. AOC-1

Pursuant to Section 129(3) of the Companies Act, 2013 and Rule 5 of Companies (Accounts) Rules, 2014

Sr. No.	Name of the subsidiary	Reporting Currency	Share Capital	Reserves & Surplus	Total Assets	Total Liabilities (excluding share capital and reserves & surplus)	Investments	Turnover	Profit / (Loss) before taxation	Provision for taxation	Profit / (Loss) after taxation	% of Shareholding
1	RIECO Industries Limited	Rupees	1,250.0	1,976.5	19,202.5	15,976.0	-	31,618.2	633.8	173.9	459.9	100%
2	Sudarshan Europe B.V.	Euro	28.1	55.5	158.2	74.6	35.7	262.6	9.7	2.4	7.3	100%
3	Sudarshan North America Inc.	US Dollars	41.9	-6.3	110.3	74.7	-	202.4	8.0	0.7	7.3	100%
4	Sudarshan (Shanghai) Trading Company Limited	CNY	49.3	-51.8	29.9	32.4	-	19.5	-0.5	-	-0.5	100%
5	Sudarshan Mexico S. de R.L. de CV	US Dollars	0.0	10.5	58.5	48.0	-	85.0	4.8	1.4	3.4	100%
6	Sudarshan Japan Limited	JPY	98.5	-147.1	411.8	460.4	-	-	43.7	0.7	43.0	100%

Notes:

- All figures provided are in lakhs.
- The reporting period for all Subsidiaries mentioned above is from 1<sup>st</sup> April, 2023 to 31<sup>st</sup> March, 2024.
- None of the aforesaid subsidiaries have declared dividend during FY 2023-24.
- Names of subsidiaries which are yet to commence operations: Nil.
- Turnover is excluding other income

## ANNEXURE III

## DIVIDEND DISTRIBUTION POLICY

This Policy will regulate the process of dividend declaration and its pay-out by the Sudarshan Chemical Industries Limited ("the Company") in accordance with the provisions of Companies Act, 2013 read with the applicable Rules framed there under, as may be in force for the time being ("Companies Act").

## Preamble

Dividend is the payment made by a Company to its Shareholders, usually in the form of distribution of its profits. The profits earned by the Company can either be retained in business and used for acquisitions, expansion or diversification, or it can be distributed to the Shareholders. The Company may choose to retain a part of its profits for further expansion and modernization of the business and distribute the balance among its Shareholders as dividend. This Policy aims to reconcile between all these needs.

The objective of this policy is to ensure a regular dividend income for the Shareholders and long term capital appreciation for all stakeholders of the Company. The Company would ensure to strike the right balance between the quantum of dividend paid and amount of profits retained in the business for various purposes. The Board of Directors will refer to the policy while declaring / recommending dividends on behalf of the Company. Through this policy, the Company would endeavor to maintain a consistent approach to dividend pay- out keeping in mind the need to provide greater clarity on the dividend pay-out philosophy of the Company.

## Category of Dividends

The Companies Act provides for two forms of Dividend- Final & Interim. The Board of Directors shall have the power to recommend final dividend to the Shareholders for their approval in the general meeting of the Company. The Board of Directors shall have the absolute power to declare interim dividend(s) during the financial year, as and when they consider it fit.

## Factors to be considered while declaring Dividend

The decision regarding dividend pay-out is a crucial decision as it determines the amount of profit to be distributed among Shareholders and amount of profit to be retained in business. The Board of Directors will endeavor to take a decision with an objective to enhance Shareholders wealth and also meets the expectations of other stakeholders.

The Dividend pay-out decision depends upon certain financial parameters, external and internal factors.

## Financial Parameters

The following financial parameters will be considered while declaring or recommending dividend:

- Operating cash flows ;
- Outstanding borrowings and obligations to creditors;
- Liquidity position;
- Stability of earnings;
- Profit Before Tax and Profit After Tax;
- Profit growth targets for the current financial year, profits for any previous financial year or years and market expectations;
- Availability of free reserves in conformity with the provisions of the Companies Act, 2013 and the relevant rules there under;

## External Factors

State of Economy - in case of uncertain or recessionary economic and business conditions, the Board will endeavor to retain larger part of profits to build up reserves to absorb future shocks.

Capital Markets - when the markets are favorable, dividend pay-out can be liberal. However, in case of unfavorable market conditions, Board may resort to a conservative dividend pay- out in order to conserve cash outflows.

Statutory Restrictions - The Board will keep in mind the restrictions imposed by Companies Act with regard to declaration of dividend.

## Internal Factors

Apart from the various external factors aforementioned, the Board will take into account various internal factors while declaring Dividend, which inter alia will include-

- Profits earned during the year;
- Present & future capital requirements of the existing businesses;
- Brand / Business Acquisitions;
- Expansion / Modernisation / Restructuring of existing businesses;

- v) Additional investments in subsidiaries / associates of the Company;
- vi) Any other factor as deemed fit by the Board.

Circumstances in which Company may not declare / propose dividend

The Board of Directors will evaluate the financial parameters as well as the internal and external factors affecting / or which may adversely affect the performance of the Company in the short run before taking a decision as to not declare and / or propose dividend.

Dividend Range

The Company stands committed to deliver sustainable value to all its stakeholders. The Company will strive to distribute an optimal and appropriate level of the profits earned by it in its business and investing activity, with the Shareholders, in the form of dividend. As explained in the earlier part of this Policy, determining the dividend pay-out is dependent

upon several factors, both internal to a business and external to it. Taking into consideration the aforementioned factors, the Board will endeavor to maintain an Annual Dividend pay-out in the range of 25% to 40% of profits after tax (PAT) on standalone financials. However, the Board may amend the pay-out range, whenever considered appropriate by it, keeping in mind the aforesaid factors having a bearing on the dividend pay-out decision.

Disclosure

This Policy will be disclosed in the annual report of the Company and on the website of the Company, as required under the Listing Regulations.

Policy review

The Board has the right to amend or modify this Policy in whole or in part, at any time without assigning any reason, whatsoever.

This Policy was approved by the Board of Directors at its meeting held on 10<sup>th</sup> February 2017.

ANNEXURE IV

PARTICULARS OF CONTRACTS / ARRANGEMENTS MADE WITH RELATED PARTIES

[Pursuant to Clause (h) of Sub-section (3) of Section 134 of the Companies Act, 2013 and Rule 8(2) of the Companies (Accounts) Rules, 2014-AOC-2]

This Form pertains to the disclosure of particulars of contracts / arrangements entered into by the Company with related parties referred to in Sub-section (1) of Section 188 of the Companies Act, 2013, including certain arm's length transactions under third proviso thereto.

Details of contracts or arrangements or transactions not at arm's length basis: Nil

Details of material contracts or arrangements or transactions at arm's length basis: Nil

Date: 17<sup>th</sup> May, 2024  
Place: Pune

For and on behalf of the Board of Directors  
For SUDARSHAN CHEMICAL INDUSTRIES LIMITED

P. R. RATHI  
CHAIRMAN



## ANNEXURE V

### ANNUAL REPORT ON CSR ACTIVITIES TO BE INCLUDED IN THE BOARD'S REPORT FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> MARCH, 2024

#### 1. Brief outline on CSR Policy of the Company:

##### Introduction

Your Company's aspiration to create effective and sustainable societal value is demonstrated in its CSR initiatives that embrace the disadvantaged sections of society, especially those staying in the vicinity of its manufacturing locations at Roha and Mahad, Dist. Raigad, Maharashtra, India through economic empowerment based on grassroots capacity building. All CSR activities of the Company are carried out under the aegis of "SUDHA" ("Sudarshan's Holistic Aspiration").

The Company's grand vision is "Growing Together" with all its stakeholders in a manner that is spiritually fulfilling, socially just and environmentally sustainable. SUDHA contributes to this vision by ensuring that all its initiatives are driven with this perspective in mind. SUDHA's vision is 'aspiring wholesome sustainable growth for women and children of communities around the Company's plants' and Mission is 'reach out to communities by engaging in projects related to Livelihood, Health, Education & Community Development.' SUDHA is envisaged as a movement to involve the Company and the community in which it operates to create better living standards and safeguard the environment.

To achieve the aforesaid goals, the Company adopted a series of CSR initiatives in FY 2023-24 which involved programs, projects and activities to create a significant positive impact on identified stakeholders. All these programmes fall within the purview of Schedule VII of the provisions of Section 135 of the Companies Act, 2013 and the Companies (Corporate Social Responsibility Policy) Rules, 2014 (as amended from time to time).

SUDHA works towards sustainable growth of communities around its plants in Roha, Mahad and around its R&D Centre and Registered Office in Pune. In 2017, SUDHA started work on the Ideal Village Development Project. The work touches major areas such as women empowerment, education, health, environment, and community development.

SUDHA has outlined a systematic approach to address the ongoing issues in nearby areas. The organization collaborates with government authorities at various levels and works in coordination with Gram Panchayats of respective villages to initiate new activities. Apart from identifying the issues in respective villages and working with self-help groups to solve the problem, the Company also partners with nearby NGOs and corporates to ensure overall development of area through combined work.

#### Vision Mission and Objective of SUDHA

**Vision:** Wholesome sustainable growth of each member of the community around Sudarshan Plants.

**Mission:** Reach out to communities and make lives better by engaging in projects pertaining to Women Empowerment, Health, Education, Environment and Community Development.

##### Objectives:

- Serve Communities for a better future
- Create belongingness through sustainable inclusive growth
- Empower women for leadership
- Create groups to lead projects ahead

#### Framework of SUDHA

SUDHA has projects in 5 broad areas - Women Empowerment, Environment, Health, Community Development and Education.

#### Details of projects are as under:

##### 1. WOMEN EMPOWERMENT –

The objective of the projects under this area is to empower underprivileged women in the local community by livelihood enhancement and vocational skill development. The purpose is to make women proficient enough through training to carry out the activities independently and earn a living. We have empowered 2,999 women. Projects undertaken so far include:

- A. Paper Bag Project:** This is one of Sudarshan's flagship CSR projects and has been running for the last 8 years. Women are trained to produce and to market a wide variety of paper bags of different sizes and strengths. These bags are made from old newspapers and can be produced at home without the use of machinery or electricity.
- B. Skill Development unit:** We've established small skill development units at the village level, where youths from the community are acquiring various skills to enhance their livelihood opportunities. Over 1,000 youths have been equipped with skills such as tailoring, fashion designing, bakery production, and beautician services.

##### 2. ENVIRONMENT

In waste management, at present SUDHA is working with more than 27,916 families and 150 farmers for organic farming.

#### A. Water conservation Project:

Water is an indispensable resource for sustaining life, and its conservation is of paramount importance. We have undertaken water conservation efforts at the Mahad location, utilizing a range of methods, including Gabions, Nala Plugging, Farm Bunding, CNB, CCT, and other innovative water conservation techniques. These initiatives have had a positive impact on over 15,000 individuals across six villages in the Mahad block.

#### B. Improved Agriculture:

In India agriculture is the backbone of rural communities. Given its significance, we are dedicated to promoting sustainable agriculture practices and advancing the Wadi project, which is presently benefiting over 1,000 farmers. Our efforts are aimed at increasing the economic stability of these communities while also mitigating the environmental impact of farming practices. We believe that through these measures, we can support the livelihoods of rural farmers while also safeguarding the health of our environment.

#### C. Waste Management :

Waste Management at the village level is actively engaging with over 5,000 families, striving to create garbage-free villages. We convert wet waste into compost and ensure that dry waste is sent for recycling.

#### 3. HEALTH

##### A. Collaborative efforts with Government:

We have established collaborative partnerships with block level government institutions including rural hospitals and primary healthcare centres. The aim of these partnerships is to arrange health camps and improve health infrastructure in rural communities. As a result of these initiatives, the health of the rural population has been enhanced and the overall health infrastructure has been strengthened.

##### B. Capacity building of Asha workers:

Asha workers hold a significant responsibility in ensuring the health of rural communities. Recognizing their pivotal role, we conduct capacity building programs that focus on enhancing their leadership, communication, and mental wellbeing skills. Such programs are aimed at empowering these workers to better serve their communities with excellence.

##### C. Awareness Program on Community mental health:

In recent times, the prevalence of poor mental health has become a pressing concern, attributed to evolving lifestyle trends. In response, we have initiated a community mental health awareness program. This endeavor involved conducting mental health

awareness sessions for school children, Asha Workers, and Community Resource Persons ("CRPs"), reaching over 550+ students and Aarogya Sakhies. Our objective is to promote understanding of mental health issues and foster a culture of seeking appropriate support.

#### D. Awareness on Menstrual Hygiene:

As India strides into the 21<sup>st</sup> century, it's evident that many women in rural areas still face challenges accessing menstrual pads, resorting to unhygienic alternatives like cloth, risking their health. To address this, we've launched a menstrual health awareness program, benefiting over 500 adolescent girls.

#### 4. EDUCATION

##### A. Compressive Development of Rural Educational Institutes: ISO Certification School & Anganwadi

Education is crucial for human development, especially as India aims for progress. We're committed to enhancing education quality nationwide. Our focus is on upgrading rural government schools, promoting digital learning, building labs and libraries, and fostering sports. We aim to achieve global standards, with ISO certification for schools and Anganwadis, ensuring quality education for rural children. Our proactive efforts resulted in ISO certification for 18 Schools and 18 Anganwadi, benefiting over 6,547 students. We believe these ongoing efforts will significantly improve education quality in our country.

##### B. Collaboration with expert organizations for promotion of education facilities:

We've partnered with expert organizations to provide quality education to underprivileged children in urban slums, impacting 2,154 students through initiatives like Abhyasika's, supportive classes, and summer camps. Collaborators include:

- a. NGO - SEVA Sahyog, Pune: Supporting 350 children in Kothrud's slum areas.
- b. NGO - Teach For India, Pune: Sponsoring a full-time fellow at a PMC School for student life skill development.
- c. JMRE School Roha: Promoting education for 1,500 students.
- d. NGO - Rastriya Sarvangin Gramvikas Sanstha: Offering supportive classes to 250 students in Mulshi's tribal region.

#### 5. COMMUNITY DEVELOPMENT

##### Ideal Village Development Project & ISO Certification for the Grampanchayat

To embody holistic development, we launched "The Ideal Village Project" across our locations, preserving rural India's essence. This initiative fosters integrated development in personal, economic, social, and human spheres for

sustainable, long-term change. In collaboration with the Karve Institute of Social Services, SUDHA adheres to Government Adarsh Gram Yojana guidelines, aiming to transform villages into model communities. This project has commenced in 38 villages, impacting 33,130 lives, with 10 Gram Panchayats successfully achieving ISO certification.

## 2. Composition of CSR Committee:

Sr. No.	Name of Director	Designation / Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1.	Mrs. R. F. Forbes (Chairperson)	Independent Director	1	1
2.	Mr. P. R. Rathi (Member)	Non-Executive and Non-Independent Director	1	1
3.	Mr. R. B. Rathi (Member)	Managing Director	1	1

- Web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the Company - <https://www.sudarshan.com/company-policies.php>
- Details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, if applicable – Not Applicable for FY 2023-24.
- Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any - As per table below.

Sr. No.	Financial Year	Amount available for set-off from preceding financial years (in ₹)	Amount required to be set-off for the financial year, if any (in ₹)
1.	FY 2020-21	1,259,917/-	117,835/- (set-off during FY 2021-22)
2.	FY 2021-22	1,142,082/-	1,142,082/- (set-off during FY 2022-23)
3.	FY 2022-23	266,565/-	266,565/- (set-off during FY 2023-24)

- Average net profit of the Company as per section 135(5). – ₹1,152,063,333/-
- 2% of average net profit of the Company as per section 135(5) – ₹23,041,267/-
  - Surplus arising out of the CSR projects or programmes or activities of the previous financial years. – Nil
  - Amount required to be set off for the financial year, if any – ₹266,565/-
  - Total CSR obligation for the financial year (7a+7b- 7c). – ₹22,774,702/-
- CSR amount spent or unspent for the financial year:

Total Amount Spent (in ₹)	Amount Spent (in ₹)				
	Total Amount transferred to Unspent CSR Account as per section 135(6)		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5)		
	Amount	Date of Transfer	Name of the Fund	Amount	Date of Transfer
23,977,680	Nil	N.A.	N.A.	Nil	Nil

- Details of CSR amount spent against ongoing projects for the financial year:

No amount spent on ongoing projects during the year

Sr. No.	Name of the Project	Item from the list of activities in Schedule VII to the Act	Local Area (Yes/No)	Location of the Project		Project Duration	Amount allocated for the project (in ₹)	Amount spent in the current financial year (in ₹)	Amount transferred to Unspent CSR Account for the project was as per Section 135(6) (in ₹)	Mode of Implementation - Direct (Yes/No)	Mode of Implementation - Through Implementing Agency	
				State	District						Name	CSR Registration Number
Nil												

- Details of CSR amount spent against other than ongoing projects for the financial year:

Sr. No.	Name of the Project	Item from the list of activities in Schedule VII to the Act	Local Area (Yes/No)	Location of the Project		Amount spent for the Project (in ₹)	Mode of Implementation - Direct (Yes/No)	Mode of Implementation - Through Implementing Agency	
				State	District			Name	CSR Registration Number
1.	Training, Marketing and Development of Self Entrepreneurship	Skill Development	Yes	Maharashtra	Raigad, Pune	877,388	Yes	N.A.	N.A.
2.	JMRE School, Roha	Promotion of Education	Yes	Maharashtra	Raigad, Pune	3,000,000	No	JM Rathi Trust	CSR00000907
3.	Teach for India	Promotion of Education	Yes	Maharashtra	Pune	593,750	No	Teach to Lead	CSR00002271
4.	Seva Sahyog	Promotion of Education	Yes	Maharashtra	Pune	1,807,050	No	Seva Sahyog	CSR00000756
5.	Donated Aid Society	Promotion of Education	Yes	Maharashtra	Raigad, Pune	325,725	No	Resource and Support for Centre for Development	CSR00012617
6.	Donated Aid Society	Promotion of Education	Yes	Maharashtra	Raigad, Pune	539,000	No	Rashtriya Sarvangin Gramvikas Sanstha	CSR00007211
7.	Development of Peripheral Schools in the Community	Promotion of Education	Yes	Maharashtra	Pune	1,066,231	Yes	N.A.	N.A.
8.	Sustainable Waste Management	Ensuring Environmental Sustainability	Yes	Maharashtra	Raigad, Pune	1,967,114	No	Know How Foundation	CSR00002818
9.	Sustainable Waste Management	Ensuring Environmental Sustainability	Yes	Maharashtra	Raigad, Pune	188,791	Yes	N.A.	N.A.
10.	Sustainable Water Sources	Water Sustainability	Yes	Maharashtra	Mahad	3,327,328	No	Vanarai Foundation	CSR00001205



Sr. No.	Name of the Project	Item from the list of activities in Schedule VII to the Act	Local Area (Yes/ No)	Location of the Project		Amount spent for the Project (in ₹)	Mode of Implementation - Direct (Yes/No)	Mode of Implementation - Through Implementing Agency	
				State	District			Name	CSR Registration Number
11.	Ideal Village Development, Swach Bharat Abhiyan, Community Bonding Activity	Community Development	Yes	Maharashtra	Raigad, Pune	3,255,369	No	Karve Institute of Social Science	CSR00000986
12.	Ideal Village Development, Swach Bharat Abhiyan, Community Bonding Activity	Community Development	Yes	Maharashtra	Raigad, Pune	4,026,785	Yes	N.A.	N.A.
13.	Management of Disaster, Health, Education Project	Disaster Management	Yes	Maharashtra	Raigad, Pune	500,000	No	Connecting NGO Trust	CSR00005004
14.	Management of Disaster, Health, Education Project	Disaster Management	Yes	Maharashtra	Raigad, Pune	495,000	No	International Association for Human Values	CSR00000683
15.	Management of Disaster, Health, Education Project	Disaster Management	Yes	Maharashtra	Raigad, Pune	166,083	Yes	N.A.	N.A.
16.	Other projects while interacting with Govt. / Leadership Team	Community Development	Yes	Maharashtra	Raigad, Pune	1,079,000	Yes	N.A.	N.A.
<b>TOTAL</b>						<b>23,214,614</b>			

(d) Amount spent in Administrative Overheads – ₹763,066/-

(e) Amount spent on Impact Assessment, if applicable - Not applicable for FY 2023-24 as per the provisions of the Companies Act, 2013 and Rules made thereunder.

(f) Total amount spent for the Financial Year (8b+8c+8d+8e) – ₹23,977,680/-

(g) Excess amount for set off, if any –

Sr. No.	Particulars	Amount (in ₹)
i.	2% of average net profit of the Company as per section 135(5)	22,774,702/- (after deducting excess amount available for set-off from previous years)
ii.	Total amount spent for the Financial Year	23,977,680/-
iii.	Excess / (Deficit) amount spent for the financial year [(ii)-(i)]	1,202,978/-
iv.	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	Nil
v.	Amount available for set off in succeeding financial years [(iii)-(iv)]	1,202,978/-

9. (a) Details of unspent CSR amount for the preceding three financial years

Sr. No.	Preceding Financial Year	Amount transferred to Unspent CSR Account under Section 135(6) (in ₹)	Amount spent in the reporting Financial Year (in ₹)	Amount transferred to any Fund specified under Schedule VII as per Section 135(6), if any			Amount remaining to be spent in succeeding Financial Years (in ₹)
				Name of the Fund	Amount (in ₹)	Date of Transfer	
							Nil

(b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s):

Sr. No.	Project ID	Name of the Project	Financial Year in which the Project was commenced	Project Duration	Total amount allocated for the project (in ₹)	Amount spent on the project in the reporting Financial Year (in ₹)	Cumulative amount spent at the end of reporting Financial Year (in ₹)	Status of the Project- Completed /Ongoing
								Nil

10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year- (asset-wise details) - Not Applicable for the FY 2023-24.

(a) Date of creation or acquisition of the capital asset(s). Nil

(b) Amount of CSR spent for creation or acquisition of capital asset. Nil

(c) Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc. Nil

(d) Details of the capital asset(s) created or acquired (including complete address and location of the capital asset). Nil

11. Specify the reason(s), if the Company has failed to spend two % of the average net profit as per section 135(5) -

Not Applicable since the Company has spent according to its CSR obligation.

Date: 17<sup>th</sup> May, 2024  
Place: Pune

Sd/-  
**NILKANTH NATU**  
CHIEF FINANCIAL OFFICER

Sd/-  
**R. B. RATHI**  
MANAGING DIRECTOR

Sd/-  
**MRS. R. F. FORBES**  
CHAIRPERSON CSR COMMITTEE

## ANNEXURE VI

FORM NO. MR-3  
SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> MARCH, 2024  
[Pursuant to section 204(1) of the Companies Act, 2013 and Rule No.9 of the  
Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,  
The Members  
**SUDARSHAN CHEMICAL INDUSTRIES LIMITED**  
7<sup>th</sup> Floor, Eleven West Panchshil, Survey No. 25,  
Near PAN Card Club Road, Baner,  
Pune, Maharashtra-411069

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Sudarshan Chemical Industries Limited** having CIN: L24119PN1951PLC008409 (Hereinafter called 'the Company')

Secretarial Audit was conducted for the financial year 2023-24, in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances of the Company and for expressing my opinion thereon.

Based on my 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, the explanations and clarifications given to me and representations made by the Management, during the audit period covering the financial year ended on 31<sup>st</sup> March, 2024 ("Audit Period"), complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and legal compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31<sup>st</sup> March, 2024 according to the provisions of the following list of laws and regulations:

- (i) The Companies Act, 2013 (the Act) and the rules made there under;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):

1. SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015;
2. SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
3. SEBI (Prohibition of Insider Trading) Regulations, 2015;
4. SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018; **(Not applicable to the company during the audit period)**
5. SEBI (Delisting of Equity Shares) Regulations, 2021; **(Not applicable to the company during the audit period)**
6. SEBI (Buyback of Securities) Regulations, 2018; **(Not applicable to the company during the audit period)**
7. SEBI (Share Based Employee Benefits and Sweat Equity) Regulations 2021;
8. SEBI (Issue and Listing of Non-Convertible Securities) Regulations, 2021;
9. SEBI (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with the client;
10. SEBI (Depositories and Participants) Regulations, 2018 and circulars/ guidelines issued thereunder;

- (vi) Other Applicable Laws: having regard to the compliance system prevailing in the company and on examination of relevant documents and records in pursuance thereof on test-check basis, the company has complied with the following laws applicable specifically to the company:

- (a) The Water (Prevention and Control of Pollution) Act, 1974 and Water (Prevention and Control of Pollution) Rules, 1975
- (b) Air (Prevention and Control of Pollution) Act, 1981 and Air (Prevention and Control of Pollution) Rules, 1982
- (c) The Environment Protection Act, 1986 and Rules & Regulations thereunder.

- (d) The Manufacture, Storage & Import of Hazardous Chemicals Rules, 1989.
- (e) The Public Liability Insurance Act, 1991
- (f) The Petroleum Act, 1934 and the Petroleum Rules, 2002
- (g) The Explosives Act, 1884 and the Gas Cylinders Rules, 2016
- (h) The Hazardous and Other Wastes (Management and Transboundary Movement) Rules, 2016

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

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India.
- (ii) SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

**I 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 committee and Board Meetings, agenda and detailed notes on agenda are sent 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 meetings.

The decisions were passed by the Board members unanimously and recorded as a part of minutes.

I 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.

**I further report that during the audit period: -**

1. On 6<sup>th</sup> April, 2023, the Company completed the sale of Company's freehold, clear and marketable titled land admeasuring approximately 5.76 acres along with the structures standing thereon located at 162 Wellesley Road, Pune – 411 001, Maharashtra, India, for a total consideration of ₹356,00,00,000/- (Rupees Three Hundred and Fifty-Six Crores only) to a third-party buyer.

2. The Board of Directors also approved shifting of the Registered Office of the company from "162 Wellesley Road, Pune – 411 001, Maharashtra, India" to "7<sup>th</sup> Floor, Eleven West Panchshil, Survey No. 25, Near PAN Card Club Road, Baner, Pune – 411045, Maharashtra, India", i.e. within the local limits of Pune City and within the same jurisdiction of office of the Registrar of Companies, Pune (Maharashtra), with effect from closing business hours on 6<sup>th</sup> April, 2023.

3. Consequent to the shifting of Registered office, the company changed the place of keeping its books of accounts and other records from 162 Wellesley Road, Pune – 411001 to Yotta Datacentre Park, Hiranandani Fortune City, Khalapur, Panvel, Mumbai- 410206 effective from close of business hours on 6<sup>th</sup> April, 2023.

4. The Board of Directors considered and noted the change in the Pin Code of the Registered Office of the company from "411 045 to 411 069" in the existing Registered Office address of the Company as informed by the Postal Authority. Consequent to the aforesaid change, the Registered Office address of the Company is "7<sup>th</sup> Floor, Eleven West Panchshil, Survey No. 25, Near PAN Card Club Road, Baner, Pune – 411 069, Maharashtra, India" effective 3<sup>rd</sup> November, 2023.

5. The members passed the following resolutions at the Annual General Meeting held on 11<sup>th</sup> August, 2023:

- a. Re-appointment of Mr. Rajesh Rath (DIN: 00018628) as the Managing Director, for a further period of 5 (five) years commencing from 1<sup>st</sup> June, 2023 and ending on 31<sup>st</sup> May, 2028.
- b. Re-appointment of Mr. Ashish Vij (DIN: 08140194) as the Wholtime Director with the designation "Executive Director & Vice President – Operations", for a further period of 5 (five) years commencing from 24<sup>th</sup> May, 2023 and ending on 23<sup>rd</sup> May, 2028.
- c. Ratification and confirmation of the remuneration of ₹500.85 Lakhs paid to Mr. Rajesh Rath (DIN: 00018628) Managing Director of the Company for the FY 2022-23 as the minimum remuneration including an excess amount of ₹277.3 Lakhs paid to him for the FY 2022-23 in terms of limits prescribed under the provisions of Section 197 read with Schedule V of the Act, in view of inadequacy of profits for the FY 2022-23.
- d. Approval for payment of remuneration to Mr. Rajesh Rath (DIN: 00018628), Managing Director as 'Minimum Remuneration' in case of no profits/ inadequacy of profits for FY 2023-24 in terms of limits prescribed under Section 197 read with Schedule V of the Act and Regulation 17(6)(e) of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015.



- e. Re-appointment of Mr. Naresh T. Raisinghani (DIN:00568298) as Independent Director of the company for a second term of five consecutive years with effect from 24<sup>th</sup> May, 2023 to 23<sup>rd</sup> May, 2028.

f. Re-appointment of Dr. Deepak Parikh (DIN: 06504537) as an Independent Director of the company for a second term of five consecutive years with effect from 1<sup>st</sup> April, 2024 to 31<sup>st</sup> March, 2029.

6. During the period under review, Dr. Deepak Parikh (DIN: 06504537) resigned as an Independent Director of the company with effect from close of business hours on 2<sup>nd</sup> February, 2024.
7. During the year under review, based on the approvals received from the Board of directors, Audit Committee of Directors the process for transfer of the entire investment held by the company in the equity share capital of Sudarshan (Shanghai) Trading Company Limited, wholly owned subsidiary of the company to Sudarshan Europe B.V. was completed and consequently Sudarshan (Shanghai) Trading Company Limited became the Step Down Subsidiary of the Company.

For J. B. Bhavé & Co.  
Company Secretaries

Jayavant B. Bhavé  
Proprietor  
FCS: 4266 CP: 3068  
PR No.: 1238/2021  
UDIN: F004266F000385669

Place: Pune  
Date: 17<sup>th</sup> May, 2024

ANNEXURE TO THE SECRETARIAL AUDIT REPORT OF  
SUDARSHAN CHEMICAL INDUSTRIES LIMITED (2023-24)  
AUDITORS' RESPONSIBILITY

My Report of even date is to be read along with this letter.

In accordance with the ICSI Auditing Standards (CSA1 to CSA4) -

- Maintenance of secretarial records is the responsibility of the Management of the Company. My responsibility as the Auditor is to express the opinion on the compliance with the applicable laws and maintenance of Records based on the Secretarial Audit conducted by me.
- The Secretarial Audit needs to be conducted in accordance with applicable Auditing Standards. These Standards require that the Auditor should comply with statutory and regulatory requirements and plan and perform the audit to obtain reasonable assurance about compliance with applicable laws and maintenance of Records.
- I am also responsible to perform procedures to identify, assess and respond to the risks of material misstatement or non-compliance arising from the Company's failure appropriately to account for or disclose an event or transaction. However, due to the inherent limitations of an audit including internal, financial and operating controls, there is an unavoidable risk that some misstatements or material non-compliances may not be detected, even though the audit was properly planned and performed in accordance with the Standards.

Accordingly, I wish to state as under-

- The Secretarial Audit for the financial year has been conducted as per the applicable Auditing Standards.
- 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 the secretarial records. I believe that the process and practices that I followed provide a reasonable basis for my opinion that the statements prepared, documents or Records maintained by the Company are free from misstatement.
- My responsibility is limited to only express my opinion on the basis of evidences collected, information received and Records maintained by the Company or given by the Management. I have not verified the correctness and appropriateness of the financial records and books of accounts maintained by the Company.
- Wherever required, I have obtained the Management Representation about compliance of laws, rules and regulations and happening of events, etc.
- The Compliance of the provisions of the Corporate Laws, other applicable laws, rules, regulations and standards is the responsibility of the management. My examination is limited to verification of procedure on test basis.
- This Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For J. B. Bhavé & Co.  
Company Secretaries

Jayavant B. Bhavé  
Proprietor  
FCS: 4266 CP: 3068

Place: Pune  
Date: 17<sup>th</sup> May, 2024

ANNEXURE VII

STATEMENT OF PARTICULARS OF EMPLOYEES PURSUANT TO THE PROVISIONS OF RULE 5(2)(I) OF THE COMPANIES (APPOINTMENT AND REMUNERATION) RULES, 2014 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2024

Sr. No.	Name and Age (in years)	Designation	Nature of Employment	Total Remuneration (in ₹)	Qualification and Experience (in years)	Date of Commencement of Service	Last Employment held before joining the Company
1.	Mr. R. B. Rathi (55)	Managing Director	Permanent Employee	137,559,510	B.E. Mech. Engg. - MIT, Pune, B. S. Chem. Engg. - Ohio University, USA. M.B.A.- Pittsburgh University - USA (29 years)	1 <sup>st</sup> October, 1992	-
2.	Mr. A. Vij (54)	Wholetime Director	Permanent Employee	19,444,320	B. E. Chem. (28 years)	8 <sup>th</sup> December, 2005	Jubilant Organosys Limited, Gajraula (UP)

1. The gross remuneration includes Salary, PLVA, Company's contribution to Provident Fund and Superannuation Scheme, Leave Travel Allowance, Medical, House Rent Allowance, Pension and value of perquisites in respect of car facility, which is calculated in accordance with the provisions of the Income Tax Act, 1961, and the Rules made thereunder.
2. The conditions of employment are contractual.
3. Other terms and conditions are as per the rules of the Company.
4. In terms of Rule 5(2)(iii) of the Companies (Appointment and Remuneration) Rules, 2014, it is clarified that during the Financial Year under review, no employee of the Company 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 Working Directors and holds himself / herself along with their spouse and dependent children not less than 2% of the equity shares of the Company.
5. Mr. R. B. Rathi, Managing Director, forms part of the Promoter Group and holds in his individual name 4,050,359 (5.85%) Equity Shares of the Company. Mr. R. B. Rathi is not related to any Director of the Company in terms of the provisions of The Companies Act, 2013 and Rules made thereunder and SEBI Listing Regulations, 2015.
6. Mr. A. Vij, Wholetime Director is not related to any Director of the Company and holds 4,001 Equity Shares of the Company.
7. Details of remuneration of top 10 employees other than Directors which form part of the Directors' Report, will be made available to any member on request, in terms of provision of Section 136(1) of the Companies Act, 2013.

Business Responsibility & Sustainability Reporting

SECTION A: GENERAL DISCLOSURES

I. Details of the listed entity

Sr. No.	Particulars	Disclosure
1	Corporate Identity Number (CIN) of the Listed Entity	L24119PN1951PLC008409
2	Name of the Listed Entity	Sudarshan Chemical Industries Limited ("Sudarshan/the Company")
3	Year of incorporation	19 <sup>th</sup> February, 1951
4	Registered Office address	7 <sup>th</sup> Floor, Eleven West Panchshil, Survey No. 25, Near PAN Card Club Road, Baner, Pune – 411 069, Maharashtra, India
5	Corporate address	7 <sup>th</sup> Floor, Eleven West Panchshil, Survey No. 25, Near PAN Card Club Road, Baner, Pune – 411 069, Maharashtra, India
6	E-mail	shares@sudarshan.com
7	Telephone	+91 20 682 81 200
8	Website	www.sudarshan.com
9	Financial year for which reporting is being done	1 <sup>st</sup> April 2023 - 31 <sup>st</sup> March, 2024
10	Name of the Stock Exchange(s) where securities are listed	<ul style="list-style-type: none"><li>National Stock Exchange of India Limited (Equity)</li><li>BSE Limited (Equity and Debt)</li></ul>
11	Paid-up Capital	₹ 1,384.54 Lakhs
12	Name and contact details (telephone, email address) of the person who may be contacted in case of any queries on the BRSR report	<b>Name:</b> Mandar Meenanath Velankar <b>Contact:</b> 020-68281200 <b>Email:</b> mmvelankar@sudarshan.com
13	Reporting boundary - Are the disclosures under this report made on a standalone basis (i.e., only for the entity) or on a consolidated basis (i.e., for the entity and all the entities which form a part of its consolidated financial statements, taken together).	Standalone-Basis Reporting
14	Name of assurance provider	TUV India Private Limited (CIN - U74140MH1989PTC052930)
15	Type of assurance obtained	Limited Assurance (ISAE 3000)

II. Products/services

16. Details of business activities (accounting for 90% of the turnover):

Sr. No.	Description of Main Activity	Description of Business Activity	% of Turnover of the entity
1.	Manufacturing	Chemical and Chemical Products, Pharmaceuticals, Medicinal Chemical and Botanical Products	100%

## 17. Products/Services sold by the entity (accounting for 90% of the entity's Turnover):

Sr. No.	Product/Service	NIC Code	% of total Turnover contributed
1.	Manufacture of dyes and pigments from any source in basic form or as concentrate	20114	98%
2.	Manufacture of prepared pigments and other coloring matter of a kind used in the manufacture of paints or by artists or other painters	20224	2%

## III. Operations

## 18. Number of locations where plants and/or operations/offices of the entity are situated:

Location	Number of plants	Number of offices	Total
National*	2	4	6
International	0	0	0

\*Note – Two (2) manufacturing plants at Roha and Mahad, Dist. Raigad, Maharashtra, India; Four (4) offices at Delhi, Mumbai, Kolkata, Chennai

## 19. Markets served by the entity:

## a. Number of locations

Locations	Number
National (No. of States)	28 States, 8 Union Territories
International (No. of Countries)	85+ countries

## b. What is the contribution of exports as a percentage of the total turnover of the entity?

During FY2023-24, the contribution of exports is 45.6% of the total turnover of the Company.

## c. A brief on types of customers

Sudarshan is a global pigment manufacturer with a diverse range of products ranging from organic, inorganic, and effect pigments to performance colorants, pearlescent pigments, and specialty chemicals. It primarily serves customers in the paints & coatings, plastics, printing, cosmetics, and special application industries, who require high-quality color pigments for manufacturing of end products.

## IV. Employees

## 20. Details as at the end of Financial Year:

## a. Employees and workers (including differently abled):

Sr. No.	Particulars	Total (A)	Male		Female	
			No. (B)	% (B / A)	No. (C)	% (C / A)
EMPLOYEES						
1.	Permanent (D)	1,036	819	79.05%	217	20.95%
2.	Other than Permanent (E)	28	23	82.14%	5	17.86%
3.	Total employees (D+E)	1,064	842	79.14%	222	20.86%
WORKERS						
4.	Permanent (F)	212	212	100%	0	NA
5.	Other than Permanent (G)	2,544	2,429	95.4%	115	4.52%
6.	Total workers (F+G)	2,756	2,641	95.8%	115	4.17%

## b. Differently abled Employees and workers:

Sr. No.	Particulars	Total (A)	Male		Female	
			No. (B)	% (B / A)	No. (C)	% (C / A)
DIFFERENTLY ABLED EMPLOYEES						
1.	Permanent (D)	0	0	NA	0	NA
2.	Other than Permanent (E)	0	0	NA	0	NA
3.	Total differently abled employees (D+E)	0	0	NA	0	NA
DIFFERENTLY ABLED WORKERS						
4.	Permanent (F)	0	0	NA	0	NA
5.	Other than permanent (G)	4	4	100%	0	NA
6.	Total differently abled workers (F+G)	4	4	100%	0	NA

## 21. Participation/Inclusion/Representation of women

	Total (A)	No. and percentage of Females	
		No. (B)	% (B / A)
Board of Directors*	10	2	20%
Key Management Personnel**	4	0	0%

\*As on 31<sup>st</sup> March, 2024, the Company's Board consists of ten members. Dr. Deepak Parikh, Non-Executive and Independent Director (DIN: 06504537) resigned effective close of business hours on 2<sup>nd</sup> February, 2024.

\*\*Key Management Personnel include Mr. Rajesh B. Rath, Managing Director (DIN: 00018628), Mr. Ashish Vij, Wholtime Director (DIN: 08140194), Mr. Nilkanth Natu, Chief Financial Officer and Mr. Mandar Velankar, General Counsel and Company Secretary.

## 22. Turnover rate for permanent employees and workers

(Disclose trends for the past 3 years)

	FY 2023-24			FY 2022-23			FY 2021-22		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Permanent Employees	12.9%	2.7%	15.6%	12.57%	2.72%	15.30%	10.84%	1.72%	12.57%
Permanent Workers	0	0	0	8.07%	NA	8.07%	5.39%	0	5.39%

## V. Holding, Subsidiary and Associate Companies (including joint ventures)

## 23. (a) Names of holding / subsidiary / associate companies / joint ventures

Sr. No.	Name of the holding/ subsidiary/ associate companies/ joint ventures (A)	Indicate whether holding/ Subsidiary/ Associate/ Joint Venture	% of shares held by listed entity	Does the entity indicated at column A, participate in the Business Responsibility initiatives of the listed entity? (Yes/No)
1.	RIECO Industries Limited	Wholly Owned Subsidiary	100%	No
2.	Sudarshan CSR Foundation	Wholly Owned Subsidiary	100%	No
3.	Sudarshan Europe B.V.	Wholly Owned Subsidiary	100%	No
4.	Sudarshan (Shanghai) Trading Company Limited*	Step Down Subsidiary	100%	No
5.	Sudarshan Japan Limited	Wholly Owned Subsidiary	100%	No
6.	Sudarshan North America Inc., USA	Step Down Subsidiary	100%	No
7.	Sudarshan Mexico S de R. L. de CV	Step Down Subsidiary	100%	No

\* During the year under review, the Company entered into the agreement for sale of its entire investment held by the Company (in the form of Equity Shares) in Sudarshan (Shanghai) Trading Company Limited, Wholly Owned Subsidiary of the Company to Sudarshan Europe B.V., another Wholly Owned Subsidiary of the Company on 22<sup>nd</sup> March, 2024. As a result of this transaction, Sudarshan (Shanghai) Trading Company Limited has ceased to be a Wholly Owned Subsidiary and has become a Step - Down Subsidiary of the Company.

## VI. Corporate Social Responsibility ("CSR") details

24.

Whether CSR is applicable as per section 135 of Companies Act 2013: (Yes/No)	Turnover (₹ in Lakhs)	Net Worth (₹ in Lakhs)
Yes	2,11,696.6	1,10,648.8

## VII. Transparency and Disclosures Compliances

25. Complaints/Grievances on any of the principles (Principles 1 to 9) under the National Guidelines on Responsible Business Conduct:

Stakeholder group from whom complaint is received	Grievance Redressal Mechanism in Place (Yes/No) (If yes, then provide web-link for grievance redress policy)	FY 2023-24 Current Financial Year			FY 2022-23 Previous Financial Year		
		Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks	Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks
Communities	Yes. Sudarshan has strategically placed complaint boxes throughout our localities to encourage anonymous feedback. In addition, Sudarshan encourage the local communities to raise their grievances electronically at the email ID below- grievance. redressal@sudarshan.com	0	0	NA	0	0	NA
Investors (other than shareholders)	Yes. Investors can register their grievances at the below email ID - grievance. redressal@sudarshan.com	0	0	NA	0	0	NA
Shareholders	Yes <a href="https://www.sudarshan.com/investor-communication-policy.pdf">https://www.sudarshan.com/investor-communication-policy.pdf</a> Shareholders can register their grievances at the below email ID – grievance. redressal@sudarshan.com	3	1	Complaint remaining unresolved as on 31 <sup>st</sup> March 2024 was treated as resolved after conclusion of the Financial Year based on the Company's response.	8	0	All 8 complaints were resolved during FY 2022-23

Stakeholder group from whom complaint is received	Grievance Redressal Mechanism in Place (Yes/No) (If yes, then provide web-link for grievance redress policy)	FY 2023-24 Current Financial Year			FY 2022-23 Previous Financial Year		
		Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks	Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks
Employees	Yes <b>Employees:</b> <a href="https://www.sudarshan.com/connecting-people/">https://www.sudarshan.com/connecting-people/</a>	262	15	Employees closure rate: 94%	351	24	Employees closure rate: 93%
Workers	Yes <b>Workers:</b> <a href="https://www.sudarshan.com/connecting-people/">https://www.sudarshan.com/connecting-people/</a> Additionally, both employees and workers can register their grievances at the below email ID- grievance. redressal@sudarshan.com	447	96	Workers closure rate: 78.5%	697	96	Workers closure rate: 86%
Customers	Yes <a href="https://www.sudarshan.com/contact-us/">https://www.sudarshan.com/contact-us/</a> Customers can register their grievances at the below email ID – grievance. redressal@sudarshan.com	236	4	Customers closure rate: 98.3%	257	2	Product-related technical complaints
Value chain partners	Sudarshan has dedicated buyers allotted for supplier categories who are in touch with the suppliers regularly.	0	0	No complaints were received from the suppliers.	0	0	No complaints were received from the suppliers.

## 26. Overview of the entity's material responsible business conduct issues

Please indicate material responsible business conduct and sustainability issues pertaining to environmental and social matters that present a risk or an opportunity to your business, rationale for identifying the same, approach to adapt or mitigate the risk along-with its financial implications, as per the following format

Sr. No.	Material issue identified	Indicate whether risk or opportunity (R/O)	Rationale for identifying the risk/opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
1.	Climate Change and Energy Source Diversification	Risk	IPCC's Sixth Assessment Report warns of rapid global temperature rise, leading to more extreme weather events. Unchecked warming poses physical risks to operations, and climate related transitional risks can impact markets.	We are proactively managing climate change risks through energy conservation and source diversification to reduce our carbon footprint. Initiatives to enhance physical infrastructure and diversify the energy mix, aim to mitigate acute risks.	Negative, due to higher capex on mitigation measures.
2.	Human Capital Management	Opportunity	India is emerging as a knowledge-based economy. Due to a strong demographic dividend, a competent workforce is available. This workforce provides an opportunity for us to expand and grow.	We prioritize equal opportunities for all employees, irrespective of gender, race, or religion. Our policies, procedures, and ongoing online training programs underscore our commitment to employee protection and well-being. Training initiatives are integral to our Human Resource strategy.	Positive, due to higher productivity of people.
3.	Labor Relationship	Risk	We have a complex global value chain in chemical manufacturing. Non-adherence to global standards on Human Rights has the potential to affect our operations, reputation, and business relationships.	We are committed to the protection and promotion of fundamental human rights. We have adopted a comprehensive Human Rights Policy and all employees are trained on this Policy. We engage with our value-chain partners on the management of human rights.	Negative due to expenditure on training and due diligence.
4.	Occupational Health & Safety	Risk	Due to the nature of our business operations, occupational safety is one of the risks posed to us	Our safety strategy includes behavior-based safety, process automation, and asset integrity. More details are available in the 'Strengthening Social Inclusiveness' section of the report.	Negative, due to expenditure on automation, training, and asset management.
5.	Water Management	Risk	Climate change-related water disruptions pose a growing risk. In addition, Inefficient water usage, pollution, can lead to regulatory compliance issues, reputational damage, and operational disruptions.	We fulfil our daily water requirements by obtaining water from Maharashtra Industrial Development Corporation (MIDC). We have implemented various water conservation measures, controlling filtration parameters, R&D sites recognized as Zero Liquid Discharge (ZLD), and the recovery of condensate.	Negative, since water scarcity or contamination can disrupt production processes, impacting supply chains and revenue.

Sr. No.	Material issue identified	Indicate whether risk or opportunity (R/O)	Rationale for identifying the risk/opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
6.	Product Innovation	Opportunity	Innovative products drive market expansion, boost sales and profits, conferring a competitive advantage. Environmentally friendly innovations align with sustainability trends, appealing to eco-conscious consumers.	We are implementing innovative solutions to reduce environmental impacts, including minimizing HCB in products, adopting Diethyl Sulfate (DES) for ethylation, and exploring alternative raw materials for solvent and catalyst recovery	Positive, as successful product innovation can drive revenue growth and profitability
7.	Waste Management	Risk	Dynamic regulations and increased stakeholder activism concerning waste handling and disposal poses risks on waste management.	We have implemented well-defined and efficient processes for managing waste. This includes the use of recyclable packaging materials, recycling programs, recovery & reuse of solvents, and optimizing production processes and strict adherence to regulations for the proper disposal of waste, in accordance with the guidelines set forth by the Pollution Control Board.	Negative due to expenditure incurred on waste reduction measures and safe handling.
8.	Product Stewardship	Opportunity	Technological advancements and scientific progress have made it feasible to identify and manage the environmental and social impacts of products with reasonable certainty	We have implemented measures to minimize POPs in our products, ensuring low VOC content. Our adherence to strict standards includes compliance with EU REACH, USFDA, Turkey REACH, UK REACH, US Toxic Substance Control Act, TPCH.	Positive, due to enhanced stakeholder trust.
9.	Supplier Sustainability	Risk	Complex and diverse supply chains pose several risks affecting the cost and quality of raw material.	We have adopted the Supplier-51 program to engage with suppliers on several financial and non-financial aspects to risk the supply chain.	Negative, due to expenditure on supplier due diligence.
10.	Product Quality & Excellence	Opportunity	Top-tier product quality boosts market share, brand recognition, and competitiveness for chemical companies, fostering lasting customer relationships, securing contracts, and driving revenue growth	We prioritize customer health and safety, delivering high-quality, environmentally sustainable products through advanced R&D facilities. Our transparent approach invites customers to tour our plants and R&D labs, ensuring confidence in product quality.	Positive due to higher profit margins, increased sales, reduced operational costs, and improved overall financial performance, positioning the company as an industry leader
11.	Air Pollution	Risk	Emissions regulations can incur costly compliance and fines, impacting reputation and sales. Environmental damage may harm our image, while employee health issues can raise healthcare costs and lower productivity	We adhere to strict air quality standards, using low-sulfur coal and implementing Electro-Static Precipitators (ESP) and Scrubbers in all exhaust stacks to keep emissions well below legal limits.	Negative due to increased operational costs

Sr. No.	Material issue identified	Indicate whether risk or opportunity (R/O)	Rationale for identifying the risk/ opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
12.	Corruption and Bribery	Risk	Corruption and bribery pose significant risks to a company as they can lead to unethical practices, compromising the integrity of operations and the reputation of the Company.	We oppose corruption and bribery. Our zero-tolerance policy extends beyond our operations, supported by our Code of Conduct (COC) and Whistle Blower Policy to prevent fraud at all levels.	Negative, due to potential legal fines, penalties, and reputational damage impacting customer trust and investor confidence. Corrupt practices may distort fair competition, eroding market share and profitability.
13.	Competitive Practices	Risk	Engaging in anti-competitive practices, like price-fixing or monopolistic behavior, can trigger legal issues, hefty fines, and damage a company's reputation.	We provide training on Sudarshan's Code of Conduct to all employees. This reinforces adherence and commitment to the anti-competitive, anti-corruption and bribery laws.	Negative, due to potential legal costs, fines, and the erosion of profits.

IPCC: Intergovernmental Panel on Climate Change  
MIDC: Maharashtra Industrial Development Corporation  
ZLD: Zero Liquid Discharge  
HCB: Hexachlorobenzene  
DES: Diethyl Sulfate  
POP: Persistent Organic Pollutants  
VOC: Volatile Organic Content  
EU REACH: European Union Registration, Evaluation, Authorisation and Restriction of Chemicals  
USFDA: United States Food and Drug Administration  
Turkey REACH: Turkey Registration, Evaluation, Authorisation and Restriction of Chemicals  
UK REACH: United Kingdom Registration, Evaluation, Authorisation and Restriction of Chemicals  
US Toxic Substance Control Act: US Registration, Evaluation, Authorisation and Restriction of Chemicals  
TPCH: Transaction Processing and Database Benchmark specific to decision support (TPCH)  
R&D: Research & Development  
ESP: Electro-Static Precipitators  
COC: Code of Conduct

SECTION B: MANAGEMENT AND PROCESS DISCLOSURES

This section is aimed at helping businesses demonstrate the structures, policies and processes put in place towards adopting the NGRBC Principles and Core Elements.

Disclosure Questions	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
Policy and management processes									
1. a. Whether your entity's policy/policies cover each principle and its core elements of the NGRBCs. (Yes/No)	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
b. Has the policy been approved by the Board? (Yes/No)	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes

Disclosure Questions	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
c. Web Link of the Policies, if available	Sudarshan has updated all of its corporate policies on its website, which are Board-approved.  For easy access, please refer to the link to view the updated policies. <a href="https://www.sudarshan.com/company-policies/">https://www.sudarshan.com/company-policies/</a>								
2. Whether the entity has translated the policy into procedures. (Yes / No)	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
3. Do the enlisted policies extend to your value chain partners? (Yes/No)	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
4. Name of the national and international codes/ certifications/labels/ standards (e.g., Forest Stewardship Council, Fairtrade, Rainforest Alliance, Trustee) standards (e.g., SA 8000, OHSAS, ISO, BIS) adopted by your entity and mapped to each principle.	Sudarshan has adopted various national and international standards aligning to respective NGRBC Principles: <ul style="list-style-type: none"><li>ISO 14001:2015 - Principle 6</li><li>ISO 9001:2015 - Principle 2</li><li>Responsible Care (RC 14001) - Principle 2, 3, 6</li><li>ISO 45000:2018, Occupational Health and Safety Assessment Series (OSHAS 18001) - Principle 3</li></ul> The Company has developed policies that adhere to industry standards and legal requirements. It is committed to ensuring that its policies align with the best practices in the industry and contribute to the safety and well-being of its stakeholders.								
5. Specific commitments, goals and targets set by the entity with defined timelines, if any.	Sudarshan has adopted various ambitious ESG goals mentioned below: <b>Environmental:</b> <ul style="list-style-type: none"><li>To reduce specific energy consumption by 6% year-on year till 2030</li><li>To reduce absolute GHG emissions by 42.4% by FY 2029-30 from baseline of FY 2021-22</li><li>To reduce specific water withdrawal by 20% by FY 2025-26 from baseline of FY 2020-21</li><li>To achieved zero waste to landfill by FY 2030-31</li></ul> <b>Social</b> <ul style="list-style-type: none"><li>60% overall inclusion by FY 2024-25</li><li>30% women participation in the overall workforce by 2025</li><li>Great place to work- gold standards by 2025.</li><li>Safety culture maturity score of a minimum of 80% by 2025</li><li>Zero process safety events (Tier 1 and 2 as per API 754) by 2025</li><li>Screening of all new vendors on ESG criteria w.e.f., FY 2024-25</li></ul> <b>Manufacturing Excellence</b> <ul style="list-style-type: none"><li>Life Cycle Impact Assessment (LCIA) of products with over 35% of projected FY 2024-25 revenue.</li><li>Elimination of hazardous operations by year 2026</li></ul> <b>Governance</b> <ul style="list-style-type: none"><li>30% women directors on Board by 2026</li><li>Enhance and improve Business Continuity Plan (BCP) by FY 2024-25</li><li>Ensure 100% compliance with all applicable regulations.</li><li>Average 2-person hours training on cyber security w.e.f FY 2023-24</li></ul> Detailed Goals & Targets adopted by the Company can be accessed in its Sustainability report for FY 2023-24								



Disclosure Questions	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
6. Performance of the entity against the specific commitments, goals, and targets along with reasons in case the same are not met.	Sudarshan’s performance against the ESG targets can be accessed in its Sustainability report FY 2023-24								
Governance, leadership, and oversight									
7. Statement by director responsible for the business responsibility report, highlighting ESG related challenges, targets, and achievements (listed entity has flexibility regarding the placement of this disclosure)	Sudarshan is devoted to integrating environmentally sustainable practices across all functions and making responsible choices to safeguard the future. By incorporating environmental considerations into its business planning, the Company aims to be transparent and open in its operations.  In addition to its environmental commitments, Sudarshan is dedicated to fostering a nurturing workplace that promotes gender diversity, inclusion, non-discrimination policies, and work-life balance. The Company prioritizes the health and safety of its employees, maintaining a constant focus on delivering the highest quality products and services to its customers while minimizing its impact on the environment and society. Furthermore, Sudarshan is committed to integrating Environmental, Social, and Governance (ESG) principles across our value chain.								
8. Details of the highest authority responsible for implementation and oversight of the Business Responsibility policy (ies).	Mr. Rajesh B. Rathi, Managing Director and the Board of Directors of the Company								
9. Does the entity have a specified Committee of the Board/ Director responsible for decision-making on sustainability-related issues? (Yes / No). If yes, provide details.	Yes  Steering Committee, led by the Managing Director, is a cross-functional group that meets monthly to review progress against set targets. It includes the Executive Director, Head of People Practice and Chief Sustainability Officer, Company Secretary, and Head of R&D.  The Committee is supported by a Working Group, which implements ESG initiatives across the Company. This group includes representatives from various business functions and reports to the Steering Committee through the Chief Sustainability Officer.								

10. Details of Review of NGRBCs by the Company

Subject for Review	Indicate whether review was undertaken by Director / Committee of the Board/ Any other Committee									Frequency (Annually/ Half yearly/ Quarterly/ Any other – please specify)								
	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
Performance against above policies and follow up action	Steering Committee									Monthly								
Compliance with statutory requirements of relevance to the principles, and rectification of any non-compliances	Steering Committee									Monthly								

	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
11. Has the entity carried out independent assessment/ evaluation of the working of its policies by an external agency? (Yes/No). If yes, provide name of the agency.	No		NA						

12. If answer to question (1) above is “No” i.e., not all Principles are covered by a policy, reasons to be stated:

Questions	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
The entity does not consider the principles material to its business (Yes/No)	NA	NA	NA	NA	NA	NA	NA	NA	NA
The entity is not at a stage where it is able to formulate and implement the policies on specified principles (Yes/No)	NA	NA	NA	NA	NA	NA	NA	NA	NA

Questions	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
The entity does not have the financial or/human and technical resources available for the task (Yes/No)	NA	NA	NA	NA	NA	NA	NA	NA	NA
It is planned to be done in the next financial year (Yes/No)	NA	NA	NA	NA	NA	NA	NA	NA	NA
Any other reason (please specify)	NA	NA	NA	NA	NA	NA	NA	NA	NA

SECTION C: PRINCIPLE WISE PERFORMANCE DISCLOSURE

PRINCIPLE 1: Businesses should conduct and govern themselves with Integrity, and in a manner that is Ethical, Transparent and Accountable

Essential Indicators

1. Percentage coverage by training and awareness programmes on any of the principles during the financial year:

Segment	Total number of training and awareness programmes held	Topics/principles covered under the training and its impact	% age of persons in respective category covered by the awareness programmes
Board of Directors	6	<b>PRINCIPLE 1:</b> <ul style="list-style-type: none"><li>Operation Plans and Strategy Discussions</li><li>Internal Audit and Compliance Process</li><li>SEBI Regulations, Secretarial Standards and other regulatory updates</li><li>Business Updates on Subsidiaries</li><li>Risk Management and Internal Control, Whistleblower Policy</li></ul> <b>PRINCIPLE 8:</b> <ul style="list-style-type: none"><li>CSR Framework related updates</li></ul>	100%
Key Managerial Personnel	6	<b>PRINCIPLE 1:</b> <ul style="list-style-type: none"><li>Operation Plans and Strategy Discussions</li><li>Internal Audit and Compliance Process</li><li>SEBI Regulations, Secretarial Standards and other regulatory updates</li><li>Business Updates on Subsidiaries</li><li>Risk Management and Internal Control, Whistleblower Policy</li></ul> <b>PRINCIPLE 8:</b> <ul style="list-style-type: none"><li>CSR Framework related updates</li></ul>	100%
Employees other than BoD and KMPs	20	<b>Principle 3:</b> <ul style="list-style-type: none"><li>Health &amp; safety related awareness program.</li></ul> <b>PRINCIPLE 5:</b> <ul style="list-style-type: none"><li>ESG &amp; Human Rights Policy training coverage</li></ul> <b>PRINCIPLE 6:</b> <ul style="list-style-type: none"><li>ESG Train-the-Trainer (TTT), ESG awareness</li><li>Executive Development Programme ("EDP") batch, Manager Development Programme ("MDP") batch</li><li>ETP Operations</li><li>ETP and Environmental Awareness</li><li>Waste Management – Circularity and Recycle</li></ul>	87%
Workers	2	<b>Principle 3:</b> <p>All workers are actively engaged in a health and safety-related toolbox talk and learning session to ensure their well-being and awareness of safety protocols.</p>	100%

2. Details of fines/penalties/punishment/award/compounding fees/settlement amount paid in proceedings (by the entity or by directors/KMPs) with regulators/ law enforcement agencies/ judicial institutions, in the financial year, in the following format:

(Note: the entity shall make disclosures based on materiality as specified in Regulation 30 of SEBI (Listing Obligations and Disclosure Obligations) Regulations, 2015 and as disclosed on the entity's website).

Monetary					
Type	NGRBC Principle	Name of the regulatory/ enforcement agencies/ judicial institutions	Amount (In ₹)	Brief of the Case	Has an appeal been preferred? (Y/N)
Penalty/ Fine	No penalties amount was paid in FY 2023-24	NA	NA	NA	NA
Settlement	No settlement amount was paid in FY 2023-24	NA	NA	NA	NA
Compounding fee	No compounding fees amount was paid in FY 2023-24	NA	NA	NA	NA

Non-Monetary				
Type	NGRBC Principle	Name of the regulatory/ enforcement agencies/ judicial institutions	Brief of the Case	Has an appeal been preferred? (Y/N)
Imprisonment	No imprisonments observed in FY 2023-24	NA	NA	NA
Punishment	No punishments observed in FY 2023-24	NA	NA	NA

3. Of the instances disclosed in Question 2 above, details of the Appeal/Revision preferred in cases where monetary or non-monetary action has been appealed.

Case Details	Name of the regulatory/ enforcement agencies/ judicial institutions
NA	NA

4. Does the entity have an anti-corruption or anti-bribery policy? If yes, provide details in brief and if available, provide a web-link to the policy.

Yes.

Sudarshan maintains a steadfast commitment to eliminating corruption and bribery from its business operations, refraining from any involvement or endorsement of unethical practices or illegal activities. With a zero-tolerance approach to corruption, its Code of Conduct and Whistleblower Policy serve as robust safeguards against fraudulent behavior at every level of the company. Through comprehensive risk assessments, Sudarshan diligently identifies and addresses potential corruption, bribery, and anti-competitive risks across its operations.

Link to the policies:

- 1) <https://www.sudarshan.com/corporate-code-of-conduct-policy.pdf>
- 2) <https://www.sudarshan.com/whistle-blower-vigil-mechanism-policy.pdf>

5. Number of Directors/KMPs/employees/workers against whom disciplinary action was taken by any law enforcement agency for the charges of bribery/ corruption:

	FY 2023-24	FY 2022-23
Directors	0	0
KMPs	0	0
Employees	0	0
Workers	0	0

6. Details of complaints regarding conflict of interest:

Category	FY 2023-24		FY 2022-23	
	Number	Remarks	Number	Remarks
Number of complaints received in relation to issues of Conflict of Interest of the Directors	0	NA	0	NA
Number of complaints received in relation to issues of Conflict of Interest of the KMPs	0	NA	0	NA

7. Provide details of any corrective action taken or underway on issues related to fines / penalties / action taken by regulators/ law enforcement agencies/ judicial institutions, on cases of corruption and conflicts of interest.

During FY2023-24, no such instances have occurred across the Company.

8. Number of days of accounts payables ((Accounts payable \*365) / Cost of goods/services procured) in the following format:

	FY 2023-24	FY 2022-23
Number of days of accounts payables	130.07	128.40

9. Open-ness of business

Provide details of concentration of purchases and sales with trading houses, dealers, and related parties along-with loans and advances & investments, with related parties, in the following format.

Parameter	Metrics	FY 2023-24	FY 2022-23
Concentration of Purchases	a. Purchases from trading houses as % of total purchases	7%	10%
	b. Number of trading houses where purchases are made from	364	386
	c. Purchases from top 10 trading houses as % of total purchases from trading houses	75%	77%
Concentration of Sales	a. Sales to dealers / distributors as % of total sales	54.75%	53.91%
	b. Number of dealers / distributors to whom sales are made	88	91
	c. Sales to top 10 dealers / distributors as % of total sales to dealers / distributors	65.07%	63.80%
Share of RPTs in	a. Purchases (Purchases with related parties / Total Purchases)	0.089%	0.65%
	b. Sales (Sales to related parties / Total Sales)	18.45%	18.50%
	c. Loans & advances (Loans & advances given to related parties / Total loans & advances)	11.71%	2.92%
	d. Investments (Investments in related parties / Total Investments made)	NA	NA

#### Leadership Indicators

1. Awareness programmes conducted for value chain partners on any of the Principles during the financial year:

Total no. of awareness programmes held	Topics/principles covered under the training	% age of value chain partners covered (by value of business done with such partners) under the awareness programmes
Nil	NA	Nil

2. Does the entity have processes in place to avoid/manage conflict of interests involving members of the Board? (Yes/No) If yes, provide details of the same.

Yes, the Board members and Senior Executives adhere to 'Code of Conduct for Directors and Senior Management Personnel' mandating them to disclose any personal or business interests that could conflict with the Company. Additionally, they annually declare their dedication to prioritize the organization's best interests and avoid conflicts stemming from external affiliations or transactions.

Link to access the Code of Conduct for Directors and Senior Management: <https://www.sudarshan.com/code-of-conduct-for-directors-and-senior-management-personnel.pdf>

**PRINCIPLE 2: Businesses should provide goods and services in a manner that is sustainable and safe.****Essential Indicators**

1. Percentage of R&D and capital expenditure (capex) investments in specific technologies to improve the environmental and social impacts of product and processes to total R&D and capex investments made by the entity, respectively.

	FY 2023-24	FY 2022-23	Details of improvements in environmental and social impacts
R&D	83.03%	70%	<ul style="list-style-type: none"> <li>Reducing POPs in products</li> <li>Waste reduction</li> <li>Solvent Recovery</li> <li>Yield Improvement</li> </ul>
Capex	16.96%	1.58%	<ul style="list-style-type: none"> <li>Solar installation</li> <li>ETP modification</li> </ul>

2. a. Does the entity have procedures in place for sustainable sourcing? (Yes/No)

Yes, Sudarshan has established procedures in place for sustainable sourcing.

- b. If yes, what percentage of inputs were sourced sustainably?

During the reporting period, 42% of the inputs were sourced sustainably.

3. Describe the processes in place to safely reclaim your products for reusing, recycling, and disposing at the end of life, for (a) Plastics (including packaging) (b) E-waste (c) Hazardous waste and (d) other waste.

Sr. No.	Product	Process to safely reclaim the product
a.	Plastics (including packaging)	Reclaiming and reusing is not a viable option due to contamination in the packaging material. Also, reclaiming the pigments from the end-use products are technologically infeasible. Therefore, Sudarshan does not reclaim and reuse its products at the end-of-life stage.
b.	E-Waste	Sudarshan's products do not contribute to generation of electronic waste at end-of-life stage.
c.	Hazardous Waste	Sudarshan's products form a part of final product by its customers, therefore, its reclaiming at end of life is not feasible.

4. Whether Extended Producer Responsibility (EPR) is applicable to the entity's activities (Yes / No). If yes, whether the waste collection plan is in line with the Extended Producer Responsibility (EPR) plan submitted to Pollution Control Boards? If not, provide steps taken to address the same.

Yes, our business operations adhere to the Extended Producer Responsibility (EPR) regulations, and we are registered as an importer. We are committed to not producing any plastic material, and we use recycled plastic packaging as our raw material. Moreover, we ensure that all our plastic waste is sent for recycling in accordance with the consent from the Pollution Control Board.

**Leadership Indicators**

1. Has the entity conducted Life Cycle Perspective / Assessments (LCA) for any of its products (for manufacturing industry) or for its services (for service industry)? If yes, provide details in the following format?

- During the reporting year, Sudarshan has conducted detailed Life Cycle Assessment of select products. The details are tabulated below:

NIC Code	Name of Product / Service	% of total Turnover contributed	Boundary for which the Life Cycle Perspective /Assessment was conducted	Whether conducted by independent external agency (Yes/No)	Results communicated in public domain (Yes/ No) If yes, provide the web-link.
20114	Quinacridone, Quinophthalone, Dioxazine Pigment, Effect Pigments and Complex Inorganic Color Pigment (CICP)	25%	Cradle-to-gate	Yes	No

2. If there are any significant social or environmental concerns and/or risks arising from production or disposal of your products/services, as identified in the Life Cycle Perspective / Assessments (LCA) or through any other means, briefly describe the same along-with action taken to mitigate the same.

The LCA study did not provide evidence of any significant environmental and social concerns. The study showed that gate-to-gate environmental footprint caused by use of steam and power which is currently generated from fossil fuels. The Company has developed a plan to diversify energy mix by use of biofuels, which will mitigate gate-to-gate environmental impact substantially.

Name of the Product/Service	Description of the Risk/Concern	Action Taken
Quinacridone	Nil	NA
Quinophthalone	Nil	NA
Dioxazine Pigment	Nil	NA
Effect Pigments	Nil	NA
Complex Inorganic Color Pigment (CICP)	Nil	NA

3. Percentage of recycled or reused input material to total material (by value) used in production (for manufacturing industry) or providing services (for service industry).

Indicate input material	Recycled or re-used input material to total material	
	FY 2023-24	FY 2022-23
Methanol	82.7%	79%

4. Of the products and packaging reclaimed at end of life of products, amount (in metric tonnes) reused, recycled, and safely disposed, as per the following format:

	FY 2023-24			FY 2022-23		
	Re-used	Recycled	Safely Disposed	Re-used	Recycled	Safely Disposed
Plastics (including packaging)	NA	NA	NA	NA	NA	NA
E-waste	NA	NA	NA	NA	NA	NA
Hazardous waste	NA	NA	NA	NA	NA	NA
Other waste	NA	NA	NA	NA	NA	NA

5. Reclaimed products and their packaging materials (as percentage of products sold) for each product category.

Indicate product category	Reclaimed products and their packaging materials as % of total products sold in respective category
NA	NA

**PRINCIPLE 3: Businesses should respect and promote the well-being of all employees, including those in their value chains.****Essential Indicators**

1. a. Details of measures for the well-being of employees:

Category	% of employees covered by										
	Total (A)	Health Insurance		Accident Insurance		Maternity benefits		Paternity benefits		Day Care facilities	
		Number (B)	% (B/A)	Number (C)	% (C/A)	Number (D)	% (D/A)	Number (E)	% (E/A)	Number (F)	% (F/A)
Permanent Employees											
Male	819	819	100%	819	100%	0	0	819	100%	0	0
Female	217	217	100%	217	100%	217	100%	NA	NA	0	0
Total	1,036	1,036	100%	1,036	100%	217	21%	819	79%	0	0
Other than Permanent Employees											
Male	23	Nil	NA	Nil	NA	Nil	NA	Nil	NA	Nil	NA
Female	5	Nil	NA	Nil	NA	Nil	NA	Nil	NA	Nil	NA
Total	28	Nil	NA	Nil	NA	Nil	NA	Nil	NA	Nil	NA

## b. Details of measures for the well-being of workers:

Category	% of workers covered by										
	Total (A)	Health Insurance		Accident Insurance		Maternity benefits		Paternity benefits		Day Care facilities	
		Number (B)	% (B/A)	Number (C)	% (C/A)	Number (D)	% (D/A)	Number (E)	% (E/A)	Number (F)	% (F/A)
Permanent Workers											
Male	212	212	100%	212	100%	Nil	NA	Nil	NA	Nil	NA
Female	Nil	Nil	NA	Nil	NA	Nil	NA	Nil	NA	Nil	NA
Total	212	212	100%	212	100%	Nil	NA	Nil	NA	Nil	NA
Other than Permanent Workers											
Male	2,429	2,429	100%	Nil	NA	NA	NA	Nil	NA	Nil	NA
Female	115	115	100%	Nil	NA	115	100%	Nil	NA	Nil	NA
Total	2,544	2,544	100%	Nil	NA	115	4.5%	Nil	NA	Nil	NA

## c. Spending on measures towards well-being of employees and workers (including permanent and other than permanent) in the following format –

	FY 2023-24	FY 2022-23
Cost incurred on well-being measures as a % of total revenue of the company	0.045%	0.037%

## 2. Details of retirement benefits, for current FY and previous FY:

Benefits	FY 2023-24			FY 2022-23		
	No. of employees covered as a % of total employees	No. of workers covered as a % of total workers	Deducted and deposited with the authority (Y/N/N.A.)	No. of employees covered as a % of total employees	No. of workers covered as a % of total workers	Deducted and deposited with the authority (Y/N/N.A.)
PF	100%	100%	Y	100%	100%	Y
Gratuity	100%	100%	Y	100%	100%	Y
ESI	33%	100%	Y	38%	100%	Y

## 3. Accessibility of workplaces

Are the premises / offices of the entity accessible to differently abled employees and workers, as per the requirements of the Rights of Persons with Disabilities Act, 2016? If not, whether any steps are being taken by the entity in this regard.

Sudarshan champion an inclusive workplace environment, by valuing and supporting individuals with disabilities. In compliance with the Rights of Persons with Disabilities Act, 2016, inclusive infrastructure facilities have been seamlessly integrated into the premises of the Company to accommodate the needs of differently abled individuals. These facilities include, but are not limited to walkway ramps, wheelchair ramps, and differently abled washrooms. By providing accessible facilities and accommodations, Sudarshan ensures all employees have equal opportunities to thrive and contribute their unique talents. Aligned with the Company's ESG, Diversity & Inclusion and Human Rights Policy, it prioritize promoting the rights of individuals with disabilities, fostering a culture where every employee is treated with dignity and respect regardless of their ability.

## 4. Does the entity have an equal opportunity policy as per the Rights of Persons with Disabilities Act, 2016? If so, provide a web-link to the policy.

Yes, Sudarshan has an Equal Employment Policy in place in accordance with Rights of Persons with Disabilities Act, 2016.

Web-link to access the policy: <https://www.sudarshan.com/diversity-and-inclusion-policy.pdf> ;  
<https://www.sudarshan.com/equal-employment-policy.pdf>

## 5. Return to work and Retention rates of permanent employees and workers that took parental leave.

Gender	Permanent employees		Permanent workers	
	Return to work rate	Retention rate	Return to work rate	Retention rate
Male	100%	100%	100%	100%
Female	100%	100%	100%	100%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

## 6. Is there a mechanism available to receive and redress grievances for the following categories of employees and worker? If yes, give details of the mechanism in brief.

	Yes/No (If yes, then give details of the mechanism in brief)
Permanent Workers	Yes IR Ninja and Works Committee as per The Industrial Dispute Act, 1947 have been established.
Other than Permanent Workers	Yes IR Ninja
Permanent Employees	Yes The Company has appointed internal committee to address employee grievances. Our Grievance redressal process is as below: 1) HR Ninja & Suda Interconnect (for further details, please refer to Page No. 67 of Sudarshan ESG Report FY 2022-23) 2) Suda Connect (for further details, please refer to Page No. 67 of Sudarshan ESG Report FY 2022-23) 3) Lean Daily Management meetings 4) Department level meetings
Other than Permanent Employees	Yes Monthly meetings HR Ninja

## 7. Membership of employees and worker in association(s) or Unions recognized by the listed entity:

Category	FY 2023-24			FY 2022-23		
	Total employees / workers in respective category (A)	No. of employees / Workers in respective category, who are part of association(s) or Union (B)	% (B/A)	Total employees/ workers in respective category (C)	No. of employees/ workers in respective category, who are part of association(s) or Union (D)	% (D/C)
Total permanent employees	1,036	0	0%	1,026	0	0%
Male	819	0	0%	843	0	0%
Female	217	0	0%	183	0	0%
Total permanent workers	212	212	100%	223	223	100%
Male	212	212	100%	223	223	100%
Female	0	0	NA	0	0	NA

## 8. Details of training given to employees and workers:

Category	FY 2023-24					FY 2022-23				
	Total (A)	On health and safety measures		On Skill Upgradation		Total (D)	On health and safety measures		On Skill Upgradation	
		No (B)	% (B/A)	No (C)	% (C/A)		No (E)	%(E/D)	No (F)	%(F/D)
Employees										
Male	842	702	83.37%	695	82.54%	843	754	89.44%	689	81.73%
Female	222	197	88.73%	180	81.08%	183	178	97.27%	160	87.43%
Total	1,064	899	84.49%	875	82.23%	1,026	932	90.84%	849	82.75%
Workers										
Male	2,641	2,641	100%	2,641	100%	2,548	2,548	100%	2,548	100%
Female	115	115	100%	115	100%	29	29	100%	29	100%
Total	2,756	2,756	100%	2,756	100%	2,577	2,577	100%	2,577	100%

## 9. Details of performance and career development reviews of employees and worker:

Category	FY 2023-24			FY 2022-23		
	Total employees / workers in respective category (A)	No. of employees / workers in respective category who had a career review (B)	% (B/A)	Total employees / workers in respective category (C)	No. of employees / workers in respective category who had a career review (D)	% (D/C)
Employees						
Male	842	717	85.15%	843	635	75.33%
Female	222	147	66.21%	183	122	66.67%
Total	1,064	864	81.20%	1,026	757	73.78%
Workers						
Male	2,641	0	0%	2,548	Nil	NA
Female	115	0	NA	29	0	NA
Total*	2,756	0	0%	2,577	Nil	NA

\*Permanent workers undergo settlement activity every three years

## 10. Health and safety management system:

- a. Whether an occupational health and safety management system has been implemented by the entity? (Yes/ No). If yes, the coverage such system?

Yes, Sudarshan has an Occupational Health & Safety Management System in place. 100% of its sites are SO 45001:2018 certified.

- b. What are the processes used to identify work-related hazards and assess risks on a routine and non-routine basis by the entity?

Sudarshan's Risk Management System systematically identifies, assesses, and manages health and safety hazards and credible risk scenarios associated with its operations. Additionally, the Company ensure that all employees entering its industrial sites are fit for work and free from fatigue or substances that could compromise their ability to work safely.

The Company is actively working to reduce process safety incidents and raise awareness of potential risks among its workforces. To minimize such incidents, the Company have introduced technical measures and is promoting a leadership culture that prioritizes process safety. Collaborating with Partner Risk Management Services, Sudarshan has established a structured Process Safety Management (PSM) approach within its organization.

- c. Whether you have processes for workers to report the work-related hazards and to remove themselves from such risks. (Y/N)

Yes, all employees and workers actively engage in identifying hazards associated with their work through the "Hazard Identification and Risk Assessment" process. This allows for the reporting and implementation of control measures aimed at preventing and mitigating these risks.

- d. Do the employees/workers of the entity have access to non-occupational medical and healthcare services? (Yes/ No)

Yes, the Company ensure that all employees/workers receive full medical care, addressing any medical needs that may arise, whether emergency or otherwise.

## 11. Details of safety related incidents, in the following format:

Safety Incident/Number	Category*	FY 2023-24	FY 2022-23
Lost Time Injury Frequency Rate (LTIFR) (per one million-person hours worked)	Employees	0	0
	Workers	0.581	0
Total recordable work-related Injuries	Employees	0	0
	Workers	82	60
No. of fatalities*	Employees	0	0
	Workers	0	0
High consequence work-related injury or ill-health (excluding fatalities)	Employees	0	0
	Workers	3	0

\*Including in the contract workforce

## 12. Describe the measures taken by the entity to ensure a safe and healthy workplace.

Sudarshan is committed to employee safety, striving to become an industry leader in this aspect by aiming for a workplace free from fatalities and severe injuries. The Company's 'Zero Harm' goal entails enhancing operational safety, fostering a safe culture, developing employee skills, implementing a robust safety governance structure, and optimizing assets. Sudarshan's Risk Management System systematically identifies, assesses, and manages health and safety hazards and credible risk scenarios associated with our operations. Additionally, we ensure that all employees entering our industrial sites are fit for work and free from fatigue or substances that could compromise their ability to work safely.

We are actively working to decrease process safety incidents and raise awareness of potential risks among our workforces. To minimize such incidents, we have introduced technical measures and are promoting a leadership culture that prioritizes process safety. Collaborating with Partner Risk Management Services, we have established a structured Process Safety Management (PSM) approach within our organization.

Some of the initiatives are Energy Isolation Matrix, Personal Protective Equipment (PPEs) Matrix and Confined Space Emergency Rescue Kit.

## 13. Number of Complaints on the following made by employees and workers:

	FY 2023-24			FY 2022-23		
	Filed during the year	Pending resolution at the end of year	Remarks	Filed during the year	Pending resolution at the end of year	Remarks
Working Conditions	0	0	NA	0	0	NA
Health & Safety	0	0	NA	0	0	NA

## 14. Assessments for the year:

	% of your plants and offices that were assessed (by entity or statutory authorities or third parties)
Health and safety practices	100%
Working Conditions	100%



**15. Provide details of any corrective action taken or underway to address safety-related incidents (if any) and on significant risks / concerns arising from assessments of health & safety practices and working conditions.**

The Company has implemented various corrective actions to address safety-related incidents as mentioned below:

- 1) Implementation of Energy Isolation Matrix
  - Developing an energy isolation matrix for our facilities
  - Utilization of isolation types and LOTOTO devices during emergencies or vessel entry
  - Tagging each line with equipment tag numbers and descriptions of isolation devices
- 2) Confined Space Emergency Rescue Kit
  - Supplying appropriate PPE for specific job tasks to reduce injury risks.
  - Prioritizing PPE allocation based on risk assessments for different tasks.
  - Tracking PPE-related incidents for root cause analysis and corrective actions.
  - Assessing PPE consumption and supplier performance for quality, delivery, and cost-effectiveness.
- 3) Personal Protective Equipment (PPEs) Matrix
  - Identifying critical vessel locations.
  - Providing practical demonstrations to workers.
  - Ease/safe evacuation of people during confined space activity Increased productivity

**Leadership Indicators**

**1. Does the entity extend any life insurance or any compensatory package in the event of death of (A) Employees (Y/N) (B) Workers (Y/N).**

(A) Employees: Yes

(B) Workers: Yes

**2. Provide the measures undertaken by the entity to ensure that statutory dues have been deducted and deposited by the value chain partners.**

The Company ensure that statutory dues are deducted by third-party contractors through the inclusion of appropriate payment terms in contract agreements.

**3. Provide the number of employees / workers having suffered high consequence work- related injury / ill-health / fatalities (as reported in Q11 of Essential Indicators above), who have been rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment:**

	Total no. of affected employees/ workers		No. of employees/workers that are rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment	
	FY 2023-24	FY 2022-23	FY 2023-24	FY 2022-23
Employees	0	0	0	0
Workers	3	0	3	0

**4. Does the entity provide transition assistance programs to facilitate continued employability and the management of career endings resulting from retirement or termination of employment? (Yes/ No)**

Yes.

**5. Details on assessment of value chain partners:**

	% of value chain partners (by value of business done with such partners) that were assessed
Health and safety practices	65%
Working Conditions	0.04%

**6. Provide details of any corrective actions taken or underway to address significant risks / concerns arising from assessments of health and safety practices and working conditions of value chain partners.**

Sudarshan has initiated its journey to assess its value chain partners on health and safety practices and has adopted a Supplier Assessment Questionnaire (SAQ) based on ESG aspects. Sudarshan aims to initiate conducting audit of its suppliers on ESG parameters in a phased manner, in the subsequent years.

**PRINCIPLE 4: Businesses should respect the interests of and be responsive to all its stakeholders.**

**Essential Indicators**

**1. Describe the processes for identifying key stakeholder groups of the entity.**

Sudarshan prioritize both our internal and external stakeholders based on their significance to and influence on our business. Throughout the year, the Company actively engage with its key stakeholders through various channels to understand their needs and expectations and share information about the Company's performance and outlook.

For further details on the Company's stakeholder engagement and identification process, please refer to its ESG Report FY 2023-24.

**2. List stakeholder groups identified as key for your entity and the frequency of engagement with each stakeholder group.**

Stakeholder Group	Whether identified as Vulnerable & Marginalized Group (Y/N)	Channels of communication	Frequency of engagement	Purpose and scope of engagement including key topics and concerns raised during such engagement
Employees & contractual workforce	No	<ul style="list-style-type: none"> <li>• Organization-level communication</li> <li>• Department-level communication</li> <li>• Individual-level communication</li> <li>• Social media</li> </ul>	Annually, quarterly, monthly, daily	<ul style="list-style-type: none"> <li>• Communicate on business goals, values, and principles</li> <li>• Facilitate learning and developing</li> <li>• Track key performance indicators</li> <li>• Grievance redressal</li> </ul>
Board of Directors	No	<ul style="list-style-type: none"> <li>• Understanding and addressing company concerns</li> <li>• Business operations and company performance</li> <li>• Economic value generated and distributed</li> </ul>	Annually, quarterly, need based	<ul style="list-style-type: none"> <li>• Understanding and addressing company concerns</li> <li>• Business operations and company performance</li> <li>• Economic value generated and distributed</li> </ul>
Customers	No	<ul style="list-style-type: none"> <li>• Customer portal, email, &amp; phone communication</li> <li>• Customer visits</li> <li>• Conference &amp; exhibitions</li> <li>• Social media</li> </ul>	Annually, quarterly, monthly, daily	<ul style="list-style-type: none"> <li>• Value addition</li> <li>• Quality and perfection</li> <li>• Customer-centric R&amp;D</li> <li>• Transparency and trust</li> <li>• Customer Health &amp; Safety</li> </ul>
Industry forums & peers	No	<ul style="list-style-type: none"> <li>• Industry forum meetings</li> <li>• Executive committees</li> <li>• Social media</li> </ul>	Annually, need based	<ul style="list-style-type: none"> <li>• Collaborative and mutual learning</li> <li>• Relationship building</li> </ul>

Stakeholder Group	Whether identified as Vulnerable & Marginalized Group (Y/N)	Channels of communication	Frequency of engagement	Purpose and scope of engagement including key topics and concerns raised during such engagement
Communities	No	<ul style="list-style-type: none"> <li>Community meets</li> <li>Employee volunteering</li> <li>Need assessment survey</li> <li>Social media</li> </ul>	Annually, quarterly, need based	<ul style="list-style-type: none"> <li>Understanding and addressing their concerns</li> <li>Local community upliftment</li> <li>SUDHA (Sudarshan's Holistic Aspirations) initiatives</li> </ul>
Regulatory bodies	No	<ul style="list-style-type: none"> <li>Annual report</li> <li>Press releases</li> </ul>	Annually, quarterly	<ul style="list-style-type: none"> <li>Regulatory compliances</li> <li>Relationship building</li> <li>Discussions on major investment plans</li> <li>Understanding upcoming regulations and policies</li> </ul>
Shareholders / providers of capital	No	<ul style="list-style-type: none"> <li>Annual report</li> <li>Investor relation</li> <li>Investor presentations</li> <li>Press releases</li> <li>Stock Exchange Disclosures</li> <li>Social media</li> </ul>	Annually, quarterly, monthly, event based	<ul style="list-style-type: none"> <li>Information to shareholders</li> <li>Return on investment</li> <li>Transparency and disclosures</li> </ul>
Media	No	<ul style="list-style-type: none"> <li>Media forums</li> <li>Press releases</li> <li>Social media</li> </ul>	Annually, need based	<ul style="list-style-type: none"> <li>Product promotion</li> <li>Timely disclosure and dissemination of accurate and relevant information to society and community</li> </ul>
Vendors / suppliers	No	<ul style="list-style-type: none"> <li>Vendor portal</li> <li>Vendor visits</li> <li>Email &amp; phone communications</li> <li>Conferences and exhibitions</li> <li>Social media</li> </ul>	Weekly for critical suppliers, monthly	<ul style="list-style-type: none"> <li>Building supplier relations</li> <li>Supply chain sustainability</li> <li>Competitive pricing</li> </ul>

#### Leadership Indicators

1. Provide the processes for consultation between stakeholders and the Board on economic, environmental, and social topics or if consultation is delegated, how is feedback from such consultations provided to the Board.

Sudarshan use various communication channels to engage stakeholders, including one-on-one meetings, annual meetings, training, group discussions, surveys, and grievance mechanisms. The Company evaluate stakeholder concerns and integrate them into its core decisions. It continuously improves its engagement process to encourage greater participation. The company has established a Steering Committee to ensure robust governance practices and provide guidance on ESG initiatives. The Committee is responsible for assisting the Board of Directors (BOD/Board) in having effective oversight and providing guidance on ESG (Environmental, Social, and Governance) initiatives of the Company. It shapes sustainability strategy, sets goals, and prioritizes workplace safety, stakeholders, and the environment. The CSR Committee assesses initiatives against the annual plan and establishes a transparent monitoring system. The Committee formulates CSR policy, recommends budgets, oversees implementation, ensures compliance, and prevents any surplus from contributing to business profits.

2. Whether stakeholder consultation is used to support the identification and management of environmental, and social topics (Yes / No). If so, provide details of instances as to how the inputs received from stakeholders on these topics were incorporated into policies and activities of the entity.

Yes, Sudarshan conducted a comprehensive materiality assessment through active engagement with both its internal and external stakeholders. This enabled us to identify the key material topics and adopt appropriate actions for managing associated risks and opportunities.

3. Provide details of instances of engagement with, and actions taken to, address the concerns of vulnerable/ marginalized stakeholder groups.

During the reporting period, no related instances occurred.

#### PRINCIPLE 5: BUSINESSES SHOULD RESPECT AND PROMOTE HUMAN RIGHTS

##### Essential Indicators

1. Employees and workers who have been provided training on human rights issues and policy(ies) of the entity, in the following format:

Category	FY 2023-24			FY 2022-23		
	Total (A)	No. of employees/ workers covered (B)	% (B/A)	Total (C)	No. of employees/ workers covered (D)	% (D/C)
<b>Employees</b>						
Permanent	1,036	998	96.33%	1,026	974	94.93%
Other than permanent	28	0	0%	33	0	0%
<b>Total Employees</b>	<b>1,064</b>	<b>998</b>	<b>93.79%</b>	<b>1,059</b>	<b>974</b>	<b>91.97%</b>
<b>Workers</b>						
Permanent	212	212	100%	223	0	0%
Other than permanent	2,544	1,328	52.20%	2,354	2,354	100%
<b>Total Workers</b>	<b>2,756</b>	<b>1,540</b>	<b>55.88%</b>	<b>2,577</b>	<b>2,354</b>	<b>91.3%</b>

2. Details of minimum wages paid to employees and workers, in the following format:

Category	FY 2023-24					FY 2022-23				
	Total (A)	Equal to Minimum Wage		More than Minimum Wage		Total (D)	Equal to Minimum Wage		More than Minimum Wage	
		No. (B)	% (B/A)	No. (C)	% (C/A)		No. (E)	% (E/D)	No. (F)	% (F/D)
Employees										
Permanent	1,036	0	0%	1,036	100%	1,026	0	0%	1,026	100%
Male	819	0	0%	819	100%	843	0	0%	843	100%
Female	217	0	0%	217	100%	183	0	0%	183	100%
Other than Permanent	28	0	0%	28	100%	33	0	0%	33	100%
Male	23	0	0%	23	100%	21	0	0%	21	100%
Female	5	0	0%	5	100%	12	0	0%	12	100%
Workers										
Permanent	212	Nil	NA	212	100%	223	Nil	NA	223	100%
Male	212	Nil	NA	212	100%	223	Nil	NA	223	100%
Female	Nil	Nil	NA	Nil	NA	Nil	Nil	NA	Nil	NA
Other than Permanent	2,544	Nil	NA	2,544	100%	2,354	Nil	NA	2,354	100%
Male	2,429	Nil	NA	2,429	100%	2,325	Nil	NA	2,325	100%
Female	115	Nil	NA	115	100%	29	Nil	NA	29	100%

## 3. Details of remuneration/salary/wages, in the following format:

## a. Median remuneration / wages:

	Male		Female	
	Number	Median remuneration/ salary/ wages of respective category	Number	Median remuneration/ salary/ wages of respective category
Board of Directors (BoD)*	9	9,75,000	2	12,37,500
Key Managerial Personnel (KMP)**	4	1,60,08,954	Nil	NA
Employees other than BoD and KMP	815	5,67,000	217	2,35,944
Workers	212	7,94,100	Nil	NA

\*Note: Mr. Rajesh B. Rath, Managing Director (DIN: 00018628) and Mr. Ashish Vij, Wholetime Director (DIN: 08140194) are paid remuneration, and Mr. Pradeep R. Rath, Non-Executive and Non-Independent Director (DIN: 00018577) is paid pension which is considered as remuneration as per the provisions of The Companies Act, 2013, and Rules made thereunder. All other Directors were paid remuneration in the form of Commission (proposed for FY 2023-24). Sitting Fees paid to Directors is not treated as remuneration as per the statutory provisions and hence not considered in the table above. Remuneration to Dr. Deepak Parikh includes Commission proposed for FY 2023-24 who resigned as an Independent Director effective close of business hours on 2<sup>nd</sup> February 2024.

\*\* KMP include Mr. Rajesh B. Rath, Managing Director (DIN: 00018628), Mr. Ashish Vij, Wholetime Director (DIN: 08140194), Mr. Nilkanth Natu, Chief Financial Officer and Mr. Mandar Velankar, General Counsel and Company Secretary

## b. Gross wages paid to females as % of total wages paid by the entity, in the following format:

	FY 2023-24	FY 2022-23
Gross wages paid to females as % of total wages	7%	6%

## 4. Do you have a focal point (Individual/ Committee) responsible for addressing human rights impacts or issues caused or contributed to by the business? (Yes/No)

- Yes, Sudarshan has a Human Right Policy as per which the Head - Human Resource & Admin and Head - Pigment Division comprise of the approving authority for any changes to implemented in the policy.

## 5. Describe the internal mechanisms in place to redress grievances related to human rights issues.

Our Human Rights Policy ensures that we conduct business by upholding the rights and dignity of all individuals and providing a work environment that is free from harassment, ill-treatment, or discrimination of any kind. The policy ensures that all employees are aware of these principles through regular training and communication. It establishes a due diligence process that emphasizes identifying, assessing, mitigating, and managing potential risks and related impacts. The policy also includes monitoring, benchmarking, and reviewing objectives based on employee experience, and improving through timely interventions. Business leaders and line managers are responsible for fully implementing the policy and standards. They are also responsible for tracking and taking appropriate actions to address grievances through a proper channel and actively engaging in the grievance redressal mechanism.

The detailed approach for the grievance redressal mechanism is as follows:

- The employee is required to submit a written complaint or send an email to committee members.
- The committee appoints a lead investigator and creates a consensus and case resolution document.
- The committee forwards its findings and action recommendations to the leadership.
- Finally, the leadership makes the final decision on each case and ensures a fair resolution.

## 6. Number of Complaints on the following made by employees and workers

	FY 2023-24			FY 2022-23		
	Filed during the year	Pending resolution at the end of year	Remarks	Filed during the year	Pending resolution at the end of year	Remarks
Sexual Harassment	0	0	NA	0	0	NA
Discrimination at workplace	0	0	NA	0	0	NA
Child Labour	0	0	NA	0	0	NA
Forced Labour/ Involuntary Labour	0	0	NA	0	0	NA
Wages	0	0	NA	0	0	NA
Other human rights relate issues	0	0	NA	0	0	NA

## 7. Complaints filed under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, in the following format:

	FY 2023-24	FY 2022-23
Total Complaints reported under Sexual Harassment on of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 (POSH)	0	0
Complaints on POSH as a % of female employees / workers	0	0
Complaints on POSH upheld	0	0

## 8. Mechanisms to prevent adverse consequences to the complainant in discrimination and harassment cases.

At Sudarshan, we strive to create an environment of mutual trust and the absence of intimidation, oppression, exploitation, or harassment of any kind. We are committed to preventing, correcting, and disciplining behavior that violates this policy through the implementation of an Anti-harassment policy and by educating, mentoring, and guiding our employees. No cases of anti-harassment were reported during the reporting year. Below are the details of the mechanisms implemented by Sudarshan:

Prevention of Sexual Harassment: Known as POSH, this policy prohibits any form of retaliation against individuals involved in the investigation or reporting of sexual harassment allegations. Retaliation may lead to disciplinary action, including termination of employment and criminal action. All employees are required to complete a training module emphasizing the policy requirements.

Reporting to the Committee: The committee of investigators reports directly to the Managing Director. If necessary, they may seek assistance from any department other than the one from which the complaint has been received.

Grievance against any member of the Internal Committee: Any disciplinary or corrective action initiated against the subject due to any inquiry conducted pursuant to this policy will be considered final. The management shall provide required assistance to ensure a complete, speedy, and effective implementation of the policy.

Internal Complaints Committee (ICC): Formed under the Sexual Harassment of Women at Workplace (Prevention, Prohibition, and Redressal) Act, 2013, the committee is responsible for receiving, addressing, and resolving any complaints related to POSH. They ensure a clear understanding of their role, responsibilities, sensitivity, and the importance of maintaining confidentiality in these matters.

## 9. Do human rights requirements form part of your business agreements and contracts?

(Yes/No)

- Yes. We expect our suppliers, contractors, and business partners to align with this commitment and implement policies and procedures that ensure and maintain respect for human rights.

## 10. Assessments for the year:

	% of your plants and offices that were assessed (by entity or statutory authorities or third parties)
Child labor	100%
Forced/involuntary labor	100%
Sexual harassment	100%
Discrimination at workplace	100%
Wages	100%

## 11. Provide details of any corrective actions taken or underway to address significant risks / concerns arising from the assessments at Question 10 above.

- Not Applicable

## Leadership Indicators

## 1. Details of a business process being modified/introduced because of addressing human rights grievances/complaints.

- There were no modifications in the business process during the reporting year. However, Sudarshan has a well-established and robust business process for addressing the human rights grievances or complaints that are identified and registered. Thus, all the external stakeholders (including shareholders) can address their grievances or complaints on the email ID: grievance.redressal@sudarshan.com.

## 2. Details of the scope and coverage of any Human rights due diligence conducted.

- Sudarshan is committed to conducting Human rights due diligence and has a Human Rights Policy which forms a part of their ESG policy. In the subsequent reporting years, Sudarshan will consider conducting the due diligence for all its operational sites. We have also adopted a Supplier Assessment Questionnaire (SAQ) which includes parameters related to human rights such as minimum wage, working hours, overtime, prevention of sexual harassment at workplace, etc.

## 3. Is the premise/office of the entity accessible to differently abled visitors, as per the requirements of the Rights of Persons with Disabilities Act, 2016?

- Yes. In compliance with The Rights of Persons with Disabilities Act, 2016, inclusive infrastructure facilities have been seamlessly integrated into our premises to accommodate the needs of differently abled individuals. These facilities include, but are not limited to walkway ramps, wheelchair ramps, and differently abled washrooms.

## 4. Details on assessment of value chain partners:

	% of value chain partners (by value of business done with such partners) that were assessed
Sexual Harassment	65%
Discrimination at workplace	65%
Child Labour	65%
Forced Labour/Involuntary Labour	65%
Wages	65%

## 5. Provide details of any corrective actions taken or underway to address significant risks / concerns arising from the assessments at Question 4 above.

- No significant risks have been identified during assessments.

## PRINCIPLE 6: BUSINESSES SHOULD RESPECT AND MAKE EFFORTS TO PROTECT AND RESTORE THE ENVIRONMENT

## Essential Indicators

## 1. Details of total energy consumption (in Joules or multiples) and energy intensity, in the following format:

Parameter	FY 2023-24 (GJ)	FY 2022-23 (GJ)
<b>From renewable sources</b>		
Total electricity consumption (A)	1,37,147	1,08,951
Total fuel consumption (B)	Nil	Nil
Energy consumption through sources (C)	Nil	Nil
<b>Total energy consumed from renewable sources (A+B+C)</b>	<b>1,37,147</b>	<b>1,08,951</b>
<b>From non-renewable sources</b>		
Total electricity consumption (D)	65,006	75,133
Total fuel consumption (E)	23,65,319	19,66,001
Energy consumption through other sources (F)	Nil	Nil
<b>Total energy consumed from non-renewable sources (D+E+F)</b>	<b>24,30,325</b>	<b>20,41,133</b>
<b>Total energy consumed (A+B+C+D+E+F)</b>	<b>25,67,472</b>	<b>21,50,084</b>
<b>Energy intensity per rupee of turnover</b> (Total energy consumed / Revenue from operations in million INR)	<b>118.90</b>	<b>108.60</b>
<b>Energy intensity per rupee of turnover adjusted for Purchasing Power Parity (PPP)</b> (Total energy consumed / Revenue from operations in million INR adjusted for PPP)	<b>118.90</b>	<b>108.60</b>
<b>Energy intensity in terms of physical Output (GJ/ton of production)</b>	<b>72.00</b>	<b>72.20</b>
Energy intensity (optional) – the relevant metric may be selected by the entity	NA	NA

Note: Indicate if any independent assessment/ evaluation /Assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

Yes, TUV India Private Limited has carried out an independent assurance of the selected non-financial disclosures.

## 2. Does the entity have any sites / facilities identified as designated consumers (DCs) under the Performance, Achieve and Trade (PAT) Scheme of the Government of India? (Y/N) If yes, disclose whether targets set under the PAT scheme have been achieved. In case targets have not been achieved, provide the remedial action taken, if any.

No

## 3. Provide details of the following disclosures related to water, in the following format:

Parameter	FY 2023-24	FY 2022-23
Water withdrawal by source (in kilolitres)		
(i) Surface water	Nil	Nil
(ii) Groundwater	Nil	Nil
(iii) Third party water	43,87,129	39,02,646
(iv) Seawater / desalinated water	Nil	Nil
(v) Others	Nil	Nil
<b>Total volume of water withdrawal (in kilolitres) (i + ii + iii + iv + v)</b>	<b>43,87,129</b>	<b>39,02,646</b>
<b>Total volume of water consumption (in kilolitres)</b>	<b>7,02,390</b>	<b>10,78,407</b>
<b>Water intensity per rupee of turnover</b> (Total water consumption / Revenue from operations in million INR)	<b>32.54</b>	<b>54.46</b>
<b>Water intensity per rupee of turnover adjusted for Purchasing Power Parity (PPP)</b> (Total water consumption / Revenue from operations in million INR adjusted for PPP)	<b>32.54</b>	<b>54.46</b>
<b>Water intensity in terms of physical output</b>	<b>19.69</b>	<b>36.22</b>
<b>Water intensity (optional) –the relevant metric may be selected by the entity</b>	<b>NA</b>	<b>NA</b>

Note: Indicate if any independent assessment/ evaluation/ Assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

Yes, TUV India Private Limited has carried out an independent assurance of the selected non-financial disclosures.

## 4. Provide details of the following disclosures related to water, in the following format:

Parameter	FY 2023-24	FY 2022-23
<b>Water discharge by destination and level of treatment (in kilolitres)</b>		
(i) To Surface water		
- No treatment	Nil	Nil
- With treatment – please specify level of treatment	36,84,739	28,24,239
(ii) To Groundwater		
- No treatment	Nil	Nil
- With treatment – please specify level of treatment	Nil	Nil
(iii) To Seawater		
- No treatment	Nil	Nil
- With treatment – please specify level of treatment	Nil	Nil
(iv) Sent to third parties		
- No treatment	Nil	Nil
- With treatment – please specify level of treatment	Primary, Secondary and Tertiary	Primary, Secondary and Tertiary
(v) Others		
- No treatment	Nil	Nil
- With treatment – please specify level of treatment	Nil	Nil
<b>Total water discharged (in kilolitres)</b>	<b>36,84,739</b>	<b>28,24,239</b>

Note: Indicate if any independent assessment/ evaluation / assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

Yes, TUV India Private Limited has carried out an independent assurance of the selected non-financial disclosures.

## 5. Has the entity implemented a mechanism for Zero Liquid Discharge? If yes, provide details of its coverage and implementation.

Not Applicable.

## 6. Please provide details of air emissions (other than GHG emissions) by the entity, in the following format:

Parameter	Please specify unit	FY 2023-24	FY 2022-23
NOx	MT	15.43	17.77
SOx	MT	176.02	141.83
Particulate matter (PM)	MT	62.40	89.67
Persistent organic pollutants (POP)	Nil	Nil	Nil
Volatile organic compounds (VOC)	Nil	Nil	Nil
Hazardous air pollutants (HAP)	Nil	Nil	Nil

Note: Indicate if any independent assessment/ evaluation /assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

Yes, TUV India Private Limited has carried out an independent assurance of the selected non-financial disclosures.

## 7. Provide details of greenhouse gas emissions (Scope 1 and Scope 2 emissions) &amp; its intensity, in the following format:

Parameter	Unit	FY 2023-24	FY 2022-23
<b>Total Scope 1 emissions</b> (Break-up of the GHG into CO <sub>2</sub> , CH <sub>4</sub> , N <sub>2</sub> O, HFCs, PFCs, SF <sub>6</sub> , NF <sub>3</sub> , if available)	tCO <sub>2</sub> e	2,23,675	1,85,765
<b>Total Scope 2 emissions</b> (Break-up of the GHG into CO <sub>2</sub> , CH <sub>4</sub> , N <sub>2</sub> O, HFCs, PFCs, SF <sub>6</sub> , NF <sub>3</sub> , if available)	tCO <sub>2</sub> e	15,770	14,992
<b>Total Scope 1 and Scope 2 emissions per rupee of turnover</b> (Total Scope 1 and Scope 2 GHG emissions / Revenue from operations in million INR)	tCO <sub>2</sub> e	11.09	10.13
<b>Total Scope 1 and Scope 2 emission intensity per rupee of turnover adjusted for Purchasing Power Parity (PPP)</b> (Total Scope 1 and Scope 2 GHG emissions / Revenue from operations in million INR adjusted for PPP)	tCO <sub>2</sub> e	11.09	10.13
<b>Total Scope 1 and Scope 2 emission intensity in terms of physical output (tCO<sub>2</sub>e/ton of production)</b>	tCO <sub>2</sub> e	6.71	6.74
<b>Total Scope 1 and Scope 2 emission intensity</b> (optional) – the relevant metric may be selected by the entity	tCO <sub>2</sub> e	NA	NA

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

Yes, TUV India Private Limited has carried out an independent assurance of the selected non-financial disclosures.

## 8. Does the entity have any project related to reducing Green House Gas emission? If yes, then provide details.

Yes, Sudarshan is committed to reducing its emissions by 42.5% by 2030 in line with SBTi targets. To achieve this, we are implementing various initiatives to mitigate greenhouse gases, including energy conservation measures to reduce energy consumption, continuous monitoring to reduce flare emissions, and the installation of two boilers and a 15 MW cogeneration power plant at the Roha site. We have also implemented CT fan temperature interlocking, Brine pump, Jet mill air compressor, and motor modification across our facilities. Furthermore, we are investing in renewable energy, focusing mainly on solar and wind energy.

## 9. Provide details related to waste management by the entity, in the following format:

Parameter	FY 2023-24	FY 2022-23
<b>Total Waste Generated (in metric tonnes)</b>		
Plastic waste (A)	715.13	584.26
E-waste (B)	Nil	4.07
Bio-medical waste (C)	0.01	0.02
Construction and demolition waste (D)	Nil	Nil
Battery waste (E)	6.01	Nil
Radioactive waste (F)	Nil	Nil
Other Hazardous waste. Please specify, if any. (G)	5,565.68	6,587.57
Other Non-hazardous waste generated (H). Please specify, if any. (Break-up by composition i.e., by materials relevant to the sector)	19,523.80	16,195.23
<b>Total (A+B + C + D + E + F + G + H)</b>	<b>25,810.62</b>	<b>23,371.15</b>
<b>Waste intensity per rupee of turnover</b> (Total waste generated / Revenue from operations in million INR)	1.20	1.18
<b>Waste intensity per rupee of turnover adjusted for Purchasing Power Parity (PPP)</b> (Total waste generated / Revenue from operations in million INR adjusted for PPP)	1.20	1.18
<b>Waste intensity in terms of physical output</b>	0.72	0.78



Parameter	FY 2023-24	FY 2022-23
<b>Waste intensity (optional)</b> – the relevant metric may be selected by the entity	NA	NA
<b>For each category of waste generated, total waste recovered through recycling, re-using or other recovery operations (in metric tonnes)</b>		
Category of waste	<b>Plastic</b>	
(i) Recycled	715.13	584.26
(ii) Re-used	Nil	Nil
(iii) Other recovery operations	Nil	Nil
<b>Total</b>	<b>715.13</b>	<b>584.26</b>
Category of waste	<b>e-waste</b>	
(i) Recycled	Nil	4.1
(ii) Re-used	Nil	Nil
(iii) Other recovery operations	Nil	Nil
<b>Total</b>	<b>Nil</b>	<b>4.1</b>
Category of waste	<b>Battery</b>	
(i) Recycled	6.01	Nil
(ii) Re-used	Nil	Nil
(iii) Other recovery operations	Nil	Nil
<b>Total</b>	<b>6.01</b>	<b>Nil</b>
Category of waste	<b>Other Hazardous</b>	
(i) Recycled	211.34	581.18
(ii) Re-used	Nil	Nil
(iii) Other recovery operations	Nil	Nil
<b>Total</b>	<b>211.34</b>	<b>581.18</b>
Category of waste	<b>Other Non-Hazardous</b>	
(i) Recycled	18,288.52	14,772.55
(ii) Re-used	Nil	Nil
(iii) Other recovery operations	Nil	Nil
<b>Total</b>	<b>18,288.52</b>	<b>14,772.55</b>
<b>For each category of waste generated, total waste disposed by nature of disposal method (in metric tonnes)</b>		
Category of waste	<b>Plastic</b>	
(i) Incineration	Nil	Nil
(ii) Landfilling	Nil	Nil
(iii) Other disposal operations	Nil	Nil
<b>Total</b>	<b>Nil</b>	<b>Nil</b>
Category of waste	<b>e-waste</b>	
(i) Incineration	Nil	Nil
(ii) Landfilling	Nil	Nil
(iii) Other disposal operations	Nil	Nil
<b>Total</b>	<b>Nil</b>	<b>Nil</b>
Category of waste	<b>BMW</b>	
(i) Incineration	0.01	0.02
(ii) Landfilling	Nil	Nil
(iii) Other disposal operations	Nil	Nil
<b>Total</b>	<b>0.01</b>	<b>0.02</b>

Parameter	FY 2023-24	FY 2022-23
Category of waste	<b>Battery</b>	
(i) Incineration	Nil	Nil
(ii) Landfilling	Nil	Nil
(iii) Other disposal operations	Nil	Nil
<b>Total</b>	<b>Nil</b>	<b>Nil</b>
Category of waste	<b>Other Hazardous</b>	
(i) Incineration	202.66	447.58
(ii) Landfilling	5,151.68	5,558.81
(iii) Other disposal operations	Nil	Nil
<b>Total</b>	<b>5,354.34</b>	<b>6,006.39</b>
Category of waste	<b>Other Non-Hazardous</b>	
(i) Incineration	Nil	Nil
(ii) Landfilling	1,235.28	1,422.68
(iii) Other disposal operations	Nil	Nil
<b>Total</b>	<b>1,235.28</b>	<b>1,422.68</b>

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

Yes, TUV India Private Limited has carried out an independent assurance of the selected non-financial disclosures.

10. Briefly describe the waste management practices adopted in your establishments. Describe the strategy adopted by your company to reduce usage of hazardous and toxic chemicals in your products and processes and the practices adopted to manage such wastes.

We have developed a waste management strategy that is aimed at minimizing waste generation and maximizing our resource utilization. To achieve this, we have implemented several key elements. Firstly, we focus on efficient storage and inventory management to minimize waste. Secondly, we strive to enhance performance and yield while reducing waste generation through strategic asset management. Thirdly, we prioritize employee training and awareness programs on waste material handling to ensure that everyone is on board with our waste management goals. Fourthly, we work hard to prevent spills and leakages. Fifthly, we practice responsible logistics and transportation management. Lastly, we adhere to regulatory norms for the responsible disposal of waste materials. Our company is dedicated to embracing the principles of the circular economy as fundamental to responsible waste management. Specifically, we place immense importance on the 4Rs - Reduce, Reuse, Recycle, and Responsible Disposal - as the cornerstone of our approach.

11. If the entity has operations/offices in around ecologically sensitive areas (such as national parks, wildlife sanctuaries, biosphere reserves, wetlands, biodiversity hotspots, forests, coastal regulation zones etc.) where environmental approvals/ clearances are required, please specify details in the following format:

Nil, our operating sites are in industrial areas as notified by MIDC.

Sr. No.	Location of operations/offices	Type of operations	Whether the conditions of environmental approval / clearance are being complied with? (Y/N) If no, the reasons thereof and corrective action taken, if any.
Nil	Nil	Nil	Nil

12. Details of environmental impact assessments of projects undertaken by the entity based on applicable laws, in the current financial year:

Name and brief details of project	EIA Notification No.	Date	Whether conducted by independent external agency (Yes / No)	Results communicated in public domain (Yes/No)	Relevant Web link
Nil	Nil	Nil	Nil	Nil	Nil

13. Is the entity compliant with the applicable environmental law/ regulations/ guidelines in India, such as The Water (Prevention and Control of Pollution) Act, The Air (Prevention and Control of Pollution) Act, The Environment protection act and rules thereunder (Y/N).

Yes, Sudarshan complies with all applicable environmental laws.

If not, provide details of all such non-compliances, in the following format:

Sr. No.	Specify the law / regulation / guidelines which was not complied with	Provide details of the non-compliance	Any fines / penalties / action taken by regulatory agencies such as pollution control boards or by courts	Corrective action taken if any
Nil	Nil	Nil	Nil	Nil

Leadership Indicators

1. Water withdrawal, consumption, and discharge in areas of water stress (in kilolitres):

For each facility / plant located in areas of water stress, provide the following information:

- (i) Name of the area
- (ii) Nature of operations

(iii) Water withdrawal, consumption, and discharge in the following format:

Parameter	FY 2023-24	FY 2022-23
Water withdrawal by source (in kilolitres)		
(i) Surface water	Nil	Nil
(ii) Groundwater	Nil	Nil
(iii) Third party water	Nil	Nil
(iv) Seawater / desalinated water	Nil	Nil
(v) Others	Nil	Nil
Total volume of water withdrawal (in kilolitres)	Nil	Nil
Total volume of water consumption (in kilolitres)	Nil	Nil
Water intensity per rupee of turnover (Water consumed / turnover)	Nil	Nil
Water intensity (optional) – the relevant metric may be selected by the entity	Nil	Nil
Water discharge by destination and level of treatment (in kilolitres)		
(i) Into Surface water		
- No treatment	Nil	Nil
- With treatment – please specify level of treatment	Nil	Nil
(ii) Into Groundwater	Nil	Nil
- No treatment	Nil	Nil
- With treatment – please specify level of treatment	Nil	Nil
(iii) Into Seawater	Nil	Nil
- No treatment	Nil	Nil
- With treatment – please specify level of treatment	Nil	Nil
(iv) Sent to third parties	Nil	Nil
- No treatment	Nil	Nil
- With treatment – please specify level of treatment	Nil	Nil
(v) Others	Nil	Nil
- No treatment	Nil	Nil
- With treatment – please specify level of treatment	Nil	Nil
Total water discharged (in kilolitres)	Nil	Nil

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

Yes, TUV India Private Limited has carried out an independent assurance of the selected non-financial disclosures.

2. Please provide details of total Scope 3 emissions & its intensity, in the following format:

Parameter	Unit	FY 2023-24	FY 2022-23
Total Scope 3 emissions (Break-up of the GHG into CO2, CH4, N2O, HFCs, PFCs, SF6, NF3, if available)	Metric tonnes of CO2 equivalent	Nil	Nil
Total Scope 3 emissions per rupee of turnover	MtCO2e/INR crore	Nil	Nil
Total Scope 3 emission intensity (optional) – the relevant metric may be selected by the entity	MtCO2e/FTE	Nil	Nil

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

Yes, TUV India Private Limited has carried out an independent assurance of the selected non-financial disclosures.

3. With respect to the ecologically sensitive areas reported at Question 11 of Essential Indicators above, provide details of significant direct & indirect impact of the entity on biodiversity in such areas along-with prevention and remediation activities.

NA

4. If the entity has undertaken any specific initiatives or used innovative technology or solutions to improve resource efficiency, or reduce impact due to emissions / effluent discharge / waste generated, please provide details of the same as well as outcome of such initiatives, as per the following format:

Sr. No.	Initiative undertaken	Details of the initiative (Web-link, if any, may be provided along with summary)	Outcome of the Initiative
---------	-----------------------	--	---------------------------

Initiatives are available at: <https://www.sudarshan.com/esg-overview/>

5. Does the entity have a business continuity and disaster management plan? Give details in 100 words/ web link.

Yes, a Business Continuity Plan (BCP) is a strategy designed for use during a business continuity emergency. It includes all essential personnel, resources, services, and necessary actions required for effective management. The plan involves implementing various systems and processes to minimize the consequences of an incident, collaborate with authorities, manage the emergency, communicate effectively with stakeholders, rectify any damage incurred, resume business operations as close to normal as possible, and safeguard the organization's value and reputation.

6. Disclose any significant adverse impact to the environment, arising from the value chain of the entity. What mitigation or adaptation measures have been taken by the entity in this regard?

Sudarshan ensures that all its sites operate with valid Environmental Clearance approvals obtained after following the due process of Environmental Impact Assessment. Additionally, the sites have valid consents from the State Pollution Control Boards to operate. They are following all conditions prescribed as part of these approvals, as well as those set by various Central and State government authorities. As a result, the impact of the operations is well within the predicted and prescribed limits. This demonstrates Sudarshan's commitment to responsible and sustainable operations.

7. Percentage of value chain partners (by value of business done with such partners) that were assessed for environmental impacts.

We have implemented a Supplier Assessment Questionnaire (SAQ) checklist to evaluate our value chain partners. This assessment helps us measure our partners' performance in important environmental areas. As of 31<sup>st</sup> March, 2024, we have successfully assessed 65% for environmental impacts.

**PRINCIPLE 7 Businesses, when engaging in influencing public and regulatory policy, should do so in a manner that is responsible and transparent.**

**Essential Indicators**

**1. a. Number of affiliations with trade and industry chambers/associations.**

Sudarshan has affiliations with nine (9) trade and industry chambers/associations.

**b. List the top 10 trade and industry chambers/ associations (determined based on the total members of such body) the entity is a member of/ affiliated to.**

Sr. No.	Name of the trade and industry chambers/associations	Reach of trade and industry chambers/associations (State/National)
1.	Indian Chemical Council (ICC)	National
2.	National Safety Council (NSC)	National
3.	CHEMEXCIL- Basic Chemicals, Cosmetics & Dyes Export Promotion Council	National
4.	Mahratta Chamber of Commerce and Industry and Agriculture (MCCIA)	National
5.	ETAD- The Ecological and Toxicological Association of Dyes and Organic Pigments Manufacturer	National
6.	Mahad Manufacturing Industrial Association	National
7.	Common Hazardous Waste Storage Treatment and Disposal Facility (CHWTSDF) - Mumbai Waste Management Ltd. (MWML) - Maharashtra Enviro Private Ltd. (MEPL)	National
8.	Pigment Manufacturers' Association of India (PMAI)	National
9.	United Nations Global Compact (UNGC)	International

**2. Provide details of corrective action taken or underway on any issues related to anti- competitive conduct by the entity, based on adverse orders from regulatory authorities.**

Name of the authority	Brief of the case	Corrective action taken
No instances have occurred during the FY 2023-24	NIL	NA

**Leadership Indicators**

**1. Details of public policy positions advocated by the entity:**

Sr. No.	Public Policy Advocated	Method resorted for such advocacy	Whether information available in public domain (Y/N)?	Frequency of web review by link if Board available (Annually/half-yearly/ quarterly/others/please specify)
NIL	NIL	NIL	NIL	NIL

**PRINCIPLE 8 Businesses should promote inclusive growth and equitable development.**

**Essential Indicators**

**1. Details of Social Impact Assessments (SIA) of projects undertaken by the entity based on applicable laws, in the current financial year.**

Name and brief of the project	SIA Notification No.	Date of Notification	Whether conducted by independent in external agency (Y/N)	Results communicated in public domain (Y/N)	Relevant web link
Not Applicable					

**2. Provide information on project(s) for which ongoing Rehabilitation and Resettlement (R&R) is being undertaken by your entity, in the following format:**

Sr. No.	Name of the project for which R&R is ongoing	State	District	No. of project affected families (PAFs)	% of PAFs covered by R&R	Amounts paid to PAFs in the FY (In ₹)
Not Applicable						

**3. Describe the mechanisms to receive and redress grievances of the community.**

Over the years, Sudarshan has devised and implemented several grievance redressal mechanisms to address the grievances of the communities as identified each time. Some of the mechanisms on effective redressal of the grievances are mentioned below:

- 1) Community outreach center
- 2) Community forums and meetings
- 3) Help Desk
- 4) Complaint boxes
- 5) Mediation and conflict resolution

**4. Percentage of input material (inputs to total inputs by value) sourced from suppliers:**

	FY 2023-24	FY 2022-23
Directly sourced from MSMEs/small producers	13%	10%
Directly from within India	87%	90%

**5. Job creation in smaller towns – Disclose wages paid to persons employed (including employees or workers employed on a permanent or non-permanent / on contract basis) in the following locations, as % of total wage cost**

Location	FY 2023-24	FY 2022-23
Rural	Nil	Nil
Semi-urban	56.26%	60.52%
Urban	Nil	Nil
Metropolitan	43.74%	39.48%

(Place to be categorized as per RBI Classification System - rural / semi-urban / urban / metropolitan)

- Not Applicable

**Leadership Indicators**

**1. Provide details of actions taken to mitigate any negative social impacts identified in the Social Impact Assessments (Reference: Question 1 of Essential Indicators above):**

Details of negative social impact identified	Corrective action taken
Not Applicable	

**2. Provide the following information on CSR projects undertaken by your entity in designated aspirational districts as identified by government bodies:**

Sr. No.	State	Aspirational District	Amount Spent (In ₹)
Not Applicable			

**3. (a) Do you have a preferential procurement policy where you give preference to purchase from suppliers comprising marginalized /vulnerable groups? (Yes/No)**

- No

**(b) From which marginalized /vulnerable groups do you procure?**

- Not applicable

**(c) What percentage of total procurement (by value) does it constitute?**

- Not applicable

4. Details of the benefits derived and shared from the intellectual properties owned or acquired by your entity (in the current financial year), based on traditional knowledge:

Sr. No.	Intellectual Property based on traditional knowledge	Owned/Acquired (Y/N)	Benefit shared (Y/N)	Basis of calculating benefit share
The Company does not have any patents/IPR derived from traditional knowledge				

5. Details of corrective actions taken or underway, based on any adverse order in intellectual property related disputes wherein usage of traditional knowledge is involved.

- There has been no reported instance during the year.

6. Details of beneficiaries of CSR Projects

Sr. No.	CSR Project	No. of persons benefitted from CSR projects	% of beneficiaries from vulnerable and marginalized groups
1	Women empowerment and livelihood	2,999	100%
2	Health	8,374	100%
3	Education	6,547	100%
4	Environment and agriculture	21,765	100%
5	Community development	33,130	100%

**PRINCIPLE 9: Businesses should engage with and provide value to their consumers in a responsible manner.**

#### Essential Indicators

1. Describe the mechanisms in place to receive and respond to consumer complaints and feedback.

Our Code of Conduct directs our staff on engaging with customers, promoting consistent feedback, and urging them to promptly tackle any issues. Following our "Customer-Centric Policy," employees are instructed to be attentive and responsive to customer requirements. We regularly conduct customer satisfaction surveys and relay the feedback to our sales teams to manage any concerns and inquiries effectively.

2. Turnover of products and/ services as a percentage of turnover from all products/service that carry information about:

	As a percentage to total turnover
Environmental and social parameters relevant to the product	Currently Company's labelling practices are in accordance with Global Harmonized System ("GHS") and Safety Data Sheet ("SDS"). It contains limited ecological information.
Safe and responsible usage	100%
Recycling and/or safe disposal	100%

3. Number of consumer complaints in respect of the following:

	FY 2023-24		Remarks	FY 2022-23		Remarks
	Received during the year	Pending resolution at the end of the year		Received during the year	Pending resolution at the end of the year	
Data privacy	0	0	NA	0	0	NA
Advertising	Company did not conduct any advertising	Company did not conduct any advertising	NA	Company did not conduct any advertising	Company did not conduct any advertising	NA
Cyber-security	0	0	NA	0	0	NA
Delivery of essential services	NA	NA	NA	0	0	NA
Restrictive Trade Practices	0	0	NA	0	0	NA
Unfair trade practices	0	0	NA	0	0	NA
Other	236	4	Product related queries	352	11	Including technical complaints and commercial queries

4. Details of instances of product recalls on account of safety issues:

	Number	Reasons for recall
Voluntary recalls	NIL	NIL
Forced recalls	NIL	NIL

5. Does the entity have a framework/ policy on cyber security and risks related to data privacy? (Yes/No) If available, provide a web-link of the policy.

- Yes, Sudarshan's IT & Cybersecurity Policy covers data privacy and cyber security.

Link to the Policy - <https://www.sudarshan.com/it-and-cyber-security-policy.pdf>

6. Provide details of any corrective actions taken or underway on issues relating to advertising, and delivery of essential services; cyber security and data privacy of customers; re-occurrence of instances of product recalls; penalty / action taken by regulatory authorities on safety of products / services.

- Sudarshan has a robust mechanism for corrective action on aspects such as advertising, delivery of essential services, cyber-security, data privacy, etc., in the form of MDR i.e., Manage, Detect & Response Process. Sudarshan also regularly conducts information security risk assessments. Any identified cyber risks are reported and updated to operational, managerial, and the Board of Directors level at least twice a year. Furthermore, Sudarshan is committed to achieving ISO 27001 certification to ensure the highest standards of information security.

7. Provide the following information relating to data breaches:

a. Number of instances of data breaches:	b. Percentage of data breaches involving personally identifiable information of customers	c. Impact, if any, of the data breaches
Nil	Nil	NIL

#### Leadership Indicators

1. Channels / platforms where information on products and services of the entity can be accessed (provide web link, if available).

Information on our products can be obtained from our company's website.

Link to the weblink is - <https://www.sudarshan.com/pigments-overview/>



## 2. Steps taken to inform and educate consumers about safe and responsible usage of products and/or services.

We ensure that we deliver precise, transparent, and timely communication of pertinent product details to our customers and other stakeholders involved. We adhere to all relevant health and safety regulations, employing Material Safety Data Sheets (MSDS) and other required documents to convey product specifications, potential hazards, and methods for mitigating risks.

## 3. Mechanisms in place to inform consumers of any risk of disruption/discontinuation of essential services.

Sudarshan employs several methods to inform customers on any disruptions in critical services. This includes tailored communication regarding changes in leadership or product discontinuation from various departments like PTS or marketing, as well as unexpected events like raw material shortages or supply chain disruptions. Additionally, any scheduled or unforeseen interruptions in IT services are promptly communicated to all internal stakeholders.

## 4. Does the entity display product information on the product over and above what is mandated as per local laws? (Yes/No/Not Applicable) If yes, provide details in brief. Did your entity conduct any survey with regard to consumer satisfaction relating to the major products / services of the entity, significant locations of operation of the entity or the entity as a whole? (Yes/No)

Yes. We display the following information on products:

- Sudarshan Trade name
- Color Index name
- Color Index number on the bags
- GHS (Global Harmonized System) Classification label on the bags
- In cases of Chromes export, we send materials in India Institute of Packaging ("IIP") approved, United Nations ("UN") packaging bags with UN numbers and affix Class 9 sticker on pallets as well as container.
- In case of Lead pearl, we send material in IIP approved packaging with UN details with Class 6 sticker.

Yes, we conducted customer satisfaction surveys related to products / services / significant locations of operations of the entity or the entity.

# Report on Corporate Governance

## A. CORPORATE GOVERNANCE

Corporate Governance is a set of principles, processes and systems which governs a Company. The elements of Corporate Governance are independence, transparency, accountability, responsibility, compliance, ethics, values and trust. Corporate Governance enables an organisation to perform efficiently and ethically generate long-term wealth and create value for all its stakeholders.

The Company believes that sound Corporate Governance is critical for enhancing and retaining investor trust and your Company always seeks to ensure that its performance goals are met accordingly. The Company has established systems and procedures to ensure that its Board of Directors is well informed and well equipped to fulfill its overall responsibilities and to provide management with the strategic direction needed to create long term shareholders value. The Company has adopted many ethical and transparent governance practices even before they were mandated by law. The Company has always worked towards building trust with shareholders, employees, customers, suppliers and other stakeholders based on the principles of good corporate governance.

## B. COMPANY'S CORPORATE GOVERNANCE PHILOSOPHY

The Company's philosophy on Corporate Governance envisages attainment of transparency and accountability in all spheres including its dealings with Government and Regulatory Authorities, employees, shareholders, customers, vendors, lenders and others. Thus, Corporate Governance is a reflection of the Company's culture, policies, the Company's relationship with stakeholders and the Company's commitment to its values.

The Corporate Governance philosophy of the Company has been further strengthened with the adoption of the Code of Conduct of the Company and among others, the Code of Conduct to Regulate, Monitor and Report Trading by Insiders. The Company, through its Board and Committees, endeavors to maintain high standards of Corporate Governance for the benefit of its shareholders and stakeholders.

The Company has established systems and procedures to ensure that its Board of Directors is well informed and well equipped to discharge its overall responsibilities and provide the Management with the strategic direction catering to creation of long-term shareholder value.

The Company's initiatives towards adhering to high standards of Governance include self-governance, professionalisation of the Board, fair and transparent processes and reporting systems.

The Corporate Governance Principles implemented by the Company seek to protect, recognize and facilitate shareholders' rights and ensure timely and accurate disclosure to them. Good Governance practices have rewarded the Company in the sphere of improved share valuations, stakeholders' confidence, improved market capitalisation, and awards from appropriate authorities, among others, for its employee centric policies and environmental protection measures, etc. These have helped the Company to increase shareholder value.

The Company's Board comprises of individuals with considerable experience and expertise across a range of disciplines including business management, business strategy, direct taxation, finance, legal and accounting. The Board members are fully aware of their roles and responsibilities in discharge of their key functions. The Board members strive to meet the expectations of operational transparency without compromising on the need to maintain confidentiality of information.

The Company's vision is to be amongst the top three pigment players in the Global Pigment Industry. The Company's business strategy is to be a reliable partner and to provide value to its customers. This is achieved through a solution partnering approach, delivering products of world class standards and not the least, aiming at excellence in customer service each time, every time.

### Sudarshan Values:

All employees are committed to living the Company's values:

- Seva (Service)
- Courage
- Commitment and Passion
- Respect
- Trust

### Integrity of Financial Reporting:

The Company ensures that adequate controls are in place to provide accurate and timely disclosure on all material matters including financial situation, performance and

governance of the Company. The Audit process is supervised by the Audit Committee of the Board and is undertaken by an Independent firm of Chartered Accountants, reporting directly to the Audit Committee.

#### Rights of Shareholders:

The Company believes in protecting the rights of the shareholders and ensures adequate and timely disclosure of all information to the shareholders in compliance with applicable laws. Shareholders are furnished with sufficient and timely information concerning critical matters discussed and decided at the Board level and also information regarding matters to be transacted at General Meetings/Postal Ballot, opportunity to participate and vote at General Meetings, rules of voting process and among others mechanism to address grievances.

### C. BOARD OF DIRECTORS

The Board of Directors of the Company has an optimum combination of Executive Directors, Non-Executive and Independent Directors who have in-depth knowledge

of business, in addition to expertise in their areas of specialization.

As on 31<sup>st</sup> March 2024, the Company's Board consists of 10 (ten) Members. The composition of the Board, as on 31<sup>st</sup> March 2024, is in conformity with the provisions of the Companies Act, 2013 and Regulation 17 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations, 2015") as amended, with specified combination of Executive and Non-Executive Directors including 2 (two) Independent Women Directors and at least one-half of the Board comprising of Independent Directors for a Board chaired by a Non-Executive Promoter Director. In the opinion of the Board, all Independent Directors are independent of the management and satisfy the criteria of independence as defined under the Companies Act, 2013 and the SEBI Listing Regulations, 2015.

A brief profile of Directors seeking appointment(s) / re-appointment(s) has been given in the Notice convening the 73<sup>rd</sup> Annual General Meeting of the Company.

#### Composition

The Board of Directors comprises of following members as on 31<sup>st</sup> March, 2024 -

Sr. No.	Category of Directors	Name of Director
a.	Promoter and Promoter Group	1. Mr. P. R. Rathī - Non - Executive Chairman 2. Mr. R. B. Rathī - Managing Director 3. Mr. A. N. Rathī - Non-Executive and Non-Independent Director
b.	Non-Promoters (Independent Directors)	1. Mr. D. N. Damania 2. Mr. S. Padmanabhan 3. Mr. S. K. Asher 4. Mrs. R. F. Forbes 5. Mrs. S. A. Panse 6. Mr. N. T. Raisinghani
c.	Non-Promoter (Non-Independent)	1. Mr. A. Vij - Wholetime Director

#### Notes:

- Dr. Deepak Parikh, Non - Executive and Independent Director (DIN: 06504537) resigned as an Independent Director effective close of business hours on 2<sup>nd</sup> February, 2024 due to his professional commitments and pre-occupation. He had confirmed that there were no material reasons for his resignation other than those mentioned above.
- None of the Independent Directors of the Company had any material pecuniary relationship or transactions with the Company, its Promoters, its management during the Financial Year 2023-24, which in the judgment of the Board may affect independence of judgment of the Directors.
- The Directors mentioned at Serial No. (b) above fall within the expression of "Independent Directors" as mentioned in Regulation 16(1)(b) of the SEBI Listing Regulations, 2015.
- None of the Directors are related to each other in terms of Regulation 2(zd) of SEBI Listing Regulations, 2015.

#### Board Skill Matrix:

As required by SEBI Listing Regulations, 2015 the matrix setting out the Skills / Expertise / Competencies that are identified and available within the Board of the Company for effective functioning are given below:

Sr. No.	Name Of Director	Skills/ Expertise/ Competencies
1	Mr. P.R. Rathī	Strategic Thinking, General Management, Sales and Marketing, Industry - Chemical - Pigment, Finance and Accounts
2	Mr. R. B. Rathī	Strategic Thinking, General Management, Sales and Marketing, Industry - Chemical - Pigment, HR and People Practices, Technical - Chemical, Risk Management, Industrial - Manufacturing
3	Mr. A. N. Rathī	Strategic Thinking, General Management, Industry - Chemical - Pigment, Sales and Marketing
4	Mr. D. N. Damania	Strategic Thinking, General Management, Risk Management, Industrial - Manufacturing
5	Mr. S. Padmanabhan	Strategic Thinking, General Management, Risk Management
6	Mr. S. K. Asher	Strategic Thinking, General Management, Sales and Marketing, HR and People Practices, Finance and Accounts, Legal, Corporate Governance, Risk Management, Taxation
7	Mrs. R. F. Forbes	Strategic Thinking, General Management, HR and People Practices, Corporate Governance
8	Mrs. S. A. Panse	Strategic Thinking, General Management, HR and People Practices, Finance and Accounts, Risk Management
9	Mr. N. T. Raisinghani	Strategic Thinking, General Management, HR and People Practices, Risk Management
10	Dr. D. Parikh*	Strategic Thinking, General Management, Sales and Marketing, M&A, ESG Visionary, Transformational Leadership, Industry - Chemical - Pigment, Technical - Chemical, Industrial - Manufacturing
11	Mr. A. Vij	Strategic Thinking, General Management, Industry - Chemical - Pigment, Technical - Chemical, Industrial - Manufacturing, HR and People Practices, Risk Management (Operations)

\*Dr. Deepak Parikh, Non - Executive and Independent Director (DIN: 06504537) resigned as an Independent Director effective close of business hours on 2<sup>nd</sup> February, 2024.

#### Certificate from the Practicing Company Secretary:

A certificate from Mr. Rajesh Karunakaran, a Company Secretary in practice (FCS No. 7441, C. P. No. 6581) has been obtained to the effect that none of the directors on the board of the Company has been debarred or disqualified from being appointed or continuing as directors of companies by SEBI / Ministry of Corporate Affairs or any such statutory authority. This Certificate is attached and marked as **Annexure I** to this Report.

#### Independent Directors:

The Independent Directors of the Company fully meet the requirements laid down under Regulation 16(1)(b) of the SEBI Listing Regulations, 2015. The Company has received a declaration from each of the Independent Directors confirming compliance with the criteria of independence as laid down under this Regulation as well as Section 149(6) of the Companies Act 2013 and rules made thereunder.

Further, in the opinion of the Board, the Independent Directors fulfill the conditions specified in these regulations and are independent of the management.

#### Formal Letter of appointment to Independent Directors:

In accordance with the applicable provisions of the SEBI Listing Regulations, 2015, the Company has issued formal letters of appointment to all the Independent Directors. The terms and conditions of their appointment have also been disclosed on the website of the Company at <https://www.sudarshan.com/company-policies/>

#### Limit on the number of Directorships:

In compliance with the SEBI Listing Regulations, 2015, Directors of the Company do not serve as Independent Director in more than seven Listed Companies or in case he / she is serving as a Managing Director / Wholetime Director in any Listed Company, does not hold such position in more than three Listed Companies.

#### Maximum Tenure of Independent Directors:

In accordance with Section 149 (11) of the Companies Act, 2013, the current tenure of Independent Directors of the Company is for a term of 5 (five) consecutive years from the date of appointment / reappointment as Independent Directors. The maximum tenure of the Independent Directors does not exceed 10 (ten) years.

#### Performance Evaluation:

Pursuant to the provisions of the Companies Act, 2013 and SEBI Listing Regulations, 2015, the Board has carried out an annual performance evaluation of its own performance, and that of its Committees, Chairperson and Independent Directors. The manner in which such formal annual evaluation was made by the Board for the Financial Year 2023-24 is given below:

Based on the evaluation criteria, rating sheets were filled by each of the directors towards the end of the year with regard to evaluation of the performance of the Board, its Committees, Chairperson and Independent Directors (except for the director being evaluated) for the year under review.

The Nomination and Remuneration Committee evaluated performance of every Director including Independent Directors.

A consolidated summary of the ratings given by each of the directors was then prepared, based on which a report of performance evaluation was prepared by the Chairman of the Nomination and Remuneration Committee in respect of the performance of the Board, its Committees, Chairperson and Independent Directors for the year under review.

The report of performance evaluation so arrived at was then noted and discussed by the Nomination and Remuneration Committee and the Board at their meetings held on 17<sup>th</sup> May, 2024.

#### Succession Plan:

The Board of Directors has satisfied itself that plans are in place for orderly succession for outgoing Members of the Board of Directors and Senior Management Personnel.

#### Familiarisation program for Independent Directors:

The Board has adopted an ongoing Familiarisation Program ("the Program") for Independent Directors pursuant to SEBI Listing Regulations, 2015. The Program aims to provide insights into the Company to enable the Independent Directors to understand its business in depth and contribute significantly to the Company and to help them in the efficient discharge of their roles, rights and responsibilities in the Company. Details of such programs have been disclosed on the Company's website at <https://www.sudarshan.com/bpd-familiarisation-of-independent-directors.pdf>

#### Board Diversity Policy:

The Company recognises and embraces the importance of a diverse Board in its success. The Company believes that a truly diverse Board will leverage differences in thought, perspective, knowledge, skill, regional and industry experience, which will ensure that the Company retains its competitive advantage.

The Company believes that a diverse Board will contribute to the achievement of its strategic and commercial objectives, including to:

- drive business results;
- make corporate governance more effective;
- enhance quality and responsible decision making capability;
- ensure sustainable development; and
- enhance reputation of the Company

Full text of the Board diversity policy is available on the Company's website at <https://www.sudarshan.com/board-diversity-remuneration-and-succession-policy.pdf>

#### Review of Legal Compliance Reports:

During the year under review, the Board periodically reviewed compliance reports with respect to the various laws applicable to the Company, as prepared by the Management.

#### Board Meetings and Agenda:

In accordance with the legal position and the Articles of Association of the Company, the Board of Directors is the ultimate decision-making authority for the Company in all matters except those decisions reserved by law or the Articles of Association for shareholders. The Board has complete and unrestricted access to any information required by them to perform its supervisory duties and make decisions on the matters reserved for the Board of Directors. The Board generally meets once a quarter to review among other things, quarterly performance of the Company and financial results. The Board / Committee Meeting(s) are pre-scheduled and a tentative annual calendar of the meetings is circulated to the Directors well in advance to facilitate them to plan their schedule and ensure meaningful participation in the meetings. However, in case of a special and urgent business need, approval of the Board is taken by passing resolutions by circulation, as permitted by law, which are noted and confirmed in the subsequent Board Meeting. The compliance reports in respect of applicable laws are placed before the Board periodically. Agenda papers containing the necessary information / documents are made available to the Board in advance to enable the Board to discharge its responsibilities effectively and take informed decisions. Whenever it is not practical to attach or send the relevant information as a part of agenda papers, the same are tabled at the meeting and / or the presentations are made in respect thereof. The information as specified in Regulation 17(7) of the SEBI Listing Regulations, 2015 and Secretarial Standards issued by the Institute of Company Secretaries of India ("ICSI") is regularly made available to the Board, whenever applicable, for discussion and consideration. Video / Teleconferencing facilities are also provided to enable participation from all Board / Committee members.

#### Post Meeting follow up system:

The Company has an effective post Board Meeting follow-up procedure. Action taken report on the decisions taken in a meeting is placed at the immediately succeeding meeting for information of the Board. The Board has established procedures to periodically review compliance report of all laws applicable to the Company as well as steps taken by the Company to rectify instances of non-compliance, if any.

#### Meetings and Attendance:

During the Financial Year 2023-24, 8 (Eight) meetings of the Board of Directors were held on 5<sup>th</sup> April, 2023, 23<sup>rd</sup> May, 2023, 8<sup>th</sup> August, 2023, 6<sup>th</sup> October, 2023, 3<sup>rd</sup> November, 2023, 2<sup>nd</sup> February, 2024, 6<sup>th</sup> March, 2024 and 28<sup>th</sup> March, 2024.

The maximum gap between any two Board Meetings held during the year was not more than 120 days.

Details regarding attendance of the Directors at the Board Meetings held during the Financial Year 2023-24 and at the last Annual General Meeting held on 11<sup>th</sup> August, 2023, are given below:-

Sr. No.	Name of Director	Designation	Status	No. of Board Meetings attended	Attendance at the last AGM
1	Mr. P. R. Rathi	Non-Executive Chairman	Non-Executive	8	Yes
2	Mr. R. B. Rathi	Managing Director	Executive	8	Yes
3	Mr. A. N. Rathi	Non-Independent Director	Non-Executive	8	Yes
4	Mr. D. N. Damania	Independent Director	Non-Executive	8	Yes
5	Mr. S. Padmanabhan	Independent Director	Non-Executive	8	Yes
6	Mr. S. K. Asher	Independent Director	Non-Executive	8	Yes
7	Mrs. R. F. Forbes	Independent Director	Non-Executive	7	Yes
8	Mrs. S. A. Panse	Independent Director	Non-Executive	6	Yes
9	Mr. N. T. Raisinghani	Independent Director	Non-Executive	8	Yes
10	Dr. D. Parikh*	Independent Director	Non-Executive	5	Yes
11	Mr. A. Vij	Wholtime Director	Executive	8	Yes

\*Dr. Deepak Parikh, Non – Executive and Independent Director (DIN: 06504537) resigned as an Independent Director effective close of business hours on 2<sup>nd</sup> February, 2024. Dr. Parikh attended 5 out of 6 Board Meetings held during his tenure.

#### Details of Directorship(s) and Committee Membership(s) in Companies as on 31<sup>st</sup> March, 2024:

Name of Director	No. of shares held in the Company	Directorship in Listed Companies	Directorship in Unlisted Public Companies	Directorship in Unlisted Private Companies*	Committee Membership in Listed and Unlisted Public Limited Companies**	Committee Chairmanship in Listed and Unlisted Public Limited Companies**
Mr. P. R. Rathi	4,186,240	4	1	3	4	1
Mr. R. B. Rathi	4,050,359	1	1	3	1	-
Mr. A. N. Rathi	5,447,620	1	-	2	-	-
Mr. D. N. Damania	930	3	1	-	6	2
Mr. S. Padmanabhan	-	2	2	1	5	2
Mr. S. K. Asher	-	7	2	4	10	4
Mrs. R. F. Forbes	-	1	1	1	1	-
Mrs. S. A. Panse	-	3	-	-	4	1
Mr. N. T. Raisinghani	700	1	-	1	-	-
Dr. Deepak Parikh***	-	2	1	-	2	-
Mr. A. Vij	4,001	1	-	-	-	-

\*Excludes Directorships in Foreign Companies and Section 8 companies formed under the Companies Act, 2013.

\*\* Includes Chairmanship / Membership of Audit Committee and Stakeholders' Relationship Committee which is mandatory under Regulation 26 of the SEBI Listing Regulations, 2015 for calculation of limit.

None of the Directors is a member in more than 10 mandatory committees or acting as Chairman of more than 5 committees across all companies in which he / she is a director. The necessary disclosures regarding Committee positions have been made by the Directors.

None of the Directors hold the office of director in more than the permissible number of companies under the Companies Act, 2013 or Regulation 17A of the SEBI Listing Regulations.

\*\*\* Dr. Deepak Parikh, Non – Executive and Independent Director (DIN: 06504537) resigned as an Independent Director effective close of business hours on 2<sup>nd</sup> February, 2024. Therefore, details shown above are as of 2<sup>nd</sup> February, 2024.

Details of Directorship in Listed Companies as on 31<sup>st</sup> March, 2024:

Name of Director	Name of the Listed entities where he/ she holds Directorship	Category of Directorship
Mr. P. R. Rathi*	1. Sudarshan Chemical Industries Limited	Promoter Director (Non-Executive Chairman)
	2. Sanghvi Movers Limited*	
	3. Finolex Industries Limited	Independent Director
	4. Clean Science and Technology Limited	
Mr. R. B. Rathi	1. Sudarshan Chemical Industries Limited	Promoter Director (Managing Director)
Mr. A. N. Rathi	1. Sudarshan Chemical Industries Limited	Non-Executive and Non-Independent Director
Mr. A. Vij	1. Sudarshan Chemical Industries Limited	Wholetime Director
Mr. D. N. Damania*	1. Sudarshan Chemical Industries Limited	Independent Director
	2. Sanghvi Movers Limited*	
	3. KSB Limited	
Mr. S. Padmanabhan*	1. Sudarshan Chemical Industries Limited	Independent Director
	2. Sanghvi Movers Limited*	
Mr. S. K. Asher	1. Sudarshan Chemical Industries Limited	Independent Director
	2. Ashok Leyland Limited	
	3. Sonata Software Limited	
	4. Sun Pharmaceutical Industries Limited	
	5. Deepak Nitrite Limited	
	6. Epigral Limited (earlier known as Meghmani Finechem Limited)	
	7. Hawkins Cookers Limited	
Mrs. R. F. Forbes	1. Sudarshan Chemical Industries Limited	Independent Director
Mrs. S. A. Panse	1. Sudarshan Chemical Industries Limited	Independent Director
	2. Can Fin Homes Limited	
	3. Atul Limited	
Mr. N. T. Raisinghani	1. Sudarshan Chemical Industries Limited	Independent Director
Dr. Deepak Parikh**	1. Sudarshan Chemical Industries Limited	Independent Director
	2. Finolex Industries Limited	

\*Mr. P.R. Rathi (DIN: 00018577), Mr. D. N. Damania (DIN: 00403834) and Mr. S. Padmanabhan (DIN: 00001207) ceased to be Independent Directors of Sanghvi Movers Limited effective close of business hours on 31<sup>st</sup> March, 2024 due to completion of their second term.

\*\*Dr. Deepak Parikh, Non – Executive and Independent Director (DIN: 06504537) resigned as an Independent Director effective close of business hours on 2<sup>nd</sup> February, 2024. Therefore details shown above for Dr. Parikh are as of 2<sup>nd</sup> February, 2024.

Board Committees:

i) Audit Committee:

The Audit Committee assists the Board in its responsibility for overseeing the quality and integrity of the accounting, auditing and reporting practices of the Company and its compliance with the legal and regulatory requirements.

The Committee's purpose is to oversee the accounting and financial reporting process of the Company, the audits of the Company's financial statements, the appointment, independence, performance and remuneration of the statutory auditors including the Cost Auditors, the performance of internal auditors and the Company's risk management policies.

The Audit Committee of the Board consists of the following Directors:

Name of Director	Status	No. of Meetings attended during FY 2023-24
Mrs. S. A. Panse	Chairperson (Non - Executive and Independent Director)	4
Mr. D. N. Damania	Member (Non - Executive and Independent Director)	5
Mr. S. K. Asher	Member (Non - Executive and Independent Director)	4
Mr. S. Padmanabhan	Member (Non - Executive and Independent Director)	5

Meetings during the year:

During the Financial Year 2023-24, 5 (Five) meetings of the Audit Committee were held on 23<sup>rd</sup> May, 2023, 8<sup>th</sup> August, 2023, 3<sup>rd</sup> November, 2023, 2<sup>nd</sup> February, 2024 and 15<sup>th</sup> March, 2024. The maximum gap between any two meetings of the Committee held during the year was not more than 120 days. Mr. Pradeep Rathi, Chairman, Mr. Rajesh Rathi, Managing Director, and Mr. Nilkanth Natu, CFO were the permanent invitees to the meetings of the Committee. Apart from them, these meetings were also attended by Internal Auditors and Statutory Auditors on invitation.

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

Minutes of the meeting of the Committee are placed before and noted by the Board.

The Chairperson of the Committee was present at the Annual General Meeting of the Company held on 11<sup>th</sup> August, 2023 to answer queries of shareholders.

Pursuant to the terms of reference, the Audit Committee, inter- alia, discussed and deliberated on financial results, approval of transactions with related parties, reports of the Internal Auditors and Statutory Auditors, remuneration of Internal and Statutory Auditors etc.

The full text of the terms of reference of the Audit Committee is in line with the regulatory requirements and is available on the website of the Company <https://www.sudarshan.com/terms-of-reference-of-committees.pdf>

ii) Nomination and Remuneration Committee:

The Nomination and Remuneration Committee ("NRC") of the Board consists of the following Directors:

Name of Director	Status	No. of Meetings attended during FY 2023-24
Mr. D. N. Damania	Chairperson (Non - Executive and Independent Director)	2
Mr. S. K. Asher	Member (Non - Executive and Independent Director)	2
Mr. N. T. Raisinghani	Member (Non - Executive and Independent Director)	2
Mrs. R. F. Forbes	Member (Non - Executive and Independent Director)	2

During the Financial Year 2023-24, 2 (Two) meetings of the Nomination and Remuneration Committee were held on 15<sup>th</sup> May, 2023 and 27<sup>th</sup> September, 2023.

Statement on terms of reference:

The terms of the reference of the committee include the following:

- a) To formulate the criteria for determining qualifications, positive attributes and independence of directors and recommend to the Board a policy and remuneration for directors and KMPs and other employees.
- b) To identify persons who are qualified to become director and who may be appointed in senior management.
- c) To recommend the manner for evaluation of performance of Board, its Committees, Chairperson and Individual Director.
- d) To review and approve remuneration and change in remuneration payable to Wholetime Director(s).

The full text of the terms of reference of the Nomination and Remuneration Committee is available at the Company's website on <https://www.sudarshan.com/terms-of-reference-of-committees.pdf>

During the year under review, the members of the Committee, inter-alia, deliberated on various matters viz. performance evaluation of the Board, Committees, Chairperson and Directors including Independent Directors, evaluation of performance of the Managing Director and Wholetime Director.

Minutes of the meeting of the Committee are placed before and noted by the Board.

The Chairman of the Committee was present at the Annual General Meeting of the Company held on 11<sup>th</sup> August, 2023 to answer queries of shareholders.

iii) Stakeholders' Relationship Committee:

The Stakeholders' Relationship Committee consists of the following Directors:

Name of Director	Status
Mr. S. K. Asher	Chairperson (Non - Executive and Independent Director)
Mr. P. R. Rathi	Member (Non - Executive and Non - Independent Director)
Mr. R. B Rathi	Member (Managing Director)

Statement on terms of reference:

The terms of reference of the committee include the following:

- a) To resolve grievance of the security holders;

- b) To review measures taken for effective exercise of voting rights; and
- c) To review service standards of the Registrars and Transfer Agent and to review measures undertaken for reducing the quantum of unclaimed dividends.

The full text of the Charter of the Stakeholders' Relationship Committee is available at the Company's website on <https://www.sudarshan.com/terms-of-reference-of-committees.pdf>

During the year under review, the meeting of the Stakeholders' Relationship Committee was held on 28<sup>th</sup> March, 2024 and the said meeting, all members of the Committee were present.

Based on the reports received from the Company's Registrars, the Company had received three complaints from Investors during the year. Out of these three complaints, two complaints were resolved during the year and one complaint was resolved after closure of the year.

Minutes of the meeting of the Committee are placed before and noted by the Board.

The Chairman of the Committee was present at the Annual General Meeting of the Company held on 11<sup>th</sup> August, 2023.

**Name, Designation and address of Compliance Officer:**

Mr. Mandar Velankar, Company Secretary and Compliance Officer  
Sudarshan Chemical Industries Limited  
7<sup>th</sup> Floor, Eleven West Panchshil, Survey No. 25, Near PAN Card Club Road, Baner – 411 069, Maharashtra, India  
E-mail: [mmvelankar@sudarshan.com](mailto:mmvelankar@sudarshan.com)  
Telephone No. : 020 – 68281200

**iv) Risk Management Committee Overview:**

Risk is an integral and inseparable component of the business operations of a Company. Risks which a Company may face include market risks, financial reporting risks, finance risk, fluctuations in foreign exchange, technological risks, human resource management and legal or compliance risks. The Company believes that identifying significant risks which the Company may face and devising risk assessment and mitigation procedures to tackle such risks would play an important role in protecting shareholder value, improving governance processes and meeting unforeseen exigencies in the cycle of conduct of business operations of the Company.

**Composition:**

The present Members of the Risk Management Committee are:

Name of Director	Status	No. of Meetings attended during FY 2023-24
Mr. D. N. Damania	Chairperson (Non - Executive and Independent Director)	2
Mr. S. Padmanabhan	Member (Non - Executive and Independent Director)	2
Mr. N. T. Raisinghani	Member (Non - Executive and Independent Director)	2
Mrs. S. A. Panse	Member (Non - Executive and Independent Director)	2
Mr. P. R. Rathi	Member (Non - Executive and Non - Independent Director)	1
Mr. R. B. Rathi	Member (Managing Director)	1
Mr. A. Vij	Member (Wholetime Director)	2
Mr. Nilkanth Natu	Member (Chief Financial Officer)	2

During the Financial Year 2023-24, 2 (Two) meetings of Risk Management Committee were held on 23<sup>rd</sup> August, 2023 and 12<sup>th</sup> February, 2024.

Minutes of the meeting of the Committee are placed before and noted by the Board.

The full text of the Charter of the Risk Management Committee is available at the Company's website on <https://www.sudarshan.com/terms-of-reference-of-committees.pdf>

**v) Corporate Social Responsibility (CSR) Committee:**

The Corporate Social Responsibility Committee has been constituted in accordance with the provisions of Section 135 of the Companies Act, 2013, and rules made thereunder.

The Committee reports regularly to the Board such matters, as are relevant to the Company.

Name of Director	Status
Mrs. R. F. Forbes	Chairperson (Non - Executive and Independent Director)
Mr. P. R. Rathi	Member (Non - Executive and Non - Independent Director)
Mr. R. B. Rathi	Member (Managing Director)

The CSR Committee meeting was held on 15<sup>th</sup> May, 2023 during the year, which was attended by all members of the Committee.

Minutes of the meeting of the Committee are placed before and noted by the Board.

**vi) Other committees (non-mandatory) constituted by the Company:**

**1. Finance Committee:** The scope of the Committee is inter-alia to approve the terms of financing proposals within the powers conferred by the Board of Directors from time to time. Mrs. S. A. Panse, Mr. S. Padmanabhan, Mr. P. R. Rathi, Mr. R. B. Rathi and Mr. S. K. Asher constitute as members of the Committee. Mrs. S. A. Panse is the Chairperson of the Committee.

Meetings of the Committee are held on a need basis.

**2. Shares Committee:** The terms of the committee are to consider, inter alia proposals for transmission, transposition, demat, remat etc. as applicable based on the report of the Company's Registrar and Transfer Agent, M/s. Link Intime India Private Limited. Mr. P. R. Rathi, Mr. R. B. Rathi and Mr. A. Vij, Directors, constitute members of the Shares Committee. Meetings of the Committee are held at convenient intervals to ensure transmission, transposition, issue of duplicate share certificates / Letter of Confirmation / Letter of Entitlement and dispatch of share certificates / Letter of Confirmation / Letter of Entitlement, as applicable within the stipulated time limit prescribed by the stock exchanges.

All the recommendations made by Board Committees during the year were accepted by the Board.

**vii) Independent Directors' Meeting:**

A separate meeting of the Independent Directors of the Company was held on 28<sup>th</sup> March, 2024 without attendance of Non-Independent Directors and Members of the Management. The Independent Directors reviewed (i) the performance of Non-Independent Directors and the Board as a whole; (ii) the performance of the Chairperson of the Board taking into account the views of the Executive Directors and Non-Executive Directors; and (iii) assessed the quality, quantity and timeliness of flow of information between the Company management and the Board required to effectively and reasonably perform their duties. All Independent Directors attended the Meeting.

**Remuneration Policy:**

The Company has put in place a Remuneration Policy. While deciding remuneration terms of the Executive Directors and Senior Management, the Company takes into consideration the following items:

- (a) employment scenario;
- (b) remuneration package of the industry; and
- (c) remuneration package of the managerial talent of other industries.

The annual variable pay of Executive Directors and Senior Management is linked to the performance of the Company in general and their individual performance for the relevant year measured against specific Key Result Areas, which are aligned to the Company's objectives. For more details, please refer to the Remuneration Policy of the Board, KMPs appearing in the Directors' Report.

The Company pays remuneration by way of salary, perquisites and allowances (fixed component) and Performance Linked Variable Allowance (PLVA) / Commission (variable component) to Executive Directors. Salary is paid within the range approved by the Shareholders. Annual increments effective 1<sup>st</sup> April each year, as recommended by the Nomination and Remuneration Committee, are approved by the Board. Commission is calculated with reference to net profits of the Company in a particular Financial Year and is determined by the Board of Directors at the end of the Financial Year based on the recommendations of the Nomination and Remuneration Committee, subject to overall ceilings stipulated in Section 197 of the Companies Act, 2013. Specific amounts payable to such directors is based on the performance criteria laid down by the Board which broadly takes into account the profits earned by the Company for the year.

The Non-Executive Directors are paid remuneration by way of Sitting Fees. Further, Commission is proposed to be paid to the Non-Executive Directors (computed in accordance with Section 198 of the Companies Act, 2013 and Rules made thereunder) for the FY 2023-24.

The distribution of Commission amongst the Non- Executive Directors is placed before the Board. The Commission is recommended by the Nomination and Remuneration Committee based on the contribution at the Board and Committee Meetings as well as time spent on operational matters other than at the meetings.

The Company pays sitting fees to the Non-Executive Directors of ₹20,000/- per meeting for attending the meetings of the Board and its Committees. Based on the recommendation of the Nomination and Remuneration Committee, the Board of Directors accorded its approval at its meeting held on 17<sup>th</sup> May, 2024, for revision in payment of sitting fees to the Non-Executive Directors effective 17<sup>th</sup> May, 2024 in the following manner: (i) ₹50,000/- per meeting for attending the Board Meeting; (ii) ₹30,000/- per meeting for attending the meetings of the Audit Committee, Nomination and Remuneration Committee and Risk Management Committee and (iii) ₹20,000/- per meeting for attending meetings of other Committees.

**Directors and Officers Liability Insurance ("D & O") Policy:**

The Company has in place the D & O Policy as per the applicable legal provisions, providing coverage to the Directors. Every year the Company ensures renewal and validity of the policy. The Board is of the opinion that the quantum and risks presently covered are adequate.

**Remuneration to Executive and Non-Executive Directors for the year ended 31<sup>st</sup> March 2024:**

Details of remuneration paid / payable to the Executive and Non-Executive Directors are provided below. The Non-Executive Directors did not have any material pecuniary transactions with the Company.

Name of Director	Designation	Details of remuneration paid / payable (in ₹)				
		Sitting Fees	Commission***	Salary	Others	Total
Mr. P. R. Rathi	Non- Executive and Non-Independent Director and Chairman	220,000	975,000	-	5,006,886	6,201,886
Mr. R. B. Rathi*	Managing Director	-	-	137,559,510	-	137,559,510
Mr. A. Vij	Wholetime Director	-	-	19,444,320	-	19,444,320
Mr. D. N. Damania	Independent Director	340,000	1,250,000	-	-	1,590,000
Mr. S. Padmanabhan	Independent Director	320,000	975,000	-	-	1,295,000
Mrs. S. A. Panse	Independent Director	260,000	1,500,000	-	-	1,760,000
Mrs. R. F. Forbes	Independent Director	200,000	975,000	-	-	1,175,000
Mr. N. T. Raisinghani	Independent Director	240,000	975,000	-	-	1,215,000
Mr. S. K. Asher	Independent Director	320,000	975,000	-	-	1,295,000
Dr. D. Parikh**	Independent Director	100,000	731,250	-	-	831,250
Mr. A. N. Rathi	Non- Executive and Non-Independent Director	160,000	975,000	-	-	1,135,000

The sitting fees as mentioned above relate to the Board Meeting(s) and Committee Meeting(s) held during the Financial Year 2023-24.

\*Remuneration paid to Mr. R. B. Rathi, Managing Director (DIN: 00018628) is as per the approval granted by Shareholders.

\*\*Dr. Deepak Parikh, Non – Executive and Independent Director (DIN: 06504537) resigned as an Independent Director effective close of business hours on 2<sup>nd</sup> February, 2024. Therefore details shown above for Dr. Parikh are as of 2<sup>nd</sup> February, 2024.

\*\*\*The Commission is proposed to be paid to the Non-Executive Directors (computed in accordance with Section 198 of the Companies Act, 2013 and Rules made thereunder) for the FY 2023-24.

**Criteria for making payments to Non-Executive Directors:**

Non-Executive Directors of the Company play a crucial role in the independent functioning of the Board. They bring in an external perspective to decision-making and provide leadership and strategic guidance while maintaining objective judgement. They also oversee the corporate governance framework of the Company.

The Remuneration Policy inter-alia disclosing the criteria of making payments to directors, key managerial personnel and employees is placed on the Company's website <https://www.sudarshan.com/perch/resources/remuneration-policy.pdf>

**Disclosure of material transactions:**

Under Regulation 26(5) of SEBI Listing Regulations, 2015, the Senior Management is required to make periodical disclosures to the Board relating to all material financial and commercial transactions, where they had (or were deemed to have had) personal interest that might have been in potential conflict with the interest of the Company.

During the year under review, there were no such transactions.

**Management Discussion and Analysis Report:**

The report is given by way of a separate chapter in this Annual Report.

**Rights of Stakeholders:**

The Company recognises the rights of its stakeholders and respect their rights which are established by law or through mutual agreements. Stakeholders are provided access to relevant, sufficient and reliable information on a regular basis enabling them to participate in the governance process.

**Whistle-Blower Policy/ Vigil Mechanism:**

The Company promotes ethical behavior in all its business activities and in line with the best practices. The Company has put in place a system through which Directors, employees and business associates may report unethical behavior, malpractices, wrongful conduct, fraud, violation of the Company's Code of Conduct without fear of reprisal. All Directors, employees and business associates have direct access to the Chairperson of the Audit Committee. The Whistle-Blower Policy aims to:

- Allow and encourage stakeholders to bring to the Management's notice concerns about unethical behavior, malpractice, wrongful conduct, actual or suspected fraud or violation of policies;
- Ensure timely and consistent organisational response;
- Build and strengthen a culture of transparency and trust; and
- Provide protection against victimisation.

The above mechanism has been appropriately communicated within the Company across all levels and has been displayed on the Company's website at <https://www.sudarshan.com/whistle-blower-vigil-mechanism-policy.pdf>. In terms of the Whistle Blower Policy / Vigil Mechanism Policy, it is affirmed that no personnel have been denied access to the Audit Committee. During the year under review, no complaint was received under the Whistle-Blower mechanism.

**Framework of Insider Trading:**

The Company's shares are listed on BSE Limited ("BSE") and National Stock Exchange of India Limited ("NSE"). With a view to regulate insider trading, the Company has put in place a "Code of Conduct to Regulate, Monitor and Report Trading of Company shares by Insiders". The Company Directors, Key Managerial Personnel and Designated Employees and other Insiders are informed about closure of the Trading Window prior to dissemination of price sensitive information. The said code of conduct is available on the Company's website at <https://www.sudarshan.com/prohibition-of-insider-trading-policy.pdf>

**Compliance Monitoring System:**

Your Company has put in place a compliance management framework that outlines the Company's philosophy towards compliance culture, understanding compliance changes, coverage, approach, responsibilities, risk matrix and trainings. The Company believes that a good framework is essential to track statutory compliance for the successful conduct of business operations and high standards of corporate governance. The compliance update is presented to the Board Members on a quarterly basis.

The Company maintains lists of applicable laws and compliance checklist(s) for regulations across multiple jurisdictions applicable to the Company and its subsidiaries, that are monitored and tracked through compliance tool. Training is provided to various stakeholders on introduction of new provisions and amendment to existing provisions of the Regulations. In the compliance tool the compliance tasks are mapped to process owners who submit the tasks with supporting evidence. Identified key stakeholders across functions ensure and confirm compliance with the provisions of all applicable laws.

**Other Policies mandated under SEBI Listing Regulations, 2015:****a. Archival Policy:**

Pursuant to Regulation 30(8) of SEBI Listing Regulations, 2015, every Listed Company shall disclose on its website all such events or information, which have been disclosed to the stock exchange(s) under Regulation 30. Such disclosures shall be posted on the website of the Company for a minimum period of five years and thereafter as per the archival policy of the Company.

Accordingly, the Board of Directors has approved the 'Archival Policy'. The Policy can be accessed from the Company's website at <https://www.sudarshan.com/archival-policy.pdf>

**b. Policy for Preservation of Documents:**

Pursuant to Regulation 9 of SEBI Listing Regulations 2015, the Board of Directors has adopted Policy on Preservation of Documents. This Policy envisages the procedure governing preservation of documents as required to be maintained under various statutes viz., Companies Act, 2013 and Rules issued thereunder from time to time, applicable Secretarial Standards, SEBI Listing Regulations, 2015, SEBI (Prohibition of Insider Trading) Regulations, 2015 and SEBI (Substantial Acquisition of Shares and Takeover) Regulations, 2011 and any other applicable Regulations. The Policy can be accessed from the Company's website at <https://www.sudarshan.com/preservation-of-documents-policy.pdf>

**c. Policy for Determination of Material Events or Information:**

Pursuant to Regulation 30 of the SEBI Listing Regulations 2015, the Board of Directors has adopted the Policy for Determination of Material Events or Information. The objective of the Policy is to ensure timely and adequate disclosure of material events or information. The Policy can be accessed from the Company's website at <https://www.sudarshan.com/determination-of-material-events-or-information-policy.pdf>

**d. Dividend Distribution Policy:**

The Company falls in the 'Top 1000' list of companies for market capitalisation as on 31<sup>st</sup> March, 2024 by the Stock Exchanges where the equity shares of the Company are listed. Accordingly, as per the applicable legal provisions, the Dividend Distribution Policy of the Company is annexed to the Directors Report and is also available on the website of the Company at <https://www.sudarshan.com/dividend-distribution-policy.pdf>

SEBI has laid down broad parameters which should find a place in the Dividend policy as follows:

1. The circumstances under which their shareholders can or cannot expect Dividend;
2. The financial parameters that will be considered while declaring Dividends;
3. Internal and external factors that would be considered for declaration of Dividend;
4. Policy as to how the retained earnings will be utilised;
5. Provisions in regard to various classes of shares.

As per the Dividend Distribution Policy approved by the Board, 25% to 40% of distributable surplus of a particular year could be distributed as Dividend to shareholders.

**e. Investor Communication Policy:**

As a Listed Entity, the Company is duty bound to comply with certain obligations imposed by SEBI (Prohibition of Insider Trading) Regulations, 2015 (the "SEBI Regulations"), regarding the disclosure of confidential and sensitive information to the public. Pre-mature or otherwise unauthorised disclosure of internal information relating to the Company could adversely affect the Company's ability to meet its disclosure obligations under the SEBI Regulations. In addition, unauthorised disclosure could cause competitive harm to the Company and in some cases may result in liability for the Company.

The SEBI Regulations require the Company to formulate a code of practices and procedures for fair disclosure of unpublished price sensitive information that it would follow in order to adhere to each of the principles set out in Schedule A to the SEBI Regulations.

Schedule A of SEBI Regulations requires that, whenever the Company (or a person acting on its behalf) intentionally discloses material non-public information to certain specified persons (including broker-dealers, analysts and security holders), the Company must simultaneously disseminate the information to the public in a manner consistent with Schedule A.

Examples of activities affected by this Policy include:

1. Earnings releases and related conference calls;
2. Speeches, interviews and conferences;
3. Responding to market rumours;
4. Reviewing analyst reports;
5. Referring to or distributing analyst reports on the Company;
6. Analyst and investor visits;
7. Postings on the Company's websites;
8. Social media communications, including through corporate blogs, employee blogs, chat boards, Twitter, Facebook, Linked In, You Tube and any other non-traditional means of communication.

Further, any information, whether material or immaterial, provided to outsiders by the Company's employees and Directors (including any person acting on its behalf) must be accurate and consistent with these responsibilities.

The Managing Director shall have the authority to make materiality and distribution determinations covered by this Policy with respect to the information disclosed about the Company.

The Board of Directors of the Company has approved the Investor Communication Policy in its meeting held on 10<sup>th</sup> February, 2017. For more details, shareholders are requested to visit the website of the Company at <https://www.sudarshan.com/investor-communication-policy.pdf>

**Related Party Transactions:**

The Company has formulated a policy on materiality of Related Party Transactions and on dealing with Related Party Transactions, in accordance with relevant provisions of Companies Act, 2013 and SEBI Listing Regulations, 2015, a transaction with a related party is considered material if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceeds rupees 1,000 crore or 10% of the annual consolidated turnover of the listed entity as per the last audited financial statements of the listed entity, whichever is lower.

The policy, as amended in terms of amendment to SEBI Listing Regulations, 2015, has been disclosed on the website of the Company at <https://www.sudarshan.com/related-party-transaction-policy.pdf>. Related Party Transactions are approved by the Audit Committee prior to the transaction. The Audit Committee has, after obtaining approval of the Board of Directors, laid down the criteria for granting omnibus approval which forms part of the Policy on Related Party Transactions. Related Party Transactions of repetitive nature are approved by the Audit Committee on omnibus basis for one financial year at a time. The Audit Committee satisfies itself regarding the need for omnibus approval and ensures compliance with the requirements of SEBI Listing Regulations 2015 and the Companies Act, 2013. There were no material significant transactions entered into by the Company that may have a potential conflict with the interest of the Company. The aforesaid policy on Related Party Transactions has been amended in line with the amendments to the SEBI Listing Regulations, 2015.

A statement showing disclosure of transactions with related parties during FY 2023-24 as required under Indian Accounting Standards is set out separately in this Annual Report.

Subsidiary Companies - Monitoring Framework:

The Company has following subsidiary companies;

1. RIECO Industries Limited
2. Sudarshan Europe B.V.
3. Sudarshan North America Inc.
4. Sudarshan (Shanghai) Trading Company Limited
5. Sudarshan Mexico S.de R.L.de CV.
6. Sudarshan Japan Limited
7. Sudarshan CSR Foundation

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

The Audit Committee reviews financial statements of the subsidiary companies, along with investments made by them, on a periodical basis.

The Board of Directors reviews the Board Meeting minutes and statements of all significant transactions and arrangements, if any, of subsidiary companies, on a periodical basis.

**General Body Meeting:**

Details of last three Annual General Meetings are given below:

Financial Year	Date	Venue	No. of Directors present
FY 2022-2023	11 <sup>th</sup> August, 2023 at 4:00 p.m.	Through Video Conferencing ("VC") / Other Audio Visual Means ("OAVM")	11
FY 2021-2022	9 <sup>th</sup> August, 2022 at 4:00 p.m.	Through Video Conferencing ("VC") / Other Audio Visual Means ("OAVM")	11
FY 2020-2021	6 <sup>th</sup> August, 2021 At 4:00 pm	Through Video Conferencing ("VC") / Other Audio Visual Means ("OAVM")	11

**Details of Special Resolutions passed at the previous three Annual General Meetings:**

Date of AGM	Details of Special Resolutions passed	Remarks
11 <sup>th</sup> August, 2023	(a) Ratification and Confirmation of Remuneration paid to Mr. Rajesh Rathi (DIN: 00018628) Managing Director of the Company for the Financial Year 2022-23. (b) Payment of remuneration to Mr. Rajesh Rathi (DIN: 00018628), Managing Director as 'Minimum Remuneration' in case of no profits/inadequacy of profits for FY 2023-24 notwithstanding that the remuneration payable to Mr. Rajesh Rathi exceeds the limits prescribed under the provisions of Section 197 read with Schedule V of the Act and Regulation 17(6)(e) of SEBI Listing Regulations, 2015. (c) Re-appointment of Mr. Naresh T. Raisinghani (DIN:00568298) as an Independent Director of the Company not liable to retire by rotation, and to hold office for a second term of five consecutive years with effect from 24 <sup>th</sup> May, 2023 up to 23 <sup>rd</sup> May 2028. (d) Re-appointment of Dr. Deepak Parikh (DIN: 06504537) as an Independent Director of the Company not liable to retire by rotation, and to hold office for a second term of five consecutive years with effect from 1 <sup>st</sup> April, 2024 up to 31 <sup>st</sup> March, 2029.	All Special Resolutions were passed with requisite majority.
9 <sup>th</sup> August, 2022	There was no Special Resolution passed	-
6 <sup>th</sup> August, 2021	There was no Special Resolution passed	-

**Approval of Members and Procedure through Postal Ballot:**

During the year under review, the Company did not seek approval of the shareholders by way of Postal Ballot.

**Whether any Special Resolution is proposed to be passed through Postal Ballot this year:**

There is no immediate proposal for passing any Resolution through Postal Ballot.

**Disclosure:**

There were no instances of non-compliance or penalty, structures imposed on the Company by Stock Exchanges or SEBI or any statutory authority on any matter related to capital markets, during the last three years.

The Company does not have any material unlisted Indian subsidiary Company for the year under review. However, in

the interest of good governance, Independent Directors have been appointed on the Board of RIECO Industries Limited, an unlisted non- material Indian Wholly Owned Subsidiary. Based on the audited financial figures as of 31<sup>st</sup> March, 2024, RIECO Industries Limited has become a material unlisted subsidiary. The Company's Wholly Owned Subsidiary in Europe, Sudarshan Europe B.V. is a material unlisted subsidiary since its income exceeds 10% of the consolidated income of the Group. However, since income or net worth of Sudarshan Europe B.V. does not exceed 20% of the consolidated income or net worth of the Group, it is not required to have an Independent Director of the Company on the Board of Sudarshan Europe B.V. The Policy for determining "Material" subsidiaries can be accessed from the Company website <https://www.sudarshan.com/material-subsidary-policy.pdf>. The Audit Committee also reviews presentations.

Details of the aforesaid material subsidiary of the Company as required by Regulation 34(3) and 53(f) and Schedule V of SEBI Listing Regulations, 2015, are given below:

Name of the material subsidiary	Date of Incorporation	Place of Incorporation	Name of statutory auditor of the material subsidiary and date of their appointment
Sudarshan Europe B.V.	5 <sup>th</sup> December, 2007	The Netherlands	Audit Next B.V. (Date of appointment - 1 <sup>st</sup> June, 2023)
RIECO Industries Limited	31 <sup>st</sup> October, 1975	Pune, Maharashtra	S R B C & CO LLP (Date of appointment - 25 <sup>th</sup> May, 2022 - appointed for 5 years)

Based on the audited financial figures as of 31<sup>st</sup> March, 2024, RIECO Industries Limited has become a material unlisted subsidiary.



The minutes of the meetings of the Board of the Subsidiary Companies were tabled before the Board at respective Board meetings and noted.

Necessary details regarding the Credit Ratings obtained by the Company for any debt instrument or any other scheme involving mobilisation of funds are disclosed in the Shareholders' Information Report.

Details regarding number of complaints filed during the financial year, complaints disposed of and pending in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 forms part of the Directors' Report.

During the year under review, the total fees paid by the Company and its Subsidiaries (including discontinued operations) to the Statutory Auditors of the Company, and all other entities forming part of the same network, aggregate ₹80.3 lakhs.

During the year under review, none of the Directors were interested in loans and advances advanced to the Company or its Subsidiaries.

It is confirmed that the Company has complied with the requirements prescribed under Regulations 17 to 27 and Clauses (b) to (i) of sub - regulation (2) of Regulation 46 of the SEBI Listing Regulations, 2015.

The Financial Statements of the Company for the Financial Year 2023-24 have been prepared in accordance with the applicable accounting principles in India and the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Companies Act, 2013, and Rules made thereunder.

#### Details of Senior Management

List of Senior Management Personnel -

Sr. No.	Name	Designation
1.	Mr. Rajesh B. Rath	Managing Director
2.	Mr. Ashish Vij	Executive Director and Vice President - Operations
3.	Mr. Nilkanth Natu	Chief Financial Officer
4.	Mr. Mandar Velankar	General Counsel and Company Secretary
5.	Ms. Shivalika Raje	Head – People Practices
6.	Mr. Sandip Mhalgi	Head – Business Technology

During the Financial Year 2023-24, there were no changes in the Senior Management Personnel, except re-appointment(s) made during the year, if any.

#### Status of compliance with Mandatory and Discretionary Requirements under SEBI Listing Regulations, 2015, during FY 2023-24:

##### Mandatory:

The Company has complied with the mandatory requirements of the SEBI Listing Regulations, 2015.

#### Discretionary:

The Company has also complied with the discretionary requirements as under:

##### 1) The Board

The Company has a Non-Executive Chairperson. A Non-Executive Chairperson is entitled to maintain a chairperson's office at the Company's expense and also allowed reimbursement of expenses incurred in performance of his duties.

##### 2) Shareholder rights

At present, the Company is not sending half-yearly declaration of financial performance including summary of significant events in the preceding six months to each household of shareholders. However, after the declaration of quarterly financial results, a tele-call with investor community is arranged and the Company makes a presentation on its financial performance. A copy of the said presentation is available on the websites of the Company and the Stock Exchanges.

##### 3) Modified opinion(s) in audit report

The Company confirms that its financial statements are with unmodified audit opinion.

##### 4) Separate posts of Chairperson and the Managing Director or the Chief Executive Officer

The listed entity may appoint separate persons to the post of the Chairperson and the Managing Director or the Chief Executive Officer, such that the Chairperson shall –

- be a non-executive director; and
- not be related to the Managing Director or the Chief Executive Officer as per the definition of the term "relative" defined under the Companies Act, 2013.

The Company is compliant with this requirement.

##### 5) Reporting of Internal Auditor

The Internal Auditor reports directly to the Audit Committee. Information with respect to 'Commodity Price Risk or Foreign Exchange Risk and Hedging Activities' is provided in Notes of the Standalone and Consolidated Financial Statements as at and for the year ended 31<sup>st</sup> March, 2024, respectively.

During the year under review, the Company did not raise funds through preferential allotment or qualified institutional placement.

#### Secretarial Audit:

The Board had appointed Mr. Jayavant B. Bhawe, Proprietor of M/s. J. B. Bhawe & Co., Practicing Company Secretary (FCS

No. 4266, C. P. No. 3068) to conduct Secretarial Audit for the FY 2023-24. The Secretarial Audit Report for the financial year ended 31<sup>st</sup> March, 2024 is annexed to the Directors' Report. The Secretarial Audit Report does not contain any qualification, reservation or adverse remark.

#### Disclosure of certain type of agreements binding listed entities:

Pursuant to Regulation 30A of SEBI Listing Regulations, 2015, details of the agreement which has been entered or executed by the shareholders, promoters, promoter group entities, related parties, directors, key managerial personnel and employees of the Company are available on the Company's website at <https://www.sudarshan.com/stock-exchange-notices/>.

#### Means of Communication:

Annual Reports, Notice of the meetings and other communications to the members are sent through email, post or courier, as the case may be.

However, this year based on the Circulars issued by The Ministry of Corporate Affairs ("MCA") and SEBI from time to time, copies of the Annual Report and Notice of the 73<sup>rd</sup> AGM, are being sent only by email to eligible members of the Company.

Members are requested to refer to the Notice of 73<sup>rd</sup> AGM containing detailed instructions to register/update email addresses.

The Quarterly, Half-Yearly, Nine Monthly (Unaudited) and Yearly Standalone and Consolidated (Audited) Financial Results of the Company are announced / published within the prescribed time period stipulated under the SEBI Listing Regulations, 2015. These financial results were published in Financial Express (All Editions) and LokSatta (Pune).

The Company displays all unaudited / audited financial results on its website at <https://www.sudarshan.com/quarterly-reports/>.

Presentations made to the investors or to the analysts are intimated to the stock exchanges and are uploaded on website of the Company and Transcripts of Analyst meets are also displayed on the website of the Company at <https://www.sudarshan.com/investor-conference-calls/>.

In terms of SEBI Circular, the Company has designated e-mail address [grievance.redressal@sudarshan.com](mailto:grievance.redressal@sudarshan.com), [shares@sudarshan.com](mailto:shares@sudarshan.com) for enabling investors to post their grievances and to enable timely action on investor grievances, if any. Members are requested to forward their grievances, if any, at the designated e-mail address.

#### Shareholders Information:

Shareholder's information is separately provided in the Annual Report.

#### MD and CFO Certification:

The Managing Director and the CFO give an annual certification on financial reporting and internal controls to the Board in terms

of Regulation 17(8) read with Part B of Schedule II of the SEBI Listing Regulations, 2015. The Managing Director and the CFO also give quarterly certification on financials result while placing the financial results before the Board in terms of Regulation 33(2) of the SEBI Listing Regulations, 2015. The annual certificate given by the Managing Director and the CFO in terms of Regulation 17(8) is published as **Annexure II** to this Report.

#### Compliance Certificate:

Certificate from Mr. Rajesh Karunakaran, Practicing Company Secretary (FCS No. 7441, C. P. No. 6581) confirming compliance with conditions of Corporate Governance as stipulated under SEBI Listing Regulations, 2015 is attached as **Annexure III** to this Report.

#### Code of Conduct:

The Board has laid down a Code of Conduct for all members of the Board and Senior Management consisting of members of the Corporate Executive Committee and other Employees / Executives of the Company. The Code of Conduct is posted on the Company's website at <https://www.sudarshan.com/code-of-conduct-for-directors-and-senior-management-personnel.pdf>. All the members of the Board and Senior Management personnel have affirmed compliance with the Code of Conduct of the Company for the period from 1<sup>st</sup> April, 2023 to 31<sup>st</sup> March, 2024. A declaration dated 17<sup>th</sup> May, 2024 received from Mr. R. B. Rathi, Managing Director in this regard is given below:

To,

The Board of Directors

**Sudarshan Chemical Industries Limited**

7<sup>th</sup> Floor, Eleven West Panchshil, Survey No. 25,  
Near PAN Card Club Road, Baner, Pune - 411 069,  
Maharashtra, India

#### Sub: Declaration as per Schedule V - Part D of SEBI Listing Regulations, 2015

I, Rajesh B. Rathi, Managing Director of the Company, hereby confirm and state that based on the declarations received, the members of the Board of Directors and Senior Management Personnel have affirmed compliance with the Code of Conduct of the Board of Directors and Senior Management, for Financial Year 2023-24.

Date: 17<sup>th</sup> May, 2024  
Place: Pune

**Rajesh B. Rathi**  
Managing Director

For and on behalf of Board of Directors of  
**SUDARSHAN CHEMICAL INDUSTRIES LIMITED**

Date: 17<sup>th</sup> May, 2024  
Place: Pune

**P. R. RATHI**  
CHAIRMAN



## Annexure I

## CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

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

To:  
The Members of  
**Sudarshan Chemical Industries Limited**

Having its registered office at 7<sup>th</sup> Floor, Eleven West Panchshil, Survey No. 25, Near PAN Card Club Road, Baner, Pune – 411069, Maharashtra, India.

I have examined the relevant registers, records, forms, returns and disclosures received from the Directors of Sudarshan Chemical Industries Limited having CIN L24119PN1951PLC008409 and having registered office at 7<sup>th</sup> Floor, Eleven West Panchshil, Survey No. 25, Near PAN Card Club Road, Baner, Pune - 411 069, Maharashtra, India (hereinafter referred to as 'the Company'), produced before me by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In my opinion and to the best of my information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to me by the Company & its officers, I hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31<sup>st</sup> March, 2024 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any such other Statutory Authority.

Sr. No.	Name of the Director	DIN	Date of appointment
1.	Mr. Pradeep R. Rathi	00018577	08/11/1995
2.	Mr. Rajesh B. Rathi	00018628	23/05/2008
3.	Mr. Dara N. Damania	00403834	20/11/1984
4.	Mr. Subramanian Padmanabhan	00001207	25/09/2002
5.	Mr. Sanjay K. Asher	00008221	24/01/2009
6.	Mrs. Shubhalakshmi A. Panse	02599310	27/05/2015
7.	Mr. Naresh T. Raisinghani	00568298	13/02/2015
8.	Mrs. Rati F. Forbes	00137326	29/03/2014
9.	Mr. Ashish Vij	08140194	24/05/2018
10.	Mr. Anuj N. Rathi	00018683	08/08/2019
11.	*Dr. Deepak R. Parikh	06504537	01/04/2019

\*Dr. Deepak Parikh resigned as an Independent Director effective close of business hours on 2<sup>nd</sup> February, 2024.

Ensuring the eligibility of for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. My responsibility is to express an opinion on these based on my verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **Rajesh Karunakaran & Co.,**  
Company Secretaries

**Rajesh Karunakaran**  
Company Secretary  
C.P. - 6581  
FCS No. 7441

UDIN – F007441000390021

Peer Review Certificate no.1260/2021 dated 28<sup>th</sup> June, 2021

Pune , 17<sup>th</sup> May, 2024

## Annexure II

## CERTIFICATE OF MANAGING DIRECTOR AND CFO

[as per the provisions of Reg. 17(8) and Part B of Schedule II of the SEBI  
(Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations, 2015")]

To,  
The Board of Directors  
**Sudarshan Chemical Industries Limited**  
7<sup>th</sup> Floor, Eleven West Panchshil,  
Survey No. 25, Near PAN Card Club Road,  
Baner, Pune – 411 069, Maharashtra, India

In respect of the Financial Statements of the Company for the Year ended 31<sup>st</sup> March 2024, we hereby certify that:

- We have reviewed the financial statements and the cash flow statement of 'Sudarshan Chemical Industries Limited' ("the Company") for the year ended 31<sup>st</sup> March 2024, and that to the best of our knowledge and belief, we hereby state that:
  - these statements do not contain any materially untrue statement or omit any material fact or contain statements that may be misleading;
  - these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations
- There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or in violation of the Company's code of conduct.
- We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the Auditors and the Audit Committee, deficiencies, if any, in the design or operation of such internal controls, if any, of which we are aware and the steps taken or proposed to be taken for rectifying these deficiencies, if any.
- We have indicated to the Auditors and the Audit Committee:
  - that there were no significant changes in internal control over financial reporting during the year;
  - that there were no significant changes in accounting policies made during the year except, as disclosed in the notes to the financial statements; and
  - that there were no instances of significant fraud of which we have become aware of, involving the management or an employee having a significant role in the Company's internal control system over financial reporting.

Place: Pune  
Date: 17<sup>th</sup> May, 2024

**R. B. Rathi**  
Managing Director

**Nilkanth Natu**  
Chief Financial Officer

Annexure III

CORPORATE GOVERNANCE CERTIFICATE

[Pursuant to Regulation 34(3) and Schedule V Para E of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015]

To:  
The Members of  
**Sudarshan Chemical Industries Limited**  
7<sup>th</sup> Floor, Eleven West Panchshil,  
Survey No. 25, Near PAN Card Club Road,  
Baner, Pune – 411069, Maharashtra, India

I have examined the compliance of conditions of corporate governance by Sudarshan Chemical Industries Limited ("the Company"), for the year ended on 31<sup>st</sup> March, 2024, as stipulated in relevant provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time, (hereinafter collectively referred to as "SEBI Listing Regulations, 2015").

The compliance of conditions of corporate governance is the responsibility of the management. My examination was limited to the review of procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In my opinion and to the best of my information and according to the explanations given to us, I certify that the Company has complied with the conditions of Corporate Governance as stipulated in the provisions as specified in SEBI Listing Regulations, 2015, as applicable.

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

For **Rajesh Karunakaran & Co.,**  
Company Secretaries

**Rajesh Karunakaran**  
Company Secretary  
C.P. - 6581  
FCS No. 7441

UDIN – F007441000390021  
Peer Review Certificate no.1260/2021 dated 28<sup>th</sup> June, 2021  
Pune , 17<sup>th</sup> May, 2024

1. ANNUAL GENERAL MEETING:

Day and Date	Friday, 2 <sup>nd</sup> August, 2024
Time	4:00 P.M. (IST)
Venue	The 73 <sup>rd</sup> Annual General Meeting ("AGM") would be held through Video Conferencing ("VC") / Other Audio Visual Means ("OAVM"). The venue of the meeting shall be deemed to be the Registered Office of the Company at 7 <sup>th</sup> Floor, Eleven West Panchshil, Survey No. 25, Near PAN Card Club Road, Baner, Pune – 411 069, Maharashtra, India

As per the applicable circulars issued by the Securities and Exchange Board of India ("SEBI") and The Ministry of Corporate Affairs ("MCA"), the companies are allowed to conduct the AGM through Video Conferencing ("VC") or Other Audio Visual Means ("OAVM") on or before 30<sup>th</sup> September, 2024, and also copies of the financial statements (including Report of Board of Directors, Auditor's Report and / or other documents required to be attached therewith), and such statements including the Notice of AGM are being sent only in electronic mode to Shareholders whose e-mail address is registered with the Company / Registrar and Transfer Agent ("RTA") or Depository Participant(s) ("DP"). As per the applicable circulars issued by SEBI and MCA, 72<sup>nd</sup> AGM of the Company was conducted through VC / OAVM on 11<sup>th</sup> August, 2023.

2. FINANCIAL CALENDAR (TENTATIVE): APRIL 2024 TO MARCH 2025 (FINANCIAL YEAR OF THE COMPANY IS 1<sup>ST</sup> APRIL TO 31<sup>ST</sup> MARCH)

Sr. No.	Particulars & Meetings	Actual / Tentative Date
1	Audited Financial Results for the Quarter and year ended 31 <sup>st</sup> March, 2024	Friday, 17 <sup>th</sup> May, 2024
2	Unaudited Quarterly Results for the Quarter ended 30 <sup>th</sup> June, 2024	Within 45 days of the Quarter ended June, 2024
3	73 <sup>rd</sup> Annual General Meeting	Friday, 2 <sup>nd</sup> August, 2024
4	Unaudited Quarterly Results for the Quarter and half year ended 30 <sup>th</sup> September, 2024	Within 45 days of the Quarter and half year ended 30 <sup>th</sup> September, 2024
5	Unaudited Quarterly Results for the Quarter and nine months ended 31 <sup>st</sup> December, 2024	Within 45 days of the Quarter and nine months ended 31 <sup>st</sup> December, 2024
6	Audited Financial Results for the Quarter and year ended 31 <sup>st</sup> March, 2025	Within 60 days of the Quarter and year ended 31 <sup>st</sup> March, 2025

3. RECORD DATE AND DIVIDEND PAYMENT DATE :

The Board of Directors at its meeting held on 23<sup>rd</sup> May, 2023, had recommended a Final Dividend of ₹1.50/- (One Rupee and Fifty Paise only) per Equity Share of ₹2.00/- each (75 %) for FY 2022-23, which was approved by the Shareholders at the 72<sup>nd</sup> AGM held on 11<sup>th</sup> August, 2023 and which was paid to the eligible Shareholders within the statutory timelines.

During the year, the Board of Directors at its meeting held on 6<sup>th</sup> March, 2024 declared an Interim Dividend of ₹3.60/- (Three Rupees and Sixty Paise only) per Equity Share of ₹2.00/- each (180%), which was paid to the eligible Shareholders within the statutory timelines.

The Board of Directors at its meeting held on 17<sup>th</sup> May, 2024 recommended Final Dividend of ₹1.00/- (One Rupee only) per Equity Share of ₹2.00/- each (50%) subject to approval of Shareholders at the ensuing 73<sup>rd</sup> AGM.

As explained above, the Interim Dividend along with recommended Final Dividend aggregates to a total Dividend of ₹4.60/- (Four Rupees and Sixty Paise only) per Equity Share of ₹2.00/- each (230%) for the Financial Year 2023-24. A proposal seeking Shareholders' approval to confirm Interim Dividend paid on Equity Shares during the Financial Year 2023-24 and to declare the Final Dividend for the Financial Year 2023-24 is forming part of the Notice of the 73<sup>rd</sup> AGM. If approved by Shareholders, the Final Dividend shall be paid within the statutory timelines.

In view of the changes made under the Income Tax Act, 1961, by the Finance Act, 2020, dividend paid or distributed by the Company shall be taxable in the hands of Shareholders. The Company shall accordingly, make the payment of Final Dividend after deduction of tax at source.

The dividend payout is in accordance with the Company's Dividend Distribution policy which is provided as **Annexure III** to this Report, and is also available on the website of the Company <https://www.sudarshan.com/perch/resources/dividend-distribution-policy-1.pdf>

## 4. DIVIDEND TREND FOR PAST FIVE YEARS:

Sr. No.	Dividend Year	Dividend %	Dividend Per Share
1	FY 2022-23 (Final Dividend)	75.00	₹1.50/- per share of ₹2.00/- each
2	FY 2021-22 (Final Dividend)	250.00	₹5.00/- per share of ₹2.00/- each
3	FY 2020-21 (Final Dividend)	300.00	₹6.00/- per share of ₹2.00/- each
4	FY 2019-20 (Interim Dividend which was confirmed as Final Dividend at the 69 <sup>th</sup> AGM)	315.00 (Including Special Dividend 25.00)	₹6.30/- per share of ₹2.00/- each (Including Special Dividend of ₹0.50/- per share)
5	FY 2018-19 (Final Dividend)	300.00 (Including Special Dividend 125.00)	₹6.00/- per share of ₹2.00/- each (Including Special Dividend of ₹2.50/- per share)

## 5. LISTING ON STOCK EXCHANGES AND STOCK CODE:

Name	Code
<b>BSE Limited (BSE)</b> Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001 Telephone Nos.: 022 – 2272 1233 / 34 Facsimile No.: 022 – 22721919 Website: www.bseindia.com	506655 (equity) 974058 (debt)
<b>National Stock Exchange of India Limited (NSE)</b> Exchange Plaza, Plot No. C/1, G Block, Bandra Kurla Complex, Bandra (E), Mumbai- 400 051 Telephone Nos. 022 - 2659 8100 - 14 Facsimile No.: 022 – 2659 8120 Website: www.nseindia.com	SUDARSCHEM (equity)

The International Security Identification Number ("ISIN") for Company's Equity Shares registered with NSDL and CDSL is INE659A01023 and ISIN for Company's Non-Convertible Debentures ("NCDs") is INE659A08036.

The Company has paid the Annual Listing fees of BSE Limited and National Stock Exchange of India Limited for FY 2024-25.

During Financial Year 2022-23, the Company issued Unsecured, Rated, Listed, Taxable, Redeemable Non-Convertible Debentures on private placement basis for which it entered into an agreement with Catalyst Trusteeship Limited to act as Debenture Trustee and appointed Link Intime India Private Limited as Registrar and Transfer Agent.

NCDs	Value (in ₹)	Date of Allotment	Tenure	Redemption Date
8.45% NCDs (INE659A08036)	₹99 Crores	18 <sup>th</sup> July, 2022	36 months	18 <sup>th</sup> July, 2025

Pursuant to Regulations 52(7) and (7A) of SEBI Listing Regulations, 2015, read with SEBI Circular No. SEBI/HO/DDHS/DDHS\_Div1/P/CIR/2022/0000000103 dated 29<sup>th</sup> July, 2022, proceeds of Non-Convertible Debentures issued during the year were utilised for the purpose as stated in the Information Memorandum.

Pursuant to amended Regulation 23 of SEBI (Issue and Listing of Non-Convertible Securities) Regulation, 2021, an enabling provision in Articles of Association of the Company, permitting appointment of a nominee director by a Debenture Trustee, in case there is a default by the Company in relation to its NCDs is required. Considering the fact, a clause in this regard is already in place, therefore, the Company was not required to amend its Articles of the Association.

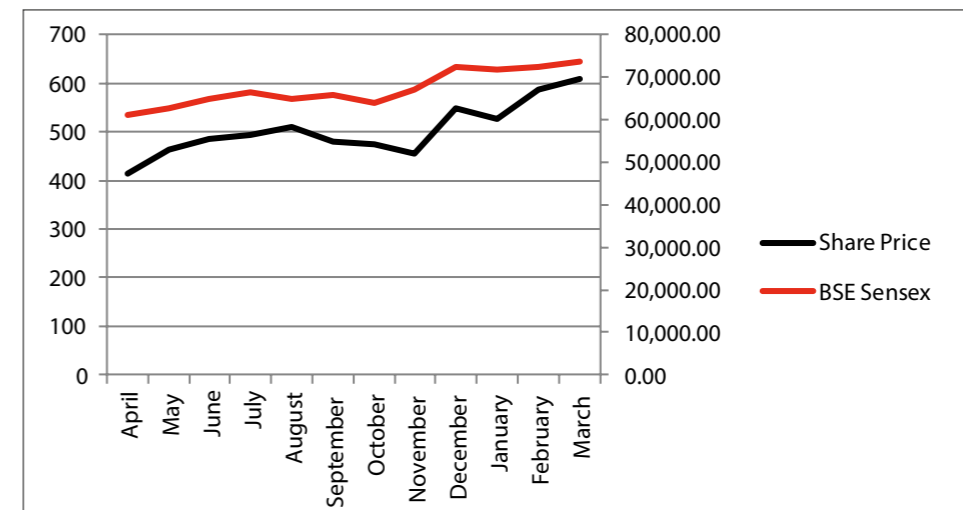
Pursuant to amended Regulation 18(6A) of SEBI (Issue and Listing of Non-Convertible Securities) Regulation, 2021, the Trust Deed shall contain a provision, mandating the issuer to appoint the person nominated by the Debenture Trustee(s) in terms of Regulation 15(1)(e) of SEBI (Debenture Trustees) Regulations, 1993, as a director on its Board of Directors at the earliest and not later than one month from the date of receipt of nomination from the debenture trustee(s). The issuers, whose Debt Securities were listed, were required to amend their Debenture Trust Deed on or before 30<sup>th</sup> September, 2023. Accordingly, the Company has amended its Trust Deed on 25<sup>th</sup> September, 2023, complying with the aforesaid requirements.

## 6. STOCK PRICES:

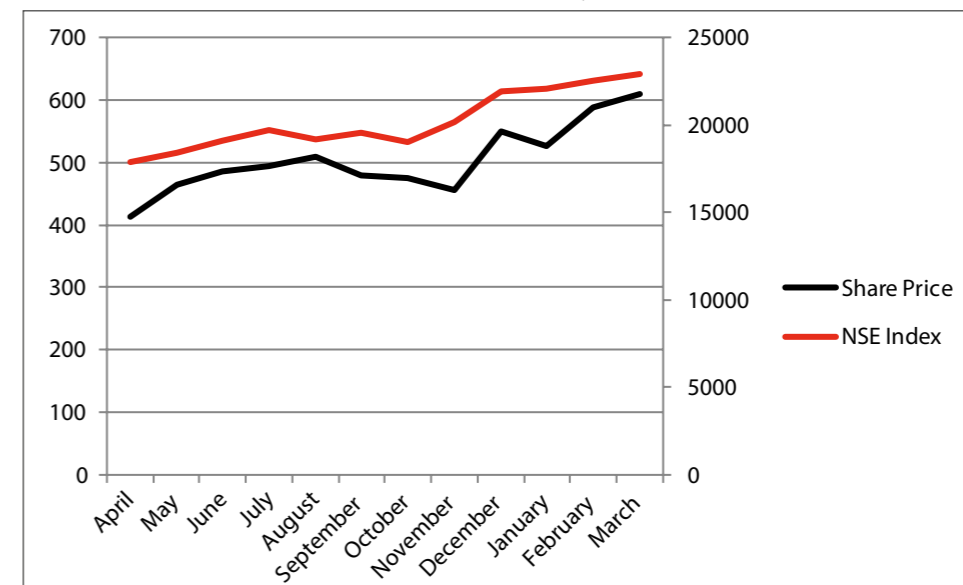
Month	BSE Limited		National Stock Exchange of India Limited	
	High (₹.)	Low (₹.)	High (₹.)	Low (₹.)
April, 2023	428.55	383.50	429.00	388.50
May, 2023	473.00	382.05	473.15	388.35
June, 2023	519.45	455.85	519.20	455.95
July, 2023	505.05	459.30	505.00	458.55
August, 2023	565.90	489.30	566.95	490.25
September, 2023	538.65	466.00	534.00	466.00
October, 2023	505.00	440.00	505.00	437.10
November, 2023	491.40	448.10	496.00	448.60
December, 2023	565.50	456.70	566.00	456.25
January, 2024	564.00	501.00	564.40	500.95
February, 2024	613.00	505.00	613.00	505.00
March, 2024	630.10	534.60	629.50	535.15

(Source BSE and NSE - Websites)

## Comparison of Sudarshan's share price with BSE Sensex - April 2023 to March, 2024



## Comparison of Sudarshan's share price with NSE Nifty - April 2023 to March, 2024:



**7. INVESTOR RELATIONS**

Investor Relations ("IR") at the Company aim at proactively giving timely information to the investors so that they can take a well-considered decision. This two-way communication by periodically holding con-call / holding of annual investor meet helps keep the stakeholders updated with the quarterly financial performance and material business events. Feedback received from investors is given due consideration by the Company's Management.

In order to ensure provision of timely and adequate information, the Company provides updates on its performance to all investors after the release of quarterly / half yearly / yearly results.

Post quarterly results, a conference call is arranged to discuss highlights of the Company's performance. Shareholders of the investor community are invited for the same and an opportunity is provided to them to participate in the Q & A. Conference calls are hosted by the Company in order to give a free and fair opportunity for all the participants.

**8. REGISTRAR AND TRANSFER AGENTS:**

Link Intime India Private Limited, Pune (SEBI Registration No. INR000004058) are acting as the Company's Registrar and Transfer Agents to handle requests for transmission, transposition, name deletion, issue of duplicate share certificates / letter of confirmation / letter of entitlement, dematerialisation and rematerialisation of equity shares. These activities are handled under the supervision of the Company Secretary who is also the Compliance Officer under the SEBI Listing Regulations, 2015.

**9. SHARE TRANSFER SYSTEM:**

The Board has constituted a Shares Committee for expeditious processing of requests for transmission, transposition, name deletion, issue of duplicate share certificates / letter of confirmation / letter of entitlement, dematerialisation and rematerialisation of equity shares in compliance with the provisions of the Companies Act, 2013 and applicable SEBI Listing Regulations, 2015.

In terms of amended Regulation 40 of SEBI Listing Regulations, 2015, as amended from time to time, transfer, transmission and transposition of shares of a listed Company shall be effected only in dematerialised form.

Further, effective 24<sup>th</sup> January, 2022, SEBI has made it mandatory for listed companies to issue shares in demat mode only while processing any investor service requests viz. issue of duplicate share certificates, exchange/sub-division/ splitting/ consolidation of securities, transmission/ transposition of shares. Vide its Circular dated 25<sup>th</sup> January, 2022, SEBI has clarified that listed entities/ RTAs shall now issue a letter of confirmation / letter of entitlement in lieu of the share certificate while processing any of the aforesaid investor service request.

**10. DISTRIBUTION OF SHAREHOLDING:**(As on 31<sup>st</sup> March, 2024)

No. of equity shares held	No. of shareholders	% of shareholders	No. of shares	% of shareholding
1 – 3000	67,883	98.96	9,295,418	13.43
3001 – 5000	304	0.44	1,236,562	1.79
5001 & Above	420	0.60	58,695,270	84.78
<b>Total</b>	<b>68,607</b>	<b>100.00</b>	<b>69,227,250</b>	<b>100.00</b>

**11. SHAREHOLDING PATTERN:**(As on 31<sup>st</sup> March, 2024)

Category	No. of shares held	% to total paid up share capital
Rathi Promoter Group	22,998,638	33.22
Foreign Companies / NRI's / Foreign Individuals	499,959	0.72
FIs / FPIs / Financial Institutions / Banks / Insurance Companies / Mutual Funds	13,993,953	20.21
Corporate Bodies	2,305,194	3.33
Non Promoter Directors / Resident Individuals / Others	29,429,506	42.52
<b>Total</b>	<b>69,227,250</b>	<b>100.00</b>

**12. UNPAID / UNCLAIMED DIVIDEND:**

In terms of the provisions of Section 124 of the Companies Act, 2013, the Company is required to transfer dividend which remains unpaid or unclaimed for a period of seven consecutive years from the date of transfer to Unpaid Dividend Account to the credit of the 'Investor Education and Protection Fund' ("Fund") established by the Central Government. Accordingly, the Company has transferred to the Fund, the unclaimed dividend amount of Final Dividend relating to FY 2015-16 and Interim Dividend relating to FY 2016-17 during the year and no claim shall lie against the Company or the Fund in respect of dividends remaining unclaimed or unpaid and transferred to the Fund. Shareholders are hereby informed that the seven consecutive years period for payment of the dividend pertaining to Financial Years as given below will expire on respective dates and thereafter the amount standing to the credit in the said account will be transferred to the Fund of the Central Government. Shareholders are therefore requested to encash the dividend at the earliest. The Company has uploaded details of unclaimed dividend on the Company's website at [www.sudarshan.com](http://www.sudarshan.com) under the tab 'Investors'.

**Dates for transfer of Unclaimed Dividend to the Fund:**

Sr. No.	Financial Year	Date of Declaration	Date of completion of seven consecutive years
1.	FY 2016-17 (Final Dividend)	10 <sup>th</sup> August, 2017	9 <sup>th</sup> September, 2024
2.	FY 2017-18 (Interim Dividend)	8 <sup>th</sup> February, 2018*	10 <sup>th</sup> March, 2025
3.	FY 2017-18 (Final Dividend)	9 <sup>th</sup> August, 2018	8 <sup>th</sup> September, 2025
4.	FY 2018-19 (Final Dividend)	7 <sup>th</sup> August, 2019	6 <sup>th</sup> September, 2026
5.	FY 2019-20 (Interim Dividend)	28 <sup>th</sup> February, 2020*	29 <sup>th</sup> March, 2027
6.	FY 2020-21 (Final Dividend)	6 <sup>th</sup> August, 2021	5 <sup>th</sup> September, 2028
7.	FY 2021-22 (Final Dividend)	9 <sup>th</sup> August, 2022	8 <sup>th</sup> September, 2029
8.	FY 2022-23 (Final Dividend)	11 <sup>th</sup> August, 2023	10 <sup>th</sup> September, 2030
9.	FY 2023-24 (Interim Dividend)	6 <sup>th</sup> March, 2024*	5 <sup>th</sup> April, 2031

\* Declared by the Board of Directors

**13. DETAILS OF UNCLAIMED SHARES:**

In accordance with the requirement of Regulation 34(3) and Part F of Schedule V to the SEBI Listing Regulations, details of equity shares in the suspense account are as follows:

Particulars	No. of shareholders	No. of shares outstanding
Aggregate number of shareholders and the outstanding shares lying in the Unclaimed Suspense Account at the beginning of the year	776	553,280
Number of shareholders who approached the issuer for transfer of shares from the Unclaimed Suspense Account during the year	21	18,800
Number of shareholders to whom shares were transferred from the Unclaimed Suspense Account during the year	21	18,800
Number of shares transferred to Demat Suspense Account during 1 <sup>st</sup> April 2023, to 31 <sup>st</sup> March, 2024	0	0
Aggregate number of shareholders and the outstanding shares lying in the Unclaimed Suspense Account at the end of the year	755	534,480

**14. SUDARSHAN CHEMICAL INDUSTRIES LIMITED - SUSPENSE ESCROW DEMAT ACCOUNT:**

Pursuant to SEBI Circular dated 25<sup>th</sup> January, 2022, to enhance the shareholders experience in dealing with securities markets, the listed companies shall issue the securities in dematerialized form only, while processing any investor service requests viz., issue of duplicate share certificates, endorsement, transmission, transposition. After processing the investor service request(s), a Letter of Confirmation ("LOC") would be issued to the shareholders in lieu of a physical securities certificate. LOC shall be valid for a period of 120 days, within which the shareholder shall make a request to the Depository Participant for dematerializing the said securities/shares. In case the shareholders fail to submit the dematerialisation request within 120 days, the Company shall then credit those securities to the Suspense Escrow Demat Account held by the Company. The shareholders can reclaim these shares from the Company's Suspense Escrow Demat Account on submission of documentation prescribed by SEBI.



15. TRANSFER OF EQUITY SHARES OF THE COMPANY TO INVESTOR EDUCATION AND PROTECTION FUND SUSPENSE ACCOUNT OF THE CENTRAL GOVERNMENT

Pursuant to the provisions of the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 as notified by the Ministry of Corporate Affairs, where the dividend of any shareholder has remained unpaid or unclaimed for seven consecutive years, then in such event, the Equity Shares pertaining to the said shareholder(s) are required to be transferred to the Investor Education and Protection Fund ("IEPF") Suspense Account of the Central Government. Accordingly, the Company has transferred shares to the IEPF Suspense Account during the year under review.

The Company had informed the concerned shareholders to claim their unpaid dividends for the previous seven consecutive years, failing which their relevant Equity Shares would be transferred to IEPF Suspense Account of the Central Government. No claim shall lie against the Company in respect of unclaimed dividend amount/s once the Equity Shares are transferred to IEPF.

16. DEMATERIALISATION OF SHARES AND LIQUIDITY:

The Company's shares are presently traded on BSE and NSE in dematerialised form. The International Securities Identification Number ("ISIN") allotted to the Company's Shares under the Depository System is INE659A01023. The Company's shares are actively traded on the stock exchanges. The Company's market capitalisation stood at approx. ₹42,229 Million as on 31<sup>st</sup> March, 2024. Promoters' shareholding is held in dematerialised form. As on 31<sup>st</sup> March, 2024, 98.62% of the total shareholding in the Company is held in dematerialised form which includes the Promoters' shareholding of 33.22%.

17. DISPUTE RESOLUTION MECHANISM AT STOCK EXCHANGES ("SMART ODR"):

SEBI vide its Circular dated 30<sup>th</sup> May, 2022 provided an option for arbitration as a Dispute Resolution Mechanism for investors. Pursuant to above-mentioned circular, post exhausting the option to resolve their grievances with the RTA / the Company directly and through existing SCORES platform, the shareholders can initiate dispute resolution through the ODR Portal at <https://smartodr.in/login>. In compliance with SEBI guidelines, during the year, the Company had sent communication intimating about the said Dispute Resolution Mechanism to the shareholders.

18. OUTSTANDING GDRs / ADRs / WARRANTS AND OTHER CONVERTIBLE INSTRUMENTS, CONVERSION DATES AND LIKELY IMPACT ON EQUITY:

Not applicable as not issued.

19. POSTAL BALLOT AND E-VOTING:

The details of Postal Ballot and e-voting are mentioned in the Report on Corporate Governance.

20. CREDIT RATING:

During the year under review, India Ratings and Research Private Limited ("Ind-Ra"), a Fitch Group Company has affirmed Company's Long-Term Issuer Rating at 'IND AA-/Stable', and has also affirmed Short-Term Rating at IND A1+.

Ind-Ra has also affirmed Company's Long-Term Issuer Rating at 'IND AA-/Stable', for Company's Non-Convertible Debentures.

21. PLANT LOCATIONS:

Location	Address
Roha	46 MIDC Estate, Dhatav, Roha 402 116, Dist. Raigad, Maharashtra, India
Mahad	Plot No. A-19/1+2 & 19 (1) Part, MIDC Estate, Mahad 402 301, Dist. Raigad, Maharashtra, India
Ambadvet (Sutarwadi)	R & D Laboratory, Ambadvet (Sutarwadi), Dist. Pune, Maharashtra, India

22. ADDRESS FOR CORRESPONDENCE:

1) Mr. Mandar Velankar

Company Secretary and Compliance Officer  
Sudarshan Chemical Industries Limited,  
7<sup>th</sup> Floor, Eleven West Panchshil, Survey No. 25 Near PAN Card Club Road,  
Baner, Pune – 411 069, Maharashtra, India  
Tel No. 020- 68281200  
Email: [shares@sudarshan.com](mailto:shares@sudarshan.com)

2) Registrar and Transfer Agents (RTA)

Link Intime India Private Limited,  
"Akshay Complex" Block No. 202, 2<sup>nd</sup> Floor, Off Dhole Patil Road,  
Near Ganesh Temple, Pune- 411 001, Maharashtra, India  
Tel. No. 020 - 2616 0084, 020 - 2616 1629  
Telefax 020-2616 3503  
E-mail: [pune@linkintime.co.in](mailto:pune@linkintime.co.in)

Shareholders may use 'SWAYAM', which a brand new Shareholder Self-Service Portal, designed exclusively for the shareholders service by Link Intime India Private Limited. 'SWAYAM' may be accessed at [https://linkintime.co.in/Swayam\\_info.html](https://linkintime.co.in/Swayam_info.html)

# Independent Auditor's Report

To the Members of Sudarshan Chemical Industries Limited

Report on the audit of the standalone Ind AS financial statements

Opinion

We have audited the accompanying standalone Ind AS financial statements of Sudarshan Chemical Industries Limited ("the Company"), which comprise the Balance sheet as at March 31 2024, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the standalone Ind AS financial statements, including a summary of material accounting policies and other explanatory information (hereinafter referred to as "the standalone Ind AS financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Companies Act, 2013, as amended ("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 March 31, 2024, its profit including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the standalone Ind AS financial statements in accordance with the Standards on Auditing (SAs), as specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Standalone Ind AS Financial Statements' section of our report. We are independent of the Company in accordance with the 'Code of Ethics' issued by

the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the standalone Ind AS financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone Ind AS financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone Ind AS financial statements for the financial year ended March 31, 2024. These matters were addressed in the context of our audit of the standalone Ind AS financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the 'Auditor's Responsibilities for the Audit of the Standalone Ind AS Financial Statements' section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the standalone Ind AS financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying standalone Ind AS financial statements.

Key audit matters	How our audit addressed the key audit matter
<b>Timing of recognition of revenue (as described in note 2.2(d) (Summary of material accounting policies) and note 26 forming part of the standalone Ind AS financial statements)</b>	<p>Our audit procedures included the following:</p> <p>We obtained understanding of the Company's sales process, including design and implementation of controls and tested the operating effectiveness of these controls.</p> <p>We read the Company's accounting policies pertaining to revenue recognition and assessed compliance with Ind AS 115 - Revenue from Contracts with Customers.</p> <p>We obtained and read the terms of customer contracts on a sample basis to assess various performance obligations in the contract, the point in time of transfer of control of goods to customers and pricing terms.</p> <p>We tested on a sample basis sales invoice for identification of point in time for transfer of control and terms of contract with customers. Further, we performed procedures to test on a sample basis whether revenue was recognized in the appropriate period (including at year end) by testing underlying sales orders, sales invoice copies, lorry receipts, shipping records, customer acceptances etc. and tested the management assessment involved in the process, wherever applicable.</p> <p>We performed various analytical procedures to identify any unusual sales trends for further testing.</p> <p>We also assessed the disclosure relating to revenue in accordance with applicable accounting standards in the standalone Ind AS financial statements of the Company.</p>
<b>Hedge accounting including valuations thereof (as described in note 2.2(r) (Summary of material accounting policies) and note 15, note 17, note 22 and note 52 of notes forming part of the standalone Ind AS financial statements)</b>	<p>Our audit procedures included the following:</p> <p>We obtained understanding of the Company's overall hedge accounting strategy, derivative instrument valuation and hedge accounting process from initiation to settlement of derivative instruments including assessment of the design and implementation of controls and tested the operating effectiveness of these controls.</p> <p>We read the Company's accounting policy for hedge accounting in accordance with relevant accounting standards.</p> <p>We tested the existence of derivative instruments by tracing to the independent confirmations obtained from respective banks.</p> <p>We also tested management's hedge documentation and contracts, on a sample basis.</p> <p>We tested on a sample basis the fair values of derivative instruments recorded by the Company with the independent balance confirmations obtained from banks.</p> <p>We involved valuation specialists in re-performing the year-end fair valuations including evaluation of hedge effectiveness of derivative instruments on a sample basis and compared these valuations with those recorded by the Company and assessed the valuation methodology and key assumptions used therein.</p> <p>We also assessed the disclosure is in accordance with applicable accounting standards in the standalone Ind AS financial statements of the Company.</p>

Key audit matters

Impairment assessment of material investments in subsidiaries (as described in note 2.2(b) (Summary of material accounting policies) and note 6 of notes forming part of the standalone Ind AS financial statements)

The Company has significant investments in subsidiaries as at March 31, 2024. These investments are accounted for at cost less allowance for impairment, if any. The management assesses at least annually the existence of impairment indicators of each shareholding in such subsidiaries by reference to the requirements under Ind AS 36. If such indicator exists, impairment loss is determined and recognized in the standalone Ind AS financial statements in accordance with the accounting policies.

During the year impairment indicators were identified for certain material investments. The processes and methodologies for assessing and determining the recoverable amount of such investments are based on complex assumptions and require use of significant management's judgment, in particular with reference to forecast of future cash flows relating to the period covered by the Company's strategic business plan, normalized cash flows assumed as a basis for terminal value, as well as the long-term growth rates and discount rates applied to such forecasted cash flows.

Considering the significant level of judgment required in estimating the cash flows and the complexity of the assumptions used, this matter has been identified as a key audit matter.

How our audit addressed the key audit matter

Our audit procedures included the following:

We obtained an understanding of the Company's policy on assessment of impairment of investment in subsidiaries and assumptions used by the management including design and implementation of relevant controls. We have tested the design and operating effectiveness of these controls.

We compared the carrying values of the Company's investment in these subsidiaries with their respective net worth as per audited financial statements.

We have evaluated the valuation model used by the Company's management / valuation experts of the management. We assessed the competencies, capabilities and objectivity of the management's expert.

We involved valuation specialists to evaluate methodology, assumptions and estimates used in the calculations. We considered potential changes in key drivers as compared to previous year / actual performance with management to evaluate whether the inputs and assumptions used in the cash flow forecasts were appropriate. We also assessed the assumptions around the key drivers of the cash flow forecasts including discount rates, expected growth rates and terminal growth rates used.

We assessed the recoverable value by performing sensitivity testing of key assumptions used, analysed and examined the business plans approved along with assumptions and estimates used by management and tested the arithmetical accuracy of these models.

We also assessed the disclosure is in accordance with applicable accounting standards in the standalone Ind AS financial statements of the Company.

Other Information

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual report, but does not include the standalone Ind AS financial statements and our auditor's report thereon. Our opinion on the standalone Ind AS financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the standalone Ind AS financial statements, or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Standalone Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of 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 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 standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

Those Charged with Governance are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Standalone Ind AS Financial Statements

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

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

- Identify and assess the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to standalone Ind AS financial statements in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone Ind AS financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the standalone Ind AS financial statements, including the disclosures, and whether the standalone Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone Ind AS financial statements for the financial year ended March 31, 2024 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("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 1" a statement on the matters specified in paragraphs 3 and 4 of the Order.

2. 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;
- (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 except for the matters stated in the paragraph (i(vi)) below on reporting under Rule 11(g);
- (c) The Balance Sheet, the Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;
- (d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;
- (e) On the basis of the written representations received from the directors as on March 31, 2024 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2024 from being appointed as a director in terms of Section 164 (2) of the Act;
- (f) The modification relating to the maintenance of accounts and other matters connected therewith are as stated in paragraph (b) above on reporting under Section 143(3)(b) and paragraph (i(vi)) below on reporting under Rule 11(g).
- (g) With respect to the adequacy of the internal financial controls with reference to these standalone Ind AS financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;
- (h) In our opinion, the managerial remuneration for the year ended March 31, 2024 has been paid / provided by the Company to its directors in accordance with the provisions of section 197 read with Schedule V to the Act;

(i) 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) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:

- i. The Company has disclosed the impact of pending litigations on its financial position in its standalone Ind AS financial statements – Refer note 45(b) to the standalone Ind AS financial statements;
- ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts – Refer note 15 and note 22 to the standalone Ind AS financial statements;
- iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
- iv. a) The management has represented that, to the best of its knowledge and belief, other than as disclosed in the note 46 (e) to the standalone Ind AS financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other persons or entities, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
- b) The management has represented that, to the best of its knowledge and belief, other than as disclosed in the note 46 (e) to the standalone Ind AS financial statements, no funds have been received by the Company from any persons or entities, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in

other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and

- c) Based on such audit procedures performed that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (a) and (b) contain any material misstatement.
- v. The final dividend paid by the Company during the year in respect of the same declared for the previous year is in accordance with section 123 of the Act to the extent it applies to payment of dividend.

The interim dividend declared and paid by the Company during the year and until the date of this audit report is in accordance with section 123 of the Act.

As stated in note 18 to the standalone Ind AS financial statements, the Board of Directors of the Company have proposed final dividend for the year which is subject to the approval of the members at the ensuing Annual General Meeting. The dividend declared is in accordance with section 123 of the Act to the extent it applies to declaration of dividend.

vi. Based on our examination which included test checks, the Company has used accounting software for maintaining its books of account which has a feature of recording audit trail (edit log) facility and the same has operated throughout the year for all relevant transactions recorded in the software, except that audit trail feature is not enabled for changes, if any, made using certain administrative access rights to the application and underlying database, as described in note 58 to the financial statements. Further, during the course of our audit no instance of audit trail feature being tampered with was noted in respect of such accounting software where the audit trail has been enabled.

For **S R B C & CO LLP**

Chartered Accountants

ICAI Firm Registration Number: 324982E/E300003

per **Huzefa Ginwala**

Partner

Membership Number: 111757

UDIN: 24111757BKENPO6161

Place of Signature: Pune

Date: May 17, 2024

**Annexure 1** referred to in paragraph 1 under the heading “Report on Other Legal and Regulatory Requirements” of our report of even date.

**Re: Sudarshan Chemical Industries Limited ('the Company')**

**In terms of the information and explanations sought by us and given by the Company and the books of account and records examined by us in the normal course of audit and to the best of our knowledge and belief, we state that:**

- (i) (a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment.
- (B) The Company has maintained proper records showing full particulars of intangible assets.
- (b) Property, plant and equipment were physically verified by the management in the current year in accordance with a planned programme of verifying them once in three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets and no material discrepancies were identified on such verification.
- (c) The title deeds of all the immovable properties (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee) are held in the name of the Company.
- (d) The Company has not revalued its property, plant and equipment (including right of use assets) or intangible assets during the year ended March 31, 2024.

- (iii) (a) During the year, the Company has provided loans, advances in the nature of loans and stood guarantee to the following companies:

(Amount in ₹ lakhs)

Particulars	Guarantees	Security	Loans	Advances in nature of loans
Aggregate amount granted / provided during the year				
- Subsidiaries	-	-	500.0	-
Balance outstanding as at balance sheet date in respect of above cases	-	-	-	-
- Subsidiaries				

The Company has not provided loans, advances in the nature of loans, stood guarantees and provided security to Limited Liability Partnerships or any other parties.

- (b) During the year the investments made, guarantees provided and the terms and conditions of the grant of all loans and advances in the nature of loans, investments and guarantees to companies are not prejudicial to the Company's interest.
- (c) The Company has granted loans during the year to companies, where the schedule of repayment of principal and payment of interest has been stipulated and the repayment or receipts are regular.
- (d) There are no amounts of loans and advances in the nature of loans granted to companies, firms, Limited Liability Partnerships or any other parties which are overdue for more than ninety days.

- (e) There are no proceedings initiated or are pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 and rules made thereunder.
- (ii) (a) The inventory has been physically verified by the management during the year except for inventories lying with third parties. In our opinion, the frequency of verification by the management is reasonable and the coverage and procedure for such verification is appropriate. Inventories lying with third parties have been confirmed by them as at March 31, 2024. Discrepancies of 10% or more in aggregate for each class of inventory were not noticed on such physical verification and confirmations for inventories lying with third parties.
- (b) As disclosed in note 19 to the standalone Ind AS financial statements, the Company has been sanctioned working capital limits in excess of INR five crores in aggregate from banks during the year on the basis of security of current assets of the Company. Based on the records examined by us in the normal course of audit of the standalone Ind AS financial statements, the quarterly returns/statements filed by the Company with such banks are in agreement with the audited books of accounts of the Company.

- (e) During the year, the Company had extended loans granted to a company to settle the loan granted to this party which had fallen due during the year.

The aggregate amount of such dues extended and the percentage of the aggregate to the total loans or advances in the nature of loans granted during the year are as follows:

(Amount in ₹ lakhs)

Name of Party	Aggregate amount of loans or advances in the nature of loans granted during the year	Aggregate overdue amount settled by extension granted to the same party	Percentage of the aggregate to the total loans or advances in the nature of loans granted during the year
Sudarshan Japan Limited (wholly owned subsidiary)	151.4	151.4	100%

- (f) The Company has not granted any loans or advances in the nature of loans, either repayable on demand or without specifying any terms or period of repayment to companies. Accordingly, the requirement to report on clause 3(iii)(f) of the Order is not applicable to the Company.
- (iv) Loans, investments, guarantees and security in respect of which provisions of sections 185 and 186 of the Act are applicable have been complied with by the Company.
- (v) The Company has neither accepted any deposits from the public nor accepted any amounts which are deemed to be deposits during the year. However, in regard to the unclaimed deposits the Company has complied with the provisions of Sections 73 to 76 of the Act and the rules made thereunder, to the extent applicable. We are informed by the management that no order has been passed by the Company Law Board, National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal in this regard.
- (b) The dues of goods and services tax, provident fund, employees' state insurance, income-tax, duty of custom, service tax, duty of excise, cess and other statutory dues have not been deposited on account of any dispute, are as follows:

- (vi) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under Section 148(1) of the Companies Act, 2013, related to the manufacture of goods, and are of the opinion that prima facie, the specified accounts and records have been made and maintained. We have not, however, made a detailed examination of the same.

- (vii) (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including goods and services tax, provident fund, employees' state insurance, income-tax, duty of customs, cess and other statutory dues applicable to it. According to the information and explanations given to us and based on audit procedures performed by us, no undisputed amount in respect of these statutory dues were outstanding at the year end, for a period of more than six months from the date they became payable.

(Amount in ₹ lakhs)

Name of the statute	Nature of the dues	Amount under dispute	Pre deposit or payment under protest	Period to which the amount relates	Forum where the dispute is pending
Income Tax Act, 1961	Income Tax	55.0	55.0	AY 1992-1993 to AY 1995-1996	Bombay High Court
Income Tax Act, 1961	Income tax	390.5	339.7	AY 2017-2018 AY 2018-2019 AY 2020-2021 AY 2021-2022	Commissioner of Income Tax
Goods and Service Tax, 2017	Goods and Service Tax	817.5	36.7	FY 2017-2018	Commissioner
Goods and Service Tax, 2017	Goods and Service Tax	73.2	73.2	FY 2017-2018	Commissioner*
Goods and Service Tax, 2017	Goods and Service Tax	1,457.9	-	FY 2018-2019	Commissioner
Customs Act 1962	Custom duty	330.5	12.1	FY 2011-2012 FY 2012-2013	CESTAT**
Customs Act 1962	Interest on IGST	74.8	74.8	FY 2017-2018 FY 2018-2019	CESTAT

Name of the statute	Nature of the dues	Amount under dispute	Pre deposit or payment under protest	Period to which the amount relates	Forum where the dispute is pending
Central Excise Act, 1944	CVD refund	30.6	-	FY 2013-2014 to FY 2017-2018	CESTAT
Central Excise Act, 1944	CVD refund	19.7	-	FY 2013-2014	Commissioner (Appeals) of Central Excise
Central Excise Act, 1944	CVD refund	135.7	-	FY 2013-2014 to FY 2017-2018	CESTAT***
Central Excise Act, 1944	CENVAT refund	26.2	2.6	FY 2015-2016 to 2016-2017	CESTAT
Central Excise Act, 1944	Excise duty	39.5	10.9	FY 2002-2003 to FY 2005-2006	Additional Commissioner Central Excise
The Finance Act, 1994	Service tax	255.5	19.0	FY 2004-2005 to FY 2013-2014	CESTAT
Bombay Electricity Duty Act 1958	Electricity duty on captive power generation	2,810.4	-	FY 2016-2017 to FY 2023-2024	Bombay High Court (writ petition filed by Captive Power Producers Association)

\* In process of filing further appeal as applicable

\*\* Excludes interest

\*\*\* The Company has received a favorable order from the Commissioner of Central Excise. However, the Department has preferred an appeal against the order of the Commissioner before CESTAT.

- (viii) The Company has not surrendered or disclosed any transaction, previously unrecorded in the books of account, in the tax assessments under the Income Tax Act, 1961 as income during the year. Accordingly, the requirement to report on clause 3(viii) of the Order is not applicable to the Company.
- (ix) (a) The Company has not defaulted in repayment of loans or other borrowings or in the payment of interest thereon to any lender.
- (b) The Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.
- (c) Term loans were applied for the purpose for which the loans were obtained.
- (d) On an overall examination of the standalone Ind AS financial statements of the Company, no funds raised on short-term basis have been used for long-term purposes by the Company.
- (e) On an overall examination of the standalone Ind AS financial statements of the Company, the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries.
- (f) The Company has not raised loans during the year on the pledge of securities held in its subsidiaries companies. Hence, the requirement to report on clause (ix)(f) of the Order is not applicable to the Company.
- (x) (a) The Company has not raised any money during the year by way of initial public offer / further public offer (including debt instruments) hence, the requirement to report on clause 3(x)(a) of the Order is not applicable to the Company.
- (b) The Company has not made any preferential allotment or private placement of shares / fully or partially or optionally convertible debentures during the year under audit and hence, the requirement to report on clause 3(x)(b) of the Order is not applicable to the Company.
- (xi) (a) No material fraud by the Company or no material fraud on the Company has been noticed or reported during the year.
- (b) During the year, no report under sub-section (12) of section 143 of the Act has been filed by cost auditor/ secretarial auditor or by us in Form ADT – 4 as prescribed under Rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government.

- (c) As represented to us by the management, there are no whistle blower complaints received by the Company during the year.
- (xii) The Company is not a nidhi Company as per the provisions of the Act. Therefore, the requirement to report on clause 3(xii)(a), (b) and (c) of the Order is not applicable to the Company.
- (xiii) Transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and the details have been disclosed in the notes to the standalone Ind AS financial statements, as required by the applicable accounting standards.
- (xiv) (a) The Company has an internal audit system commensurate with the size and nature of its business.
- (b) The internal audit reports of the Company issued till the date of the audit report, for the period under audit have been considered by us.
- (xv) The Company has not entered into any non-cash transactions with its directors or persons connected with its directors and hence requirement to report on clause 3(xv) of the Order is not applicable to the Company.
- (xvi) (a) The provisions of section 45-IA of the Reserve Bank of India Act, 1934 (2 of 1934) are not applicable to the Company. Accordingly, the requirement to report on clause 3(xvi)(a) of the Order is not applicable to the Company.
- (b) The Company is not engaged in any Non-Banking Financial or Housing Finance activities. Accordingly, the requirement to report on clause 3(xvi)(b) of the Order is not applicable to the Company.
- (c) The Company is not a Core Investment Company as defined in the regulations made by Reserve Bank of India. Accordingly, the requirement to report on clause 3(xvi)(c) of the Order is not applicable to the Company.
- (d) There is no Core Investment Company as a part of the Group, hence, the requirement to report on clause 3(xvi)(d) of the Order is not applicable to the Company.
- (xvii) The Company has not incurred cash losses in the current financial year and in the immediately preceding financial year.

- (xviii) There has been no resignation of the statutory auditors during the year and accordingly requirement to report on Clause 3(xviii) of the Order is not applicable to the Company.
- (xix) On the basis of the financial ratios disclosed in note 47 to the standalone Ind AS financial statements, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.
- (xx) (a) In respect of other than ongoing projects, there are no unspent amounts that are required to be transferred to a fund specified in Schedule VII of the Act, in compliance with second proviso to sub section 5 of section 135 of the Act. This matter has been disclosed in note 37 to the standalone Ind AS financial statements.
- (b) There are no unspent amounts in respect of ongoing projects, that are required to be transferred to a special account in compliance of provision of sub section (6) of section 135 of Companies Act. This matter has been disclosed in note 37 to the standalone Ind AS financial statements.

For **S R B C & CO LLP**  
Chartered Accountants  
ICAI Firm Registration Number: 324982E/E300003

per **Huzefa Ginwala**  
Partner  
Membership Number: 111757  
UDIN: 24111757BKENPO6161

Place of Signature: Pune  
Date: May 17, 2024



**Annexure 2** referred in paragraph 2(g) under the heading “Report on Other Legal and Regulatory Requirements” of our report of even date

**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 with reference to standalone Ind AS financial statements of Sudarshan Chemical Industries Limited (“the Company”) as of March 31, 2024 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

**Management’s Responsibility for Internal Financial Controls**

The Company’s Management 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.

**Auditor’s Responsibility**

Our responsibility is to express an opinion on the Company’s internal financial controls with reference to these standalone Ind AS financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) and the Standards on Auditing, as specified under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both issued by ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to these standalone Ind AS financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to these standalone Ind AS financial statements and their operating effectiveness. Our audit of internal financial controls with reference to standalone Ind AS financial statements included obtaining an understanding of internal financial controls with reference to these standalone Ind AS financial statements, 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 auditor’s judgement, 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 with reference to these standalone Ind AS financial statements.

**Meaning of Internal Financial Controls With Reference to these Standalone Ind AS Financial Statements**

A company’s internal financial controls with reference to standalone Ind AS financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal financial controls with reference to standalone Ind AS financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised 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 with Reference to Standalone Ind AS Financial Statements**

Because of the inherent limitations of internal financial controls with reference to standalone Ind AS financial statements, 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 with reference to standalone Ind AS financial statements to future periods are subject to the risk that the internal financial control with reference to standalone Ind AS financial statements 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, adequate internal financial controls with reference to standalone

Ind AS financial statements and such internal financial controls with reference to standalone Ind AS financial statements were operating effectively as at March 31, 2024, 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 issued by the ICAI.

For **S R B C & CO LLP**  
Chartered Accountants  
ICAI Firm Registration Number: 324982E/E300003

per **Huzefa Ginwala**  
Partner  
Membership Number: 111757  
UDIN: 24111757BKENPO6161

Place of Signature: Pune  
Date: May 17, 2024

## Standalone Balance Sheet as at 31<sup>st</sup> March, 2024

(All amounts are in ₹ Lakhs, unless otherwise stated)

Particulars	Notes	As at 31 <sup>st</sup> March, 2024	As at 31 <sup>st</sup> March, 2023
<b>ASSETS</b>			
<b>I Non-current assets</b>			
(a) Property, plant and equipment	3	1,02,113.4	1,05,689.6
(b) Capital work-in-progress	3	1,452.8	4,425.3
(c) Intangible assets	4	2,754.9	3,258.5
(d) Right-of-use assets	5	2,047.5	865.0
(e) Financial assets			
i Investments in subsidiaries	6	4,870.8	5,348.4
ii Other investments	7	244.1	205.3
iii Derivative instruments	15	127.6	353.0
iv Other financial assets	8	526.5	685.1
(f) Income tax assets (net)	25	1,111.4	2,475.0
(g) Other non-current assets	9	768.2	620.4
		<b>1,16,017.2</b>	<b>1,23,925.6</b>
<b>II Current assets</b>			
(a) Inventories	10	31,343.4	37,438.3
(b) Financial assets			
i Trade receivables	11	52,483.6	42,188.5
ii Cash and cash equivalents	12	3,536.9	578.5
iii Bank balances other than (ii) above	13	701.3	493.1
iv Loans	14	151.4	169.4
v Derivative instruments	15	703.5	1,338.2
vi Other financial assets	8	1,116.5	1,102.9
(c) Other current assets	9	3,383.6	4,709.0
		<b>93,420.2</b>	<b>88,017.9</b>
<b>III Assets held for sale</b>	50	-	2,845.5
<b>Total assets</b>		<b>2,09,437.4</b>	<b>2,14,789.0</b>
<b>EQUITY AND LIABILITIES</b>			
<b>A Equity</b>			
(a) Equity share capital	16	1,384.5	1,384.5
(b) Other equity	17	1,09,264.3	79,426.3
<b>Total equity</b>		<b>1,10,648.8</b>	<b>80,810.8</b>
<b>B Liabilities</b>			
<b>I Non-current liabilities</b>			
(a) Financial liabilities			
i Borrowings	19	19,331.5	44,721.5
ii Lease liabilities	5	1,705.3	507.3
iii Other financial liabilities	21	161.3	156.3
iv Derivative instruments	22	-	379.8
(b) Provisions	23	2,985.5	2,579.9
(c) Deferred tax liabilities (net)	25	7,514.5	5,928.4
(d) Other non-current liabilities	24	302.8	746.9
		<b>32,000.9</b>	<b>55,020.1</b>
<b>II Current liabilities</b>			
(a) Financial liabilities			
i Borrowings	19	16,532.7	29,970.6
ii Lease liabilities	5	218.7	243.4
iii Trade payables			
Dues to micro enterprises and small enterprises	20	2,954.2	3,562.8
Dues to other than micro enterprises and small enterprises	20	41,055.0	39,302.0
iv Derivative instruments	22	82.0	58.3
v Other financial liabilities	21	4,568.2	4,347.7
(b) Provisions	23	293.9	239.3
(c) Other current liabilities	24	1,033.2	1,120.9
(d) Current tax liabilities (net)	25	49.8	113.1
		<b>66,787.7</b>	<b>78,958.1</b>
<b>Total liabilities</b>		<b>98,788.6</b>	<b>1,33,978.2</b>
<b>Total equity and liabilities</b>		<b>2,09,437.4</b>	<b>2,14,789.0</b>
Summary of material accounting policies followed by the Company	2		

The accompanying notes form an integral part of the Financial Statements.

As per our report of even date attached

For and on behalf of the Board of Directors of **Sudarshan Chemical Industries Limited**

**For S R B C & CO LLP**

Chartered Accountants  
ICAI Firm Registration Number:  
324982E/E300003

per **Huzefa Ginwala**  
Partner  
Membership No.: 111757

Place: Pune  
Date : 17<sup>th</sup> May, 2024

**S. A. Panse**  
Independent Director &  
Audit Committee Chairperson  
DIN No. 02599310

Place: Pune  
Date : 17<sup>th</sup> May, 2024

**P. R. Rathi**  
Chairman  
DIN No. 00018577

**R. B. Rathi**  
Managing Director  
DIN No. 00018628

**Nilkanth Natu**  
Chief Financial Officer  
ICAI Membership No.: 108532

**Mandar Velankar**  
Company Secretary  
ICSI Membership No.: 14469

## Standalone Statement of Profit and Loss for the year ended 31<sup>st</sup> March, 2024

(All amounts are in ₹ Lakhs, unless otherwise stated)

Particulars	Notes	Year ended 31 <sup>st</sup> March, 2024	Year ended 31 <sup>st</sup> March, 2023
<b>Income</b>			
Revenue from operations	26	2,14,142.9	1,97,610.5
Other income	27	1,739.4	415.0
<b>Total income (i)</b>		<b>2,15,882.3</b>	<b>1,98,025.5</b>
<b>Expenses</b>			
Cost of materials consumed	28	1,20,085.1	1,16,387.5
Changes in inventories of finished goods and work-in-progress	29	3,408.4	5,467.3
Employee benefits expense	30	14,747.0	12,695.3
Finance costs	31	2,870.7	3,668.9
Depreciation and amortisation expense	32	13,689.3	11,110.7
Other expenses	33	48,391.3	44,913.1
<b>Total expenses (ii)</b>		<b>2,03,191.8</b>	<b>1,94,242.8</b>
<b>Profit before exceptional items and tax (i - ii)</b>		<b>12,690.5</b>	<b>3,782.7</b>
<b>Exceptional items (iii)</b>	53	<b>31,166.0</b>	-
<b>Profit before tax</b>		<b>43,856.5</b>	<b>3,782.7</b>
<b>Tax expense</b>	25		
Current tax		8,859.9	-
Adjustment of tax related to earlier periods (net)		-	(83.6)
Deferred tax		1,484.2	725.3
<b>Total tax expense</b>		<b>10,344.1</b>	<b>641.7</b>
<b>Profit for the year</b>		<b>33,512.4</b>	<b>3,141.0</b>
<b>Other comprehensive income (OCI)</b>	39		
<b>(a) Items that will not be reclassified to profit or loss</b>			
Re-measurement gains / (losses) on defined benefit plans		(188.0)	44.7
Income tax effect		47.3	(11.3)
		<b>(140.7)</b>	<b>33.4</b>
<b>(b) Items that will be reclassified to profit or loss</b>			
Net movement on effective portion of cash flow hedges		20.0	(2,184.4)
Income tax effect		(149.2)	(51.4)
		<b>(129.2)</b>	<b>(2,235.8)</b>
<b>Other comprehensive income/(loss) for the year (net of taxes)</b>		<b>(269.9)</b>	<b>(2,202.4)</b>
<b>Total comprehensive income for the year (net of taxes)</b>		<b>33,242.5</b>	<b>938.6</b>
<b>Earnings per equity share</b>	38		
<b>[Nominal value per share ₹2 (31<sup>st</sup> March 2023 - ₹2)]</b>			
Basic (in ₹)		48.4	4.5
Diluted (in ₹)		48.3	4.5
Summary of material accounting policies followed by the Company	2		

The accompanying notes form an integral part of the Financial Statements.

As per our report of even date attached

For and on behalf of the Board of Directors of **Sudarshan Chemical Industries Limited**

**For S R B C & CO LLP**

Chartered Accountants  
ICAI Firm Registration Number:  
324982E/E300003

per **Huzefa Ginwala**  
Partner  
Membership No.: 111757

Place: Pune  
Date : 17<sup>th</sup> May, 2024

**S. A. Panse**  
Independent Director &  
Audit Committee Chairperson  
DIN No. 02599310

Place: Pune  
Date : 17<sup>th</sup> May, 2024

**P. R. Rathi**  
Chairman  
DIN No. 00018577

**R. B. Rathi**  
Managing Director  
DIN No. 00018628

**Nilkanth Natu**  
Chief Financial Officer  
ICAI Membership No.: 108532

**Mandar Velankar**  
Company Secretary  
ICSI Membership No.: 14469

## Standalone Statement of Cash Flows for the year ended 31<sup>st</sup> March, 2024

(All amounts are in ₹ Lakhs, unless otherwise stated)

Particulars	Year ended 31 <sup>st</sup> March, 2024	Year ended 31 <sup>st</sup> March, 2023
<b>Cash flow from operating activities</b>		
Profit before exceptional items and tax	12,690.5	3,782.7
Gain on exceptional items (net)	31,166.0	-
<b>Adjustment to reconcile profit before exceptional items and tax to net cash flow</b>		
Depreciation and amortisation expense	13,689.3	11,110.7
Loss / (gain) on sale / disposal of property plant and equipment - Exceptional item (refer note 53)	(31,510.1)	-
Loss / (gain) on sale / disposal of property plant and equipment - Others	(10.0)	(0.6)
Loss / (gain) on sale of investment in subsidiary - Exceptional item (refer note 53)	344.1	-
Net gain on fair valuation on financial instruments	(38.8)	(38.8)
Liabilities no longer required, written back	(75.4)	(11.2)
Share based payment expenses	126.1	108.4
Unrealised foreign exchange loss / (gain)	(23.7)	105.7
Net gain on sale of financial instruments	(833.5)	-
(Reversal) / provision for net realisable value adjustment	33.7	174.2
Fair value loss / (gain) on derivatives	114.4	(94.5)
Income on financial guarantees	(88.4)	(18.2)
Charge / (reversal) of provision for bad and doubtful debts / advances (including expected credit loss)	(54.1)	126.0
Finance costs	2,870.7	3,668.9
Interest income	(401.3)	(92.4)
<b>Operating profit before working capital changes</b>	<b>27,999.5</b>	<b>18,820.9</b>
<b>Working capital adjustments :</b>		
Increase / (decrease) in trade payables	1,193.5	(4,820.0)
Increase / (decrease) in provisions	272.1	165.7
Increase / (decrease) in other liabilities	(531.8)	(174.2)
Increase / (decrease) in other financial liabilities	617.4	137.5
(Increase) / decrease in trade receivables	(10,120.0)	4,218.1
(Increase) / decrease in inventories	6,061.2	10,212.8
(Increase) / decrease in other assets	1,309.2	125.1
(Increase) / decrease in other financial assets	(145.0)	151.1
(Increase) / decrease in other bank balances	(208.2)	(41.7)
<b>Cash generated from operations</b>	<b>26,447.9</b>	<b>28,795.3</b>
Income taxes paid (net of refunds) including tax related to exceptional items	(7,559.6)	(431.0)
<b>Net cash flow from operating activities (A)</b>	<b>18,888.3</b>	<b>28,364.3</b>
<b>Cash flows from investing activities :</b>		
Purchases of property, plant and equipment, intangible assets, intangible assets under development (including net movement in capital work in progress, capital advances and payable for capital goods)	(7,114.0)	(18,450.6)
Proceeds from sale of property, plant and equipment and intangible assets and assets held for sale, net of incidental expenses (including proceed received from exceptional item)	34,582.2	106.7
Investments in financial instruments	(26,500.0)	-
Proceeds from sale of financial instruments	27,333.5	-
Proceeds from sale of investment in subsidiary	133.5	-
Proceeds from loans given to subsidiaries	500.0	195.1

## Standalone Statement of Cash Flows (contd.) for the year ended 31<sup>st</sup> March, 2024

(All amounts are in ₹ Lakhs, unless otherwise stated)

Particulars	Year ended 31 <sup>st</sup> March, 2024	Year ended 31 <sup>st</sup> March, 2023
Loans given to subsidiaries	(500.0)	(161.8)
Interest received	489.7	110.6
<b>Net cash flow generated from / (used in) investing activities (B)</b>	<b>28,924.9</b>	<b>(18,200.0)</b>
<b>Cash flows from financing activities :</b>		
Proceeds from long-term borrowings	-	22,319.1
Repayment of long-term borrowings*	(26,483.7)	(14,156.3)
Dividend paid on equity shares and tax thereon	(3,329.1)	(3,427.7)
Proceeds from short-term borrowings	722.8	98,350.2
Repayments of short-term borrowings	(12,721.2)	(1,11,077.3)
Finance costs paid	(2,747.5)	(3,031.5)
Payment of principal portion of lease liabilities	(296.1)	(17.6)
<b>Net cash flow generated from / (used in) financing activities (C)</b>	<b>(44,854.8)</b>	<b>(11,041.1)</b>
<b>Net increase / (decrease) in cash and cash equivalents (A + B + C)</b>	<b>2,958.4</b>	<b>(876.8)</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>578.5</b>	<b>1,455.3</b>
<b>Cash and cash equivalents at the end of the year (excluding earmarked balances)</b>	<b>3,536.9</b>	<b>578.5</b>
<b>Cash and cash equivalents (refer note 12)</b>		
Cash on hand	9.2	8.5
Balance with banks (On current account)	3,527.7	570.0
<b>Total</b>	<b>3,536.9</b>	<b>578.5</b>

\*Repayment for the current year includes prepayment of ₹12,604.8 Lakhs paid out of proceeds from exceptional item.

Changes in liabilities arising from financing activities - Refer note 19	Year ended 31 <sup>st</sup> March, 2024	Year ended 31 <sup>st</sup> March, 2023
<b>Balance at the beginning of year</b>		
Non-current borrowings	44,721.5	36,369.7
Current borrowings	12,589.7	25,338.5
Current maturities of non-current borrowings	17,380.9	14,397.4
Proceeds from borrowings	722.8	1,20,669.3
Repayment of borrowings	(39,204.9)	(1,25,233.6)
Unrealised foreign exchange gain / (loss) (net)	(345.9)	3,150.7
<b>Balance at the end of year</b>		
Non-current borrowings	19,331.5	44,721.5
Current borrowings	591.3	12,589.7
Current maturities of non-current borrowings	15,941.4	17,380.9

### Notes :

The above Statement of Cash Flows has been prepared under the "Indirect Method" set out in Indian Accounting Standard (Ind AS) 7 on Statement of Cash Flows.

The accompanying notes form an integral part of the Financial Statements.

As per our report of even date attached

**For S R B C & CO LLP**  
Chartered Accountants  
ICAI Firm Registration Number:  
324982E/E300003

per **Huzefa Ginwala**  
Partner  
Membership No.: 111757

Place: Pune  
Date : 17<sup>th</sup> May, 2024

For and on behalf of the Board of Directors of **Sudarshan Chemical Industries Limited**

**S. A. Panse**  
Independent Director &  
Audit Committee Chairperson  
DIN No. 02599310

Place: Pune  
Date : 17<sup>th</sup> May, 2024

**P. R. Rathi**  
Chairman  
DIN No. 00018577

**R. B. Rathi**  
Managing Director  
DIN No. 00018628

**Nilkanth Natu**  
Chief Financial Officer  
ICAI Membership No.: 108532

**Mandar Velankar**  
Company Secretary  
ICSI Membership No.: 14469

### Standalone Statement of Changes in Equity

(All amounts are in ₹ Lakhs, unless otherwise stated)

#### A. Equity Share Capital

Equity shares of ₹2 each issued, subscribed and fully paid

Particulars	As at 31 <sup>st</sup> March, 2024			
	Balance at the beginning of the current reporting period	Changes in equity share capital due to prior period errors	Restated balance at the beginning of the current reporting period	Changes in equity share capital during the current year
Share capital amount (in ₹ Lakhs)	1,384.5	-	-	1,384.5
Number of shares	6,92,27,250	-	-	6,92,27,250

Particulars	As at 31 <sup>st</sup> March, 2023			
	Balance at the beginning of the previous reporting period	Changes in equity share capital due to prior period errors	Restated balance at the beginning of the previous reporting period	Changes in equity share capital during the previous year
Share capital amount (in ₹ Lakhs)	1,384.5	-	-	1,384.5
Number of shares	6,92,27,250	-	-	6,92,27,250

#### B. Other Equity

Particulars	Reserves and Surplus					Items of OCI	Total
	Securities premium	Capital reserve	General reserve	Retained earnings*	Share options (ESOP) outstanding reserve	Effective portion of cash flow hedge	
Balance as at 1 <sup>st</sup> April, 2022	1,321.2	0.4	21,340.5	59,123.7	228.8	(173.9)	81,840.7
Profit for the year	-	-	-	3,141.0	-	-	3,141.0
Other comprehensive income (net of tax) (refer note 39)	-	-	-	33.4	-	(2,235.8)	(2,202.4)
Amortized amount of share based payments (ESOPs) to employees (refer note 51)	-	-	-	-	108.4	-	108.4
Total comprehensive income for the year ended 31 <sup>st</sup> March 2023	-	-	-	3,174.4	108.4	(2,235.8)	1,047.0
Transactions with equity holders, recorded directly in equity							
Equity dividend (refer note 18)	-	-	-	(3,461.4)	-	-	(3,461.4)
Total distributions to equity holders	-	-	-	(3,461.4)	-	-	(3,461.4)
Balance as at 31 <sup>st</sup> March, 2023	1,321.2	0.4	21,340.5	58,836.7	337.2	(2,409.7)	79,426.3

### Standalone Statement of Changes in Equity

(All amounts are in ₹ Lakhs, unless otherwise stated)

Particulars	Reserves and Surplus					Items of OCI	Total
	Securities premium	Capital reserve	General reserve	Retained earnings*	Share options (ESOP) outstanding reserve	Effective portion of cash flow hedge	
Profit for the year	-	-	-	33,512.4	-	-	33,512.4
Other comprehensive income (net of tax) (refer note 39)	-	-	-	(140.7)	-	(129.2)	(269.9)
Amortized amount of share based payments (ESOPs) to employees (refer note 51)	-	-	-	-	126.1	-	126.1
Total comprehensive income for the year ended 31 <sup>st</sup> March 2024	-	-	-	33,371.7	126.1	(129.2)	33,368.6
Transactions with equity holders, recorded directly in equity							
Equity dividend (refer note 16)	-	-	-	(1,038.4)	-	-	(1,038.4)
Interim equity dividend (refer note 16)	-	-	-	(2,492.2)	-	-	(2,492.2)
Total distributions to equity holders	-	-	-	(3,530.6)	-	-	(3,530.6)
Balance as at 31 <sup>st</sup> March, 2024	1,321.2	0.4	21,340.5	88,677.8	463.3	(2,538.9)	1,09,264.3

\* Includes re-measurement of defined employee benefit plans  
There are no prior period errors during the current year and previous year.

The accompanying notes form an integral part of the Financial Statements.

As per our report of even date attached

#### For S R B C & CO LLP

Chartered Accountants  
ICAI Firm Registration Number:  
324982E/E300003

per **Huzefa Ginwala**

Partner  
Membership No.: 111757

Place: Pune

Date : 17<sup>th</sup> May, 2024

For and on behalf of the Board of Directors of **Sudarshan Chemical Industries Limited**

#### S. A. Panse

Independent Director &  
Audit Committee Chairperson  
DIN No. 02599310

#### P. R. Rathi

Chairman  
DIN No. 00018577

#### Nilkanth Natu

Chief Financial Officer  
ICAI Membership No.: 108532

#### R. B. Rathi

Managing Director  
DIN No. 00018628

#### Mandar Velankar

Company Secretary  
ICSI Membership No.: 14469

Place: Pune

Date : 17<sup>th</sup> May, 2024

## Notes to the Standalone Financial Statements as at and for the year ended 31<sup>st</sup> March, 2024

(All amounts are in ₹ Lakhs, unless otherwise stated)

### 1. Corporate Information:

Sudarshan Chemical Industries Limited ("the Company") is a Public Limited Company domiciled in India. The Company was incorporated as a Private Limited Company on 19<sup>th</sup> February 1951. The name of the Company was changed to Sudarshan Chemical Industries Limited on 15<sup>th</sup> May, 1975 and the Company went Public in the year 1976.

The CIN number of the Company is L24119PN1951PLC008409. The Company's Equity Shares are listed on the Bombay Stock Exchange Limited ('BSE') and National Stock Exchange of India Limited ('NSE'). The registered office of the Company is located at 7<sup>th</sup> Floor, Eleven West Panchshil, Survey No. 25, Near PAN Card Club Road, Baner, Pune – 411 069, Maharashtra, India.

The Company manufactures and sells a wide range of Organic, Inorganic, and Effect Pigments.

The Standalone Financial Statements of the Company for the year ended 31<sup>st</sup> March 2024 were approved for issue in accordance with a resolution of the Board of Directors on 17<sup>th</sup> May, 2024.

### 2. Material Accounting Policies:

#### 2.1 Basis of preparation and presentation:

The Standalone Financial Statements of the Company have been prepared in accordance with the Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time) and presentation requirements of Division II of Schedule III to the Companies Act, 2013, (Ind AS compliant Schedule III), as applicable to the standalone financial statement of the Company.

These Standalone Financial Statements have been prepared on a historical cost basis, except for the following assets and liabilities which have been measured at fair value:

- Derivative financial instruments
- Certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments)

In addition, the carrying values of recognised assets and liabilities designated as hedged items in fair value hedges that would otherwise be carried at amortised cost are adjusted to record changes in the fair values attributable to the risks that are being hedged in effective hedge relationships.

The Standalone Financial Statements are presented in INR and all values are rounded to the nearest lakhs (₹00,000), except when otherwise indicated.

The Company has prepared the financial statements on the basis that it will continue to operate as a going concern.

#### 2.2 Summary of material accounting policies:

##### (a) Current versus non-current classification

The Company presents assets and liabilities in the balance sheet based on current / non-current classification.

An asset is treated as current when it is:

- expected to be realised or intended to be sold or consumed in normal operating cycle;
- held primarily for the purpose of trading;
- expected to be realised within twelve months after the reporting period, or
- cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- it is expected to be settled in normal operating cycle;
- it is held primarily for the purpose of trading;
- it is due to be settled within twelve months after the reporting period, or
- there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

##### (b) Investment in subsidiaries:

A subsidiary is an entity that is controlled by another entity. Investment in subsidiaries are carried at cost less impairment, if any. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. On disposal of investments in subsidiaries, the difference between net disposal proceeds and the carrying amounts is recognized in the Statement of Profit and Loss.

## Notes to the Standalone Financial Statements as at and for the year ended 31<sup>st</sup> March, 2024

(All amounts are in ₹ Lakhs, unless otherwise stated)

### (c) Foreign currency translation:

The Company's financial statements are presented in INR, which is also its functional currency.

Transactions in foreign currencies are recorded at the exchange rate prevailing on the date of transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency's closing rates of exchange at the reporting date.

Exchange differences arising on settlement or translation of monetary items are recognised in the Statement of Profit and Loss except to the extent of exchange differences which are regarded as an adjustment to interest costs on foreign currency borrowings that are directly attributable to the acquisition or construction of qualifying assets, are capitalised as cost of assets.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or Statement of Profit and Loss are also recognised in Other Comprehensive Income (OCI) or Statement of Profit and Loss, respectively).

In determining the spot exchange rate to use on initial recognition of the related asset, expense, or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which the Company initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Company determines the transaction date for each payment or receipt of advance consideration.

### (d) Revenue:

#### (i) Revenue from contracts with customers:

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. The Company has concluded that it is principal in its revenue arrangements, because it typically controls the goods or services before transferring them to the customer. Revenue is measured at the amount

of consideration which the Company expects to be entitled to in exchange for transferring distinct goods or services to the customer as specified in the contract, excluding amounts collected on behalf of third parties (for example taxes and duties collected on behalf of the government).

Consideration is generally due upon satisfaction of performance obligations and a receivable is recognised when it becomes unconditional. Generally, the credit period varies between 7-120 days from the shipment or delivery of goods or services as the case may be.

The Company does not adjust short-term advances received from the customer for the effects of significant financing component if it is expected at the contract inception that the promised goods or services will be transferred to the customer within a period of one year.

The disclosures of significant accounting judgments, estimates and assumptions relating to revenue from contracts with customers are provided in Note 2.2 (z).

The Company has following streams of revenue:

#### (1) Revenue from sale of goods:

Revenue from sale of goods is recognised at the point in time when control of the asset is transferred to the customer. The point-in-time is determined when the control of the goods or services is transferred which is determined based on when the significant risks and rewards of ownership are transferred to the customer. Apart from this, the Company also considers its present right to payment, the legal title to the goods, inco-terms the physical possession and the customer acceptance in determining the point in time where control has been transferred.

The Company considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated. In determining the transaction price for the sale of goods, the Company considers the effect of variable consideration, the existence of significant financing components, non-cash consideration, and consideration payable to the customer, if any.

#### Contract balances

- (1) **Trade receivables:** A receivable represents the Company's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to

## Notes to the Standalone Financial Statements as at and for the year ended 31<sup>st</sup> March, 2024

(All amounts are in ₹ Lakhs, unless otherwise stated)

accounting policies of financial assets in Note 2.2 (q) Financial instruments.

- (2) **Contract liabilities:** A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration in form of advance (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognised when the payment is made. Contract liabilities are recognised as revenue when the Company performs the obligation as per the contract.

**(ii) Export incentive (government grant):**

Income from export incentives are accounted for on export of goods if the entitlements can be estimated with reasonable assurance and conditions precedent to claim are fulfilled.

**(iii) Interest income:**

Interest Income from a financial asset is recognised using Effective Interest Rate Method.

**(iv) Dividend income:**

Dividend income is recognised when the Company's right to receive the payment is established.

**(v) Other income:**

Insurance claims are accounted on the basis of claims admitted / expected to be admitted and to the extent that there is no uncertainty in receiving the claims. Other revenue is recognised when it is received or when the right to receive payment is established.

**(e) Government grants:**

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant or subsidy relates to revenue, it is recognised as income on a systematic basis in the Statement of Profit and Loss over the periods necessary to match them with the related costs, which they are intended to compensate. Where the grant relates to an asset, it is recognised as deferred income and is allocated to the Statement of Profit and Loss over the periods and in the proportions in which depreciation on those assets is charged.

**(f) Taxes:**

The tax expenses for the period comprises of current tax and deferred income tax. Tax is recognised in the

Statement of Profit and Loss, except to the extent that it relates to items recognised in the Other Comprehensive Income. In which case, the tax is also recognised in Other Comprehensive Income.

**(i) Current tax:**

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates and laws that are enacted at the balance sheet date.

**(ii) Deferred tax:**

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred Tax Assets are recognised to the extent it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax losses can be utilised. In assessing the recoverability of deferred tax assets, the Company relies on the same forecast assumptions used elsewhere in the financial statements and in other management reports.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The carrying amount of deferred tax liabilities and assets are reviewed at the end of each reporting period.

Deferred tax relating to items recognised outside the Statement of Profit and Loss is recognised outside the Statement of Profit and Loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

The Company offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity which intends either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

## Notes to the Standalone Financial Statements as at and for the year ended 31<sup>st</sup> March, 2024

(All amounts are in ₹ Lakhs, unless otherwise stated)

**(iii) Indirect taxes paid on acquisition of assets or on incurring expenses:**

Expenses and assets are recognised net of the amount of indirect taxes paid, except:

- When the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the tax paid is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable.
- When receivables and payables are stated with the amount of tax included.

The net amount of tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

**(g) Non-current assets held for sale :**

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and sale is considered highly probable. A sale is considered as highly probable when decision has been made to sell, assets are available for immediate sale in its present condition, assets are being actively marketed and sale has been agreed or is expected to be concluded within 12 months of the date of classification. Non-current assets held for sale are neither depreciated nor amortised. Assets and liabilities classified as held for sale are measured at the lower of their carrying amount and fair value less cost of disposal and are presented separately in the Balance Sheet.

Additional disclosures are provided in Note 50. All other notes to the financial statements mainly include amounts for continuing operations, unless otherwise mentioned.

**(h) Property, plant and equipment and Capital work in progress:**

**(i) Recognition and measurement:**

An item of property, plant and equipment ('PPE') is recognised as an asset if it is probable that the future economic benefits associated with the item will flow to the Company and its cost can be measured reliably. These recognition principles are applied to the costs incurred initially to acquire an item of PPE, to the pre-operative and trial run costs incurred (net of sales), if any, and also to the costs incurred subsequently to add to, or to replace any part of, or service it.

Property, plant and equipment are stated at cost, net of accumulated depreciation and accumulated impairment loss, if any. Cost comprises of the purchase price, including import duties and non-refundable

purchase taxes, after deducting trade discounts and rebates, if any, and directly attributable cost of bringing the item to its working condition for its intended use and estimated present value of costs of dismantling and removing the item and restoring the site on which it is located. Borrowing costs relating to acquisition of tangible assets which take substantial period of time to get ready for its intended use are also included to the extent they relate to the period till such assets are ready to be put to use. Cost also includes cost of replacement of part of plant and equipment if the recognition criteria are met. If significant parts of plant and equipment have different useful lives, then they are accounted for as separate items (major components) of plant and equipment. The Company depreciates them separately based on their specific useful lives.

The cost of a self-constructed item of property, plant and equipment comprises the cost of materials and direct labour, any other costs directly attributable to bringing the item to working condition for its intended use, and estimated costs of dismantling and removing the item and restoring the site on which it is located. When a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in the Statement of Profit and Loss as incurred.

Machinery spares which meet the definition of PPE are capitalised and depreciated over the useful life of the principal asset.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the Statement of Profit and Loss when the asset is derecognised.

Cost of assets not ready for intended use, as at the reporting date, are classified as capital work-in-progress. Capital work-in-progress is stated at cost, net of accumulated impairment loss, if any.

**(ii) Depreciation:**

- (1) Depreciation on items of property, plant and equipment (except freehold land) is provided on the straight-line method on pro-rata basis, over

## Notes to the Standalone Financial Statements as at and for the year ended 31<sup>st</sup> March, 2024

(All amounts are in ₹ Lakhs, unless otherwise stated)

the useful lives of assets as prescribed in Schedule – II of the Companies Act, 2013, except in respect of the following assets where, useful life of assets have been determined based on technical evaluation done by the management's expert:

(in years)

Asset Class	Useful Life Adopted	Useful Life as per Schedule – II*
Plant and Machinery - Other than below	5.0 / 9.2 / 10.0	7.5
Plant and Machinery - SS Vessels / SS Equipments	15.0	7.5
Plant and Machinery - Other than SS Components	7.7	7.5
Vehicles	5.0 / 6.0	8.0

\*The above mentioned useful lives are on a three-shift basis, except for vehicles.

- (2) The Company, based on technical assessment made by technical expert and management estimate, depreciates certain items of building, plant and equipment over estimated useful lives which are different from the useful life prescribed in Schedule II to the Companies Act, 2013. The management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used.
- (3) The Company reviews the estimated residual values and expected useful lives of assets at least annually.

### (i) Intangible assets and Intangible assets under development:

#### (i) Recognition and measurement:

Intangible assets are measured on initial recognition at cost and subsequently are carried at cost less accumulated amortisation and accumulated impairment loss, if any.

The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment loss.

Research costs are recognised as an expense in the Statement of Profit and Loss in the period they are incurred.

Internally generated intangible assets arising from development activity are recognised at cost when the project is clearly defined and the costs are separately identified and reliably measured, on demonstration of technical feasibility of the project, the intention and ability of the Company to complete, use or sell it is demonstrated, adequate resources are available to complete the project and only if it is probable that the asset would generate future economic benefits. Such costs are capitalised as 'Technical know-how'. Otherwise it is recognised as an expense in the Statement of Profit and Loss in the period they are incurred. Subsequent to initial recognition, the intangible assets are measured at cost less accumulated amortisation and any accumulated impairment losses.

An intangible asset is derecognised upon disposal (i.e. at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit and loss when the asset is derecognised.

#### (ii) Amortisation:

- (1) The useful lives of intangible assets are assessed as either finite or indefinite.
- (2) Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit and loss unless such expenditure forms part of carrying value of another asset.
- (3) Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

## Notes to the Standalone Financial Statements as at and for the year ended 31<sup>st</sup> March, 2024

(All amounts are in ₹ Lakhs, unless otherwise stated)

### (iii) Research and development costs

Revenue expenditure pertaining to research is charged to the Statement of Profit and Loss as and when incurred. Development costs are capitalised as an intangible asset if it can be demonstrated that the project is expected to generate future economic benefits, it is probable that those future economic benefits will flow to the entity and the costs of the asset can be measured reliably, else it is charged to the Statement of Profit and Loss.

A summary of the amortisation / depletion policies applied to the Company's other intangible assets to the extent of depreciable amount is as follows:

Asset Class	Years
Registrations	10
Computer Software	5-10
Technical Know-How	3-9
Right to Use	5-10

### (iv) Capital work in progress ("CWIP") and Intangible assets under development:

- (1) Projects under commissioning and other CWIP items are carried at cost, comprising direct costs, related incidental expenses and eligible borrowing costs, if any.
- (2) Intangible assets under development are carried at cost, comprising direct costs, directly attributable incidental expenses and eligible borrowing costs, if any.
- (3) Advances given to acquire property, plant and equipment are recorded as non-current assets and subsequently transferred to CWIP on acquisition of related assets.

### (j) Borrowing costs:

Borrowing costs are interest and other costs (including exchange differences relating to foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs) incurred in connection with the borrowing of funds. Borrowing costs directly attributable to acquisition or construction of an asset which necessarily take a substantial period of time to get ready for their intended use are capitalised as part of the cost of that asset till the date the asset is ready for intended use. Capitalisation of borrowing costs is suspended and charged to the Statement of Profit and Loss during extended period when active development activity on the qualifying asset is suspended. Other borrowing costs are recognised as an expense in the period in which they are incurred. All other

borrowing costs are charged to the Statement of Profit and Loss for the period for which they are incurred.

### (k) Leases:

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

#### Company as a lessee:

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

#### (i) Right-of-use assets:

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

Type of Asset	Useful Life estimated by management (years)
Leasehold Land	60 to 95 years
Leasehold Building	4 to 9 years
Plant & Machinery (IT Equipments)	5 years

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. Refer to the accounting policies in section (m) Impairment of non-financial assets.

#### Sale and leaseback

When the Company (seller-lessee) sells an asset to another entity (buyer-lessor) and leases it back from the buyer-lessor, the Company determines if the transaction qualifies as a sale under Ind AS 115 or whether the transaction is a collateralised borrowing.

## Notes to the Standalone Financial Statements as at and for the year ended 31<sup>st</sup> March, 2024

(All amounts are in ₹ Lakhs, unless otherwise stated)

A sale and leaseback qualifies as a sale if the buyer-lessor obtains control of the underlying asset. The Company measures a right-of-use asset arising from the leaseback as the proportion of the previous carrying amount of the asset that relates to the right-of-use retained. The gain / (loss) that the Company recognises is limited to the proportion of the total gain / (loss) that relates to the rights transferred to the buyer-lessor.

Any difference between the sale consideration and the fair value of the asset is either a prepayment of lease payments (if the purchase price is below market terms) or an additional financing (if the purchase price is above market terms), and this is applied if the lease payments are not at market rates.

If the transfer does not qualify as a sale under Ind AS 115, the Company does not derecognise the transferred asset, and it accounts for the cash received as a financial liability.

### (ii) Lease liabilities:

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index

or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

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

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

### Company as a lessor:

Leases in which the Company does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in other income in the Statement of Profit and Loss. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Leases are classified as finance leases when substantially all of the risks and rewards of ownership transfer from the Company to the lessee. Amounts due from lessees under finance leases are recorded as receivables at the Company's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the net investment outstanding in respect of the lease.

### (i) Inventories:

Inventories are valued at the lower of cost and net realisable value.

Costs incurred in bringing each product to its present location and condition are accounted for as follows:

- Raw materials, stores and spares and packing material: cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on weighted average basis.
- Finished goods and work in progress: cost includes cost of direct materials and labour and a proportion

## Notes to the Standalone Financial Statements as at and for the year ended 31<sup>st</sup> March, 2024

(All amounts are in ₹ Lakhs, unless otherwise stated)

of manufacturing overheads based on the normal operating capacity but excluding borrowing costs. Cost is determined on weighted average basis.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

### (m) Impairment of non-financial assets:

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or Company of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Company bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Company's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year. To estimate cash flow projections beyond periods covered by the most recent budgets / forecasts, the Company extrapolates cash flow projections in the budget using a steady or declining growth rate for subsequent years, unless an increasing rate can be justified. In any case, this growth rate does not exceed the long-term average growth rate for the products, industries, or country or countries in which the entity operates, or for the market in which the asset is used.

Impairment losses of continuing operations including impairment on inventories, are recognised in the Statement of Profit and Loss.

For the assets, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed either its recoverable amount, or the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the Statement of Profit and Loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

Intangible assets with indefinite useful lives are tested for impairment annually as at 31<sup>st</sup> March at the CGU level, as appropriate, and when circumstances indicate that the carrying value may be impaired.

### (n) Provisions, contingent liabilities and contingent assets:

#### (i) Provisions:

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the Statement of Profit and Loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

#### (ii) Contingent liability

Contingent liability is:

- (a) possible obligation arising from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity or

## Notes to the Standalone Financial Statements as at and for the year ended 31<sup>st</sup> March, 2024

(All amounts are in ₹ Lakhs, unless otherwise stated)

- (b) a present obligation that arises from past events but is not recognized because;
- it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or
- the amount of the obligation cannot be measured with sufficient reliability.

The Company does not recognize a contingent liability but discloses the same as per the requirements of Ind AS 37.

### (iii) Contingent asset

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. The Company does not recognize the contingent asset in its Financial Statements since this may result in the recognition of income that may never be realised. However, when the realisation of income is virtually certain, then the related asset is not a contingent asset and the Company recognise such assets.

Provisions, contingent liabilities and contingent assets are reviewed at each Balance Sheet date.

### (o) Post-employment and other employee benefits:

#### (i) Short-term employee benefits:

The distinction between short-term and long-term employee benefits is based on expected timing of settlement rather than the employee's entitlement benefits. All employee benefits payable within twelve months of rendering the service are classified as short-term benefits. Such benefits include salaries, wages, bonus, short-term compensated absences, awards, ex-gratia, performance pay etc. and are recognised in the period in which the employee renders the related service. A liability is recognised for the amount expected to be paid e.g., under short-term cash bonus, if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the amount of obligation can be estimated reliably.

#### (ii) Post-employment benefits:

##### (1) Defined contribution plans:

The contributions to provident fund and superannuation schemes are recognised in the Statement of Profit and Loss during the period in which the employee renders the related service.

The Company has no further obligations under these schemes beyond its periodic contributions.

#### (2) Defined benefit plans:

The Company operates two defined benefit plans for its employees, viz. gratuity and pension. The present value of the obligation under such defined benefit plans is determined based on an independent actuarial valuation using the Projected Unit Credit Method as at the date of the Balance Sheet. The fair value of plan asset is reduced from the gross obligation under the defined benefit plans, to recognise the obligation on a net basis.

Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the Balance Sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognised in profit or loss on the earlier of:

- The date of the plan amendment or curtailment, and
- The date that the Company recognises related restructuring costs.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Company recognises the following changes in the net defined benefit obligation as an expense in the Statement of Profit and Loss:

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and
- Net interest expense or income.

#### (3) Compensated absences:

Accumulated leave, which is expected to be utilized within the next 12 months, is treated as short-term employee benefit. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting

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date. The Company recognizes expected cost of short-term employee benefit as an expense, when an employee renders the related service.

The Company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the reporting date. Actuarial gains / losses are immediately taken to the Statement of Profit and Loss and are not deferred. The obligations are presented as current liabilities in the Balance Sheet if the entity does not have an unconditional right to defer the settlement for at least twelve months after the reporting date.

#### (p) Share based payments:

Employees (including senior executives) of the Company receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments (equity-settled transactions).

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model. Further details are given in Note 51.

That cost is recognised, together with a corresponding increase in share-based payment (SBP) reserves in equity, over the period in which the performance and / or service conditions are fulfilled in employee benefits expense. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of equity instruments that will ultimately vest. The expense or credit in the Statement of Profit and Loss for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Company's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and / or performance conditions.

No expense is recognised for awards that do not ultimately vest because non-market performance and / or service conditions have not been met. Where awards include a market or non-vesting condition, the transactions are treated as vested irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and / or service conditions are satisfied.

When the terms of an equity-settled award are modified, the minimum expense recognised is the grant date fair value of the unmodified award, provided the original vesting terms of the award are met. An additional expense, measured as at the date of modification, is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee. Where an award is cancelled by the entity or by the counterparty, any remaining element of the fair value of the award is expensed immediately through the Statement of Profit and Loss.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

#### (q) Financial instruments:

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

##### (i) Financial assets:

###### (1) Initial recognition and measurement:

With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets, which are not at fair value through profit or loss, are adjusted to the fair value on initial recognition. Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price determined under Ind AS 115. Refer to the accounting policies in Note 2.2 (d) Revenue from contracts with customers.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

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(All amounts are in ₹ Lakhs, unless otherwise stated)

### (2) Subsequent measurement:

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through other comprehensive income (FVTOCI) with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through other comprehensive income with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss (FVTPL)

#### Financial assets at amortised cost (debt instruments):

A 'financial asset' is measured at the amortised cost if both the following conditions are met:

- (a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- (b) Contractual terms of the asset give rise to specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

This category is the most relevant to the Company. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the Statement of Profit and Loss. The losses arising from impairment are recognised in the Statement of Profit and Loss. This category generally applies to trade and other receivables.

#### Financial assets at fair value through other comprehensive income (FVTOCI) (debt instruments):

A 'financial asset' is classified as at the FVTOCI if both of the following criteria are met:

- (a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and
- (b) The asset's contractual cash flows represent SPPI.

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. For debt instruments, at fair value through other comprehensive income, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the Statement of Profit and Loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value changes recognised in OCI is reclassified from the equity to the Statement of Profit and Loss.

The Company's debt instruments at fair value through OCI includes investments in quoted debt instruments included under other non-current financial assets.

#### Financial assets designated at fair value through other comprehensive income (equity instruments):

Upon initial recognition, the Company can elect to classify irrevocably its equity investments as equity instruments designated at fair value through other comprehensive income when they meet the definition of equity under Ind AS 32 Financial Instruments - Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis. Equity instruments which are held for trading and contingent consideration recognised by an acquirer in a business combination to which Ind AS103 applies are classified as at FVTPL.

Gains and losses on these financial assets are never recycled to the Statement of Profit and Loss. Dividends are recognised as other income in the Statement of Profit and Loss when the right of payment has been established, except when the Company benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

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(All amounts are in ₹ Lakhs, unless otherwise stated)

### Financial assets at fair value through profit or loss (FVTPL):

Financial assets at fair value through profit or loss are carried in the Balance Sheet at fair value with net changes in fair value recognised in the Statement of Profit and Loss.

This category includes derivative instruments and listed equity investments which the Company had not irrevocably elected to classify at fair value through other comprehensive income. Dividends on listed equity investments are recognised in the Statement of Profit and Loss when the right of payment has been established.

### (3) Derecognition:

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised when:

- (a) The rights to receive cash flows from the asset have expired, or
- (b) The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

### (4) Impairment of financial assets:

In accordance with Ind AS 109, the Company uses 'Expected Credit Loss' (ECL) model, for evaluating impairment of financial assets other than those measured at Fair Value Through Profit and Loss (FVTPL). Expected Credit Losses are measured through a loss allowance at an amount equal to:

- The 12-months expected credit losses (expected credit losses that result from those default events on the financial instrument that are possible within 12 months after the reporting date); or
- Full lifetime expected credit losses (expected credit losses that result from all possible default events over the life of the financial instrument).

For trade receivables, the Company applies 'simplified approach' which requires expected

lifetime losses to be recognised from initial recognition of the receivables. The Company uses historical default rates to determine impairment loss on the portfolio of trade receivables. At every reporting date these historical default rates are reviewed and changes in the forward-looking estimates are analysed.

For other assets, the Company uses 12 month Expected Credit Loss to provide for impairment loss where there is no significant increase in credit risk. If there is significant increase in credit risk full lifetime Expected Credit Loss is used. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

### (ii) Financial liabilities:

#### (1) Initial recognition and measurement:

All financial liabilities are recognised at fair value and in case of borrowings, net of directly attributable cost. Fees of recurring nature are directly recognised in the Statement of Profit and Loss as finance cost. The Company's financial liabilities include trade and other payables, loans and borrowings and derivative financial instruments.

#### (2) Subsequent measurement:

For purposes of subsequent measurement, financial liabilities are classified in two categories:

- Financial liabilities at fair value through profit or loss
- Financial liabilities at amortised cost (loans and borrowings)

#### Financial liabilities at fair value through profit or loss (FVTPL):

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. The Company has not designated any financial liability as at fair value through profit or loss.

#### Financial liabilities at amortised cost (loans and borrowings)

This is the category most relevant to the Company. Financial liabilities are carried at amortised cost using the effective interest rate (EIR) method. For trade and other payables maturing within one year from the balance sheet date, the



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carrying amounts approximate fair value due to the short maturity of these instruments. The EIR amortisation is included as finance costs in the Statement of Profit and Loss. For more information refer Note 54.

### Financial guarantee contracts:

Financial guarantee contracts issued by the Company are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind AS 109 and the amount recognised less, when appropriate, the cumulative amount of income recognised in accordance with the principles of Ind AS 115.

### (3) Derecognition:

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the Statement of Profit and Loss.

### (iii) Offsetting of financial instruments:

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

### (r) Derivative financial instruments and hedge accounting:

#### Initial recognition and subsequent measurement

The Company uses various derivative financial instruments such as forwards, interest rate swaps and currency swaps to mitigate the risk of changes in interest rates and exchange rates. At the inception of a hedge relationship, the Company formally designates and documents the hedge relationship to which the Company wishes to apply

hedge accounting and the risk management objective and strategy for undertaking the hedge. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are also subsequently measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to the Statement of Profit and Loss, except for the effective portion of cash flow hedge which is recognised in Other Comprehensive Income and later to the Statement of Profit and Loss, when the hedged item affects profit or loss.

Hedges that meet the criteria for hedge accounting are accounted for as follows:

#### Fair value hedge:

The Company designates derivative contracts or non-derivative financial assets / liabilities as hedging instruments to mitigate the risk of change in fair value of hedged item due to movement in interest rates and exchange rates. Changes in the fair value of hedging instruments and hedged items that are designated and qualify as fair value hedges are recorded in the Statement of Profit and Loss. If the hedging relationship no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item for which the effective interest method is used is amortised to the Statement of Profit and Loss over the period of maturity.

#### Cash flow hedge:

The Company designates derivative contracts or non-derivative financial assets / liabilities as hedging instruments to mitigate the risk of movement in interest rates and exchange rates for foreign exchange exposure on highly probable future cash flows attributable to a recognised asset or liability or forecast cash transactions. When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognised in the cash flow hedging reserve being part of Other Comprehensive Income. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in the Statement of Profit and Loss. Refer to Note 49 for more details.

If the hedging relationship no longer meets the criteria for hedge accounting, then hedge accounting is discontinued prospectively. If the hedging instrument expires or is sold / terminated or exercised, the cumulative gain or loss on the hedging instrument recognised in cash flow hedging reserve till the period the hedge was effective remains in cash flow hedging reserve until the underlying transaction

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occurs. The cumulative gain or loss previously recognised in the cash flow hedging reserve is transferred to the Statement of Profit and Loss upon the occurrence of the underlying transaction. If the forecasted transaction is no longer expected to occur, then the amount accumulated in cash flow hedging reserve is reclassified in the Statement of Profit and Loss.

### (s) Cash and cash equivalents, and Bank balances :

Cash and cash equivalent comprises of cash at banks (which are unrestricted for withdrawal and usage), and cash on hand. Bank balances other than cash and cash equivalents as explained above comprises of earmarked balances of unclaimed dividends, and short-term deposits with original maturity of three months or less. These items are subject to an insignificant risk of changes in value. In the Statement of Cash Flows, cash and cash equivalents consist of cash and short-term deposits, as defined above which are considered as integral part of the Company's cash management.

### (t) Dividends:

The Company recognises a liability to pay dividend to equity holders of the Company when the distribution is authorised, and the distribution is no longer at the discretion of the Company. As per the corporate laws in India, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

### (u) Earnings per share:

Basic earnings per share is computed by dividing the net profit for the period attributable to the equity shareholders of the Company by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period is adjusted for events such as bonus issue, bonus element in a rights issue, share split, and reverse share split (consolidation of shares) that have changed the number of equity shares outstanding, without a corresponding change in resources.

For the purpose of calculating diluted earnings per share, the net profit for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

### (v) Segment reporting:

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The Board of Directors of the Company has identified the Managing Director as the chief operating decision maker of the Company.

### (w) Rounding-off of amounts:

All amounts disclosed in the financial statements and notes have been rounded off to nearest lakhs, with one decimal, as per the requirement of Schedule III, unless otherwise stated.

### (x) Climate-related matters:

The Company considers climate-related matters in estimates and assumptions, where appropriate. This assessment includes a wide range of possible impacts on the Company due to both physical and transition risks. Even though the Company believes its business model and products will still be viable after the transition to a low-carbon economy, climate-related matters increase the uncertainty in estimates and assumptions underpinning several items in the financial statements. Even though climate-related risks might not currently have a significant impact on measurement, the Company is closely monitoring relevant changes and developments, such as new climate-related legislation. The items and considerations that are most directly impacted by climate-related matters are:

(i) Useful life of property, plant and equipment: When reviewing the residual values and expected useful lives of assets, the Company considers climate-related matters, such as climate-related legislation and regulations that may restrict the use of assets or require significant capital expenditures.

(ii) Impairment of non-financial assets: The Company assesses whether climate risks, including physical risks and transition risks could have a significant impact. If so, these risks are included in the cash-flow forecasts in assessing value-in-use amounts.

### (y) New and amended standards:

The Ministry of Corporate Affairs has notified Companies (Indian Accounting Standards) Amendment Rules, 2023 dated 31<sup>st</sup> March 2023 to amend the following Ind AS which are effective for annual periods beginning on or after 1<sup>st</sup> April 2023. The Company applied for the first-time these amendments.

#### (i) Definition of accounting estimates - Amendments to Ind AS 8

The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. It has also been clarified how entities use measurement techniques and inputs to develop accounting estimates.

The amendments had no impact on the Company's Financial Statements.

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### (ii) Disclosure of accounting policies - Amendments to Ind AS 1

The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments have had an impact on the Company's disclosures of accounting policies, but not on the measurement, recognition or presentation of any items in the Company's Financial Statements.

### (iii) Deferred tax related to assets and liabilities arising from a single transaction - Amendments to Ind AS 12

The amendments narrow the scope of the initial recognition exception under Ind AS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences such as leases.

The Company previously recognised for deferred tax on leases on a net basis. As a result of these amendments, the Company has recognised a separate deferred tax asset in relation to its lease liabilities and a deferred tax liability in relation to its right-of-use assets. Since, these balances qualify for offset as per the requirements of paragraph 74 of Ind AS 12, there is no impact in the Balance Sheet. There was also no impact on the opening retained earnings as at 1<sup>st</sup> April 2022.

Apart from these, consequential amendments and editorials have been made to other Ind AS like Ind AS 101, Ind AS 102, Ind AS 103, Ind AS 107, Ind AS 109, Ind AS 115 and Ind AS 34.

### Standards notified but not yet effective

There are no standards that are notified and not yet effective as on the date.

### (z) Significant accounting judgements, estimates and assumptions:

The preparation of the Company's Financial Statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods

Other disclosures relating to the Company's exposure to risks and uncertainties includes:

- Financial instruments risk management objectives and policies Note 49(A).
- Sensitivity analyses disclosures Notes 40, 49(A) and 54.
- Capital management Note 49(B).

### Use of significant judgements

In the process of applying the Company's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the Financial Statements:

### (i) Determining the lease term of contracts with renewal and termination options - Company as a lessee:

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Company has several lease contracts that include extension and termination options. The Company applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customisation to the leased asset).

Refer Note 5 for information on potential future rental payments relating to periods following the exercise date of extension and termination options that are not included in the lease term.

### Estimates and assumptions:

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the

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control of the Company. Such changes are reflected in the assumptions when they occur.

### (i) Estimating the incremental borrowing rate to measure lease liabilities

The Company cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Company 'would have to pay', which requires estimation when no observable rates are available. The Company estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the credit rating).

### (ii) Useful life and residual value of property, plant and equipment and intangible assets:

Property, plant and equipment represent a significant proportion of the asset base of the Company. The charge in respect of periodic depreciation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. The useful lives and residual values of Company's property, plant and equipment and intangible assets are determined by management at the time the asset is acquired and reviewed at the end of each reporting period. The lives are based on historical experience with similar assets as well as anticipation of future events, which may impact their life, such as changes in technology. Consequently, the future depreciation charge could be revised and may have an impact on profit for future years. The policy for the same has been explained in notes 2.2 (h) and 2.2 (i).

### (iii) Recognition of deferred tax assets

Deferred tax is recorded on temporary differences between the tax bases of assets and liabilities and their carrying amounts, except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction, at the rates that have been enacted or substantively enacted at the reporting date. The ultimate realisation of deferred tax assets is dependent upon the generation of future taxable profits during the periods in which those temporary differences and tax loss carry forwards become deductible. The Company considers the expected reversal of deferred tax liabilities and projected future taxable income in

making this assessment. The amount of the deferred tax assets considered realisable, however, could be reduced in the near term if estimates of future taxable income during the carry-forward period are reduced. The policy for the same has been explained under Note 2.2 (f).

### (iv) Defined benefit obligation:

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

The parameter most subject to change is the discount rate. In determining the appropriate discount rate for plans operated in India, the management considers the interest rates of government bonds where remaining maturity of such bond correspond to expected term of defined benefit obligation.

The mortality rate is based on publicly available mortality tables for India. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases, discount rate and return on planned assets are based on expected future inflation rates for India. Further details about defined benefit plans are given in Note 2.2 (o).

### (v) Impairment of non-financial assets:

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or Cash Generating Unit's (CGU's) fair value less costs of disposal and its value in use. It is determined for an individual asset, unless the asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset. In determining the fair value less costs to disposal, recent market transactions are taken into account. If no such transactions can be

**Notes to the Standalone Financial Statements** as at and for the year ended 31<sup>st</sup> March, 2024

(All amounts are in ₹ Lakhs, unless otherwise stated)

identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples or other available fair value indicators. The policy for the same has been explained under Note 2.2 (m).

**(vi) Impairment of financial assets:**

The impairment provisions for financial assets are based on assumptions about risk of default and expected loss rates. The Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. Further, the Company also evaluates risk with respect to expected loss on account of loss in time value of money which is calculated using average cost of capital for relevant financial assets.

The Company reviews its carrying value of investments carried at cost annually, or more frequently when there is indication for impairment. If the recoverable amount is less than its carrying amount, the impairment loss is recorded in the Statement of Profit and Loss. When an impairment loss subsequently reverses, the carrying amount of the Investment is increased to the revised estimate of its recoverable amount, so that the increased carrying amount does not exceed the cost of the Investment. A reversal of an impairment loss is recognised immediately in Statement of Profit or Loss. The policy for the same has been explained in Note 2.2 (q) Financial Instruments.

**(vii) Provision for inventory obsolescence:**

The Company identifies slow and non-moving stock of all inventories on an ongoing basis. These materials are then classified based on their expected quality parameters to determine the possibility of utilisation / liquidation of these materials. Based on this study, a provision for slow and non-moving inventory is created.

**(viii) Share based payment:**

Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. For the measurement of the fair value of equity-settled transactions with employees at the grant date, the Company uses the Black-Scholes model. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 51.

**(ix) Litigation:**

The Company has various ongoing litigations, the outcome of which may have a material effect on the financial position, results of operations or cashflows. The Company's legal team regularly analyses current information about these matters and assesses the requirement for provision for probable losses including estimates of legal expense to resolve such matters. In making the decision regarding the need for loss provision, the management considers the degree of probability of an unfavourable outcome and the ability to make sufficiently reliable estimate of the amount of loss. The filing of a lawsuit or formal assertion of a claim against the Company or the disclosure of any such suit or assertions, does not automatically indicate that a provision of a loss may be appropriate.

Considering the facts on hand and the current stage of certain ongoing litigations the Company foresees a remote risk of any material claim arising from claims against the Company. The Management has exercised significant judgement in assessing the impact, if any, on the disclosures in respect of litigations in relation to the Company.

**(x) Determination of timing of satisfaction of performance obligation:**

The Company concluded that sale of goods is to be recognised at a point in time because it does not meet the criteria for recognising revenue over a period of time. The Company has applied judgement in determining the point in time when the control of the goods are transferred based on the criteria mentioned in the standard read along with the contract with customers, applicable laws and considering the industry practices. The goods manufactured by the Company are on the basis of the open purchase order as on date and the order expected to be received. Further, the goods are dispatched as per the terms mentioned in the purchase order.

**(xi) Fair value measurement of financial instruments:**

When the fair values of financial assets and financial liabilities recorded in the Balance Sheet cannot be measured based on quoted prices in active markets, their fair value is measured using different valuation techniques including the DCF model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements and estimates include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments. Refer note 54 and 55 for further disclosures.

**Notes to the Standalone Financial Statements** as at and for the year ended 31<sup>st</sup> March, 2024  
(All amounts are in ₹ Lakhs, unless otherwise stated)**3 PROPERTY, PLANT AND EQUIPMENT AND CAPITAL WORK-IN-PROGRESS****A. Reconciliation of carrying amount**

Particulars	Other than Research and Development						Research and Development				Total	Capital Work-in-Progress
	Freehold Land (refer note C)	Buildings (refer note C)	Plant and Machinery	Vehicles	Furniture and Fixtures	Office Equipments	Buildings	Plant and Machinery	Furniture and Fixtures	Office Equipments		
<b>Gross amount as at 1<sup>st</sup> April, 2022</b>	1,462.5	14,038.3	95,327.7	748.6	924.9	145.9	1,253.2	2,609.8	911.4	37.9	1,17,460.2	27,045.9
Additions	1,794.2	1,514.6	35,525.8	10.2	0.2	178.5	32.7	611.9	7.0	3.5	39,678.6	14,919.6
Disposals	-	-	176.3	54.9	-	6.9	-	0.9	-	-	239.0	-
Transfers to property plant and equipment	-	-	-	-	-	-	-	-	-	-	-	37,540.2
Other adjustment:	-	-	-	-	-	-	-	-	-	-	-	-
Borrowing costs capitalised (refer note F)	-	14.6	902.6	-	-	2.8	0.2	9.5	-	-	929.7	-
Assets transferred to assets held for sale (refer note G)	2,327.9	311.2	-	-	456.9	63.1	-	-	-	-	3,159.1	-
<b>Gross amount as at 31<sup>st</sup> March, 2023</b>	928.8	15,256.3	1,31,579.8	703.9	468.2	257.2	1,286.1	3,230.3	918.4	41.4	1,54,670.4	4,425.3
<b>Accumulated depreciation as at 1<sup>st</sup> April, 2022</b>	-	1,578.5	35,031.2	444.9	274.9	70.9	107.2	1,168.9	382.3	36.0	39,094.8	-
Depreciation for the year	-	447.8	9,355.6	97.0	80.8	29.8	22.7	254.3	86.5	0.1	10,374.6	-
Disposals	-	-	116.1	52.6	-	6.3	-	-	-	-	175.0	-
Assets transferred to assets held for sale (refer note G)	-	22.9	-	-	240.6	50.1	-	-	-	-	313.6	-
<b>Accumulated depreciation as at 31<sup>st</sup> March, 2023</b>	-	2,003.4	44,270.7	489.3	115.1	44.3	129.9	1,423.2	468.8	36.1	48,980.8	-
Assets transferred to assets held for sale - Net amount (refer note G)	2,327.9	288.3	-	-	216.3	13.0	-	-	-	-	2,845.5	-
<b>Net amount as at 31<sup>st</sup> March, 2023</b>	928.8	13,252.9	87,309.1	214.6	353.1	212.9	1,156.2	1,807.1	449.6	5.3	1,05,689.6	4,425.3

Notes to the Standalone Financial Statements as at and for the year ended 31<sup>st</sup> March, 2024

(All amounts are in ₹ Lakhs, unless otherwise stated)

Particulars	Other than Research and Development						Research and Development				Total	Capital Work-in-Progress
	Freehold Land (refer note C)	Buildings (refer note C)	Plant and Machinery	Vehicles	Furniture and Fixtures	Office Equipments	Buildings	Plant and Machinery	Furniture and Fixtures	Office Equipments		
Gross amount as at 1 <sup>st</sup> April, 2023	928.8	15,256.3	1,31,579.8	703.9	468.2	257.2	1,286.1	3,230.3	918.4	41.4	1,54,670.4	4,425.3
Additions	37.3	542.1	6,618.2	237.3	1,226.6	86.2	161.1	239.8	37.1	-	9,185.7	5,130.6
Disposals	-	0.6	146.3	77.2	0.1	0.9	-	0.5	-	-	225.6	-
Less : Transferred to right of use	127.7	-	-	-	-	-	-	-	-	-	127.7	-
Transfers to property plant and equipment	-	-	-	-	-	-	-	-	-	-	-	8,103.1
Gross amount as at 31 <sup>st</sup> March, 2024	838.4	15,797.8	1,38,051.7	864.0	1,694.7	342.5	1,447.2	3,469.6	955.5	41.4	1,63,502.8	1,452.8
Accumulated depreciation as at 1 <sup>st</sup> April, 2023	-	2,003.4	44,270.7	489.3	115.1	44.3	129.9	1,423.2	468.8	36.1	48,980.8	-
Depreciation for the year	-	443.7	11,527.1	95.9	104.8	55.3	24.9	283.3	88.8	0.7	12,624.5	-
Disposals	-	-	139.0	76.1	-	0.8	-	-	-	-	215.9	-
Accumulated depreciation as at 31 <sup>st</sup> March, 2024	-	2,447.1	55,658.8	509.1	219.9	98.8	154.8	1,706.5	557.6	36.8	61,389.4	-
Net amount as at 31 <sup>st</sup> March, 2024	838.4	13,350.7	82,392.9	354.9	1,474.8	243.7	1,292.4	1,763.1	397.9	4.6	1,02,113.4	1,452.8

B. The Company has pledged certain property, plant and equipment against borrowings, the details of which have been given in note 19 (c).

C. The title deeds of all immovable properties are held in the name of the Company.

D. The Company has not revalued its Property, Plant and Equipment during financial year ended 31<sup>st</sup> March, 2024 and 31<sup>st</sup> March, 2023.

E. There are no assets which are lying with the third parties.

F. Borrowing costs capitalised : The Company capitalises these borrowing costs in the capital work-in-progress (CWIP) first. The amount of borrowing costs capitalised as other adjustments in the above note reflects the amount of borrowing cost transferred from Capital work-in-progress (CWIP) balances. The borrowing costs capitalised during the year end 31<sup>st</sup> March, 2024 was ₹ Nil Lakhs (31<sup>st</sup> March, 2023: ₹519.8 Lakhs).

G. As at 31<sup>st</sup> March, 2023, the Company has classified certain assets as assets held for sale. Depreciation for the year is inclusive of depreciation on assets held for sale. Refer note 50.

H. During the year, the Company has reclassified freehold land amounting to ₹127.7 lakhs to right-of-use assets (leasehold land) pursuant to a sale and lease back agreement with Maharashtra Industrial Development Corporation.

Notes to the Standalone Financial Statements as at and for the year ended 31<sup>st</sup> March, 2024

(All amounts are in ₹ Lakhs, unless otherwise stated)

## I. Following is the ageing schedule for Capital-work-in progress ("CWIP").

As at 31<sup>st</sup> March, 2024

Particulars	Amount in CWIP for a period of				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Projects in progress	1,452.8	-	-	-	1,452.8
Projects temporarily suspended	-	-	-	-	-
	1,452.8	-	-	-	1,452.8

As at 31<sup>st</sup> March, 2023

Particulars	Amount in CWIP for a period of				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Projects in progress	3,377.4	1,026.3	21.6	-	4,425.3
Projects temporarily suspended	-	-	-	-	-
	3,377.4	1,026.3	21.6	-	4,425.3

There are no projects whose completion is overdue or has exceeded their cost compared to original plan.

## 4 INTANGIBLE ASSETS AND INTANGIBLE ASSETS UNDER DEVELOPMENT

## A. Reconciliation of carrying amount

Particulars	Computer Software	Technical Knowhow (Acquired)	Technical Knowhow (Internally Generated)	Registrations (Acquired)	Other Intangible Assets	Total	Intangible Assets under development "IAUD "
Gross amount as at 1 <sup>st</sup> April, 2022	1,855.1	187.9	1,067.3	976.3	467.0	4,553.6	1,114.8
Additions	132.8	-	1,124.1	59.5	0.2	1,316.6	-
Disposals / Transfer	26.7	-	-	32.0	-	58.7	1,114.8
Gross amount as at 31 <sup>st</sup> March, 2023	1,961.2	187.9	2,191.4	1,003.8	467.2	5,811.5	-
Accumulated amortisation as at 1 <sup>st</sup> April, 2022	823.1	186.0	361.8	420.8	79.6	1,871.3	-
Amortisation for the year	254.1	-	227.3	104.2	112.7	698.3	-
Disposals	12.9	-	-	3.7	-	16.6	-
Accumulated amortisation as at 31 <sup>st</sup> March, 2023	1,064.3	186.0	589.1	521.3	192.3	2,553.0	-
Net amount as at 31 <sup>st</sup> March, 2023	896.9	1.9	1,602.3	482.5	274.9	3,258.5	-
Gross amount as at 1 <sup>st</sup> April, 2023	1,961.2	187.9	2,191.4	1,003.8	467.2	5,811.5	-
Additions	27.5	-	-	247.6	-	275.1	-
Disposals / Transfer	-	-	-	-	-	-	-
Gross amount as at 31 <sup>st</sup> March, 2024	1,988.7	187.9	2,191.4	1,251.4	467.2	6,086.6	-
Accumulated amortisation as at 1 <sup>st</sup> April, 2023	1,064.3	186.0	589.1	521.3	192.3	2,553.0	-
Amortisation for the year	259.7	-	363.6	92.1	63.3	778.7	-
Disposals	-	-	-	-	-	-	-
Accumulated amortisation as at 31 <sup>st</sup> March, 2024	1,324.0	186.0	952.7	613.4	255.6	3,331.7	-
Net amount as at 31 <sup>st</sup> March, 2024	664.7	1.9	1,238.7	638.0	211.6	2,754.9	-

**Notes to the Standalone Financial Statements** as at and for the year ended 31<sup>st</sup> March, 2024

(All amounts are in ₹ Lakhs, unless otherwise stated)

- B.** The Company has not revalued its Intangible Assets during the financial years ended 31<sup>st</sup> March, 2024 and 31<sup>st</sup> March, 2023
- C.** There are no Intangible Assets under Development (“IAUD”) as at 31<sup>st</sup> March, 2024 and 31<sup>st</sup> March, 2023. Accordingly the ageing schedule and the completion schedule for IAUD has not been presented.

**5 RIGHT-OF-USE ASSETS AND LEASE LIABILITIES**

**Company as a lessee**

The Company has lease contracts for various items of building, land and plant & machinery (IT equipment) used in its operations. Leases of building generally have lease terms between 4 and 10 years and certain plant & machinery (IT equipment) have lease term of 5 years. Leasehold land pertains to upfront payments made to Maharashtra Industrial Development Corporation and hence have longer lease terms upto 99 years with no corresponding leasehold liabilities. The Company’s obligations under its leases are secured by the lessor’s title to the leased assets. There are several lease contracts that include extension and termination options and variable lease payments. The Company also has certain leases of machinery with lease terms of 12 months or less and leases of office equipment with low value. The Company applies the ‘short-term lease’ and ‘lease of low-value assets’ recognition exemptions for such leases.

**A. Reconciliation of carrying amount**

Right-of-use assets	Leasehold land	Plant & Machinery (IT equipment)	Buildings	Total
<b>As at 1<sup>st</sup> April, 2022</b>	<b>136.3</b>	-	<b>71.0</b>	<b>207.3</b>
Additions	-	187.0	555.0	742.0
Disposals	-	-	-	-
<b>As at 31<sup>st</sup> March, 2023</b>	<b>136.3</b>	<b>187.0</b>	<b>626.0</b>	<b>949.3</b>
<b>Accumulated depreciation as at 1<sup>st</sup> April, 2022</b>	<b>11.0</b>	-	<b>35.5</b>	<b>46.5</b>
Depreciation for the year	1.8	6.1	29.9	37.8
Disposals	-	-	-	-
<b>Accumulated depreciation as at 31<sup>st</sup> March, 2023</b>	<b>12.8</b>	<b>6.1</b>	<b>65.4</b>	<b>84.3</b>
<b>Net carrying amount as at 31<sup>st</sup> March, 2023</b>	<b>123.5</b>	<b>180.9</b>	<b>560.6</b>	<b>865.0</b>
<b>As at 1<sup>st</sup> April, 2023</b>	<b>136.3</b>	<b>187.0</b>	<b>626.0</b>	<b>949.3</b>
Additions *	127.7	-	1,984.0	2,111.7
Disposals	-	-	643.1	643.1
<b>As at 31<sup>st</sup> March, 2024</b>	<b>264.0</b>	<b>187.0</b>	<b>1,966.9</b>	<b>2,417.9</b>
<b>Accumulated depreciation as at 1<sup>st</sup> April, 2023</b>	<b>12.8</b>	<b>6.1</b>	<b>65.4</b>	<b>84.3</b>
Depreciation for the year	2.8	37.5	245.8	286.1
Disposals	-	-	-	-
<b>Accumulated depreciation as at 31<sup>st</sup> March, 2024</b>	<b>15.6</b>	<b>43.6</b>	<b>311.2</b>	<b>370.4</b>
<b>Net carrying amount as at 31<sup>st</sup> March, 2024</b>	<b>248.4</b>	<b>143.4</b>	<b>1,655.7</b>	<b>2,047.5</b>

\*Additions in buildings include additions on account of reassessment of lease term performed by management basis significant leasehold improvements capitalised during the year with useful life estimated by management to be aligned with original lease terms i.e. 9 years.

**Notes to the Standalone Financial Statements** as at and for the year ended 31<sup>st</sup> March, 2024

(All amounts are in ₹ Lakhs, unless otherwise stated)

**B. Lease Liabilities**

Particulars	
<b>As at 1<sup>st</sup> April 2022</b>	<b>42.6</b>
Add: Addition during the year	715.5
Add: Interest accrued on lease liability	10.2
Less: Cash outflows for leases	(17.6)
<b>As at 31<sup>st</sup> March 2023</b>	<b>750.7</b>
<b>As at 1<sup>st</sup> April 2023</b>	<b>750.7</b>
Add: Addition during the year *	1,984.0
Add: Interest accrued on lease liability	123.2
Less: Disposal	(637.8)
Less: Cash outflows for leases	(296.1)
<b>As at 31<sup>st</sup> March 2024</b>	<b>1,924.0</b>

**Bifurcation of liabilities**

Particulars	As at 31 <sup>st</sup> March, 2024	As at 31 <sup>st</sup> March, 2023
Current	218.7	243.4
Non-current	1,705.3	507.3
	<b>1,924.0</b>	<b>750.7</b>

**C. Amount recognised in the Statement of Profit and Loss**

Particulars	As at 31 <sup>st</sup> March, 2024	As at 31 <sup>st</sup> March, 2023
Interest expenses on lease liabilities	123.2	10.2
Expenses relating to short term lease	240.5	134.3
Depreciation on ROU assets	286.1	37.8
	<b>649.8</b>	<b>182.3</b>

**D. Amounts recognised in the Statement of Cash Flows**

Particulars	As at 31 <sup>st</sup> March, 2024	As at 31 <sup>st</sup> March, 2023
Total cash outflow for leases	296.1	17.6
	<b>296.1</b>	<b>17.6</b>

**E. The table below provides details regarding the contractual maturities of lease liabilities on an undiscounted basis:**

Particulars	As at 31 <sup>st</sup> March, 2024	As at 31 <sup>st</sup> March, 2023
Less than 1 year	357.0	244.4
1 to 5 years	1,663.0	649.4
More than 5 years	571.0	-

## Notes to the Standalone Financial Statements as at and for the year ended 31<sup>st</sup> March, 2024

(All amounts are in ₹ Lakhs, unless otherwise stated)

### 6 INVESTMENT IN SUBSIDIARIES

Particulars	As at 31 <sup>st</sup> March, 2024	As at 31 <sup>st</sup> March, 2023
<b>Unquoted equity instruments</b>		
<b>At cost</b>		
<b>(a) Investments in wholly owned subsidiaries</b>		
Sudarshan Europe B.V.		
28,100 (Previous Year : 28,100) equity shares of EUR 100 each	1,916.4	1,916.4
Sudarshan Japan Limited	-	65.1
9,850,000 (Previous Year : 9,850,000 ) equity shares of JPY 1 each (As at 31 <sup>st</sup> March 2024, this investment has been classified under investment in subsidiary (held for sale)).		
Sudarshan (Shanghai) Trading Company Limited **	-	477.6
USD Nil (Previous Year : USD 739,990) fully paid-up equity shares		
RIECO Industries Limited	2,889.3	2,889.3
12,500,000 (Previous Year : 12,500,000) equity shares of ₹10 each		
	<b>4,805.7</b>	<b>5,348.4</b>
<b>(b) Investments in Subsidiary (held for sale)</b>		
Sudarshan Japan Limited *		
9,850,000 (Previous Year : 9,850,000 ) equity shares of JPY 1 each	65.1	-
	<b>65.1</b>	<b>-</b>

\*The Board of Directors at its meeting held on Wednesday, 6<sup>th</sup> March, 2024, accorded its in-principle approval for sale of its holding in Sudarshan Japan Limited subject to necessary due diligence, approvals, consents, permission from the concerned authority to Sudarshan Europe B.V. Pursuant to the requirement of IND AS 105 - "Non current Assets Held for Sale and Discontinued Operations", this has been classified as "investment in subsidiary (held for sale)" as at 31<sup>st</sup> March, 2024.

\*\*As a part of restructuring / consolidation and with the purpose to have a single entity as Global Holding Company for all overseas subsidiaries, the Company through Share Purchase Agreement dated 22<sup>nd</sup> March 2024, divested its holding in Sudarshan (Shanghai) Trading Company Limited to Sudarshan Europe B.V. for a total consideration of ₹ 134.7 Lakhs resulting into a loss of ₹ 344.1 Lakhs (including transaction cost and other incidental cost) which has been disclosed as an exceptional item. Refer note 53.

The Company has complied with the number of layers prescribed under clause (87) of section 2 of the Act read with Companies (Restriction on number of Layers) Rules, 2017.

As an Ind AS transition adjustment, as at 31<sup>st</sup> March, 2017, the fair value of financial guarantee fees receivable for security given by the Company for loans taken by subsidiaries has been included in the value of investments. The details of such fair values included in the value of investments above is as shown below:

Particulars	As at 31 <sup>st</sup> March, 2024	As at 31 <sup>st</sup> March, 2023
RIECO Industries Limited	89.3	89.3
Sudarshan Europe B.V.	7.4	7.4
	<b>96.7</b>	<b>96.7</b>

## Notes to the Standalone Financial Statements as at and for the year ended 31<sup>st</sup> March, 2024

(All amounts are in ₹ Lakhs, unless otherwise stated)

### 7 OTHER INVESTMENTS

Particulars	As at 31 <sup>st</sup> March, 2024	As at 31 <sup>st</sup> March, 2023
<b>Non-current:</b>		
<b>Unquoted, fully paid equity instruments</b>		
<b>I. Investment designated at cost</b>		
Sudarshan CSR Foundation (Section 8 Company)	1.0	1.0
10,000 (Previous Year : 10,000) equity shares of ₹10 each		
Pigment Manufacturers Association of India	0.1	0.1
1,000 (Previous Year : 1,000) equity shares of ₹10 each		
<b>II. Investment designated as fair value through profit and loss account (FVTPL)</b>		
AVADA Satara MH Private Limited	243.0	204.2
66,92,000 (Previous Year : 66,92,000) equity shares of ₹10 each		
	<b>244.1</b>	<b>205.3</b>

### 8 OTHER FINANCIAL ASSETS

Particulars	As at 31 <sup>st</sup> March, 2024	As at 31 <sup>st</sup> March, 2023
<b>(a) Non-current (unsecured, considered good):</b>		
Security deposit *	518.0	667.7
Tender deposit	8.5	17.4
	<b>526.5</b>	<b>685.1</b>
<b>(b) Current (unsecured, considered good):</b>		
Receivable from subsidiaries (refer note 48)	409.0	430.0
Government grant receivable	221.6	157.1
Other receivables (includes interest accrued on deposits)	485.9	515.8
	<b>1,116.5</b>	<b>1,102.9</b>

\*Includes deposits with Maharashtra State Electricity Distribution Company Limited and Maharashtra Industrial Development Corporation.

### 9 OTHER ASSETS

Particulars	As at 31 <sup>st</sup> March, 2024	As at 31 <sup>st</sup> March, 2023
<b>(a) Non-current:</b>		
Capital advances (unsecured)		
Considered good	161.7	30.1
Considered doubtful	90.0	90.0
Less : Provision for doubtful advances	(90.0)	(90.0)
	<b>161.7</b>	<b>30.1</b>
Balances with government authorities	125.2	125.2
Prepaid expenses	481.3	465.1
	<b>606.5</b>	<b>590.3</b>
	<b>768.2</b>	<b>620.4</b>

## Notes to the Standalone Financial Statements as at and for the year ended 31<sup>st</sup> March, 2024

(All amounts are in ₹ Lakhs, unless otherwise stated)

Particulars	As at 31 <sup>st</sup> March, 2024	As at 31 <sup>st</sup> March, 2023
<b>(b) Current:</b>		
Prepaid expenses	735.1	765.1
Balances with government authorities	1,907.6	1,979.4
Advances to suppliers	740.9	1,964.5
	<b>3,383.6</b>	<b>4,709.0</b>

No advances are due from directors or other officers of the Company, firms in which a director is a partner or private companies in which a director is a director or a member either severally or jointly with any other person except as disclosed in note 48.

### 10 INVENTORIES (AT THE LOWER OF COST AND NET REALISABLE VALUE)

Particulars	As at 31 <sup>st</sup> March, 2024	As at 31 <sup>st</sup> March, 2023
Raw materials (includes items with third parties and items lying in transit)	9,380.3	11,931.6
Work-in-progress	5,785.3	6,014.4
Finished goods (includes items lying in transit)	12,703.0	15,882.3
Stores and spares	3,374.7	3,408.8
Packing materials	100.1	201.2
	<b>31,343.4</b>	<b>37,438.3</b>

During the year, an amount of ₹33.7 Lakhs (Previous Year : ₹174.2 Lakhs) was (reversed) / charged off to the Statement of Profit and Loss on account of provision for difference in stock values and net realisable values of inventories.

Value of raw material in transit is ₹2,501.7 lakhs as at 31<sup>st</sup> March, 2024 (₹2,984.2 lakhs as at 31<sup>st</sup> March, 2023)

Value of finished goods in transit is ₹1,718.7 lakhs as at 31<sup>st</sup> March, 2024 (₹1,273.0 lakhs as at 31<sup>st</sup> March, 2023)

For details of inventory pledged as security refer note 19 (c).

### 11 TRADE RECEIVABLES

Particulars	As at 31 <sup>st</sup> March, 2024	As at 31 <sup>st</sup> March, 2023
<b>Current:</b>		
(Unsecured, considered good)		
Considered good (including related party receivables)	52,483.6	42,188.5
Significant increase in credit risk	363.7	265.4
Credit impaired	679.6	832.0
	<b>53,526.9</b>	<b>43,285.9</b>
<b>Less:</b>		
Impairment allowance (allowance for bad and doubtful debts including expected credit loss)		
Credit impaired	679.6	832.0
Unsecured (Considered good)	363.7	265.4
	<b>1,043.3</b>	<b>1,097.4</b>
	<b>52,483.6</b>	<b>42,188.5</b>

Refer note 19 (c) for details of pledges and securities and refer note 49 for details of credit risk related to trade receivables.

No trade receivable are due from directors or other officers of the Company either severally or jointly with any other person. Trade receivables are non-interest bearing and are generally on terms of 7 to 120 days. For terms and conditions relating to related party receivables, refer note 48.

For details of debts due from firms or private companies in which any director is a partner, a director or a member, refer note 48.

## Notes to the Standalone Financial Statements as at and for the year ended 31<sup>st</sup> March, 2024

(All amounts are in ₹ Lakhs, unless otherwise stated)

### Following is the ageing schedule for trade receivable

Particulars	As at 31 <sup>st</sup> March, 2024						
	Outstanding for following periods from due date of payment						
	Not Due	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	Total
Undisputed - Considered good	41,254.1	10,529.0	130.5	570.0	-	-	52,483.6
Undisputed - which have significant increase in credit risk	10.5	10.9	2.4	153.1	88.7	98.1	363.7
Undisputed - Credit impaired	-	-	-	-	-	100.4	100.4
Disputed - Considered good	-	-	-	-	-	-	-
Disputed - which have significant increase in credit risk	-	-	-	-	-	-	-
Disputed - credit impaired	-	-	-	-	-	579.2	579.2
	<b>41,264.6</b>	<b>10,539.9</b>	<b>132.9</b>	<b>723.1</b>	<b>88.7</b>	<b>777.7</b>	<b>53,526.9</b>

Note :- Above figures do not include provision for expected credit loss amounting to ₹1,043.3 lakhs.

Particulars	As at 31 <sup>st</sup> March, 2023						
	Outstanding for following periods from due date of payment						
	Not Due	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	Total
Undisputed - Considered good	32,513.4	8,642.3	1,017.8	15.0	-	-	42,188.5
Undisputed - which have significant increase in credit risk	13.3	148.3	21.6	52.2	30.0	-	265.4
Undisputed - Credit impaired	-	-	23.5	90.9	96.1	75.3	285.8
Disputed - Considered good	-	-	-	-	-	-	-
Disputed - which have significant increase in credit risk	-	-	-	-	-	-	-
Disputed - credit impaired	-	-	-	-	-	546.2	546.2
	<b>32,526.7</b>	<b>8,790.6</b>	<b>1,062.9</b>	<b>158.1</b>	<b>126.1</b>	<b>621.5</b>	<b>43,285.9</b>

Note :- Above figures do not include provision for expected credit loss amounting to ₹1,097.4 lakhs.

During the previous year, the Company had entered into a factoring agreement. Based on the terms agreed with the counterparty, it was considered to be a non-recourse arrangement and accordingly corresponding trade receivable balance amounting to ₹2,619.9 lakhs as on 31<sup>st</sup> March, 2023 had been derecognised as per the terms of the agreement.

### 12 CASH AND CASH EQUIVALENTS

Particulars	As at 31 <sup>st</sup> March, 2024	As at 31 <sup>st</sup> March, 2023
Balance with banks		
In current accounts	3,527.7	570.0
Cash on hand	9.2	8.5
	<b>3,536.9</b>	<b>578.5</b>

### 13 BANK BALANCES OTHER THAN ABOVE

Particulars	As at 31 <sup>st</sup> March, 2024	As at 31 <sup>st</sup> March, 2023
Earmarked balances on unclaimed dividends	595.8	394.2
Margin money deposits	105.5	98.9
	<b>701.3</b>	<b>493.1</b>

## Notes to the Standalone Financial Statements as at and for the year ended 31<sup>st</sup> March, 2024

(All amounts are in ₹ Lakhs, unless otherwise stated)

### 14 LOANS

Particulars	As at 31 <sup>st</sup> March, 2024	As at 31 <sup>st</sup> March, 2023
<b>Current:</b>		
<b>Loans to related parties</b>		
(Unsecured and considered good)		
Loans to subsidiaries	151.4	169.4
	<b>151.4</b>	<b>169.4</b>

Loans are non derivative financial assets which generate fixed interest income for the Company. The carrying value may be affected by change in the credit risk of counterparties.

Refer note 43 for terms of loans to related parties and note 48 for details of transaction with related parties.

### 15 DERIVATIVE INSTRUMENTS

Particulars	As at 31 <sup>st</sup> March, 2024	As at 31 <sup>st</sup> March, 2023
<b>(a) Non-current:</b>		
<b>Cash flow hedges (FVTOCI)</b>		
Interest rate / currency swap contracts	127.6	353.0
	<b>127.6</b>	<b>353.0</b>
<b>(b) Current:</b>		
<b>Derivatives not designated as hedges (FVTPL)</b>		
Foreign currency forward contracts	34.0	124.7
<b>Cash flow hedges (FVTOCI)</b>		
Interest rate / currency swap contracts	669.5	1,213.5
	<b>703.5</b>	<b>1,338.2</b>

Note: Refer note 52 for hedging activities and note 49 for foreign currency risk management.

### 16 EQUITY SHARE CAPITAL

Particulars	As at 31 <sup>st</sup> March, 2024	As at 31 <sup>st</sup> March, 2023
<b>AUTHORISED :</b>		
75,000,000 (Previous Year : 75,000,000) equity shares of ₹2 each.	1,500.0	1,500.0
<b>ISSUED :</b>		
69,227,750 (Previous Year : 69,227,750) equity shares of ₹2 each. *	1,384.5	1,384.5
<b>SUBSCRIBED AND FULLY PAID-UP :</b>		
69,227,250 (Previous Year : 69,227,250) equity shares of ₹2 each fully paid up. *	<b>1,384.5</b>	<b>1,384.5</b>

\* Allotment of 500 Rights Equity Shares of ₹2 each is kept in abeyance, matter being sub-judice.

#### (a) Reconciliation of share capital

	As at 31 <sup>st</sup> March, 2024		As at 31 <sup>st</sup> March, 2023	
	Quantity in nos.	Value ₹ Lakhs	Quantity in nos.	Value ₹ Lakhs
At the beginning of the year	6,92,27,250	1,384.5	6,92,27,250	1,384.5
Add : Issued during the year	-	-	-	-
Outstanding at the end of the year	<b>6,92,27,250</b>	<b>1,384.5</b>	<b>6,92,27,250</b>	<b>1,384.5</b>

## Notes to the Standalone Financial Statements as at and for the year ended 31<sup>st</sup> March, 2024

(All amounts are in ₹ Lakhs, unless otherwise stated)

### (b) Terms / Rights attached to equity shares

The Company has only one class of equity shares having a par value of ₹2.0 per share (Previous Year : ₹2.0 per share). Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividend in Indian Rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of Interim Dividend, which is ratified subsequently.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

The Board of Directors at its meeting held on 17<sup>th</sup> May, 2024, recommended Final Dividend of ₹1.0/- (Rupee One only) (i.e. 50%) per Equity Share of face value of ₹2.0/- each fully paid up, for the Financial Year ended 31<sup>st</sup> March, 2024, subject to approval of the members at ensuing Annual General Meeting. This is in addition to the Interim Dividend of ₹3.6/- (Rupees Three and Sixty Paise only) (i.e. 180%) per Equity Share of face value of ₹2.0/- each fully paid up, paid during the Financial Year 2023-24, taking total Dividend for the Financial Year 2023-24 at ₹4.6/- (Rupees Four and Sixty Paise only).

In the previous year, the Board of Directors had recommended a final dividend of ₹1.5/- per share on face value of ₹2.0/- per share (i.e. 75%) for the FY 2022-23, which was approved by the shareholders at the 72<sup>nd</sup> Annual General Meeting of the Company.

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

Particulars	As at 31 <sup>st</sup> March, 2024		As at 31 <sup>st</sup> March, 2023	
	No.	% of total shares in class	No.	% of total shares in class
Mr. Akash Bhanshali	56,05,577	8.10	56,05,577	8.10
Mr. A. N. Rath	54,47,620	7.87	54,47,620	7.87
Mr. P. R. Rath	41,86,240	6.05	41,86,240	6.05
Mr. R. B. Rath	40,50,359	5.85	40,50,359	5.85

As per records of the Company, including its register of members and other declarations received from shareholders regarding beneficial interest, the above shareholding pattern represents both legal and beneficial ownership of shares.

### (d) For a period of five years immediately preceding 31<sup>st</sup> March, 2024

- aggregate number of shares allotted as fully paid up pursuant to contract without payment being received in cash - Nil
- aggregate number and class of shares allotted as fully paid up by way of bonus shares - Nil
- aggregate number of shares bought back - Nil

### (e) Shareholding of Promoters as at 31<sup>st</sup> March, 2024

Promoter / Promoter Group	No of shares as at 31 <sup>st</sup> March, 2024	% of total shares	No of shares as at 31 <sup>st</sup> March, 2023	% of total shares	% change during the year
Mr. A. N. Rath	54,47,620	7.87	54,47,620	7.87	-
Mr. R. P. Rath	30,23,859	4.37	30,23,859	4.37	-
Mr. P. R. Rath	41,86,240	6.05	41,86,240	6.05	-
Mr. R. B. Rath	40,50,359	5.85	40,50,359	5.85	-
Mr. A. B. Rath	6,73,660	0.97	20,73,660	3.00	(2.03)
Mrs. S. P. Rath	13,13,680	1.90	13,13,680	1.90	-
Mr. R. B. Rath and Mr. A. B. Rath (As Trustees - SOW Rachna Rath Family Trust)	12,08,250	1.75	12,08,250	1.75	-

## Notes to the Standalone Financial Statements as at and for the year ended 31<sup>st</sup> March, 2024

(All amounts are in ₹ Lakhs, unless otherwise stated)

Promoter / Promoter Group	No of shares as at 31 <sup>st</sup> March, 2024	% of total shares	No of shares as at 31 <sup>st</sup> March, 2023	% of total shares	% change during the year
Ajay Balkrishna Rathi (HUF)	11,75,325	1.70	11,75,325	1.70	-
Mr. M. A. Rathi	8,27,900	1.20	8,27,900	1.20	-
Mr. N. J. Rathi	4,37,650	0.63	4,37,650	0.63	-
Mrs. N. A. Rathi	-	-	4,00,404	0.58	(0.58)
Balkrishna Rathi Finance Private Limited	4,62,550	0.67	4,62,550	0.67	-
Rajesh Balkrishna Rathi (HUF)	1,77,425	0.26	1,77,425	0.26	-
Mrs. R. R. Rathi	14,120	0.02	14,120	0.02	-
	<b>2,29,98,638</b>	<b>33.24</b>	<b>2,47,99,042</b>	<b>35.85</b>	

### Shareholding of Promoters as at 31<sup>st</sup> March, 2023

Promoter / Promoter Group	No of shares as at 31 <sup>st</sup> March, 2023	% of total shares	No of shares as at 31 <sup>st</sup> March, 2022	% of total shares	% change during the year
Mr. A. N. Rathi	54,47,620	7.87	54,47,620	7.87	-
Mr. R. P. Rathi	30,23,859	4.37	30,23,859	4.37	-
Mr. P. R. Rathi	41,86,240	6.05	41,86,240	6.05	-
Mr. R. B. Rathi	40,50,359	5.85	40,50,359	5.85	-
Mr. A. B. Rathi	20,73,660	3.00	20,73,660	3.00	-
Mrs. S. P. Rathi	13,13,680	1.90	13,13,680	1.90	-
Mr. R. B. Rathi and Mr. A. B. Rathi (As Trustees - SOW Rachna Rathi Family Trust)	12,08,250	1.75	12,08,250	1.75	-
Ajay Balkrishna Rathi (HUF)	11,75,325	1.70	11,75,325	1.70	-
Mr. M. A. Rathi	8,27,900	1.20	8,27,900	1.20	-
Mr. N. J. Rathi	4,37,650	0.63	4,37,650	0.63	-
Mrs. N. A. Rathi	4,00,404	0.58	4,00,404	0.58	-
Balkrishna Rathi Finance Private Limited	4,62,550	0.67	4,62,550	0.67	-
Rajesh Balkrishna Rathi (HUF)	1,77,425	0.26	1,77,425	0.26	-
Mrs. R. R. Rathi	14,120	0.02	14,120	0.02	-
	<b>2,47,99,042</b>	<b>35.85</b>	<b>2,47,99,042</b>	<b>35.85</b>	

### (f) Other disclosures

The Company being ultimate holding company, there are no shares held by any other holding, ultimate holding company and their subsidiaries.

There are no shares reserved for issue under options and contracts / commitments for the sale of shares / disinvestment, including the terms and amounts, except as disclosed in note 51

There are no securities convertible into equity / preference shares issued along with the earliest date of conversion in descending order starting from the farthest such date.

## Notes to the Standalone Financial Statements as at and for the year ended 31<sup>st</sup> March, 2024

(All amounts are in ₹ Lakhs, unless otherwise stated)

### 17 OTHER EQUITY

Particulars	As at 31 <sup>st</sup> March, 2024	As at 31 <sup>st</sup> March, 2023
<b>(a) Capital reserve</b>		
Balance at the beginning of the year	0.4	0.4
Balance at the end of the year	<b>0.4</b>	<b>0.4</b>
<b>(b) Securities premium</b>		
Balance at the beginning of the year	1,321.2	1,321.2
Balance at the end of the year	<b>1,321.2</b>	<b>1,321.2</b>
<b>(c) General reserve</b>		
Balance at the beginning of the year	21,340.5	21,340.5
Balance at the end of the year	<b>21,340.5</b>	<b>21,340.5</b>
<b>(d) Effective portion of cash flow hedge</b>		
Balance at the beginning of the year	(2,409.7)	(173.9)
Arising / adjusted during the year	(129.2)	(2,235.8)
Balance at the end of the year	<b>(2,538.9)</b>	<b>(2,409.7)</b>
<b>(e) Share options outstanding reserve</b>		
Balance at the beginning of the year	337.2	228.8
Additions during the year	126.1	108.4
Balance at the end of the year	<b>463.3</b>	<b>337.2</b>
<b>(f) Retained earnings</b>		
Balance at the beginning of the year	58,836.7	59,123.7
Add: Profit after tax for the year	33,512.4	3,141.0
Other comprehensive income / (loss) recognised directly in retained earnings	(140.7)	33.4
Less: Appropriations		
Final equity dividend (refer note 16(b))	1,038.4	3,461.4
Interim equity dividend	2,492.2	-
Balance at the end of the year	<b>88,677.8</b>	<b>58,836.7</b>
	<b>1,09,264.3</b>	<b>79,426.3</b>

### Description of nature and purpose of each reserve

#### (a) Capital reserve

Capital reserve includes surplus on re-issue of shares made in the financial year 1996-97 amounting to ₹0.4 Lakhs.

#### (b) Securities premium

Securities premium is used to record the premium on issue of shares. The reserve can be utilised only for limited purposes such as issuance of bonus shares in accordance with the provisions of the Companies Act, 2013.

**Notes to the Standalone Financial Statements** as at and for the year ended 31<sup>st</sup> March, 2024

(All amounts are in ₹ Lakhs, unless otherwise stated)

**(c) General reserve**

Under the erstwhile Companies Act 1956, general reserve was created through an annual transfer of net income at a specified percentage in accordance with applicable regulations. The purpose of these transfers was to ensure that if a dividend distribution in a given year is more than 10% of the paid-up capital of the Company for that year, then the total dividend distribution is less than the total distributable results for that year. Consequent to introduction of Companies Act 2013, the requirement to mandatorily transfer a specified percentage of the net profit to general reserve has been withdrawn. However, the amount previously transferred to the general reserve can be utilised only in accordance with the specific requirements of Companies Act, 2013.

**(d) Effective portion of cash flow hedge**

The cash flow hedging reserve represents the cumulative effective portion of gains or losses arising on changes in fair value of designated portion of hedging instruments entered into for cash flow hedges. Such gains or losses will be reclassified to Statement of Profit and Loss in the period in which the underlying hedged transaction occurs (refer note 49 and 52).

**(e) Share options outstanding reserve**

The share options-based payment reserve is used to recognise the grant date fair value of options issued to employees under employee stock option plan. (refer note 51).

**(f) Retained earnings**

Retained earnings are the profits/(losses) that the Company has earned / incurred till date, less any transfers to general reserve, dividends or other distributions paid to shareholders. Retained earnings include re-measurement loss / (gain) on defined benefit plans, net of taxes that will not be reclassified to Statement of Profit and Loss.

**18 DISTRIBUTION MADE AND PROPOSED TO BE MADE**

Particulars	As at 31 <sup>st</sup> March, 2024	As at 31 <sup>st</sup> March, 2023
<b>Dividends on equity shares declared and paid :</b>		
Interim dividend for the year ended 31 <sup>st</sup> March, 2024 : ₹3.6 per share	2,492.2	-
Final dividend for the year ended 31 <sup>st</sup> March, 2023 : ₹1.5 per share	1,038.4	-
Final dividend for the year ended 31 <sup>st</sup> March, 2022 : ₹5.0 per share	-	3,461.4
<b>Proposed dividend on equity shares :</b>		
Final dividend for the year ended 31 <sup>st</sup> March, 2024 : ₹1.0 per share*	692.3	-
Final dividend for the year ended 31 <sup>st</sup> March, 2023 : ₹1.5 per share	-	1,038.4

Proposed dividends on equity shares are subject to approval at the Annual General Meeting of the Company and are not recognised as a liability as at year end. Dividend for the year ended 31<sup>st</sup> March, 2023 was subsequently approved by the shareholders at the 72<sup>nd</sup> Annual General Meeting of the Company.

The Company has complied with the provisions of Section 123 of the Companies Act, 2013 related to dividend declared and dividend paid.

**Notes to the Standalone Financial Statements** as at and for the year ended 31<sup>st</sup> March, 2024

(All amounts are in ₹ Lakhs, unless otherwise stated)

**19 BORROWINGS**

Particulars	As at 31 <sup>st</sup> March, 2024	As at 31 <sup>st</sup> March, 2023
<b>(a) Non-current borrowings:</b>		
<b>Secured</b>		
<b>Term loans from banks</b>		
Foreign currency loans (refer note 19 (c) (a) (i))	9,438.3	34,833.5
<b>Unsecured</b>		
<b>Debentures</b>		
8.45% unsecured rated listed taxable redeemable Non-convertible	9,893.2	9,888.0
Debentures (NCDs) (refer note 19 (c) (b) (i))		
	19,331.5	44,721.5
<b>(b) Current borrowings:</b>		
<b>Secured</b>		
<b>From banks :</b>		
Rupee loans (refer note 19 (c) (a) (iii))	-	6,974.7
<b>Current maturities of non-current borrowings</b>		
Rupee loans (refer note 19 (c) (a) (ii))	-	2,400.5
Foreign currency loans (refer note 19 (c) (a) (i))	15,941.4	14,980.4
<b>Unsecured</b>		
<b>From banks :</b>		
Rupee loans (refer note 19 (c) (b) (ii))	-	5,026.0
<b>Debentures</b>		
8.45% unsecured rated listed taxable redeemable Non-convertible	591.3	589.0
Debentures (NCDs) (refer note 19 (c) (b) (i))		
	16,532.7	29,970.6

In the previous year, the Company was unable to fulfil the debt obligations associated with its non-current borrowings. The management had obtained condonation letters for the same from all lenders involved in the form of waiver, provision of 'cure-period' for fulfilling such obligations, deferral of applicability of financial covenants and modification in financial covenants. The Company has continued to disclose these borrowings as per the repayment schedule.

Non-current borrowings are disclosed net of unamortised finance cost of ₹138.8 Lakhs (Previous Year: ₹229.0 Lakhs)

The above balance also includes interest accrued but not due amounting to ₹723.0 lakhs as at 31<sup>st</sup> March, 2024 and ₹796.0 lakhs as at 31<sup>st</sup> March, 2023.

**OTHER REGULATORY INFORMATION**

The Company files monthly / quarterly statement for its current assets with banks. Further, pursuant to subsequent adjustment if any post closures of yearly books and statutory audit, the Company files the revised return with the updated amounts at the year end.

The charges or satisfaction on the assets of the Company are registered with Registrar of Companies within the statutory period. The Company does not have any charges or satisfaction which are yet to be registered with Registrar of Companies (ROC) beyond statutory period.

The Company has used the borrowings obtained from banks and financial institutions for the specific purpose for which they were taken during the year ended 31<sup>st</sup> March, 2024 and 31<sup>st</sup> March, 2023.

The Company has not been declared as a wilful defaulter by any bank or financial institution or government or any government authority.

Notes to the Standalone Financial Statements as at and for the year ended 31<sup>st</sup> March, 2024

(All amounts are in ₹ Lakhs, unless otherwise stated)

(c) Security details and repayment schedule

Security	Instalment start date	Last Instalment Payable on	Terms of Repayment	Effective Interest Rate p.a.	As at 31 <sup>st</sup> March, 2024		As at 31 <sup>st</sup> March, 2023	
					Current	Non-Current	Current	Non-Current
<b>a) SECURED</b>  <b>i) Foreign currency term loans / ECBs from banks</b> Secured by a first pari passu charge on all the movable property, plant and equipment both present and future situated at Roha, Mahad. Dist. Raigad and Ambadvet (Sutarwadi), Amralewadi, Dist. Pune and further secured by way of mortgage by first pari passu charge on the immovable properties of the Company situated at Roha, Mahad. Dist. Raigad and Ambadvet (Sutarwadi), Amralewadi, Dist. Pune The bankers are: State Bank of India (Loan drawn USD 22 Mn)  State Bank of India (Loan drawn USD 40 Mn)  Axis Bank Limited (Loan drawn USD 13.23 Mn)  The Hong Kong and Shanghai Banking Corporation Limited GIFT City (Loan drawn USD 12.23 Mn) (Prepaid during the current year)  <b>ii) Term loan in Rupees</b> Secured by a first pari passu charge on all the movable property, plant and equipment both present and future situated at Roha, Mahad. Dist. Raigad and Ambadvet (Sutarwadi), Amralewadi, Dist. Pune and further secured by way of mortgage by first pari passu charge on the immovable properties of the Company situated at Roha, Mahad. Dist. Raigad and Ambadvet (Sutarwadi), Amralewadi, Dist. Pune. The banker is: ICICI Bank (Loan drawn ₹300 lakhs)	27-Sep-21	27-Sep-25	17 equal quarterly instalments	3 month SOFR + 1.40% + 0.26%	4,320.8	2,119.3	4,257.0	6,314.2
	27-May-21	31-Aug-25	18 equal quarterly instalments	3 month SOFR + 1.50% + 0.26%	8,359.0	1,835.5	8,250.4	9,983.6
	30-Sep-23	31-Dec-26	14 equal quarterly instalments	6 month SOFR + 1.25% + 0.4286%	3,261.6	5,483.5	2,450.8	8,494.1
	-	-	-	3 month SOFR + 1.30%	-	-	22.2	10,041.6
	03-Aug-21	03-Aug-23	03 annual instalments	9.80%	-	-	2,400.5	-

Notes to the Standalone Financial Statements as at and for the year ended 31<sup>st</sup> March, 2024

(All amounts are in ₹ Lakhs, unless otherwise stated)

Security	Instalment start date	Last Instalment Payable on	Terms of Repayment	Effective Interest Rate p.a.	As at 31 <sup>st</sup> March, 2024		As at 31 <sup>st</sup> March, 2023	
					Current	Non-Current	Current	Non-Current
<b>iii) Working capital loans repayable on demand from banks / Loan repayable within 12 months</b> Working Capital Borrowings from Bank of Maharashtra, ICICI Bank Limited and State Bank of India are secured by first pari passu charge by hypothecation of stock-in-trade, book debts and receivables. These are further secured by second charge on the immovable and movable properties of the Company situated at Roha, Mahad, Dist. Raigad and Ambadvet, Amralewadi, Dist. Pune by registered mortgage.	1-3 months		30 to 90 days	6.90% to 8.45%	-	-	6,974.7	-
	18-Jul-25	18-Jul-25	Bullet payment after 3 years	8.45%	591.3	9,893.2	589.0	9,888.0
<b>b) UNSECURED</b>  <b>i) Non convertible debentures</b> 8.45% p.a unsecured rated listed taxable redeemable Non-convertible Debentures (NCDs).  <b>ii) Working capital loans repayable on demand from banks / Loan repayable within 12 months</b> The Banker is HDFC Bank Limited	1-3 months		30 to 90 days	7.40%	-	-	5,026.0	-
					16,532.7	19,331.5	29,970.6	44,721.5
<b>The bifurcation of total borrowings is as follows:</b> Non-current borrowings Current borrowings Current maturities of non-current borrowings		Note 19			-	19,331.5	-	44,721.5
		Note 19			591.3	-	12,589.7	-
		Note 19			15,941.4	-	17,380.9	-
					16,532.7	19,331.5	29,970.6	44,721.5



## Notes to the Standalone Financial Statements as at and for the year ended 31<sup>st</sup> March, 2024

(All amounts are in ₹ Lakhs, unless otherwise stated)

### 20 TRADE PAYABLES

Particulars	As at 31 <sup>st</sup> March, 2024	As at 31 <sup>st</sup> March, 2023
Dues to micro enterprises and small enterprises; (refer note 41)	2,954.2	3,562.8
Dues to creditors other than micro enterprises and small enterprises	41,055.0	39,302.0
	<b>44,009.2</b>	<b>42,864.8</b>

Following is the ageing schedule for trade payables

Particulars	As at 31 <sup>st</sup> March, 2024					
	Outstanding for following periods from due date of payment					
	Unbilled*	Not Due	Less than 1 year	1-2 years	2-3 years	More than 3 years
Total outstanding dues of micro enterprises and small enterprises (Undisputed)	-	2,932.8	21.4	-	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises (Undisputed)	3,036.7	30,423.3	6,832.5	465.7	240.2	56.6
Total outstanding dues of micro enterprises and small enterprises (Disputed)	-	-	-	-	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises (Disputed)	-	-	-	-	-	-
<b>Total</b>	<b>3,036.7</b>	<b>33,356.1</b>	<b>6,853.9</b>	<b>465.7</b>	<b>240.2</b>	<b>56.6</b>

Particulars	As at 31 <sup>st</sup> March, 2023					
	Outstanding for following periods from due date of payment					
	Unbilled*	Not Due	Less than 1 year	1-2 years	2-3 years	More than 3 years
Total outstanding dues of micro enterprises and small enterprises (Undisputed)	123.4	3,372.6	66.5	-	-	0.3
Total outstanding dues of creditors other than micro enterprises and small enterprises (Undisputed)	3,889.8	27,695.4	6,875.6	694.0	97.8	49.4
Total outstanding dues of micro enterprises and small enterprises (Disputed)	-	-	-	-	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises (Disputed)	-	-	-	-	-	-
<b>Total</b>	<b>4,013.2</b>	<b>31,068.0</b>	<b>6,942.1</b>	<b>694.0</b>	<b>97.8</b>	<b>49.7</b>

\* Unbilled represents accrual for expenses.

Terms and conditions of the above financial liabilities:

- Trade payables are non-interest bearing and are generally settled on 60 to 90 days terms.
- For terms and conditions with related parties, refer note 48.

For the Company's credit risk management processes, refer note 49.

## Notes to the Standalone Financial Statements as at and for the year ended 31<sup>st</sup> March, 2024

(All amounts are in ₹ Lakhs, unless otherwise stated)

### 21 OTHER FINANCIAL LIABILITIES

Particulars	As at 31 <sup>st</sup> March, 2024	As at 31 <sup>st</sup> March, 2023
<b>(a) Non-current:</b>		
Security deposits	161.3	156.3
	<b>161.3</b>	<b>156.3</b>
<b>(b) Current:</b>		
Unclaimed dividend (as and when due) ***	595.6	394.1
Unpaid matured deposits including interest thereon (refer note 42)	13.2	20.4
Other payable to subsidiaries	902.6	725.4
Payable for capital goods *	340.2	933.6
Employee dues	2,258.5	1,908.2
Commission payable to directors	90.0	-
Other liabilities **	368.1	366.0
	<b>4,568.2</b>	<b>4,347.7</b>

\* Includes amount payable to MSME parties amounting to ₹1.6 lakhs as at 31<sup>st</sup> March, 2024 (Previous year: ₹91.6 lakhs)

\*\* Includes amount payable towards miscellaneous customer deposits.

\*\*\* Unpaid dividend does not include amount due and outstanding, to be credited to the Investor Education and Protection Fund

### 22 DERIVATIVE INSTRUMENTS

Particulars	As at 31 <sup>st</sup> March, 2024	As at 31 <sup>st</sup> March, 2023
<b>(a) Non-current:</b>		
<b>Cash flow hedges (FVTOCI)</b>		
Interest rate / currency swap contracts	-	379.8
	<b>-</b>	<b>379.8</b>
<b>(b) Current:</b>		
<b>Derivatives not designated as hedges (FVTPL)</b>		
Foreign currency forward contracts	82.0	58.3
	<b>82.0</b>	<b>58.3</b>

Note: Refer note 52 for hedging activities and note 49 for foreign currency risk management.

### 23 PROVISIONS

Particulars	As at 31 <sup>st</sup> March, 2024	As at 31 <sup>st</sup> March, 2023
<b>(a) Non-current:</b>		
<b>Provision for employee benefits (refer note 40)</b>		
Provision for pension	1,175.5	1,002.6
Provision for gratuity	1,029.1	885.6
Provision for compensated absences	780.9	691.7
	<b>2,985.5</b>	<b>2,579.9</b>
<b>(b) Current:</b>		
<b>Provision for employee benefits (refer note 40)</b>		
Provision for pension	176.3	168.4
Provision for compensated absences	117.6	70.9
	<b>293.9</b>	<b>239.3</b>

## Notes to the Standalone Financial Statements as at and for the year ended 31<sup>st</sup> March, 2024

(All amounts are in ₹ Lakhs, unless otherwise stated)

### 24 OTHER LIABILITIES

Particulars	As at 31 <sup>st</sup> March, 2024	As at 31 <sup>st</sup> March, 2023
<b>(a) Non-current:</b>		
Deferred government grant *	302.8	746.9
	<b>302.8</b>	<b>746.9</b>
<b>(b) Current:</b>		
Statutory dues #	522.3	417.5
Deferred government grant *	177.8	247.6
Contract liabilities (advances from customers)**	298.5	437.0
Other liabilities	34.6	18.8
	<b>1,033.2</b>	<b>1,120.9</b>

\* The Company has availed import duty exemption under Export Promotion Capital Goods ("EPCG") scheme, EPCG scheme is a scheme which allows an exporter to import of capital goods including spares for pre-production, production and post-production at zero Customs duty, for exports. As per the scheme, the Company has undertaken export obligation amounting to 6 times of the amount saved on duty on the capital goods.

# Includes payable with respect to Goods & Services Tax, Local Body Tax, Grampanchayat Tax, Withholding Taxes, Provident Fund etc.

\*\*The Company has received ₹296.5 lakhs as at 31<sup>st</sup> March, 2024, (₹442.8 lakhs as at 31<sup>st</sup> March, 2023) as contract liabilities (advance from customers), these liabilities are derecognised once the supply of goods are made.

### 25 INCOME AND DEFERRED TAXES

The major components of income tax expense for the years ended 31<sup>st</sup> March, 2024 and 31<sup>st</sup> March, 2023 are :

#### Statement of Profit and Loss :

Profit and loss section	Year ended 31 <sup>st</sup> March, 2024	Year ended 31 <sup>st</sup> March, 2023
<b>Current income tax :</b>		
Tax on Exceptional item	6,811.6	-
Current income tax charge	2,048.3	-
<b>Adjustment in respect of current income tax of previous year</b>	-	(83.6)
<b>Deferred tax :</b>		
Relating to origination and reversal of temporary differences	1,484.2	725.3
<b>Income tax expense reported in the Statement of Profit and Loss</b>	<b>10,344.1</b>	<b>641.7</b>

OCI section	Year ended 31 <sup>st</sup> March, 2024	Year ended 31 <sup>st</sup> March, 2023
<b>Deferred tax related to items recognised in OCI:</b>		
Tax (charge)/ reversals on net movement on effective portion of cash flow hedges	(149.2)	(51.4)
Tax (charge)/ reversals on re-measurement of defined benefit plans	47.3	(11.3)
<b>Income tax charged to OCI</b>	<b>(101.9)</b>	<b>(62.7)</b>

Reconciliation of tax expense and the accounting profit multiplied by applicable tax rate for year ended 31 <sup>st</sup> March, 2024 and 31 <sup>st</sup> March, 2023	Year ended 31 <sup>st</sup> March 2024	Year ended 31 <sup>st</sup> March 2023
Accounting profit before tax from operations and exceptional items	12,690.5	3,782.7
Applicable income tax rate of 25.168% (31 <sup>st</sup> March, 2023: 25.168%)	3,194.2	952.1
Tax adjustment for earlier years - Deferred Tax - Others	158.4	-
Other disallowances (CSR, donations, etc.)	179.9	(226.7)
Adjustment in respect of reversal of income tax expense of earlier years	-	(83.6)
<b>Income tax expense reported in the Statement of Profit and Loss excluding exceptional items</b>	<b>3,532.5</b>	<b>641.7</b>

## Notes to the Standalone Financial Statements as at and for the year ended 31<sup>st</sup> March, 2024

(All amounts are in ₹ Lakhs, unless otherwise stated)

### Major components of deferred tax as at 31<sup>st</sup> March, 2024 and 31<sup>st</sup> March, 2023:

Deferred tax liability (net)	Balance Sheet	
	As at 31 <sup>st</sup> March, 2024	As at 31 <sup>st</sup> March, 2023
<b>Deferred tax relates to the following:</b>		
<b>Deferred tax liability :</b>		
Accelerated depreciation for tax purposes	7,558.5	6,562.2
Other deductible temporary differences	1,104.2	755.6
<b>Deferred tax assets :</b>		
Allowance for expected credit loss	(278.6)	(276.2)
Carried forwarded tax loss	-	(580.2)
Expenditure allowed on actual payment	(869.6)	(533.0)
<b>Net deferred tax liabilities</b>	<b>7,514.5</b>	<b>5,928.4</b>

### Major components of deferred tax expenses for the year ended 31<sup>st</sup> March, 2024 and 31<sup>st</sup> March, 2023:

Deferred tax expense/ (income)	Statement of Profit and Loss	
	Year ended 31 <sup>st</sup> March 2024	Year ended 31 <sup>st</sup> March 2023
<b>Deferred tax relates to the following:</b>		
Accelerated depreciation for tax purposes	996.3	1,082.2
Other deductible temporary differences	348.6	619.2
Allowance for expected credit loss	(2.4)	(31.7)
Carried forwarded tax loss	580.2	(580.2)
Expenditure allowed on actual payment	(336.6)	(301.5)
<b>Deferred tax expense</b>	<b>1,586.1</b>	<b>788.0</b>

Reflected in the Balance Sheet as follows	As at 31 <sup>st</sup> March, 2024	As at 31 <sup>st</sup> March, 2023
Deferred tax assets	(1,148.2)	(1,389.4)
Deferred tax liabilities	8,662.7	7,317.8
<b>Deferred tax liabilities (net)</b>	<b>7,514.5</b>	<b>5,928.4</b>

Reconciliation of deferred tax liabilities (net)	Year ended 31 <sup>st</sup> March 2024	Year ended 31 <sup>st</sup> March 2023
Opening balance	5,928.4	5,140.4
Tax expense/(income) during the period recognised in the Statement of Profit and Loss	1,484.2	725.3
Tax expense/(income) during the period recognised in OCI	101.9	62.7
<b>Closing balance</b>	<b>7,514.5</b>	<b>5,928.4</b>

- D There is no such transaction which is not recorded in the books of accounts and that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961).

## Notes to the Standalone Financial Statements as at and for the year ended 31<sup>st</sup> March, 2024

(All amounts are in ₹ Lakhs, unless otherwise stated)

### E INCOME TAX ASSETS / LIABILITIES (NET) (recoverable/ payable on account of open assesement of Income Tax)

Particulars	As at 31 <sup>st</sup> March, 2024	As at 31 <sup>st</sup> March, 2023
<b>(a) Non-current tax assets (net):</b>		
Income tax assets	11,843.3	20,865.9
Income tax liabilities	10,731.9	18,390.9
Net income tax assets	<b>1,111.4</b>	<b>2,475.0</b>
<b>(b) Current tax liabilities (net):</b>		
Income tax liabilities	23,559.9	16,406.1
Income tax assets	23,510.1	16,293.0
Net income tax liabilities	<b>49.8</b>	<b>113.1</b>

### 26 REVENUE FROM OPERATIONS

Particulars	Year ended 31 <sup>st</sup> March, 2024	Year ended 31 <sup>st</sup> March, 2023
<b>Sale of products</b>	<b>2,11,696.6</b>	<b>1,95,160.3</b>
<b>Other operating revenues</b>		
Government grants (export incentives)	1,658.3	1,512.5
Miscellaneous operating income #	788.0	937.7
	<b>2,446.3</b>	<b>2,450.2</b>
<b>Total revenue from operations</b>	<b>2,14,142.9</b>	<b>1,97,610.5</b>

# Miscellaneous operating income includes sale of by products and sale of manufacturing scrap.

Below is the disclosure as required under Ind AS 115 - "Revenue from Contracts with Customers".

#### (a) Revenue streams

The Company generates revenue primarily from the sale of pigments. Other sources of revenue include income from export incentives, sale of manufacturing scrap and by products, etc.

Particulars	Year ended 31 <sup>st</sup> March, 2024	Year ended 31 <sup>st</sup> March, 2023
Sale of products	2,11,696.6	1,95,160.3
Other operating revenues	2,446.3	2,450.2
	<b>2,14,142.9</b>	<b>1,97,610.5</b>

## Notes to the Standalone Financial Statements as at and for the year ended 31<sup>st</sup> March, 2024

(All amounts are in ₹ Lakhs, unless otherwise stated)

### (b) Disaggregation of revenue from contracts with customers

In the following table, revenue from contracts with customers is disaggregated by primary geographical market, major products and timing of revenue recognition.

Particulars	Year ended 31 <sup>st</sup> March, 2024	Year ended 31 <sup>st</sup> March, 2023
<b>Major product lines</b>		
Sale of pigments	2,11,696.6	1,95,160.3
<b>Total</b>	<b>2,11,696.6</b>	<b>1,95,160.3</b>
<b>Primary geographical market</b>		
In India	1,15,155.8	1,04,566.1
Outside India	96,540.8	90,594.2
<b>Total</b>	<b>2,11,696.6</b>	<b>1,95,160.3</b>
<b>Timing of revenue recognition</b>		
Products transferred at point in time	2,12,484.6	1,96,098.0
<b>Total</b>	<b>2,12,484.6</b>	<b>1,96,098.0</b>

### (c) Reconciling the amount of revenue recognised in the Statement of Profit and Loss with the contracted price

Particulars	Year ended 31 <sup>st</sup> March, 2024	Year ended 31 <sup>st</sup> March, 2023
<b>Revenue from operations</b>	<b>2,14,142.9</b>	<b>1,97,610.5</b>
<b>Less: Adjustments</b>		
Government grants (export incentives)	1,658.3	1,512.5
<b>Revenue from contract with customers</b>	<b>2,12,484.6</b>	<b>1,96,098.0</b>
Add: Adjustments (sales returns, commission, hedge, etc.)	3,032.6	4,220.9
<b>Revenue as per contracted price</b>	<b>2,15,517.2</b>	<b>2,00,318.9</b>

### (d) Contract balances

The following table provides information about trade receivables and contract liabilities from contracts with customers.

Particulars	Year ended 31 <sup>st</sup> March, 2024	Year ended 31 <sup>st</sup> March, 2023
Trade receivables	52,483.6	42,188.5
Contract liabilities (advance from customers)	298.5	442.8

The receivable is net of provision for expected credit losses as recognised in accordance with the provisions of Ind AS 109 amounting to ₹1,043.3 lakhs (Previous year ₹1,097.4 lakhs).

Particulars	Year ended 31 <sup>st</sup> March, 2024	Year ended 31 <sup>st</sup> March, 2023
Revenue recognised from amount included in contract liabilities at the beginning of the year	442.8	76.7
	<b>442.8</b>	<b>76.7</b>

## Notes to the Standalone Financial Statements as at and for the year ended 31<sup>st</sup> March, 2024

(All amounts are in ₹ Lakhs, unless otherwise stated)

### 27 OTHER INCOME

Particulars	Year ended 31 <sup>st</sup> March, 2024	Year ended 31 <sup>st</sup> March, 2023
Interest income on		
Bank deposits and other deposits	13.4	18.3
Others (on refunds of taxes and on delayed payments from customers)	387.9	282.2
Liabilities no longer required, written back	75.4	11.2
Net gain on sale of financial instruments	833.5	-
Net gain on fair valuation of financial instruments (FVTPL)	38.8	38.8
Income on financial guarantees	88.4	18.2
Gain on sale / disposal of property plant and equipments (net)	10.0	0.6
Miscellaneous income *	292.0	45.7
	<b>1,739.4</b>	<b>415.0</b>

\* Miscellaneous income includes rental income and sundry recoveries.

### 28 COST OF MATERIALS CONSUMED

Particulars	Year ended 31 <sup>st</sup> March, 2024	Year ended 31 <sup>st</sup> March, 2023
Inventory at the beginning of the year (refer note 10)	11,931.6	15,497.0
Add : Purchases	1,17,533.8	1,12,822.1
	<b>1,29,465.4</b>	<b>1,28,319.1</b>
Less: Inventory at the end of the year (refer note 10)	9,380.3	11,931.6
<b>Cost of materials consumed</b>	<b>1,20,085.1</b>	<b>1,16,387.5</b>

### 29 CHANGES IN INVENTORIES OF FINISHED GOODS AND WORK-IN-PROGRESS

Particulars	Year ended 31 <sup>st</sup> March, 2024	Year ended 31 <sup>st</sup> March, 2023
<b>Inventory at the end of the year (refer note 10)</b>		
Finished goods	12,703.0	15,882.3
Work-in-progress	5,785.3	6,014.4
	<b>18,488.3</b>	<b>21,896.7</b>
<b>Inventory at the beginning of the year (refer note 10)</b>		
Finished goods	15,882.3	19,292.6
Work-in-progress	6,014.4	8,071.4
	<b>21,896.7</b>	<b>27,364.0</b>
	<b>3,408.4</b>	<b>5,467.3</b>

### 30 EMPLOYEE BENEFITS EXPENSE

Particulars	Year ended 31 <sup>st</sup> March, 2024	Year ended 31 <sup>st</sup> March, 2023
Salaries, wages and bonus (including directors remuneration)	12,937.5	11,023.4
Contribution to provident and other funds *	642.3	643.9
Gratuity expense (refer note 40)	199.4	210.1
Share based payments to employees (refer note 51)	126.1	108.4
Staff welfare expenses	841.7	709.5
	<b>14,747.0</b>	<b>12,695.3</b>

\* Includes contribution towards Employee State Insurance Scheme, Superannuation, and National Pension Scheme.

## Notes to the Standalone Financial Statements as at and for the year ended 31<sup>st</sup> March, 2024

(All amounts are in ₹ Lakhs, unless otherwise stated)

### The Code on Social Security, 2020

The Code on Social Security, 2020 ('Code') relating to employees benefits during employment and post-employment benefits received Presidential assent in September 2020. The Code has been published in the Gazette of India. However, the date on which the Code will come into effect has not been notified and the final rules / interpretation have not yet been issued. The Company will assess the impact of the Code when it comes into effect and will record any related impact in the period the Code becomes effective.

### Compliance to Section 197 of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

During the year under review, the managerial remuneration amounting to ₹1,570.1 Lakhs was paid to the Managing Director and the Wholetime Director in terms of the provisions of Section 197 of the Companies Act, 2013 read with Schedule V thereto, and Rules made thereunder and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. This includes remuneration amounting to ₹129.03 Lakhs in excess of the limits prescribed under the Companies Act, 2013, and Rules made thereunder and ₹875.60 Lakhs in excess of the limits prescribed under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Approval for the same has been accorded by the Shareholders by way of Special Resolution at its 72<sup>nd</sup> Annual General Meeting held on 11<sup>th</sup> August, 2023.

### 31 FINANCE COSTS

Particulars	Year ended 31 <sup>st</sup> March, 2024	Year ended 31 <sup>st</sup> March, 2023
Interest expenses on bank facilities *	2,614.3	3,543.3
Interest expenses on lease liabilities (refer note 5)	123.2	10.2
Other borrowing costs **	133.2	115.4
	<b>2,870.7</b>	<b>3,668.9</b>

\* Excludes borrowing costs capitalised during the year on qualifying assets amounting to ₹Nil lakhs (31<sup>st</sup> March 2023 : ₹519.8 lakhs) The weighted average rate for capitalisation of interest relating to specific borrowing was approximately 2.6% to 5.4% per annum for the year ended 31<sup>st</sup> March 2023. No finance cost has been capitalised during the year ended 31<sup>st</sup> March 2024.

\*\* Includes charges for guarantees, loan processing fees etc.

### 32 DEPRECIATION AND AMORTISATION EXPENSE

Particulars	Year ended 31 <sup>st</sup> March, 2024	Year ended 31 <sup>st</sup> March, 2023
Depreciation on property, plant and equipment (refer note 3)	12,624.5	10,374.6
Amortisation on intangible assets (refer note 4)	778.7	698.3
Depreciation on right-of-use assets (refer note 5)	286.1	37.8
	<b>13,689.3</b>	<b>11,110.7</b>

### 33 OTHER EXPENSES

Particulars	Year ended 31 <sup>st</sup> March, 2024	Year ended 31 <sup>st</sup> March, 2023
Consumption of stores and spares	3,053.6	2,482.9
Consumption of packing material	2,671.3	2,446.7
Power and fuel	14,993.5	15,638.4
Water charges	1,197.8	1,045.7
Contract labour charges	5,254.9	4,766.6
Rent (refer note 5)	240.5	134.3
Repairs and maintenance		
- Plant and machinery	3,224.4	2,806.2
- Buildings	595.0	527.3
- Others	160.0	131.2

## Notes to the Standalone Financial Statements as at and for the year ended 31<sup>st</sup> March, 2024

(All amounts are in ₹ Lakhs, unless otherwise stated)

Particulars	Year ended 31 <sup>st</sup> March, 2024	Year ended 31 <sup>st</sup> March, 2023
Insurance	782.2	924.7
Rates and taxes (excluding taxes on income)	193.0	178.0
Advertisement	256.6	342.4
Auditors' remuneration (refer note 34)	68.2	56.9
Bad debts written-off	126.7	-
Provision for bad and doubtful debts / advances (including expected credit losses)	(54.1)	126.0
Bank charges	98.8	124.0
Commission to selling agents	763.2	1,081.1
Freight and forwarding expenses	3,976.1	1,702.0
Directors' sitting fees	21.6	17.4
Foreign exchange (gain) / loss (net) *	962.9	1,658.0
Consumables related to IT hardware	573.3	519.5
Legal, professional and consultancy charges	3,476.2	2,502.7
Printing, stationery and communication expenses	410.0	358.2
Travelling and conveyance	551.4	483.2
Cost recharge from subsidiaries	875.1	991.8
Expenditure towards Corporate Social Responsibility (refer note 37)	239.8	302.8
Directors' commission	93.3	-
Miscellaneous expenses **	3,586.0	3,565.1
	<b>48,391.3</b>	<b>44,913.1</b>

\* Includes mark to market (gain) / loss on derivatives amounting to ₹257.2 Lakhs (Previous Year (₹94.5) Lakhs)

\*\* Miscellaneous expenses mainly includes cost related to effluent treatment facilities, waste disposal expenses, incidental equipment hire charges.

### 34 AUDITORS' REMUNERATION

Particulars	Year ended 31 <sup>st</sup> March, 2024	Year ended 31 <sup>st</sup> March, 2023
As auditor		
Audit fees	38.0	32.5
Limited review expenses	23.0	18.0
Other services (includes certification fee)	2.3	2.8
Reimbursement of expenses	4.9	3.6
	<b>68.2</b>	<b>56.9</b>

### 35 CAPITALISATION OF EXPENDITURE

In accordance with Ind AS 16, Ind AS 38 and Ind AS 23, the Company has capitalised directly attributable expenses as property, plant and equipment / capital work-in-progress (CWIP), Intangible assets and Intangible assets under development. Accordingly, expenses disclosed under the respective notes are net of amount capitalised by the Company. Expenses capitalised are as follows:

Particulars	Year ended 31 <sup>st</sup> March, 2024	Year ended 31 <sup>st</sup> March, 2023
Employee benefits expense	-	236.9
Finance costs	-	519.8
Other expenses*	253.0	691.8
	<b>253.0</b>	<b>1,448.5</b>

\* Includes power & fuel and water charges

## Notes to the Standalone Financial Statements as at and for the year ended 31<sup>st</sup> March, 2024

(All amounts are in ₹ Lakhs, unless otherwise stated)

### 36 RESEARCH AND DEVELOPMENT EXPENDITURE

This includes expenditure incurred by the Company on in-house research and development in respect of eligible facilities at Roha, Pune and Mahad approved by the Department of Scientific and Industrial Research, Ministry of Science and Technology.

Particulars	Year ended 31 <sup>st</sup> March, 2024	Year ended 31 <sup>st</sup> March, 2023
Revenue Expenditure	2,502.8	2,734.6
Capital Expenditure	511.2	664.8
	<b>3,014.0</b>	<b>3,399.4</b>

### 37 AMOUNT SPENT TOWARDS CORPORATE SOCIAL RESPONSIBILITY

The Company is covered under Section 135 of the Companies Act 2013, and is required to contribute towards activities eligible under Section 135 of The Companies Act, 2013 read with Schedule VII thereto. Company's CSR activities for ongoing projects are (a) promotion of education and enhancing vocational skills, (b) eradication of hunger and promoting hygiene, (c) promotion of sports, (d) protection of national heritage and promotion and development of traditional arts, (e) promotion of gender equality, and (f) other infrastructure that would help meet the objectives of environmental sustainability such as waste management, vermi-culture, organic farming, etc.

Particulars	Year ended 31 <sup>st</sup> March, 2024	Year ended 31 <sup>st</sup> March, 2023
a) Gross amount required to be spent by the Company during the year	230.4	311.6

b) An amount of ₹234.8 lakhs (Previous Year: ₹321.0 lakhs) was approved by the board towards CSR activities for the year ended 31<sup>st</sup> March, 2024.

c) Amount spent during the year ended on	Year ended 31 <sup>st</sup> March, 2024	Year ended 31 <sup>st</sup> March, 2023
- Construction/ acquisition of any asset	-	-
- On purposes other than (i) above (in cash)	239.8	302.8

d) For details of CSR expenditure incurred toward related parties refer to note 48.

### e) Details of ongoing projects and other than ongoing projects

Particulars		Year ended 31 <sup>st</sup> March, 2024	Year ended 31 <sup>st</sup> March, 2023
Opening balance (balance of excess amount spent from previous years)			
- with Company	(a)	2.5	11.3
- in separate unspent CSR account		-	-
Amount required to be spent during the year (Net of previous year (short) / excess)	(b)	227.9	300.3
Amount spent during the year:			
- From Company's bank a/c	(c)	239.8	302.8
- From separate unspent CSR a/c		-	-
(Short) / excess CSR spend for the year	(d)	11.9	2.5
Closing balance			
- with Company		11.9	2.5
- in separate unspent CSR account		-	-

## Notes to the Standalone Financial Statements as at and for the year ended 31<sup>st</sup> March, 2024

(All amounts are in ₹ Lakhs, unless otherwise stated)

### 38 EARNINGS PER SHARE

Particulars		Year ended 31 <sup>st</sup> March, 2024	Year ended 31 <sup>st</sup> March, 2023
Profit for the year	(A)	33,512.4	3,141.0
Equity shares outstanding as at the end of the year			
Number of equity shares outstanding at the end of year		6,92,27,250	6,92,27,250
Weighted average equity shares outstanding as at the end of the year	(B)	6,92,27,250	6,92,27,250
Add: Dilutive impact of employee stock options		98,030	59,777
Number of equity shares used as denominator for calculating diluted earnings per share	(C)	6,93,25,280	6,92,87,027
Nominal value per equity share (in ₹)		2.0	2.0
Basic (in ₹)	(A/B)	48.4	4.5
Diluted (in ₹)	(A/C)	48.3	4.5

### 39 COMPONENTS OF OTHER COMPREHENSIVE INCOME (OCI)

The disaggregation of changes to OCI for each type of reserve in equity is shown below :

As at 31 <sup>st</sup> March, 2024			
Particulars	Cash flow hedge reserve	Retained earnings	Total
Net movement on effective portion of cash flow hedge (net of tax)	(129.2)	-	(129.2)
Re-measurement gains / (losses) on defined benefit plans (net of tax)	-	(140.7)	(140.7)
	(129.2)	(140.7)	(269.9)

As at 31 <sup>st</sup> March, 2023			
Particulars	Cash flow hedge reserve	Retained earnings	Total
Net movement on effective portion of cash flow hedge (net of tax)	(2,235.8)	-	(2,235.8)
Re-measurement gains / (losses) on defined benefit plans (net of tax)	-	33.4	33.4
	(2,235.8)	33.4	(2,202.4)

### 40 GRATUITY AND OTHER POST EMPLOYMENT BENEFITS PLANS

#### A Defined Contribution Plans

In accordance with the law, all employees of the Company are entitled to receive the benefits under the Provident Fund Act. Company's contribution paid / payable during the year to provident fund and labour welfare fund are recognised in the Statement of Profit and Loss. The Company makes contributions to the Superannuation Scheme for employee who have opted, a defined contribution scheme administered by Life Insurance Corporation of India, which are charged to the Statement of Profit and Loss. The Company has no obligation to the scheme beyond its annual contributions.

Contribution to Defined Contribution Plans, recognised as expense for the year is as under:

Particulars	Year ended 31 <sup>st</sup> March, 2024	Year ended 31 <sup>st</sup> March, 2023
Employer's contribution to Provident Fund and other funds	625.9	609.3
Employer's contribution to Superannuation Fund	16.4	34.6
	642.3	643.9

## Notes to the Standalone Financial Statements as at and for the year ended 31<sup>st</sup> March, 2024

(All amounts are in ₹ Lakhs, unless otherwise stated)

### B Defined Benefit Plans

#### I Gratuity

##### Funded Scheme :

The Company has a defined benefit gratuity plan for its employees. The gratuity plan is governed by the Payment of Gratuity Act, 1972. Under the Act, every employee who has completed five years of service is entitled to specific benefit. The level of benefits provided depends on the employee's length of service and salary at retirement age. An employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn) for each completed year of service as per the provisions of the Payment of Gratuity Act, 1972. The scheme is funded with insurance companies in the form of qualifying insurance policies. The Company accounts for liability of such future benefits based on an independent actuarial valuation on projected accrued credit method carried out for assessing the liability as on the reporting date.

##### Risk exposure and asset-liability matching

Provision of a defined benefit scheme poses certain risks, as the Company take on uncertain long-term obligations to make future benefit payments.

The following tables summarise the components of net benefit expense recognised in the Statement of Profit and Loss, the funded status and amounts recognised in Balance Sheet for the plan.

Net employee benefit expense on account of gratuity recognised in employee benefit expenses (includes net employee benefit of discontinued operations, if any).

Particulars	Year ended 31 <sup>st</sup> March, 2024	Year ended 31 <sup>st</sup> March, 2023
Current service cost	199.4	210.1
Net interest (income) / expense	56.6	44.9
<b>Net expense</b>	<b>256.0</b>	<b>255.0</b>

Changes in the present value of the defined benefit obligation are, as follows :

Particulars	Year ended 31 <sup>st</sup> March, 2024	Year ended 31 <sup>st</sup> March, 2023
Defined benefit obligation as at the beginning of the year	2,911.6	2,884.6
Interest cost	209.0	198.6
Current service cost	199.4	210.1
Benefit payments from plan assets	(212.4)	(242.4)
<b>Re-measurement (gain) / loss in other comprehensive income (OCI)</b>		
Actuarial (gain) / loss - Experience	(151.4)	(93.6)
Actuarial (gain) / loss - Financial	43.9	(45.7)
Actuarial (gain) / loss - Demographic	-	-
<b>Defined benefit obligation as at the end of the year</b>	<b>3,000.1</b>	<b>2,911.6</b>

Changes in the fair value of plan assets are as follows:

Particulars	Year ended 31 <sup>st</sup> March, 2024	Year ended 31 <sup>st</sup> March, 2023
Fair value of plan assets at the beginning of the year	2,026.0	2,126.1
Expected returns on plan assets	152.4	153.7
Employer contributions	44.9	9.2
Benefits paid	(212.4)	(242.4)
<b>Re-measurement gain / (loss) in other comprehensive income (OCI)</b>		
Actuarial gain / (loss) - Experience	(39.9)	(20.6)
<b>Fair value of plan assets at the end of year</b>	<b>1,971.0</b>	<b>2,026.0</b>

## Notes to the Standalone Financial Statements as at and for the year ended 31<sup>st</sup> March, 2024

(All amounts are in ₹ Lakhs, unless otherwise stated)

**As at 31<sup>st</sup> March, 2024 and 31<sup>st</sup> March, 2023 plan assets were 100% invested in insurer managed funds.**

Re-measurements for the period (Actuarial (gain) / loss)

Particulars	Year ended 31 <sup>st</sup> March, 2024	Year ended 31 <sup>st</sup> March, 2023
(Gain) / loss on defined benefit obligation - Experience	(151.4)	(93.6)
(Gain) / loss on defined benefit obligation - Financial	43.9	(45.7)
(Gain) / loss on defined benefit obligation - Demographic	-	-
(Gain) / loss on plan assets - Experience	39.9	20.6
<b>Amount recognised in the statement of OCI</b>	<b>(67.6)</b>	<b>(118.7)</b>

Net defined benefit liability / (asset) at the end of the year

Particulars	As at 31 <sup>st</sup> March, 2024	As at 31 <sup>st</sup> March, 2023
Defined benefit obligation	3,000.1	2,911.6
Fair value of plan assets	1,971.0	2,026.0
<b>Closing net defined benefit liability / (asset)</b>	<b>1,029.1</b>	<b>885.6</b>

The principal assumptions used in determining gratuity obligations for the Company's plan are shown below:

### Demographic Assumptions

**Mortality:** Mortality for all periods has been assumed to be as per Indian Assured Lives Mortality (2012-14).

**Attrition:**

Particulars	As at 31 <sup>st</sup> March, 2024	As at 31 <sup>st</sup> March, 2023
Employee turnover		
age upto 30 years	6.0%	6.0%
age 31- 45 years	4.0%	4.0%
age above 45 years	2.0%	2.0%
Retirement age*	58-80 years	58-80 years
*Wholetime Directors 80 years and others 58 years		

### Financial assumptions

Particulars	As at 31 <sup>st</sup> March, 2024	As at 31 <sup>st</sup> March, 2023
Discount rate	7.2%	7.5%
Expected rate of increment in compensation levels	7% to 8%	7% to 8%

A quantitative sensitivity analysis for significant assumptions is as shown below:

Assumptions	Defined benefit obligation			
	As at 31 <sup>st</sup> March, 2024		As at 31 <sup>st</sup> March, 2023	
	Increase by 100 basis points	Decrease by 100 basis points	Increase by 100 basis points	Decrease by 100 basis points
Discount Rate	(141.5)	157.0	(147.8)	163.6
Expected rate of increment in compensation levels	167.9	(154.1)	174.6	(160.5)

Sensitivity analysis indicates the influence of a reasonable change in certain significant assumptions on the outcome of the present value of obligation and aids in understanding the uncertainty of reported amounts. Sensitivity analysis is done by varying one parameter at a time and studying its impact.

## Notes to the Standalone Financial Statements as at and for the year ended 31<sup>st</sup> March, 2024

(All amounts are in ₹ Lakhs, unless otherwise stated)

Sensitivity analysis for each significant actuarial assumptions namely Discount rate and Salary assumptions have been shown in the table above at the end of the reporting period, showing how the defined benefit obligation would have been affected by the changes.

The method used to calculate the liability in these scenarios is by keeping all the other parameters and the data same as in the base liability calculation except the parameters to be stressed.

There is no change in the method from the previous period and the points / percentage by which the assumptions are stressed are same to that in the previous year.

The assumptions for mortality and attrition do not have a significant impact on the liability, hence are not considered a significant actuarial assumption for the purpose of sensitivity analysis.

The following is the maturity profile of undiscounted defined benefit obligation:

Particulars	As at 31 <sup>st</sup> March, 2024	As at 31 <sup>st</sup> March, 2023
Within the next 12 months	366.9	262.9
Between 2 and 5 years	1,887.0	1,773.7
Beyond 5 years	2,467.5	2,767.3

Expected contribution by the Company for the next year: ₹366.9 lakhs

Weighted average duration of the plan (based on discounted cash flows using mortality, withdrawal and interest rate) is 12.8 years (Previous Year : 12.9 years).

## II Pension

The Company provides for Pension, a defined benefit retirement plan covering eligible employees. Eligible employee are Company's employees beyond certain grade subject to the approval of Nomination and Remuneration Committee. The plan provides for monthly pension payments to such eligible employees or their family members till such period as stipulated in the Board approved policy. The Company accounts for liability of such future benefits based on an independent actuarial valuation on projected accrued credit method carried out for assessing the liability as on the reporting date.

The following tables summarise the components of net benefit expense recognised in the Statement of Profit and Loss, the funded status and amounts recognised in Balance Sheet for the plan.

Net employee benefit expense on account of pension recognised in employee benefit expenses :

Particulars	Year ended 31 <sup>st</sup> March, 2024	Year ended 31 <sup>st</sup> March, 2023
Current service cost	5.0	4.7
Net interest (income) / expense	81.7	78.4
<b>Net expense</b>	<b>86.7</b>	<b>83.1</b>

Changes in the present value of the defined benefit obligation are, as follows :

Particulars	As at 31 <sup>st</sup> March, 2024	As at 31 <sup>st</sup> March, 2023
Defined benefit obligation as at the beginning of the year	1,171.0	1,160.8
Interest cost	81.7	78.4
Current service cost	5.0	4.7
Benefit payments directly by employer	(161.5)	(146.9)
<b>Re-measurement (gain) / loss in other comprehensive income (OCI)</b>		
Actuarial (gain) / loss - Experience	212.2	104.8
Actuarial (gain) / loss - Financial	43.4	(30.8)
Actuarial (gain) / loss - Demographic	-	-
<b>Defined benefit obligation as at the end of the year</b>	<b>1,351.8</b>	<b>1,171.0</b>

## Notes to the Standalone Financial Statements as at and for the year ended 31<sup>st</sup> March, 2024

(All amounts are in ₹ Lakhs, unless otherwise stated)

Re-measurements for the period (Actuarial (gain) / loss)

Particulars	Year ended 31 <sup>st</sup> March, 2024	Year ended 31 <sup>st</sup> March, 2023
(Gain) / loss on defined benefit obligation - Experience	212.2	104.8
(Gain) / loss on defined benefit obligation - Financial	43.4	(30.8)
(Gain) / loss on defined benefit obligation - Demographic	-	-
<b>Amount recognised in the statement of OCI</b>	<b>255.6</b>	<b>74.0</b>

Net defined benefit liability / (asset) for the period

Particulars	As at 31 <sup>st</sup> March, 2024	As at 31 <sup>st</sup> March, 2023
Defined benefit obligation	1,351.8	1,171.0
Fair value of plan assets	-	-
<b>Closing net defined benefit liability / (asset)</b>	<b>1,351.8</b>	<b>1,171.0</b>

The principal assumptions used in determining pension obligations for the Company's plan are shown below:

### Demographic Assumptions

**Mortality:** Mortality for all periods has been assumed to be as per Indian Assured Lives Mortality (2012-14)

### Financial assumptions

Particulars	As at 31 <sup>st</sup> March, 2024	As at 31 <sup>st</sup> March, 2023
Discount rate	7.2%	7.5%
Pension increase rate	10.0%	10.0%
Retirement age	80 years	80 years

A quantitative sensitivity analysis for significant assumption is as shown below:

Assumptions	Defined benefit obligation			
	As at 31 <sup>st</sup> March, 2024		As at 31 <sup>st</sup> March, 2023	
	Increase by 100 basis points	Decrease by 100 basis points	Increase by 100 basis points	Decrease by 100 basis points
Discount Rate	(134.2)	167.9	(95.1)	113.3
Pension increase rate	162.2	(133.0)	21.8	(20.5)

Sensitivity analysis indicates the influence of a reasonable change in certain significant assumptions on the outcome of the Present value of obligation and aids in understanding the uncertainty of reported amounts. Sensitivity analysis is done by varying one parameter at a time and studying its impact.

Sensitivity analysis for each significant actuarial assumptions namely Discount rate and Salary assumptions have been shown in the table above at the end of the reporting period, showing how the defined benefit obligation would have been affected by changes.

The method used to calculate the liability in these scenarios is by keeping all the other parameters and the data same as in the base liability calculation except for the parameters to be stressed.

There is no change in the method from the previous period and the points / percentage by which the assumptions are stressed are same to that in the previous year

The assumption for mortality and attrition do not have a significant impact on the liability, hence are not considered a significant actuarial assumption for the purpose of sensitivity analysis.

## Notes to the Standalone Financial Statements as at and for the year ended 31<sup>st</sup> March, 2024

(All amounts are in ₹ Lakhs, unless otherwise stated)

The following is the maturity profile of undiscounted defined benefit obligation:

Particulars	As at 31 <sup>st</sup> March, 2024	As at 31 <sup>st</sup> March, 2023
Within the next 12 months	176.3	168.4
Between 2 and 5 years	900.2	859.6
Beyond 5 years	1,420.1	1,655.5

### III Leave Encashment / Compensated Absences / Sick Leave

The leave obligations cover the Company's liability for sick leave, privilege leave and casual leave.

The amount of the provision to be settled within next 12 months is presented as current, since the Company does not have an unconditional right to defer the settlement for any of these obligations. However, based on past experience, the Company does not expect all employees to take the full amount of accrued leave or require payment within the next 12 months. The following table shows bifurcation of current and non-current provision for leave encashment.

Particulars	As at 31 <sup>st</sup> March, 2024	As at 31 <sup>st</sup> March, 2023
Current leave obligations expected to be settled within the next 12 Months	117.6	70.9
Leave obligations expected to be settled beyond 12 months	780.9	691.7
	<b>898.5</b>	<b>762.6</b>

The Company provides for accumulation of compensated absences by certain categories of its employees. These employees can carry forward a portion of unutilised compensated absences and utilise it in the future periods or receive cash in lieu thereof as per Company policy. The Company records an obligation for compensated absences in the period in which the employee renders the services that increases this entitlement. The measurement of such obligation is based on actuarial valuation as at the Balance Sheet date carried out by qualified actuary on projected accrued credit method carried out for assessing the liability as on the reporting date.

**The principal assumptions used in determining Leave obligation for the Company are shown below:**

### Demographic Assumptions

**Mortality:** Mortality for all periods has been assumed to be as per Indian Assured Lives Mortality (2012-14).

Particulars	As at 31 <sup>st</sup> March, 2024	As at 31 <sup>st</sup> March, 2023
Discount rate	7.2%	7.5%
Expected rate of increment in compensation levels	7% - 8%	7% - 8%
Employee turnover		
age upto 30 years	6.0%	6.0%
age 31 - 45 years	4.0%	4.0%
age above 45 years	2.0%	2.0%
Leave availment	5.0%	5.0%
Retirement age*	58-80 years	58-80 years
*Wholetime Directors 80 years and others 58 years		

## Notes to the Standalone Financial Statements as at and for the year ended 31<sup>st</sup> March, 2024

(All amounts are in ₹ Lakhs, unless otherwise stated)

### 41 DETAILS OF DUE TO MICRO AND SMALL ENTERPRISE AS DEFINED UNDER MICRO AND SMALL ENTERPRISES DEVELOPMENT ACT, 2006

Particulars	As At 31 <sup>st</sup> March, 2024	As At 31 <sup>st</sup> March, 2023
Principal amount due to suppliers under MSMED Act, 2006 *	2,954.2	3,654.4
Payment made to suppliers (other than interest) beyond the appointed day, during the year	4,561.8	14,795.0
Interest accrued and due to suppliers under MSMED Act, 2006 on the above amount	24.7	30.6
Interest paid to suppliers under MSMED Act, 2006 (other than Section 16)	-	-
Interest paid to suppliers under MSMED Act, 2006 (Section 16)	-	-
Interest due and payable to suppliers under MSMED Act, 2006 for the payments already made	-	-
Interest accrued and remaining unpaid at the end of the year to suppliers under MSMED Act, 2006	140.1	115.4

The identification of suppliers under "Micro and Small Enterprises Development Act, 2006" was done on the basis of the information to the extent provided by the suppliers to the Company.

\*Includes dues to payable for purchase of capital goods ₹ 1.6 lakhs as at 31<sup>st</sup> March, 2024 and ₹91.6 lakhs as at 31<sup>st</sup> March, 2023.

### 42 DEPOSITS (ACCEPTED UNDER SECTION 76(1) OF THE COMPANIES ACT, 2013)

Particulars	As At 31 <sup>st</sup> March, 2024	As At 31 <sup>st</sup> March, 2023
(a) Deposits with maturity less than 12 months	-	-
(b) Deposits with maturity more than 12 months	-	-
(c) Unclaimed matured deposits	13.2	20.4
	<b>13.2</b>	<b>20.4</b>

### 43 DISCLOSURE REQUIRED UNDER SEC. 186 (4) OF COMPANIES ACT, 2013

Amount of loan outstanding from subsidiaries / corporate guarantee given on standalone basis and transactions during the year.

#### (a) Loans (Unsecured)

Year Ended 31 <sup>st</sup> March, 2024						
Name of the Company	Repayment Term	Given during the year	Maximum Outstanding	Repaid during the year	Rate of Interest	Purpose
Sudarshan Japan Limited *	2 Year	-	161.8	-	7.35%	Working capital loans
RIECO Industries Limited.	3 Months	500.00	500.0	500.00	12.00%	Working capital loans

The period of loan to Sudarshan Japan Limited has been extended by 1 year during the financial year

Year Ended 31 <sup>st</sup> March, 2023						
Name of the Company	Repayment Term	Given during the year	Maximum Outstanding	Repaid during the year	Rate of Interest	Purpose
Sudarshan Japan Limited *	1 Year	161.8	356.9	195.1	7.35%	Working capital loans

## Notes to the Standalone Financial Statements as at and for the year ended 31<sup>st</sup> March, 2024

(All amounts are in ₹ Lakhs, unless otherwise stated)

### (b) Corporate guarantee given to banks for loans availed by subsidiaries / step-down subsidiaries

Name of the Company	Foreign Currency	Opening Balance of Corporate Guarantees	Given during the year	Reduced during the year	Closing Balance of Corporate Guarantees	Purpose
Sudarshan Europe BV.*	EUR 6 Mn	5,365.4	-	-	5,392.2	Working capital loans
RIECO Industries Limited.	-	12,600.0	-	-	12,600.0	Working capital loans and term loan
Sudarshan (Shanghai) Trading Company Limited	USD 1 Mn	821.7	-	821.7	-	Working capital loans

For further details of loans and guarantees given to related party refer note 48. For details of Investments made refer note 6.

\* Difference in the opening and closing balance is on account of change in the exchange rates.

44 The disclosures under Ind AS 108 - Operating Segments have been included in the Consolidated Financial Statements and accordingly, not included in these financial statements. Refer note 50 of the Consolidated Financial Statements.

### 45 CAPITAL COMMITMENT AND CONTINGENT LIABILITIES

#### (a) CAPITAL COMMITMENT

The unexecuted value of capital purchase orders issued to vendors as at 31<sup>st</sup> March, 2024 are ₹615.7 lakhs (31<sup>st</sup> March, 2023 : ₹325.3 lakhs)

#### (b) CONTINGENT LIABILITIES

##### Claims against the Company not acknowledged as debts

Particulars	As At 31 <sup>st</sup> March, 2024	As At 31 <sup>st</sup> March, 2023
Excise duty / Service tax demands - matters under dispute	507.1	475.0
GST / VAT / CST demands - matters under dispute	2,275.5	-
Custom duty demands - matters under dispute	330.4	318.2
Direct Tax demands - matters under dispute	331.9	-
Electricity duty on Power Generation (refer note iv)	2,810.4	2,371.1

i It is not practicable for the Company to estimate the timing of cash outflows, if any, in respect of the above pending resolution of the respective proceedings as it is determinable only on receipt of judgments / decisions pending with various forums / authorities. The Company has assessed that it is only possible, but not probable, that outflow of economic resources will be required in this regard.

ii The Company does not expect any reimbursements in respect of the above contingent liabilities.

iii The Company's pending litigations comprise of claims against the Company pertaining to proceedings pending with Income Tax, Excise, Custom, Sales / VAT tax and other authorities. The Company has reviewed all its pending litigations and proceedings and has adequately provided for where provisions are required and disclosed as contingent liabilities where applicable, in its financial statements. The Company does not expect the outcome of these proceedings to have a materially adverse effect on its financial statements.

iv The Government of Maharashtra revised electricity duty payable on captive power generation ("CPP") vide notification dated 13<sup>th</sup> April, 2015 and accordingly MSEDCL issued a Circular no 214 dated 23<sup>rd</sup> April, 2015, the revised rates for CPP was revised to 120 paise per unit from 30 paise per unit. The rates for CPP increased by 4 times, which was very high, therefore the Captive Power Producers Association filed writ petition with Bombay High Court which has been admitted by H.C. vide case No. WP/4963/2015 and WP/906/2017. The High Court passed interim stay order, subsequently during the last hearing held on 24<sup>th</sup> January, 2020, the bench passed the order to continue the interim stay granted previously.

Notes to the Standalone Financial Statements as at and for the year ended 31<sup>st</sup> March, 2024

(All amounts are in ₹ Lakhs, unless otherwise stated)

The Company has obtained an opinion from a subject-matter expert ('SME') on the Electricity Duty contingency. The matter is sub-judice with the Bombay High Court and the SME has opined that the Company has a good case of success in the proceedings.

(c) OTHER LITIGATIONS

There are several other cases which has been determined as remote or has been provided in the books by the Company and hence not been disclosed above.

(d) GUARANTEES EXCLUDING FINANCIAL GUARANTEES

The Company has given guarantees on behalf of Sudarshan Europe B.V., Sudarshan North America, Sudarshan (Shanghai) Trading Company Limited, and RIECO Industries Limited for working capital requirement of the subsidiary companies. The management has considered the probability for outflow of the same to be remote. The Company has reviewed the financial position along with consideration of other factors, of the entity to whom the guarantees are issued and has determined that the exposure of revocation of liability is remote. Hence these financial guarantees are not measured at fair value as per Ind AS 109 - Financial Instruments (Refer note 43). Other than this the Company has issued guarantees to Maharashtra Pollution Control Board, Maharashtra State Electricity Distribution Company Limited, Custom Authorities and other authorities amounting to ₹729.8 lakhs.

46 OTHER STATUTORY INFORMATION AS REQUIRED BY NOTIFICATION ISSUED BY MINISTRY OF CORPORATE AFFAIRS DATED 24TH MARCH, 2021 ON AMENDMENTS ON SCHEDULE III

- (a) There are no loans or advances in the nature of loans are granted to promoters, directors, KMPs and the related parties (as defined under Companies Act, 2013) either severally or jointly with any other person.
- (b) The Company does not hold any Benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and the rules made thereunder.
- (c) Relationship with companies struck-off under section 248 of The Companies Act, 2013 or section 560 of The Companies Act, 1956:

Closing balances and nature of transactions

Name of struck off company	Nature of transactions with struck-off company	Balance Outstanding		Relationship with the struck off company
		As at 31 <sup>st</sup> March, 2024	As at 31 <sup>st</sup> March, 2023	
Aspen Systems Private Limited	Trade payables	0.1	0.1	None
Prayag Polytech Private Limited	Trade receivable	484.0	484.0	None

- (d) The Company has not traded or invested in crypto currency or virtual currency during the financial year ended 31<sup>st</sup> March, 2024 and 31<sup>st</sup> March, 2023.
- (e) (A) The Company has not advanced or loaned or invested funds to any persons or entities, including foreign entities (Intermediaries) with the understanding that the Intermediary shall:
- i) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (Ultimate Beneficiaries) or
- ii) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.
- (B) The Company has not received any fund from any persons or entities, including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall:
- i) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or
- ii) provide any guarantee, security or the like on behalf of the ultimate beneficiaries.

Notes to the Standalone Financial Statements as at and for the year ended 31<sup>st</sup> March, 2024

(All amounts are in ₹ Lakhs, unless otherwise stated)

47 RATIOS BASED ON STANDALONE FINANCIAL STATEMENTS AND ADDITIONAL DISCLOSURES AS PER CLAUSE 52 (4) AND CLAUSE 52 (2) OF SECURITIES AND EXCHANGE BOARD OF INDIA (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015 ARE AS UNDER:

Particulars	Times/ Percentage	As At 31 <sup>st</sup> March, 2024	As At 31 <sup>st</sup> March, 2023	% Change	Comments where variance exceeds 25%
a) <b>Current Ratio</b> [Current assets / current liabilities]	Times	1.40	1.11	25.5%	Reduction in current liabilities due to repayment of opening short term borrowings and no such borrowings in current year.
b) <b>Debt-Equity Ratio</b> [(Non-current borrowings + current borrowings) / Equity (Share capital + Reserves)]	Times	0.32	0.92	-65%	Betterment of ratio is due to improved operating performance and repayment of debt out of proceeds from monetization of asset.
c) <b>Debt Service Coverage Ratio</b> [(Net income / Debt obligations*) (Net income is Profit after tax before exceptional items + finance cost + depreciation and amortisation expense) (Debt obligations is maturity of long-term debts and interest payment for the year)] *Debt obligations exclude prepayments out of proceeds from exceptional items	Times	1.54	0.98	57.2%	Improvement in ratio is due to improved operating performance.
d) <b>Interest Service Coverage Ratio</b> [(Earnings before interest, taxes, depreciation and amortization and exceptional items - interest income)/ Finance cost]	Times	10.05	4.36	130.5%	Betterment of ratio is due to improved operating performance.
e) <b>Return on Equity Ratio</b> [Profit after tax before exceptional items / Average shareholder's equity]	Percentage	9.57%	3.83%	149.8%	Betterment of ratio is due to improved operating performance.
f) <b>Inventory Turnover Ratio</b> [Cost of goods sold / Average inventory]	Times	3.59	2.86	25.6%	This is on account of efficient inventory management.
g) <b>Trade Receivables Turnover Ratio</b> [Sale of goods / Average trade receivables]	Times	4.48	4.41	1.6%	
h) <b>Trade Payables Turnover Ratio</b> [Purchase of goods / Average trade payables]	Times	2.71	2.49	8.5%	
i) <b>Net capital turnover ratio</b> [Sale of goods / Working capital] (Working capital is current assets minus current liabilities)	Times	7.95	21.54	-63.1%	Reduction in current liabilities due to repayment of opening short term borrowings and no such borrowings in current year.

## Notes to the Standalone Financial Statements

as at and for the year ended 31<sup>st</sup> March, 2024

(All amounts are in ₹ Lakhs, unless otherwise stated)

Particulars	Times/ Percentage	As At 31 <sup>st</sup> March, 2024	As At 31 <sup>st</sup> March, 2023	% Change	Comments where variance exceeds 25%
<b>j) Net profit ratio</b> [Net profit before exceptional items / Revenue from operations]	Percentage	4.28%	1.61%	165.7%	Betterment of ratio is due to improved operating performance.
<b>k) Return on Capital employed</b> [Earning before interest and taxes and exceptional items / Capital employed] (Capital employed is tangible net worth + Total debt + Deferred tax liability)	Percentage	10.29%	4.74%	117.2%	Betterment of ratio is due to improved operating performance.
<b>l) Long term Debt to Working Capital</b> [(Non-current borrowings + Current maturities of long-term debt) / Net working capital (Current assets-Current liabilities excluding Current maturities of long-term debt)]	Times	0.83	2.35	-64.6%	Betterment of ratio is due to repayment of debt out of proceeds from monetization of asset.
<b>m) Total Debts to Total Assets ratio</b> [(Non-current borrowings + Current borrowings) / Total assets]	Percentage	17.12%	34.77%	-50.8%	Betterment of ratio is due to repayment of debt out of proceeds from monetization of asset.
<b>n) Bad debts to Account receivable ratio</b> [Bad debts/Average trade receivable]	Percentage	0.3%	-	-	
<b>o) Current liability ratio</b> [Current liabilities / Total liabilities]	Percentage	67.61%	58.93%	14.7%	
<b>p) Operating Margin</b> [(Profit before tax and exceptional items + Depreciation and amortisation expense + Finance costs (-) Other income) / Revenue from operations]	Percentage	12.85%	9.18%	39.9%	Betterment of ratio is due to improved operating performance.
<b>q) Asset coverage ratio on secured non - convertible debentures (NCDs)</b> [Total assets pledged for secured NCDs / Outstanding balance of secured NCDs]	Percentage	Not Applicable	Not Applicable		
<b>r) Debenture redemption reserve</b>	₹ in Lakhs	Not Applicable	Not Applicable		
<b>s) Net worth</b>	₹ in Lakhs	1,10,648.80	80,810.80	36.9%	Increase in networth is on account of improved operating performance and exceptional gain on monetization of asset.

Notes to the Standalone Financial Statements as at and for the year ended 31<sup>st</sup> March, 2024

(All amounts are in ₹ Lakhs, unless otherwise stated)

## 48 RELATED PARTY TRANSACTION (AS PER IND AS 24 ON RELATED PARTY DISCLOSURES SPECIFIED UNDER SECTION 133 OF THE COMPANIES ACT 2013)

## A List of Related Parties and description of relationship

## (a) Key Management Personnel ("KMP")

- Mr. P. R. Rathi	Chairman
- Mr. R. B. Rathi	Managing Director
- Mr. A. Vij	Wholetime Director
- Mr. A. N. Rathi	Non-Executive - Non-Independent Director
- Mr. D. N. Damania	Non-Executive - Independent Director
- Mr. S. Padmanabhan	Non-Executive - Independent Director
- Mr. S. K. Asher	Non-Executive - Independent Director
- Mrs. R. F. Forbes	Non-Executive - Independent Director
- Mr. N. Raisinghani	Non-Executive - Independent Director
- Mrs. S. A. Panse	Non-Executive - Independent Director
- Dr. Deepak Parikh	Non-Executive - Independent Director (Resigned as an Independent Director effective close of business hours on 2 <sup>nd</sup> February, 2024)
- Mr. Nilkanth Natu	Chief Financial Officer
- Mr. Mandar Velankar	Company Secretary

## (b) Close member of Key Management Personnel

- Mrs. R. R. Rathi	Wife of Mr. R. B. Rathi
- Mr. R. P. Rathi	Son of Mr. P. R. Rathi
- Mrs. Jayashree Mantri	Sister of Mr. P. R. Rathi
- Smt. K. B. Rathi	Mother of Mr. R. B. Rathi
- Mr. A. B. Rathi	Brother of Mr. R. B. Rathi
- Mrs. Meena Maheshwari	Sister of Mr. R. B. Rathi
- Mrs. S. P. Rathi	Wife of Mr. P. R. Rathi
- Mrs. V. R. Rathi	Wife of Mr. R. P. Rathi
- Mrs. R. R. Agarwal	Daughter of Mr. P. R. Rathi
- Mr. Rishab Agarwal	Husband of Mrs. R.R. Agarwal
- Mr. N. J. Rathi	Father of Mr. A.N. Rathi
- Mrs. A. N. Rathi	Mother of Mr. A.N. Rathi
- Mrs. A. A. Rathi	Wife of Mr. A. N. Rathi
- Mrs. Rachna Biyani	Sister of A.N. Rathi
- Ms. Smriti R. Rathi	Daughter of Mr. R. B. Rathi
- Ms. Tanvi R. Rathi	Daughter of Mr. R. B. Rathi
- Mr. Armaan A. Rathi	Son of Mr. A. N. Rathi
- Mr. Rohan A. Rathi	Son of Mr. A. N. Rathi

(All amounts are in ₹ Lakhs, unless otherwise stated)

- Sudarshan Europe B.V.
- Sudarshan North America, Inc.  
(Step-down subsidiary of Sudarshan Chemical Industries Limited, India)
- Sudarshan (Shanghai) Trading Co. Limited  
(Step-down subsidiary of Sudarshan Chemical Industries Limited, India effective 22<sup>nd</sup> March, 2024)
- Sudarshan Mexico S. de R.L. de C.V.  
(Step-down subsidiary of Sudarshan Chemical Industries Limited, India)

- Balkrishna Rathi Finance Private Limited	- Rabro Speciality Chemicals Private Limited
- PRR Finance Private Limited	- Shri Jagannath Rathi Charity Trust
- Marathwada Chemical Industries Private Limited	- Crawford Bayley & Co
- NJR Finance Private Limited	- Krohne Marshall Private Limited
- Forbes Marshall Private Limited	- Aquapharm Chemicals Private Limited
- Centre For Advancement Of Philanthropy	
- Sudarshan Chemical Industries Limited Employee Group Gratuity Scheme	

The above is a detailed listing and includes companies / parties with whom the Company has entered into the transactions during the course of the year.

(All amounts are in ₹ Lakhs, unless otherwise stated)

## B Transactions with Related Parties

Nature of Transactions	For the year ended 31 <sup>st</sup> March 2024					For the year ended 31 <sup>st</sup> March 2023				
	Key Management Personnel	Close Member of Key Management Personnel	Subsidiary Companies	Others	Total	Key Management Personnel	Close Member of Key Management Personnel	Subsidiary Companies	Others	Total
<b>a Salary, Pension, Reimbursement of expenses etc. :</b>	<b>1,771.5</b>	<b>97.6</b>	-	-	<b>1,869.1</b>	<b>864.8</b>	<b>88.4</b>	-	-	<b>953.2</b>
Mr. R.B.Rathi	1,375.6	-	-	-	1,375.6	500.8	-	-	-	500.8
Mr. A.Vij	194.4	-	-	-	194.4	184.8	-	-	-	184.8
Mr. Nilkanth Natu	78.0	-	-	-	78.0	76.8	-	-	-	76.8
Mr. Mandar Velankar	73.4	-	-	-	73.4	56.5	-	-	-	56.5
Mr. P. R. Rathi	50.1	-	-	-	50.1	45.9	-	-	-	45.9
Others	-	97.6	-	-	97.6	-	88.4	-	-	88.4
<b>b Commission (Subject to Shareholders' approval) :</b>	<b>93.3</b>	-	-	-	<b>93.3</b>	-	-	-	-	-
Mrs. S. A. Panse	15.0	-	-	-	15.0	-	-	-	-	-
Mr. D. N. Damania	12.4	-	-	-	12.4	-	-	-	-	-
Dr. Deepak Parikh	7.3	-	-	-	7.3	-	-	-	-	-
Mr. P.R. Rathi	9.7	-	-	-	9.7	-	-	-	-	-
Mr. S. Padmanabhan	9.7	-	-	-	9.7	-	-	-	-	-
Mr. S. K. Asher	9.8	-	-	-	9.8	-	-	-	-	-
Mr. N. Raisinghani	9.8	-	-	-	9.8	-	-	-	-	-
Mrs. R. F. Forbes	9.8	-	-	-	9.8	-	-	-	-	-
Mr. A. N. Rathi	9.8	-	-	-	9.8	-	-	-	-	-
<b>c Sitting fees :</b>	<b>21.6</b>	-	-	-	<b>21.6</b>	<b>17.4</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>17.4</b>
Mr. D.N. Damania	3.4	-	-	-	3.4	2.6	-	-	-	2.6
Mr. S.K. Asher	3.2	-	-	-	3.2	2.6	-	-	-	2.6
Mr. S. Padmanabhan	3.2	-	-	-	3.2	1.8	-	-	-	1.8
Mrs. S.A. Panse	2.6	-	-	-	2.6	2.8	-	-	-	2.8
Mr. N. Raisinghani	2.4	-	-	-	2.4	1.6	-	-	-	1.6
Mr. P.R. Rathi	2.2	-	-	-	2.2	2.2	-	-	-	2.2
Mrs. R. F. Forbes	2.0	-	-	-	2.0	1.4	-	-	-	1.4
Mr. A. N. Rathi	1.6	-	-	-	1.6	1.0	-	-	-	1.0
Dr. Deepak Parikh	1.0	-	-	-	1.0	1.4	-	-	-	1.4

Notes to the Standalone Financial Statements as at and for the year ended 31<sup>st</sup> March, 2024  
(All amounts are in ₹ Lakhs, unless otherwise stated)

Nature of Transactions	For the year ended 31 <sup>st</sup> March 2024					For the year ended 31 <sup>st</sup> March 2023				
	Key Management Personnel	Close Member of Key Management Personnel	Subsidiary Companies	Others	Total	Key Management Personnel	Close Member of Key Management Personnel	Subsidiary Companies	Others	Total
<b>d Sale of Property Plant and Equipment :</b>	0.4	-	-	-	0.4	-	-	-	-	-
Mr. A.V. Vij	0.4	-	-	-	0.4	-	-	-	-	-
<b>e Sale of Goods (Incl. Taxes):</b>	-	-	39,053.5	3.0	39,056.5	-	-	36,071.1	36.1	36,107.2
Sudarshan Europe B.V.	-	-	19,630.3	-	19,630.3	-	-	21,257.2	-	21,257.2
Sudarshan North America, Inc.	-	-	12,758.3	-	12,758.3	-	-	10,279.0	-	10,279.0
Sudarshan Mexico S. de R.L. de C.V.	-	-	6,514.6	-	6,514.6	-	-	4,380.2	-	4,380.2
Others	-	-	150.3	3.0	153.3	-	-	154.7	36.1	190.8
<b>f Recovery of insurance and freight with sales:</b>	-	-	-	-	-	-	-	1,696.9	-	1,696.9
Sudarshan Europe B.V.	-	-	-	-	-	-	-	-	-	-
Sudarshan North America, Inc.	-	-	-	-	-	-	-	684.0	-	684.0
Sudarshan Mexico S. de R.L. de C.V.	-	-	-	-	-	-	-	760.5	-	760.5
Others	-	-	-	-	-	-	-	252.1	-	252.1
<b>g Purchase of Goods / Services / Property Plant and Equipment :</b>	-	-	93.4	24.1	117.5	-	-	729.6	5.0	734.6
RIECO Industries Ltd.	-	-	76.3	-	76.3	-	-	-	-	-
Sudarshan (Shanghai) Trading Co. Ltd	-	-	17.1	-	17.1	-	-	90.7	-	90.7
Forbes Marshall Pvt Ltd	-	-	-	15.9	15.9	-	-	-	0.9	0.9
Sudarshan Europe B. V.	-	-	-	-	-	-	-	322.4	-	322.4
Sudarshan North America Inc.	-	-	-	-	-	-	-	316.5	-	316.5
Others	-	-	-	8.2	8.2	-	-	-	4.1	4.1
<b>h Legal and Professional Fees Paid (Incl. Taxes):</b>	-	-	-	145.5	145.5	-	-	-	64.2	64.2
Breakthrough Management Group	-	-	-	-	-	-	-	-	28.6	28.6
Crawford Bayley & Co.	-	-	-	145.0	145.0	-	-	-	35.0	35.0
Others	-	-	-	0.5	0.5	-	-	-	0.6	0.6

Notes to the Standalone Financial Statements as at and for the year ended 31<sup>st</sup> March, 2024  
(All amounts are in ₹ Lakhs, unless otherwise stated)

Nature of Transactions	For the year ended 31 <sup>st</sup> March 2024					For the year ended 31 <sup>st</sup> March 2023				
	Key Management Personnel	Close Member of Key Management Personnel	Subsidiary Companies	Others	Total	Key Management Personnel	Close Member of Key Management Personnel	Subsidiary Companies	Others	Total
<b>i Unsecured Loans given :</b>	-	-	500.0	-	500.0	-	-	161.8	-	161.8
RIECO Industries Ltd.	-	-	500.0	-	500.0	-	-	-	-	-
Sudarshan Japan Limited	-	-	-	-	-	-	-	161.8	-	161.8
<b>j Unsecured Loans repayments received :</b>	-	-	500.0	-	500.0	-	-	195.1	-	195.1
RIECO Industries Ltd.	-	-	500.0	-	500.0	-	-	-	-	-
Sudarshan Japan Limited	-	-	-	-	-	-	-	195.1	-	195.1
<b>k Interest received / accrued :</b>	-	-	24.8	-	24.8	-	-	12.8	-	12.8
RIECO Industries Ltd.	-	-	13.3	-	13.3	-	-	-	-	-
Sudarshan Japan Limited	-	-	11.5	-	11.5	-	-	12.8	-	12.8
<b>l Commission on Sales (Incl. Taxes):</b>	-	-	-	-	-	-	-	-	694.9	694.9
Rabro Speciality Chemicals Pvt Ltd	-	-	-	-	-	-	-	-	694.9	694.9
<b>m Rent received (Incl. Taxes) :</b>	-	-	-	1.3	1.3	-	-	-	25.2	25.2
Rabro Speciality Chemicals Pvt. Ltd.	-	-	-	0.3	0.3	-	-	-	21.7	21.7
Balkrishna Rathi Finance Private Limited	-	-	-	0.3	0.3	-	-	-	0.7	0.7
NJR Finance Private Limited	-	-	-	0.1	0.1	-	-	-	0.7	0.7
Shri Jagannath Rathi Charity Trust	-	-	-	0.2	0.2	-	-	-	0.7	0.7
PRR Finance Pvt. Ltd.	-	-	-	0.2	0.2	-	-	-	0.7	0.7
Rathi Enterprises Pvt.Ltd.	-	-	-	0.2	0.2	-	-	-	0.7	0.7
Others	-	-	-	-	-	-	-	-	-	-
<b>n Rent paid (Incl. Taxes) :</b>	-	-	-	-	-	-	-	-	10.2	10.2
RIECO Industries Ltd.	-	-	-	-	-	-	-	-	-	-
Rabro Speciality Chemicals Pvt. Ltd.	-	-	-	-	-	-	-	-	10.2	10.2
<b>o Donation Paid :</b>	-	-	183.9	-	183.9	-	-	197.0	-	197.0
Sudarshan CSR Foundation	-	-	183.9	-	183.9	-	-	197.0	-	197.0

### Notes to the Standalone Financial Statements

(All amounts are in ₹ Lakhs, unless otherwise stated)

Nature of Transactions	For the year ended 31 <sup>st</sup> March 2024				For the year ended 31 <sup>st</sup> March 2023			
	Key Management Personnel	Close Member of Key Management Personnel	Subsidiary Companies	Others	Total	Key Management Personnel	Close Member of Key Management Personnel	Subsidiary Companies
<b>p Reimbursement (Net) / Cross Charges from subsidiaries :</b>								
Sudarshan Japan Limited	-	-	792.8	(9.9)	782.9	-	-	1,263.3
Sudarshan Europe B.V.	-	-	526.6	-	526.6	-	-	633.6
Sudarshan (Shanghai) Trading Co. Ltd	-	-	267.6	-	267.6	-	-	554.5
RIECO Industries Ltd.	-	-	96.0	-	96.0	-	-	95.6
Others	-	-	(72.8)	-	(72.8)	-	-	(50.6)
<b>q Interest on corporate guarantee received :</b>								
Sudarshan Europe B.V.	-	-	(24.6)	(9.9)	(34.5)	-	-	30.2
RIECO Industries Ltd.	-	-	88.4	-	88.4	-	-	35.0
Others	-	-	-	-	-	-	-	-
<b>r Subscription paid :</b>								
Sudarshan Europe B.V.	-	-	53.9	-	53.9	-	-	18.2
RIECO Industries Ltd.	-	-	28.2	-	28.2	-	-	16.6
Others	-	-	6.3	-	6.3	-	-	0.2
<b>s Car Deposit Received :</b>								
Pigment Manufacturers Association	-	-	-	-	-	-	-	1.1
Mr. M.M. Velankar	-	-	-	-	-	-	-	1.1
Mr. A. Vij	-	-	-	-	-	-	-	-
Mr. N. J. Rathi	-	-	-	-	-	-	-	-
<b>t Corporate guarantee given :</b>								
Sudarshan Europe B.V.	-	-	-	-	-	-	-	5,365.4
RIECO Industries Ltd.	-	-	-	-	-	-	-	5,365.4
Others	-	-	-	-	-	-	-	-
<b>u Sale of Subsidiary :</b>								
Sudarshan Europe B.V.	-	-	134.7	-	134.7	-	-	-
RIECO Industries Ltd.	-	-	134.7	-	134.7	-	-	-
Others	-	-	-	-	-	-	-	-
<b>v Refund of Pension :</b>								
Mr. P. R. Rathi	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-

- 1 Transactions with related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year end are unsecured with a short term duration unless otherwise stated and interest free except for loans and settlement occurs in cash. For the year ended 31<sup>st</sup> March, 2024, the Company has not recorded any impairment of receivables relating to amount owed by related parties other than those disclosed separately above (31<sup>st</sup> March, 2023 : ₹ Nil). This assessment is undertaken in each financial year through examining the financial position of the related party and the market in which the related party operates.
- 2 All transactions were made on normal commercial terms and conditions and at market rates.

### Notes to the Standalone Financial Statements

(All amounts are in ₹ Lakhs, unless otherwise stated)

48 RELATED PARTY TRANSACTION (AS PER IND AS 24 ON RELATED PARTY DISCLOSURES SPECIFIED UNDER SECTION 133 OF THE COMPANIES ACT, 2013) :

C Balances due from / to related parties :

Nature of Transactions	As at 31 <sup>st</sup> March 2024				As at 31 <sup>st</sup> March 2023			
	Key Management Personnel	Close Member of Key Management Personnel	Subsidiary Companies	Others	Total	Key Management Personnel	Close Member of Key Management Personnel	Subsidiary Companies
<b>a Trade Receivable</b>								
Sudarshan North America, Inc.	-	-	9,633.3	-	9,633.3	-	-	9,292.9
Sudarshan Mexico S. de R.L. de C.V.	-	-	4,037.9	-	4,037.9	-	-	3,277.2
Sudarshan Europe B.V.	-	-	3,668.3	-	3,668.3	-	-	3,044.5
Sudarshan (Shanghai) Trading Co. Ltd.	-	-	1,773.0	-	1,773.0	-	-	2,905.2
Others	-	-	154.1	-	154.1	-	-	66.0
<b>b Trade Payable</b>								
Sudarshan Europe B.V.	-	-	914.7	-	914.7	-	-	840.5
Sudarshan North America, Inc.	-	-	510.5	-	510.5	-	-	522.1
RIECO Industries Ltd.	-	-	323.2	-	323.2	-	-	318.4
Sudarshan (Shanghai) Trading Co. Ltd.	-	-	62.6	-	62.6	-	-	-
Others	-	-	18.4	-	18.4	-	-	-
<b>c Other Receivable</b>								
Sudarshan Europe B.V.	-	-	409.0	98.5	507.5	-	-	437.7
RIECO Industries Ltd.	-	-	142.6	-	142.6	-	-	-
Sudarshan (Shanghai) Trading Co. Ltd.	-	-	118.9	-	118.9	-	-	7.7
Sudarshan Chemical Industries Limited Employee Group	-	-	98.5	-	98.5	-	-	427.5
Sudarshan Mexico S. de R.L. de C.V.	-	-	-	97.9	97.9	-	-	-
Others	-	-	9.1	-	9.1	-	-	-
<b>d Other Payable</b>								
Sudarshan Europe B.V.	-	-	35.2	0.6	35.8	-	-	2.5
Sudarshan Japan Limited	-	-	902.7	13.7	918.1	-	-	725.4
Sudarshan (Shanghai) Trading Co. Ltd.	-	-	686.3	-	686.3	-	-	365.1
Sudarshan North America, Inc.	-	-	174.8	-	174.8	-	-	160.4
Marathwada Chemical Industries Private Limited	-	-	28.8	-	28.8	-	-	199.7
Others	-	-	12.8	-	12.8	-	-	0.2
<b>e Loan outstanding</b>								
Sudarshan Japan Limited	-	-	151.4	-	151.4	-	-	169.4
RIECO Industries Ltd.	-	-	18,826.2	-	18,826.2	-	-	18,787.0
Others	-	-	12,600.0	-	12,600.0	-	-	12,600.0
<b>f Corporate guarantee given</b>								
Sudarshan Europe B.V.	-	-	-	-	-	-	-	-
Sudarshan Japan Limited	-	-	-	-	-	-	-	-
RIECO Industries Ltd.	-	-	-	-	-	-	-	-

Notes to the Standalone Financial Statements as at and for the year ended 31<sup>st</sup> March, 2024

(All amounts are in ₹ Lakhs, unless otherwise stated)

Nature of Transactions	As at 31 <sup>st</sup> March 2024				As at 31 <sup>st</sup> March 2023			
	Key Management Personnel	Close Member of Key Management Personnel	Subsidiary Companies	Others	Total	Key Management Personnel	Close Member of Key Management Personnel	Subsidiary Companies
Sudarshan Europe B.V. (in EUR)	-	-	60.0	-	60.0	-	-	60.0
Sudarshan Europe B.V. (in ₹)	-	-	5,392.2	-	5,392.2	-	-	5,365.4
Sudarshan (Shanghai) Trading Co. Ltd. (in USD)	-	-	-	-	-	-	-	10.0
Sudarshan (Shanghai) Trading Co. Ltd. (in ₹)	-	-	-	-	-	-	-	821.7
<b>g Commission Payable</b>	93.3	-	-	-	93.3	-	-	-
Mrs. S. A. Panse	15.0	-	-	-	15.0	-	-	-
Mr. D. N. Damania	12.4	-	-	-	12.4	-	-	-
Dr. Deepak Parikh	7.3	-	-	-	7.3	-	-	-
Mr. P. R. Rath	9.7	-	-	-	9.7	-	-	-
Mr. S. Padmanabhan	9.7	-	-	-	9.7	-	-	-
Mr. S. K. Asher	9.8	-	-	-	9.8	-	-	-
Mr. N. Raisinghani	9.8	-	-	-	9.8	-	-	-
Mrs. R. F. Forbes	9.8	-	-	-	9.8	-	-	-
Mr. A. N. Rath	9.8	-	-	-	9.8	-	-	-
<b>h Salary / Pension Payable *</b>	213.4	4.4	-	-	217.8	49.2	4.3	-
Mr. R.B.Rathi	200.0	-	-	-	200.0	31.2	-	-
Mr. P.R. Rathi	4.7	-	-	-	4.7	1.9	-	-
Mr. Mandar Velankar	4.6	-	-	-	4.6	3.5	-	-
Mr. Nilkanth Natu	3.1	-	-	-	3.1	4.8	-	-
Mr. N. J. Rath	-	2.5	-	-	2.5	-	2.0	-
Mrs. K. B. Rath	-	1.9	-	-	1.9	-	1.5	-
Mr. A. Vij	1.0	-	-	-	1.0	7.8	-	-
Others	-	-	-	-	-	-	0.8	-
<b>i Car deposit payable</b>	79.7	4.2	-	-	83.9	67.9	-	67.9
Mr. P.R. Rathi	49.0	-	-	-	49.0	49.0	-	49.0
Mr. R.B. Rathi	18.9	-	-	-	18.9	18.9	-	18.9
Mr. M.M. Velankar	5.9	-	-	-	5.9	-	-	-
Mr. A. Vij	5.9	-	-	-	5.9	-	-	-
Mr. N. J. Rath	-	4.2	-	-	4.2	-	-	-

\*Does not include gratuity and leave encashment since the same is considered for all employees of the Company as a whole.

Note: Transactions with related parties are made on terms equivalent to those that prevail in arm's length transactions. All transactions were made on normal commercial terms and conditions and are at market rates.

Notes to the Standalone Financial Statements as at and for the year ended 31<sup>st</sup> March, 2024

(All amounts are in ₹ Lakhs, unless otherwise stated)

## 49 RISK MANAGEMENT AND CAPITAL MANAGEMENT

## A Financial instruments risk management objectives and policies

The Company's principal financial liabilities other than derivatives, comprise borrowings, trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations and to support its operations. The Company's principal financial assets include investments, trade and other receivables, deposits, loans and cash and cash equivalents that derive directly from its operations.

The Company is exposed to market risk, credit risk and liquidity risk. The Company's senior management oversees the management of these risks. The Company's senior management is supported by an Enterprise Risk Management (ERM) team that advises on financial risks and the appropriate financial risk governance framework for the Company. The ERM team provides assurance to the Company's senior management that the Company's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Company's policies and risk objectives. The ERM team process seeks to provide greater confidence to the decision maker and thus enhance achievement of objectives. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below.

## (a) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include borrowings, deposits, investments, other receivable, payables and derivative financial instruments. The sensitivity analysis in the following sections relate to the position as at 31<sup>st</sup> March, 2024 and 31<sup>st</sup> March, 2023.

Potential impact of risk	Management policy	Sensitivity to risk
<b>i) Interest rate risk</b>		
The Company is mainly exposed to interest rate risk due to its variable interest rate borrowings. The interest rate risk arises due to uncertainties about the future market interest rate of these borrowings.	In order to manage its interest rate risk arising from variable interest rate borrowings, the Company uses Interest rate swaps to hedge its exposure to future market interest rates whenever appropriate. The hedging activity is undertaken in accordance with the framework set by the Risk Management Committee and supported by the Treasury department.	As an estimation of the approximate impact of the interest rate risk, with respect to financial instruments, the Company has calculated the impact of a 25 bps change in interest rates. A 25 bps reduction in interest rates would have led to approximately an additional ₹89.7 lakhs and (Previous Year: ₹186.7 lakhs) gain in Statement of Profit and Loss. A 25 bps increase in interest rates would have led to an equal but opposite effect.
<b>ii) Foreign exchange risk</b>		
The Company has international operations and is exposed to foreign exchange risk arising from foreign currency transactions. Foreign exchange risk arises from future commercial transactions and recognised Financial assets and liabilities denominated in a currency that is not the Company's functional currency (INR). The risk also includes highly probable foreign currency cash flows.	The Company has exposure arising out of export, import, loans and other transactions. The Company hedges its foreign exchange risk using foreign exchange forward contracts and currency options after considering the natural hedge. The same is within the guidelines laid down by Company's Risk Management policy.	As an estimation of the approximate impact of the foreign exchange rate risk, with respect to financial statements, the Company has calculated the impact on the Statement of Profit and Loss. The following tables demonstrate the sensitivity to a possible change in EUR and USD exchange rates, with all other variables held constant. The Company's exposure to foreign currency changes for all other currencies is not material. For derivative and non-derivative financial instruments, a 2% increase in the spot price as on the reporting date would have led to an increase in additional loss of ₹701.0 lakhs. (Previous Year: loss of ₹912.2 lakhs). A 2% decrease would have led to an increase in additional gain of ₹701 lakhs. (Previous Year: gain of ₹912.2 lakhs).

## Notes to the Standalone Financial Statements as at and for the year ended 31<sup>st</sup> March, 2024

(All amounts are in ₹ Lakhs, unless otherwise stated)

Foreign currency exposure and sensitivity	As at 31 <sup>st</sup> March, 2024		As at 31 <sup>st</sup> March, 2023	
	USD denominated	EURO denominated	USD denominated	EURO denominated
Trade receivables	23,973.9	1,968.8	20,747.6	3,255.7
Forward contracts for trade receivables	(26,349.9)	(3,594.8)	(30,650.1)	(7,534.0)
Foreign currency borrowings	(25,380.0)	-	(49,848.0)	-
Trade payables	(7,841.8)	(1,160.2)	(6,718.1)	(784.1)
Forward contracts for trade payable	834.0	-	11,723.3	-
Forward contracts for borrowings	2,502.0	-	12,119.3	-
<b>Total</b>	<b>(32,261.8)</b>	<b>(2,786.2)</b>	<b>(42,626.0)</b>	<b>(5,062.4)</b>

The movement in Effective portion of cash flow hedge under other equity for derivatives designated as Cash Flow Hedges is as follows:

Particulars	Year ended 31 <sup>st</sup> March, 2024	Year ended 31 <sup>st</sup> March, 2023
<b>Balance at beginning of the year</b>	<b>(2,530.9)</b>	<b>(346.5)</b>
Changes in the fair value of effective portion of derivatives – gain / (loss)	(1,470.5)	(3,506.6)
Net Gain / (Loss) reclassified to Statement of Profit and Loss on occurrence of hedged forecasted transactions	1,490.5	1,322.2
<b>Balance at end of the year</b>	<b>(2,510.9)</b>	<b>(2,530.9)</b>
<b>Tax impact</b>	<b>(28.0)</b>	<b>121.2</b>

The Company basis their assessment believes that the probability of the occurrence of their highly probable forecasted transactions is not significantly impacted by the current geopolitical scenario. The Company has also considered the effect of changes, if any, in both counterparty credit risk and own credit risk while assessing hedge effectiveness and measuring hedge ineffectiveness. The Company continues to believe that there is no impact on effectiveness of its hedges.

### Disclosure

How the risk arises	How the Company manages risks
The Company has a significant portion of its revenue in foreign currency (other than ₹). This exposure in foreign exchange risk affects the profitability and financial position of the Company due to variation in the foreign exchange rates.	The risk management strategy is as follows: <ul style="list-style-type: none"> <li>To use the foreign exchange forward contracts to hedge the foreign currency risk associated with highly probable forecasted sales.</li> <li>To use the non-derivative contracts (cash flow legs of foreign currency borrowing) to hedge the foreign currency risk associated with highly probable forecasted sales.</li> <li>To use the cash flow legs of foreign currency borrowing combined with the cash flow legs of Cross Currency Interest Rate Swap to hedge the foreign currency risk associated with highly probable forecasted sales.</li> </ul>
The Company has certain amount of its purchases in foreign currency (other than ₹) which results in exposure to fluctuation of exchange rate affecting the profitability and financial position of the Company.	The risk management strategy is to use the foreign exchange forward contracts to hedge the foreign currency risk associated with highly probable forecasted purchases.
The Company has taken loans denominated in EUR which have floating interest rate. This results in exposing the Company to fluctuations in cash flow due to floating interest rate risk.	The risk management strategy is to use the Interest Rate Swap (IRS) to hedge the interest rate risk associated with floating interest rate cash flow.

## Notes to the Standalone Financial Statements as at and for the year ended 31<sup>st</sup> March, 2024

(All amounts are in ₹ Lakhs, unless otherwise stated)

The Company uses derivatives (forward contract, interest rate swap) or non-derivative or a combination of both to hedge its exposure of forex / interest rate related risk. These instruments are either used to lock in a lower purchase price or / and a higher sales prices / fixed interest rate. The gain or loss on hedging instrument are aligned and effectively an offset compared with hedged item.

The economic relationship between hedged item and hedged instrument is established to ensure that both are moving in the opposite direction because of the same hedged risk.

The credit risk associated with the hedge relationship is negligible due to the highly rated counterparties.

The Company's hedging policy only allows for effective hedge relationships. Hedge effectiveness is determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessments to ensure that an economic relationship exists between hedged item and hedging instrument. The Company enters into hedge relationships where the critical terms of the hedging instrument match exactly with the terms of the hedged item, and so a qualitative assessment of effectiveness is performed. If the critical terms of the hedged item do not match exactly with the critical terms of the hedging instrument, the company uses the quantitative analysis to assess effectiveness.

Ineffectiveness is recognised on a cash flow hedge where the cumulative change in the designated component value of the hedging instrument exceeds, on an absolute basis, the change in value of the hedged item that attributes to the hedged risk. This may arise if there is any change in the timing of the underlying hedged item or if the critical terms of the hedging instrument and the hedged item do not match exactly.

### (b) Credit risk

Potential impact of risk	Management policy	Sensitivity to risk
Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities, i.e. trade receivables.	Customer credit risk is managed subject to the Company's policy, procedures and control relating to customer credit risk management. Outstanding customer receivables are regularly monitored and any shipments to major customers are generally covered by letters of credit or other forms of credit insurance.  An impairment analysis based on Expected Credit Loss (ECL) model is performed at each reporting date.	The Company considers the probability of default upon initial recognition and whether there have been significant increase in the credit risk on ongoing basis throughout each reporting period, to assess increase in the credit risk, the Company compares the rate of default on the date of reporting and initial recognition.  The maximum amount to which the Company is exposed is ₹52,483.6 lakhs and ₹42,188.5 lakhs for 31 <sup>st</sup> March 2024 and 31 <sup>st</sup> March 2023 respectively.  Against these receivables, a provision for expected loss allowance is recognised.

Reconciliation of provision for expected credit loss	
<b>Balance as at 1<sup>st</sup> April, 2022</b>	<b>971.4</b>
Provision (reversed) / recognised for expected credit loss	126.0
<b>Balance as at 31<sup>st</sup> March, 2023</b>	<b>1,097.4</b>
Provision (reversed) / recognised for expected credit loss	(54.1)
<b>Balance as at 31<sup>st</sup> March, 2024</b>	<b>1,043.3</b>

In addition to the historical pattern of credit loss, the Company has also considered the likelihood of increased credit risk considering emerging situations due to the current geopolitical scenarios. This assessment is based on the likelihood of the recoveries from the customers in the present situation. The Company closely monitors its customers who are going through financial stress and assesses actions such as change in payment terms, recognition of revenue on collection basis etc., depending on severity of each case. Basis this assessment, the allowance for doubtful trade receivables is considered adequate.

In addition, financial instruments that are subject to concentration of credit risk include loans, cash and cash equivalents, other balances with banks and other financial assets. None of the financial instruments of the Company result in material concentration of credit risk. Credit risk on cash and cash equivalents is limited as the Company generally invest in deposits with banks and financial institutions with high credit ratings assigned by international and domestic credit rating agencies.

## Notes to the Standalone Financial Statements as at and for the year ended 31<sup>st</sup> March, 2024

(All amounts are in ₹ Lakhs, unless otherwise stated)

### (c) Liquidity risk

Potential impact of risk	Management policy	Sensitivity to risk
Liquidity risk is defined as the risk that the Company will not be able to settle or meet its obligation on time or at a reasonable price or there could be excessive concentrations of risks. The Company's treasury department is responsible for liquidity, funding as well as settlement management.	The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts and bank loans. The Company has access to a sufficient variety of sources of funding and debt maturing within 12 months can be rolled over with existing lenders.	The Company's principal sources of liquidity are cash and cash equivalents, borrowings and the cash flow that is generated from operations. The Company believes that current cash and cash equivalents, tied up borrowing lines and cash flow that is generated from operations is sufficient to meet requirements. Accordingly, liquidity risk is perceived to be low.
Excessive concentrations of risks arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Company's performance to developments affecting a particular industry.	In order to avoid excessive concentrations of risk, the Company's policies and procedures include specific guidelines to focus on the maintenance of a diversified portfolio. Identified concentrations of credit risks are controlled and managed accordingly. Selective hedging is used to manage risk concentrations at both the relationship and industry levels.	The Company assessed the concentration of risk and concluded it to be low.  The following table shows the maturity analysis of the Company's financial liabilities based on contractually agreed undiscounted cash flows as at the Balance Sheet date:

The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments:

Particulars	Note	Less than 6 months	6 to 12 months	1 to 5 years	More than 5 years	Total
<b>As at 31<sup>st</sup> March, 2024</b>						
Borrowings - Current	19	8,627.9	7,904.8	-	-	16,532.7
Borrowings - Non-current	19	-	-	19,331.5	-	19,331.5
Other financial liabilities	21	4,568.2	-	161.3	-	4,729.5
Lease liabilities	5	109.4	109.3	1,705.3	-	1,924.0
Trade payables	20	41,128.7	2,118.0	762.5	-	44,009.2
Derivatives instruments	22	82.0	-	-	-	82.0
<b>Total</b>		<b>54,516.2</b>	<b>10,132.1</b>	<b>21,960.6</b>	<b>-</b>	<b>86,608.9</b>
<b>As at 31<sup>st</sup> March, 2023</b>						
Borrowings - Current	19	22,182.8	7,787.8	-	-	29,970.6
Borrowings - Non-current	19	-	-	44,721.5	-	44,721.5
Other financial liabilities	21	4,347.7	-	156.3	-	4,504.0
Lease liabilities	5	121.7	121.7	507.3	-	750.7
Trade payables	20	36,705.6	5,318.0	841.2	-	42,864.8
Derivatives instruments	22	58.3	-	379.8	-	438.1
<b>Total</b>		<b>63,416.1</b>	<b>13,227.5</b>	<b>46,606.1</b>	<b>-</b>	<b>1,23,249.7</b>

### B Capital management

For the purpose of the Company's capital management, capital includes issued equity capital and all other equity reserves attributable to the equity holders of the Company. The primary objective of capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Company may adjust the dividend

## Notes to the Standalone Financial Statements as at and for the year ended 31<sup>st</sup> March, 2024

(All amounts are in ₹ Lakhs, unless otherwise stated)

payment to shareholders, return capital to shareholders or issue new shares. The Company monitors capital using a gearing ratio, which is debt divided by total equity.

Particulars	As at 31 <sup>st</sup> March, 2024	As at 31 <sup>st</sup> March, 2023
Total Debt	35,864.2	74,692.1
Total Equity (Share Capital + Reserves)	1,10,648.8	80,810.8
Debt - Equity ratio	0.32	0.92

### 50 ASSETS HELD FOR SALE :

#### Description

#### Sale of Freehold Land

The Board of Directors at its meeting held on Thursday, 9<sup>th</sup> February, 2023, accorded its in-principle approval for sale of freehold, clear and marketable titled land admeasuring approximately 5.76 acres along with the structures standing thereon located at 162 Wellesley Road, Pune – 411 001, Maharashtra, India, subject to necessary due diligence, approvals, consents, permissions from the concerned authorities to one or more parties in part, piecemeal or in full. Subsequently, the Company entered into an agreement dated 6<sup>th</sup> April, 2023 for transfer of aforesaid land along with the structures standing thereon. The transaction was completed on 6<sup>th</sup> April, 2023. Pursuant to the requirements of Ind AS 105 - "Non current Assets Held for Sale and Discontinued Operations", this has been classified as "assets held for sale" as at 31<sup>st</sup> March, 2023. Also refer note 53(a).

The assets of disposal group classified as held for sale as on 31<sup>st</sup> March, 2023 are as under:

Particulars	As at 31 <sup>st</sup> March, 2023
<b>Assets</b>	
Property, plant and equipment	
Freehold Land	2,327.9
Buildings	288.3
Furniture and Fixtures	216.3
Office Equipments	13.0
<b>Total assets</b>	<b>2,845.5</b>

There are no associated liabilities of the disposal group classified as held for sale as on 31<sup>st</sup> March, 2023.

The fair value measurement of the disposal group has been categorised as level 3 fair value hierarchy based on inputs involved in the valuation technique used. The fair value has been determined using the independent and external valuer report.

### 51 SHARE BASED PAYMENTS

During the financial year 2018-19, the Board of Directors of the Company and its Shareholders' approved a Employee Stock Option Plan (ESOP) and reserved 13,84,545 common shares for issuance thereunder. During the year ended 31<sup>st</sup> March, 2021, options totalling to 3,94,220 ordinary shares were granted to certain identified eligible employees of the Company. Detailed description of share based payment arrangements is as below:

a	Date of shareholders' approval	9 <sup>th</sup> August, 2018
b	Total number of options approved under ESOP	3,94,220
c	Vesting requirements	Out of the total options granted, 40% options vest after 4 <sup>th</sup> year, 20% options vest after 5 <sup>th</sup> year, 20% options vest after 6 <sup>th</sup> year and 20% options vest after 7 <sup>th</sup> year from the date of respective grant, subject to time-based and performance-based conditions of the ESOP scheme.
d	Exercise price or pricing formula	₹349.35
e	Maximum term of options granted	5 years from each vesting date
f	Date of grant	3 <sup>rd</sup> April, 2020
g	Settlement mode	Equity share
h	Source of shares (primary, secondary or combination)	Primary

Notes to the Standalone Financial Statements as at and for the year ended 31<sup>st</sup> March, 2024

(All amounts are in ₹ Lakhs, unless otherwise stated)

The weighted average fair value of the share option granted is ₹169.2/-. Options were priced using the Black-Scholes Merton Formula pricing model. Where relevant, the expected life used in this model has been adjusted based on management's best estimate for the effects of non-transferability, exercise restrictions and behavior considerations. Expected volatility is based on historical sale price volatility of comparable companies in the industry over the expected life of 6 – 10 years.

Inputs into the model were as follows:

a Grant date share price	₹349.35
b Exercise price	₹349.35
c Expected volatility	45.64% – 47.51%
d Expected life	6.5 to 9.5 years
e Dividend yield	1.90% - 2.20%
f Risk free interest rate	6.45% to 6.68%

Reconciliation of outstanding share options is as follows:

Particulars	Number of options	Weighted average exercise price
Outstanding as at 1 <sup>st</sup> April, 2022	3,59,430	169.2
Granted during the year	-	-
Forfeited / lapsed during the year	(26,780)	-
Exercised during the year	-	-
Outstanding as at 31 <sup>st</sup> March, 2023	3,32,650	169.2
Exercisable as at 31 <sup>st</sup> March, 2023	-	-
Outstanding as at 1 <sup>st</sup> April, 2023	3,32,650	169.2
Granted during the year	-	-
Forfeited / lapsed during the year	-	-
Exercised during the year	-	-
Outstanding as at 31 <sup>st</sup> March, 2024	3,32,650	169.2
Exercisable as at 31 <sup>st</sup> March, 2024	-	-

There are no options vested during the year ended 31<sup>st</sup> March 2024 and 31<sup>st</sup> March 2023.

There is no realisation of money by exercise of option during the year ended 31<sup>st</sup> March 2024 and 31<sup>st</sup> March 2023.

The options outstanding at 31<sup>st</sup> March, 2024 have an exercise price of ₹349.35 (31<sup>st</sup> March, 2023: ₹349.35) and a weighted average remaining contractual life of 6.2 years (31<sup>st</sup> March, 2023: 7.2 years)

Weighted average share price at the date of the exercise of share options exercised in 2023-24 is not disclosed as no shares were exercised during the current year and the previous year.

Expense recognised in Statement of Profit and Loss

The Company has followed the fair value method to account for the grant of stock options. Profit and loss impact for the year ended 31<sup>st</sup> March, 2024 is ₹126.1 Lakhs (previous year: ₹108.4 Lakhs).

52 HEDGING ACTIVITIES

Cash flow hedges

The Company enters into derivative instruments which comprise of interest rate swaps, cross currency swaps and also designates its foreign currency borrowings against highly probable forecasted export sales for hedge accounting to manage its foreign currency exposure.

Notes to the Standalone Financial Statements as at and for the year ended 31<sup>st</sup> March, 2024

(All amounts are in ₹ Lakhs, unless otherwise stated)

These instruments are measured at fair values at each reporting period resulting in derivative financial assets and derivative financial liabilities. The gain / loss on maturity / termination of such derivative instruments is recorded in the Statement of Profit and Loss along with the relevant hedged item.

The cash flow hedges of the expected future sales during the year ended 31<sup>st</sup> March, 2024 were assessed to be highly effective and a net unrealised (loss) / gain of ₹20.0 Lakhs (31<sup>st</sup> March, 2023: ₹(2,184.4) Lakhs) is included in OCI.

The amounts retained in OCI at 31<sup>st</sup> March, 2024 are expected to be realised in the Statement of Profit and Loss till the year ended 31<sup>st</sup> March, 2028.

The following are the details of outstanding derivative and non derivative instruments (foreign currency loans) entered into by the Company which have been designated as cash flow hedges:

As at 31<sup>st</sup> March, 2024

Type of Cover	Amount outstanding in Foreign currency in lakhs	Currency	Fair value gain / (loss)	
			in OCI (effective)	in P&L (ineffective)
Non-derivative contracts (Foreign Currency Loans)	304.3	USD	798.1	(268.1)
Derivative contracts - IRS and CCIRS	279.3	USD	(778.1)	(7.1)
			20.0	(275.2)

As at 31<sup>st</sup> March, 2023

Type of Cover	Amount outstanding in Foreign currency in lakhs	Currency	Fair value gain / (loss)	
			in OCI (effective)	in P&L (ineffective)
Non-derivative contracts (Foreign Currency Loans)	606.7	USD	(2,388.6)	(135.2)
Derivative contracts - IRS and CCIRS	482.8	USD	204.2	-
			(2,184.4)	(135.2)

For qualitative details w.r.t hedging strategy followed by the Company refer note 49A.

Derivatives not designated as hedging instruments:

The Company has used foreign exchange forward contracts to manage its import payments and realisation from export customers. These foreign exchange forward contracts are not designated as cash flow hedges and are entered into for periods consistent with foreign currency exposure of the underlying transactions i.e. the payments against import purchases and realisation from export customers.

53 EXCEPTIONAL ITEMS

Particulars	As at 31 <sup>st</sup> March, 2024	As at 31 <sup>st</sup> March, 2023
Sale of freehold land - refer note 53 (a)	31,510.1	-
Divestment of wholly owned subsidiary - refer note 53 (b)	(344.1)	-
	31,166.0	-

- a) During the current year, the Company concluded the sale of its freehold land along with the structures thereon located at 162 Wellesley Road, Pune 411 001, for a total consideration of ₹35,600.0 lakhs resulting into a gain of ₹31,510.1 lakhs (net of transaction costs and other incidental costs). These assets were disclosed as Assets Held for Sale as on 31<sup>st</sup> March, 2023. Tax expense on this exceptional item amounting to ₹6,921.0 lakhs is included in current tax expenses.
- b) As a part of restructuring / consolidation and with the purpose to have a single entity as Global Holding Company for all overseas subsidiaries, the Company through Share Purchase Agreement dated 22<sup>nd</sup> March 2024, divested its holding in Sudarshan (Shanghai) Trading Company Limited to Sudarshan Europe B.V. for a total consideration of ₹134.7 Lakhs resulting into a loss of ₹344.1 Lakhs (including transaction cost and other incidental cost).

## Notes to the Standalone Financial Statements as at and for the year ended 31<sup>st</sup> March, 2024

(All amounts are in ₹ Lakhs, unless otherwise stated)

### 54 FINANCIAL INSTRUMENTS - FAIR VALUES

Below is a comparison, by class, of the carrying amounts of the Company's financial instruments as of 31<sup>st</sup> March, 2024.

Particulars	Amortised Cost	Financial assets / liabilities at fair value through profit and loss	Financial assets / liabilities at fair value through OCI	Total carrying value
<b>Financial assets</b>				
Investments	1.1	243.0	-	244.1
Loans	151.4	-	-	151.4
Trade receivables	52,483.6	-	-	52,483.6
Cash and cash equivalents	3,536.9	-	-	3,536.9
Bank balances other than cash and cash equivalents	701.3	-	-	701.3
Derivatives - Forward Contracts Receivable	-	34.0	-	34.0
Interest rate / currency swap contracts	-	-	797.1	797.1
Other financial assets	1,643.0	-	-	1,643.0
<b>Total</b>	<b>58,517.3</b>	<b>277.0</b>	<b>797.1</b>	<b>59,591.4</b>
<b>Financial liabilities</b>				
Borrowings	35,864.2	-	-	35,864.2
Lease liability	1,924.0	-	-	1,924.0
Trade payables	44,009.2	-	-	44,009.2
Derivative - Forward Contracts Payable	-	82.0	-	82.0
Interest rate / currency swap contracts	-	-	-	-
Other financial liabilities	4,729.5	-	-	4,729.5
<b>Total</b>	<b>86,526.9</b>	<b>82.0</b>	<b>-</b>	<b>86,608.9</b>

Below is a comparison, by class, of the carrying amounts of the Company's financial instruments as of 31<sup>st</sup> March, 2023.

Particulars	Amortised Cost	Financial assets / liabilities at fair value through profit and loss	Financial assets / liabilities at fair value through OCI	Total carrying value
<b>Financial assets</b>				
Investments	1.1	204.2	-	205.3
Loans	169.4	-	-	169.4
Trade receivables	42,188.5	-	-	42,188.5
Cash and cash equivalents	578.5	-	-	578.5
Bank balances other than cash and cash equivalents	493.1	-	-	493.1
Derivatives - Forward Contracts Receivable	-	124.7	-	124.7
Interest rate / currency swap contracts	-	-	1,566.5	1,566.5
Other financial assets	1,788.0	-	-	1,788.0
<b>Total</b>	<b>45,218.6</b>	<b>328.9</b>	<b>1,566.5</b>	<b>47,114.0</b>
<b>Financial liabilities</b>				
Borrowings	74,692.1	-	-	74,692.1
Lease liability	750.7	-	-	750.7
Trade payables	42,864.8	-	-	42,864.8
Derivative - Forward Contracts Payable	-	58.3	-	58.3
Interest rate / currency swap contracts	-	-	379.8	379.8
Other financial liabilities	4,504.0	-	-	4,504.0
<b>Total</b>	<b>1,22,811.6</b>	<b>58.3</b>	<b>379.8</b>	<b>1,23,249.7</b>

## Notes to the Standalone Financial Statements as at and for the year ended 31<sup>st</sup> March, 2024

(All amounts are in ₹ Lakhs, unless otherwise stated)

The management assessed that the fair value of cash and cash equivalent, trade receivables, trade payables, and other current financial assets and liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The following method and assumptions were used to estimate the fair value:

- Long-term fixed-rate and variable-rate receivables / borrowings are evaluated by the Company based on parameters such as interest rates, specific country risk factors, individual creditworthiness of the customer and the risk characteristics of the financed project. Based on this evaluation, allowances are taken into account for the expected credit losses of these receivables.
- The fair value of unquoted instruments, loans from banks, related parties and other financial liabilities as well as other non-current financial liabilities is estimated by discounting future cash flows using rates currently available for debt on similar terms, credit risk and remaining maturities.
- The Company enters into derivative financial instruments with financial institutions and banks with investment grade credit ratings. Foreign exchange Forward Contracts and Interest Rate Swap are valued using valuation techniques, which employ the use of market observable inputs. The most frequently applied valuation techniques include forward pricing models, using present value calculations. The model incorporate various inputs including the credit quality of counterparties, foreign exchange spot and forward rates, yield curves of the respective currencies, currency basis spreads between the respective currencies, interest rate curves and forward rate curves of the underlying commodity.
- The fair values of the Company's interest-bearing borrowings and loans are determined by using DCF method using discount rate that reflects the issuer's borrowing rate as at the end of the reporting period. The own non-performance risk was assessed to be insignificant.

### 55 FAIR VALUE HIERARCHY

The following table provides the fair value measurement hierarchy of the Company's assets and liabilities

**Quoted prices in an active market (Level 1):** This level of hierarchy includes financial assets that are measured by reference to quoted prices (unadjusted) in active markets for identical assets or liabilities. This category consists of mutual fund investments.

**Valuation techniques with observable inputs (Level 2):** This level of hierarchy includes financial assets and liabilities, measured using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e.; as prices) or indirectly (i.e.; derived from prices). This level of hierarchy include Company's over-the-counter (OTC) derivative contracts.

**Valuation techniques with significant unobservable inputs (Level 3):** This level of hierarchy includes financial assets and liabilities measured using inputs that are not based on observable market data (unobservable inputs). Fair values are determined in whole or in part, using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.

The following table presents the fair value measurement hierarchy of financial assets and liabilities measured at fair value on a recurring basis as at 31<sup>st</sup> March, 2024 and 31<sup>st</sup> March, 2023.

Quantitative disclosures fair value measurement hierarchy -

Reporting Date	Date of valuation	Fair value measurement using			
		Amount	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Financial Assets measured at fair value through profit and loss / OCI					
Foreign exchange forward contracts					
As at 31 <sup>st</sup> March, 2024	31 <sup>st</sup> March, 2024	34.0	-	34.0	-
As at 31 <sup>st</sup> March, 2023	31 <sup>st</sup> March, 2023	124.7	-	124.7	-

**Notes to the Standalone Financial Statements** as at and for the year ended 31<sup>st</sup> March, 2024  
(All amounts are in ₹ Lakhs, unless otherwise stated)

Reporting Date	Date of valuation	Fair value measurement using			
		Amount	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Interest Rate Swap Contracts					
As at 31 <sup>st</sup> March, 2024	31 <sup>st</sup> March, 2024	797.1	-	797.1	-
As at 31 <sup>st</sup> March, 2023	31 <sup>st</sup> March, 2023	1,566.5	-	1,566.5	-
Investment in others*					
As at 31 <sup>st</sup> March, 2024	31 <sup>st</sup> March, 2024	243.0	-	-	243.0
As at 31 <sup>st</sup> March, 2023	31 <sup>st</sup> March, 2023	204.2	-	-	204.2
Financial Liabilities measured at fair value through profit and loss					
Foreign exchange forward contracts					
As at 31 <sup>st</sup> March, 2024	31 <sup>st</sup> March, 2024	82.0	-	82.0	-
As at 31 <sup>st</sup> March, 2023	31 <sup>st</sup> March, 2023	58.3	-	58.3	-
Interest Rate Swap Contracts					
As at 31 <sup>st</sup> March, 2024	31 <sup>st</sup> March, 2024	-	-	-	-
As at 31 <sup>st</sup> March, 2023	31 <sup>st</sup> March, 2023	379.8	-	379.8	-

The table shows the valuation techniques used in measuring Level 2 and Level 3 fair values for financial instruments measured at fair value in the balance sheet, as well as the significant unobservable inputs used.  
\* Movement in the value is on account of change in fair value of investment.

The significant observable inputs used in the fair value measurements categorised within Level 2 and Level 3 of the fair value hierarchy are as shown below:

Type	Valuation Technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Forward exchange contracts	Forward pricing: The fair value is determined using quoted forward exchange rates at the reporting date and present value calculations based on high credit quality yield curves in the respective currencies.	Not Applicable	Not Applicable
Interest rate / Currency swaps	Swap models: The fair value is calculated as the present value of the estimated future cash flows. Estimates of future floating - rate cash flows are based on quoted swap rates, futures prices and interbank borrowing rates. Estimated cash flows are discounted using a yield curve constructed from similar sources and which reflects the relevant benchmark interbank rate used by market participants for this purpose when pricing interest rate swaps. The fair value estimate is subject to a credit risk adjustment that reflects the credit risk of the respective group entity and of the counterparty; this is calculated based on credit spreads derived from current credit default swap or on credit spreads derived from current credit default swap or bond prices.	Not Applicable	Not Applicable
Investment in others	The valuation model considers the present value of expected payments, discounted using a current risk adjusted discount rate. They are classified as Level 3 Fair values.	Not Applicable	Not Applicable

There have been no transfers among Level 1, Level 2 and Level 3 during the year.

- 56** Additional regulatory information/disclosures as required by General Instructions to Division II of Schedule III to the Companies Act, 2013 are furnished to the extent applicable to the Company.
- 57** MCA has amended Rule 3 of the Companies (Accounts) Rules, 2014 (the "Accounts Rules") relating to the mode of keeping books of account and other books and papers in electronic mode through an amendment on 5<sup>th</sup> August, 2022. In compliance with the requirements of the amendment, the books of accounts and other relevant books and records are accessible in India at all times. Further, backup of books of account maintained in electronic form is kept in servers physically located in India on a daily basis.
- 58** The Company has used accounting software for maintaining its books of account which has a feature of recording audit trail (edit log) facility and the same has operated throughout the year for all relevant transactions recorded in the software, except that audit trail feature is not enabled for changes, if any, made using certain administrative access rights to the SAP Hana software. These administrative rights were restricted to limited users. Further, these administrative access rights at the application level have been revoked and audit trail feature at database is enabled subsequent to the year end. Further, no instance of audit trail feature being tampered with was noted in respect of such accounting software where the audit trail has been enabled.
- 59** Previous year figures have been regrouped / reclassified as considered necessary to conform with current period presentation wherever applicable.

As per our report of even date attached

For and on behalf of the Board of Directors of **Sudarshan Chemical Industries Limited**

**For S R B C & CO LLP**  
Chartered Accountants  
ICAI Firm Registration Number: 324982E/E300003

**S. A. Panse**  
Independent Director &  
Audit Committee Chairperson  
DIN No. 02599310

**P. R. Rathi**  
Chairman  
DIN No. 00018577

**Nilkanth Natu**  
Chief Financial Officer  
ICAI Membership No.: 108532

per **Huzefa Ginwala**  
Partner  
Membership No.: 111757

**R. B. Rathi**  
Managing Director  
DIN No. 00018628

**Mandar Velankar**  
Company Secretary  
ICSI Membership No.: 14469

Place: Pune  
Date : 17<sup>th</sup> May, 2024

Place: Pune  
Date : 17<sup>th</sup> May, 2024

# Independent Auditor's Report

To the Members of Sudarshan Chemical Industries Limited

Report on the audit of the consolidated Ind AS financial statements

Opinion

We have audited the accompanying consolidated Ind AS financial statements of Sudarshan Chemical Industries Limited (hereinafter referred to as “the Holding Company”), and its subsidiaries (the Holding Company and its subsidiaries together referred to as “the Group”) comprising of the consolidated Balance sheet as at March 31 2024, the consolidated Statement of Profit and Loss, including Other Comprehensive Income, the consolidated Cash Flow Statement and the consolidated Statement of Changes in Equity for the year then ended, and notes to the consolidated Ind AS financial statements, including a summary of material accounting policies and other explanatory information (hereinafter referred to as “the consolidated Ind AS financial statements”).

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of other auditors on separate Ind AS financial statements, the aforesaid consolidated Ind AS financial statements give the information required by the Companies Act, 2013, as amended (“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 March 31, 2024, their consolidated profit including other comprehensive income, their consolidated cash flows and the consolidated statement of changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the consolidated Ind AS financial statements in accordance with the Standards on Auditing (SAs), as specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the ‘Auditor’s

Responsibilities for the Audit of the Consolidated Ind AS Financial Statements’ section of our report. We are independent of the Group in accordance with the ‘Code of Ethics’ issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the Ind AS financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the consolidated Ind AS financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated Ind AS financial statements for the financial year ended March 31, 2024. These matters were addressed in the context of our audit of the consolidated Ind AS financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditor’s Responsibilities for the Audit of the Consolidated Ind AS Financial Statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated Ind AS financial statements. The results of audit procedures performed by us and by other auditors of components not audited by us, as reported by them in their audit reports furnished to us by the management, including those procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated Ind AS financial statements.

Key audit matters	How our audit addressed the key audit matter
<b>Timing of recognition of revenue (as described in note 2.3(d) (Summary of material accounting policies) and note 24 of notes forming part of the consolidated Ind AS financial statements)</b>	
The Group manufactures and sells a wide range of goods such as organic, inorganic and effect pigments. Revenue from sale of goods is recognised net of discounts, rebates, sales return and taxes when control of the goods are transferred to the customer.	Our audit procedures included the following:  We obtained understanding of the Group’s sales process, including design and implementation of controls and tested the operating effectiveness of these controls.  We read the Group’s accounting policies pertaining to revenue recognition and assessed compliance with Ind AS 115 - Revenue from contracts with customers.  We obtained and read the terms of customer contracts on a sample basis to assess various performance obligations in the contract, the point in time of transfer of control of goods to customers and pricing terms.  We tested on a sample basis sales invoice for identification of point in time for transfer of control and terms of contract with customers. Further, we performed procedures to test on a sample basis whether revenue was recognized in the appropriate period (including at year end) by testing underlying sales orders, sales invoice copies, lorry receipts, shipping records, customer acceptances etc. and tested the management assessment involved in the process, wherever applicable.  We performed various analytical procedures to identify any unusual sales trends for further testing.  We also assessed the disclosure relating to revenue in accordance with applicable accounting standards in the consolidated Ind AS financial statements of the Group.
<b>Hedge accounting including valuations thereof (as described in note 2.3(r)(Summary of material accounting policies) and note 15 and note 51 of notes forming part of the consolidated Ind AS financial statements)</b>	
The Group enters into derivative instruments which comprise of interest rate swaps, cross currency swaps and also designates its foreign currency borrowings against highly probable forecasted export sales for hedge accounting to manage its foreign currency exposure.	Our audit procedures included the following:  We obtained understanding of the Group’s overall hedge accounting strategy, derivative instrument valuation and hedge accounting process from initiation to settlement of derivative instruments including assessment of the design and implementation of controls and tested the operating effectiveness of these controls.  We read the Group’s accounting policy for hedge accounting in accordance with relevant accounting standards.  We tested the existence of derivative instruments by tracing to the independent confirmations obtained from respective banks.  We also tested management’s hedge documentation and contracts, on a sample basis.  We tested on a sample basis the fair values of derivative instruments recorded by the Group with the independent balance confirmations obtained from banks.  We involved valuation specialists in re-performing the year-end fair valuations including evaluation of hedge effectiveness of derivative instruments on a sample basis and compared these valuations with those recorded by the Group and assessed the valuation methodology and key assumptions used therein.  We also assessed the disclosure is in accordance with applicable accounting standards in the consolidated Ind AS financial statements of the Group.

Key audit matters	How our audit addressed the key audit matter
<b>Impairment assessment of goodwill (as described in note 2.3(b) (Summary of material accounting policies) and note 4 of notes forming part of the consolidated Ind AS financial statements)</b>	
As at March 31, 2024 the consolidated Ind AS financial statements includes goodwill of ₹684.4 lakhs pertaining to acquisition of a subsidiary company in earlier years.	Our audit procedures included the following:
In accordance with Ind AS 36, the management has allocated goodwill to the underlying cash generating unit (CGU) and tested these for annual impairment using a discounted cash flow model.	We obtained an understanding of the Group's policy on assessment of impairment of goodwill and assumptions used by the management including design and implementation of relevant controls. We have tested the design and operating effectiveness of these controls.
Considering assumptions on which the tests are based are highly judgmental and are affected by future market and economic conditions which are inherently uncertain, the annual impairment assessment of goodwill has been identified as a key audit matter.	We compared the carrying values of the CGU to which goodwill is allocated with their respective net worth as per audited financial statements.
	We have evaluated the valuation model used by the Group's management / valuation experts of the management. We also assessed the competencies, capabilities and objectivity of the management's expert.
	We assessed the recoverable value by performing sensitivity testing of key assumptions used, analysed and examined the business plans approved along with assumptions and estimates used by management and tested the arithmetical accuracy of these models.
	We involved valuation specialists to evaluate methodology, assumptions and estimates used in the calculations. We considered potential changes in key drivers as compared to previous year / actual performance with management to evaluate whether the inputs and assumptions used in the cash flow forecasts were appropriate. We also assessed the assumptions around the key drivers of the cash flow forecasts including discount rates, expected growth rates and terminal growth rates used.
	We also assessed the disclosure is in accordance with applicable accounting standards in the consolidated Ind AS financial statements of the Group.

Other Information

The Holding Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual report, but does not include the consolidated Ind AS financial statements and our auditor's report thereon.

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

In connection with our audit of the consolidated Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the consolidated Ind AS financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**Responsibilities of Management and Those Charged with Governance for the consolidated Ind AS financial statements**

The Holding Company's Board of Directors is responsible for the preparation and presentation of these consolidated Ind AS financial statements in terms of the requirements of the Act that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated statement of changes in equity of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of their respective companies 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 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 consolidated Ind AS 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 Ind AS financial statements by the Directors of the Holding Company, as aforesaid.

In preparing the consolidated Ind AS financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of their respective companies to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are also responsible for overseeing the financial reporting process of their respective companies.

**Auditor's responsibilities for the audit of the consolidated Ind AS financial statements**

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

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

- Identify and assess the risks of material misstatement of the consolidated Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3) (i) of the Act, we are also responsible for expressing our

opinion on whether the Holding Company has adequate internal financial controls with reference to consolidated Ind AS financial statements in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated Ind AS financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated Ind AS financial statements, including the disclosures, and whether the consolidated Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group of which we are the independent auditors, to express an opinion on the consolidated Ind AS financial statements. We are responsible for the direction, supervision and performance of the audit of the Ind AS financial statements of such entities included in the consolidated Ind AS financial statements of which we are the independent auditors. For the other entities included in the consolidated Ind AS financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated Ind AS financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated Ind AS financial statements for the financial year ended March 31, 2024 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### Other Matter

- (a) We did not audit the Ind AS financial statements and other financial information, in respect of five subsidiaries, whose financial statements include total assets of ₹28,243.3 lakhs as at March 31, 2024, and total revenues of ₹47,497.8 lakhs and net cash outflows of ₹273.9 lakhs for the year ended on that date. These financial statement and other financial information have been audited by other auditors, which financial statements, other financial information and auditor's reports have been furnished to us by the management. Our opinion on the consolidated Ind AS financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, and our report in terms of sub-sections (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries, is based solely on the reports of such other auditors.

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

#### Report on Other Legal and Regulatory Requirements

- As required by the Companies (Auditor's Report) Order, 2020 ("CARO"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, based on our audit of the subsidiary company, incorporated in India, there are no qualifications or adverse remarks in the CARO report of this subsidiary included in the consolidated Ind AS financial statements. Accordingly, the requirement to report on clause 3(xxi) of the Order is not applicable to the Holding Company.
- As required by Section 143(3) of the Act, based on our audit we report, to the extent applicable, that:
  - We / the other auditor have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated Ind AS financial statements;

- In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidation of the Ind AS financial statements have been kept so far as it appears from our examination of those books and reports of the other auditors except for the matters stated in the paragraph (i(vi)) below on reporting under Rule 11(g).
- The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Consolidated Cash Flow Statement and Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the consolidated Ind AS financial statements;
- In our opinion, the aforesaid consolidated Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;
- On the basis of the written representations received from the directors of the Holding Company and its subsidiary company as on March 31, 2024 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors who are appointed under Section 139 of the Act, of its subsidiary company incorporated in India, none of the directors of the Group's companies, incorporated in India, are disqualified as on March 31, 2024 from being appointed as a director in terms of Section 164 (2) of the Act;
- The modification relating to the maintenance of accounts and other matters connected therewith are as stated in paragraph (b) above on reporting under Section 143(3)(b) and paragraph (i(vi)) below on reporting under Rule 11(g).
- With respect to the adequacy of the internal financial controls with reference to consolidated Ind AS financial statements of the Holding Company and its subsidiary company, incorporated in India, and the operating effectiveness of such controls, refer to our separate Report in "Annexure 1" to this report;
- In our opinion and based on the consideration of reports of other statutory auditors of the subsidiaries, the managerial remuneration for the year ended March 31, 2024 has been paid / provided by the Holding Company and its subsidiary, incorporated in India to their directors in accordance with the provisions of section 197 read with Schedule V to the Act;
- 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) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditors on separate Ind AS financial statements of the subsidiaries, as noted in the 'Other matters' paragraph:

- The consolidated Ind AS financial statements disclose the impact of pending litigations on its consolidated financial position of the Group, in its consolidated Ind AS financial statements – Refer Note 43(b) to the consolidated Ind AS financial statements;
- Provision has been made in the consolidated Ind AS financial statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts – Refer note 13 and note 20 to the consolidated Ind AS financial statements in respect of such items as it relates to the Group,
- There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company, its subsidiary, incorporated in India during the year ended March 31, 2024.
- The respective managements of the Holding Company and its subsidiary, which is company incorporated in India whose financial statements have been audited under the Act have represented to us that, to the best of its knowledge and belief, other than as disclosed in the note 44 (e) to the consolidated Ind AS financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Holding Company or any of such subsidiaries to or in any other persons or entities, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the respective Holding Company or any of such subsidiaries, ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
  - The respective managements of the Holding Company and its subsidiary, which is company incorporated in India whose financial statements have been audited under the Act, have represented to us that, to the best of its knowledge and belief, other than as disclosed in the note 44 (e) to the consolidated Ind AS financial statements, no funds have been received by the respective Holding Company or any of such subsidiaries, from any persons or entities, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Holding Company or any of such subsidiaries, shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and

- Based on the audit procedures that have been considered reasonable and appropriate in the circumstances performed by us, nothing has come to our notice that has caused us to believe that the representations under sub-clause (a) and (b) contain any material misstatement.
- The final dividend paid by the Holding Company, during the year in respect of the same declared for the previous year is in accordance with section 123 of the Act to the extent it applies to payment of dividend.
  - The interim dividend declared and paid during the year by the Holding Company and until the date of the respective audit reports of such Holding Company is in accordance with section 123 of the Act.
  - As stated in note 16 to the consolidated Ind AS financial statements, the Board of Directors of the Holding Company have proposed final dividend for the year which is subject to the approval of the members at the ensuing Annual General Meeting. The dividend declared is in accordance with section 123 of the Act to the extent it applies to declaration of dividend.
- Based on our examination which included test checks, the Holding Company and its subsidiary company which is incorporated in India, has used accounting software for maintaining its books of account which has a feature of recording audit trail (edit log) facility and the same has operated throughout the year for all relevant transactions recorded in the software, except that audit trail feature is not enabled for changes, if any, made using certain administrative access rights to the application and underlying database, as described in note 58 to the financial statements. Further, during the course of our audit no instance of audit trail feature being tampered with was noted in respect of such accounting software where the audit trail has been enabled.

For **S R B C & CO LLP**  
Chartered Accountants  
ICAI Firm Registration Number: 324982E/E300003

per **Huzefa Ginwala**  
Partner  
Membership Number: 111757  
UDIN: 24111757BKENPP6063

Place of Signature: Pune  
Date: May 17, 2024



**Annexure 1** referred in paragraph 2(g) under the heading “Report on Other Legal and Regulatory Requirements” of our report of even date

**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 Ind AS financial statements of Sudarshan Chemical Industries Limited (hereinafter referred to as the “Holding Company”) as of and for the year ended March 31, 2024, we have audited the internal financial controls with reference to consolidated Ind AS financial statements of the Holding Company and its subsidiary (the Holding Company and its subsidiary together referred to as “the Group”), which is a company incorporated in India, as of that date.

**Management’s Responsibility for Internal Financial Controls**

The respective Board of Directors of the companies included in the Group, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Holding 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 respective company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

**Auditor’s Responsibility**

Our responsibility is to express an opinion on the Holding Company’s internal financial controls with reference to consolidated Ind AS financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) and the Standards on Auditing, specified under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both, issued by ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to consolidated Ind AS financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to consolidated Ind AS financial statements and their operating effectiveness. Our audit of internal financial controls with reference to consolidated Ind AS financial statements included obtaining an understanding of internal financial controls with reference to consolidated Ind AS financial statements, 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 auditor’s judgement, including the assessment of the risks of material misstatement of the consolidated Ind AS 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 internal financial controls with reference to consolidated Ind AS financial statements.

**Meaning of Internal Financial Controls with Reference to these Consolidated Ind AS Financial Statements**

A company’s internal financial control with reference to consolidated Ind AS financial statements 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 with reference to consolidated Ind AS financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised 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 with Reference to these Consolidated Ind AS Financial Statements**

Because of the inherent limitations of internal financial controls with reference to consolidated Ind AS financial statements,

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 with reference to consolidated Ind AS financial statements to future periods are subject to the risk that the internal financial controls with reference to consolidated Ind AS financial statements 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 Group, which are companies incorporated in India, have, maintained in all material respects, adequate internal financial controls with reference to consolidated Ind AS financial statements and such internal financial controls with reference to consolidated Ind AS financial statements

were operating effectively as at March 31, 2024, based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

For **S R B C & CO LLP**  
Chartered Accountants  
ICAI Firm Registration Number: 324982E/E300003

per **Huzefa Ginwala**  
Partner  
Membership Number: 111757  
UDIN: 24111757BKENPP6063

Place of Signature: Pune  
Date: May 17, 2024

## Consolidated Balance Sheet as at 31<sup>st</sup> March, 2024

(All amounts are in ₹ Lakhs, unless otherwise stated)

Particulars	Notes	As at 31 <sup>st</sup> March, 2024	As at 31 <sup>st</sup> March, 2023
<b>ASSETS</b>			
<b>I Non-current assets</b>			
(a) Property, plant and equipment	3	1,03,974.8	1,07,331.5
(b) Capital work-in-progress	3	1,454.3	4,426.8
(c) Goodwill	4	684.4	684.4
(d) Intangible assets	4	2,866.5	3,405.0
(e) Intangible assets under development	4	3.7	22.0
(f) Right-of-use assets	5	2,629.3	1,194.1
(g) Financial assets			
i Investments	6	244.1	205.3
ii Derivative instruments	13	127.6	353.0
iii Other financial assets	7	833.2	790.9
(h) Income tax assets (net)	23	1,657.2	2,698.8
(i) Deferred tax assets	23	921.7	928.7
(j) Other non-current assets	8	778.4	671.0
		<b>1,16,175.2</b>	<b>1,22,711.5</b>
<b>II Current assets</b>			
(a) Inventories	9	43,760.0	49,407.9
(b) Financial assets			
i Trade receivables	10	58,531.9	48,614.6
ii Cash and cash equivalents	11	4,723.7	2,039.2
iii Bank balances other than (ii) above	12	866.8	902.1
iv Derivative instruments	13	703.5	1,338.2
v Other financial assets	7	753.1	778.6
(c) Other current assets	8	9,989.0	10,560.9
		<b>1,19,328.0</b>	<b>1,13,641.5</b>
<b>III Assets held for sale</b>	48	-	2,845.5
<b>Total assets</b>		<b>2,35,503.2</b>	<b>2,39,198.5</b>
<b>EQUITY AND LIABILITIES</b>			
<b>A Equity</b>			
(a) Equity share capital	14	1,384.5	1,384.5
(b) Other equity	15	1,13,519.2	81,437.9
<b>Total equity</b>		<b>1,14,903.7</b>	<b>82,822.4</b>
<b>B Liabilities</b>			
<b>I Non-current liabilities</b>			
(a) Financial liabilities			
i Borrowings	17	19,331.5	44,920.6
ii Lease liabilities	5	2,267.9	855.6
iii Other financial liabilities	19	161.3	156.3
iv Derivative instruments	20	-	379.8
(b) Provisions	21	3,175.0	2,822.7
(c) Deferred tax liabilities (net)	23	9,111.6	7,164.5
(d) Other non-current liabilities	22	302.8	746.9
		<b>34,350.1</b>	<b>57,046.4</b>
<b>II Current liabilities</b>			
(a) Financial liabilities			
i Borrowings	17	24,761.5	36,828.9
ii Lease liabilities	5	345.6	300.1
iii Trade payables			
Dues to micro enterprises and small enterprises	18	6,121.6	6,453.7
Dues to other than micro enterprises and small enterprises	18	45,083.0	44,419.2
iv Derivative instruments	20	82.0	58.3
v Other financial liabilities	19	4,262.4	4,194.4
(b) Provisions	21	349.5	270.5
(c) Other current liabilities	22	4,977.0	6,600.8
(d) Current tax liabilities (net)	23	266.8	203.8
		<b>86,249.4</b>	<b>99,329.7</b>
<b>Total liabilities</b>		<b>1,20,599.5</b>	<b>1,56,376.1</b>
<b>Total equity and liabilities</b>		<b>2,35,503.2</b>	<b>2,39,198.5</b>
Summary of material accounting policies followed by the Group	2		

The accompanying notes form an integral part of the Financial Statements.

As per our report of even date attached

**For S R B C & CO LLP**  
Chartered Accountants  
ICAI Firm Registration Number:  
324982E/E300003

per **Huzefa Ginwala**  
Partner  
Membership No.: 111757

Place: Pune  
Date : 17<sup>th</sup> May, 2024

For and on behalf of the Board of Directors of **Sudarshan Chemical Industries Limited**

**S. A. Panse**  
Independent Director &  
Audit Committee Chairperson  
DIN No. 02599310

**P. R. Rathi**  
Chairman  
DIN No. 00018577

**Nilkanth Natu**  
Chief Financial Officer  
ICAI Membership No.: 108532

**R. B. Rathi**  
Managing Director  
DIN No. 00018628

**Mandar Velankar**  
Company Secretary  
ICSI Membership No.: 14469

Place: Pune  
Date : 17<sup>th</sup> May, 2024

## Consolidated Statement of Profit and Loss for the year ended 31<sup>st</sup> March, 2024

(All amounts are in ₹ Lakhs, unless otherwise stated)

Particulars	Notes	Year ended 31 <sup>st</sup> March, 2024	Year ended 31 <sup>st</sup> March, 2023
<b>Income</b>			
Revenue from operations	24	2,53,877.7	2,30,173.2
Other income	25	1,708.6	479.0
<b>Total income (i)</b>		<b>2,55,586.3</b>	<b>2,30,652.2</b>
<b>Expenses</b>			
Cost of materials consumed	26	1,38,049.3	1,31,352.1
Purchase of stock in trade	27	1,923.5	1,317.2
Changes in inventories of finished goods and work-in-progress	28	1,566.5	4,158.6
Employee benefits expense	29	20,995.0	18,395.4
Finance costs	30	3,690.2	4,147.1
Depreciation and amortisation expense	31	14,116.7	11,422.7
Other expenses	32	59,702.2	53,885.2
<b>Total expenses (ii)</b>		<b>2,40,043.4</b>	<b>2,24,678.3</b>
<b>Profit before exceptional items and tax (i - ii)</b>		<b>15,542.9</b>	<b>5,973.9</b>
<b>Exceptional Items (iii)</b>	52	<b>31,510.1</b>	-
<b>Profit before tax</b>		<b>47,053.0</b>	<b>5,973.9</b>
<b>Tax expense</b>	23		
Current tax		9,456.2	588.1
Adjustment of tax related to earlier periods (net)		-	(83.6)
Deferred tax		1,852.1	992.5
<b>Total tax expense</b>		<b>11,308.3</b>	<b>1,497.0</b>
<b>Profit for the year</b>		<b>35,744.7</b>	<b>4,476.9</b>
<b>Other comprehensive income (OCI)</b>	38		
<b>(a) Items that will not be reclassified to profit or loss</b>			
Re-measurement gains / (losses) on defined benefit plans		(187.2)	17.7
Income tax effect		47.1	(4.5)
		<b>(140.1)</b>	<b>13.2</b>
<b>(b) Items that will be reclassified to profit or loss</b>			
Net movement on effective portion of cash flow hedges		20.0	(2,184.4)
Income tax effect		(149.2)	(51.4)
Gain / (Loss) on translation of foreign operations		10.4	602.2
		<b>(118.8)</b>	<b>(1,633.6)</b>
<b>Other comprehensive income/(loss) for the year (net of taxes)</b>		<b>(258.9)</b>	<b>(1,620.4)</b>
<b>Total comprehensive income for the year (net of taxes)</b>		<b>35,485.8</b>	<b>2,856.5</b>
<b>Earnings per equity share</b>	37		
<b>[Nominal value per share ₹2 (31<sup>st</sup> March 2023 - ₹2)]</b>			
Basic (in ₹)		51.6	6.5
Diluted (in ₹)		51.6	6.5
Summary of material accounting policies followed by the Group	2		

The accompanying notes form an integral part of the Financial Statements.

As per our report of even date attached

**For S R B C & CO LLP**  
Chartered Accountants  
ICAI Firm Registration Number:  
324982E/E300003

per **Huzefa Ginwala**  
Partner  
Membership No.: 111757

Place: Pune  
Date : 17<sup>th</sup> May, 2024

For and on behalf of the Board of Directors of **Sudarshan Chemical Industries Limited**

**S. A. Panse**  
Independent Director &  
Audit Committee Chairperson  
DIN No. 02599310

**P. R. Rathi**  
Chairman  
DIN No. 00018577

**Nilkanth Natu**  
Chief Financial Officer  
ICAI Membership No.: 108532

**R. B. Rathi**  
Managing Director  
DIN No. 00018628

**Mandar Velankar**  
Company Secretary  
ICSI Membership No.: 14469

Place: Pune  
Date : 17<sup>th</sup> May, 2024

## Consolidated Statement of Cash Flows for the year ended 31<sup>st</sup> March, 2024

(All amounts are in ₹ Lakhs, unless otherwise stated)

Particulars	Year ended 31 <sup>st</sup> March, 2024	Year ended 31 <sup>st</sup> March, 2023
<b>Cash flow from operating activities</b>		
Profit before exceptional items and tax	15,542.9	5,973.9
Gain on exceptional items (net)	31,510.1	-
<b>Adjustment to reconcile profit before exceptional items and tax to net cash flow</b>		
Depreciation and amortisation expense	14,116.7	11,422.7
Loss / (gain) on sale / disposal of property plant and equipment - Exceptional item (refer note 52)	(31,510.1)	-
Loss / (gain) on sale / disposal of property plant and equipment - Others	(9.0)	6.4
Net gain on fair valuation on financial instruments	(38.8)	(38.8)
Liabilities no longer required, written back	(107.3)	(14.7)
Share based payment expenses	126.1	108.4
Unrealised foreign exchange loss / (gain)	(23.7)	105.7
Net gain on sale of financial instruments	(833.5)	-
(Reversal) / provision for net realisable value adjustment	266.1	211.3
Fair value loss / (gain) on derivatives	114.2	(94.5)
Charge / (reversal) of provision for bad and doubtful debts / advances (including expected credit loss)	(142.9)	84.1
Finance costs	3,690.2	4,147.1
Interest income	(405.6)	(133.0)
<b>Operating profit before working capital changes</b>	<b>32,295.4</b>	<b>21,778.6</b>
<b>Working capital adjustments :</b>		
Increase / (decrease) in trade payables	412.6	(1,384.0)
Increase / (decrease) in provisions	244.1	228.7
Increase / (decrease) in other liabilities	(2,068.0)	2,751.4
Increase / (decrease) in other financial liabilities	510.3	(494.2)
(Increase) / decrease in trade receivables	(9,653.4)	1,792.7
(Increase) / decrease in inventories	5,381.8	7,280.3
(Increase) / decrease in other assets	555.8	(2,763.4)
(Increase) / decrease in other financial assets	(16.8)	536.5
(Increase) / decrease in other bank balances	35.3	95.7
<b>Cash generated from operations</b>	<b>27,697.1</b>	<b>29,822.3</b>
Income taxes paid (net of refunds) including tax related to exceptional items	(8,351.6)	(1,117.6)
<b>Net cash flow from operating activities (A)</b>	<b>19,345.5</b>	<b>28,704.7</b>
<b>Cash flows from investing activities :</b>		
Purchases of property, plant and equipment, intangible assets, intangible assets under development (including net movement in capital work in progress, capital advances and payable for capital goods)	(7,847.3)	(19,240.1)
Proceeds from sale of property, plant and equipment and intangible assets and assets held for sale, net of incidental expenses (including proceed received from exceptional item)	34,540.3	180.0
Investments in financial instruments	(26,500.0)	-
Proceeds from sale of financial instruments	27,333.5	-
Interest received	405.6	133.0
<b>Net cash flow generated from / (used in) investing activities (B)</b>	<b>27,932.1</b>	<b>(18,927.1)</b>

## Consolidated Statement of Cash Flows (contd.) for the year ended 31<sup>st</sup> March, 2024

(All amounts are in ₹ Lakhs, unless otherwise stated)

Particulars	Year ended 31 <sup>st</sup> March, 2024	Year ended 31 <sup>st</sup> March, 2023
<b>Cash flows from financing activities :</b>		
Proceeds from long-term borrowings	-	22,319.1
Repayment of long-term borrowings*	(26,682.9)	(14,534.8)
Dividend paid on equity shares and tax thereon	(3,329.1)	(3,427.7)
Proceeds from short-term borrowings	2,382.7	1,00,017.8
Repayments of short-term borrowings	(13,010.7)	(1,11,077.3)
Finance costs paid	(3,500.7)	(3,466.4)
Payment of lease liabilities	(452.4)	(100.7)
<b>Net cash flow generated from / (used in) financing activities (C)</b>	<b>(44,593.1)</b>	<b>(10,270.0)</b>
<b>Net increase / (decrease) in cash and cash equivalents (A + B + C)</b>	<b>2,684.5</b>	<b>(492.4)</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>2,039.2</b>	<b>2,531.6</b>
<b>Cash and cash equivalents at the end of the year (excluding earmarked balances)</b>	<b>4,723.7</b>	<b>2,039.2</b>
<b>Cash and cash equivalents (refer note 11)</b>		
Cash on hand	9.7	9.0
Balance with Banks (On current account)	4,714.0	2,030.2
<b>Total</b>	<b>4,723.7</b>	<b>2,039.2</b>

\*Repayment for the current year includes prepayment of ₹12,604.8 Lakhs paid out of proceeds from exceptional item.

Changes in liabilities arising from financing activities - Refer note 17	Year ended 31 <sup>st</sup> March, 2024	Year ended 31 <sup>st</sup> March, 2023
<b>Balance at the beginning of year</b>		
Non-current borrowings	44,920.6	36,857.6
Current borrowings	19,248.9	30,330.2
Current maturities of non-current borrowings	17,580.0	14,686.2
Proceeds from borrowings	2,382.7	1,22,336.9
Repayment of borrowings	(39,693.6)	(1,25,612.1)
Unrealised foreign exchange gain / (loss) (net)	(345.6)	3,150.7
<b>Balance at the end of year</b>		
Non-current borrowings	19,331.5	44,920.6
Current borrowings	8,621.0	19,248.9
Current maturities of non-current borrowings	16,140.5	17,580.0

### Notes :

The above Statement of Cash Flows has been prepared under the "Indirect Method" set out in Indian Accounting Standard (Ind AS) 7 on Statement of Cash Flows.

The accompanying notes form an integral part of the Financial Statements.

As per our report of even date attached

For and on behalf of the Board of Directors of **Sudarshan Chemical Industries Limited**

**For S R B C & CO LLP**

Chartered Accountants  
ICAI Firm Registration Number:  
324982E/E300003

**S. A. Panse**

Independent Director &  
Audit Committee Chairperson  
DIN No. 02599310

**P. R. Rathi**

Chairman  
DIN No. 00018577

**Nilkanth Natu**

Chief Financial Officer  
ICAI Membership No.: 108532

per **Huzefa Ginwala**

Partner  
Membership No.: 111757

**R. B. Rathi**

Managing Director  
DIN No. 00018628

**Mandar Velankar**

Company Secretary  
ICSI Membership No.: 14469

Place: Pune  
Date : 17<sup>th</sup> May, 2024

Place: Pune  
Date : 17<sup>th</sup> May, 2024

## Consolidated Statement of Changes in Equity

for the year ended 31<sup>st</sup> March, 2024

(All amounts are in ₹ Lakhs, unless otherwise stated)

### A. Equity Share Capital

Equity shares of ₹2 each issued, subscribed and fully paid

Particulars	As at 31 <sup>st</sup> March, 2024			
	Balance at the beginning of the current reporting period	Changes in equity share capital due to prior period errors	Restated balance at the beginning of the current reporting period	Changes in equity share capital during the current year
Share capital amount (in ₹ Lakhs)	1,384.5	-	-	1,384.5
Number of shares	6,92,27,250	-	-	6,92,27,250

Particulars	As at 31 <sup>st</sup> March, 2023			
	Balance at the beginning of the previous reporting period	Changes in equity share capital due to prior period errors	Restated balance at the beginning of the previous reporting period	Changes in equity share capital during the previous year
Share capital amount (in ₹ Lakhs)	1,384.5	-	-	1,384.5
Number of shares	6,92,27,250	-	-	6,92,27,250

### B. Other Equity

Particulars	Reserves and Surplus						Items of OCI		Total
	Securities premium	Capital reserve	Capital redemption reserve	General reserve	Retained earnings*	Share options (ESOP) outstanding reserve	Foreign currency translation reserve	Effective portion of cash flow hedge	
<b>Balance as at 1<sup>st</sup> April, 2022</b>	1,321.2	0.4	410.0	21,340.5	58,470.7	228.7	336.8	(173.9)	81,934.4
Profit for the year	-	-	-	-	4,476.9	-	-	-	4,476.9
Other comprehensive income (net of tax) (refer note 38)	-	-	-	-	13.2	-	602.2	(2,235.8)	(1,620.4)
Amortized amount of share based payments (ESOPs) to employees (refer note 49)	-	-	-	-	-	108.4	-	-	108.4
<b>Total comprehensive income for the year ended 31<sup>st</sup> March 2023</b>	-	-	-	-	4,490.1	108.4	602.2	(2,235.8)	2,964.9
<b>Transactions with equity holders, recorded directly in equity</b>									
Equity dividend (refer note 16)	-	-	-	-	(3,461.4)	-	-	-	(3,461.4)
<b>Total distributions to equity holders</b>	-	-	-	-	(3,461.4)	-	-	-	(3,461.4)
<b>Balance as at 31<sup>st</sup> March, 2023</b>	1,321.2	0.4	410.0	21,340.5	59,499.4	337.1	939.0	(2,409.7)	81,437.9

## Consolidated Statement of Changes in Equity

for the year ended 31<sup>st</sup> March, 2024

(All amounts are in ₹ Lakhs, unless otherwise stated)

Particulars	Reserves and Surplus						Items of OCI		Total
	Securities premium	Capital reserve	Capital redemption reserve	General reserve	Retained earnings*	Share options (ESOP) outstanding reserve	Foreign currency translation reserve	Effective portion of cash flow hedge	
Profit for the year	-	-	-	-	35,744.7	-	-	-	35,744.7
Other comprehensive income (net of tax) (refer note 38)	-	-	-	-	(140.1)	-	10.4	(129.2)	(258.9)
Amortized amount of share based payments (ESOPs) to employees (refer note 49)	-	-	-	-	-	126.1	-	-	126.1
Others	-	-	(400.0)	-	400.0	-	-	-	-
<b>Total comprehensive income for the year ended 31<sup>st</sup> March 2024</b>	-	-	(400.0)	-	36,004.6	126.1	10.4	(129.2)	35,611.9
<b>Transactions with equity holders, recorded directly in equity</b>									
Equity dividend (refer note 16)	-	-	-	-	(1,038.4)	-	-	-	(1,038.4)
Interim Equity Dividend (refer note 16)	-	-	-	-	(2,492.2)	-	-	-	(2,492.2)
<b>Total distributions to equity holders</b>	-	-	-	-	(3,530.6)	-	-	-	(3,530.6)
<b>Balance as at 31<sup>st</sup> March, 2024</b>	1,321.2	0.4	10.0	21,340.5	91,973.4	463.2	949.4	(2,538.9)	1,13,519.2

\* includes re-measurement of defined employee benefit plans  
There are no prior period errors during the current year and previous year.

The accompanying notes form an integral part of the Financial Statements.

As per our report of even date attached

### For S R B C & CO LLP

Chartered Accountants  
ICAI Firm Registration Number:  
324982E/E300003

per **Huzefa Ginwala**

Partner  
Membership No.: 111757

Place: Pune

Date : 17<sup>th</sup> May, 2024

For and on behalf of the Board of Directors of **Sudarshan Chemical Industries Limited**

### S. A. Panse

Independent Director &  
Audit Committee Chairperson  
DIN No. 02599310

### P. R. Rathi

Chairman  
DIN No. 00018577

### Nilkanth Natu

Chief Financial Officer  
ICAI Membership No.: 108532

### R. B. Rathi

Managing Director  
DIN No. 00018628

### Mandar Velankar

Company Secretary  
ICSI Membership No.: 14469

## Notes to the Consolidated Financial Statements as at and for the year ended 31<sup>st</sup> March, 2024

(All amounts are in ₹ Lakhs, unless otherwise stated)

### 1. Corporate Information:

The Consolidated Financial Statements comprise financial statements of "Sudarshan Chemical Industries Limited" ("the Company" or "the Holding Company") and its subsidiaries (collectively referred to as "the Group") for the year ended 31<sup>st</sup> March 2024. The Company is a Public Limited Company domiciled in India. The Company was incorporated as a Private Limited Company on 19<sup>th</sup> February 1951. The name of the Company was changed to Sudarshan Chemical Industries Limited on 15<sup>th</sup> May, 1975 and the Company went Public in the year 1976.

The CIN number of the Company is L24119PN1951PLC008409. The Company's Equity Shares are listed on the Bombay Stock Exchange Limited ('BSE') and National Stock Exchange of India Limited ('NSE'). The registered office of the Company is located at 7<sup>th</sup> Floor, Eleven West Panchshil, Survey No. 25, Near PAN Card Club Road, Baner, Pune – 411 069, Maharashtra, India.

The Group manufactures, sells and trades in a wide range of Organic, Inorganic and Effect Pigments. The Group also manufactures and sells Pollution Control Equipment, Size Reduction Equipment and Grinding Equipment for industrial applications.

The Consolidated Financial Statements of the Company for the year ended 31<sup>st</sup> March 2024 were approved for issue in accordance with a resolution of the Board of Directors on 17<sup>th</sup> May, 2024.

### 2. Material Accounting policies:

#### 2.1 Basis of preparation and presentation:

The Consolidated Financial Statements of the Group have been prepared in accordance with the Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time) and presentation requirements of Division II of Schedule III to the Companies Act, 2013, (Ind AS compliant Schedule III), as applicable to the Consolidated Financial Statements of the Group.

These Consolidated Financial Statements have been prepared on a historical cost basis, except for the following assets and liabilities which have been measured at fair value:

- Derivative financial instruments
- Certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments)

In addition, the carrying values of recognised assets and liabilities designated as hedged items in fair value hedges that would otherwise be carried at amortised cost are adjusted to record changes in the fair values attributable to the risks that are being hedged in effective hedge relationships.

The Consolidated Financial Statements are presented in INR and all values are rounded to the nearest lakhs (₹00,000), except when otherwise indicated.

The Group has prepared the financial statements on the basis that it will continue to operate as a going concern.

#### 2.2 Principles of consolidation

- a) The financial statements of the Holding Company and its subsidiaries are combined on a line-by-line basis by adding together like items of assets, liabilities, equity, incomes, expenses and cash flows, after fully eliminating intra-group balances and intragroup transactions.
- b) Profits or losses resulting from intra-group transactions that are recognised in assets, such as Inventory and Property, Plant and Equipment, are eliminated in full.
- c) In case of foreign subsidiaries, revenue items are consolidated at the functional currency spot rates at the date the transaction first qualifies for recognition. All assets and liabilities are converted at rates prevailing at the end of the reporting period. Any exchange difference arising on consolidation is recognised in the Foreign Currency Translation Reserve (FCTR).
- d) The Consolidated Financial Statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances.
- e) The carrying amount of the parent's investment in each subsidiary is offset (eliminated) against the parent's portion of equity in each subsidiary.
- f) The difference between the proceeds from disposal of investment in subsidiaries and the carrying amount of its assets less liabilities as on the date of disposal is recognised in the Consolidated Statement of Profit and Loss being the profit or loss on disposal of investment in subsidiary.

#### 2.3 Summary of material accounting policies:

##### (a) Current versus non-current classification

The Group presents assets and liabilities in the balance sheet based on current / non-current classification.

## Notes to the Consolidated Financial Statements as at and for the year ended 31<sup>st</sup> March, 2024

(All amounts are in ₹ Lakhs, unless otherwise stated)

An asset is treated as current when it is:

- expected to be realised or intended to be sold or consumed in normal operating cycle;
- held primarily for the purpose of trading;
- expected to be realised within twelve months after the reporting period, or
- cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- it is expected to be settled in normal operating cycle;
- it is held primarily for the purpose of trading;
- it is due to be settled within twelve months after the reporting period, or
- there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Group has identified twelve months as its operating cycle.

##### (b) Business combinations and goodwill

Business combinations are accounted for using the acquisition method of accounting, except for common control transactions which are accounted using the pooling of interest method that is accounted at carrying values.

The cost of an acquisition is measured at the fair value of the assets transferred, equity instruments issued and liabilities assumed at their acquisition date i.e. the date on which control is acquired. Contingent consideration to be transferred is recognised at fair value and included as part of cost of acquisition. Transaction related costs are expensed in the period in which the costs are incurred.

Goodwill arising on business combination is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held,

over the fair value of net identifiable assets acquired and liabilities assumed. After initial recognition, Goodwill is tested for impairment annually and measured at cost less any accumulated impairment losses if any.

Common control business combination: Business combinations involving entities or businesses that are controlled by the group are accounted using the pooling of interest method.

##### (c) Foreign currency translation:

The Group's financial statements are presented in INR, which is also its functional currency.

Transactions in foreign currencies are recorded at the exchange rate prevailing on the date of transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency's closing rates of exchange at the reporting date.

Exchange differences arising on settlement or translation of monetary items are recognised in the Consolidated Statement of Profit and Loss except to the extent of exchange differences which are regarded as an adjustment to interest costs on foreign currency borrowings that are directly attributable to the acquisition or construction of qualifying assets, are capitalised as cost of assets.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or Consolidated Statement of Profit and Loss are also recognised in Other Comprehensive Income (OCI) or Consolidated Statement of Profit and Loss, respectively).

In determining the spot exchange rate to use on initial recognition of the related asset, expense, or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of advance consideration.

## Notes to the Consolidated Financial Statements as at and for the year ended 31<sup>st</sup> March, 2024

(All amounts are in ₹ Lakhs, unless otherwise stated)

### (d) Revenue:

#### (i) Revenue from contracts with customers:

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has concluded that it is principal in its revenue arrangements, because it typically controls the goods or services before transferring them to the customer. Revenue is measured at the amount of consideration which the Group expects to be entitled to in exchange for transferring distinct goods or services to the customer as specified in the contract, excluding amounts collected on behalf of third parties (for example taxes and duties collected on behalf of the government).

Consideration is generally due upon satisfaction of performance obligations and a receivable is recognised when it becomes unconditional. Generally, the credit period varies between 0-180 days from the shipment or delivery of goods or services as the case may be.

The Group does not adjust short-term advances received from the customer for the effects of significant financing component if it is expected at the contract inception that the promised goods or services will be transferred to the customer within a period of one year.

The disclosures of significant accounting judgments, estimates and assumptions relating to revenue from contracts with customers are provided in Note 2.3 (z).

The Group has following streams of revenue:

#### (1) Revenue from sale of goods:

If the criteria for revenue under over-a-period of time as mentioned below in 'revenue from projects' are not met, the Group recognises revenue at a point-in-time. The point-in-time is determined when the control of the goods or services is transferred which is determined based on when the significant risks and rewards of ownership are transferred to the customer. Apart from this, the Group also considers its present right to payment, the legal title to the goods, inco-terms the physical possession and the customer acceptance in determining the point in time where control has been transferred.

The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion

of the transaction price needs to be allocated. In determining the transaction price for the sale of goods, the Group considers the effect of variable consideration, the existence of significant financing components, non-cash consideration, and consideration payable to the customer, if any.

#### (2) Revenue from projects:

In relation to Group's revenue from manufacture and sale of pollution control equipment, size reduction equipment and pneumatic conveying systems, the equipment are customised based on specific customer requirements. Most of such revenue is derived from fixed price contracts and therefore the amount of revenue to be earned from each contract is determined by reference to those fixed prices. In respect of customised products based on specific customer requirement, each equipment/ system is considered as a separate performance obligation.

The Group may promise to provide distinct goods or services within a contract, in which case the Group separates the contract into more than one performance obligation. If a contract is separated into more than one performance obligation, the Group allocates the total transaction price to each performance obligation in an amount based on the estimated relative standalone selling prices of the promised goods or services underlying each performance obligation. The Group uses the expected cost plus a margin approach to estimate the standalone selling price of each performance obligation in case of contracts with more than one distinct performance obligations.

The Group assesses for the timing of revenue recognition in case of each distinct performance obligation. The Group first assesses whether the revenue can be recognized over a period of time if any of the following criteria is met:

- The customer simultaneously consumes the benefits as the Group performs, or
- The customer controls the work-in-progress, or
- The Group's performance does not create an asset with alternative use to the Group and the Group has right to payment for performance completed till date.

The Group recognizes revenue over time as the Group's performance does not create an asset with alternative use to the Group and the

## Notes to the Consolidated Financial Statements as at and for the year ended 31<sup>st</sup> March, 2024

(All amounts are in ₹ Lakhs, unless otherwise stated)

Group has right to payment for the performance completed till date.

The Group uses cost-based measure of progress (or input method) for contracts because it best depicts the transfer of control to the customer which occurs as it incurs costs on contracts. Under the cost-based measure of progress, the extent of progress towards completion is measured based on the ratio of costs incurred to date to the total estimated costs at completion of the performance obligation. Revenues, including estimated profits, are recorded proportionally as costs are incurred.

When it becomes probable that the total contract costs will exceed the total contract revenue, the Group recognizes the expected losses from onerous contract as an expense immediately.

#### (3) Revenue from services

Revenue from rendering of services is recognised over time by measuring the progress towards complete satisfaction of performance obligations at the reporting period.

#### Contract balances

**(1) Contract assets:** A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration and are transferred to Trade receivables on completion of milestones and its related invoicing.

**(2) Trade receivables:** A receivable represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets in Note 2.3 (q) Financial instruments.

**(3) Contract liabilities:** A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration in form of advance (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made. Contract liabilities are recognised as

revenue when the Group performs the obligation as per the contract.

#### (ii) Export incentive (government grant):

Income from export incentives are accounted for on export of goods if the entitlements can be estimated with reasonable assurance and conditions precedent to claim are fulfilled.

#### (iii) Interest income:

Interest Income from a financial asset is recognised using Effective Interest Rate Method.

#### (iv) Dividend income:

Dividend income is recognised when the Group's right to receive the payment has been established.

#### (v) Other income:

Insurance claims are accounted on the basis of claims admitted / expected to be admitted and to the extent that there is no uncertainty in receiving the claims. Other income is recognised when it is received or when the right to receive payment is established.

#### (e) Government grants:

Government grants are recognised where there is reasonable assurance that the grant will be received, and all attached conditions will be complied with. When the grant or subsidy relates to revenue, it is recognised as income on a systematic basis in the Consolidated Statement of Profit and Loss over the periods necessary to match them with the related costs, which they are intended to compensate. Where the grant relates to an asset, it is recognised as deferred income and is allocated to the Consolidated Statement of Profit and Loss over the periods and in the proportions in which depreciation on those assets is charged.

#### (f) Taxes:

The tax expenses for the period comprises of current tax and deferred income tax. Tax is recognised in the Consolidated Statement of Profit and Loss, except to the extent that it relates to items recognised in the Other Comprehensive Income. In which case, the tax is also recognised in Other Comprehensive Income.

#### (i) Current tax:

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates and laws that are enacted at the balance sheet date.

**Notes to the Consolidated Financial Statements** as at and for the year ended 31<sup>st</sup> March, 2024

(All amounts are in ₹ Lakhs, unless otherwise stated)

**(ii) Deferred tax:**

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred Tax Assets are recognised to the extent it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax losses can be utilised. In assessing the recoverability of deferred tax assets, the Group relies on the same forecast assumptions used elsewhere in the financial statements and in other management reports.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The carrying amount of deferred tax liabilities and assets are reviewed at the end of each reporting period.

Deferred tax relating to items recognised outside the Consolidated Statement of Profit and Loss is recognised outside the Consolidated Statement of Profit and Loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

The Group offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity which intends either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

**(iii) Indirect taxes paid on acquisition of assets or on incurring expenses:**

Expenses and assets are recognised net of the amount of indirect taxes paid, except:

- When the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the tax paid is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable.

- When receivables and payables are stated with the amount of tax included.

The net amount of tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

**(g) Non-current assets held for sale :**

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and sale is considered highly probable. A sale is considered as highly probable when decision has been made to sell, assets are available for immediate sale in its present condition, assets are being actively marketed and sale has been agreed or is expected to be concluded within 12 months of the date of classification. Non-current assets held for sale are neither depreciated nor amortised. Assets and liabilities classified as held for sale are measured at the lower of their carrying amount and fair value less cost of disposal and are presented separately in the Consolidated Balance Sheet.

Additional disclosures are provided in Note 48 All other notes to the financial statements mainly include amounts for continuing operations, unless otherwise mentioned.

**(h) Property, plant and equipment and Capital work in progress:**

**(i) Recognition and measurement:**

An item of property, plant and equipment ('PPE') is recognised as an asset if it is probable that the future economic benefits associated with the item will flow to the Group and its cost can be measured reliably. These recognition principles are applied to the costs incurred initially to acquire an item of PPE, to the pre-operative and trial run costs incurred (net of sales), if any, and to the costs incurred subsequently to add to, or to replace any part of, or service it.

Property, plant and equipment are stated at cost, net of accumulated depreciation and accumulated impairment loss, if any. Cost comprises of the purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, if any, and directly attributable cost of bringing the item to its working condition for its intended use and estimated present value of costs of dismantling and removing the item and restoring the site on which it is located. Borrowing costs relating to acquisition of tangible assets which take substantial period of time to get ready for its intended use are also included to the extent they relate to the period till such

**Notes to the Consolidated Financial Statements** as at and for the year ended 31<sup>st</sup> March, 2024

(All amounts are in ₹ Lakhs, unless otherwise stated)

assets are ready to be put to use. Cost also includes cost of replacement of part of plant and equipment if the recognition criteria are met. If significant parts of plant and equipment have different useful lives, then they are accounted for as separate items (major components) of plant and equipment. The Group depreciates them separately based on their specific useful lives.

The cost of a self-constructed item of property, plant and equipment comprises the cost of materials and direct labour, any other costs directly attributable to bringing the item to working condition for its intended use, and estimated costs of dismantling and removing the item and restoring the site on which it is located. When a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in the Consolidated Statement of Profit and Loss as incurred.

Machinery spares which meet the definition of PPE are capitalised and depreciated over the useful life of the principal asset.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the Consolidated Statement of Profit and Loss when the asset is derecognised.

Cost of assets not ready for intended use, as at the reporting date, are classified as capital work-in progress. Capital work-in progress is stated at cost, net of accumulated impairment loss, if any.

**(ii) Depreciation:**

- (1) Depreciation on items of property, plant and equipment (except freehold land) is provided on the straight-line method on pro-rata basis, over the useful lives of assets as prescribed in Schedule – II of the Companies Act, 2013, except in respect of the following assets where, useful life of assets have been determined based on technical evaluation done by the management's expert:

Asset Class	(in years)	
	Useful Life Adopted	Useful Life as per Schedule – II
Plant and Machinery - Other than below	5.0 / 9.2 / 10.0	7.5* / 15
Plant and Machinery - SS Vessels / SS Equipments	15.0	7.5*
Plant and Machinery - Other than SS Components	7.7	7.5*
Vehicles	5.0 / 6.0	8.0*

\*The above-mentioned useful lives are on a three-shift basis, except for vehicles.

- (2) The Group, based on technical assessment made by technical expert and management estimate, depreciates certain items of building, plant and equipment over estimated useful lives which are different from the useful life prescribed in Schedule II to the Companies Act, 2013. The management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used.

- (3) The Group reviews the estimated residual values and expected useful lives of assets at least annually.

**(i) Intangible assets and Intangible assets under development:**

**(i) Recognition and measurement:**

Intangible assets are measured on initial recognition at cost and subsequently are carried at cost less accumulated amortisation and accumulated impairment loss, if any.

The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment loss.

Research costs are recognised as an expense in the Consolidated Statement of Profit and Loss in the period they are incurred.

Internally generated intangible assets arising from development activity are recognised at cost when the project is clearly defined and the costs are separately identified and reliably measured, on demonstration

**Notes to the Consolidated Financial Statements** as at and for the year ended 31<sup>st</sup> March, 2024

(All amounts are in ₹ Lakhs, unless otherwise stated)

of technical feasibility of the project, the intention and ability of the Group to complete, use or sell it is demonstrated, adequate resources are available to complete the project and only if it is probable that the asset would generate future economic benefits. Such costs are capitalised as 'Technical know-how'. Otherwise, it is recognised as an expense in the Consolidated Statement of Profit and Loss in the period they are incurred. Subsequent to initial recognition, the intangible assets are measured at cost less accumulated amortisation and any accumulated impairment losses.

An intangible asset is derecognised upon disposal (i.e. at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the Consolidated Statement of Profit and Loss when the asset is derecognised.

**(ii) Amortisation:**

- (1) The useful lives of intangible assets are assessed as either finite or indefinite.
- (2) Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the Consolidated Statement of Profit and Loss unless such expenditure forms part of carrying value of another asset.
- (3) Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

**(iii) Research and development costs**

Revenue expenditure pertaining to research is charged to the Consolidated Statement of Profit and Loss as and when incurred. Development costs are capitalised as an intangible asset if it can be demonstrated that the project is expected to generate future economic benefits, it is probable that those future economic benefits will flow to the entity and the costs of the asset can be measured reliably, else it is charged to the Consolidated Statement of Profit and Loss.

A summary of the amortisation / depletion policies applied to the Group's other intangible assets to the extent of depreciable amount is as follows:

Asset Class	Years
Registrations	10
Computer Software	3-10
Technical Know-How	3-9
Right to Use	5-10

**(iv) Capital work in progress ("CWIP") and Intangible assets under development:**

- (1) Projects under commissioning and other CWIP items are carried at cost, comprising direct costs, related incidental expenses and eligible borrowing costs, if any.
- (2) Intangible assets under development are carried at cost, comprising direct costs, directly attributable incidental expenses and eligible borrowing costs, if any.
- (3) Advances given to acquire property, plant and equipment are recorded as non-current assets and subsequently transferred to CWIP on acquisition of related assets.

**(j) Borrowing costs:**

Borrowing costs are interest and other costs (including exchange differences relating to foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs) incurred in connection with the borrowing of funds. Borrowing costs directly attributable to acquisition or construction of an asset which necessarily take a substantial period of time to get ready for their intended use are capitalised as part of the cost of that asset till the date the asset is ready for intended use. Capitalisation of borrowing costs is suspended and charged to the Consolidated Statement of Profit and Loss during extended period when active development activity on the qualifying asset is suspended. Other borrowing costs are recognised as an expense in the period in which they

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are incurred. All other borrowing costs are charged to the Consolidated Statement of Profit and Loss for the period for which they are incurred.

**(k) Leases:**

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

**Group as a lessee:**

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

**(i) Right-of-use assets:**

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

Type of Asset	Useful Life estimated by management (years)
Leasehold Land	60 to 95 years
Leasehold Building	4 to 9 years
Plant & Machinery (IT Equipments)	5 years

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. Refer to the accounting policies in section (m) Impairment of non-financial assets.

**Sale and leaseback**

When the Group (seller-lessee) sells an asset to another entity (buyer-lessor) and leases it back from the buyer-lessor, the Group determines if the transaction

qualifies as a sale under Ind AS 115 or whether the transaction is a collateralised borrowing.

A sale and leaseback qualifies as a sale if the buyer-lessor obtains control of the underlying asset. The Group measures a right-of-use asset arising from the leaseback as the proportion of the previous carrying amount of the asset that relates to the right-of-use retained. The gain / (loss) that the Group recognises is limited to the proportion of the total gain / (loss) that relates to the rights transferred to the buyer-lessor.

Any difference between the sale consideration and the fair value of the asset is either a prepayment of lease payments (if the purchase price is below market terms) or an additional financing (if the purchase price is above market terms), and this is applied if the lease payments are not at market rates.

If the transfer does not qualify as a sale under Ind AS 115, the Group does not derecognise the transferred asset, and it accounts for the cash received as a financial liability.

**(ii) Lease liabilities:**

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term,

## Notes to the Consolidated Financial Statements as at and for the year ended 31<sup>st</sup> March, 2024

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a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

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

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

### Group as a lessor:

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in other income in the Consolidated Statement of Profit and Loss. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Leases are classified as finance leases when substantially all of the risks and rewards of ownership transfer from the Group to the lessee. Amounts due from lessees under finance leases are recorded as receivables at the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the net investment outstanding in respect of the lease.

### (l) Inventories:

Inventories are valued at the lower of cost and net realisable value.

Costs incurred in bringing each product to its present location and condition are accounted for as follows:

- Raw materials, stores and spares and packing material: cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on weighted average basis.

- Finished goods and work in progress: cost includes cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity but excluding borrowing costs. Cost is determined on weighted average basis.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

### (m) Impairment of non-financial assets:

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year. To estimate cash flow projections beyond periods covered by the most recent budgets / forecasts, the Group extrapolates cash flow projections in the budget using a steady or declining growth rate for subsequent years, unless an increasing rate can be justified. In any case, this growth rate does not exceed the long-term average growth rate for the products, industries, or country or countries in which the entity operates, or for the market in which the asset is used.

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Impairment losses of continuing operations including impairment on inventories, are recognised in the Consolidated Statement of Profit and Loss.

For the assets, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed either its recoverable amount, or the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the Consolidated Statement of Profit and Loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

Intangible assets with indefinite useful lives are tested for impairment annually as at 31<sup>st</sup> March at the CGU level, as appropriate, and when circumstances indicate that the carrying value may be impaired.

### (n) Provisions, contingent liabilities and contingent assets:

#### (i) Provisions:

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of Consolidated Statement of Profit and Loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

#### (ii) Contingent liability

Contingent liability is:

- (a) possible obligation arising from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity or

- (b) a present obligation that arises from past events but is not recognized because;

- it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or
- the amount of the obligation cannot be measured with sufficient reliability.

The Group does not recognize a contingent liability but discloses the same as per the requirements of Ind AS 37.

### (iii) Contingent asset

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. The Group does not recognize the contingent asset in its Consolidated Financial Statements since this may result in the recognition of income that may never be realised. However, when the realisation of income is virtually certain, then the related asset is not a contingent asset and the Group recognise such assets.

Provisions, contingent liabilities and contingent assets are reviewed at each Balance Sheet date.

### (o) Post-employment and other employee benefits:

#### (i) Short-term employee benefits:

The distinction between short-term and long-term employee benefits is based on expected timing of settlement rather than the employee's entitlement benefits. All employee benefits payable within twelve months of rendering the service are classified as short-term benefits. Such benefits include salaries, wages, bonus, short-term compensated absences, awards, ex-gratia, performance pay etc. and are recognised in the period in which the employee renders the related service. A liability is recognised for the amount expected to be paid e.g., under short-term cash bonus, if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the amount of obligation can be estimated reliably.

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(All amounts are in ₹ Lakhs, unless otherwise stated)

### (ii) Post-employment benefits:

#### (1) Defined contribution plans:

The contributions to provident fund and superannuation schemes are recognised in the Consolidated Statement of Profit and Loss during the period in which the employee renders the related service. The Group has no further obligations under these schemes beyond its periodic contributions.

#### (2) Defined benefit plans:

The Group operates two defined benefit plans for its employees, viz. gratuity and pension. The present value of the obligation under such defined benefit plans is determined based on an independent actuarial valuation using the Projected Unit Credit Method as at the date of the Balance Sheet. The fair value of plan asset is reduced from the gross obligation under the defined benefit plans, to recognise the obligation on a net basis.

Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the Balance Sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognised in profit or loss on the earlier of:

- The date of the plan amendment or curtailment, and
- The date that the Group recognises related restructuring costs.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Group recognises the following changes in the net defined benefit obligation as an expense in the Consolidated Statement of Profit and Loss:

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and
- Net interest expense or income.

### (3) Compensated absences:

Accumulated leave, which is expected to be utilized within the next 12 months, is treated as short-term employee benefit. The Group measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date. The Group recognizes expected cost of short-term employee benefit as an expense, when an employee renders the related service.

The Group treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the reporting date. Actuarial gains / losses are immediately taken to the Consolidated Statement of Profit and Loss and are not deferred. The obligations are presented as current liabilities in the Balance Sheet if the entity does not have an unconditional right to defer the settlement for at least twelve months after the reporting date.

### (p) Share based payments:

Employees (including senior executives) of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments (equity-settled transactions).

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model. Further details are given in Note 51.

That cost is recognised, together with a corresponding increase in share-based payment (SBP) reserves in equity, over the period in which the performance and / or service conditions are fulfilled in employee benefits expense. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The expense or credit in the Consolidated Statement of Profit and Loss for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions

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being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and / or performance conditions.

No expense is recognised for awards that do not ultimately vest because non-market performance and / or service conditions have not been met. Where awards include a market or non-vesting condition, the transactions are treated as vested irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and / or service conditions are satisfied.

When the terms of an equity-settled award are modified, the minimum expense recognised is the grant date fair value of the unmodified award, provided the original vesting terms of the award are met. An additional expense, measured as at the date of modification, is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee. Where an award is cancelled by the entity or by the counterparty, any remaining element of the fair value of the award is expensed immediately through Consolidated Statement of Profit and Loss.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

### (q) Financial instruments:

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

#### (i) Financial assets:

##### (1) Initial recognition and measurement:

With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets, which are not at fair value through profit or loss, are adjusted to the fair value on initial recognition. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical

expedient are measured at the transaction price determined under Ind AS 115. Refer to the accounting policies in Note 2.3 (d) Revenue from contracts with customers.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

### (2) Subsequent measurement:

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through other comprehensive income (FVTOCI) with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through other comprehensive income with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss (FVTPL)

#### Financial assets at amortised cost (debt instruments):

A 'financial asset' is measured at the amortised cost if both the following conditions are met:

- (a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- (b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

This category is the most relevant to the Group. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the Consolidated Statement of Profit

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and Loss. The losses arising from impairment are recognised in the Consolidated Statement of Profit and Loss. This category generally applies to trade and other receivables.

### Financial assets at fair value through other comprehensive income (FVTOCI) (debt instruments):

A 'financial asset' is classified as at the FVTOCI if both of the following criteria are met:

- (a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and
- (b) The asset's contractual cash flows represent SPPI.

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. For debt instruments, at fair value through other comprehensive income, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the Consolidated Statement of Profit and Loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value changes recognised in OCI is reclassified from the equity to Consolidated Statement of Profit and Loss.

The Group's debt instruments at fair value through OCI includes investments in quoted debt instruments included under other non-current financial assets.

### Financial assets designated at fair value through other comprehensive income (equity instruments):

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through other comprehensive income when they meet the definition of equity under Ind AS 32 Financial Instruments - Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis. Equity instruments which are held for trading and contingent consideration recognised by an acquirer in a business combination to which Ind AS103 applies are classified as at FVTPL.

Gains and losses on these financial assets are never recycled to Consolidated Statement of Profit and Loss. Dividends are recognised as other income in the Consolidated Statement of Profit and Loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

### Financial assets at fair value through profit or loss (FVTPL):

Financial assets at fair value through profit or loss are carried in the balance sheet at fair value with net changes in fair value recognised in the Consolidated Statement of Profit and Loss.

This category includes derivative instruments and listed equity investments which the Group had not irrevocably elected to classify at fair value through other comprehensive income. Dividends on listed equity investments are recognised in the Consolidated Statement of Profit and Loss when the right of payment has been established.

### (3) Derecognition:

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised when:

- (a) The rights to receive cash flows from the asset have expired, or
- (b) The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

### (4) Impairment of financial assets:

In accordance with Ind AS 109, the Group uses 'Expected Credit Loss' (ECL) model, for evaluating impairment of financial assets other than those measured at Fair Value Through Profit and Loss (FVTPL). Expected Credit Losses are measured through a loss allowance at an amount equal to:

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- The 12-months expected credit losses (expected credit losses that result from those default events on the financial instrument that are possible within 12 months after the reporting date); or
- Full lifetime expected credit losses (expected credit losses that result from all possible default events over the life of the financial instrument).

For trade receivables, the Group applies 'simplified approach' which requires expected lifetime losses to be recognised from initial recognition of the receivables. The Group uses historical default rates to determine impairment loss on the portfolio of trade receivables. At every reporting date these historical default rates are reviewed and changes in the forward-looking estimates are analysed.

For other assets, the Group uses 12 month Expected Credit Loss to provide for impairment loss where there is no significant increase in credit risk. If there is significant increase in credit risk full lifetime Expected Credit Loss is used. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

### (ii) Financial liabilities:

#### (1) Initial recognition and measurement:

All financial liabilities are recognised at fair value and in case of borrowings, net of directly attributable cost. Fees of recurring nature are directly recognised in the Consolidated Statement of Profit and Loss as finance cost. The Group's financial liabilities include trade and other payables, loans and borrowings and derivative financial instruments.

#### (2) Subsequent measurement:

For purposes of subsequent measurement, financial liabilities are classified in two categories:

- Financial liabilities at fair value through profit or loss
- Financial liabilities at amortised cost (loans and borrowings)

### Financial liabilities at fair value through profit or loss (FVTPL):

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. The Group has not designated any financial liability as at fair value through profit or loss.

### Financial liabilities at amortised cost (loans and borrowings)

This is the category most relevant to the Group. Financial liabilities are carried at amortised cost using the effective interest rate (EIR) method. For trade and other payables maturing within one year from the balance sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments. The EIR amortisation is included as finance costs in the Consolidated Statement of Profit and Loss. For more information refer Note 53.

### Financial guarantee contracts:

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind AS 109 and the amount recognised less, when appropriate, the cumulative amount of income recognised in accordance with the principles of Ind AS 115.

### (3) Derecognition:

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the Consolidated Statement of Profit and Loss.



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### (iii) Offsetting of financial instruments:

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

### (r) Derivative financial instruments and hedge accounting:

#### Initial recognition and subsequent measurement

The Group uses various derivative financial instruments such as forwards, interest rate swaps and currency swaps to mitigate the risk of changes in interest rates and exchange rates. At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are also subsequently measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to the Consolidated Statement of Profit and Loss, except for the effective portion of cash flow hedge which is recognised in Other Comprehensive Income and later to the Consolidated Statement of Profit and Loss, when the hedged item affects profit or loss.

Hedges that meet the criteria for hedge accounting are accounted for as follows:

#### Fair value hedge:

The Group designates derivative contracts or non-derivative financial assets / liabilities as hedging instruments to mitigate the risk of change in fair value of hedged item due to movement in interest rates and exchange rates. Changes in the fair value of hedging instruments and hedged items that are designated and qualify as fair value hedges are recorded in the Consolidated Statement of Profit and Loss. If the hedging relationship no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item for which the effective interest method is used is amortised to the Consolidated Statement of Profit and Loss over the period of maturity.

#### Cash flow hedge:

The Group designates derivative contracts or non-derivative financial assets / liabilities as hedging instruments to mitigate the risk of movement in interest rates and foreign

exchange rates for exchange exposure on highly probable future cash flows attributable to a recognised asset or liability or forecast cash transactions. When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognised in the cash flow hedging reserve being part of Other Comprehensive Income. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in the Consolidated Statement of Profit and Loss. Refer to Note 47 for more details.

If the hedging relationship no longer meets the criteria for hedge accounting, then hedge accounting is discontinued prospectively. If the hedging instrument expires or is sold / terminated or exercised, the cumulative gain or loss on the hedging instrument recognised in cash flow hedging reserve till the period the hedge was effective remains in cash flow hedging reserve until the underlying transaction occurs. The cumulative gain or loss previously recognised in the cash flow hedging reserve is transferred to the Consolidated Statement of Profit and Loss upon the occurrence of the underlying transaction. If the forecasted transaction is no longer expected to occur, then the amount accumulated in cash flow hedging reserve is reclassified in the Consolidated Statement of Profit and Loss.

### (s) Cash and cash equivalents, and Bank balances :

Cash and cash equivalent comprises of cash at banks (which are unrestricted for withdrawal and usage), and cash on hand. Bank balances other than cash and cash equivalents as explained above comprises of earmarked balances of unclaimed dividends, and short-term deposits with original maturity of three months or less. These items are subject to an insignificant risk of changes in value. In the Statement of Cash Flows, cash and cash equivalents consist of cash and short-term deposits, as defined above which are considered as integral part of the Group's cash management.

### (t) Dividends:

The Group recognises a liability to pay dividend to equity holders of the Group when the distribution is authorised, and the distribution is no longer at the discretion of the Group. As per the corporate laws in India, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

### (u) Earnings per share:

Basic earnings per share is computed by dividing the net profit for the period attributable to the equity shareholders of the Group by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the

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period is adjusted for events such as bonus issue, bonus element in a rights issue, share split, and reverse share split (consolidation of shares) that have changed the number of equity shares outstanding, without a corresponding change in resources.

For the purpose of calculating diluted earnings per share, the net profit for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

### (v) Segment reporting:

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The Board of Directors of the Company has identified the Managing Director as the chief operating decision maker of the Company.

### (w) Rounding-off of amounts:

All amounts disclosed in the financial statements and notes have been rounded off to nearest lakhs, with one decimal, as per the requirement of Schedule III, unless otherwise stated.

### (x) Climate-related matters:

The Group considers climate-related matters in estimates and assumptions, where appropriate. This assessment includes a wide range of possible impacts on the Group due to both physical and transition risks. Even though the Group believes its business model and products will still be viable after the transition to a low-carbon economy, climate-related matters increase the uncertainty in estimates and assumptions underpinning several items in the financial statements. Even though climate-related risks might not currently have a significant impact on measurement, the Group is closely monitoring relevant changes and developments, such as new climate-related legislation. The items and considerations that are most directly impacted by climate-related matters are:

- (i) Useful life of property, plant and equipment: When reviewing the residual values and expected useful lives of assets, the Group considers climate-related matters, such as climate-related legislation and regulations that may restrict the use of assets or require significant capital expenditures.
- (ii) Impairment of non-financial assets: The Group assesses whether climate risks, including physical risks and transition risks could have a significant impact. If so, these risks are included in the cash-flow forecasts in assessing value-in-use amounts.

### (y) New and amended standards:

The Ministry of Corporate Affairs has notified Companies (Indian Accounting Standards) Amendment Rules, 2023 dated 31<sup>st</sup> March 2023 to amend the following Ind AS which are effective for annual periods beginning on or after 1<sup>st</sup> April 2023. The Group applied for the first-time these amendments.

#### (i) Definition of accounting estimates - Amendments to Ind AS 8

The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. It has also been clarified how entities use measurement techniques and inputs to develop accounting estimates.

The amendments had no impact on the Group's Consolidated Financial Statements.

#### (ii) Disclosure of accounting policies - Amendments to Ind AS 1

The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments have had an impact on the Group's disclosures of accounting policies, but not on the measurement, recognition or presentation of any items in the Group's Financial Statements.

#### (iii) Deferred Tax related to assets and liabilities arising from a single transaction - Amendments to Ind AS 12

The amendments narrow the scope of the initial recognition exception under Ind AS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences such as leases.

The Group previously recognised for deferred tax on leases on a net basis. As a result of these amendments, the Group has recognised a separate deferred tax asset in relation to its lease liabilities and a deferred tax liability in relation to its right-of-use assets. Since, these balances qualify for offset as per the requirements of paragraph 74 of Ind AS 12, there is no impact in the Balance Sheet. There was also no impact on the opening retained earnings as at 1<sup>st</sup> April 2022.

## Notes to the Consolidated Financial Statements as at and for the year ended 31<sup>st</sup> March, 2024

(All amounts are in ₹ Lakhs, unless otherwise stated)

Apart from these, consequential amendments and editorials have been made to other Ind AS like Ind AS 101, Ind AS 102, Ind AS 103, Ind AS 107, Ind AS 109, Ind AS 115 and Ind AS 34.

### Standards notified but not yet effective

There are no standards that are notified and not yet effective as on the date.

### (z) Significant accounting judgements, estimates and assumptions:

The preparation of the Group's Consolidated Financial Statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods

Other disclosures relating to the Group's exposure to risks and uncertainties includes:

- Financial risk management objectives and policies Note 47(A).
- Sensitivity analyses disclosures Notes 39, 47(A) and 53.
- Capital management Note 47(B).

### Use of significant judgements

In the process of applying the Group's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the Consolidated Financial Statements:

#### (i) Determining the lease term of contracts with renewal and termination options – Group as a lessee:

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has several lease contracts that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses

the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customisation to the leased asset).

Refer Note 5 for information on potential future rental payments relating to periods following the exercise date of extension and termination options that are not included in the lease term.

### Estimates and assumptions:

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

#### (i) Estimating the incremental borrowing rate to measure lease liabilities

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available. The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the credit rating).

#### (ii) Useful life and residual value of property, plant and equipment and intangible assets:

Property, plant and equipment represent a significant proportion of the asset base of the Group. The charge in respect of periodic depreciation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. The useful lives and residual values of Group's property, plant and equipment and intangible assets are determined by management at the time the asset

## Notes to the Consolidated Financial Statements as at and for the year ended 31<sup>st</sup> March, 2024

(All amounts are in ₹ Lakhs, unless otherwise stated)

is acquired and reviewed at the end of each reporting period. The lives are based on historical experience with similar assets as well as anticipation of future events, which may impact their life, such as changes in technology. Consequently, the future depreciation charge could be revised and may have an impact on profit for future years. The policy for the same has been explained in notes 2.3 (h) and 2.3 (i).

### (iii) Recognition of deferred tax assets

Deferred tax is recorded on temporary differences between the tax bases of assets and liabilities and their carrying amounts, except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction, at the rates that have been enacted or substantively enacted at the reporting date. The ultimate realisation of deferred tax assets is dependent upon the generation of future taxable profits during the periods in which those temporary differences and tax loss carry forwards become deductible. The Group considers the expected reversal of deferred tax liabilities and projected future taxable income in making this assessment. The amount of the deferred tax assets considered realisable, however, could be reduced in the near term if estimates of future taxable income during the carry-forward period are reduced. The policy for the same has been explained under Note 2.3 (f).

### (iv) Defined benefit obligation:

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

The parameter most subject to change is the discount rate. In determining the appropriate discount rate for plans operated in India, the management considers the interest rates of government bonds where remaining maturity of such bond correspond to expected term of defined benefit obligation.

The mortality rate is based on publicly available mortality tables for India. Those mortality tables tend

to change only at interval in response to demographic changes. Future salary increases, discount rate and return on planned assets are based on expected future inflation rates for India. Further details about defined benefit plans are given in Note 2.3 (o).

### (v) Impairment of non-financial assets:

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or Cash Generating Unit's (CGU's) fair value less costs of disposal and its value in use. It is determined for an individual asset, unless the asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset. In determining the fair value less costs to disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples or other available fair value indicators. The policy for the same has been explained under Note 2.3 (m).

### (vi) Impairment of financial assets:

The impairment provisions for financial assets are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. Further, the Group also evaluates risk with respect to expected loss on account of loss in time value of money which is calculated using average cost of capital for relevant financial assets.

The Group reviews its carrying value of investments carried at cost annually, or more frequently when there is indication for impairment. If the recoverable amount is less than its carrying amount, the impairment loss is recorded in the Consolidated Statement of Profit and Loss. When an impairment loss subsequently reverses, the carrying amount of the Investment is increased to the revised estimate of its recoverable amount, so that the increased carrying amount does not exceed the

**Notes to the Consolidated Financial Statements** as at and for the year ended 31<sup>st</sup> March, 2024

(All amounts are in ₹ Lakhs, unless otherwise stated)

cost of the Investment. A reversal of an impairment loss is recognised immediately in Consolidated Statement of Profit or Loss. The policy for the same has been explained in Note 2.3 (q) Financial Instruments.

**(vii) Provision for inventory obsolescence:**

The Group identifies slow and non-moving stock of all inventories on an ongoing basis. These materials are then classified based on their expected quality parameters to determine the possibility of utilisation / liquidation of these materials. Based on this study, a provision for slow and non-moving inventory is created.

**(viii) Share based payment:**

Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. For the measurement of the fair value of equity-settled transactions with employees at the grant date, the Group uses the Black-Scholes model. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 49.

**(ix) Litigation:**

The Group has various ongoing litigations, the outcome of which may have a material effect on the financial position, results of operations or cashflows. The Group's legal team regularly analyses current information about these matters and assesses the requirement for provision for probable losses including estimates of legal expense to resolve such matters. In making the decision regarding the need for loss provision, the management considers the degree of probability of an unfavourable outcome and the ability to make sufficiently reliable estimate of the amount of loss. The filing of a lawsuit or formal assertion of a claim against the Group or the disclosure of any such suit or assertions, does not automatically indicate that a provision of a loss may be appropriate.

Considering the facts on hand and the current stage of certain ongoing litigations the Group foresees a remote risk of any material claim arising from claims against the Group. The Management has exercised significant judgement in assessing the impact, if any, on the disclosures in respect of litigations in relation to the Group.

**(x) Determination of timing of satisfaction of performance obligation:**

For revenue recognised at a point in time, the Group has applied judgement in determining the point in time when the control of the goods are transferred based on the criteria mentioned in the standard read along with the contract with customers, applicable laws and considering the industry practices. The goods manufactured by the Group are on the basis of the open purchase order as on date and the order expected to be received. Further, the goods are dispatched as per the terms mentioned in the purchase order.

For revenue recognised over a period of time, at each reporting date, the Group is required to estimate costs to complete on fixed-price contracts. Estimating costs to complete on such contracts requires the Group to make estimates of future costs to be incurred, based on work to be performed beyond the reporting date. This estimate will impact revenues, cost of sales, work-in-progress, billings in excess of costs, estimated earnings, and accrued contract expenses.

**(xi) Fair value measurement of financial instruments:**

When the fair values of financial assets and financial liabilities recorded in the Balance Sheet cannot be measured based on quoted prices in active markets, their fair value is measured using different valuation techniques including the DCF model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements and estimates include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments. Refer note 53 and 54 for further disclosures.

**Notes to the Consolidated Financial Statements** as at and for the year ended 31<sup>st</sup> March, 2024  
(All amounts are in ₹ Lakhs, unless otherwise stated)**3 PROPERTY, PLANT AND EQUIPMENT AND CAPITAL-WORK-IN-PROGRESS****A. Reconciliation of carrying amount**

Particulars	Freehold Land (refer note C)	Buildings (refer note C)	Leasehold Improvements	Plant and Machinery	Vehicles	Furniture and Fixtures	Office Equipments	Buildings	Plant and Machinery	Furniture and Fixtures	Office Equipments	Total	Capital Work-in-Progress
<b>Gross amount as at 1<sup>st</sup> April, 2022</b>	1,463.1	14,185.6	-	96,221.3	868.0	944.3	166.8	1,253.3	2,609.7	911.5	38.0	1,18,661.6	27,322.6
Additions	1,794.2	1,997.8	44.0	35,994.0	50.1	64.9	195.2	32.7	611.9	7.0	3.5	40,795.3	15,115.2
Disposals	-	2.4	-	357.1	54.9	-	6.9	-	0.9	-	-	422.2	-
Transfers to property plant and equipment	-	-	-	-	-	-	-	-	-	-	-	-	38,011.0
Other adjustment:	-	-	-	-	-	-	-	-	-	-	-	-	-
Borrowing costs capitalised (refer note F)	-	14.6	-	902.6	-	-	2.8	0.2	9.5	-	-	929.7	-
Assets transferred to assets held for sale (refer note G)	2,327.9	311.2	-	-	-	456.9	63.1	-	-	-	-	3,159.1	-
<b>Gross amount as at 31<sup>st</sup> March, 2023</b>	929.4	15,884.4	44.0	1,32,760.8	863.2	552.3	294.8	1,286.2	3,230.2	918.5	41.5	1,56,805.3	4,426.8
<b>Accumulated depreciation as at 1<sup>st</sup> April, 2022</b>	-	1,609.5	-	35,376.1	518.7	259.7	52.6	107.2	1,168.8	382.3	36.0	39,511.0	-
Depreciation for the year	-	459.8	0.9	9,496.0	111.4	87.4	40.1	22.7	254.3	86.5	0.1	10,559.2	-
Disposals	-	0.9	-	222.9	52.6	-	6.3	-	-	-	-	282.7	-
Assets transferred to assets held for sale (refer note G)	-	22.9	-	-	-	240.6	50.1	-	-	-	-	313.6	-
<b>Accumulated depreciation as at 31<sup>st</sup> March, 2023</b>	-	2,045.5	0.9	44,649.2	577.5	106.5	36.3	129.9	1,423.1	468.8	36.1	49,473.8	-
Assets transferred to assets held for sale - Net amount sale - Net amount (refer note G)	2,327.9	288.3	-	-	-	216.3	13.0	-	-	-	-	2,845.5	-
<b>Net amount as at 31<sup>st</sup> March, 2023</b>	929.4	13,838.9	43.1	88,111.6	285.8	445.8	258.5	1,156.3	1,807.1	449.7	5.4	1,07,331.5	4,426.8

## Notes to the Consolidated Financial Statements

as at and for the year ended 31<sup>st</sup> March, 2024

(All amounts are in ₹ Lakhs, unless otherwise stated)

Particulars	Other than Research and Development							Research and Development				Total	Capital Work-in-Progress
	Freehold Land (refer note C)	Buildings (refer note C)	Leasehold Improvements	Plant and Machinery	Vehicles	Furniture and Fixtures	Office Equipments	Buildings	Plant and Machinery	Furniture and Fixtures	Office Equipments		
Gross amount as at 1 <sup>st</sup> April, 2023	929.4	15,884.4	44.0	1,32,760.8	863.2	552.3	294.8	1,286.2	3,230.2	918.5	41.5	1,56,805.3	4,426.8
Additions	37.3	606.6	-	6,992.0	264.3	1,242.3	100.4	161.1	239.8	37.1	-	9,680.9	5,354.2
Disposals	-	0.6	-	167.0	159.5	4.6	30.5	-	0.5	-	-	362.7	-
Less: Transfers to right of use	127.7	-	-	-	-	-	-	-	-	-	-	127.7	-
Transfers to property plant and equipment													8,326.7
Gross amount as at 31 <sup>st</sup> March, 2024	839.0	16,490.4	44.0	1,39,585.8	968.0	1,790.0	364.7	1,447.3	3,469.5	955.6	41.5	1,65,995.8	1,454.3
Accumulated depreciation as at 1 <sup>st</sup> April, 2023	-	2,045.5	0.9	44,649.2	577.5	106.5	36.3	129.9	1,423.1	468.8	36.1	49,473.8	-
Depreciation for the year	-	472.6	5.6	11,685.9	114.7	116.1	71.5	24.9	283.3	88.8	0.7	12,864.1	-
Disposals	-	0.9	-	141.9	141.1	4.3	28.7	-	-	-	-	316.9	-
Accumulated depreciation as at 31 <sup>st</sup> March, 2024	-	2,517.2	6.5	56,193.2	551.1	218.3	79.1	154.8	1,706.4	557.6	36.8	62,021.0	-
Net amount as at 31 <sup>st</sup> March, 2024	839.0	13,973.2	37.5	83,392.6	416.9	1,571.7	285.6	1,292.5	1,763.1	398.0	4.7	1,03,974.8	1,454.3

B. The Group has pledged certain property, plant and equipment against borrowings, the details of which have been given in the note 17.

C. The title deeds of all the immovable properties are held in the name of the Holding company & its subsidiaries.

D. The Group has not revalued its property, plant and equipment during financial year ended 31<sup>st</sup> March, 2024 and 31<sup>st</sup> March, 2023.

E. Assets include assets lying with third parties amounting to ₹15.3 lakhs (31<sup>st</sup> March 2023: ₹25.6 lakhs)

F. Borrowing cost capitalised : The Group capitalises these borrowing costs in the capital work-in-progress (CWIP) first. The amount of borrowing costs capitalised as other adjustments in the above note reflects the amount of borrowing cost transferred from Capital work-in-progress (CWIP) balances. The borrowing costs capitalised during the year end 31<sup>st</sup> March, 2024 was ₹ Nil Lakhs (31<sup>st</sup> March, 2023: ₹519.8 Lakhs).

G. As at 31<sup>st</sup> March, 2023, the Group has classified certain assets as assets held for sale. Depreciation for the year is inclusive of depreciation on assets held for sale. Refer note 48.

H. During the year, the Group has reclassified freehold land amounting to ₹127.7 lakhs to right-of-use assets (leasehold land) pursuant to a sale and lease back agreement with Maharashtra Industrial Development Corporation.

## Notes to the Consolidated Financial Statements

as at and for the year ended 31<sup>st</sup> March, 2024

(All amounts are in ₹ Lakhs, unless otherwise stated)

## I. Following is the ageing schedule for Capital-work-in progress ("CWIP").

As at 31<sup>st</sup> March, 2024

Particulars	Amount in CWIP for a period of				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Projects in progress	1,452.8	1.5	-	-	1,454.3
Projects temporarily suspended	-	-	-	-	-
	1,452.8	1.5	-	-	1,454.3

As at 31<sup>st</sup> March, 2023

Particulars	Amount in CWIP for a period of				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Projects in progress	3,378.9	1,026.3	21.6	-	4,426.8
Projects temporarily suspended	-	-	-	-	-
	3,378.9	1,026.3	21.6	-	4,426.8

There are no projects whose completion is overdue or have exceeded their cost compared to original plan.

## 4 INTANGIBLE ASSETS AND INTANGIBLE ASSETS UNDER DEVELOPMENT

## A. Reconciliation of carrying amount

Particulars	Computer Software	Technical Knowhow (Acquired)	Technical Knowhow (Internally Generated)	Registrations (Acquired)	Other Intangible Assets	Total	Goodwill on acquisition of Business (refer note (D))	Intangible Assets under development "IAUD"
Gross amount as at 1 <sup>st</sup> April, 2022	2,069.0	275.2	1,067.3	976.4	467.0	4,854.9	684.4	1,144.1
Additions	147.0	-	1,127.9	60.9	0.3	1,336.1	-	-
Disposals / Transfer	80.5	-	-	32.0	-	112.5	-	1,122.1
Gross amount as at 31 <sup>st</sup> March, 2023	2,135.5	275.2	2,195.2	1,005.3	467.3	6,078.5	684.4	22.0
Accumulated amortisation as at 1 <sup>st</sup> April, 2022	883.6	205.7	388.9	420.9	79.6	1,978.7	-	-
Amortisation for the year	286.3	-	256.1	105.3	112.7	760.4	-	-
Disposals	61.8	-	-	3.8	-	65.6	-	-
Accumulated amortisation as at 31 <sup>st</sup> March, 2023	1,108.1	205.7	645.0	522.4	192.3	2,673.5	-	-
Net amount as at 31 <sup>st</sup> March, 2023	1,027.4	69.5	1,550.2	482.9	275.0	3,405.0	684.4	22.0
Gross amount as at 1 <sup>st</sup> April, 2023	2,135.5	275.2	2,195.2	1,005.3	467.3	6,078.5	684.4	22.0
Additions	44.9	-	18.4	247.6	-	310.9	-	-
Disposals / Transfer	23.3	-	-	-	-	23.3	-	18.3
Gross amount as at 31 <sup>st</sup> March, 2024	2,157.1	275.2	2,213.6	1,252.9	467.3	6,366.1	684.4	3.7
Accumulated amortisation as at 1 <sup>st</sup> April, 2023	1,108.1	205.7	645.0	522.4	192.3	2,673.5	-	-

**Notes to the Consolidated Financial Statements** as at and for the year ended 31<sup>st</sup> March, 2024

(All amounts are in ₹ Lakhs, unless otherwise stated)

Particulars	Computer Software	Technical Knowhow (Acquired)	Technical Knowhow (Internally Generated)	Registrations (Acquired)	Other Intangible Assets	Total	Goodwill on acquisition of Business (refer note (D))	Intangible Assets under development "IAUD"
Amortisation for the year	295.1	-	394.2	92.1	63.3	844.7	-	-
Disposals	18.6	-	-	-	-	18.6	-	-
<b>Accumulated amortisation as at 31<sup>st</sup> March, 2024</b>	<b>1,384.6</b>	<b>205.7</b>	<b>1,039.2</b>	<b>614.5</b>	<b>255.6</b>	<b>3,499.6</b>	-	-
<b>Net amount as at 31<sup>st</sup> March, 2024</b>	<b>772.5</b>	<b>69.5</b>	<b>1,174.4</b>	<b>638.4</b>	<b>211.7</b>	<b>2,866.5</b>	<b>684.4</b>	<b>3.7</b>

B. The Group has not revalued its intangible assets during the financial year ended 31<sup>st</sup> March, 2024 and 31<sup>st</sup> March, 2023.

C. Following is the aging schedule for the Intangible Assets under Development ("IAUD") as at 31<sup>st</sup> March, 2024 and 31<sup>st</sup> March, 2023.

Particulars	As at 31 <sup>st</sup> March, 2024				
	Amount in IAUD for a period of				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Projects in progress	-	3.7	-	-	3.7
Projects temporarily suspended	-	-	-	-	-
	-	3.7	-	-	3.7

Particulars	As at 31 <sup>st</sup> March, 2023				
	Amount in IAUD for a period of				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Projects in progress	-	22.0	-	-	22.0
Projects temporarily suspended	-	-	-	-	-
	-	22.0	-	-	22.0

D. Goodwill on acquisition of business -

Goodwill of ₹684.4 lakhs (Previous year: ₹684.4 lakhs) relates to the CGU - Engineering Equipments Business (refer note 50). The estimated value in use of the CGU is based on future cash flows assuming an annual terminal growth rate of 5% for the period subsequent to the forecast period of 5 years and a discount rate of 20% which considers the operating and macroeconomic environment in which the entity operates. An analysis of the sensitivity of the change in key parameters (operating margin, discount rates and long term average growth rate) based on reasonably probable assumptions, did not result in any probable scenario in which the recoverable amount of the CGU would decrease below the carrying amount.

**5 RIGHT-OF-USE ASSETS AND LEASE LIABILITIES****Group as a lessee**

The Group has lease contracts for various items of building, land and plant & machinery (IT equipment) used in its operations. Leases of building generally have lease terms between 4 and 10 years and certain plant & machinery (IT equipment) have lease term of 5 years. Leasehold land pertains to upfront payments made to Maharashtra Industrial Development Corporation and hence have longer lease terms upto 99 years with no corresponding leasehold liabilities. The Group's obligations under its leases are secured by the lessor's title to the leased assets. There are several lease contracts that include extension and termination options and variable lease payments. The Group also has certain leases of machinery with lease terms of 12 months or less and leases of office equipment with low value. The Group applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for such leases.

**Notes to the Consolidated Financial Statements** as at and for the year ended 31<sup>st</sup> March, 2024

(All amounts are in ₹ Lakhs, unless otherwise stated)

**A. Reconciliation of carrying amount**

Right-of-use assets	Leasehold Land	Plant & Machinery (IT Equipment)	Buildings	Total
<b>As at 1<sup>st</sup> April, 2022</b>	<b>136.3</b>	<b>-</b>	<b>443.2</b>	<b>579.5</b>
Additions	-	187.0	658.0	845.0
Disposals	-	-	-	-
<b>As at 31<sup>st</sup> March, 2023</b>	<b>136.3</b>	<b>187.0</b>	<b>1,101.2</b>	<b>1,424.5</b>
<b>Accumulated depreciation as at 1<sup>st</sup> April, 2022</b>	<b>11.0</b>	<b>-</b>	<b>116.3</b>	<b>127.3</b>
Depreciation for the year	1.8	6.1	95.2	103.1
Disposals	-	-	-	-
<b>Accumulated depreciation as at 31<sup>st</sup> March, 2023</b>	<b>12.8</b>	<b>6.1</b>	<b>211.5</b>	<b>230.4</b>
<b>Net carrying amount as at 31<sup>st</sup> March, 2023</b>	<b>123.5</b>	<b>180.9</b>	<b>889.7</b>	<b>1,194.1</b>
<b>As at 1<sup>st</sup> April, 2023</b>	<b>136.3</b>	<b>187.0</b>	<b>1,101.2</b>	<b>1,424.5</b>
Additions *	127.7	-	2,358.5	2,486.2
Disposals	-	-	643.1	643.1
<b>As at 31<sup>st</sup> March, 2024</b>	<b>264.0</b>	<b>187.0</b>	<b>2,816.6</b>	<b>3,267.6</b>
<b>Accumulated depreciation as at 1<sup>st</sup> April, 2023</b>	<b>12.8</b>	<b>6.1</b>	<b>211.5</b>	<b>230.4</b>
Depreciation for the year	2.8	37.5	367.6	407.9
Disposals	-	-	-	-
<b>Accumulated depreciation as at 31<sup>st</sup> March, 2024</b>	<b>15.6</b>	<b>43.6</b>	<b>579.1</b>	<b>638.3</b>
<b>Net carrying amount as at 31<sup>st</sup> March, 2024</b>	<b>248.4</b>	<b>143.4</b>	<b>2,237.5</b>	<b>2,629.3</b>

\* Additions in buildings include additions on account of reassessment of lease term performed by management basis significant leasehold improvements capitalised during the year with useful life estimated by management to be aligned with original lease terms i.e. 9 years.

**B. Lease Liabilities**

Particulars	
<b>As at 1<sup>st</sup> April 2022</b>	<b>384.4</b>
Add: Addition during the year	818.5
Add: Interest accrued on lease liability	53.5
Less: Cash outflows for leases	(100.7)
<b>As at 31<sup>st</sup> March 2023</b>	<b>1,155.7</b>
<b>As at 1<sup>st</sup> April 2023</b>	<b>1,155.7</b>
Add: Addition during the year *	2,358.5
Add: Interest accrued on lease liability	189.5
Less: Disposal	(637.8)
Less: Cash outflows for leases	(452.4)
<b>As at 31<sup>st</sup> March 2024</b>	<b>2,613.5</b>

**Bifurcation of liabilities**

Particulars	As at 31 <sup>st</sup> March, 2024	As at 31 <sup>st</sup> March, 2023
Current	345.6	300.1
Non-current	2,267.9	855.6
	<b>2,613.5</b>	<b>1,155.7</b>

## Notes to the Consolidated Financial Statements as at and for the year ended 31<sup>st</sup> March, 2024

(All amounts are in ₹ Lakhs, unless otherwise stated)

### C. Amount recognised in the Statement of Profit and Loss

Particulars	Year Ended 31 <sup>st</sup> March, 2024	Year Ended 31 <sup>st</sup> March, 2023
Interest expenses on lease liabilities	189.5	53.5
Expenses relating to short term lease	3,171.9	1,221.5
Depreciation on ROU assets	407.9	103.1
	<b>3,769.3</b>	<b>1,378.1</b>

### D. Amounts recognised in the Statement of Cash Flows

Particulars	Year Ended 31 <sup>st</sup> March, 2024	Year Ended 31 <sup>st</sup> March, 2023
Total cash outflow for leases	452.4	100.7
	<b>452.4</b>	<b>100.7</b>

### E. The table below provides details regarding the contractual maturities of lease liabilities on an undiscounted basis:

Particulars	As at 31 <sup>st</sup> March, 2024	As at 31 <sup>st</sup> March, 2023
Less than 1 year	551.5	342.6
1 to 5 years	2,305.3	1,008.3
More than 5 years	615.5	100.8

## 6 INVESTMENTS

Particulars	As at 31 <sup>st</sup> March, 2024	As at 31 <sup>st</sup> March, 2023
<b>Unquoted, fully paid equity instruments</b>		
<b>I. Investment designated at cost</b>		
Sudarshan CSR Foundation (Section 8 Company)		
10,000 (Previous Year : 10,000) equity shares of ₹10 each	1.0	1.0
Pigment Manufacturers Association of India		
1,000 (Previous Year : 1,000) equity shares of ₹10 each	0.1	0.1
<b>II. Investment designated as fair value through profit and loss account (FVTPL)</b>		
AVADA Satara MH Private Limited		
66,92,000 (Previous Year : 66,92,000) equity shares of ₹10 each	243.0	204.2
	<b>244.1</b>	<b>205.3</b>

## 7 OTHER FINANCIAL ASSETS

Particulars	As at 31 <sup>st</sup> March, 2024	As at 31 <sup>st</sup> March, 2023
<b>(a) Non-current (unsecured, considered good):</b>		
Security deposit *	824.7	773.5
Tender deposit	8.5	17.4
	<b>833.2</b>	<b>790.9</b>
<b>(b) Current (unsecured, considered good):</b>		
Government grant receivable	221.6	212.8
Other receivables (includes interest accrued on deposits)	531.5	565.8
	<b>753.1</b>	<b>778.6</b>

\* Includes deposits with Maharashtra State Electricity Distribution Company Limited and Maharashtra Industrial Development Corporation.

## Notes to the Consolidated Financial Statements as at and for the year ended 31<sup>st</sup> March, 2024

(All amounts are in ₹ Lakhs, unless otherwise stated)

## 8 OTHER ASSETS

Particulars	As at 31 <sup>st</sup> March, 2024	As at 31 <sup>st</sup> March, 2023
<b>(a) Non-current:</b>		
Capital advances (unsecured)		
Considered good	171.9	80.7
Considered doubtful	90.0	90.0
Less : Provision for doubtful advances	(90.0)	(90.0)
	171.9	80.7
Balances with government authorities	125.2	125.2
Prepaid expenses	481.3	465.1
	<b>606.5</b>	<b>590.3</b>
	<b>778.4</b>	<b>671.0</b>
<b>(b) Current:</b>		
Prepaid expenses	1,004.8	927.4
Balances with government authorities	2,645.4	2,822.4
Advances to suppliers	1,123.8	2,568.2
Contract assets (refer note 24)	5,191.4	4,192.5
Others	23.6	50.4
	<b>9,989.0</b>	<b>10,560.9</b>

No advances are due from directors or other officers of the Group, firms in which a director is a partner or private companies in which a director is a director or a member either severally or jointly with any other person except as disclosed in note 46.

## 9 INVENTORIES

Particulars	As at 31 <sup>st</sup> March, 2024	As at 31 <sup>st</sup> March, 2023
Raw materials (includes items with third parties and items lying in transit)	10,684.1	14,578.8
Work-in-progress	7,933.9	8,213.6
Finished goods (includes items with third parties and items lying in transit)	21,592.1	22,878.9
Stores and spares (includes items with third parties)	3,449.8	3,535.4
Packing materials	100.1	201.2
	<b>43,760.0</b>	<b>49,407.9</b>

During the year, an amount of ₹266.1 lakhs (Previous Year : ₹211.3 lakhs) was (reversed) / charged off to the Statement of Profit and Loss on account of provision for difference in stock values and net realisable values of inventories.

Value of raw material in transit is ₹2,501.7 lakhs as at 31<sup>st</sup> March, 2024 (₹2,984.2 lakhs as at 31<sup>st</sup> March, 2023)

Value of finished goods in transit is ₹1,718.7 lakhs as at 31<sup>st</sup> March, 2024 (₹1,273.0 lakhs as at 31<sup>st</sup> March, 2023)

For details of inventory pledged as security refer note 17 (c).

## Notes to the Consolidated Financial Statements as at and for the year ended 31<sup>st</sup> March, 2024

(All amounts are in ₹ Lakhs, unless otherwise stated)

### 10 TRADE RECEIVABLES

Particulars	As at 31 <sup>st</sup> March, 2024	As at 31 <sup>st</sup> March, 2023
<b>Current:</b>		
(Unsecured, considered good)		
Considered good (including related party receivables)	58,592.7	49,149.7
Significant increase in credit risk	365.0	265.4
Credit impaired	940.6	708.8
	<b>59,898.3</b>	<b>50,123.9</b>
<b>Less:</b>		
Impairment allowance (allowance for bad and doubtful debts including expected credit loss)		
Credit impaired	940.6	974.2
Unsecured (Considered good)	425.8	535.1
	<b>1,366.4</b>	<b>1,509.3</b>
	<b>58,531.9</b>	<b>48,614.6</b>

Refer note 17 (c) for details of pledges and securities and refer note 47 for details of credit risk related to trade receivables.

No trade receivable are due from directors or other officers of the Group either severally or jointly with any other person. Trade receivables are non-interest bearing and are generally on terms of 0 to 180 days. For terms and conditions relating to related party receivables, refer note 46.

For details of debts due from firms or private companies in which any director is a partner, a director or a member, refer note 46.

Following is the ageing schedule for trade receivable

Particulars	As at 31 <sup>st</sup> March, 2024						
	Outstanding for following periods from due date of payment						
	Not Due	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	Total
Undisputed - Considered good	45,968.2	10,439.0	815.9	1,090.3	154.4	124.9	58,592.7
Undisputed - which have significant increase in credit risk	10.5	10.7	2.4	154.6	88.7	98.1	365.0
Undisputed - Credit impaired	-	-	-	-	-	100.4	100.4
Disputed - Considered good	-	-	-	-	-	-	-
Disputed - which have significant increase in credit risk	-	-	-	-	-	-	-
Disputed - credit impaired	-	-	5.7	68.9	49.7	715.9	840.2
	<b>45,978.7</b>	<b>10,449.7</b>	<b>824.0</b>	<b>1,313.8</b>	<b>292.8</b>	<b>1,039.3</b>	<b>59,898.3</b>

Note :- Above figures do not include provision for expected credit loss amounting to ₹1,366.4 lakhs.

## Notes to the Consolidated Financial Statements as at and for the year ended 31<sup>st</sup> March, 2024

(All amounts are in ₹ Lakhs, unless otherwise stated)

Particulars	As at 31 <sup>st</sup> March, 2023						
	Outstanding for following periods from due date of payment						
	Not Due	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	Total
Undisputed - Considered good	37,885.7	10,031.2	525.0	-	120.1	52.6	48,614.6
Undisputed - which have significant increase in credit risk	13.3	148.3	21.6	321.9	30.0	-	535.1
Undisputed - Credit impaired	-	-	23.5	233.1	96.1	75.3	428.0
Disputed - Considered good	-	-	-	-	-	-	-
Disputed - which have significant increase in credit risk	-	-	-	-	-	-	-
Disputed - credit impaired	-	-	-	-	35.0	511.2	546.2
	<b>37,899.0</b>	<b>10,179.5</b>	<b>570.1</b>	<b>555.0</b>	<b>281.2</b>	<b>639.1</b>	<b>50,123.9</b>

Note :- Above figures do not include provision for expected credit loss amounting to ₹1,509.3 lakhs.

During the previous year, the Holding Company had entered into a factoring agreement. Based on the terms agreed with the counterparty, it was considered to be a non-recourse arrangement and accordingly corresponding trade receivable balance amounting to ₹2,619.9 lakhs as on 31<sup>st</sup> March, 2023 had been derecognised as per the terms of the agreement.

### 11 CASH AND CASH EQUIVALENTS

Particulars	As at 31 <sup>st</sup> March, 2024	As at 31 <sup>st</sup> March, 2023
Balance with banks		
In current accounts	4,714.0	2,030.2
Cash on hand	9.7	9.0
	<b>4,723.7</b>	<b>2,039.2</b>

### 12 BANK BALANCES OTHER THAN ABOVE

Particulars	As at 31 <sup>st</sup> March, 2024	As at 31 <sup>st</sup> March, 2023
Earmarked balances on unclaimed dividends	595.8	394.2
Margin money deposits	271.0	507.9
	<b>866.8</b>	<b>902.1</b>

### 13 DERIVATIVE INSTRUMENTS

Particulars	As at 31 <sup>st</sup> March, 2024	As at 31 <sup>st</sup> March, 2023
<b>(a) Non-current:</b>		
<b>Cash flow hedges (FVTOCI)</b>		
Interest rate / currency swap contracts	127.6	353.0
	<b>127.6</b>	<b>353.0</b>
<b>(b) Current:</b>		
<b>Derivatives not designated as hedges (FVTPL)</b>		
Foreign currency forward contracts	34.0	124.7
<b>Cash flow hedges (FVTOCI)</b>		
Interest rate / currency swap contracts	669.5	1,213.5
	<b>703.5</b>	<b>1,338.2</b>

Note: Refer note 51 for hedging activities and note 47 for foreign currency risk management.

## Notes to the Consolidated Financial Statements as at and for the year ended 31<sup>st</sup> March, 2024

(All amounts are in ₹ Lakhs, unless otherwise stated)

### 14 EQUITY SHARE CAPITAL

Particulars	As at 31 <sup>st</sup> March, 2024	As at 31 <sup>st</sup> March, 2023
<b>AUTHORISED :</b>		
75,000,000 (Previous Year : 75,000,000) equity shares of ₹2 each.	1,500.0	1,500.0
<b>ISSUED :</b>		
69,227,750 (Previous Year : 69,227,750) equity shares of ₹2 each. *	1,384.5	1,384.5
<b>SUBSCRIBED AND FULLY PAID-UP :</b>		
69,227,250 (Previous Year : 69,227,250) equity shares of ₹2 each fully paid up. *	1,384.5	1,384.5

\* Allotment of 500 Rights Equity Shares of ₹2 each is kept in abeyance, matter being sub-judice.

#### (a) Reconciliation of share capital

Particulars	As at 31 <sup>st</sup> March, 2024		As at 31 <sup>st</sup> March, 2023	
	Quantity in nos.	Value ₹ Lakhs	Quantity in nos.	Value ₹ Lakhs
At the beginning of the year	6,92,27,250	1,384.5	6,92,27,250	1,384.5
Add : Issued during the year	-	-	-	-
Outstanding at the end of the year	6,92,27,250	1,384.5	6,92,27,250	1,384.5

#### (b) Terms / Rights attached to equity shares

The Holding Company has only one class of equity shares having a par value of ₹2.0 per share (Previous Year : ₹2.0 per share). Each holder of equity shares is entitled to one vote per share. The Holding Company declares and pays dividend in Indian Rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of Interim Dividend, which is ratified subsequently.

In the event of liquidation of the Holding Company, the holders of equity shares will be entitled to receive remaining assets of the Holding Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

The Board of Directors at its meeting held on 17<sup>th</sup> May, 2024, recommended Final Dividend of ₹1.0/- (Rupee One only) (i.e. 50%) per Equity Share of face value of ₹2.0/- each fully paid up, for the Financial Year ended 31<sup>st</sup> March, 2024, subject to approval of the members at ensuing Annual General Meeting. This is in addition to the Interim Dividend of ₹3.6/- (Rupees Three and Sixty Paise only) (i.e. 180%) per Equity Share of face value of ₹2.0/- each fully paid up, paid during the Financial Year 2023-24, taking total Dividend for the Financial Year 2023-24 at ₹4.6/- (Rupees Four and Sixty Paise only).

In the previous year, the Board of Directors had recommended a final dividend of ₹1.5/- per share on face value of ₹2.0/- per share (i.e. 75%) for the FY 2022-23, which was approved by the shareholders at the 72<sup>nd</sup> Annual General Meeting of the Company.

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

Particulars	As at 31 <sup>st</sup> March, 2024		As at 31 <sup>st</sup> March, 2023	
	No.	% of total shares in class	No.	% of total shares in class
Mr. Akash Bhanshali	56,05,577	8.10	56,05,577	8.10
Mr. A. N. Rath	54,47,620	7.87	54,47,620	7.87
Mr. P. R. Rath	41,86,240	6.05	41,86,240	6.05
Mr. R. B. Rath	40,50,359	5.85	40,50,359	5.85

#### (d) For a period of five years immediately preceding 31<sup>st</sup> March, 2024

- aggregate number of shares allotted as fully paid up pursuant to contract without payment being received in cash - Nil
- aggregate number and class of shares allotted as fully paid up by way of bonus shares - Nil
- aggregate number of shares bought back - Nil

## Notes to the Consolidated Financial Statements as at and for the year ended 31<sup>st</sup> March, 2024

(All amounts are in ₹ Lakhs, unless otherwise stated)

### (e) Shareholding of Promoters as at 31<sup>st</sup> March, 2024

Promoter / Promoter Group	No of shares as at 31 <sup>st</sup> March, 2024	% of total shares	No of shares as at 31 <sup>st</sup> March, 2023	% of total shares	% change during the year
Mr. A. N. Rath	54,47,620	7.87	54,47,620	7.87	-
Mr. R. P. Rath	30,23,859	4.37	30,23,859	4.37	-
Mr. P. R. Rath	41,86,240	6.05	41,86,240	6.05	-
Mr. R. B. Rath	40,50,359	5.85	40,50,359	5.85	-
Mr. A. B. Rath	6,73,660	0.97	20,73,660	3.00	(2.03)
Mrs. S. P. Rath	13,13,680	1.90	13,13,680	1.90	-
Mr. R. B. Rath and Mr. A. B. Rath (As Trustees - SOW Rachna Rath Family Trust)	12,08,250	1.75	12,08,250	1.75	-
Ajay Balkrishna Rath (HUF)	11,75,325	1.70	11,75,325	1.70	-
Mr. M. A. Rath	8,27,900	1.20	8,27,900	1.20	-
Mr. N. J. Rath	4,37,650	0.63	4,37,650	0.63	-
Mrs. N. A. Rath	-	-	4,00,404	0.58	(0.58)
Balkrishna Rath Finance Private Limited	4,62,550	0.67	4,62,550	0.67	-
Rajesh Balkrishna Rath (HUF)	1,77,425	0.26	1,77,425	0.26	-
Mrs. R. R. Rath	14,120	0.02	14,120	0.02	-
	2,29,98,638	33.24	2,47,99,042	35.85	

### Shareholding of Promoters as at 31<sup>st</sup> March, 2023

Promoter / Promoter Group	No of shares as at 31 <sup>st</sup> March, 2023	% of total shares	No of shares as at 31 <sup>st</sup> March, 2022	% of total shares	% change during the year
Mr. A. N. Rath	54,47,620	7.87	54,47,620	7.87	-
Mr. R. P. Rath	30,23,859	4.37	30,23,859	4.37	-
Mr. P. R. Rath	41,86,240	6.05	41,86,240	6.05	-
Mr. R. B. Rath	40,50,359	5.85	40,50,359	5.85	-
Mr. A. B. Rath	20,73,660	3.00	20,73,660	3.00	-
Mrs. S. P. Rath	13,13,680	1.90	13,13,680	1.90	-
Mr. R. B. Rath and Mr. A. B. Rath (As Trustees - SOW Rachna Rath Family Trust)	12,08,250	1.75	12,08,250	1.75	-
Ajay Balkrishna Rath (HUF)	11,75,325	1.70	11,75,325	1.70	-
Mr. M. A. Rath	8,27,900	1.20	8,27,900	1.20	-
Mr. N. J. Rath	4,37,650	0.63	4,37,650	0.63	-
Mrs. N. A. Rath	4,00,404	0.58	4,00,404	0.58	-
Balkrishna Rath Finance Private Limited	4,62,550	0.67	4,62,550	0.67	-
Rajesh Balkrishna Rath (HUF)	1,77,425	0.26	1,77,425	0.26	-
Mrs. R. R. Rath	14,120	0.02	14,120	0.02	-
	2,47,99,042	35.85	2,47,99,042	35.85	

#### (f) Other disclosure

The Company being ultimate holding company, there are no shares held by any other holding, ultimate holding company and their subsidiaries.

There are no shares reserved for issue under options and contracts / commitments for the sale of shares / disinvestment, including the terms and amounts; except as disclosed in note 49.

There are no securities convertible into equity / preference shares issued along with the earliest date of conversion in descending order starting from the farthest such date.

## Notes to the Consolidated Financial Statements as at and for the year ended 31<sup>st</sup> March, 2024

(All amounts are in ₹ Lakhs, unless otherwise stated)

### 15 OTHER EQUITY

Particulars	As at 31 <sup>st</sup> March, 2024	As at 31 <sup>st</sup> March, 2023
<b>(a) Capital reserve</b>		
Balance at the beginning of the year	0.4	0.4
Balance at the end of the year	0.4	0.4
<b>(b) Capital redemption reserve</b>		
Balance at the beginning of the year	410.0	410.0
Transferred to retained earnings*	(400.0)	-
Balance at the end of the year	10.0	410.0
<b>(c) Securities premium</b>		
Balance at the beginning of the year	1,321.2	1,321.2
Balance at the end of the year	1,321.2	1,321.2
<b>(d) General reserve</b>		
Balance at the beginning of the year	21,340.5	21,340.5
Balance at the end of the year	21,340.5	21,340.5
<b>(e) Foreign currency translation reserve</b>		
Balance at the beginning of the year	939.0	336.8
Other comprehensive income not recognised directly in retained earning	10.4	602.2
Balance at the end of the year	949.4	939.0
<b>(f) Effective portion of cash flow hedge</b>		
Balance at the beginning of the year	(2,409.7)	(173.9)
Arising / adjusted during the year	(129.2)	(2,235.8)
Balance at the end of the year	(2,538.9)	(2,409.7)
<b>(g) Share options outstanding reserve</b>		
Balance at the beginning of the year	337.1	228.7
Additions during the year	126.1	108.4
Balance at the end of the year	463.2	337.1
<b>(h) Retained earnings</b>		
Balance at the beginning of the year	59,499.4	58,470.7
Add: Profit after tax for the year	35,744.7	4,476.9
Other comprehensive income recognised directly in retained earnings	(140.1)	13.2
Others	400.0	-
Less : Appropriations		
Final equity dividend (refer note 14 (b))	1,038.4	-
Interim equity dividend	2,492.2	3,461.4
Balance at the end of the year	91,973.4	59,499.4
	1,13,519.2	81,437.9

#### Description of nature and purpose of each reserve

##### (a) Capital reserve

Capital reserve includes surplus on re-issue of shares made in the financial year 1996-97 amounting to ₹0.4 Lakhs.

##### (b) Capital redemption reserve

Capital redemption reserve is created pursuant to redemption of Preference Share Capital (₹400.0 Lakhs) in the Financial Year 2013-14 and buy-back of Equity Shares (₹10.0 Lakhs) in the Financial Year 2006-07.

\*During the current year, Capital redemption reserve amounting to ₹400.0 Lakhs has been reclassified to Retained earnings as per regulatory requirements.

## Notes to the Consolidated Financial Statements as at and for the year ended 31<sup>st</sup> March, 2024

(All amounts are in ₹ Lakhs, unless otherwise stated)

### (c) Securities premium

Securities premium is used to record the premium on issue of shares. The reserve can be utilised only for limited purposes such as issuance of bonus shares in accordance with the provisions of the Companies Act, 2013.

### (d) General reserve

Under the erstwhile Companies Act 1956, general reserve was created through an annual transfer of net income at a specified percentage in accordance with applicable regulations. The purpose of these transfers was to ensure that if a dividend distribution in a given year is more than 10% of the paid-up capital of the Company for that year, then the total dividend distribution is less than the total distributable results for that year. Consequent to introduction of Companies Act 2013, the requirement to mandatorily transfer a specified percentage of the net profit to general reserve has been withdrawn. However, the amount previously transferred to the general reserve can be utilised only in accordance with the specific requirements of Companies Act, 2013.

### (e) Foreign currency translation reserve

For the preparation of the Consolidated Financial Statements, assets and liabilities of foreign operations are translated to Indian Rupees at exchange rates prevailing at the reporting period end; income and expense items are translated at the average exchange rates prevailing during the period. Differences arising on such translation are accumulated in foreign currency translation reserve.

### (f) Effective portion of cash flow hedge

The cash flow hedging reserve represents the cumulative effective portion of gains or losses arising on changes in fair value of designated portion of hedging instruments entered into for cash flow hedges. Such gains or losses will be reclassified to Statement of Profit and Loss in the period in which the underlying hedged transaction occurs (refer note 47 and 51).

### (g) Share options outstanding reserve

The share options-based payment reserve is used to recognise the grant date fair value of options issued to employees under employee stock option plan (refer note 49).

### (h) Retained earnings

Retained earnings are the profits / (losses) that the Group has earned till date, less any transfers to general reserve, dividends or other distributions paid to shareholders. Retained earnings include re-measurement loss / (gain) on defined benefit plans, net of taxes that will not be reclassified to Statement of Profit and Loss.

### 16 DISTRIBUTION MADE AND PROPOSED TO BE MADE

Particulars	Year ended 31 <sup>st</sup> March, 2024	Year ended 31 <sup>st</sup> March, 2023
<b>Dividends on equity shares declared and paid :</b>		
Interim dividend for the year ended 31 <sup>st</sup> March, 2024 : ₹3.6 per share	2,492.2	-
Final dividend for the year ended 31 <sup>st</sup> March, 2023 : ₹1.5 per share	1,038.4	-
Final dividend for the year ended 31 <sup>st</sup> March, 2022 : ₹5 per share	-	3,461.4
<b>Proposed dividend on equity shares : Final dividend</b>		
Final dividend for the year ended 31 <sup>st</sup> March, 2024 : ₹1 per share	692.3	-
Final dividend for the year ended 31 <sup>st</sup> March, 2023 : ₹1.5 per share	-	1,038.4

Proposed dividends on equity shares are subject to approval at the Annual General Meeting of the Holding Company and are not recognised as a liability as at year end. Dividend for the year ended 31<sup>st</sup> March, 2023 was subsequently approved by the shareholders at the 72<sup>nd</sup> Annual General Meeting of the Holding Company.

The Group has complied with the provisions of Section 123 of the Companies Act, 2013 related to dividend declared and dividend paid.

Notes to the Consolidated Financial Statements as at and for the year ended 31<sup>st</sup> March, 2024  
(All amounts are in ₹ Lakhs, unless otherwise stated)

17 BORROWINGS

Particulars	As at 31 <sup>st</sup> March, 2024	As at 31 <sup>st</sup> March, 2023
<b>(a) Non-current borrowings</b>		
<b>Secured</b>		
<b>Term loans from banks</b>		
Foreign currency loans (refer note 17 (c) (a) (i))	9,438.3	34,833.5
<b>Unsecured</b>		
<b>Debentures</b>		
8.45% unsecured rated listed taxable redeemable Non-convertible Debentures (NCDs) (refer note 17 (c) (b) (i))	9,893.2	9,888.0
<b>Term loans from banks</b>		
Rupee loans (refer note 17 (c) (a) (iii))	-	199.1
	19,331.5	44,920.6
<b>(b) Current borrowings</b>		
<b>Secured</b>		
<b>From banks :</b>		
Rupee loans (refer note 17 (c) (a) (iii))	1,610.7	8,438.3
Foreign currency loans (refer note 17 (c) (a) (iii))	3,747.0	4,036.5
<b>Current maturities of non-current borrowings</b>		
Rupee loans (refer note 17 (c) (a) (ii))	199.1	2,599.6
Foreign currency loans (refer note 17 (c) (a) (i))	15,941.4	14,980.4
<b>Unsecured</b>		
<b>From banks :</b>		
Rupee loans (refer note 17 (c) (b) (iii))	2,672.0	6,185.1
<b>Debentures</b>		
8.45% unsecured rated listed taxable redeemable Non-convertible Debentures (NCDs) (refer note 17 (c) (b) (i))	591.3	589.0
	24,761.5	36,828.9

In the previous year, the Holding Company was unable to fulfil the debt obligations associated with its non-current borrowings. The management had obtained condonation letters for the same from all lenders involved in the form of waiver, provision of ‘cure-period’ for fulfilling such obligations, deferral of applicability of financial covenants and modification in financial covenants. The Holding Company had disclosed this borrowings as per repayment schedule.

Non-current borrowings are disclosed net of unamortized finance cost of ₹138.8 Lakhs (Previous Year: ₹229.0 Lakhs)

The above balance also includes interest accrued but not due amounting to ₹723.0 lakhs as at 31<sup>st</sup> March, 2024 and ₹796.0 lakhs as at 31<sup>st</sup> March, 2023.

OTHER REGULATORY INFORMATION

The Group files monthly / quarterly statement for its current assets with banks. Further, pursuant to subsequent adjustment if any post closures of yearly books and statutory audit, the Group files the revised return with the updated amounts at the year end.

The charges or satisfaction on the assets of the Group are registered with Registrar of Companies within the statutory period. The Group does not have any charges or satisfaction which are yet to be registered with Registrar of Companies (ROC) beyond statutory period.

The Group has used the borrowings obtained from banks and financial institutions for the specific purpose for which they were taken during the year ended 31<sup>st</sup> March, 2024 and 31<sup>st</sup> March, 2023.

The Group has not been declared as a wilful defaulter by any bank or financial institution or government or any government authority.

Notes to the Consolidated Financial Statements as at and for the year ended 31<sup>st</sup> March, 2024  
(All amounts are in ₹ Lakhs, unless otherwise stated)

17 (c) BORROWINGS - SECURITY DETAILS AND REPAYMENT SCHEDULE

Security	Instalment start date	Last Instalment Payable on	Terms of Repayment	Effective Interest Rate p.a.	As at 31 <sup>st</sup> March, 2024	As at 31 <sup>st</sup> March, 2023
					Current	Non- Current
<b>a) SECURED</b>						
<b>i) Foreign currency term loans / ECBs from banks</b>						
Secured by a first pari passu charge on all the movable property, plant and equipment both present and future situated at Roha, Mahad. Dist. Raigad and Ambadvet (Sutarwadi), Amralewadi, Dist. Pune and further secured by way of mortgage by first pari passu charge on the immovable properties of the Holding Company situated at Roha, Mahad. Dist. Raigad and Ambadvet (Sutarwadi), Amralewadi, Dist. Pune The bankers are: State Bank of India (Loan drawn USD 22 Mn)  State Bank of India (Loan drawn USD 40 Mn)  Axis Bank Limited (Loan drawn USD 13.23 Mn)  The Hong Kong and Shanghai Banking Corporation Limited GIFT City (Loan drawn USD 12.23 Mn) (Prepaid during the current year)	27-Sep-21  27-May-21 30-Sep-23  03-Aug-21	27-Sep-25 31-Aug-25 31-Dec-26  03-Aug-23	17 equal quarterly instalments 18 equal quarterly instalments 14 equal quarterly instalments  03 annual instalments	3 month SOFR + 1.40% + 0.26% 3 month SOFR + 1.50% + 0.26% 6 month SOFR + 1.25% + 0.4286% 3 month SOFR + 1.30% 9.80%	2,119.3 1,835.5 5,483.5  -	6,314.2 9,983.6 8,494.1 10,041.6 -
<b>ii) Term loan in Rupees</b>						
Secured by a first pari passu charge on all the movable property, plant and equipment both present and future situated at Roha, Mahad. Dist. Raigad and Ambadvet (Sutarwadi), Amralewadi, Dist. Pune and further secured by way of mortgage by first pari passu charge on the immovable properties of the Group situated at Roha, Mahad. Dist. Raigad, Alandi, taluka Khed and Ambadvet (Sutarwadi), Amralewadi, Dist. Pune The bankers are - ICICI Bank - (Loan drawn ₹300 lakhs) (Drawn by Sudarshan Chemical Industries Limited) - ICICI Bank (Loan drawn ₹60 lakhs) (Drawn by RIECO Industries Limited)	11-May-22	20-Oct-24	17 equal monthly instalments	Repo rate + 2.5%	-	199.1

Notes to the Consolidated Financial Statements as at and for the year ended 31<sup>st</sup> March, 2024

(All amounts are in ₹ Lakhs, unless otherwise stated)

Security	Instalment start date	Last Instalment Payable on	Terms of Repayment	Effective Interest Rate p.a.	As at 31 <sup>st</sup> March, 2024		As at 31 <sup>st</sup> March, 2023	
					Current	Non-Current	Current	Non-Current
iii) Working capital loans repayable on demand from banks / Loan repayable within 12 months Working Capital Borrowings of the Holding Company from State Bank of India and ICICI Bank Limited are secured by first pari passu charge by hypothecation of stock-in-trade, book debts and receivables. These are further secured by second charge on the immovable properties of the Holding Company situated at Roha, Mahad, Dist. Raigad and Ambadvet, Amrlewadi, Dist. Pune by registered mortgage. Working Capital Borrowings of Sudarshan Europe B.V., Wholly Owned Subsidiary, from The Hongkong and Shanghai Banking Corporation Limited is secured by way of Corporate Guarantee issued by the Holding Company. Working Capital Borrowings of RIECO Industries Limited, Wholly Owned Subsidiary from Bank of Maharashtra and ICICI Bank Limited are secured by way of assets of RIECO Industries Limited.	1-3 months		30 to 90 days	4.7% to 8.45%	5,357.7	-	12,474.8	-
	18-Jul-25	18-Jul-25	Bullet payment after 3 years	8.45%	591.3	9,893.2	589.0	9,888.0
	1-3 months		30 to 90 days	9% to 10%	2,672.0	-	6,185.1	-
					24,761.5	19,331.5	36,828.9	44,920.6
b) UNSECURED i) Non convertible debentures 8.45% p.a unsecured rated listed taxable redeemable Non-convertible Debentures (NCDs). ii) Working capital loans repayable on demand from banks / Loan repayable within 12 months The Bankers are - HDFC Bank Limited - Others					-	19,331.5	-	44,920.6
		Note 17			8,621.0	-	19,248.9	-
		Note 17			16,140.5	-	17,580.0	-
		Note 17			24,761.5	19,331.5	36,828.9	44,920.6
The bifurcation of total borrowings is as follows:								
Non-current borrowings								
Current borrowings								
Current maturities of non-current borrowings								

Notes to the Consolidated Financial Statements as at and for the year ended 31<sup>st</sup> March, 2024  
(All amounts are in ₹ Lakhs, unless otherwise stated)

18 TRADE PAYABLES

Particulars	As at 31 <sup>st</sup> March, 2024	As at 31 <sup>st</sup> March, 2023
Dues to micro enterprises and small enterprises; (refer note 40)	6,121.6	6,453.7
Dues to creditors other than micro enterprises and small enterprises	45,083.0	44,419.2
	51,204.6	50,872.9

Following is the ageing schedule for trade payables

Particulars	As at 31 <sup>st</sup> March, 2024						
	Outstanding for following periods from due date of payment						
	Unbilled*	Not Due	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Total outstanding dues of micro enterprises and small enterprises (Undisputed)	-	6,029.9	91.7	-	-	-	6,121.6
Total outstanding dues of creditors other than micro enterprises and small enterprises (Undisputed)	4,779.6	32,454.9	7,403.1	319.3	25.4	100.7	45,083.0
Total outstanding dues of micro enterprises and small enterprises (Disputed)	-	-	-	-	-	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises (Disputed)	-	-	-	-	-	-	-
Total	4,779.6	38,484.8	7,494.8	319.3	25.4	100.7	51,204.6

Particulars	As at 31 <sup>st</sup> March, 2023						
	Outstanding for following periods from due date of payment						
	Unbilled*	Not Due	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Total outstanding dues of micro enterprises and small enterprises (Undisputed)	2,135.8	3,382.6	934.4	0.6	-	0.3	6,453.7
Total outstanding dues of creditors other than micro enterprises and small enterprises (Undisputed)	6,764.3	24,188.7	13,132.3	333.9	-	-	44,419.2
Total outstanding dues of micro enterprises and small enterprises (Disputed)	-	-	-	-	-	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises (Disputed)	-	-	-	-	-	-	-
Total	8,900.1	27,571.3	14,066.7	334.5	-	0.3	50,872.9

\* Unbilled represents accrual for expenses.

Terms and conditions of the above financial liabilities:

- Trade payables are non-interest bearing and are generally settled on 60 to 90 days terms.
- For terms and conditions with related parties, refer note 46.

For the Group's credit risk management processes, refer note 47.

## Notes to the Consolidated Financial Statements as at and for the year ended 31<sup>st</sup> March, 2024

(All amounts are in ₹ Lakhs, unless otherwise stated)

### 19 OTHER FINANCIAL LIABILITIES

Particulars	As at 31 <sup>st</sup> March, 2024	As at 31 <sup>st</sup> March, 2023
<b>(a) Non-current:</b>		
Security deposits	161.3	156.3
	<b>161.3</b>	<b>156.3</b>
<b>(b) Current:</b>		
Unclaimed dividend (as and when due)***	595.6	394.1
Unpaid matured deposits including interest thereon (refer note 41)	13.2	20.4
Payable for capital goods *	354.7	1,001.5
Employee dues	2,832.8	2,390.1
Commission payable to directors	98.0	10.0
Other liabilities **	368.1	378.3
	<b>4,262.4</b>	<b>4,194.4</b>

\* Includes amount payable to MSME parties amounting to ₹1.6 lakhs as at 31<sup>st</sup> March, 2024 (Previous year: ₹91.6 lakhs)

\*\* Includes amount payable towards miscellaneous customer deposits.

\*\*\* Unpaid dividend does not include amount due and outstanding, to be credited to the Investor Education and Protection Fund

### 20 DERIVATIVE INSTRUMENTS

Particulars	As at 31 <sup>st</sup> March, 2024	As at 31 <sup>st</sup> March, 2023
<b>(a) Non-current:</b>		
<b>Cash flow hedges (FVTOCI)</b>		
Interest rate / currency swap contracts	-	379.8
	<b>-</b>	<b>379.8</b>
<b>(b) Current:</b>		
<b>Derivatives not designated as hedges (FVTPL)</b>		
Foreign currency forward contracts	82.0	58.3
	<b>82.0</b>	<b>58.3</b>

Note: Refer note 51 for hedging activities and note 47 for foreign currency risk management.

### 21 PROVISIONS

Particulars	As at 31 <sup>st</sup> March, 2024	As at 31 <sup>st</sup> March, 2023
<b>(a) Non-current:</b>		
<b>Provision for employee benefits (refer note 39)</b>		
Provision for pension	1,175.5	1,002.6
Provision for gratuity	1,084.7	1,009.3
Provision for compensated absences	914.8	810.8
	<b>3,175.0</b>	<b>2,822.7</b>
<b>(b) Current:</b>		
<b>Provision for employee benefits (refer note 39)</b>		
Provision for pension	176.3	168.4
Provision for compensated absences	173.2	102.1
	<b>349.5</b>	<b>270.5</b>

## Notes to the Consolidated Financial Statements as at and for the year ended 31<sup>st</sup> March, 2024

(All amounts are in ₹ Lakhs, unless otherwise stated)

### 22 OTHER LIABILITIES

Particulars	As at 31 <sup>st</sup> March, 2024	As at 31 <sup>st</sup> March, 2023
<b>(a) Non-current:</b>		
Deferred government grant *	302.8	746.9
	<b>302.8</b>	<b>746.9</b>
<b>(b) Current:</b>		
Statutory dues#	785.9	583.0
Deferred government grant *	177.8	247.6
Deferred revenue	-	306.4
Contract liabilities (advances from customers)	3,978.7	5,450.8
Other liabilities	34.6	13.0
	<b>4,977.0</b>	<b>6,600.8</b>

\* The Group has availed import duty exemption under Export Promotion Capital Goods ("EPCG") scheme, EPCG scheme is a scheme which allows an exporter to import of capital goods including spares for pre-production, production and post-production at zero Customs duty, for exports. As per the scheme, the Group has undertaken export obligation amounting to 6 times of the amount saved on duty on the capital goods.

# Includes payable with respect to Goods & Services Tax, Grampanchayat Tax, Withholding Taxes, Provident Fund etc.

### 23 INCOME AND DEFERRED TAXES

The major components of income tax expense for the years ended 31<sup>st</sup> March, 2024 and 31<sup>st</sup> March, 2023 are :

#### Statement of Profit and Loss :

Profit and loss section	Year ended 31 <sup>st</sup> March, 2024	Year ended 31 <sup>st</sup> March, 2023
<b>Current income tax :</b>		
Tax on Exceptional item	6,811.6	-
Current income tax charge	2,644.6	588.1
<b>Adjustment in respect of current income tax of previous year</b>	-	(83.6)
<b>Deferred tax :</b>		
Relating to origination and reversal of temporary differences	1,852.1	992.5
<b>Income tax expense reported in the Statement of Profit and Loss</b>	<b>11,308.3</b>	<b>1,497.0</b>

OCI section	Year ended 31 <sup>st</sup> March, 2024	Year ended 31 <sup>st</sup> March, 2023
<b>Deferred tax related to items recognised in OCI:</b>		
Tax (charge)/ reversals on net movement on effective portion of cash flow hedges	(149.2)	(51.4)
Tax (charge)/ reversals on re-measurement of defined benefit plans	47.1	(4.5)
<b>Income tax charged to OCI</b>	<b>(102.1)</b>	<b>(55.9)</b>

Reconciliation of tax expense and the accounting profit multiplied by applicable tax rate for year ended 31 <sup>st</sup> March, 2024 and 31 <sup>st</sup> March, 2023	Year ended 31 <sup>st</sup> March 2024	Year ended 31 <sup>st</sup> March 2023
Accounting profit before exceptional items and tax from operations	15,542.9	5,973.9
Applicable income tax rate of 25.168% (31 <sup>st</sup> March, 2023: 25.168%)	3,912.1	1,503.6
Deferred tax recognised on undistributed reserves of subsidiary	361.0	423.6
Deferred tax not recognised on loss making entities (refer note E below)	(142.8)	27.5
Tax implication due to lower rates	28.1	(36.0)
Tax adjustment for earlier years - Deferred Tax - Others	158.4	-
Other disallowances (CSR, donations, etc.)	179.9	(338.2)
Adjustment in respect of reversal of income tax expense of earlier years	-	(83.6)
<b>Income tax expense reported in the Statement of Profit and Loss excluding exceptional items</b>	<b>4,496.7</b>	<b>1,497.0</b>

## Notes to the Consolidated Financial Statements as at and for the year ended 31<sup>st</sup> March, 2024

(All amounts are in ₹ Lakhs, unless otherwise stated)

### Major components of deferred tax as at 31<sup>st</sup> March, 2024 and 31<sup>st</sup> March, 2023:

Deferred tax liability (net)	Balance Sheet	
	As at 31 <sup>st</sup> March, 2024	As at 31 <sup>st</sup> March, 2023
<b>Deferred tax relates to the following:</b>		
<b>Deferred tax liability :</b>		
Accelerated depreciation for tax purposes	7,617.8	6,621.6
Undistributed reserves of subsidiary	1,597.1	1,236.1
Other deductible temporary differences	1,104.2	755.6
<b>Deferred tax assets :</b>		
Allowance for expected credit loss	(347.5)	(352.5)
Carried forwarded tax loss	(170.3)	(805.0)
Unrealised profit on stock	(417.3)	(461.4)
Expenditure allowed on actual payment	(1,194.1)	(758.6)
<b>Net deferred tax liabilities</b>	<b>8,189.9</b>	<b>6,235.8</b>

### Closing balances of deferred tax assets and liabilities as on 31<sup>st</sup> March, 2024 and 31<sup>st</sup> March, 2023

Particulars	Balance Sheet	
	As at 31 <sup>st</sup> March, 2024	As at 31 <sup>st</sup> March, 2023
Deferred tax assets	(921.7)	(928.7)
Deferred tax liabilities	9,111.6	7,164.5
	<b>8,189.9</b>	<b>6,235.8</b>

### Major components of deferred tax expenses for the year ended 31<sup>st</sup> March, 2024 and 31<sup>st</sup> March, 2023:

Deferred tax expense/ (income)	Statement of Profit and Loss	
	Year ended 31 <sup>st</sup> March 2024	Year ended 31 <sup>st</sup> March 2023
<b>Deferred tax relates to the following:</b>		
Accelerated depreciation for tax purposes	996.2	1,105.5
Undistributed reserves of subsidiary	361.0	423.6
Other deductible temporary differences	348.6	619.1
Allowance for expected credit loss	5.0	(18.4)
Carried forwarded tax loss	634.7	(453.1)
Unrealised profit on stock	44.2	(269.3)
Expenditure allowed on actual payment	(435.5)	(359.0)
<b>Deferred tax expense</b>	<b>1,954.2</b>	<b>1,048.4</b>

Reconciliation of deferred tax liabilities (net)		
	Year ended 31 <sup>st</sup> March 2024	Year ended 31 <sup>st</sup> March 2023
Opening balance	6,235.8	5,187.4
Tax expense/(income) during the period recognised in the Statement of Profit and Loss	1,852.0	992.5
Tax expense/(income) during the period recognised in OCI	102.1	55.9
<b>Closing balance</b>	<b>8,189.9</b>	<b>6,235.8</b>

## Notes to the Consolidated Financial Statements as at and for the year ended 31<sup>st</sup> March, 2024

(All amounts are in ₹ Lakhs, unless otherwise stated)

**D** There is no such transaction which is not recorded in the books of accounts and that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961).

### **E INCOME TAX ASSETS / LIABILITIES (NET) (recoverable/ payable on account of open assesement of Income Tax)**

Particulars	As at 31 <sup>st</sup> March, 2024	As at 31 <sup>st</sup> March, 2023
<b>(a) Non-current tax assets (net):</b>		
Income tax assets	12,809.8	21,254.2
Income tax liabilities	11,152.6	18,555.4
Net income tax assets	<b>1,657.2</b>	<b>2,698.8</b>
<b>(b) Current tax liabilities (net):</b>		
Income tax liabilities	23,776.9	16,828.5
Income tax assets	23,510.1	16,624.7
Net income tax liabilities	<b>266.8</b>	<b>203.8</b>

### **F UNRECOGNISED DEFERRED TAX ASSETS**

Deferred tax assets is recognised and carried forward only to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. During the current year, the Group recognised deferred tax assets on carried forward business loss of its subsidiary, Sudarshan North America Inc. based on the reasonable certainty that sufficient future taxable income will be available. Deferred tax assets have not been recognised in respect of the carried forwarded losses of following entities, because it is not probable that future taxable profit will be available against which the Group can use the benefits therefrom:

Particulars	As at 31 <sup>st</sup> March, 2024		As at 31 <sup>st</sup> March, 2023	
	Gross Amount	Unrecognised Deferred tax Assets	Gross Amount	Unrecognised Deferred tax Assets
Sudarshan Japan Limited	226.9	56.7	185.4	46.4
Sudarshan (Shanghai) Trading Company Limited	344.4	86.1	323.5	80.9
	<b>571.3</b>	<b>142.8</b>	<b>508.9</b>	<b>127.3</b>

## 24 REVENUE FROM OPERATIONS

Particulars	Year ended 31 <sup>st</sup> March, 2024	Year ended 31 <sup>st</sup> March, 2023
<b>Sale of products</b>	<b>2,51,158.1</b>	<b>2,27,416.5</b>
<b>Sale of services</b>	<b>273.3</b>	<b>262.3</b>
	<b>2,51,431.4</b>	<b>2,27,678.8</b>
<b>Other operating revenues</b>		
Government grants (export incentives)	1,658.3	1,556.7
Miscellaneous operating income #	788.0	937.7
	<b>2,446.3</b>	<b>2,494.4</b>
<b>Total revenue from operations</b>	<b>2,53,877.7</b>	<b>2,30,173.2</b>

# Miscellaneous operating income includes sale of by products and sale of manufacturing scrap.

## Notes to the Consolidated Financial Statements as at and for the year ended 31<sup>st</sup> March, 2024

(All amounts are in ₹ Lakhs, unless otherwise stated)

Below is the disclosure as required under Ind AS 115 - "Revenue from Contracts with Customers".

### (a) Revenue streams

The Group generates revenue primarily from the sale of pigments and sale of engineering equipments. Other sources of revenue include income from export incentives, sale of manufacturing scrap and by products etc.

Particulars	Year ended 31 <sup>st</sup> March, 2024	Year ended 31 <sup>st</sup> March, 2023
Sale of products	2,51,431.4	2,27,678.8
Other operating revenues	2,446.3	2,494.4
	<b>2,53,877.7</b>	<b>2,30,173.2</b>

### (b) Disaggregation of revenue from contracts with customers

In the following table, revenue from contracts with customers is disaggregated by primary geographical market, major products and service lines and timing of revenue recognition.

Particulars	Year ended 31 <sup>st</sup> March, 2024	Year ended 31 <sup>st</sup> March, 2023
<b>Major product lines</b>		
Sale of pigments	2,19,877.0	2,05,411.2
Sale of engineering equipments	31,554.4	22,267.6
<b>Total</b>	<b>2,51,431.4</b>	<b>2,27,678.8</b>
<b>Primary geographical market</b>		
In India	1,46,344.6	1,25,010.1
Outside India	1,05,086.8	1,02,668.7
<b>Total</b>	<b>2,51,431.4</b>	<b>2,27,678.8</b>
<b>Timing of revenue recognition</b>		
Products transferred at point in time	2,24,810.8	2,05,411.2
Products transferred over a period of time	26,620.6	22,267.6
<b>Total</b>	<b>2,51,431.4</b>	<b>2,27,678.8</b>

### (c) Reconciling the amount of revenue recognised in the Statement of Profit and Loss with the contracted price

Particulars	Year ended 31 <sup>st</sup> March, 2024	Year ended 31 <sup>st</sup> March, 2023
<b>Revenue from operations</b>	<b>2,53,877.7</b>	<b>2,30,173.2</b>
<b>Less: Adjustments</b>		
Government grants (export incentives)	1,658.3	1,556.7
<b>Revenue from contract with customers</b>	<b>2,52,219.4</b>	<b>2,28,616.5</b>
Add: Adjustments (sales returns, commission, hedge, etc.)	3,077.0	4,649.4
<b>Revenue as per contracted price</b>	<b>2,55,296.4</b>	<b>2,33,265.9</b>

### (d) Contract balances

The following table provides information about trade receivables and contract liabilities from contracts with customers.

Particulars	Year ended 31 <sup>st</sup> March, 2024	Year ended 31 <sup>st</sup> March, 2023
Trade receivables	58,531.9	48,614.6
Contracts assets	5,191.4	4,192.5
Contracts liabilities (Deferred revenue)	-	306.4
Contract liabilities (advance from customers)	3,978.7	5,450.8

## Notes to the Consolidated Financial Statements as at and for the year ended 31<sup>st</sup> March, 2024

(All amounts are in ₹ Lakhs, unless otherwise stated)

The receivable is net of provision for expected credit losses as recognised in accordance with the provisions of Ind AS 109 amounting to ₹1,366.4 lakhs (Previous year ₹1,509.3 lakhs ).

Particulars	Year ended 31 <sup>st</sup> March, 2024	Year ended 31 <sup>st</sup> March, 2023
Revenue recognised from amount included in contract liabilities at the beginning of the year	5,450.8	2,517.0
	<b>5,450.8</b>	<b>2,517.0</b>

### 25 OTHER INCOME

Particulars	Year ended 31 <sup>st</sup> March, 2024	Year ended 31 <sup>st</sup> March, 2023
Interest income on		
Bank deposits and other deposits	28.1	63.6
Others (on refunds of taxes and on delayed payments from customers)	377.5	277.5
Liabilities no longer required, written back	107.3	14.7
Net gain on sale of financial instruments	833.5	-
Net gain on fair valuation of financial instruments (FVTPL)	38.8	38.8
Gain on sale / disposal of property plant and equipments (net)	9.0	-
Miscellaneous income *	314.4	84.4
	<b>1,708.6</b>	<b>479.0</b>

\* Miscellaneous income majorly includes rental income and sundry recoveries.

### 26 COST OF RAW MATERIALS CONSUMED

Particulars	Year ended 31 <sup>st</sup> March, 2024	Year ended 31 <sup>st</sup> March, 2023
Inventory at the beginning of the year (refer note 9)	14,578.8	16,322.4
Add : Purchases	1,34,154.6	1,29,608.5
	<b>1,48,733.4</b>	<b>1,45,930.9</b>
Less: Inventory at the end of the year (refer note 9)	10,684.1	14,578.8
<b>Cost of raw materials consumed</b>	<b>1,38,049.3</b>	<b>1,31,352.1</b>

### 27 PURCHASE OF STOCK IN TRADE

Particulars	Year ended 31 <sup>st</sup> March, 2024	Year ended 31 <sup>st</sup> March, 2023
Purchase of Stock In Trade	1,923.5	1,317.2
	<b>1,923.5</b>	<b>1,317.2</b>

### 28 CHANGES IN INVENTORIES OF FINISHED GOODS AND WORK-IN-PROGRESS

Particulars	Year ended 31 <sup>st</sup> March, 2024	Year ended 31 <sup>st</sup> March, 2023
<b>Inventory at the end of the year (refer note 9)</b>		
Finished goods	21,592.1	22,878.9
Work-in-progress	7,933.9	8,213.6
	<b>29,526.0</b>	<b>31,092.5</b>
<b>Inventory at the beginning of the year (refer note 9)</b>		
Finished goods	22,878.9	26,409.6
Work-in-progress	8,213.6	8,841.5
	<b>31,092.5</b>	<b>35,251.1</b>
	<b>1,566.5</b>	<b>4,158.6</b>

## Notes to the Consolidated Financial Statements as at and for the year ended 31<sup>st</sup> March, 2024

(All amounts are in ₹ Lakhs, unless otherwise stated)

### 29 EMPLOYEE BENEFITS EXPENSE

Particulars	Year ended 31 <sup>st</sup> March, 2024	Year ended 31 <sup>st</sup> March, 2023
Salaries, wages and bonus (including directors remuneration)	18,524.9	16,156.0
Contribution to provident and other funds *	1,161.1	1,101.8
Gratuity expense (refer note 39)	231.3	235.0
Share based payments to employees (refer note 49)	126.1	108.4
Staff welfare expenses	951.6	794.2
	<b>20,995.0</b>	<b>18,395.4</b>

\* Includes contribution towards Employee State Insurance Scheme, Superannuation, and National Pension Scheme.

#### The Code on Social Security, 2020

The Code on Social Security, 2020 ('Code') relating to employees benefits during employment and post-employment benefits received Presidential assent in September 2020. The Code has been published in the Gazette of India. However, the date on which the Code will come into effect has not been notified and the final rules / interpretation have not yet been issued. The Group will assess the impact of the Code when it comes into effect and will record any related impact in the period the Code becomes effective.

#### Compliance to Section 197 of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

During the year under review, the managerial remuneration amounting to ₹1,570.1 Lakhs was paid to the Managing Director and the Wholetime Director in terms of the provisions of Section 197 of the Companies Act, 2013 read with Schedule V thereto, and Rules made thereunder and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. This includes remuneration amounting to ₹129.03 Lakhs in excess of the limits prescribed under the Companies Act, 2013, and Rules made thereunder and ₹875.60 Lakhs in excess of the limits prescribed under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Approval for the same has been accorded by the Shareholders by way of Special Resolution at its 72<sup>nd</sup> Annual General Meeting held on 11<sup>th</sup> August, 2023.

Further, the remuneration paid / payable to the directors of the domestic subsidiary (RIECO Industries Limited) for the financial year ended 31<sup>st</sup> March, 2024, is in excess of the limit prescribed under the Companies Act, 2013 and was approved by the shareholder of the domestic subsidiary through a special resolution in Extra-ordinary General Meeting held on 16<sup>th</sup> May, 2024.

### 30 FINANCE COSTS

Particulars	Year ended 31 <sup>st</sup> March, 2024	Year ended 31 <sup>st</sup> March, 2023
Interest expenses on bank facilities *	3,311.8	3,933.9
Interest expenses on lease liabilities (refer note 5)	189.5	53.5
Other borrowing costs **	188.9	159.7
	<b>3,690.2</b>	<b>4,147.1</b>

\* Excludes borrowing costs capitalised during the year on qualifying assets amounting to ₹Nil lakhs (31<sup>st</sup> March 2023 : ₹519.8 lakhs) The weighted average rate for capitalisation of interest relating to specific borrowing was approximately 2.6% to 5.4% per annum for the year ended 31<sup>st</sup> March 2023. No finance cost has been capitalised during the year ended 31<sup>st</sup> March 2024.

\*\* Includes charges for guarantees, loan processing etc.

### 31 DEPRECIATION AND AMORTISATION EXPENSE

Particulars	Year ended 31 <sup>st</sup> March, 2024	Year ended 31 <sup>st</sup> March, 2023
Depreciation on property, plant and equipment (refer note 3)	12,864.1	10,559.2
Amortisation on intangible assets (refer note 4)	844.7	760.4
Depreciation on right-of-use assets (refer note 5)	407.9	103.1
	<b>14,116.7</b>	<b>11,422.7</b>

## Notes to the Consolidated Financial Statements as at and for the year ended 31<sup>st</sup> March, 2024

(All amounts are in ₹ Lakhs, unless otherwise stated)

### 32 OTHER EXPENSES

Particulars	Year ended 31 <sup>st</sup> March, 2024	Year ended 31 <sup>st</sup> March, 2023
Consumption of stores and spares	3,513.4	3,100.9
Consumption of packing material	2,671.3	2,446.7
Power and fuel	15,259.4	15,719.9
Water charges	1,197.8	1,045.7
Contract labour charges	7,300.6	6,329.0
Rent (refer note 5)	3,171.9	1,221.5
Repairs and maintenance		
- Plant and machinery	3,224.4	2,806.2
- Buildings	598.7	543.7
- Others	268.2	238.5
Insurance	921.2	1,061.4
Rates and taxes (excluding taxes on income)	349.0	221.0
Advertisement	363.2	459.0
Auditors' Remuneration (refer note 33)	80.3	64.0
Bad debts written off	371.3	44.6
Provision for bad and doubtful debts / advances (including expected credit losses)	(142.9)	84.1
Advance written-off	85.6	-
Provision for doubtful advances	195.7	-
Bank charges	198.0	256.4
Commission to selling agents	975.1	1,269.0
Freight and forwarding expenses	6,435.5	5,216.1
Directors' sitting fees	28.2	26.8
Foreign exchange (gain) / loss (net) *	1,020.9	1,747.0
Consumables related to IT hardware	573.3	519.5
Legal, professional and consultancy charges	4,460.1	3,251.6
Loss on sale / disposal / retirement of assets	-	6.4
Printing, stationery and communication expenses	492.2	444.9
Travelling and conveyance	1,509.8	1,359.8
Expenditure towards Corporate Social Responsibility (refer note 36)	253.8	315.8
Directors' commission	101.3	10.0
Miscellaneous expenses **	4,224.9	4,075.7
	<b>59,702.2</b>	<b>53,885.2</b>

\* Includes mark to market (gain) / loss on derivatives amounting to ₹257.2 Lakhs, (previous year (₹94.5) Lakhs)

\*\* Miscellaneous expenses mainly includes cost related to effluent treatment facilities, waste disposal expenses, incidental equipment hire charges.

### 33 AUDITOR'S REMUNERATION

Particulars	Year ended 31 <sup>st</sup> March, 2024	Year ended 31 <sup>st</sup> March, 2023
As auditor		
Audit fees	49.0	39.5
Limited review expenses	23.0	18.0
Other services (includes certification fee)	2.3	2.8
Reimbursement of expenses	6.0	3.7
	<b>80.3</b>	<b>64.0</b>

## Notes to the Consolidated Financial Statements as at and for the year ended 31<sup>st</sup> March, 2024

(All amounts are in ₹ Lakhs, unless otherwise stated)

### 34 CAPITALISATION OF EXPENDITURE

In accordance with Ind AS 16, Ind AS 38 and Ind AS 23, the Group has capitalised directly attributable expenses as property, plant and equipment / capital work-in-progress (CWIP), Intangible assets and Intangible assets under development. Accordingly, expenses disclosed under the respective notes are net of amount capitalised by the Group. Expenses capitalized are as follows:

Particulars	Year ended 31 <sup>st</sup> March, 2024	Year ended 31 <sup>st</sup> March, 2023
Employee benefits expense	-	236.9
Finance costs	-	519.8
Other expenses*	253.0	691.8
	<b>253.0</b>	<b>1,448.5</b>

\* Includes power & fuel and water charges

### 35 RESEARCH AND DEVELOPMENT EXPENDITURE

This includes expenditure incurred by the Group on in-house research and development in respect of eligible facilities at Roha, Pune and Mahad approved by the Department of Scientific and Industrial Research, Ministry of Science and Technology.

Particulars	Year ended 31 <sup>st</sup> March, 2024	Year ended 31 <sup>st</sup> March, 2023
Revenue Expenditure	2,502.8	2,734.6
Capital Expenditure	511.2	728.9
	<b>3,014.0</b>	<b>3,463.5</b>

### 36 AMOUNT SPENT TOWARDS CORPORATE SOCIAL RESPONSIBILITY:

The Holding Company and its domestic subsidiary (RIECO Industries Limited) are covered under Section 135 of the Companies Act 2013, and are required to contribute towards activities eligible under Section 135 of The Companies Act, 2013 read with Schedule VII thereto. Company's CSR activities for ongoing projects are (a) promotion of education and enhancing vocational skills, (b) eradication of hunger and promoting hygiene, (c) promotion of sports, (d) protection of national heritage and promotion and development of traditional arts, (e) promotion of gender equality, and (f) other infrastructure that would help meet the objectives of environmental sustainability such as waste management, vermi-culture, organic farming, etc.

Particulars	Year ended 31 <sup>st</sup> March, 2024	Year ended 31 <sup>st</sup> March 2023
a) Gross amount required to be spent by the Group during the year	243.9	324.5

b) An amount of ₹248.8 lakhs (Previous Year: ₹334.0 lakhs) was approved by the board of the Holding Company and the domestic subsidiary (RIECO Industries Limited) respectively towards CSR activities for the year ended 31<sup>st</sup> March, 2024.

c) Amount spent during the year ended on	Year ended 31 <sup>st</sup> March, 2024	Year ended 31 <sup>st</sup> March 2023
- Construction/acquisition of any asset	-	-
- On purposes other than (i) above (in cash)	253.8	315.8

d) For details of CSR expenditure incurred toward related parties refer to note 46.

## Notes to the Consolidated Financial Statements as at and for the year ended 31<sup>st</sup> March, 2024

(All amounts are in ₹ Lakhs, unless otherwise stated)

### e) Details of ongoing projects and other than ongoing projects

Particulars		Year ended 31 <sup>st</sup> March, 2024	Year ended 31 <sup>st</sup> March, 2023
Opening balance (balance of excess amount spent from previous years)			
- with Group	(a)	0.7	9.4
- in separate unspent CSR account		-	-
Amount required to be spent during the year (Net of previous year (short) / excess)	(b)	243.2	315.1
Amount spent during the year:			
- From Group's bank a/c	(c)	253.8	315.8
- From separate unspent CSR a/c			
(Short) / excess CSR spend for the year	(d)	10.6	0.7
Closing balance			
- with Group		10.6	0.7
- in separate unspent CSR account		-	-

### 37 EARNINGS PER SHARE

Particulars		Year ended 31 <sup>st</sup> March, 2024	Year ended 31 <sup>st</sup> March, 2023
Profit for the year	(A)	35,744.7	4,476.9
Equity shares outstanding as at the end of the year			
Number of equity shares outstanding at the end of year		6,92,27,250	6,92,27,250
Weighted average equity shares outstanding as at the end of the year	(B)	6,92,27,250	6,92,27,250
Add: Dilutive impact of employee stock options		98,030	59,777
Number of equity shares used as denominator for calculating diluted earnings per share	(C)	6,93,25,280	6,92,87,027
Nominal value per equity share (in ₹)		2.0	2.0
Basic (in ₹)	(A/B)	51.6	6.5
Diluted (in ₹)	(A/C)	51.6	6.5

### 38 COMPONENTS OF OTHER COMPREHENSIVE INCOME (OCI)

The disaggregation of changes to OCI for each type of reserve in equity is shown below :

Particulars	As at 31 <sup>st</sup> March, 2024			
	Cash flow hedge reserve	Foreign currency translation reserve	Retained earnings	Total
Net movement on effective portion of cash flow hedge (net of tax)	(129.2)	-	-	(129.2)
Gain / (Loss) on translation of foreign operations	-	10.4	-	10.4
Re-measurement gains / (losses) on defined benefit plans (net of tax)	-	-	(140.1)	(140.1)
	<b>(129.2)</b>	<b>10.4</b>	<b>(140.1)</b>	<b>(258.9)</b>

Notes to the Consolidated Financial Statements as at and for the year ended 31<sup>st</sup> March, 2024

(All amounts are in ₹ Lakhs, unless otherwise stated)

Particulars	As at 31 <sup>st</sup> March, 2023			
	Cash flow hedge reserve	Foreign currency translation reserve	Retained earnings	Total
Net movement on effective portion of cash flow hedge (net of tax)	(2,235.8)	-	-	(2,235.8)
Gain / (Loss) on translation of foreign operations	-	602.2	-	602.2
Re-measurement gains / (losses) on defined benefit plans (net of tax)	-	-	13.2	13.2
	(2,235.8)	602.2	13.2	(1,620.4)

39 GRATUITY AND OTHER POST EMPLOYMENT BENEFITS PLANS

A Defined Contribution Plans

In accordance with the law, all employees of the Holding Company and its domestic subsidiary are entitled to receive the benefits under the Provident Fund Act. The Holding Company and its domestic subsidiary's contribution paid / payable during the year to provident fund and labour welfare fund are recognised in the Statement of Profit and Loss. The Holding Company makes contributions to the Superannuation Scheme for employee who have opted, a defined contribution scheme administered by Life Insurance Corporation of India, which are charged to the Statement of Profit and Loss. The Holding Company and its domestic subsidiary have no obligation to the scheme beyond its annual contributions.

Contribution to Defined Contribution Plans, recognised as expense for the year is as under:

Particulars	Year ended 31 <sup>st</sup> March, 2024	Year ended 31 <sup>st</sup> March, 2023
Employer's Contribution to Provident Fund and other funds	766.4	730.8
Employer's Contribution to Superannuation Fund	16.4	34.6
	782.8	765.4

B In respect of overseas subsidiaries, the liabilities for employee benefits contributions are determined and accounted as per the regulations and principles followed in the respective countries.

The overseas subsidiaries operate defined contribution schemes, under which costs of ₹378.3 Lakhs (Previous year ₹336.4 Lakhs) is charged to the Consolidated Statement of Profit and Loss on the basis of contributions payable.

C Defined Benefit Plans of the Holding Company and its domestic subsidiary

I Gratuity

Funded Scheme :

The Holding Company and its domestic subsidiary have a defined benefit gratuity plan for its employees. The gratuity plan is governed by the Payment of Gratuity Act, 1972. Under the Act, every employee who has completed five years of service is entitled to specific benefit. The level of benefits provided depends on the employee's length of service and salary at retirement age. An employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn) for each completed year of service as per the provisions of the Payment of Gratuity Act, 1972. The scheme is funded with insurance companies in the form of qualifying insurance policies. The Group accounts for liability of such future benefits based on an independent actuarial valuation on projected accrued credit method carried out for assessing the liability as on the reporting date.

Risk exposure and asset-liability matching

Provision of a defined benefit scheme poses certain risks, as The Holding Company and its domestic subsidiary take on uncertain long term obligations to make future benefit payments.

Notes to the Consolidated Financial Statements as at and for the year ended 31<sup>st</sup> March, 2024

(All amounts are in ₹ Lakhs, unless otherwise stated)

The following tables summarise the components of net benefit expense recognised in the Statement of Profit and Loss, the funded status and amounts recognised in Balance Sheet for the plan.

Net employee benefit expense on account of gratuity recognised in employee benefit expenses (includes net employee benefit of discontinued operations, if any).

Particulars	Year ended 31 <sup>st</sup> March, 2024	Year ended 31 <sup>st</sup> March, 2023
Current service cost	231.3	235.0
Net interest (income) / expense	64.4	48.9
Net expense	295.7	283.9

Changes in the present value of the defined benefit obligation are, as follows :

Particulars	Year ended 31 <sup>st</sup> March, 2024	Year ended 31 <sup>st</sup> March, 2023
Defined benefit obligation as at the beginning of the year	3,086.6	3,028.4
Interest cost	220.6	207.7
Current service cost	231.3	235.0
Benefit payments from plan assets	(224.7)	(269.4)
Others	(5.7)	(2.9)
Re-measurement (gain) / loss in other comprehensive income (OCI)		
Actuarial (gain) / loss - Experience	(135.1)	(83.3)
Actuarial (gain) / loss - Financial	39.3	(28.8)
Actuarial (gain) / loss - Demographic	(10.4)	(0.1)
Defined benefit obligation as at the end of the year	3,201.9	3,086.6

Changes in the fair value of plan assets are as follows:

Particulars	Year ended 31 <sup>st</sup> March, 2024	Year ended 31 <sup>st</sup> March, 2023
Fair value of plan assets at the beginning of the year	2,077.3	2,199.9
Expected returns on plan assets	156.2	158.8
Employer contributions	146.2	10.8
Benefits paid	(224.7)	(271.8)
Re-measurement gain / (loss) in other comprehensive income (OCI)		
Actuarial gain / (loss) - Experience	(37.8)	(20.4)
Fair value of plan assets at the end of year	2,117.2	2,077.3

As at 31<sup>st</sup> March, 2024 and 31<sup>st</sup> March, 2023 plan assets were 100% invested in insurer managed funds.

Re-measurements for the period (Actuarial (gain) / loss)

Particulars	Year ended 31 <sup>st</sup> March, 2024	Year ended 31 <sup>st</sup> March, 2023
(Gain) / loss on defined benefit obligation - Experience	(135.1)	(83.3)
(Gain) / loss on defined benefit obligation - Financial	39.3	(28.8)
(Gain) / loss on defined benefit obligation - Demographic	(10.4)	-
(Gain) / loss on plan assets - Experience	37.8	20.4
Amount recognised in the statement of OCI	(68.4)	(91.7)

Net defined benefit liability / (asset) at the end of the year

Particulars	As at 31 <sup>st</sup> March, 2024	As at 31 <sup>st</sup> March, 2023
Defined benefit obligation	3,201.9	3,086.6
Fair value of plan assets	2,117.2	2,077.3
Closing net defined benefit liability / (asset)	1,084.7	1,009.3

## Notes to the Consolidated Financial Statements as at and for the year ended 31<sup>st</sup> March, 2024

(All amounts are in ₹ Lakhs, unless otherwise stated)

The principal assumptions used in determining gratuity obligations for the The Holding Company and its domestic subsidiary plan are shown below:

### Demographic Assumptions

**Mortality:** Mortality for all periods has been assumed to be as per Indian Assured Lives Mortality (2012-14).

### Attrition:

Particulars	As at 31 <sup>st</sup> March, 2024	As at 31 <sup>st</sup> March, 2023
Employee turnover		
age upto 30 years	6.0%	6.0%
age 31- 45 years	4.0%	4.0%
age above 45 years	2.0%	2.0%
Retirement age*	58-80 years	58-80 years
*Wholtime Directors 80 years and others 58 years		

### Financial assumptions

Particulars	As at 31 <sup>st</sup> March, 2024	As at 31 <sup>st</sup> March, 2023
Discount rate	7.17% to 7.20%	7.36% to 7.52%
Expected rate of increment in compensation levels	7% to 8%	7% to 8%

A quantitative sensitivity analysis for significant assumptions is as shown below:

Assumptions	Defined benefit obligation			
	As at 31 <sup>st</sup> March, 2024		As at 31 <sup>st</sup> March, 2023	
	Increase by 100 basis points	Decrease by 100 basis points	Increase by 100 basis points	Decrease by 100 basis points
Discount Rate	(148.9)	163.8	(156.3)	173.0
Expected rate of increment in compensation levels	173.6	(160.1)	182.5	(167.8)

Sensitivity analysis indicates the influence of a reasonable change in certain significant assumptions on the outcome of the present value of obligation and aids in understanding the uncertainty of reported amounts. Sensitivity analysis is done by varying one parameter at a time and studying its impact.

Sensitivity analysis for each significant actuarial assumptions namely Discount rate and Salary assumptions have been shown in the table above at the end of the reporting period, showing how the defined benefit obligation would have been affected by the changes.

The method used to calculate the liability in these scenarios is by keeping all the other parameters and the data same as in the base liability calculation except the parameters to be stressed.

There is no change in the method from the previous period and the points / percentage by which the assumptions are stressed are same to that in the previous year.

The assumptions for mortality and attrition do not have a significant impact on the liability, hence are not considered a significant actuarial assumption for the purpose of sensitivity analysis.

The following is the maturity profile of undiscounted defined benefit obligation:

Particulars	As at 31 <sup>st</sup> March, 2024	As at 31 <sup>st</sup> March, 2023
Within the next 12 months	414.2	298.2
Between 2 and 5 years	2,014.1	1,859.8
Beyond 5 years	2,532.4	2,840.3

## Notes to the Consolidated Financial Statements as at and for the year ended 31<sup>st</sup> March, 2024

(All amounts are in ₹ Lakhs, unless otherwise stated)

Expected contribution by the Group for the next year: ₹414.2 lakhs

Weighted average duration of the plan (based on discounted cash flows using mortality, withdrawal and interest rate) is 12.8 years (Previous Year : 12.9 years).

## II Pension

The Holding Company provides for Pension, a defined benefit retirement plan covering eligible employees. Eligible employee are Group's employees beyond certain grade subject to approval of Nomination and Remuneration Committee. The plan provides for monthly pension payments to such eligible employees or their family members till such period as stipulated in the Board approved policy. The Group accounts for liability of such future benefits based on an independent actuarial valuation on projected accrued credit method carried out for assessing the liability as on the reporting date.

The following tables summarise the components of net benefit expense recognised in the Statement of Profit and Loss, the funded status and amounts recognised in Balance Sheet for the plan.

Net employee benefit expense on account of pension recognised in employee benefit expenses.

Particulars	Year ended 31 <sup>st</sup> March, 2024	Year ended 31 <sup>st</sup> March, 2023
Current service cost	5.0	4.7
Net interest (income) / expense	81.7	78.4
<b>Net expense</b>	<b>86.7</b>	<b>83.1</b>

Changes in the present value of the defined benefit obligation are, as follows :

Particulars	As at 31 <sup>st</sup> March, 2024	As at 31 <sup>st</sup> March, 2023
Defined benefit obligation as at the beginning of the year	1,171.0	1,160.8
Interest cost	81.7	78.4
Current service cost	5.0	4.7
Benefit payments directly by employer	(161.5)	(146.9)
<b>Re-measurement (gain) / loss in other comprehensive income (OCI)</b>		
Actuarial (gain) / loss - Experience	212.2	104.8
Actuarial (gain) / loss - Financial	43.4	(30.8)
Actuarial (gain) / loss - Demographic	-	-
<b>Defined benefit obligation as at the end of the year</b>	<b>1,351.8</b>	<b>1,171.0</b>

Re-measurements for the period (Actuarial (gain) / loss)

Particulars	Year ended 31 <sup>st</sup> March, 2024	Year ended 31 <sup>st</sup> March, 2023
(Gain) / loss on defined benefit obligation - Experience	212.2	104.8
(Gain) / loss on defined benefit obligation - Financial	43.4	(30.8)
(Gain) / loss on defined benefit obligation - Demographic	-	-
<b>Amount recognised in the statement of OCI</b>	<b>255.6</b>	<b>74.0</b>

Net Defined Benefit Liability / (Asset) for the period

Particulars	As at 31 <sup>st</sup> March, 2024	As at 31 <sup>st</sup> March, 2023
Defined Benefit Obligation	1,351.8	1,171.0
Fair value of plan assets	-	-
<b>Closing net defined benefit liability / (asset)</b>	<b>1,351.8</b>	<b>1,171.0</b>

## Notes to the Consolidated Financial Statements as at and for the year ended 31<sup>st</sup> March, 2024

(All amounts are in ₹ Lakhs, unless otherwise stated)

The principal assumptions used in determining pension obligations for the Group's plan are shown below:

### Demographic Assumptions

**Mortality:** Mortality for all periods has been assumed to be as per Indian Assured Lives Mortality (2012-14)

### Financial assumptions

Particulars	As at 31 <sup>st</sup> March, 2024	As at 31 <sup>st</sup> March, 2023
Discount rate	7.2%	7.5%
Pension increase rate	10.0%	10.0%
Retirement age	80 years	80 years

A quantitative sensitivity analysis for significant assumption is as shown below:

Assumptions	Defined benefit obligation			
	As at 31 <sup>st</sup> March, 2024		As at 31 <sup>st</sup> March, 2023	
	Increase by 100 basis points	Decrease by 100 basis points	Increase by 100 basis points	Decrease by 100 basis points
Discount Rate	(134.2)	167.9	(95.1)	113.3
Pension increase rate	162.2	(133.0)	21.8	(20.5)

Sensitivity analysis indicates the influence of a reasonable change in certain significant assumptions on the outcome of the Present value of obligation and aids in understanding the uncertainty of reported amounts. Sensitivity analysis is done by varying one parameter at a time and studying its impact.

Sensitivity analysis for each significant actuarial assumptions namely Discount rate and Salary assumptions have been shown in the table above at the end of the reporting period, showing how the defined benefit obligation would have been affected by changes.

The method used to calculate the liability in these scenarios is by keeping all the other parameters and the data same as in the base liability calculation except for the parameters to be stressed.

There is no change in the method from the previous period and the points / percentage by which the assumptions are stressed are same to that in the previous year

The assumption for mortality and attrition do not have a significant impact on the liability, hence are not considered a significant actuarial assumption for the purpose of sensitivity analysis.

The following is the maturity profile of undiscounted defined benefit obligation:

Particulars	As at 31 <sup>st</sup> March, 2024	As at 31 <sup>st</sup> March, 2023
Within the next 12 months	176.3	168.4
Between 2 and 5 years	900.2	859.6
Beyond 5 years	1,420.1	1,655.5

### III Leave Encashment / Compensated Absences / Sick Leave

The leave obligations cover the The Holding Company and its domestic subsidiary's liability for sick leave, privileged leave and casual leave.

The amount of the provision to be settled within next 12 months is presented as current, since the Group does not have an unconditional right to defer the settlement for any of these obligations. However, based on past experience, the Group

## Notes to the Consolidated Financial Statements as at and for the year ended 31<sup>st</sup> March, 2024

(All amounts are in ₹ Lakhs, unless otherwise stated)

does not expect all employees to take the full amount of accrued leave or require payment within the next 12 months. The following table shows bifurcation of current and non-current provision for leave encashment.

Particulars	As at 31 <sup>st</sup> March, 2024	As at 31 <sup>st</sup> March, 2023
Current leave obligations expected to be settled within the next 12 Months	173.2	102.1
Leave obligations expected to be settled beyond 12 months	914.8	810.8
	<b>1,088.0</b>	<b>912.9</b>

The Holding Company and its domestic subsidiary provides for accumulation of compensated absences by certain categories of its employees. These employees can carry forward a portion of unutilised compensated absences and utilise it in the future periods or receive cash in lieu thereof as per Group policy. The Group records an obligation for compensated absences in the period in which the employee renders the services that increases this entitlement. The measurement of such obligation is based on actuarial valuation as at the Balance Sheet date carried out by qualified actuary on projected accrued credit method carried out for assessing the liability as on the reporting date.

**The principal assumptions used in determining Leave obligation for the Group are shown below:**

### Demographic Assumptions

**Mortality:** Mortality for all periods has been assumed to be as per Indian Assured Lives Mortality (2012-14).

Particulars	As at 31 <sup>st</sup> March, 2024	As at 31 <sup>st</sup> March, 2023
Discount rate	7.17% to 7.20%	7.36% to 7.5%
Expected rate of increment in compensation levels	7% - 8%	7% - 8%
Employee turnover		
age upto 30 years	6.0%	6.0%
age 31 - 45 years	4.0%	4.0%
age above 45 years	2.0%	2.0%
Leave availment	5.0%	5.0%
Retirement age*	58-80	58-80
*Wholtime Directors 80 years and others 58 years		

## 40 DETAILS OF DUE TO MICRO AND SMALL ENTERPRISE AS DEFINED UNDER MICRO AND SMALL ENTERPRISES DEVELOPMENT ACT, 2006

Particulars	As At 31 <sup>st</sup> March, 2024	As At 31 <sup>st</sup> March, 2023
Principal amount due to suppliers under MSMED Act, 2006 *	6,121.6	6,545.0
Interest accrued and due to suppliers under MSMED Act, 2006 on the above amount	4,604.7	49.5
Payment made to suppliers (other than interest) beyond the appointed day, during the year	1,197.0	19,704.9
Interest paid to suppliers under MSMED Act, 2006 (other than Section 16)	-	-
Interest paid to suppliers under MSMED Act, 2006 (Section 16)	-	-
Interest due and payable to suppliers under MSMED Act, 2006 for the payments already made	-	-
Interest accrued and remaining unpaid at the end of the year to suppliers under MSMED Act, 2006	251.9	169.2

The identification of suppliers under "Micro and Small Enterprises Development Act, 2006" was done on the basis of the information to the extent provided by the suppliers to the Group.

\* Includes dues to payable for purchase of capital goods ₹1.6 lakhs as at 31<sup>st</sup> March, 2024 and ₹91.6 lakhs as at 31<sup>st</sup> March, 2023.

## Notes to the Consolidated Financial Statements as at and for the year ended 31<sup>st</sup> March, 2024

(All amounts are in ₹ Lakhs, unless otherwise stated)

### 41 DEPOSITS (ACCEPTED UNDER SECTION 76(1) OF THE COMPANIES ACT, 2013)

Particulars	As At 31 <sup>st</sup> March, 2024	As At 31 <sup>st</sup> March, 2023
(a) Deposits with maturity less than 12 months	-	-
(b) Deposits with maturity more than 12 months	-	-
(c) Unclaimed matured deposits	13.2	20.4
	<b>13.2</b>	<b>20.4</b>

### 42 DISCLOSURE REQUIRED UNDER SEC. 186 (4) OF COMPANIES ACT, 2013:

There are no loans outstanding as on 31<sup>st</sup> March, 2024 and 31<sup>st</sup> March, 2023 under section 186 (4) of the Companies Act, 2013.

### 43 CAPITAL COMMITMENT AND CONTINGENT LIABILITIES:

#### (a) CAPITAL COMMITMENT

The unexecuted value of capital purchase orders issued to vendors as at 31<sup>st</sup> March, 2024 are ₹646.4 lakhs (31<sup>st</sup> March, 2023 : ₹536.2 lakhs)

#### (b) CONTINGENT LIABILITIES

##### Claims against the Group not acknowledged as debts

Particulars	As At 31 <sup>st</sup> March, 2024	As At 31 <sup>st</sup> March, 2023
Excise duty / Service tax demands - matters under dispute	507.1	475.0
GST / VAT / CST demands - matters under dispute	2,360.3	106.2
Custom duty demands - matters under dispute	330.4	318.2
Direct Tax demands - matters under dispute	370.0	-
Electricity duty on Power Generation (Refer note iv)	2,810.4	2,371.1

- It is not practicable for the Group to estimate the timing of cash outflows, if any, in respect of the above pending resolution of the respective proceedings as it is determinable only on receipt of judgments / decisions pending with various forums/ authorities. The Group has assessed that it is only possible, but not probable, that outflow of economic resources will be required in this regard.
- The Group does not expect any reimbursements in respect of the above contingent liabilities.
- The Group's pending litigations comprise of claims against the Group pertaining to proceedings pending with Income Tax, Excise, Custom, Sales / VAT tax and other authorities. The Group has reviewed all its pending litigations and proceedings and has adequately provided for where provisions are required and disclosed as contingent liabilities where applicable, in its financial statements. The Group does not expect the outcome of these proceedings to have a materially adverse effect on its financial statements.
- The Government of Maharashtra revised electricity duty payable on captive power generation ("CPP") vide notification dated 13<sup>th</sup> April, 2015 and accordingly MSEDCL issued a Circular no 214 dated 23<sup>rd</sup> April, 2015, the revised rates for CPP was revised to 120 paise per unit from 30 paise per unit. The rates for CPP increased by 4 times, which was very high, therefore the Captive Power Producers Association filed writ petition with Bombay High Court which has been admitted by H.C. vide case No. WP/4963/2015 and WP/906/2017. The High Court passed interim stay order, subsequently during the last hearing held on 24<sup>th</sup> January, 2020, the bench passed the order to continue the interim stay granted previously. The Group has obtained an opinion from a subject-matter expert ('SME') on the Electricity Duty contingency. The matter is sub-judice with the Bombay High Court and the SME has opined that the Group has a good case of success in the proceedings.

#### (c) OTHER LITIGATIONS

There are several other cases which has been determined as remote or has been provided in the books by the Group and hence not been disclosed above.

## Notes to the Consolidated Financial Statements as at and for the year ended 31<sup>st</sup> March, 2024

(All amounts are in ₹ Lakhs, unless otherwise stated)

### (d) GUARANTEES EXCLUDING FINANCIAL GUARANTEES

The Holding Company has issued guaratees to Maharashtra Pollution Control Board, Maharashtra State Electricity Distribution Company Limited, Custom Authorities and other authorities amounting to ₹729.8 lakhs.

The domestic subsidiary (RIECO Industries Limited) has issued performance bank guarantees to the customers amounting to ₹3,278.9 lakhs as at 31<sup>st</sup> March, 2024 (31<sup>st</sup> March, 2023: ₹1,861 lakhs)

### 44 OTHER STATUTORY INFORMATION AS REQUIRED BY NOTIFICATION ISSUED BY MINISTRY OF CORPORATE AFFAIRS DATED 24TH MARCH, 2021 ON AMENDMENTS ON SCHEDULE III.

- There are no loans or advances in the nature of loans are granted to promoters, directors, KMPs and the related parties (as defined under Companies Act, 2013,) either severally or jointly with any other person.
- The Group does not hold any Benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and the rules made thereunder.
- Relationship with companies struck off under section 248 of The Companies Act, 2013 or section 560 of The Companies Act, 1956:

#### Closing balances and nature of transactions

Name of struck off company	Nature of transactions with struck-off company	Balance Outstanding		Relationship with the struck off company
		As at 31 <sup>st</sup> March, 2024	As at 31 <sup>st</sup> March, 2023	
Aspen Systems Private Limited	Trade payables	0.1	0.1	None
Prayag Polytech Private Limited	Trade receivable	484.0	484.0	None
Extreme Automation Pvt Ltd	Trade payables	3.9	-	None

- The Group has not traded or invested in Crypto currency or Virtual Currency during the financial year ended 31<sup>st</sup> March, 2024 and 31<sup>st</sup> March, 2023.
- (A) The Group has not advanced or loaned or invested funds to any persons or entities, including foreign entities (Intermediaries) with the understanding that the Intermediary shall:
  - directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Group (Ultimate Beneficiaries) or
  - provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.
- (B) The Group has not received any fund from any persons or entities, including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Group shall:
  - directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or
  - provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

### Notes to the Consolidated Financial Statements

as at and for the year ended 31<sup>st</sup> March, 2024

(All amounts are in ₹ Lakhs, unless otherwise stated)

45 RATIOS BASED ON CONSOLIDATED FINANCIAL STATEMENTS AND ADDITIONAL DISCLOSURES AS PER CLAUSE 52 (4) AND CLAUSE 52 (2) OF SECURITIES AND EXCHANGE BOARD OF INDIA (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015 ARE AS UNDER:

Particulars	Times/ Percentage	As At 31 <sup>st</sup> March, 2024	As At 31 <sup>st</sup> March, 2023	% Change	Comments where variance exceeds 25%
<b>a) Current Ratio</b> [Current assets / current liabilities]	Times	1.38	1.14	21%	
<b>b) Debt-Equity Ratio</b> [(Non-current borrowings + current borrowings) / Equity (Share capital + Reserves)]	Times	0.38	0.99	-61%	Betterment of ratio is due to improved operating performance and repayment of debt out of proceeds from monetization of asset.
<b>c) Debt Service Coverage Ratio</b> [(Net income / Debt obligations*) (Net income is Profit after tax before exceptional items + finance cost + depreciation and amortisation expense) (Debt obligations is maturity of long-term debts and interest payment for the year)] *Debt obligations exclude prepayments out of proceeds from exceptional items	Times	1.62	1.04	56%	Improvement in ratio is due to improved operating performance.
<b>d) Interest Service Coverage Ratio</b> [(Earnings before interest, taxes, depreciation and amortization and exceptional items - interest income)/ Finance cost]	Times	8.93	4.54	97%	Betterment of ratio is due to improved operating performance.
<b>e) Return on Equity Ratio</b> [Profit after tax before exceptional items / Average shareholder's equity]	Percentage	11.17%	5.39%	107%	Betterment of ratio is due to improved operating performance.
<b>f) Inventory turnover ratio</b> [Cost of goods sold / Average inventory]	Times	3.04	2.58	18%	
<b>g) Trade receivables turnover ratio</b> [Sales of goods and services / Average trade receivables]	Times	4.69	4.61	2%	
<b>h) Trade payables turnover ratio</b> [Purchase of goods and Purchase stock-in-trade/ Average Trade payables]	Times	2.67	2.52	6%	
<b>i) Net capital turnover ratio</b> [Sale of goods and services / Working capital] (Working capital is current assets minus current liabilities)	Times	7.60	15.89	-52%	Reduction in current liabilities due to repayment of opening short term borrowings and no such borrowings in current year.

### Notes to the Consolidated Financial Statements

as at and for the year ended 31<sup>st</sup> March, 2024

(All amounts are in ₹ Lakhs, unless otherwise stated)

Particulars	Times/ Percentage	As At 31 <sup>st</sup> March, 2024	As At 31 <sup>st</sup> March, 2023	% Change	Comments where variance exceeds 25%
<b>j) Net profit ratio</b> [Net profit before exceptional items / Revenue from operations]	Percentage	4.39%	2.00%	120%	Betterment of ratio is due to improved operating performance.
<b>k) Return on Capital employed</b> [Earning before interest and taxes and exceptional items / Capital employed] (Capital employed is tangible net worth + Total debt + Deferred tax liability)	Percentage	11.69%	6.08%	92%	Betterment of ratio is due to improved operating performance.
<b>l) Long term Debt to Working Capital</b> [(Non-current borrowings + Current maturities of long-term debt) / Net working capital (Current assets-Current liabilities excluding Current maturities of long-term debt)]	Times	0.72	1.96	-63%	Betterment of ratio is due to repayment of debt out of proceeds from monetization of asset.
<b>m) Total Debts to Total Assets ratio</b> [(Non-current borrowings + Current borrowings) / Total assets]	Percentage	18.72%	34.20%	-45%	Betterment of ratio is due to repayment of debt out of proceeds from monetization of asset.
<b>n) Bad debts to Account receivable ratio</b> [Bad debts/Average trade receivable]	Percentage	0.69%	0.09%	667%	Amount was written off after management assessment of non-recoverability
<b>o) Current liability ratio</b> [Current liabilities / Total liabilities]	Percentage	71.52%	63.50%	13%	
<b>p) Operating Margin</b> [(Profit before tax and exceptional items + Depreciation and amortisation expense + Finance costs (-) Other income) / Revenue from operations]	Percentage	12.46%	9.20%	35%	Betterment of ratio is due to improved operating performance.
<b>q) Asset Coverage Ratio on Secured Non - Convertible Debentures (NCDs)</b> [Total assets pledged for secured NCDs / Outstanding balance of secured NCDs]	Percentage	Not Applicable	Not Applicable		
<b>r) Debenture redemption reserve</b>	₹ in lakhs	Not Applicable	Not Applicable		
<b>s) Net worth</b>	₹ in Lakhs	1,14,903.70	82,822.40	39%	Increase in networth is on account of improved operating performance and exceptional gain on monetization of asset.

**Notes to the Consolidated Financial Statements** as at and for the year ended 31<sup>st</sup> March, 2024  
(All amounts are in ₹ Lakhs, unless otherwise stated)

**46 RELATED PARTY TRANSACTION (AS PER IND AS 24 ON RELATED PARTY DISCLOSURES SPECIFIED UNDER SECTION 133 OF THE COMPANIES ACT 2013)**

**A List of Related Parties and description of relationship**

**(a) Key Management Personnel ("KMP")**

- Mr. P. R. Rathi	Chairman
- Mr. R. B. Rathi	Managing Director
- Mr. A. V. Vij	Wholetime Director
- Mr. A. N. Rathi	Non-Executive - Non-Independent Director
- Mr. D. N. Damania	Non-Executive - Independent Director
- Mr. S. Padmanabhan	Non-Executive - Independent Director
- Mr. S. K. Asher	Non-Executive - Independent Director
- Mrs. R. F. Forbes	Non-Executive - Independent Director
- Mr. N. Raisinghani	Non-Executive - Independent Director
- Mrs. S. A. Panse	Non-Executive - Independent Director
- Dr. Deepak Parikh	Non-Executive - Independent Director (Resigned as an Independent Director effective close of business hours on 2 <sup>nd</sup> February, 2024)
- Mr. N. J. Rathi	KMP of Subsidiary
- Mr. V. R. Bhatia	KMP of Subsidiary
- Mr. Milan Krumbe	KMP of Subsidiary - (Resigned effective close of business hours on 31 <sup>st</sup> December, 2023)
- Mr. Mahesh Patil	KMP of Subsidiary
- Mr. Vincent Bembaron	KMP of Subsidiary
- Mr. Frank Bursch	KMP of Subsidiary
- Mr. Nilkanth J. Natu	Chief Financial Officer
- Mr. Mandar Velankar	Company Secretary

**(b) Close member of Key Management Personnel**

- Mrs. R. R. Rathi	Wife of Mr. R. B. Rathi
- Mr. R. P. Rathi	Son of Mr. P. R. Rathi
- Mrs. Jayashree Mantri	Sister of Mr. P. R. Rathi
- Smt. K. B. Rathi	Mother of Mr. R. B. Rathi
- Mr. A. B. Rathi	Brother of Mr. R. B. Rathi
- Mrs. Meena Maheshwari	Sister of Mr. R. B. Rathi
- Mrs. S. P. Rathi	Wife of Mr. P. R. Rathi
- Mrs. V. R. Rathi	Wife of Mr. R. P. Rathi
- Mrs. R. R. Agarwal	Daughter of Mr. P. R. Rathi
- Mr. Rishab Agarwal	Husband of Mrs. R.R. Agarwal
- Mrs. A. N. Rathi	Mother of Mr. A.N. Rathi
- Mrs. A. A. Rathi	Wife of Mr. A. N. Rathi
- Mrs. Rachna Biyani	Sister of A.N. Rathi
- Ms. Smriti R. Rathi	Daughter of Mr. R. B. Rathi
- Ms. Tanvi R. Rathi	Daughter of Mr. R. B. Rathi
- Mr. Armaan A. Rathi	Son of Mr. A. N. Rathi
- Mr. Rohan A. Rathi	Son of Mr. A. N. Rathi

**Notes to the Consolidated Financial Statements** as at and for the year ended 31<sup>st</sup> March, 2024  
(All amounts are in ₹ Lakhs, unless otherwise stated)

**(c) Others : Subsidiary company**

- Sudarshan CSR Foundation \*\*
- \*\* (Sudarshan CSR Foundation (CSR Foundation); a wholly owned subsidiary of Sudarshan Chemical Industries Limited (Company), is a "not for profit Company" under Section 8 of the Companies Act, 2013. The main objective of CSR foundation is to carry out CSR activities as per the CSR policies of the Company.)

**(d) Others : Entities in which Key Management Personnel and / or their relatives exercise significant influence ##**

- |  |  |
|--|--|
| - Balkrishna Rathi Finance Private Limited                             | - Rabro Speciality Chemicals Private Limited             |
| - PRR Finance Private Limited  | - Mr. Anuj N. Rathi HUF                                  |
| - Marathwada Chemical Industries Private Limited                       | - Mr. R. B. Rathi HUF                                    |
| - Rathi Vessels and Systems LLP  | - Rathi Mixers Private Limited                           |
| - NJR Finance Private Limited  | - Breakthrough Management Group India Private Limited    |
| - Rathi Brothers Private Limited                                       | - Shri Jagannath Rathi Charity Trust                     |
| - Rathi Enterprises Private Limited                                    | - Crawford Bayley & Co                                   |
| - Forbes Marshall Private Limited                                      | - Krohne Marshall Private Limited                        |
| - Aquapharm Chemicals Private Limited                                  | - Phytomyco Research Private Limited                     |
| - Centre For Advancement Of Philanthropy                               | - Gazelle Enterprises                                    |
| - STRR Consulting LLP  | - Centre for Technology Innovation and Economic Research |
| - Matrix Life Science Private Limited                                  | - Arihma Enterprises                                     |
| - Cosmetictree India LLP   | - Oxchem Solutions (India) Private Limited               |
| - Rathi Engineering LLP  | - Pigment Manufacturers Association of India             |
| - Sudarshan Chemical Industries Limited Employee Group Gratuity Scheme |  |

## The above is a detailed listing and includes Companies / parties with whom the Group has entered into the transactions during the course of the year.

Notes to the Consolidated Financial Statements as at and for the year ended 31<sup>st</sup> March, 2024

(All amounts are in ₹ Lakhs, unless otherwise stated)

46 RELATED PARTY TRANSACTION (AS PER IND AS 24 ON RELATED PARTY DISCLOSURES SPECIFIED UNDER SECTION 133 OF THE COMPANIES ACT, 2013) :

B Transactions with Related Parties

Nature of Transactions	For the year ended 31 <sup>st</sup> March 2024				For the year ended 31 <sup>st</sup> March 2023			
	Key Management Personnel	Close Member of Key Management Personnel	Others	Total	Key Management Personnel	Close Member of Key Management Personnel	Others	Total
a Salary, Pension, Reimbursement of expenses etc. :	2,581.9	48.2	-	2,630.1	1,610.8	43.3	-	1,654.1
Mr. R.B.Rathi	1,375.6	-	-	1,375.6	500.9	-	-	500.9
Mr. A.Vij	194.4	-	-	194.4	184.8	-	-	184.8
Mr. V. R. Bhatia	160.6	-	-	160.6	151.2	-	-	151.2
Mr. Nilkanth J. Natu	78.0	-	-	78.0	76.8	-	-	76.8
Mr. Mahesh Patil	62.3	-	-	62.3	56.6	-	-	56.6
Mr. Mandar Velankar	73.4	-	-	73.4	56.5	-	-	56.5
Mr. P. R. Rathi	50.1	-	-	50.1	45.9	-	-	45.9
Mr. N. J. Rathi	49.4	-	-	49.4	45.1	-	-	45.1
Others	538.1	48.2	-	586.3	493.0	43.3	-	536.3
b Commission (Subject to Shareholders' approval) :	101.3	-	-	101.3	10.0	-	-	10.0
Mr. D. N. Damania	14.4	-	-	14.4	2.5	-	-	2.5
Mr. P.R.Rathi	11.7	-	-	11.7	2.5	-	-	2.5
Mr. S. Padmanabhan	11.7	-	-	11.7	2.5	-	-	2.5
Mr. N. J. Rathi	2.0	-	-	2.0	2.5	-	-	2.5
Mrs. S. A. Panse	15.0	-	-	15.0	-	-	-	-
Dr. Deepak Parikh	7.3	-	-	7.3	-	-	-	-
Mr. S. K. Asher	9.8	-	-	9.8	-	-	-	-
Mr. N. Raisinghani	9.8	-	-	9.8	-	-	-	-
Mrs. R. F. Forbes	9.8	-	-	9.8	-	-	-	-
Mr. A. N. Rathi	9.8	-	-	9.8	-	-	-	-

Notes to the Consolidated Financial Statements as at and for the year ended 31<sup>st</sup> March, 2024

(All amounts are in ₹ Lakhs, unless otherwise stated)

Nature of Transactions	For the year ended 31 <sup>st</sup> March 2024				For the year ended 31 <sup>st</sup> March 2023			
	Key Management Personnel	Close Member of Key Management Personnel	Others	Total	Key Management Personnel	Close Member of Key Management Personnel	Others	Total
c Sitting fees :	28.2	-	-	28.2	26.8	-	-	26.8
Mrs. S. A. Panse	2.6	-	-	2.6	2.8	-	-	2.8
Mr. S. K. Asher	3.2	-	-	3.2	2.6	-	-	2.6
Mr. D. N. Damania	5.4	-	-	5.4	5.4	-	-	5.4
Mr. P. R. Rathi	3.0	-	-	3.0	3.4	-	-	3.4
Mr. S. Padmanabhan	5.2	-	-	5.2	4.6	-	-	4.6
Mr. N. Raisinghani	2.4	-	-	2.4	1.6	-	-	1.6
Dr. Deepak Parikh	1.0	-	-	1.0	1.4	-	-	1.4
Mrs. R. F. Forbes	2.0	-	-	2.0	1.4	-	-	1.4
Mr. A. N. Rathi	1.6	-	-	1.6	1.0	-	-	1.0
Mr. N. J. Rathi	1.4	-	-	1.4	2.4	-	-	2.4
Mr. R. B. Rathi	0.4	-	-	0.4	0.2	-	-	0.2
d Sale of Property Plant and Equipment :	0.4	-	-	0.4	-	-	-	-
Mr. A. Vij	0.4	-	-	0.4	-	-	-	-
e Sale of goods (Incl. Taxes) :	-	-	3.0	3.0	-	-	36.1	36.1
Marathwada Chemical Industries Private Limited	-	-	3.0	3.0	-	-	36.1	36.1
f Purchase of Goods / Services / Property Plant and Equipment :	-	-	24.1	24.1	-	-	5.0	5.0
Aquapharm Chemicals Private Limited	-	-	6.3	6.3	-	-	-	-
Krohne Marshall Private Limited	-	-	1.9	1.9	-	-	4.1	4.1
Forbes Marshall Private Limited	-	-	15.9	15.9	-	-	0.9	0.9
g Legal and Professional Fees Paid (Incl. Taxes):	-	-	157.8	157.8	-	-	92.5	92.5
Breakthrough Management Group	-	-	-	-	-	-	28.6	28.6
Dr. Deepak Parikh	-	-	12.3	12.3	-	-	28.3	28.3
Crawford Bayley & Co.	-	-	145.0	145.0	-	-	35.0	35.0
Others	-	-	0.5	0.5	-	-	0.6	0.6

### Notes to the Consolidated Financial Statements

(All amounts are in ₹ Lakhs, unless otherwise stated)

Nature of Transactions	For the year ended 31 <sup>st</sup> March 2024				For the year ended 31 <sup>st</sup> March 2023			
	Key Management Personnel	Close Member of Key Management Personnel	Others	Total	Key Management Personnel	Close Member of Key Management Personnel	Others	Total
<b>h Commission on Sales (Incl. Taxes):</b>	-	-	-	-	-	-	694.9	694.9
Rabro Speciality Chemicals Pvt Ltd	-	-	-	-	-	-	694.9	694.9
<b>i Rent received (Incl. Taxes) :</b>	-	-	1.3	1.3	-	-	25.2	25.2
Rabro Speciality Chemicals Pvt. Ltd.	-	-	0.3	0.3	-	-	21.7	21.7
Balkrishna Rathii Finance Private Limited	-	-	0.3	0.3	-	-	0.7	0.7
NJR Finance Private Limited	-	-	0.2	0.2	-	-	0.7	0.7
Others	-	-	0.5	0.5	-	-	2.1	2.1
<b>j Rent paid (Incl. Taxes) :</b>	-	-	-	-	-	-	10.2	10.2
Rabro Speciality Chemicals Pvt. Ltd.	-	-	-	-	-	-	10.2	10.2
<b>k Donation Paid :</b>	-	-	-	-	-	-	202.0	202.0
Sudarshan CSR Foundation	-	-	183.9	183.9	-	-	202.0	202.0
<b>l Reimbursement (Net) :</b>	-	-	9.8	9.8	-	-	(3.9)	(3.9)
Rabro Speciality Chemicals Pvt. Ltd.	-	-	1.9	1.9	-	-	(3.9)	(3.9)
Shri Jagannath Rathii Charity Trust	-	-	7.9	7.9	-	-	-	-
<b>m Subscription paid :</b>	-	-	-	-	-	-	11.1	11.1
Pigment Manufacturers Association	-	-	-	-	-	-	1.1	1.1
<b>n Car Deposit Received :</b>	16.0	-	-	16.0	-	-	-	-
Mr. A. Vij	5.9	-	-	5.9	-	-	-	-
Mr. N.J. Rathii	4.2	-	-	4.2	-	-	-	-
Mr. Mandar Velankar	5.9	-	-	5.9	-	-	-	-

- 1 Transactions with related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year end are unsecured with a short term duration unless otherwise stated and interest free except for loans and settlement occurs in cash. For the year ended 31<sup>st</sup> March, 2024, the Group has not recorded any impairment of receivables relating to amount owed by related parties other than those disclosed separately above (31<sup>st</sup> March, 2023 : ₹ Nil). This assessment is undertaken in each financial year through examining the financial position of the related party and the market in which the related party operates.
- 2 All transactions were made on normal commercial terms and conditions and at market rates.

### Notes to the Consolidated Financial Statements

(All amounts are in ₹ Lakhs, unless otherwise stated)

46 RELATED PARTY TRANSACTION (AS PER IND AS 24 ON RELATED PARTY DISCLOSURES SPECIFIED UNDER SECTION 133 OF THE COMPANIES ACT, 2013) :

C Balances due from / to related parties :

Nature of Transactions	As at 31 <sup>st</sup> March 2024				As at 31 <sup>st</sup> March 2023			
	Key Management Personnel	Relatives of Key Management Personnel	Others	Total	Key Management Personnel	Relatives of Key Management Personnel	Others	Total
<b>a Trade Receivable :</b>	-	-	-	-	-	-	11.1	11.1
Marathwada Chemical Industries Private Limited	-	-	-	-	-	-	10.7	10.7
Others	-	-	-	-	-	-	0.4	0.4
<b>b Trade Payable :</b>	1.7	-	13.7	15.4	-	-	54.1	54.1
Rabro Speciality Chemicals Private Limited	-	-	11.6	11.6	-	-	53.7	53.7
Others	1.7	-	2.1	3.8	-	-	0.4	0.4
<b>c Other Receivable :</b>	-	-	98.5	98.5	-	-	44.8	44.8
Sudarshan Chemical Industries Limited Employee Group	-	-	97.9	97.9	-	-	39.7	39.7
Rabro Speciality Chemicals Private Limited	-	-	-	-	-	-	4.2	4.2
Others	-	-	0.6	0.6	-	-	0.9	0.9
<b>d Other Payable :</b>	-	-	0.1	0.1	-	-	3.6	3.6
Marathwada Chemical Industries Private Limited	-	-	-	-	-	-	3.5	3.5
Others	-	-	0.1	0.1	-	-	0.1	0.1
<b>e Commission Payable :</b>	101.3	-	-	101.3	10.0	-	-	10.0
Mr. D. N. Damania	14.4	-	-	14.4	2.5	-	-	2.5
Mr. P.R.Rathii	11.7	-	-	11.7	2.5	-	-	2.5
Mr. S. Padmanabhan	11.7	-	-	11.7	2.5	-	-	2.5
Mr. N. J. Rathii	2.0	-	-	2.0	2.5	-	-	2.5
Mrs. S. A. Panse	15.0	-	-	15.0	-	-	-	-
Mrs. R. F. Forbes	9.8	-	-	9.8	-	-	-	-
Mr. S. K. Asher	9.8	-	-	9.8	-	-	-	-
Mr. N. Raisinghani	9.8	-	-	9.8	-	-	-	-
Mr. A. N. Rathii	9.8	-	-	9.8	-	-	-	-
Dr. Deepak Parikh	7.3	-	-	7.3	-	-	-	-

Notes to the Consolidated Financial Statements as at and for the year ended 31<sup>st</sup> March, 2024

(All amounts are in ₹ Lakhs, unless otherwise stated)

Nature of Transactions	As at 31 <sup>st</sup> March 2024				As at 31 <sup>st</sup> March 2023			
	Key Management Personnel	Relatives of Key Management Personnel	Others	Total	Key Management Personnel	Relatives of Key Management Personnel	Others	Total
<b>f Salary / Pension Payable * :</b>	<b>236.8</b>	<b>1.9</b>	-	<b>238.7</b>	<b>71.8</b>	<b>2.8</b>	-	<b>74.6</b>
Mr. R.B.Rathi	200.0	-	-	200.0	31.2	-	-	31.2
Mr. V. R. Bhatia	14.1	-	-	14.1	9.5	-	-	9.5
Mr. A.Vij	1.0	-	-	1.0	7.8	-	-	7.8
Mr. Nilkanth J. Natu	3.1	-	-	3.1	4.8	-	-	4.8
Mr. Mandar Velankar	4.6	-	-	4.6	3.5	-	-	3.5
Mr. Mahesh Patil	4.7	-	-	4.7	2.4	-	-	2.4
Mr. N. J. Rathi	2.5	-	-	2.5	-	2.0	-	2.0
Mr. P.R.Rathi	4.7	-	-	4.7	1.9	-	-	1.9
Others	2.1	1.9	-	4.0	10.7	0.8	-	11.5
<b>g Car deposit payable :</b>	<b>83.9</b>	-	-	<b>83.9</b>	<b>67.9</b>	-	-	<b>67.9</b>
Mr. N.J. Rathi	4.2	-	-	4.2	-	-	-	-
Mr. P.R. Rathi	49.0	-	-	49.0	49.0	-	-	49.0
Mr. R.B. Rathi	18.9	-	-	18.9	18.9	-	-	18.9
Mr. M.M. Velankar	5.9	-	-	5.9	-	-	-	-
Mr. A.Vij	5.9	-	-	5.9	-	-	-	-

\*Does not include gratuity and leave encashment since the same is considered for all employees of the Group as a whole.

Note: Transactions with related parties are made on terms equivalent to those that prevail in arm's length transactions. All transactions were made on normal commercial terms and conditions and are at market rates.

Notes to the Consolidated Financial Statements as at and for the year ended 31<sup>st</sup> March, 2024

(All amounts are in ₹ Lakhs, unless otherwise stated)

## 47 RISK MANAGEMENT AND CAPITAL MANAGEMENT

## A Financial instruments risk management objectives and policies

The Group's principal financial liabilities other than derivatives, comprise borrowings, trade and other payables. The main purpose of these financial liabilities is to finance the Group's operations and to support its operations. The Group's principal financial assets include investments, trade and other receivables, deposits, loans and cash and cash equivalents that derive directly from its operations.

The Group is exposed to market risk, credit risk and liquidity risk. The Group's senior management oversees the management of these risks. The Group's senior management is supported by an Enterprise Risk Management (ERM) team that advises on financial risks and the appropriate financial risk governance framework for the Group. The ERM team provides assurance to the Group's senior management that the Group's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Group's policies and risk objectives. The ERM team process seeks to provide greater confidence to the decision maker and thus enhance achievement of objectives. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below.

## (a) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include borrowings, deposits, investments, other receivable, payables and derivative financial instruments. The sensitivity analysis in the following sections relate to the position as at 31<sup>st</sup> March, 2024 and 31<sup>st</sup> March, 2023.

Potential impact of risk	Management policy	Sensitivity to risk
<b>i) Interest rate risk</b>		
The Group is mainly exposed to interest rate risk due to its variable interest rate borrowings. The interest rate risk arises due to uncertainties about the future market interest rate of these borrowings.	In order to manage its interest rate risk arising from variable interest rate borrowings, the Group uses Interest rate swaps to hedge its exposure to future market interest rates whenever appropriate. The hedging activity is undertaken in accordance with the framework set by the Risk Management Committee and supported by the Treasury department.	As an estimation of the approximate impact of the interest rate risk, with respect to financial instruments, the Group has calculated the impact of a 25 bps change in interest rates. A 25 bps reduction in interest rates would have led to approximately an additional ₹110.2 lakhs and (Previous Year: ₹204.4 lakhs) gain in Statement of Profit and Loss. A 25 bps increase in interest rates would have led to an equal but opposite effect.
<b>ii) Foreign exchange risk</b>		
The Group has international operations and is exposed to foreign exchange risk arising from foreign currency transactions. Foreign exchange risk arises from future commercial transactions and recognised Financial assets and liabilities denominated in a currency that is not the Group's functional currency (INR). The risk also includes highly probable foreign currency cash flows.	The Group has exposure arising out of export, import, loans and other transactions. The Group hedges its foreign exchange risk using foreign exchange forward contracts and currency options after considering the natural hedge. The same is within the guidelines laid down by Group's Risk Management policy.	As an estimation of the approximate impact of the foreign exchange rate risk, with respect to financial statements, the Group has calculated the impact on the Statement of Profit and Loss.  The following tables demonstrate the sensitivity to a possible change in EUR and USD exchange rates, with all other variables held constant. The Group's exposure to foreign currency changes for all other currencies is not material. For derivative and non-derivative financial instruments, a 2% increase in the spot price as on the reporting date would have led to an increase in additional loss of ₹942.3 Lakhs. (Previous Year: loss of ₹1,057.7 Lakhs). A 2% decrease would have led to an increase in additional gain of ₹942.3 Lakhs. (Previous Year: gain of ₹1,057.7 Lakhs).

## Notes to the Consolidated Financial Statements as at and for the year ended 31<sup>st</sup> March, 2024

(All amounts are in ₹ Lakhs, unless otherwise stated)

(₹ in Lakhs)

Foreign currency exposure and sensitivity	As at 31 <sup>st</sup> March, 2024		As at 31 <sup>st</sup> March, 2023	
	USD denominated	EURO denominated	USD denominated	EURO denominated
Trade receivables	16,006.5	67.7	18,885.5	6,760.8
Forward contracts for trade receivables	(26,349.9)	(3,594.8)	(30,650.1)	(7,534.0)
Foreign currency borrowings	(25,380.0)	(3,747.0)	(49,848.0)	(4,036.5)
Trade payables	(7,454.2)	-	(13,513.1)	3,210.2
Forward contracts for trade payable	834.0	-	11,723.3	-
Forward contracts for borrowings	2,502.0	-	12,119.3	-
<b>Total</b>	<b>(39,841.6)</b>	<b>(7,274.1)</b>	<b>(51,283.1)</b>	<b>(1,599.5)</b>

The movement in Effective portion of cash flow hedge under other equity for derivatives designated as Cash Flow Hedges is as follows:

Particulars	Year ended 31 <sup>st</sup> March, 2024	Year ended 31 <sup>st</sup> March, 2023
<b>Balance at beginning of the year</b>	<b>(2,530.9)</b>	<b>(346.5)</b>
Changes in the fair value of effective portion of derivatives – gain / (loss)	(1,470.5)	(3,506.6)
Net Gain / (Loss) reclassified to Statement of Profit and Loss on occurrence of hedged forecasted transactions	1,490.5	1,322.2
<b>Balance at end of the year</b>	<b>(2,510.9)</b>	<b>(2,530.9)</b>
<b>Tax impact</b>	<b>(28.0)</b>	<b>121.2</b>

The Group basis their assessment believes that the probability of the occurrence of their highly probable forecasted transactions is not significantly impacted by the current geopolitical scenario. The Group has also considered the effect of changes, if any, in both counterparty credit risk and own credit risk while assessing hedge effectiveness and measuring hedge ineffectiveness. The Group continues to believe that there is no impact on effectiveness of its hedges.

### Disclosure

How the risk arises	How group manages risks
The Group has a significant portion of its revenue in foreign currency (other than ₹). This exposure in foreign exchange risk affects the profitability and financial position of the group due to variation in the foreign exchange rates.	The risk management strategy is as follows: <ul style="list-style-type: none"> <li>- To use the foreign exchange forward contracts to hedge the foreign currency risk associated with highly probable forecasted sales.</li> <li>- To use the non-derivative contracts (cash flow legs of foreign currency borrowing) to hedge the foreign currency risk associated with highly probable forecasted sales.</li> <li>- To use the cash flow legs of foreign currency borrowing combined with the cash flow legs of Cross Currency Interest Rate Swap to hedge the foreign currency risk associated with highly probable forecasted sales.</li> </ul>
The Group has certain amount of its purchases in foreign currency (other than ₹) which results in exposure to fluctuation of exchange rate affecting the profitability and financial position of the Group.	The risk management strategy is to use the foreign exchange forward contracts to hedge the foreign currency risk associated with highly probable forecasted purchases.
The Group has taken loans denominated in EUR which have floating interest rate. This results in exposing the Group to fluctuations in cash flow due to floating interest rate risk.	The risk management strategy is to use the Interest Rate Swap (IRS) to hedge the interest rate risk associated with floating interest rate cash flow.

## Notes to the Consolidated Financial Statements as at and for the year ended 31<sup>st</sup> March, 2024

(All amounts are in ₹ Lakhs, unless otherwise stated)

The Group uses derivatives (forward contract, interest rate swap) or non-derivative or a combination of both to hedge its exposure of forex / interest rate related risk. These instruments are either used to lock in a lower purchase price or / and a higher sales prices / fixed interest rate. The gain or loss on hedging instrument are aligned and effectively an offset compared with hedged item.

The economic relationship between hedged item and hedged instrument is established to ensure that both are moving in the opposite direction because of the same hedged risk.

The credit risk associated with the hedge relationship is negligible due to the highly rated counterparties.

The Group's hedging policy only allows for effective hedge relationships. Hedge effectiveness is determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessments to ensure that an economic relationship exists between hedged item and hedging instrument. The Group enters into hedge relationships where the critical terms of the hedging instrument match exactly with the terms of the hedged item, and so a qualitative assessment of effectiveness is performed. If the critical terms of the hedged item do not match exactly with the critical terms of the hedging instrument, the company uses the quantitative analysis to assess effectiveness.

Ineffectiveness is recognised on a cash flow hedge where the cumulative change in the designated component value of the hedging instrument exceeds, on an absolute basis, the change in value of the hedged item that attributes to the hedged risk. This may arise if there is any change in the timing of the underlying hedged item or if the critical terms of the hedging instrument and the hedged item do not match exactly.

### (b) Credit risk

Potential impact of risk	Management policy	Sensitivity to risk
Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities, i.e. trade receivables.	Customer credit risk is managed subject to the Group's policy, procedures and control relating to customer credit risk management. Outstanding customer receivables are regularly monitored and any shipments to major customers are generally covered by letters of credit or other forms of credit insurance.  An impairment analysis based on Expected Credit Loss (ECL) model is performed at each reporting date.	The Group considers the probability of default upon initial recognition and whether there have been significant increase in the credit risk on ongoing basis throughout each reporting period, to assess increase in the credit risk, the Group compares the rate of default on the date of reporting and initial recognition.  The maximum amount to which the Company is exposed is ₹58,531.9 Lakhs and ₹48,614.6 Lakhs for 31 <sup>st</sup> March 2024 and 31 <sup>st</sup> March 2023 respectively.  Against these receivables, a provision for expected loss allowance is recognised.

Reconciliation of provision for expected credit loss	
<b>Balance as at 1<sup>st</sup> April, 2022</b>	<b>1,425.2</b>
Provision (reversed) / recognised for expected credit loss	84.1
<b>Balance as at 31<sup>st</sup> March, 2023</b>	<b>1,509.3</b>
Provision (reversed) / recognised for expected credit loss	(142.9)
<b>Balance as at 31<sup>st</sup> March, 2024</b>	<b>1,366.4</b>

In addition to the historical pattern of credit loss, the Group has considered the likelihood of increased credit risk considering emerging situations due to the current geopolitical scenarios. This assessment is based on the likelihood of the recoveries from the customers in the present situation. The Group closely monitors its customers who are going through financial stress and assesses actions such as change in payment terms, recognition of revenue on collection basis etc., depending on severity of each case. Basis this assessment, the allowance for doubtful trade receivables is considered adequate.

In addition, financial instruments that are subject to concentration of credit risk include loans, cash and cash equivalents, other balances with banks and other financial assets. None of the financial instruments of the Group result in material concentration of credit risk. Credit risk on cash and cash equivalents is limited as the Group generally invest in deposits with banks and financial institutions with high credit ratings assigned by international and domestic credit rating agencies.

## Notes to the Consolidated Financial Statements as at and for the year ended 31<sup>st</sup> March, 2024

(All amounts are in ₹ Lakhs, unless otherwise stated)

### (c) Liquidity risk

Potential impact of risk	Management policy	Sensitivity to risk
Liquidity risk is defined as the risk that the Group will not be able to settle or meet its obligation on time or at a reasonable price or there could be excessive concentrations of risks. The Group's treasury department is responsible for liquidity, funding as well as settlement management.	The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts and bank loans. The Group has access to a sufficient variety of sources of funding and debt maturing within 12 months can be rolled over with existing lenders.	The Group's principal sources of liquidity are cash and cash equivalents, borrowings and the cash flow that is generated from operations. The Group believes that current cash and cash equivalents, tied up borrowing lines and cash flow that is generated from operations is sufficient to meet requirements. Accordingly, liquidity risk is perceived to be low.
Excessive concentrations of risks arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Group's performance to developments affecting a particular industry.	In order to avoid excessive concentrations of risk, the Group's policies and procedures include specific guidelines to focus on the maintenance of a diversified portfolio. Identified concentrations of credit risks are controlled and managed accordingly. Selective hedging is used to manage risk concentrations at both the relationship and industry levels.	The Group assessed the concentration of risk and concluded it to be low.  The following table shows the maturity analysis of the Group's financial liabilities based on contractually agreed undiscounted cash flows as at the Balance Sheet date:

The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments:

Particulars	Note	Less than 6 months	6 to 12 months	1 to 5 years	More than 5 years	Total
<b>As at 31<sup>st</sup> March, 2024</b>						
Borrowings - Current	17	16,657.6	8,103.9	-	-	24,761.5
Borrowings - Non-current	17	-	-	19,331.5	-	19,331.5
Other financial liabilities	19	4,262.4	-	161.3	-	4,423.7
Lease liabilities	5	172.8	172.8	2,267.9	-	2,613.5
Trade payables	18	48,250.8	2,118.0	835.8	-	51,204.6
Derivatives instruments	20	82.0	-	-	-	82.0
<b>Total</b>		<b>69,425.6</b>	<b>10,394.7</b>	<b>22,596.5</b>	<b>-</b>	<b>1,02,416.8</b>
<b>As at 31<sup>st</sup> March, 2023</b>						
Borrowings - Current	17	28,941.7	7,887.2	-	-	36,828.9
Borrowings - Non-current	17	-	-	44,920.6	-	44,920.6
Other financial liabilities	19	4,194.4	-	156.3	-	4,350.7
Lease liabilities	5	150.1	150.0	855.6	-	1,155.7
Trade payables	18	50,872.9	-	-	-	50,872.9
Derivatives instruments	20	58.3	-	379.8	-	438.1
<b>Total</b>		<b>84,217.4</b>	<b>8,037.1</b>	<b>46,312.3</b>	<b>-</b>	<b>1,38,566.9</b>

### B Capital management

For the purpose of the Group's capital management, capital includes issued equity capital and all other equity reserves attributable to the equity holders of the Group. The primary objective of capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Group may adjust the dividend payment

## Notes to the Consolidated Financial Statements as at and for the year ended 31<sup>st</sup> March, 2024

(All amounts are in ₹ Lakhs, unless otherwise stated)

to shareholders, return capital to shareholders or issue new shares. The Group monitors capital using a gearing ratio, which is debt divided by total equity.

Particulars	As at 31 <sup>st</sup> March, 2024	As at 31 <sup>st</sup> March, 2023
Total Debt	44,093.0	81,749.5
Total Equity (Share Capital + Reserves)	1,14,903.7	82,822.4
Debt - Equity ratio	0.38	0.99

### 48 ASSETS HELD FOR SALE :

#### Description

#### Sale of freehold land

The Board of Directors at its meeting held on Thursday, 9<sup>th</sup> February, 2023, accorded its in-principle approval for sale of freehold, clear and marketable titled land admeasuring approximately 5.76 acres along with the structures standing thereon located at 162 Wellesley Road, Pune – 411 001, Maharashtra, India, subject to necessary due diligence, approvals, consents, permissions from the concerned authorities to one or more parties in part, piecemeal or in full. Subsequently, the Holding Company entered into an agreement dated 6<sup>th</sup> April, 2023 for transfer of aforesaid land along with the structures standing thereon. The transaction was completed on 6<sup>th</sup> April, 2023. Pursuant to the requirements of Ind AS 105 - "Non current Assets Held for Sale and Discontinued Operations", this has been classified as "assets held for sale."

The assets of disposal group classified as held for sale as on 31<sup>st</sup> March, 2023 are as under:

Particulars	As at 31 <sup>st</sup> March, 2023
<b>Assets</b>	
Property, plant and equipment	
Freehold Land	2,327.9
Buildings	288.3
Furniture and Fixtures	216.3
Office Equipments	13.0
<b>Total assets</b>	<b>2,845.5</b>

There are no associated liabilities of the disposal group classified as held for sale as on 31<sup>st</sup> March, 2023.

The fair value measurement of the disposal group has been categorised as level 3 fair value hierarchy based on inputs involved in the valuation technique used. The fair value has been determined using the independent and external valuer report.

### 49 SHARE BASED PAYMENTS

During the financial year 2018-19, the Board of Directors of the Holding Company and its Shareholders' approved a Employee Stock Option Plan (ESOP) and reserved 13,84,545 common shares for issuance thereunder. During the year ended 31<sup>st</sup> March, 2021, options totalling to 3,94,220 ordinary shares were granted to certain identified eligible employees of the Holding Company. Detailed description of share based payment arrangements is as below:

a	Date of shareholders' approval	9 <sup>th</sup> August, 2018
b	Total number of options approved under ESOP	3,94,220
c	Vesting requirements	Out of the total options granted, 40% options vest after 4 <sup>th</sup> year, 20% options vest after 5 <sup>th</sup> year, 20% options vest after 6 <sup>th</sup> year and 20% options vest after 7 <sup>th</sup> year from the date of respective grant, subject to time-based and performance-based conditions of the ESOP scheme.
d	Exercise price or pricing formula	₹ 349.35
e	Maximum term of options granted	5 years from each vesting date
f	Date of grant	3 <sup>rd</sup> April, 2020
g	Settlement mode	Equity share
h	Source of shares (primary, secondary or combination)	Primary

## Notes to the Consolidated Financial Statements as at and for the year ended 31<sup>st</sup> March, 2024

(All amounts are in ₹ Lakhs, unless otherwise stated)

The weighted average fair value of the share option granted is ₹169.2 /-. Options were priced using a Black Scholes Merton Formula pricing model. Where relevant, the expected life used in this model has been adjusted based on management's best estimate for the effects of non-transferability, exercise restrictions and behavior considerations. Expected volatility is based on historical sale price volatility of comparable companies in the industry over the expected life of 6 – 10 years.

### Inputs into the model were as follows:

a Grant date share price	₹349.35
b Exercise price	₹349.35
c Expected volatility	45.64% – 47.51%
d Expected life	6.5 to 9.5 years
e Dividend yield	1.90% - 2.20%
f Risk free interest rate	6.45% to 6.68%

### Reconciliation of outstanding share options is as follows:

Particulars	Number of options	Weighted average exercise price
Outstanding as at 1 <sup>st</sup> April, 2022	3,59,430	169.2
Granted during the year	-	-
Forfeited / lapsed during the year	(26,780)	-
Exercised during the year	-	-
Outstanding as at 31 <sup>st</sup> March, 2023	3,32,650	169.2
Exercisable as at 31 <sup>st</sup> March, 2023	-	-
Outstanding as at 1 <sup>st</sup> April, 2023	3,32,650	169.2
Granted during the year	-	-
Forfeited / lapsed during the year	-	-
Exercised during the year	-	-
Outstanding as at 31 <sup>st</sup> March, 2024	3,32,650	169.2
Exercisable as at 31 <sup>st</sup> March, 2024	-	-

There are no options vested during the year ended 31<sup>st</sup> March 2024 and 31<sup>st</sup> March 2023.

There is no realisation of money by exercise of option during the year ended 31<sup>st</sup> March 2024 and 31<sup>st</sup> March 2023.

The options outstanding at 31<sup>st</sup> March, 2024 have an exercise price of ₹349.35 (31<sup>st</sup> March, 2023: ₹349.35) and a weighted average remaining contractual life of 6.2 years (31<sup>st</sup> March, 2023: 7.2 years)

Weighted average share price at the date of the exercise of share options exercised in 2023-24 is not disclosed as no shares were exercised during current year and the previous year.

### Expense recognised in Statement of Profit and Loss

The Holding Company has followed the fair value method to account for the grant of stock options, profit and loss impact for the year ended 31<sup>st</sup> March, 2024 is ₹126.1 Lakhs (previous year: ₹108.4 Lakhs)

## 50 Operating Segments

### A Basis of Segmentation

An operating segment is a component of the Group that engages in business activities from which it may earn revenue and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components and for which discrete financial information is available. All operating segments' operating results are reviewed regularly by the Group's Chief Operating Decision Maker to make decisions about resources to be allocated to the segments and assess their performance. The Group has two reportable segments as described below, which are the Group's strategic business units.

## Notes to the Consolidated Financial Statements as at and for the year ended 31<sup>st</sup> March, 2024

(All amounts are in ₹ Lakhs, unless otherwise stated)

**Pigment :** The Pigments segment produces and sells a broad spectrum of organic, inorganic, effect pigments and dispersions primarily for paints, plastics, inks and cosmetics industries.

**Others:** Others comprises of project engineering and manufacturing business of grinding solutions, clean air solutions, power handling solutions etc.

### B Information about reportable segments

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit (before tax), as included in the internal management reports that are reviewed by the Group's Chief Operating Decision Maker. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the performance of certain segments relative to other entities that operate within these industries.

Particulars	Year ended 31 <sup>st</sup> March, 2024			Year ended 31 <sup>st</sup> March, 2023		
	Pigment	Others	Total	Pigment	Others	Total
<b>Segment Revenue</b>						
External Revenues	2,22,323.3	31,618.2	2,53,941.5	2,07,905.5	22,358.3	2,30,263.8
Inter-segment Revenue	-	63.8	63.8	-	90.6	90.6
<b>Total segment revenue</b>	<b>2,22,323.3</b>	<b>31,554.4</b>	<b>2,53,877.7</b>	<b>2,07,905.5</b>	<b>22,267.7</b>	<b>2,30,173.2</b>
<b>Segment Results</b>						
Profit / (loss) before tax, exceptional items and finance cost	18,068.4	1,164.7	19,233.1	8,628.5	1,492.5	10,121.0
Less: Finance costs (net)	3,157.7	532.5	3,690.2	3,784.3	362.8	4,147.1
Profit after finance cost but before tax	14,910.7	632.2	15,542.9	4,844.2	1,129.7	5,973.9
<b>Profit after tax</b>	<b>35,284.8</b>	<b>459.9</b>	<b>35,744.7</b>	<b>3,644.3</b>	<b>832.6</b>	<b>4,476.9</b>
<b>Segment Assets and Segment Liabilities</b>						
Segment Assets	2,15,849.4	19,653.8	2,35,503.2	2,19,092.9	20,105.6	2,39,198.5
Segment Liabilities	1,04,821.5	15,778.0	1,20,599.5	1,39,679.0	16,697.1	1,56,376.1
<b>Segment Assets (-) Segment Liabilities</b>	<b>1,11,027.9</b>	<b>3,875.8</b>	<b>1,14,903.7</b>	<b>79,413.9</b>	<b>3,408.5</b>	<b>82,822.4</b>
<b>Other Details:</b>						
Capital Expenditure	7,405.8	441.4	7,847.3	18,449.3	790.8	19,240.1
Depreciation and Amortisation	13,692.0	424.7	14,116.7	11,140.3	282.4	11,422.7

### C Geographical Information

Particulars	Year ended 31 <sup>st</sup> March, 2024	Year ended 31 <sup>st</sup> March, 2023
<b>Segment Revenue by location of customers</b>	<b>1,47,132.6</b>	<b>1,25,947.8</b>
In India	1,06,745.1	1,04,225.4
Outside India	2,53,877.7	2,30,173.2
<b>Non-current operating assets by location of assets</b>	<b>1,11,358.3</b>	<b>1,27,955.6</b>
In India	1,309.5	-
Outside India	1,12,667.8	1,27,955.6

### D There are no transactions with single external customer which amounts to 10% or more of the Group's revenue.

## Notes to the Consolidated Financial Statements as at and for the year ended 31<sup>st</sup> March, 2024

(All amounts are in ₹ Lakhs, unless otherwise stated)

### 51 HEDGING ACTIVITIES

#### Cash flow hedges

The Group enters into derivative instruments which comprise of interest rate swaps, cross currency swaps and also designates its foreign currency borrowings against highly probable forecasted export sales for hedge accounting to manage its foreign currency exposure.

These instruments are measured at fair values at each reporting period resulting in derivative financial assets and derivative financial liabilities. The gain / loss on maturity / termination of such derivative instruments is recorded in the Consolidated Statement of Profit and Loss along with the relevant hedged item.

The cash flow hedges of the expected future sales during the year ended 31<sup>st</sup> March, 2024 were assessed to be highly effective and a net unrealised (loss) / gain of ₹20.0 Lakhs (31<sup>st</sup> March, 2023: ₹ (2,184.4) Lakhs) is included in OCI. The amounts retained in OCI at 31<sup>st</sup> March, 2024 are expected to be realised in the Consolidated Statement of Profit and Loss till the year ended 31<sup>st</sup> March, 2028.

The following are the details of outstanding derivative and non derivative instruments (foreign currency loans) entered into by the Group which have been designated as Cash Flow Hedges:

#### As at 31<sup>st</sup> March, 2024

Type of Cover	Amount outstanding in foreign currency in lakhs	Currency	Fair value gain / (loss)	
			in OCI (effective)	in P&L (ineffective)
Non-derivative contracts (Foreign Currency Loans)	304.3	USD	798.1	(268.1)
Derivative contracts - IRS and CCIRS	279.3	USD	(778.1)	(7.1)
			20.0	(275.2)

#### As at 31<sup>st</sup> March, 2023

Type of Cover	Amount outstanding in foreign currency in lakhs	Currency	Fair value gain / (loss)	
			in OCI (effective)	in P&L (ineffective)
Non-derivative contracts (Foreign Currency Loans)	606.7	USD	(2,388.6)	(135.2)
Derivative contracts - IRS and CCIRS	482.8	USD	204.2	-
			(2,184.4)	(135.2)

For qualitative details w.r.t hedging strategy followed by the Group refer note 49A

#### Derivatives not designated as hedging instruments:

The Group has used foreign exchange forward contracts to manage its import payments and realisation from export customers. These foreign exchange forward contracts are not designated as cash flow hedges and are entered into for periods consistent with foreign currency exposure of the underlying transactions i.e. the payments against import purchases and realisation from export customers.

### 52 EXCEPTIONAL ITEMS

Particulars	As at 31 <sup>st</sup> March, 2024	As at 31 <sup>st</sup> March, 2023
Sale of freehold land - refer note 52 (a)	31,510.1	-

- a) During the current year, the Holding company concluded the sale of its freehold land along with the structures thereon located at 162 Wellesley Road, Pune 411 001, for a total consideration of ₹35,600.0 lakhs resulting into a gain of ₹31,510.1 lakhs (net of transaction costs and other incidental costs). These assets were disclosed as Assets Held for Sale as on 31<sup>st</sup> March, 2023. Tax expense on this exceptional item amounting to ₹6,921.0 lakhs is included in current tax expenses.

## Notes to the Consolidated Financial Statements as at and for the year ended 31<sup>st</sup> March, 2024

(All amounts are in ₹ Lakhs, unless otherwise stated)

### 53 FINANCIAL INSTRUMENTS - FAIR VALUES

Below is a comparison, by class, of the carrying amounts of the Group's financial instruments as of 31<sup>st</sup> March, 2024.

Particulars	Amortised Cost	Financial assets / liabilities at fair value through profit and loss	Financial assets / liabilities at fair value through OCI	Total carrying value
<b>Financial assets</b>				
Investments	1.1	243.0	-	244.1
Other non-current financial assets	833.2	-	-	833.2
Trade receivables	58,531.9	-	-	58,531.9
Cash and cash equivalents	4,723.7	-	-	4,723.7
Bank balances other than cash and cash equivalents	866.8	-	-	866.8
Derivatives - Forward contracts receivable	-	34.0	-	34.0
Interest rate / currency swap contracts	-	-	797.1	797.1
Other current financial assets	753.1	-	-	753.1
<b>Total</b>	<b>65,709.8</b>	<b>277.0</b>	<b>797.1</b>	<b>66,783.9</b>
<b>Financial liabilities</b>				
Borrowings	44,093.0	-	-	44,093.0
Lease liability	2,613.5	-	-	2,613.5
Trade payables	51,204.6	-	-	51,204.6
Derivative - Forward contracts payable	-	82.0	-	82.0
Interest rate / currency swap contracts	-	-	-	-
Other financial liabilities	4,423.7	-	-	4,423.7
<b>Total</b>	<b>1,02,334.8</b>	<b>82.0</b>	<b>-</b>	<b>1,02,416.8</b>

Below is a comparison, by class, of the carrying amounts of the Group's financial instruments as of 31<sup>st</sup> March, 2023

Particulars	Amortised Cost	Financial assets / liabilities at fair value through profit and loss	Financial assets / liabilities at fair value through OCI	Total carrying value
<b>Financial assets</b>				
Investments	1.1	204.2	-	205.3
Other non-current financial assets	790.9	-	-	790.9
Trade receivables	48,614.6	-	-	48,614.6
Cash and cash equivalents	2,039.2	-	-	2,039.2
Bank balances other than cash and cash equivalents	902.1	-	-	902.1
Derivatives - Forward contracts receivable	-	124.7	-	124.7
Interest rate / currency swap contracts	-	-	1,566.5	1,566.5
Other current financial assets	778.6	-	-	778.6
<b>Total</b>	<b>53,126.4</b>	<b>329.0</b>	<b>1,566.5</b>	<b>55,021.9</b>
<b>Financial liabilities</b>				
Borrowings	81,749.5	-	-	81,749.5
Lease liability	1,155.7	-	-	1,155.7
Trade payables	50,872.9	-	-	50,872.9
Derivative - Forward contracts payable	-	58.3	-	58.3
Interest rate / currency swap contracts	-	-	379.8	379.8
Other financial liabilities	4,350.7	-	-	4,350.7
<b>Total</b>	<b>1,38,128.8</b>	<b>58.3</b>	<b>379.8</b>	<b>1,38,566.9</b>

Notes to the Consolidated Financial Statements as at and for the year ended 31<sup>st</sup> March, 2024  
(All amounts are in ₹ Lakhs, unless otherwise stated)

- The management assessed that the fair value of cash and cash equivalent, trade receivables, trade payables, and other current financial assets and liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.
- The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.
- The following method and assumptions were used to estimate the fair value:
- (i) Long-term fixed-rate and variable-rate receivables / borrowings are evaluated by the Group based on parameters such as interest rates, specific country risk factors, individual creditworthiness of the customer and the risk characteristics of the financed project. Based on this evaluation, allowances are taken into account for the expected credit losses of these receivables.
  - (ii) The fair value of unquoted instruments, loans from banks, related parties and other financial liabilities as well as other non-current financial liabilities is estimated by discounting future cash flows using rates currently available for debt on similar terms, credit risk and remaining maturities.
  - (iii) The Group enters into derivative financial instruments with financial institutions and banks with investment grade credit ratings. Foreign exchange Forward Contracts and Interest Rate Swap are valued using valuation techniques, which employ the use of market observable inputs. The most frequently applied valuation techniques include forward pricing models, using present value calculations. The model incorporate various inputs including the credit quality of counterparties, foreign exchange spot and forward rates, yield curves of the respective currencies, currency basis spreads between the respective currencies, interest rate curves and forward rate curves of the underlying commodity.
  - (iv) The fair values of the Group's interest-bearing borrowings and loans are determined by using DCF method using discount rate that reflects the issuer's borrowing rate as at the end of the reporting period. The own non-performance risk was assessed to be insignificant.

54 FAIR VALUE HIERARCHY

- The following table provides the fair value measurement hierarchy of the Group's assets and liabilities
- Quoted prices in an active market (Level 1):** This level of hierarchy includes financial assets that are measured by reference to quoted prices (unadjusted) in active markets for identical assets or liabilities. This category consists of mutual fund investments.
- Valuation techniques with observable inputs (Level 2):** This level of hierarchy includes financial assets and liabilities, measured using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e.; as prices) or indirectly (i.e.; derived from prices). This level of hierarchy include Group's over-the- counter (OTC) derivative contracts.
- Valuation techniques with significant unobservable inputs (Level 3):** This level of hierarchy includes financial assets and liabilities measured using inputs that are not based on observable market data (unobservable inputs). Fair values are determined in whole or in part, using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.

The following table presents the fair value measurement hierarchy of financial assets and liabilities measured at fair value on a recurring basis as at 31<sup>st</sup> March, 2024 and 31<sup>st</sup> March, 2023.

Notes to the Consolidated Financial Statements as at and for the year ended 31<sup>st</sup> March, 2024  
(All amounts are in ₹ Lakhs, unless otherwise stated)

Quantitative disclosures fair value measurement hierarchy -

Reporting Date	Date of valuation	Fair value measurement using			
		Amount	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Financial Assets measured at fair value through profit and loss / OCI					
Foreign exchange forward contracts					
As at 31 <sup>st</sup> March, 2024	31 <sup>st</sup> March, 2024	34.0	-	34.0	-
As at 31 <sup>st</sup> March, 2023	31 <sup>st</sup> March, 2023	124.7	-	124.7	-
Interest Rate Swap Contracts					
As at 31 <sup>st</sup> March, 2024	31 <sup>st</sup> March, 2024	797.1	-	797.1	-
As at 31 <sup>st</sup> March, 2023	31 <sup>st</sup> March, 2023	1,566.5	-	1,566.5	-
Investment in others*					
As at 31 <sup>st</sup> March, 2024	31 <sup>st</sup> March, 2024	243.0	-	-	243.0
As at 31 <sup>st</sup> March, 2023	31 <sup>st</sup> March, 2023	204.2	-	-	204.2
Financial Liabilities measured at fair value through profit and loss					
Foreign exchange forward contracts					
As at 31 <sup>st</sup> March, 2024	31 <sup>st</sup> March, 2024	82.0	-	82.0	-
As at 31 <sup>st</sup> March, 2023	31 <sup>st</sup> March, 2023	58.3	-	58.3	-
Interest Rate Swap Contracts					
As at 31 <sup>st</sup> March, 2024	31 <sup>st</sup> March, 2024	-	-	-	-
As at 31 <sup>st</sup> March, 2023	31 <sup>st</sup> March, 2023	379.8	-	379.8	-

The table shows the valuation techniques used in measuring Level 2 and Level 3 fair values for financial instruments measured at fair value in the balance sheet, as well as the significant unobservable inputs used.

\* Movement in the value is on account of change in fair value of investment.

The significant observable inputs used in the fair value measurements categorised within Level 2 of the fair value hierarchy are as shown below:

Type	Valuation Technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Forward exchange contracts	Forward pricing: The fair value is determined using quoted forward exchange rates at the reporting date and present value calculations based on high credit quality yield curves in the respective currencies.	Not Applicable	Not Applicable
Interest rate / Currency swaps	Swap models: The fair value is calculated as the present value of the estimated future cash flows. Estimates of future floating - rate cash flows are based on quoted swap rates, futures prices and interbank borrowing rates. Estimated cash flows are discounted using a yield curve constructed from similar sources and which reflects the relevant benchmark interbank rate used by market participants for this purpose when pricing interest rate swaps. The fair value estimate is subject to a credit risk adjustment that reflects the credit risk of the respective group entity and of the counterparty; this is calculated based on credit spreads derived from current credit default swap or on credit spreads derived from current credit default swap or bond prices.	Not Applicable	Not Applicable
Investment in others	The valuation model considers the present value of expected payments, discounted using a current risk adjusted discount rate. They are classified as Level 3 Fair values.	Not Applicable	Not Applicable

There have been no transfers among Level 1, Level 2 and Level 3 during the year.

## Notes to the Consolidated Financial Statements as at and for the year ended 31<sup>st</sup> March, 2024

(All amounts are in ₹ Lakhs, unless otherwise stated)

### 55 Details of Subsidiaries

#### (a) The following subsidiary companies are considered in the Consolidated Financial Statements

Name of the subsidiaries	Ownership in % either directly or through subsidiaries		Country of Incorporation
	2023-24	2022-23	
1 Sudarshan Europe B.V	100%	100%	The Netherlands
2 Sudarshan North America, Inc	100%	100%	The United States of America
(Step-down subsidiary of Sudarshan, India)			
3 Sudarshan Mexico S. de R.L. de CV.	100%	100%	Mexico
(Step-down subsidiary of Sudarshan, India)			
4 Sudarshan (Shanghai) Trading Company Ltd.	100%	100%	China
(Step-down subsidiary of Sudarshan, India w.e.f 22 <sup>nd</sup> March, 2024)			
5 RIECO Industries Limited	100%	100%	India
6 Sudarshan Japan Limited	100%	100%	Japan

\*\* Sudarshan CSR Foundation, a wholly owned subsidiary is not considered for Consolidation. Sudarshan CSR Foundation is incorporated for the purpose of performing holding Company's corporate social responsibility obligations.

#### (b) Additional information pursuant to Para 2 of Part III of Division II of Schedule III for preparation of general instructions for the preparation of Consolidated Financial Statements

For the year ended 31<sup>st</sup> March, 2024

Entity	Net Assets (Total Assets - Total Liabilities)		Share in the Profit and Loss		Other Comprehensive Income (OCI)		Total Comprehensive Income (TCI)	
	As % of total Consolidated net assets	Amount	As % of total Consolidated Profit or Loss	Amount	As % of total Consolidated OCI	Amount	As % of total Consolidated TCI	Amount
<b>Parent Company</b>								
Sudarshan Chemical Industries Limited	96.3	1,10,648.8	93.8	33,512.4	227.2	(269.9)	93.7	33,242.5
<b>Indian Subsidiaries</b>								
RIECO Industries Limited	3.4	3,875.8	1.3	459.9	(0.5)	0.6	1.3	460.5
<b>Foreign Subsidiaries</b>								
Sudarshan Europe B.V	6.0	6,884.5	1.8	679.9	24.3	(28.9)	1.8	651.0
Sudarshan North America	2.6	2,963.4	1.8	632.4	(15.4)	18.2	1.8	650.6
Sudarshan Mexico	0.8	874.2	0.7	266.7	(17.9)	21.3	0.8	288.0
Sudarshan (Shanghai)	(0.1)	(29.3)	-	0.6	4.7	(5.6)	-	(5.0)
Sudarshan Japan	-	(26.5)	0.1	24.4	(4.5)	5.4	0.1	29.8
<b>Eliminations</b>	(9.0)	(10,287.2)	0.5	168.4	(117.9)	140.1	0.5	168.4
<b>Total</b>	<b>100.0</b>	<b>1,14,903.7</b>	<b>100.0</b>	<b>35,744.7</b>	<b>100.0</b>	<b>(118.8)</b>	<b>100.0</b>	<b>35,485.8</b>

## Notes to the Consolidated Financial Statements as at and for the year ended 31<sup>st</sup> March, 2024

(All amounts are in ₹ Lakhs, unless otherwise stated)

For the year ended 31<sup>st</sup> March, 2023

Entity	Net Assets (Total Assets - Total Liabilities)		Share in the Profit and Loss		Other Comprehensive Income (OCI)		Total Comprehensive Income (TCI)	
	As % of total Consolidated net assets	Amount	As % of total Consolidated Profit or Loss	Amount	As % of total Consolidated OCI	Amount	As % of total Consolidated TCI	Amount
<b>Parent Company</b>								
Sudarshan Chemical Industries Limited	97.6	80,810.8	70.2	3,141.0	134.8	(2,202.4)	32.9	938.6
<b>Indian Subsidiaries</b>								
RIECO Industries Limited	4.1	3,408.6	18.6	832.6	1.2	(20.2)	28.4	812.4
<b>Foreign Subsidiaries</b>								
Sudarshan Europe B.V	7.5	6,233.6	16.0	717.0	(23.2)	379.7	38.4	1,096.6
Sudarshan North America	2.8	2,312.8	21.9	982.6	(10.1)	165.6	40.2	1,148.2
Sudarshan Mexico	0.7	586.4	3.9	176.1	(3.2)	52.8	8.0	228.9
Sudarshan (Shanghai)	-	(24.5)	(0.2)	(7.5)	0.2	(3.8)	(0.4)	(11.4)
Sudarshan Japan	(0.1)	(56.4)	2.5	110.5	(0.4)	7.3	4.1	117.8
<b>Eliminations</b>	(12.6)	(10,448.8)	(32.9)	(1,475.3)	0.7	(12.6)	(51.6)	(1,474.7)
<b>Total</b>	<b>100.0</b>	<b>82,822.5</b>	<b>100.0</b>	<b>4,476.9</b>	<b>100.0</b>	<b>(1,633.6)</b>	<b>100.0</b>	<b>2,856.5</b>

56 Additional Regulatory Information/disclosures as required by General Instructions to Division II of Schedule III to the Companies Act, 2013 are furnished to the extent applicable to the Group.

57 MCA has amended Rule 3 of the Companies (Accounts) Rules, 2014 (the "Accounts Rules") relating to the mode of keeping books of account and other books and papers in electronic mode through an amendment on 5<sup>th</sup> August, 2022. In compliance with the requirements of the amendment, the books of accounts and other relevant books and records are accessible in India at all times for the entities within the Group incorporated in India. Further, backup of books of account maintained in electronic form is kept in servers physically located in India on a daily basis.

58 The Group has used accounting software for maintaining its books of account which has a feature of recording audit trail (edit log) facility and the same has operated throughout the year for all relevant transactions recorded in the software, except that audit trail feature is not enabled for changes, if any, made using certain administrative access rights to the SAP Hana software. These administrative rights were restricted to limited users. Further, these administrative access rights at the application level have been revoked and audit trail feature at database is enabled subsequent to the year end. Further, no instance of audit trail feature being tampered with was noted in respect of such accounting software where the audit trail has been enabled.

59 Previous year figures have been regrouped / reclassified as considered necessary to conform with current period presentation wherever applicable.

As per our report of even date attached

For and on behalf of the Board of Directors of **Sudarshan Chemical Industries Limited**

**For S R B C & CO LLP**  
Chartered Accountants  
ICAI Firm Registration Number:  
324982E/E300003

**S. A. Panse**  
Independent Director &  
Audit Committee Chairperson  
DIN No. 02599310

**P. R. Rathi**  
Chairman  
DIN No. 00018577

**Nilkanth Natu**  
Chief Financial Officer  
ICAI Membership No.: 108532

per **Huzefa Ginwala**  
Partner  
Membership No.: 111757

**R. B. Rathi**  
Managing Director  
DIN No. 00018628

**Mandar Velankar**  
Company Secretary  
ICSI Membership No.: 14469

Place: Pune  
Date : 17<sup>th</sup> May, 2024

Place: Pune  
Date : 17<sup>th</sup> May, 2024

## Notes

[illegible]

# SUDARSHAN

## **Sudarshan Chemical Industries Limited**

### **Registered Office/Global Head Office:**

7th Floor, Eleven West Panchshil,  
Survey No. 25, Near PAN Card Club Road,  
Baner, Pune 411069, India  
Tel: +91 20 682 81 200  
Fax: +91 20 260 58 222  
Email: [contact@sudarshan.com](mailto:contact@sudarshan.com)

## **RIECO Industries Limited**

### **Registered Office:**

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